

---

---

**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): February 29, 2024

---

**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 February 29, 2024, we issued a press release reporting our financial results for our fiscal quarter and fiscal year ended December 30, 2023. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On February 29, 2024, 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 February 29, 2024, we announced that our board of directors declared a quarterly cash dividend on our common stock of \$0.42 per share to be paid on March 22, 2024 to all shareholders of record as of March 12, 2024. A copy of the press release is set forth as Exhibit 99.3 and is incorporated by reference herein.

Also on February 29, 2024, we announced that our board of directors authorized a \$35.0 million expansion to our existing share repurchase program.

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 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Number</u>	<u>Title</u>
<a href="#">99.1</a>	<a href="#">February 29, 2024 earnings press release</a>
<a href="#">99.2</a>	<a href="#">Supplemental financial information (prepared CFO remarks)</a>
<a href="#">99.3</a>	<a href="#">February 29, 2024 dividend press release</a>
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: February 29, 2024

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

Nicholas Manganaro  
Sharon Merrill Associates, Inc.  
crai@investorrelations.com  
617-542-5300

**CHARLES RIVER ASSOCIATES (CRA) REPORTS  
FOURTH-QUARTER AND FULL-YEAR 2023 FINANCIAL RESULTS**

*Broad-based Contributions Drive Record Revenue in Fiscal 2023*

*Fourth Quarter Revenue Increases 11.5% Year Over Year*

*Board Expands Share Repurchase Authorization by \$35 million*

BOSTON, February 29, 2024 – 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 30, 2023.

“CRA once again set a new financial high as fiscal 2023 revenue topped a record-setting fiscal 2022,” said Paul Maleh, CRA’s President and Chief Executive Officer. “For the fourth quarter, we continued to see strength across our portfolio of services. Reported revenue increased 11.5% compared with the fourth quarter of fiscal 2022 to \$161.6 million. Leading the way were three practices—Antitrust & Competition Economics, Energy, and Forensic Services—that each generated double-digit revenue growth, while our Labor & Employment and Life Sciences practices enjoyed year-over-year growth. Geographically, our North American operations led the way by expanding 17.4% relative to the fourth quarter of fiscal 2022.”

**Highlights for Fourth Quarter Fiscal 2023**

- Revenue grew 11.5% year over year to \$161.6 million.
- Utilization was 73% and quarter-end headcount increased 6.9% year over year.
- Net income increased 32.1% year over year to \$11.5 million, or 7.1% of revenue, compared with \$8.7 million, or 6.0% of revenue, in the fourth quarter of fiscal 2022; non-GAAP net income increased 14.8% year over year to \$11.5 million, or 7.1% of revenue, compared with \$10.1 million, or 6.9% of revenue, in the fourth quarter of fiscal 2022.
- Earnings per diluted share increased 36.1% year over year to \$1.62 from \$1.19 in the fourth quarter of fiscal 2022; non-GAAP earnings per diluted share increased 19.0% year over year to \$1.63 from \$1.37 in the fourth quarter of fiscal 2022.
- Non-GAAP EBITDA increased 16.7% to \$19.0 million, or 11.8% of revenue, compared with \$16.3 million, or 11.2% of revenue, in the fourth quarter of fiscal 2022.
- On a constant currency basis relative to the fourth quarter of fiscal 2022, revenue, GAAP net income, and earnings per diluted share would have been lower by \$1.3 million, \$0.1 million, and \$0.01 per diluted share, respectively. Non-GAAP net income would have remained unchanged. Non-GAAP earnings per diluted share and non-GAAP EBITDA would have been lower by \$0.01 per diluted share and \$0.1 million, respectively.
- CRA returned \$10.8 million of capital to its shareholders, consisting of \$3.0 million of dividend payments and \$7.8 million for share repurchases of approximately 84,000 shares.

**Highlights for Full-Year Fiscal 2023**

- Revenue grew 5.6% year over year to \$624.0 million with company-wide utilization of 70%.
- GAAP net income decreased 11.8% year over year to \$38.5 million, or 6.2% of revenue, or \$5.39 per diluted share, compared with \$43.6 million, or 7.4% of revenue, or \$5.91 per diluted share for the full year fiscal 2022. Non-GAAP net income decreased 7.9% year over year to \$39.0 million, or 6.2% of revenue, or \$5.46 per diluted share, compared with \$42.3 million, or 7.2% of revenue, or \$5.74 per diluted share for the full year fiscal 2022.
- Non-GAAP EBITDA declined 3.9% to \$68.3 million, or 10.9% of revenue, compared with \$71.0 million, or 12.0% of revenue, in fiscal 2022.

- On a constant currency basis relative to fiscal 2022, revenue, GAAP net income, and earnings per diluted share would have been higher by \$0.1 million, \$0.5 million, and \$0.08 per diluted share, respectively. Non-GAAP net income, non-GAAP earnings per diluted share, and non-GAAP EBITDA would have been higher by \$0.5 million, \$0.08 per diluted share, and \$0.6 million, respectively.
- For fiscal 2023, CRA returned \$42.2 million of capital to its shareholders, consisting of \$10.8 million in dividend payments and \$31.4 million in share repurchases of approximately 296,000 shares.

### **Management Commentary and Financial Guidance**

“CRA reported revenue for fiscal 2023 of \$624.0 million, or \$624.1 million on a constant currency basis after adjusting for \$0.1 million of currency headwinds,” said Maleh. “Full-year, non-GAAP EBITDA was \$68.3 million, or \$68.9 million on a constant currency basis after adjusting for \$0.6 million of currency headwinds. Non-GAAP EBITDA margin was 11.0% on a constant currency basis.”

“Our fiscal 2023 financial performance demonstrates our continued strength in the marketplace. For full-year fiscal 2024, on a constant currency basis relative to fiscal 2023, we expect revenue in the range of \$645 million to \$675 million, and non-GAAP EBITDA margin in the range of 10.8% to 11.5%. While we are pleased with CRA’s strong performance in 2023, we remain mindful that uncertain global macroeconomic, business, 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 February 29, 2024, CRA’s Board of Directors authorized a \$35.0 million expansion of the Company’s existing share repurchase program, in addition to the \$11.4 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 \$0.42 per common share, payable on March 22, 2024 to shareholders of record as of March 12, 2024. 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 2023 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](http://www.crai.com). Follow us on [LinkedIn](#), [Instagram](#), 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 earnings per diluted 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), provision for 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, acquisition-related costs, foreign currency (gains) losses, net and related tax effects. Non-GAAP net income and non-GAAP earnings per diluted share also exclude non-cash amounts relating to valuation changes in contingent consideration, acquisition-related costs, foreign currency (gains) losses, net 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 2024 on a constant currency basis relative to fiscal 2023 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; 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 30, 2023 COMPARED TO DECEMBER 31, 2022**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Revenues	\$ 161,613	100.0 %	\$ 144,976	100.0 %	\$ 623,976	100.0 %	\$ 590,901	100.0 %
Cost of services (exclusive of depreciation and amortization)	112,688	69.7 %	100,678	69.4 %	439,751	70.5 %	410,081	69.4 %
Selling, general and administrative expenses	28,979	17.9 %	28,060	19.4 %	115,116	18.4 %	110,087	18.6 %
Depreciation and amortization	2,801	1.7 %	2,936	2.0 %	11,564	1.9 %	11,996	2.0 %
Income from operations	17,145	10.6 %	13,302	9.2 %	57,545	9.2 %	58,737	9.9 %
Interest expense, net	(600)	-0.4 %	(484)	-0.3 %	(3,812)	-0.6 %	(1,826)	-0.3 %
Foreign currency gains (losses), net	(987)	-0.6 %	(1,677)	-1.2 %	(1,445)	-0.2 %	1,889	0.3 %
Income before provision for income taxes	15,558	9.6 %	11,141	7.7 %	52,288	8.4 %	58,800	10.0 %
Provision for income taxes	4,099	2.5 %	2,468	1.7 %	13,807	2.2 %	15,181	2.6 %
Net income	<u>\$ 11,459</u>	<u>7.1 %</u>	<u>\$ 8,673</u>	<u>6.0 %</u>	<u>\$ 38,481</u>	<u>6.2 %</u>	<u>\$ 43,619</u>	<u>7.4 %</u>
Net income per share:								
Basic	<u>\$ 1.65</u>		<u>\$ 1.21</u>		<u>\$ 5.48</u>		<u>\$ 6.02</u>	
Diluted	<u>\$ 1.62</u>		<u>\$ 1.19</u>		<u>\$ 5.39</u>		<u>\$ 5.91</u>	
Weighted average number of shares outstanding:								
Basic	<u>6,954</u>		<u>7,129</u>		<u>7,008</u>		<u>7,218</u>	
Diluted	<u>7,057</u>		<u>7,293</u>		<u>7,118</u>		<u>7,355</u>	

**CRA INTERNATIONAL, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**DECEMBER 30, 2023 COMPARED TO DECEMBER 31, 2022**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Revenues	\$ 161,613	100.0 %	\$ 144,976	100.0 %	\$ 623,976	100.0 %	\$ 590,901	100.0 %
Net income	\$ 11,459	7.1 %	\$ 8,673	6.0 %	\$ 38,481	6.2 %	\$ 43,619	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	(918)	-0.6 %	—	— %	(866)	-0.1 %	—	— %
Acquisition-related costs	—	— %	69	— %	22	— %	302	0.1 %
Foreign currency (gains) losses, net	987	0.6 %	1,677	1.2 %	1,445	0.2 %	(1,889)	-0.3 %
Tax effect on adjustments	13	— %	(369)	-0.3 %	(125)	— %	279	— %
Non-GAAP net income	\$ 11,541	7.1 %	\$ 10,050	6.9 %	\$ 38,957	6.2 %	\$ 42,311	7.2 %
Non-GAAP net income per share:								
Basic	\$ 1.66		\$ 1.41		\$ 5.54		\$ 5.84	
Diluted	\$ 1.63		\$ 1.37		\$ 5.46		\$ 5.74	
Weighted average number of shares outstanding:								
Basic	6,954		7,129		7,008		7,218	
Diluted	7,057		7,293		7,118		7,355	

**CRA INTERNATIONAL, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**DECEMBER 30, 2023 COMPARED TO DECEMBER 31, 2022**  
**(IN THOUSANDS)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Revenues	\$ 161,613	100.0 %	\$ 144,976	100.0 %	\$ 623,976	100.0 %	\$ 590,901	100.0 %
Net income	\$ 11,459	7.1 %	\$ 8,673	6.0 %	\$ 38,481	6.2 %	\$ 43,619	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	(918)	-0.6 %	—	— %	(866)	-0.1 %	—	— %
Acquisition-related costs	—	— %	69	— %	22	— %	302	0.1 %
Foreign currency (gains) losses, net	987	0.6 %	1,677	1.2 %	1,445	0.2 %	(1,889)	-0.3 %
Tax effect on adjustments	13	— %	(369)	-0.3 %	(125)	— %	279	— %
Non-GAAP net income	\$ 11,541	7.1 %	\$ 10,050	6.9 %	\$ 38,957	6.2 %	\$ 42,311	7.2 %
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:								
Interest expense, net	600	0.4 %	484	0.3 %	3,812	0.6 %	1,826	0.3 %
Provision for income taxes	4,086	2.5 %	2,837	2.0 %	13,932	2.2 %	14,902	2.5 %
Depreciation and amortization	2,801	1.7 %	2,936	2.0 %	11,564	1.9 %	11,996	2.0 %
Non-GAAP EBITDA	\$ 19,028	11.8 %	\$ 16,307	11.2 %	\$ 68,265	10.9 %	\$ 71,035	12.0 %

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

	December 30, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 45,586	\$ 31,447
Accounts receivable and unbilled services, net	199,556	194,987
Other current assets	20,334	22,426
<b>Total current assets</b>	<b>265,476</b>	<b>248,860</b>
Property and equipment, net	38,176	45,582
Goodwill and intangible assets, net	101,185	101,510
Right-of-use assets	86,887	96,725
Other assets	61,487	58,240
<b>Total assets</b>	<b>\$ 553,211</b>	<b>\$ 550,917</b>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 28,701	\$ 27,584
Accrued expenses	171,040	155,864
Current portion of lease liabilities	16,475	15,972
Other current liabilities	19,871	17,705
<b>Total current liabilities</b>	<b>236,087</b>	<b>217,125</b>
Non-current portion of lease liabilities	92,280	106,008
Other non-current liabilities	12,743	16,630
<b>Total liabilities</b>	<b>341,110</b>	<b>339,763</b>
<b>Total shareholders' equity</b>	<b>212,101</b>	<b>211,154</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 553,211</b>	<b>\$ 550,917</b>

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

	Year Ended	
	December 30, 2023	December 31, 2022
<b>Operating activities:</b>		
Net income	\$ 38,481	\$ 43,619
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired businesses:		
Non-cash items, net	26,197	30,490
Accounts receivable and unbilled services	(2,860)	(30,311)
Working capital items, net	(1,746)	(18,677)
Net cash provided by operating activities	<u>60,072</u>	<u>25,121</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(2,366)	(3,813)
Consideration paid for acquisitions, net	(577)	(14,352)
Net cash used in investing activities	<u>(2,943)</u>	<u>(18,165)</u>
<b>Financing activities:</b>		
Issuance of common stock, principally stock options exercises	805	1,411
Borrowings under revolving line of credit	105,000	126,000
Repayments under revolving line of credit	(105,000)	(126,000)
Payments for debt issuance costs	—	(1,008)
Tax withholding payments reimbursed by shares	(3,063)	(2,145)
Cash dividends paid	(10,807)	(9,580)
Repurchase of common stock	(31,417)	(27,630)
Net cash used in financing activities	<u>(44,482)</u>	<u>(38,952)</u>
Effect of foreign exchange rates on cash and cash equivalents	1,492	(2,687)
Net increase (decrease) in cash and cash equivalents	14,139	(34,683)
Cash and cash equivalents at beginning of period	31,447	66,130
Cash and cash equivalents at end of period	<u>\$ 45,586</u>	<u>\$ 31,447</u>
<b>Noncash investing and financing activities:</b>		
Increase (decrease) in accounts payable and accrued expenses for property and equipment	\$ (91)	\$ (268)
Excise tax on share repurchases	\$ (247)	\$ —
Right-of-use assets obtained in exchange for lease obligations	\$ 3,198	\$ 2,436
<b>Supplemental cash flow information:</b>		
Cash paid for taxes	\$ 14,011	\$ 15,646
Cash paid for interest	\$ 3,539	\$ 1,579
Cash paid for amounts included in operating lease liabilities	\$ 22,272	\$ 21,306



**CHARLES RIVER ASSOCIATES (CRA)  
FOURTH QUARTER AND FISCAL YEAR 2023  
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 February 29, 2024 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

**Q4 Fiscal 2023 Summary (Quarter ended December 30, 2023)**

- Revenue: \$161.6 million
- Net income and non-GAAP net income: \$11.5 million, or 7.1% of revenue
- Net income per diluted share: \$1.62; and non-GAAP net income per diluted share: \$1.63
- Operating margin: 10.6%; non-GAAP operating margin: 10.0%
- Non-GAAP EBITDA: \$19.0 million, or 11.8% of revenue
- Effective tax rate: 26.3%; non-GAAP effective tax rate: 26.1%
- Utilization: 73%
- Consultant headcount at the end of Q4 of fiscal 2023: 1,004, which consists of 156 officers, 527 other senior staff and 321 junior staff
- Cash and cash equivalents: \$45.6 million at December 30, 2023
- Revolving credit facility borrowing capacity: \$195.5 million at December 30, 2023

**Fiscal Year 2023 Summary (Fiscal Year ended December 30, 2023)**

- Revenue: \$624.0 million
- Net income: \$38.5 million, or 6.2% of revenue; non-GAAP net income: \$39.0 million, or 6.2% of revenue
- Net income per diluted share: \$5.39; non-GAAP net income per diluted share: \$5.46
- Operating margin: 9.2%; non-GAAP operating margin: 9.1%
- Non-GAAP EBITDA: \$68.3 million, or 10.9% of revenue
- Effective tax rate: 26.4% ; non-GAAP effective tax rate: 26.3%
- Utilization: 70%

**Revenue**

For Q4 of fiscal 2023, revenue was \$161.6 million, compared with \$145.0 million for Q4 of fiscal 2022.

For the full year fiscal 2023, revenue was \$624.0 million, compared with \$590.9 million for the full year fiscal 2022.

## Headcount

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Officers	156	155	156	158	149
Other Senior Staff	527	529	522	535	496
Junior Staff	321	330	293	279	294
<b>Total</b>	<b>1,004</b>	<b>1,014</b>	<b>971</b>	<b>972</b>	<b>939</b>

## Utilization

For Q4 of fiscal 2023, company-wide utilization was 73%, compared with 74% for Q4 of fiscal 2022.

For the full year fiscal 2023, company-wide utilization was 70%, compared with 75% for the full year fiscal 2022.

## Client Reimbursables

For Q4 of fiscal 2023, client reimbursables were \$16.1 million, or 10.0% of revenue, compared with \$15.7 million, or 10.8% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, client reimbursables were \$65.3 million, or 10.5% of revenue, compared with \$63.3 million, or 10.7% of revenue, for the full year fiscal 2022.

## Selling, General and Administrative (SG&A) Expenses

For Q4 of fiscal 2023, SG&A expenses were \$29.0 million, or 17.9% of revenue, compared with \$28.1 million, or 19.4% of revenue, for Q4 of fiscal 2022. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 1.9% of revenue for Q4 of fiscal 2023, compared with 2.6% in Q4 of fiscal 2022. Excluding these commissions, SG&A expenses were 16.1% of revenue for Q4 of fiscal 2023, compared with 16.7% in Q4 of fiscal 2022.

\$ in 000's	Fiscal Quarter Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
SG&A expenses	\$ 28,979	17.9 %	\$ 28,060	19.4 %
Less: commissions to non-employee experts	3,038	1.9 %	3,809	2.6 %
SG&A expenses excluding commissions	\$ 25,941	16.1 %	\$ 24,251	16.7 %

For the full year fiscal 2023, SG&A expenses were \$115.1 million, or 18.4% of revenue, compared with \$110.1 million, or 18.6% of revenue, for the full year fiscal 2022. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 2.2% of revenue for fiscal year 2023, compared with 3.1% in fiscal year 2022. Excluding these commissions, SG&A expenses were 16.2% of revenue for the full year fiscal 2023, compared with 15.5% for the full year fiscal 2022.

\$ in 000's	Fiscal Year Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
SG&A expenses	\$ 115,116	18.4 %	\$ 110,087	18.6 %
Less: commissions to non-employee experts	13,985	2.2 %	18,295	3.1 %
SG&A expenses excluding commissions	\$ 101,131	16.2 %	\$ 91,792	15.5 %

## Depreciation & Amortization

For Q4 of fiscal 2023, depreciation and amortization expenses amounted to \$2.8 million, or 1.7% of revenue, compared with \$2.9 million, or 2.0% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, depreciation and amortization expenses amounted to \$11.6 million, or 1.9% of revenue, compared with \$12.0 million, or 2.0% of revenue, for the full year fiscal 2022.

## Forgivable Loan Amortization

For Q4 of fiscal 2023, forgivable loan amortization was \$9.5 million, or 5.9% of revenue, compared with \$9.3 million, or 6.4% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, forgivable loan amortization was \$37.4 million, or 6.0% of revenue, compared with \$34.9 million, or 5.9% of revenue, for the full year fiscal 2022.

### Share-Based Compensation Expense

For Q4 of fiscal 2023, share-based compensation expense was approximately \$1.4 million, or 0.9% of revenue, compared with \$1.2 million, or 0.8% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, share-based compensation expense was approximately \$4.4 million, or 0.7% of revenue, compared with \$4.8 million, or 0.8% of revenue, for the full year fiscal 2022.

### Operating Income

For Q4 of fiscal 2023, operating income was \$17.1 million, or 10.6% of revenue, compared with operating income of \$13.3 million, or 9.2% of revenue, for Q4 of fiscal 2022. Non-GAAP operating income was \$16.2 million, or 10.0% of revenue, for Q4 of fiscal 2023, compared with \$13.4 million, or 9.2% of revenue, for Q4 of fiscal 2022.

\$ in 000's	Fiscal Quarter Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Income from operations	\$ 17,145	10.6 %	\$ 13,302	9.2 %
Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations:				
Non-cash valuation change in contingent consideration	(918)	(0.6)%	—	— %
Acquisition-related costs	—	— %	69	— %
Non-GAAP income from operations	\$ 16,227	10.0 %	\$ 13,371	9.2 %

For the full year fiscal 2023, operating income was \$57.5 million, or 9.2% of revenue, compared with operating income of \$58.7 million, or 9.9% of revenue, for the full year fiscal 2022. Non-GAAP operating income was \$56.7 million, or 9.1% of revenue, for the full year fiscal 2023, compared with \$59.0 million, or 10.0% of revenue, for the full year fiscal 2022.

\$ in 000's	Fiscal Year Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Income from operations	\$ 57,545	9.2 %	\$ 58,737	9.9 %
Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations:				
Non-cash valuation change in contingent consideration	(866)	(0.1)%	—	— %
Acquisition-related costs	22	— %	302	0.1 %
Non-GAAP income from operations	\$ 56,701	9.1 %	\$ 59,039	10.0 %

### Interest Income (Expense), net

For Q4 of fiscal 2023, net interest expense was \$0.6 million, or 0.4% of revenue, compared with net interest expense of \$0.5 million, or 0.3% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, net interest expense was \$3.8 million, or 0.6% of revenue, compared with net interest expense of \$1.8 million, or 0.3% of revenue, for the full year fiscal 2022.

### Foreign Currency Gains (Losses), net

For Q4 of fiscal 2023, net foreign currency losses were \$1.0 million, or 0.6% of revenue, compared with net foreign currency losses of \$1.7 million, or 1.2% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, net foreign currency losses were \$1.4 million, or 0.2% of revenue, compared with net foreign currency gains of \$1.9 million, or 0.3% of revenue, for the full year fiscal 2022.

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 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Tax Provision	\$ 4,099	\$ 2,468	\$ 4,086	\$ 2,837
Effective Tax Rate	26.3 %	22.2 %	26.1 %	22.0 %

\$ in 000's	GAAP		Non-GAAP	
	Fiscal Year Ended		Fiscal Year Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Tax Provision	\$ 13,807	\$ 15,181	\$ 13,932	\$ 14,902
Effective Tax Rate	26.4 %	25.8 %	26.3 %	26.0 %

\$ in 000's	Fiscal Quarter Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
	Income before provision for income taxes	\$ 15,558	9.6 %	\$ 11,141
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	(918)	(0.6) %	—	— %
Acquisition-related costs	—	— %	69	— %
Foreign currency (gains) losses, net	987	0.6 %	1,677	1.2 %
Non-GAAP income before provision for income taxes	\$ 15,627	9.7 %	\$ 12,887	8.9 %
GAAP provision for income taxes	\$ 4,099		\$ 2,468	
Tax effect on non-GAAP adjustments	(13)		369	
Non-GAAP provision for income taxes	\$ 4,086		\$ 2,837	

\$ in 000's	Fiscal Year Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
	Income before provision for income taxes	\$ 52,288	8.4 %	\$ 58,800
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	(866)	(0.1) %	—	— %
Acquisition-related costs	22	— %	302	0.1 %
Foreign currency (gains) losses, net	1,445	0.2 %	(1,889)	(0.3) %
Non-GAAP income before provision for income taxes	\$ 52,889	8.5 %	\$ 57,213	9.7 %
GAAP provision for income taxes	\$ 13,807		\$ 15,181	
Tax effect on non-GAAP adjustments	125		(279)	
Non-GAAP provision for income taxes	\$ 13,932		\$ 14,902	

## Net Income

For Q4 of fiscal 2023, net income was \$11.5 million, or 7.1% of revenue, or \$1.62 per diluted share, compared with net income of \$8.7 million, or 6.0% of revenue, or \$1.19 per diluted share, for Q4 of fiscal 2022. Non-GAAP net income for Q4 of fiscal 2023 was \$11.5 million, or 7.1% of revenue, or \$1.63 per diluted share, compared with \$10.1 million, or 6.9% of revenue, or \$1.37 per diluted share, for Q4 of fiscal 2022.

For the full year fiscal 2023, net income was \$38.5 million, or 6.2% of revenue, or \$5.39 per diluted share, compared with net income of \$43.6 million, or 7.4% of revenue, or \$5.91 per diluted share, for the full year fiscal 2022. Non-GAAP net income for the full year fiscal 2023 was \$39.0 million, or 6.2% of revenue, or \$5.46 per diluted share, compared with \$42.3 million, or 7.2% of revenue, or \$5.74 per diluted share, for the full year fiscal 2022.

## Non-GAAP EBITDA

For Q4 of fiscal 2023, non-GAAP EBITDA was \$19.0 million, or 11.8% of revenue, compared with \$16.3 million, or 11.2% of revenue, for Q4 of fiscal 2022.

For the full year fiscal 2023, non-GAAP EBITDA was \$68.3 million, or 10.9% of revenue, compared with \$71.0 million, or 12.0% of revenue, for the full year fiscal 2022.

#### **Constant Currency Basis**

For Q4 of fiscal 2023, revenue was \$161.6 million, and net income was \$11.5 million, or 7.1% of revenue, or \$1.62 per diluted share. On a constant currency basis relative to Q4 of fiscal 2022, Q4 of fiscal 2023 revenue would have been lower by \$1.3 million to \$160.3 million; GAAP net income would have decreased by \$0.1 million to \$11.4 million, or 7.1% of revenue; and earnings per diluted share would have decreased by \$0.01 to \$1.61 per diluted share.

For Q4 of fiscal 2023, revenue was \$161.6 million and non-GAAP net income was \$11.5 million, or 7.1% of revenue, or \$1.63 per diluted share. On a constant currency basis relative to Q4 of fiscal 2022, Q4 of fiscal 2023 revenue would have been lower by \$1.3 million to \$160.3 million, non-GAAP net income would have remained unchanged at \$11.5 million, or 7.1% of revenue; non-GAAP earnings per diluted share would have decreased by \$0.01 to \$1.62 per diluted share; and non-GAAP EBITDA would have decreased by \$0.1 million to \$18.9 million, or 11.8% of revenue.

Full year fiscal 2023, revenue was \$624.0 million, and net income was \$38.5 million, or 6.2% of revenue, or \$5.39 per diluted share. On a constant currency basis relative to full year fiscal 2022, full year fiscal 2023 revenue would have been higher by \$0.1 million to \$624.1 million; GAAP net income would have increased by \$0.5 million to \$39.0 million, or 6.2% of revenue; and earnings per diluted share would have increased by \$0.08 to \$5.47 per diluted share.

Full year fiscal 2023, revenue was \$624.0 million and non-GAAP net income was \$39.0 million, or 6.2% of revenue, or \$5.46 per diluted share. On a constant currency basis relative to full year fiscal 2022, full year fiscal 2023 revenue would have been higher by \$0.1 million to \$624.1 million; non-GAAP net income would have increased by \$0.5 million to \$39.5 million, or 6.3% of revenue; non-GAAP earnings per diluted share would have increased by \$0.08 to \$5.54 per diluted share; and non-GAAP EBITDA would have increased by \$0.6 million to \$68.9 million, or 11.0% 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 30, 2023 were \$199.6 million, compared with \$195.0 million at December 31, 2022. Current liabilities at December 30, 2023 were \$236.1 million, compared with \$217.1 million at December 31, 2022.

Total Days Sales Outstanding, or DSO, for Q4 of fiscal 2023 was 105 days, consisting of 73 days of billed and 32 days of unbilled. This compares with 114 days reported for Q4 of fiscal 2022, consisting of 82 days of billed and 32 days of unbilled.

#### **Cash and Cash Flow**

Cash and cash equivalents were \$45.6 million at December 30, 2023, compared with \$31.4 million at December 31, 2022.

Net cash provided by operating activities for Q4 of fiscal 2023 was \$60.1 million, compared with net cash provided by operating activities of \$60.1 million for Q4 of fiscal 2022. For the full year fiscal 2023, net cash provided by operating activities was \$60.1 million, compared with \$25.1 million for the full year 2022.

As of December 30, 2023, and December 31, 2022, there were no outstanding borrowings under CRA’s revolving credit facility.

Capital expenditures totaled \$0.4 million for Q4 of fiscal 2023, compared with \$0.8 million for Q4 of fiscal 2022. Capital expenditures totaled \$2.4 million during full year fiscal 2023, compared with \$3.8 million during full year fiscal 2022.

During the full year fiscal 2023, approximately 296,000 shares of common stock were repurchased for \$31.4 million, compared with the full year fiscal 2022 when approximately 320,000 shares of common stock repurchased for \$27.6 million, including transaction costs.

A quarterly cash dividend of \$0.42 per common share, for total dividends and dividend equivalents of \$3.0 million was paid in Q4 of fiscal 2023, compared with a quarterly cash dividend of \$0.36 per common share, for total dividends and dividend equivalents of \$2.7 million paid in Q4 of fiscal 2022. During the full year fiscal 2023, \$10.8 million of dividends and dividend equivalents were paid, compared with \$9.6 million paid during the full year fiscal 2022.

#### **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 30, 2023 and December 31, 2022 from its audited financial statements appearing on Form 10-K for the fiscal year ended December 30, 2023, filed with the Securities and Exchange Commission on February 29, 2024. The condensed consolidated statement of cash flow data for the first, second and third quarters of fiscal years 2023 and 2022 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 30, 2023 and December 31, 2022, and have been prepared on the same basis as CRA's audited financial statements.

<b>GAAP Condensed Consolidated Statement of Cash Flows</b> <b>(\$ in 000's)</b>	<b>FY</b> <b>2023</b>	<b>Q4</b> <b>2023</b>	<b>Q3</b> <b>2023</b>	<b>Q2</b> <b>2023</b>	<b>Q1</b> <b>2023</b>
Net cash provided by (used in) operating activities	\$ 60,072	\$ 60,099	\$ 64,952	\$ 5,072	\$ (70,051)
Net cash used in investing activities	(2,943)	(358)	(733)	(720)	(1,132)
Net cash provided by (used in) financing activities	(44,482)	(43,092)	(50,574)	(25,664)	74,848
Effect of foreign exchange rates on cash and cash equivalents	1,492	1,333	(312)	64	407
Net increase (decrease) in cash and cash equivalents	\$ 14,139	\$ 17,982	\$ 13,333	\$ (21,248)	\$ 4,072
Cash and cash equivalents at beginning of period	31,447	27,604	14,271	35,519	31,447
Cash and cash equivalents at end of period	\$ 45,586	\$ 45,586	\$ 27,604	\$ 14,271	\$ 35,519

<b>GAAP Condensed Consolidated Statement of Cash Flows</b> <b>(\$ in 000's)</b>	<b>FY</b> <b>2022</b>	<b>Q4</b> <b>2022</b>	<b>Q3</b> <b>2022</b>	<b>Q2</b> <b>2022</b>	<b>Q1</b> <b>2022</b>
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

### 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 cash items.

<b>Adjusted Net Cash Flows from Operations</b> <b>(\$ in 000's)</b>	<b>FY</b> <b>2023</b>	<b>Q4</b> <b>2023</b>	<b>Q3</b> <b>2023</b>	<b>Q2</b> <b>2023</b>	<b>Q1</b> <b>2023</b>
GAAP net cash provided by (used in) operating activities	\$ 60,072	\$ 60,099	\$ 64,952	\$ 5,072	\$ (70,051)
Forgivable loan advances	23,342	2,000	3,750	750	16,842
Forgivable loan repayments	(1,816)	(1,200)	—	—	(616)
Other non-recurring cash items (1)	22	—	—	—	22
Adjusted net cash flows from operations	\$ 81,620	\$ 60,899	\$ 68,702	\$ 5,822	\$ (53,803)
Net revenue	\$ 623,976	\$ 161,613	\$ 147,553	\$ 161,965	\$ 152,845
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	9.6 %	37.2 %	44.0 %	3.1 %	(45.8)%
Adjusted net cash flows from operations as a percentage of net revenue	13.1 %	37.7 %	46.6 %	3.6 %	(35.2)%

<b>Adjusted Net Cash Flows from Operations</b> <b>(\$ in 000's)</b>	<b>FY</b> <b>2022</b>	<b>Q4</b> <b>2022</b>	<b>Q3</b> <b>2022</b>	<b>Q2</b> <b>2022</b>	<b>Q1</b> <b>2022</b>
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)%

(1) Other non-recurring cash items includes acquisition-related costs in Q1 of fiscal 2023 and Q1, Q2, Q3, and Q4 of fiscal 2022.

## **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 earnings per diluted share, non-GAAP EBITDA, non-GAAP income from operations (and non-GAAP operating margin), non-GAAP provision for income taxes (and non-GAAP effective tax rate), 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), provision for income taxes, and depreciation and amortization further adjusted for the impact of certain items that we do not consider indicative of its core operating performance, such as non-cash amounts relating to valuation changes in contingent consideration, acquisition-related costs, foreign currency (gains) losses, net 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, foreign currency (gains) losses, net 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 30, 2023 COMPARED TO DECEMBER 31, 2022**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Revenues	\$ 161,613	100.0 %	\$ 144,976	100.0 %	\$ 623,976	100.0 %	\$ 590,901	100.0 %
Cost of services (exclusive of depreciation and amortization)	112,688	69.7 %	100,678	69.4 %	439,751	70.5 %	410,081	69.4 %
Selling, general and administrative expenses	28,979	17.9 %	28,060	19.4 %	115,116	18.4 %	110,087	18.6 %
Depreciation and amortization	2,801	1.7 %	2,936	2.0 %	11,564	1.9 %	11,996	2.0 %
Income from operations	17,145	10.6 %	13,302	9.2 %	57,545	9.2 %	58,737	9.9 %
Interest expense, net	(600)	-0.4 %	(484)	-0.3 %	(3,812)	-0.6 %	(1,826)	-0.3 %
Foreign currency gains (losses), net	(987)	-0.6 %	(1,677)	-1.2 %	(1,445)	-0.2 %	1,889	0.3 %
Income before provision for income taxes	15,558	9.6 %	11,141	7.7 %	52,288	8.4 %	58,800	10.0 %
Provision for income taxes	4,099	2.5 %	2,468	1.7 %	13,807	2.2 %	15,181	2.6 %
Net income	\$ 11,459	7.1 %	\$ 8,673	6.0 %	\$ 38,481	6.2 %	\$ 43,619	7.4 %
Net income per share:								
Basic	\$ 1.65		\$ 1.21		\$ 5.48		\$ 6.02	
Diluted	\$ 1.62		\$ 1.19		\$ 5.39		\$ 5.91	
Weighted average number of shares outstanding:								
Basic	6,954		7,129		7,008		7,218	
Diluted	7,057		7,293		7,118		7,355	

**CRA INTERNATIONAL, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**DECEMBER 30, 2023 COMPARED TO DECEMBER 31, 2022**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Revenues	\$ 161,613	100.0 %	\$ 144,976	100.0 %	\$ 623,976	100.0 %	\$ 590,901	100.0 %
Net income	\$ 11,459	7.1 %	\$ 8,673	6.0 %	\$ 38,481	6.2 %	\$ 43,619	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	(918)	-0.6 %	—	— %	(866)	-0.1 %	—	— %
Acquisition-related costs	—	— %	69	— %	22	— %	302	0.1 %
Foreign currency (gains) losses, net	987	0.6 %	1,677	1.2 %	1,445	0.2 %	(1,889)	-0.3 %
Tax effect on adjustments	13	— %	(369)	-0.3 %	(125)	— %	279	— %
Non-GAAP net income	\$ 11,541	7.1 %	\$ 10,050	6.9 %	\$ 38,957	6.2 %	\$ 42,311	7.2 %
Non-GAAP net income per share:								
Basic	\$ 1.66		\$ 1.41		\$ 5.54		\$ 5.84	
Diluted	\$ 1.63		\$ 1.37		\$ 5.46		\$ 5.74	
Weighted average number of shares outstanding:								
Basic	6,954		7,129		7,008		7,218	
Diluted	7,057		7,293		7,118		7,355	

**CRA INTERNATIONAL, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**DECEMBER 30, 2023 COMPARED TO DECEMBER 31, 2022**  
**(IN THOUSANDS)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue	December 30, 2023	As a % of Revenue	December 31, 2022	As a % of Revenue
Revenues	\$ 161,613	100.0 %	\$ 144,976	100.0 %	\$ 623,976	100.0 %	\$ 590,901	100.0 %
Net income	\$ 11,459	7.1 %	\$ 8,673	6.0 %	\$ 38,481	6.2 %	\$ 43,619	7.4 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	(918)	-0.6 %	—	— %	(866)	-0.1 %	—	— %
Acquisition-related costs	—	— %	69	— %	22	— %	302	0.1 %
Foreign currency (gains) losses, net	987	0.6 %	1,677	1.2 %	1,445	0.2 %	(1,889)	-0.3 %
Tax effect on adjustments	13	— %	(369)	-0.3 %	(125)	— %	279	— %
Non-GAAP net income	\$ 11,541	7.1 %	\$ 10,050	6.9 %	\$ 38,957	6.2 %	\$ 42,311	7.2 %
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:								
Interest expense, net	600	0.4 %	484	0.3 %	3,812	0.6 %	1,826	0.3 %
Provision for income taxes	4,086	2.5 %	2,837	2.0 %	13,932	2.2 %	14,902	2.5 %
Depreciation and amortization	2,801	1.7 %	2,936	2.0 %	11,564	1.9 %	11,996	2.0 %
Non-GAAP EBITDA	\$ 19,028	11.8 %	\$ 16,307	11.2 %	\$ 68,265	10.9 %	\$ 71,035	12.0 %

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

	December 30, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 45,586	\$ 31,447
Accounts receivable and unbilled services, net	199,556	194,987
Other current assets	20,334	22,426
<b>Total current assets</b>	<b>265,476</b>	<b>248,860</b>
Property and equipment, net	38,176	45,582
Goodwill and intangible assets, net	101,185	101,510
Right-of-use assets	86,887	96,725
Other assets	61,487	58,240
<b>Total assets</b>	<b>\$ 553,211</b>	<b>\$ 550,917</b>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 28,701	\$ 27,584
Accrued expenses	171,040	155,864
Current portion of lease liabilities	16,475	15,972
Other current liabilities	19,871	17,705
<b>Total current liabilities</b>	<b>236,087</b>	<b>217,125</b>
Non-current portion of lease liabilities	92,280	106,008
Other non-current liabilities	12,743	16,630
<b>Total liabilities</b>	<b>341,110</b>	<b>339,763</b>
<b>Total shareholders' equity</b>	<b>212,101</b>	<b>211,154</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 553,211</b>	<b>\$ 550,917</b>

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

	Year Ended	
	December 30, 2023	December 31, 2022
<b>Operating activities:</b>		
Net income	\$ 38,481	\$ 43,619
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired businesses:		
Non-cash items, net	26,197	30,490
Accounts receivable and unbilled services	(2,860)	(30,311)
Working capital items, net	(1,746)	(18,677)
Net cash provided by operating activities	<u>60,072</u>	<u>25,121</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(2,366)	(3,813)
Consideration paid for acquisitions, net	(577)	(14,352)
Net cash used in investing activities	<u>(2,943)</u>	<u>(18,165)</u>
<b>Financing activities:</b>		
Issuance of common stock, principally stock options exercises	805	1,411
Borrowings under revolving line of credit	105,000	126,000
Repayments under revolving line of credit	(105,000)	(126,000)
Payments for debt issuance costs	—	(1,008)
Tax withholding payments reimbursed by shares	(3,063)	(2,145)
Cash dividends paid	(10,807)	(9,580)
Repurchase of common stock	(31,417)	(27,630)
Net cash used in financing activities	<u>(44,482)</u>	<u>(38,952)</u>
Effect of foreign exchange rates on cash and cash equivalents	1,492	(2,687)
Net increase (decrease) in cash and cash equivalents	14,139	(34,683)
Cash and cash equivalents at beginning of period	31,447	66,130
Cash and cash equivalents at end of period	<u>\$ 45,586</u>	<u>\$ 31,447</u>
<b>Noncash investing and financing activities:</b>		
Increase (decrease) in accounts payable and accrued expenses for property and equipment	<u>(91)</u>	<u>(268)</u>
Excise tax on share repurchases	<u>(247)</u>	<u>—</u>
Right-of-use assets obtained in exchange for lease obligations	<u>\$ 3,198</u>	<u>\$ 2,436</u>
<b>Supplemental cash flow information:</b>		
Cash paid for taxes	<u>\$ 14,011</u>	<u>\$ 15,646</u>
Cash paid for interest	<u>\$ 3,539</u>	<u>\$ 1,579</u>
Cash paid for amounts included in operating lease liabilities	<u>\$ 22,272</u>	<u>\$ 21,306</u>

*Contacts:*

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

Nicholas Manganaro  
Sharon Merrill Associates, Inc.  
crai@investorrelations.com  
617-542-5300

**CHARLES RIVER ASSOCIATES (CRA) DECLARES QUARTERLY CASH DIVIDEND OF \$0.42 PER COMMON SHARE**

BOSTON, February 29, 2024 – 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 \$0.42 per common share to be paid on March 22, 2024 to shareholders of record of CRA's common stock as of the close of business on March 12, 2024. 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](http://www.crai.com). Follow us on [LinkedIn](#), [Instagram](#), 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; 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.*