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

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**FORM 10-Q**

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

**For the quarterly period ended March 30, 2024**

**OR**

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

**For the transition period from to**

**Commission file number: 000-24049**

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**CRA International, Inc.**

(Exact name of registrant as specified in its charter)

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**Massachusetts**

(State or other jurisdiction of  
incorporation or organization)

**200 Clarendon Street, Boston, MA**

(Address of principal executive offices)

**04-2372210**

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

**02116-5092**

(Zip Code)

**(617) 425-3000**

(Registrant's telephone number, including area code)

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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  No

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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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  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.

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 April 26, 2024 |
|--------------------------------------|-------------------------------|
| Common Stock, no par value per share | 6,915,601 shares              |

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**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 |                  |
|--|----------------------|------------------|
|  | March 30,<br>2024    | April 1,<br>2023 |
| Revenues   | \$ 171,789           | \$ 152,845       |
| Costs of services (exclusive of depreciation and amortization) | 118,880              | 107,837          |
| Selling, general and administrative expenses                   | 30,499               | 28,372           |
| Depreciation and amortization                                  | 2,792                | 2,943            |
| Income from operations   | 19,618               | 13,693           |
| Interest expense, net  | (464)                | (571)            |
| Foreign currency losses, net                                   | (142)                | (528)            |
| Income before provision for income taxes                       | 19,012               | 12,594           |
| Provision for income taxes                                     | 5,321                | 3,676            |
| Net income   | \$ 13,691            | \$ 8,918         |
| Net income per share:  |                      |                  |
| Basic  | \$ 1.97              | \$ 1.25          |
| Diluted  | \$ 1.95              | \$ 1.23          |
| Weighted average number of shares outstanding:                 |                      |                  |
| Basic  | 6,926                | 7,119            |
| Diluted  | 7,011                | 7,252            |

See accompanying notes to the condensed consolidated financial statements.

**CRA INTERNATIONAL, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)***(in thousands)*

|  | Fiscal Quarter Ended |                  |
|--|----------------------|------------------|
|  | March 30,<br>2024    | April 1,<br>2023 |
| Net income   | \$ 13,691            | \$ 8,918         |
| Other comprehensive income (loss)                    |                      |                  |
| Foreign currency translation adjustments, net of tax | (1,105)              | 1,052            |
| Comprehensive income                                 | <u>\$ 12,586</u>     | <u>\$ 9,970</u>  |

See accompanying notes to the condensed consolidated financial statements.

## CRA INTERNATIONAL, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

*(in thousands, except share data)*

|   | March 30,<br>2024 | December 30,<br>2023 |
|---|-------------------|----------------------|
| <b>ASSETS</b>   |                   |                      |
| Current assets:   |                   |                      |
| Cash and cash equivalents   | \$ 37,122         | \$ 45,586            |
| Accounts receivable, net of allowances of \$5,201 and \$4,335, respectively   | 139,062           | 142,729              |
| Unbilled services, net of allowances of \$896 and \$1,629, respectively   | 70,251            | 56,827               |
| Prepaid expenses and other current assets   | 14,286            | 11,575               |
| Forgivable loans  | 14,718            | 8,759                |
| Total current assets  | 275,439           | 265,476              |
| Property and equipment, net   | 36,833            | 38,176               |
| Goodwill  | 93,853            | 93,989               |
| Intangible assets, net  | 6,851             | 7,196                |
| Right-of-use assets   | 84,706            | 86,887               |
| Deferred income taxes   | 13,998            | 13,885               |
| Forgivable loans, net of current portion  | 38,675            | 45,182               |
| Other assets  | 2,187             | 2,420                |
| Total assets  | <u>\$ 552,542</u> | <u>\$ 553,211</u>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                   |                      |
| Current liabilities:  |                   |                      |
| Accounts payable  | \$ 33,350         | \$ 28,701            |
| Accrued expenses  | 106,008           | 171,040              |
| Deferred revenue and other liabilities  | 9,080             | 12,289               |
| Current portion of lease liabilities  | 16,743            | 16,475               |
| Current portion of deferred compensation  | 1,590             | 7,582                |
| Revolving line of credit  | 70,000            | —                    |
| Total current liabilities   | 236,771           | 236,087              |
| Non-current liabilities:  |                   |                      |
| Deferred compensation and other non-current liabilities   | 13,967            | 11,681               |
| Non-current portion of lease liabilities  | 88,961            | 92,280               |
| Deferred income taxes   | 1,053             | 1,062                |
| Total non-current liabilities   | 103,981           | 105,023              |
| Commitments and contingencies (Note 10)   |                   |                      |
| 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; 6,889,298 and 6,934,265 shares issued and outstanding, respectively | —                 | —                    |
| Retained earnings   | 225,077           | 224,283              |
| Accumulated other comprehensive loss  | (13,287)          | (12,182)             |
| Total shareholders' equity  | 211,790           | 212,101              |
| Total liabilities and shareholders' equity  | <u>\$ 552,542</u> | <u>\$ 553,211</u>    |

See accompanying notes to the condensed consolidated financial statements.

**CRA INTERNATIONAL, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

*(in thousands)*

|   | Fiscal Quarter Ended |                  |
|---|----------------------|------------------|
|   | March 30,<br>2024    | April 1,<br>2023 |
| <b>OPERATING ACTIVITIES:</b>  |                      |                  |
| Net income  | \$ 13,691            | \$ 8,918         |
| Adjustments to reconcile net income to net cash used in operating activities: |                      |                  |
| Depreciation and amortization   | 2,792                | 2,943            |
| Right-of-use asset amortization   | 3,565                | 3,570            |
| Deferred income taxes   | (157)                | (236)            |
| Share-based compensation expense  | 1,039                | 940              |
| Bad debt expense (recovery)   | 663                  | —                |
| Unrealized foreign currency remeasurement (gains) losses, net                 | (208)                | (20)             |
| Changes in operating assets and liabilities:                                  |                      |                  |
| Accounts receivable   | 2,529                | 17,659           |
| Unbilled services   | (13,623)             | (19,012)         |
| Prepaid expenses and other current assets, and other assets                   | (2,552)              | 875              |
| Forgivable loans  | 523                  | (9,982)          |
| Incentive cash awards payable   | 2,383                | 1,929            |
| Accounts payable, accrued expenses, and other liabilities                     | (69,302)             | (73,233)         |
| Lease liabilities   | (4,423)              | (4,402)          |
| Net cash used in operating activities   | (63,080)             | (70,051)         |
| <b>INVESTING ACTIVITIES:</b>  |                      |                  |
| Purchases of property and equipment   | (730)                | (562)            |
| Consideration paid for acquisition, net                                       | —                    | (570)            |
| Net cash used in investing activities   | (730)                | (1,132)          |
| <b>FINANCING ACTIVITIES:</b>  |                      |                  |
| Borrowings under revolving line of credit                                     | 70,000               | 105,000          |
| Repayments under revolving line of credit                                     | —                    | (5,000)          |
| Tax withholding payments reimbursed by shares                                 | (1,631)              | (1,873)          |
| Cash dividends paid   | (3,075)              | (2,702)          |
| Repurchase of common stock  | (9,242)              | (20,577)         |
| Net cash provided by financing activities                                     | 56,052               | 74,848           |
| Effect of foreign exchange rates on cash and cash equivalents                 | (706)                | 407              |
| Net increase (decrease) in cash and cash equivalents                          | (8,464)              | 4,072            |
| Cash and cash equivalents at beginning of period                              | 45,586               | 31,447           |
| Cash and cash equivalents at end of period                                    | \$ 37,122            | \$ 35,519        |
| <b>Noncash investing and financing activities:</b>                            |                      |                  |
| Increase in accounts payable and accrued expenses for property and equipment  | \$ 454               | \$ 23            |
| Excise tax on share repurchases   | \$ (65)              | \$ (173)         |
| Right-of-use assets obtained in exchange for lease obligations                | \$ 1,955             | \$ —             |
| <b>Supplemental cash flow information:</b>                                    |                      |                  |
| Cash paid for taxes   | \$ 1,534             | \$ 1,081         |
| Cash paid for interest  | \$ 91                | \$ 124           |
| Cash paid for amounts included in operating lease liabilities                 | \$ 5,569             | \$ 5,474         |

See accompanying notes to the condensed consolidated financial statements.

## CRA INTERNATIONAL, INC.

## CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE FISCAL QUARTER ENDED MARCH 30, 2024 (unaudited)

*(in thousands, except share data)*

|   | Common Stock  |         | Retained Earnings | Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|---|---------------|---------|-------------------|--------------------------------------|----------------------------|
|   | Shares Issued | Amount  |                   |                                      |                            |
| <b>BALANCE AT DECEMBER 30, 2023</b>                                 | 6,934,265     | \$ —    | \$ 224,283        | \$ (12,182)                          | \$ 212,101                 |
| Net income  | —             | —       | 13,691            | —                                    | 13,691                     |
| Foreign currency translation adjustment                             | —             | —       | —                 | (1,105)                              | (1,105)                    |
| Issuance of common stock  | —             | —       | —                 | —                                    | —                          |
| Exercise of stock options   | —             | —       | —                 | —                                    | —                          |
| Share-based compensation expense                                    | —             | 1,039   | —                 | —                                    | 1,039                      |
| Restricted shares vesting   | 33,441        | —       | —                 | —                                    | —                          |
| Redemption of vested employee restricted shares for tax withholding | (12,526)      | (1,631) | —                 | —                                    | (1,631)                    |
| Shares repurchased  | (65,882)      | 592     | (9,834)           | —                                    | (9,242)                    |
| Accrued excise tax on shares repurchased                            | —             | —       | (65)              | —                                    | (65)                       |
| Accrued dividends on unvested shares                                | —             | —       | 77                | —                                    | 77                         |
| Cash dividends paid (\$0.42 per share)                              | —             | —       | (3,075)           | —                                    | (3,075)                    |
| <b>BALANCE AT MARCH 30, 2024</b>                                    | 6,889,298     | \$ —    | \$ 225,077        | \$ (13,287)                          | \$ 211,790                 |

See accompanying notes to the condensed consolidated financial statements.

## CRA INTERNATIONAL, INC.

## CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE FISCAL ENDED April 1, 2023 (unaudited)

*(in thousands, except share data)*

|   | Common Stock  |          | Retained Earnings | Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|---|---------------|----------|-------------------|--------------------------------------|----------------------------|
|   | Shares Issued | Amount   |                   |                                      |                            |
| <b>BALANCE AT DECEMBER 31, 2022</b>                                 | 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                      |
| 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)                    |
| <b>BALANCE AT APRIL 1, 2023</b>                                     | 6,997,933     | \$ —     | \$ 210,713        | \$ (13,929)                          | \$ 196,784                 |

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. ("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 (collectively the "Company") 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 ("U.S. GAAP") for annual financial statements. Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations, financial position, or cash flows. 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 U.S. 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 30, 2023 included in CRA's Annual Report on Form 10-K filed with the SEC on February 29, 2024 (the "2023 Form 10-K").

***Estimates***

The preparation of financial statements in conformity with U.S. 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 assets and liabilities, share-based compensation, valuation of contingent consideration liabilities, valuation of acquired intangible assets, 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.

***Recent Accounting Standards Not Yet Adopted***

***Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures***

In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07)*. The ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 also requires that a public entity that has a single reportable segment provide all disclosures required by these amendments and all existing segment disclosures in Topic 280.

## CRA INTERNATIONAL, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

ASU 2023-07 is effective for CRA for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. CRA plans to adopt the amendments during the fourth fiscal quarter of 2024. CRA is in the process of evaluating the impact of adopting ASU 2023-07.

*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*

In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09)*. The ASU requires disclosure of specific categories in the rate reconciliation, provides additional information for reconciling items that meet a quantitative threshold, and discloses the amount of income taxes paid disaggregated by federal, state, foreign taxes, and individual jurisdiction. ASU 2023-09 also requires income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign.

ASU 2023-09 is effective for CRA for annual periods beginning after December 15, 2024. CRA plans to adopt the amendments during the annual reporting fiscal year of 2025. CRA is in the process of evaluating the impact of adopting ASU 2023-09.

**2. 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 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):

| <b>Type of Contract</b>       | <b>Fiscal Quarter Ended</b> |                          |
|-------------------------------|-----------------------------|--------------------------|
|                               | <b>March 30,<br/>2024</b>   | <b>April 1,<br/>2023</b> |
| Consulting services revenues: |                             |                          |
| Fixed-price                   | \$ 30,082                   | \$ 26,834                |
| Time-and-materials            | 141,707                     | 126,011                  |
| Total                         | <u>\$ 171,789</u>           | <u>\$ 152,845</u>        |

Revenues have been attributed to locations based on the location of the legal entity generating the revenues.

| <b>Geographic Breakdown</b>   | <b>Fiscal Quarter Ended</b> |                          |
|-------------------------------|-----------------------------|--------------------------|
|                               | <b>March 30,<br/>2024</b>   | <b>April 1,<br/>2023</b> |
| Consulting services revenues: |                             |                          |
| United States                 | \$ 142,204                  | \$ 117,872               |
| United Kingdom                | 21,154                      | 25,649                   |
| Other                         | 8,431                       | 9,324                    |
| Total                         | <u>\$ 171,789</u>           | <u>\$ 152,845</u>        |

## CRA INTERNATIONAL, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

*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.

The following table presents CRA's bad debt expense, net of recoveries of previously written off allowances (in thousands):

|                                  | Fiscal Quarter Ended |                  |
|----------------------------------|----------------------|------------------|
|                                  | March 30,<br>2024    | April 1,<br>2023 |
| Bad debt expense (recovery), net | \$ 663               | \$ —             |

*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 |                  |
|-----------------------|----------------------|------------------|
|                       | March 30,<br>2024    | April 1,<br>2023 |
| Reimbursable expenses | \$ 17,061            | \$ 13,981        |

*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 March 30, 2024 and December 30, 2023.

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):

|  | March 30,<br>2024    | December 30,<br>2023 |
|--|----------------------|----------------------|
|  | Contract liabilities | \$ 2,683             |

**CRA INTERNATIONAL, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**(Unaudited)**

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 |                  |
|---|----------------------|------------------|
|   | March 30,<br>2024    | April 1,<br>2023 |
| Amounts included in contract liabilities at the beginning of the period | \$ 4,703             | \$ 5,139         |
| Performance obligations satisfied in previous periods                   | \$ 2,847             | \$ 2,638         |

### 3. 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 forgivable loans have terms that are generally between two and six years with interest rates currently ranging up to 6.00%. 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 forgiveness of the principal amount of the loans is recorded as compensation 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):

|   | March 30,<br>2024 | December 30,<br>2023 |
|---|-------------------|----------------------|
| Beginning balance                       | \$ 53,941         | \$ 56,456            |
| Advances                                | 5,250             | 23,342               |
| Repayments                              | —                 | (1,816)              |
| Amortization                            | (5,772)           | (24,198)             |
| Effects of foreign currency translation | (26)              | 157                  |
| Ending balance                          | \$ 53,393         | \$ 53,941            |
| Current portion of forgivable loans     | \$ 14,718         | \$ 8,759             |
| Non-current portion of forgivable loans | \$ 38,675         | \$ 45,182            |

### 4. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the fiscal quarter ended March 30, 2024 are summarized as follows (in thousands):

|   |            |
|---|------------|
| Goodwill, at December 30, 2023          | \$ 165,882 |
| Accumulated goodwill impairment         | (71,893)   |
| Goodwill, net at December 30, 2023      | 93,989     |
| Additions due to acquisitions           | —          |
| Foreign currency translation adjustment | (136)      |
| Goodwill, net at March 30, 2024         | \$ 93,853  |

Goodwill, net at March 30, 2024, is comprised of goodwill of \$165.7 million and accumulated impairment of \$71.9 million. There were no impairment losses related to goodwill during the fiscal quarter ended March 30, 2024 or during the fiscal year ended December 30, 2023.

**CRA INTERNATIONAL, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**(Unaudited)**

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):

|                        | Useful Life<br>(in years) | March 30, 2024           |                             |                        | December 30, 2023        |                             |                        |
|------------------------|---------------------------|--------------------------|-----------------------------|------------------------|--------------------------|-----------------------------|------------------------|
|                        |                           | Gross Carrying<br>Amount | Accumulated<br>Amortization | Net Carrying<br>Amount | Gross Carrying<br>Amount | Accumulated<br>Amortization | Net Carrying<br>Amount |
| Customer relationships | 10                        | \$ 13,800                | \$ (6,949)                  | \$ 6,851               | \$ 13,800                | \$ (6,604)                  | \$ 7,196               |

There were no impairment losses related to intangible assets during the fiscal quarter ended March 30, 2024 or during the fiscal year ended December 30, 2023. Amortization expense related to intangible assets was \$0.3 million and \$0.4 million for the fiscal quarters ended March 30, 2024 and April 1, 2023, respectively.

**5. Accrued Expenses**

Accrued expenses consist of the following (in thousands):

|                                   | March 30,<br>2024 | December 30,<br>2023 |
|-----------------------------------|-------------------|----------------------|
| Compensation and related expenses | \$ 81,503         | \$ 143,647           |
| Performance awards                | 8,105             | 16,556               |
| Direct project accruals           | 2,158             | 1,704                |
| Other                             | 14,242            | 9,133                |
| <b>Total accrued expenses</b>     | <b>\$ 106,008</b> | <b>\$ 171,040</b>    |

As of March 30, 2024 and December 30, 2023, approximately \$56.6 million and \$121.2 million, respectively, of accrued bonuses were included above in "Compensation and related expenses."

**6. Income Taxes**

For the fiscal quarters ended March 30, 2024 and April 1, 2023, CRA's effective income tax rate ("ETR") was 28.0% and 29.2%, respectively. The ETR for the first quarter of fiscal 2024 was lower than the first quarter of fiscal 2023 primarily due to changes in state statutory tax rates in the current year, having had a valuation allowance in the prior year that has now been reversed, as well as the impact of a higher profit in the current period.

**7. 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 ended March 30, 2024 and April 1, 2023.

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 ended March 30, 2024 and April 1, 2023.

**CRA INTERNATIONAL, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**(Unaudited)**

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

|   | Fiscal Quarter Ended |                  |
|---|----------------------|------------------|
|   | March 30,<br>2024    | April 1,<br>2023 |
| <b>Numerator:</b>   |                      |                  |
| Net income — basic  | \$ 13,691            | \$ 8,918         |
| Less: net income attributable to participating shares       | 46                   | 34               |
| Net income — diluted  | <u>\$ 13,645</u>     | <u>\$ 8,884</u>  |
| <b>Denominator:</b>   |                      |                  |
| Weighted average shares outstanding — basic                 | 6,926                | 7,119            |
| Effect of dilutive stock options and restricted stock units | 85                   | 133              |
| Weighted average shares outstanding — diluted               | <u>7,011</u>         | <u>7,252</u>     |
| <b>Net income per share:</b>                                |                      |                  |
| Basic   | <u>\$ 1.97</u>       | <u>\$ 1.25</u>   |
| Diluted   | <u>\$ 1.95</u>       | <u>\$ 1.23</u>   |

For the fiscal quarter ended March 30, 2024, there were no anti-dilutive share-based awards that were excluded from the calculation of common stock equivalents for purposes of computing diluted weighted average outstanding shares. For the fiscal quarter ended April 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 196 shares.

**8. 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):

|                                    | March 30, 2024 |             |               |
|------------------------------------|----------------|-------------|---------------|
|                                    | Level 1        | Level 2     | Level 3       |
| <b>Assets:</b>                     |                |             |               |
| Money market mutual funds          | \$ —           | \$ —        | \$ —          |
| Total Assets                       | <u>\$ —</u>    | <u>\$ —</u> | <u>\$ —</u>   |
| <b>Liabilities:</b>                |                |             |               |
| Contingent consideration liability | \$ —           | \$ —        | \$ 190        |
| Total Liabilities                  | <u>\$ —</u>    | <u>\$ —</u> | <u>\$ 190</u> |

**CRA INTERNATIONAL, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**(Unaudited)**

|                                    | December 30, 2023 |             |               |
|------------------------------------|-------------------|-------------|---------------|
|                                    | Level 1           | Level 2     | Level 3       |
| <b>Assets:</b>                     |                   |             |               |
| Money market mutual funds          | \$ —              | \$ —        | \$ —          |
| <b>Total Assets</b>                | <b>\$ —</b>       | <b>\$ —</b> | <b>\$ —</b>   |
| <b>Liabilities:</b>                |                   |             |               |
| Contingent consideration liability | \$ —              | \$ —        | \$ 190        |
| <b>Total Liabilities</b>           | <b>\$ —</b>       | <b>\$ —</b> | <b>\$ 190</b> |

The contingent consideration liability pertains to estimated future contingent consideration payments related to the acquisition of bioStrategies Group, Inc. during fiscal 2022. The following table summarizes the changes in the contingent consideration liability (in thousands):

|   | Fiscal Quarter Ended | Fiscal Year Ended |
|---|----------------------|-------------------|
|   | March 30, 2024       | December 30, 2023 |
| Beginning balance   | \$ 190               | \$ 1,056          |
| Remeasurement of acquisition-related contingent consideration | —                    | (934)             |
| Accretion   | —                    | 68                |
| Ending balance  | \$ 190               | \$ 190            |

## 9. 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 16 in a year through January 15 in the next year. Additionally, for the period from January 16 to July 15 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.

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 March 30, 2024, CRA was in compliance with the covenants of the Credit Agreement.

There were \$70.0 million in borrowings outstanding under the revolving credit facility as of March 30, 2024 and no borrowings outstanding as of December 30, 2023. As of March 30, 2024, the amount available under the revolving credit facility was reduced by certain letters of credit outstanding, which amounted to \$4.5 million.

## 10. 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 INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

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.

**11. Subsequent Events**

On May 2, 2024, CRA announced that its Board of Directors declared a quarterly cash dividend of \$0.42 per common share, payable on June 14, 2024 to shareholders of record as of May 28, 2024.



## 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](http://www.sec.gov).

### Additional Available Information

Our principal Internet address is [www.crai.com](http://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 do not maintain or provide any information directly to the third-party website, and we do not check its accuracy.

### 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 March 30, 2024 remain unchanged from December 30, 2023. 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 30, 2023, filed with the SEC on February 29, 2024 (the “2023 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 Ended March 30, 2024, Compared to the Fiscal Quarter Ended April 1, 2023

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

|  | Fiscal Quarter Ended |               |
|--|----------------------|---------------|
|  | March 30, 2024       | April 1, 2023 |
| Revenues   | 100.0 %              | 100.0 %       |
| Costs of services (exclusive of depreciation and amortization) | 69.2                 | 70.6          |
| Selling, general and administrative expenses                   | 17.8                 | 18.6          |
| Depreciation and amortization                                  | 1.6                  | 1.9           |
| Income from operations   | 11.4                 | 9.0           |
| Interest expense, net  | (0.3)                | (0.4)         |
| Foreign currency gains (losses), net                           | (0.1)                | (0.3)         |
| Income before provision for income taxes                       | 11.1                 | 8.2           |
| Provision for income taxes                                     | 3.1                  | 2.4           |
| Net income   | 8.0 %                | 5.8 %         |

## **Fiscal Quarter Ended March 30, 2024, Compared to the Fiscal Quarter Ended April 1, 2023**

*Revenues.* Revenues increased by \$19.0 million, or 12.4%, to \$171.8 million for the first quarter of fiscal 2024 from \$152.8 million for the first quarter of fiscal 2023. Utilization increased to 73% for the first quarter of fiscal 2024 from 70% for the first quarter of fiscal 2023, while consultant headcount grew 2.6% from 972 at the end of the first quarter of fiscal 2023 to 997 at the end of the first quarter of fiscal 2024.

Overall, revenues outside of the U.S. represented approximately 17% and 23% of net revenues for the first quarters of fiscal 2024 and fiscal 2023, respectively. Revenues derived from fixed-price projects remained unchanged at 18% of net revenues for the first quarter of fiscal 2024 compared with the first quarter of fiscal 2023. 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 \$11.1 million, or 10.2%, to \$118.9 million for the first quarter of fiscal 2024 from \$107.8 million for the first quarter of fiscal 2023. The increase in costs of services was due to an increase in employee and incentive compensation of \$8.8 million attributable to salaries and benefits associated with our increased consulting headcount, and an increase in client reimbursable expenses of \$3.1 million, partially offset by a decrease in forgivable loan amortization of \$0.8 million. As a percentage of revenues, costs of services (exclusive of depreciation and amortization) decreased to 69.2% for the first quarter of fiscal 2024 from 70.6% for the first quarter of fiscal 2023.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased by \$2.1 million, or 7.5%, to \$30.5 million for the first quarter of fiscal 2024 from \$28.4 million for the first quarter of fiscal 2023. Within this category of expenses, there was a \$0.9 million increase in employee and incentive compensation, a \$0.7 million increase in bad debt expense, a \$0.1 million increase in commissions to our non-employee experts, \$0.1 million increase in rent expense, and a \$0.3 million increase in miscellaneous and other fees for the first quarter of fiscal 2024 as compared to the first quarter of fiscal 2023. As a percentage of revenues, selling, general and administrative expenses decreased to 17.8% for the first quarter of fiscal 2024 from 18.6% for the first quarter of fiscal 2023. Commissions to our non-employee experts decreased to 2.1% of revenues for the first quarter of fiscal 2024 compared to 2.3% of revenues the first quarter of fiscal 2023.

*Provision for Income Taxes.* The income tax provision was \$5.3 million and the effective tax rate ("ETR") was 28.0% for the first quarter of fiscal 2024 compared to \$3.7 million and 29.2% for the first quarter of fiscal 2023. The ETR for the current fiscal quarter was lower than the prior year fiscal quarter primarily due to changes in state statutory tax rates in the current year, having had a valuation allowance in the prior year that has now been reversed, as well as the impact of a higher profit in the current period. The ETR for the first quarter of fiscal 2024 and 2023 were both higher than the combined federal and state statutory tax rate primarily due to nondeductible executive compensation and nondeductible meals and entertainment expenses, partially offset by the tax benefit related to share-based compensation.

*Net Income.* Net income increased to \$13.7 million for the first quarter of fiscal 2024 from \$8.9 million for the first quarter of fiscal 2023. The net income per diluted share was \$1.95 per share for the first quarter of fiscal 2024, compared to \$1.23 of net income per diluted share for the first quarter of fiscal 2023. Weighted average diluted shares outstanding decreased by approximately 241,000 shares to approximately 7,011,000 shares for the first quarter of fiscal 2024 from approximately 7,252,000 shares for the first quarter of fiscal 2023. The decrease in weighted average diluted shares outstanding was primarily due to the repurchase of shares of our common stock since April 1, 2023, offset in part by the vesting of shares of restricted stock and time-vesting restricted stock units and the exercise of stock options since April 1, 2023.

## **Liquidity and Capital Resources**

### ***Fiscal Quarter Ended March 30, 2024***

We believe that our current cash, 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. As of March 30, 2024, we had \$37.1 million of cash and cash equivalents and \$175.5 million of borrowing capacity under our revolving credit facility.

*General.* During the fiscal quarter ended March 30, 2024, cash and cash equivalents decreased by \$8.5 million. We completed the period with cash and cash equivalents of \$37.1 million. The principal drivers of the decrease of cash and cash equivalents was payment of a significant portion of our fiscal 2023 performance bonuses in the first quarter of fiscal 2024, the repurchase of shares, and the payment of dividends, offset by net borrowings of \$70.0 million.

At March 30, 2024, \$9.0 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 quarter ended March 30, 2024, net cash used in operating activities was \$63.1 million. Net income was \$13.7 million for the fiscal quarter ended March 30, 2024. Uses of cash for operating activities included a decrease in accounts payable, accrued expenses, and other liabilities of \$69.3 million, primarily due to the payment of a significant portion of our fiscal 2023 performance bonuses and performance awards, an increase of \$13.6 million in unbilled receivables, a \$4.4 million decrease in lease liabilities, a \$2.6 million increase in prepaid expenses and other current assets, and a decrease in forgivable loans for the period of \$0.5 million, which was primarily driven by \$5.3 million of forgivable loan issuances, offset by \$5.8 million of forgivable loan amortization. Partially offsetting these uses of cash was a decrease of \$2.5 million in accounts receivable and an increase of \$2.4 million in incentive cash awards payable.

Non-cash items included right-of-use amortization of \$3.6 million, depreciation and amortization expense of \$2.8 million, and share-based compensation expenses of \$1.0 million.

During the fiscal quarter ended March 30, 2024, net cash used in investing activities was \$0.7 million, which included capital expenditures, primarily related to purchases of computer equipment and leasehold improvements.

During the fiscal quarter ended March 30, 2024, net cash provided by financing activities was \$56.1 million, primarily as a result of net borrowings under the revolving credit facility of \$70.0 million. Offsetting this increase in cash provided by financing activities were repurchases of common stock of \$9.2 million, payment of cash dividends of \$3.1 million, and tax withholding payments reimbursed by restricted shares on vestings of \$1.6 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. At March 30, 2024, we expect to incur asset retirement obligation or redecoration obligation costs over the next twelve months of \$0.1 million. The remainder of our asset retirement obligations and redecoration obligations are approximately \$2.7 million and are expected to be paid between fiscal year 2025 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 16 in a year through January 15 in the next year. Additionally, for the period from January 16 to July 15 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.

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 March 30, 2024, CRA was in compliance with the covenants of the Credit Agreement.

There was \$70.0 million in borrowings outstanding under the revolving credit facility as of March 30, 2024 and no borrowings outstanding as of December 30, 2023. As of March 30, 2024, the amount available under the revolving credit facility was reduced by certain letters of credit outstanding, which amounted to \$4.5 million.

### ***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 forgiveness of the principal amount of the loans is recorded as compensation 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.

Our long-term incentive program, or "LTIP," is used 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.

Our LTIP allows us to grant 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 with our bank, and the overall credit and equity market environments.

### ***Share Repurchases***

In February 2024, we announced that our Board of Directors authorized an expansion of our existing share repurchase program of an additional \$35.0 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 ended March 30, 2024, we repurchased and retired 65,882 shares under our share repurchase program at an average price per share of \$140.29. During the fiscal quarter ended April 1, 2023, we repurchased and retired 180,881 shares under our share repurchase program at an average price per share of \$113.76.

As of March 30, 2024, we had approximately \$37.2 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 ended March 30, 2024, we paid dividends and dividend equivalents of \$3.1 million. During the fiscal quarter ended April 1, 2023, we paid dividends and dividend equivalents of \$2.7 million.

### ***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 2023 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 March 30, 2024. For information regarding our exposure to certain market risks, see Part II, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk” of our 2023 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 March 30, 2024.

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 first quarter of fiscal 2024. There were no changes in our internal control over financial reporting identified in connection with the above evaluation that occurred during the first quarter of fiscal 2024 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 2023 Form 10-K. There have been no material changes to these risk factors during the fiscal quarter ended March 30, 2024.

### 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 March 30, 2024. 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 first quarter of fiscal 2024.

#### Issuer Purchases of Equity Securities

| Period                                | (a)<br>Total Number of<br>Shares<br>Purchased(1)(2) | (b)<br>Average Price<br>Paid per Share(1)(2) | (c)<br>Total Number of Shares<br>Purchased as Part of<br>Publicly Announced<br>Plans or Programs(2) | (d)<br>Approximate<br>Dollar Value of<br>Shares that May Yet<br>Be Purchased<br>Under the Plans<br>or Programs(2) |
|---------------------------------------|---|--|---|---|
| December 31, 2023 to January 27, 2024 | —   | \$ —   | —   | \$ 11,436,962   |
| January 28, 2024 to February 24, 2024 | 4,230   | \$ 108.63                                    | —   | \$ 11,436,962   |
| February 25, 2024 to March 30, 2024   | 74,178  | \$ 140.38                                    | 65,882  | \$ 37,194,638   |

(1) During the four weeks ended February 24, 2024, we accepted 4,230 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 Plan, at the average price of \$108.63. During the five weeks ended March 30, 2024, we accepted 8,296 shares of our common stock as a tax withholding from certain of our employees in connection with the vesting of shares of restricted stock and restricted stock units that occurred during the indicated period, pursuant to the terms of our 2006 Equity Plan, at the average price per share of \$141.15.

(2) On February 29, 2024, we announced that our Board of Directors authorized an expansion to our existing share repurchase program of an additional \$35.0 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 fiscal quarter ended March 30, 2024, we repurchased and retired 65,882 shares under our share repurchase program at an average price per share of \$140.29. Approximately \$37.2 million was available for future repurchases under this program as of March 30, 2024. 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 March 30, 2024, 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      |                           | <a href="#">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).</a>  |
| 3.2      |                           | <a href="#">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).</a>  |
| 31.1     | X                         | <a href="#">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.</a>   |
| 31.2     | X                         | <a href="#">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.</a>   |
| 32.1     | X                         | <a href="#">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.</a>   |
| 32.2     | X                         | <a href="#">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.</a>   |
| 101      | X                         | The following financial statements from CRA International, Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language), as follows: (i) Condensed Consolidated Statements of Operations (unaudited) for the fiscal quarters ended March 30, 2024 and April 1, 2023, (ii) Condensed Consolidated Statements of Comprehensive Income (unaudited) for the fiscal quarters ended March 30, 2024 and April 1, 2023, (iii) Condensed Consolidated Balance Sheets (unaudited) at March 30, 2024 and December 30, 2023, (iv) Condensed Consolidated Statements of Cash Flows (unaudited) for the fiscal quarters ended March 30, 2024 and April 1, 2023, (v) Condensed Consolidated Statement of Shareholders’ Equity (unaudited) for the fiscal quarter ended March 30, 2024 and April 1, 2023, and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited). |
| 104      |                           | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).   |





**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 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 adversely affect 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: May 2, 2024

By: /s/ PAUL A. MALEH

Paul A. Maleh

President and Chief Executive Officer

**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 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 adversely affect 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: May 2, 2024

By: /s/ DANIEL K. MAHONEY

Daniel K. Mahoney

Chief Financial Officer, Executive Vice President and Treasurer

**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 March 30, 2024, 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

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Paul A. Maleh

President and Chief Executive Officer

Date: May 2, 2024

**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 March 30, 2024, 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

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Daniel K. Mahoney

Chief Financial Officer, Executive Vice President and Treasurer

Date: May 2, 2024