

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
FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2021**

Broad-based Contributions Drive Strong Revenue and Profit Growth

Company Increases Quarterly Dividend by 19%

BOSTON, November 4, 2021 – [Charles River Associates](#) (NASDAQ: CRAI), a worldwide leader in providing [economic, financial and management consulting services](#), today announced financial results for the fiscal third quarter ended October 2, 2021.

“Building on a strong first half of fiscal 2021, CRA reported revenue growth of 12.0% year over year to \$136.4 million, representing the 23rd consecutive quarter of year-over-year revenue growth,” said [Paul Maleh](#), CRA’s President and Chief Executive Officer. “Our performance for the quarter was driven by double-digit revenue growth in each of our Antitrust & Competition Economics, Financial Economics, Forensic Services, Labor & Employment, Marakon, and Risk, Investigations & Analytics practices. Both our North American and international operations contributed to our quarterly growth, increasing year over year by 14.1% and 3.5%, respectively. The quarter’s top-line growth resulted in accelerating profit expansion, as CRA’s net income, earnings per diluted share and EBITDA all grew significantly faster than revenue.”

Key Third-Quarter Fiscal 2021 Highlights

- Revenue grew 12.0% year over year to \$136.4 million.
- Utilization was 73%, and quarter-end headcount increased 6.8% year over year.
- Net income increased 102.6% year over year to \$10.9 million, or 8.0% of revenue, compared with \$5.4 million, or 4.4% of revenue, in the third quarter of fiscal 2020; non-GAAP net income increased 80.3% year over year to \$10.9 million, or 8.0% of revenue, compared with \$6.1 million, or 5.0% of revenue, in the third quarter of fiscal 2020.
- Earnings per diluted share increased 111.8% year over year to \$1.44 from \$0.68; non-GAAP earnings per diluted share increased 89.5% year over year to \$1.44 from \$0.76.
- Non-GAAP EBITDA increased 35.3% to \$16.2 million, or 11.9% of revenue, compared with \$12.0 million, or 9.8% of revenue, in the third quarter of fiscal 2020.
- On a constant currency basis relative to the third quarter of fiscal 2020, revenue, GAAP net income, and earnings per diluted share would have been lower by \$1.4 million, \$0.1 million, and \$0.01 per diluted share, respectively. Non-GAAP net income, earnings per diluted share, and EBITDA would have been lower by \$0.1 million, \$0.01 per diluted share, and \$0.2 million respectively.
- CRA returned \$6.9 million of capital to its shareholders, consisting of \$1.9 million of dividend payments and \$5.0 million for share repurchases of approximately 53,000 shares.

Outlook and Financial Guidance

“Through the first three quarters of fiscal 2021, on a constant currency basis relative to fiscal 2020, we have increased revenue by 14.6% to \$425.1 million and non-GAAP EBITDA by 43.0% to \$52.6 million, achieving a margin of 12.4%. These results demonstrate the strength and quality of our business,” continued Maleh. “While the business continues to deliver strong results, our third-quarter revenue was below our expectations as we experienced a rate of employee vacation time that was more than 20% higher than in the year-ago period and the highest rate for a third quarter over the prior five years. Although helpful for the health and well-being of our

colleagues, the heightened vacation time acted as a headwind to our top-line growth, and may continue during the November and December holidays.”

“As a result, we are lowering our full-year revenue guidance while maintaining our EBITDA margin guidance. For the full-year fiscal 2021, on a constant currency basis relative to fiscal 2020, we now expect revenue in the range of \$560 million to \$570 million, and non-GAAP EBITDA margin to exceed the upper end of the range of 11.2% to 11.7%. We are pleased with CRA’s strong performance through the first three quarters of the year, but we remain mindful that uncertainties around global economic, business, health, and political conditions can affect our business,” concluded Maleh.

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.

Quarterly Dividend

On November 4, 2021, CRA announced that it increased its quarterly cash dividend by 19% from \$0.26 to \$0.31 per common share. The dividend will be payable on December 10, 2021 to shareholders of record as of November 30, 2021. 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 third-quarter 2021 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 “[Conference Call Materials](#)” in the “[Investor Relations](#)” section on CRA’s website at <http://www.crai.com>. These remarks are offered to provide the investment community with additional background on CRA’s financial results prior to the start of the conference call.

About Charles River Associates (CRA)

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

NON-GAAP FINANCIAL MEASURES

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

CRA defines non-GAAP EBITDA as net income before interest expense (net), income taxes, and depreciation and amortization further adjusted for the impact of certain items that we do not consider indicative of our core operating performance, such as non-cash amounts relating to valuation changes in contingent consideration and related tax effects. Non-GAAP net income and non-GAAP net

income per share also exclude non-cash amounts relating to valuation changes in contingent consideration 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. On a constant currency basis for the fiscal year-to-date period ended October 2, 2021 relative to the fiscal year-to-date period ended September 26, 2020, revenue would have been lower by \$6.1 million and EBITDA would have been lower by \$0.6 million.

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 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 2021 on a constant currency basis relative to fiscal 2020 could differ materially from the guidance presented herein, and our actual performance and results may differ materially from the performance and results contained in or implied by the forward-looking statements made herein, due to many important factors. These factors include, but are not limited to, the possibility that the demand for our services may decline as a result of changes in general and industry specific economic conditions; the timing of engagements for our services; the effects of competitive services and pricing; our ability to attract and retain key employee or non-employee experts; the inability to integrate and utilize existing consultants and personnel; the decline or reduction in project work or activity; global economic conditions including less stable political and economic environments; the impact of the COVID-19 pandemic; 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
OCTOBER 2, 2021 COMPARED TO SEPTEMBER 26, 2020
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	October 2, 2021	As a % of Revenue	September 26, 2020	As a % of Revenue	October 2, 2021	As a % of Revenue	September 26, 2020	As a % of Revenue
Revenues	\$ 136,412	100.0 %	\$ 121,762	100.0 %	\$ 431,167	100.0 %	\$ 370,951	100.0 %
Cost of services (exclusive of depreciation and amortization)	95,980	70.4 %	88,304	72.5 %	306,396	71.1 %	269,462	72.6 %
Selling, general and administrative expenses	24,490	18.0 %	22,194	18.2 %	71,740	16.6 %	67,742	18.3 %
Depreciation and amortization	3,141	2.3 %	3,244	2.7 %	9,657	2.2 %	9,293	2.5 %
Income from operations	12,801	9.4 %	8,020	6.6 %	43,374	10.1 %	24,454	6.6 %
Interest expense, net	(183)	-0.1 %	(277)	-0.2 %	(791)	-0.2 %	(1,011)	-0.3 %
Foreign currency gains (losses), net	235	0.2 %	(217)	-0.2 %	(253)	-0.1 %	1,103	0.3 %
Income before provision for income taxes	12,853	9.4 %	7,526	6.2 %	42,330	9.8 %	24,546	6.6 %
Provision for income taxes	1,908	1.4 %	2,123	1.7 %	9,318	2.2 %	6,744	1.8 %
Net income	<u>\$ 10,945</u>	<u>8.0 %</u>	<u>\$ 5,403</u>	<u>4.4 %</u>	<u>\$ 33,012</u>	<u>7.7 %</u>	<u>\$ 17,802</u>	<u>4.8 %</u>
Net income per share:								
Basic	<u>\$ 1.48</u>		<u>\$ 0.69</u>		<u>\$ 4.42</u>		<u>\$ 2.28</u>	
Diluted	<u>\$ 1.44</u>		<u>\$ 0.68</u>		<u>\$ 4.31</u>		<u>\$ 2.23</u>	
Weighted average number of shares outstanding:								
Basic	<u>7,375</u>		<u>7,771</u>		<u>7,440</u>		<u>7,780</u>	
Diluted	<u>7,560</u>		<u>7,934</u>		<u>7,643</u>		<u>7,964</u>	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
OCTOBER 2, 2021 COMPARED TO SEPTEMBER 26, 2020
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	October 2, 2021	As a % of Revenue	September 26, 2020	As a % of Revenue	October 2, 2021	As a % of Revenue	September 26, 2020	As a % of Revenue
Revenues	\$ 136,412	100.0 %	\$ 121,762	100.0 %	\$ 431,167	100.0 %	\$ 370,951	100.0 %
Net income	\$ 10,945	8.0 %	\$ 5,403	4.4 %	\$ 33,012	7.7 %	\$ 17,802	4.8 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	—	— %	905	0.7 %	380	0.1 %	1,901	0.5 %
Tax effect on adjustments	—	— %	(238)	-0.2 %	(103)	— %	(508)	-0.1 %
Non-GAAP net income	\$ 10,945	8.0 %	\$ 6,070	5.0 %	\$ 33,289	7.7 %	\$ 19,195	5.2 %
Non-GAAP net income per share:								
Basic	\$ 1.48		\$ 0.78		\$ 4.46		\$ 2.46	
Diluted	\$ 1.44		\$ 0.76		\$ 4.34		\$ 2.40	
Weighted average number of shares outstanding:								
Basic	7,375		7,771		7,440		7,780	
Diluted	7,560		7,934		7,643		7,964	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
OCTOBER 2, 2021 COMPARED TO SEPTEMBER 26, 2020
(IN THOUSANDS)

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	October 2, 2021	As a % of Revenue	September 26, 2020	As a % of Revenue	October 2, 2021	As a % of Revenue	September 26, 2020	As a % of Revenue
Revenues	\$ 136,412	100.0 %	\$ 121,762	100.0 %	\$ 431,167	100.0 %	\$ 370,951	100.0 %
Net income	\$ 10,945	8.0 %	\$ 5,403	4.4 %	\$ 33,012	7.7 %	\$ 17,802	4.8 %
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	—	— %	905	0.7 %	380	0.1 %	1,901	0.5 %
Tax effect on adjustments	—	— %	(238)	-0.2 %	(103)	— %	(508)	-0.1 %
Non-GAAP net income	\$ 10,945	8.0 %	\$ 6,070	5.0 %	\$ 33,289	7.7 %	\$ 19,195	5.2 %
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:								
Interest expense, net	183	0.1 %	277	0.2 %	791	0.2 %	1,011	0.3 %
Provision for income taxes	1,908	1.4 %	2,361	1.9 %	9,421	2.2 %	7,252	2.0 %
Depreciation and amortization	3,141	2.3 %	3,244	2.7 %	9,657	2.2 %	9,293	2.5 %
Non-GAAP EBITDA	\$ 16,177	11.9 %	\$ 11,952	9.8 %	\$ 53,158	12.3 %	\$ 36,751	9.9 %

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

	October 2, 2021	January 2, 2021
Assets		
Cash and cash equivalents	\$ 19,665	\$ 45,677
Accounts receivable and unbilled services, net	173,834	152,476
Other current assets	20,402	21,817
Total current assets	213,901	219,970
Property and equipment, net	55,577	62,878
Goodwill and intangible assets, net	93,366	94,295
Right-of-use assets	113,759	122,144
Other assets	53,304	59,223
Total assets	\$ 529,907	\$ 558,510
Liabilities and Shareholders' Equity		
Accounts payable	\$ 22,916	\$ 19,430
Accrued expenses	128,701	136,376
Current portion of lease liabilities	14,188	13,557
Revolving line of credit	6,000	—
Other current liabilities	10,265	30,768
Total current liabilities	182,070	200,131
Non-current portion of lease liabilities	128,565	139,447
Other non-current liabilities	14,987	9,913
Total liabilities	325,622	349,491
Total shareholders' equity	204,285	209,019
Total liabilities and shareholders' equity	\$ 529,907	\$ 558,510

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

	Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020
Operating activities:		
Net income	\$ 33,012	\$ 17,802
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Non-cash items, net	20,948	20,281
Accounts receivable and unbilled services	(22,324)	(13,042)
Working capital items, net	(17,733)	(35,693)
Net cash provided by (used in) operating activities	13,903	(10,652)
Investing activities:		
Purchases of property and equipment	(1,730)	(15,742)
Net cash used in investing activities	(1,730)	(15,742)
Financing activities:		
Issuance of common stock, principally stock options exercises	5,005	1,667
Borrowings under revolving line of credit	72,000	77,000
Repayments under revolving line of credit	(66,000)	(39,000)
Tax withholding payments reimbursed by shares	(588)	(390)
Cash paid for contingent consideration	(2,357)	—
Cash dividends paid	(5,903)	(5,412)
Repurchase of common stock	(39,977)	(8,807)
Net cash provided by (used in) financing activities	(37,820)	25,058
Effect of foreign exchange rates on cash and cash equivalents	(365)	(195)
Net decrease in cash and cash equivalents	(26,012)	(1,531)
Cash and cash equivalents at beginning of period	45,677	25,639
Cash and cash equivalents at end of period	\$ 19,665	\$ 24,108
Noncash investing and financing activities:		
Purchases of property and equipment not yet paid for	\$ 7	\$ 3,923
Asset retirement obligations	\$ —	\$ 155
Right-of-use assets obtained in exchange for lease obligations	\$ 1,751	\$ 2,601
Restricted common stock issued for contingent consideration	\$ 2,250	\$ —
Supplemental cash flow information:		
Cash paid for taxes	\$ 12,484	\$ 5,933
Cash paid for interest	\$ 528	\$ 932
Cash paid for amounts included in operating lease liabilities	\$ 15,556	\$ 13,736