

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

FORM 8-K

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

Date of report (Date of earliest event reported): October 29, 2020

CRA INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

| | | |
|--|--|--|
| Massachusetts (State or other jurisdiction of incorporation) | 000-24049 (Commission file number) | 04-2372210 (IRS employer identification no.) |
|--|--|--|

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

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

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

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

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

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|----------------------------|----------------|---|
| Common Stock, no par value | CRAI | Nasdaq Global Select Market |

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On October 29, 2020, we issued a press release reporting our financial results for our fiscal quarter ended September 26, 2020. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On October 29, 2020, we also posted on our website supplemental financial information, including prepared CFO remarks. A copy of the supplemental financial information is set forth as Exhibit 99.2 and incorporated by reference herein.

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

Item 7.01 Regulation FD Disclosure.

On October 29, 2020, we announced that our board of directors declared a quarterly cash dividend on our common stock of \$0.26 per share to be paid on December 11, 2020 to all shareholders of record as of November 24, 2020. A copy of the press release is set forth as Exhibit 99.3 and is incorporated by reference herein.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Number</u> | <u>Title</u> |
|----------------------|---|
| 99.1 | October 29, 2020 earnings press release |
| 99.2 | Supplemental financial information (prepared CFO remarks) |
| 99.3 | October 29, 2020 dividend press release |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CRA INTERNATIONAL, INC.

Dated: October 29, 2020

By: /s/ Daniel K. Mahoney

Daniel K. Mahoney

Chief Financial Officer, Executive Vice President and Treasurer

Contacts:

Dan Mahoney
 Chief Financial Officer
 Charles River Associates
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**CHARLES RIVER ASSOCIATES (CRA) REPORTS
 FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2020**

*Strength Across Services and Geographies Drives Growth in Revenue;
 Reinstates Financial Guidance for Fiscal Year 2020;
 Increases Quarterly Dividend by 13%*

BOSTON, October 29, 2020 – 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 September 26, 2020.

Key Third-Quarter Fiscal 2020 Highlights

- Revenue grew 5.3% year over year to \$121.8 million.
- Utilization was 69%, while quarter-end headcount increased 11.5% year over year.
- Net income was \$5.4 million, or 4.4% of revenue, compared with \$5.7 million, or 5.0% of revenue, in the third quarter of fiscal 2019; non-GAAP net income was \$6.1 million, or 5.0% of revenue, compared with \$7.9 million, or 6.9% of revenue, in the third quarter of fiscal 2019.
- Earnings per diluted share were \$0.68, compared with \$0.71 in the third quarter of fiscal 2019; non-GAAP earnings per diluted share were \$0.76, compared with \$0.98 in the third quarter of fiscal 2019.
- Non-GAAP EBITDA was \$12.0 million, or 9.8% of revenue, compared with \$12.6 million, or 10.9% of revenue, in the third quarter of fiscal 2019.
- On a constant currency basis relative to the third quarter of fiscal 2019, revenue would have been lower by \$0.9 million, GAAP net income and earnings per diluted share would have been lower by \$0.2 million and \$0.02, respectively. Non-GAAP net income, earnings per diluted share and EBITDA would have been lower by \$0.2 million, \$0.02 per diluted share, \$0.2 million, respectively.
- CRA returned \$6.8 million of capital to its shareholders, consisting of \$1.8 million of dividend payments and \$5.0 million for share repurchases of approximately 110,000 shares.

Management Commentary and Financial Guidance

“Against a challenging economic backdrop, CRA again demonstrated its ability to generate strong cash flows, providing funds to support the growth of the business and return capital to shareholders,” said Paul Maleh, CRA’s President and Chief Executive Officer. “Highlighting the resiliency of our company, CRA delivered year-over-year revenue growth for the 19th consecutive quarter. CRA continued to invest in our practices by increasing headcount by 11.5% year over year, while at the same time reducing its borrowings by \$21.0 million and increasing its cash balance by 28% compared to the second quarter of fiscal 2020. CRA also repurchased 110,000 shares of its common stock during the third quarter and today announced a 13% increase in its quarterly cash dividend.”

“Building on a record fiscal 2019 and first half of fiscal 2020, CRA produced growth across both the legal & regulatory and management consulting lines of business. Many of our practices generated revenue growth year over year, led by double-digit growth in each of our Energy, Finance, Forensic Services, and Risk, Investigations & Analytics practices. Geographically, we experienced balanced growth across our North American and international operations.”

“Through the first three quarters of fiscal 2020, on a constant currency basis relative to fiscal 2019, we have increased revenue by 11.8% to \$371.1 million and non-GAAP EBITDA by 12.2% to \$36.8 million, achieving a margin of 9.9%. Given the strength of our year-to-date performance and the growing momentum across our service portfolio, we are reinstating financial guidance for full-year fiscal 2020. On a constant currency basis relative to fiscal 2019, we expect revenue in the range of \$498 million to \$504 million and non-GAAP EBITDA margin in the range of 9.7% to 10.2%,” Maleh concluded.

CRA does not provide reconciliations of its annual non-GAAP EBITDA margin guidance to GAAP net income margin because CRA is unable to estimate with reasonable certainty the revaluation of contingent consideration liabilities, 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 October 29, 2020, CRA announced that it increased its quarterly cash dividend by 13% from \$0.23 to \$0.26 per common share. The dividend will be payable on December 11, 2020 to shareholders of record as of November 24, 2020. 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 2020 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 financial measures that were not calculated in accordance with GAAP. 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 described below are made to the performance measures for some of CRA's performance-based compensation.

The adjustments made to the financial measures identified in this release as “non-GAAP” are as follows: for each of the periods presented, the adjustments 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 relative to the first three quarters of fiscal 2019, revenue would have been higher by \$0.2 million and EBITDA would have been higher by \$0.1 million. Finally, this release also presents the non-GAAP financial metric EBITDA.

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 the COVID-19 pandemic, our ability to effectively provide our services remotely, 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 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 extent and duration of the impact of the COVID-19 pandemic on our operations and results, including the effects on the financial health of our clients, and the impact of the imposition of public health measures and travel, health-related, business and other restrictions; 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” (all of which risks may be amplified by the COVID-19 pandemic). 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
SEPTEMBER 26, 2020 COMPARED TO SEPTEMBER 28, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Revenues | \$ 121,762 | 100.0% | \$ 115,686 | 100.0% | \$ 370,951 | 100.0% | \$ 332,108 | 100.0% |
| Cost of services (exclusive of depreciation and amortization) | 88,304 | 72.5% | 83,805 | 72.4% | 269,462 | 72.6% | 233,412 | 70.3% |
| Selling, general and administrative expenses | 22,194 | 18.2% | 22,449 | 19.4% | 67,742 | 18.3% | 68,929 | 20.8% |
| Depreciation and amortization | 3,244 | 2.7% | 2,527 | 2.2% | 9,293 | 2.5% | 7,696 | 2.3% |
| Income from operations | 8,020 | 6.6% | 6,905 | 6.0% | 24,454 | 6.6% | 22,071 | 6.6% |
| Interest expense, net | (277) | -0.2% | (424) | -0.4% | (1,011) | -0.3% | (954) | -0.3% |
| Foreign currency gains (losses), net | (217) | -0.2% | 210 | 0.2% | 1,103 | 0.3% | (379) | -0.1% |
| Income before provision for income taxes | 7,526 | 6.2% | 6,691 | 5.8% | 24,546 | 6.6% | 20,738 | 6.2% |
| Provision for income taxes | 2,123 | 1.7% | 952 | 0.8% | 6,744 | 1.8% | 4,754 | 1.4% |
| Net income | <u>\$ 5,403</u> | <u>4.4%</u> | <u>\$ 5,739</u> | <u>5.0%</u> | <u>\$ 17,802</u> | <u>4.8%</u> | <u>\$ 15,984</u> | <u>4.8%</u> |
| Net income per share: | | | | | | | | |
| Basic | <u>\$ 0.69</u> | | <u>\$ 0.74</u> | | <u>\$ 2.28</u> | | <u>\$ 2.02</u> | |
| Diluted | <u>\$ 0.68</u> | | <u>\$ 0.71</u> | | <u>\$ 2.23</u> | | <u>\$ 1.94</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,771</u> | | <u>7,769</u> | | <u>7,780</u> | | <u>7,903</u> | |
| Diluted | <u>7,934</u> | | <u>8,050</u> | | <u>7,964</u> | | <u>8,205</u> | |

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 26, 2020 COMPARED TO SEPTEMBER 28, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Revenues | \$ 121,762 | 100.0% | \$ 115,686 | 100.0% | \$ 370,951 | 100.0% | \$ 332,108 | 100.0% |
| Net income | \$ 5,403 | 4.4% | \$ 5,739 | 5.0% | \$ 17,802 | 4.8% | \$ 15,984 | 4.8% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 905 | 0.7% | 3,001 | 2.6% | 1,901 | 0.5% | 3,435 | 1.0% |
| Tax effect on adjustments | (238) | -0.2% | (815) | -0.7% | (508) | -0.1% | (931) | -0.3% |
| Non-GAAP net income | <u>\$ 6,070</u> | <u>5.0%</u> | <u>\$ 7,925</u> | <u>6.9%</u> | <u>\$ 19,195</u> | <u>5.2%</u> | <u>\$ 18,488</u> | <u>5.6%</u> |
| Non-GAAP net income per share: | | | | | | | | |
| Basic | <u>\$ 0.78</u> | | <u>\$ 1.02</u> | | <u>\$ 2.46</u> | | <u>\$ 2.33</u> | |
| Diluted | <u>\$ 0.76</u> | | <u>\$ 0.98</u> | | <u>\$ 2.40</u> | | <u>\$ 2.25</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,771</u> | | <u>7,769</u> | | <u>7,780</u> | | <u>7,903</u> | |
| Diluted | <u>7,934</u> | | <u>8,050</u> | | <u>7,964</u> | | <u>8,205</u> | |

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 26, 2020 COMPARED TO SEPTEMBER 28, 2019
(IN THOUSANDS)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Revenues | \$ 121,762 | 100.0% | \$ 115,686 | 100.0% | \$ 370,951 | 100.0% | \$ 332,108 | 100.0% |
| Net income | \$ 5,403 | 4.4% | \$ 5,739 | 5.0% | \$ 17,802 | 4.8% | \$ 15,984 | 4.8% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 905 | 0.7% | 3,001 | 2.6% | 1,901 | 0.5% | 3,435 | 1.0% |
| Tax effect on adjustments | (238) | -0.2% | (815) | -0.7% | (508) | -0.1% | (931) | -0.3% |
| Non-GAAP net income | \$ 6,070 | 5.0% | \$ 7,925 | 6.9% | \$ 19,195 | 5.2% | \$ 18,488 | 5.6% |
| Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA: | | | | | | | | |
| Interest expense, net | 277 | 0.2% | 424 | 0.4% | 1,011 | 0.3% | 954 | 0.3% |
| Provision for income taxes | 2,361 | 1.9% | 1,767 | 1.5% | 7,252 | 2.0% | 5,685 | 1.7% |
| Depreciation and amortization | 3,244 | 2.7% | 2,527 | 2.2% | 9,293 | 2.5% | 7,696 | 2.3% |
| Non-GAAP EBITDA | \$ 11,952 | 9.8% | \$ 12,643 | 10.9% | \$ 36,751 | 9.9% | \$ 32,823 | 9.9% |

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

| | September 26, 2020 | December 28, 2019 |
|---|-----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 24,108 | \$ 25,639 |
| Accounts receivable and unbilled services, net | 157,684 | 144,410 |
| Other current assets | 14,869 | 14,028 |
| Total current assets | 196,661 | 184,077 |
| Property and equipment, net | 64,886 | 61,295 |
| Goodwill and intangible assets, net | 93,739 | 94,980 |
| Right-of-use assets | 123,390 | 130,173 |
| Other assets | 71,501 | 62,718 |
| Total assets | \$ 550,177 | \$ 533,243 |
| Liabilities and Shareholders' Equity | | |
| Accounts payable | \$ 16,574 | \$ 26,069 |
| Accrued expenses | 103,952 | 121,301 |
| Current portion of lease liabilities | 14,551 | 12,847 |
| Revolving line of credit | 38,000 | - |
| Other current liabilities | 24,105 | 11,193 |
| Total current liabilities | 197,182 | 171,410 |
| Non-current portion of lease liabilities | 141,331 | 146,551 |
| Other non-current liabilities | 7,269 | 17,531 |
| Total liabilities | 345,782 | 335,492 |
| Total shareholders' equity | 204,395 | 197,751 |
| Total liabilities and shareholders' equity | \$ 550,177 | \$ 533,243 |

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

| | Fiscal Year-to-Date Period Ended | |
|--|---|-------------------------------|
| | September 26, 2020 | September 28, 2019 |
| Operating activities: | | |
| Net income | \$ 17,802 | \$ 15,984 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Non-cash items, net | 20,385 | 18,214 |
| Accounts receivable and unbilled services | (13,042) | (10,956) |
| Working capital items, net | (35,797) | (43,149) |
| Net cash used in operating activities | (10,652) | (19,907) |
| Investing activities: | | |
| Purchases of property and equipment | (15,742) | (12,548) |
| Net cash used in investing activities | (15,742) | (12,548) |
| Financing activities: | | |
| Issuance of common stock, principally stock options exercises | 1,667 | 2,006 |
| Borrowings under revolving line of credit | 77,000 | 54,000 |
| Repayments under revolving line of credit | (39,000) | (18,000) |
| Tax withholding payments reimbursed by shares | (390) | (388) |
| Cash paid on dividend equivalents | (40) | (35) |
| Cash dividends paid to shareholders | (5,372) | (4,742) |
| Repurchase of common stock | (8,807) | (18,068) |
| Net cash provided by financing activities | 25,058 | 14,773 |
| Effect of foreign exchange rates on cash and cash equivalents | (195) | (513) |
| Net decrease in cash and cash equivalents | (1,531) | (18,195) |
| Cash and cash equivalents at beginning of period | 25,639 | 38,028 |
| Cash and cash equivalents at end of period | \$ 24,108 | \$ 19,833 |
| Noncash investing and financing activities: | | |
| Purchases of property and equipment not yet paid for | \$ 3,923 | \$ 3,461 |
| Purchases of property and equipment paid by a third party | - | 126 |
| Asset retirement obligations | 155 | 427 |
| Right-of-use assets obtained in exchange for lease obligations | 2,601 | 37,298 |
| Right-of-use assets related to the adoption of ASC 842 | - | 82,329 |
| Lease liabilities related to the adoption of ASC 842 | - | 106,765 |
| Supplemental cash flow information: | | |
| Cash paid for taxes | \$ 5,933 | \$ 6,078 |
| Cash paid for interest | 932 | 848 |
| Cash paid for amounts included in operating lease liabilities | \$ 13,736 | \$ 12,053 |



**CHARLES RIVER ASSOCIATES (CRA)
THIRD QUARTER FISCAL YEAR 2020
EARNINGS ANNOUNCEMENT
PREPARED CFO REMARKS**

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

As previously announced, the conference call will be held October 29, 2020 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

Q3 Fiscal 2020 Summary (Quarter ended September 26, 2020)

- Revenue: \$121.8 million
- Net income: \$5.4 million, or 4.4% of revenue; non-GAAP net income: \$6.1 million, or 5.0% of revenue
- Net income per diluted share: \$0.68; non-GAAP net income per diluted share: \$0.76
- Operating margin: 6.6%; non-GAAP operating margin: 7.3%
- Non-GAAP EBITDA: \$12.0 million, or 9.8% of revenue
- Effective tax rate: 28.2%; non-GAAP effective tax rate: 28.0%
- Utilization: 69%
- Consultant headcount at the end of Q3 of fiscal 2020: 826, which consists of 140 officers, 473 other senior staff and 213 junior staff
- Cash and cash equivalents: \$24.1 million at September 26, 2020

Revenue

For Q3 of fiscal 2020, revenue was \$121.8 million, compared with revenue of \$115.7 million for Q3 of fiscal 2019.

Headcount

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

| | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|--------------------|------------|------------|------------|------------|------------|
| Officers | 140 | 136 | 135 | 128 | 121 |
| Other Senior Staff | 473 | 450 | 442 | 434 | 412 |
| Junior Staff | 213 | 216 | 222 | 217 | 208 |
| Total | 826 | 802 | 799 | 779 | 741 |

Utilization

For Q3 of fiscal 2020, companywide utilization was 69%, compared with 76% for Q3 fiscal 2019.

Client Reimbursables

For Q3 of fiscal 2020, client reimbursables were \$13.2 million, or 10.8% of revenue, compared with \$14.0 million, or 12.1% of revenue, for Q3 of fiscal 2019.

Contingent Liability

For Q3 of fiscal 2020, the estimated value of the contingent consideration obligation increased from Q2 of fiscal 2020 by \$0.9 million to \$13.5 million at September 26, 2020. For Q3 of fiscal 2019, the estimated value of the contingent consideration obligation increased from Q2 of fiscal 2019 by \$3.0 million to \$9.6 million at September 28, 2019.

The change in the value of the contingent liability is recorded as an increase (decrease) to cost of services (exclusive of depreciation and amortization) in the period reported.

Selling, General and Administrative (SG&A) Expenses

For Q3 of fiscal 2020, SG&A expenses were \$22.2 million, or 18.2% of revenue, compared with \$22.4 million, or 19.4% of revenue, for Q3 of fiscal 2019. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 3.0% of revenue for Q3 of fiscal 2020, compared with 2.6% in Q3 of fiscal 2019. Excluding these commissions, SG&A expenses were 15.2% of revenue for Q3 of fiscal 2020, compared with 16.8% in Q3 of fiscal 2019.

Depreciation & Amortization

For Q3 of fiscal 2020, depreciation and amortization expenses amounted to \$3.2 million, or 2.7% of revenue, compared with \$2.5 million, or 2.2% of revenue, for Q3 of fiscal 2019.

Forgivable Loan Amortization

For Q3 of fiscal 2020, forgivable loan amortization was \$7.8 million, or 6.4% of revenue, compared with \$6.7 million, or 5.7% of revenue, for Q3 of fiscal 2019.

Share-Based Compensation Expense

For Q3 of fiscal 2020, share-based compensation expense was approximately \$0.9 million, or 0.7% of revenue, compared with \$0.9 million, or 0.8% of revenue, for Q3 of fiscal 2019.

Operating Income

For Q3 of fiscal 2020, operating income was \$8.0 million, or 6.6% of revenue, compared with operating income of \$6.9 million, or 6.0% of revenue, for Q3 of fiscal 2019. Non-GAAP operating income was \$8.9 million, or 7.3% of revenue, for Q3 of fiscal 2020, compared with \$9.9 million, or 8.6% of revenue, for Q3 of fiscal 2019.

| \$ in 000's | Fiscal Quarter Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Income from operations | \$ 8,020 | 6.6% | \$ 6,905 | 6.0% |
| Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations: | | | | |
| Non-cash valuation change in contingent consideration | 905 | 0.7% | 3,001 | 2.6% |
| Non-GAAP income from operations | \$ 8,925 | 7.3% | \$ 9,906 | 8.6% |

Interest Income (Expense), net

For Q3 of fiscal 2020, net interest expense was \$0.3 million, or 0.2% of revenue, compared with net interest expense of \$0.4 million, or 0.4% of revenue, for Q3 of fiscal 2019.

Foreign Currency Gains (Losses), net

For Q3 of fiscal 2020, net foreign currency losses were \$0.2 million, or 0.2% of revenue, compared with net foreign currency gains, of \$0.2 million, or 0.2% of revenue, for Q3 of fiscal 2019.

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

Income Taxes

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

| \$ in 000's | GAAP Q3 | | NON-GAAP Q3 | |
|--------------------|------------|--------|----------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Tax Provision | \$ 2,123 | \$ 952 | \$ 2,361 | \$ 1,767 |
| Effective Tax Rate | 28.2% | 14.2% | 28.0% | 18.2% |

| \$ in 000's | Fiscal Quarter Ended | | | |
|--|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Income before provision for income taxes | \$ 7,526 | 6.2% | \$ 6,691 | 5.8% |
| Adjustments needed to reconcile GAAP income before provision for income taxes to non-GAAP income before provision for income taxes | | | | |
| Non-cash valuation change in contingent consideration | 905 | 0.7% | 3,001 | 2.6% |
| Non-GAAP income before provision for income taxes | <u>\$ 8,431</u> | <u>6.9%</u> | <u>\$ 9,692</u> | <u>8.4%</u> |
| GAAP provision for income taxes | \$ 2,123 | | \$ 952 | |
| Tax effect on non-GAAP adjustments | 238 | | 815 | |
| Non-GAAP provision for income taxes | <u>\$ 2,361</u> | | <u>\$ 1,767</u> | |

Net Income

For Q3 of fiscal 2020, net income was \$5.4 million, or 4.4% of revenue, or \$0.68 per diluted share, compared with net income of \$5.7 million, or 5.0% of revenue, or \$0.71 per diluted share, for Q3 of fiscal 2019. Non-GAAP net income for Q3 of fiscal 2020 was \$6.1 million, or 5.0% of revenue, or \$0.76 per diluted share, compared with \$7.9 million, or 6.9% of revenue, or \$0.98 per diluted share, for Q3 of fiscal 2019.

Non-GAAP EBITDA

For Q3 of fiscal 2020, non-GAAP EBITDA was \$12.0 million, or 9.8% of revenue, compared with \$12.6 million, or 10.9% of revenue, for Q3 of fiscal 2019.

Constant Currency Basis

For Q3 of fiscal 2020, revenue was \$121.8 million, and net income was \$5.4 million, or 4.4% of revenue, or \$0.68 per diluted share. On a constant currency basis relative to Q3 of fiscal 2019, Q3 of fiscal 2020 revenue would have been lower by \$0.9 million to \$120.9 million, GAAP net income would have decreased by \$0.2 million to \$5.2 million, or 4.3% of revenue, and earnings per diluted share would have decreased by \$0.02 to \$0.66.

For Q3 of fiscal 2020, revenue was \$121.8 million, and non-GAAP net income was \$6.1 million, or 5.0% of revenue, or \$0.76 per diluted share. On a constant currency basis relative to Q3 of fiscal 2019, Q3 of fiscal 2020 revenue would have been lower by \$0.9 million to \$120.9 million, non-GAAP net income would have decreased by \$0.2 million to \$5.9 million, or 4.9% of revenue, non-GAAP earnings per diluted share would have decreased by \$0.02 to \$0.74, and non-GAAP EBITDA would have decreased by \$0.2 million to \$11.8 million, or 9.7% of revenue.

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

Key Balance Sheet Metrics

Billed and unbilled receivables at September 26, 2020 were \$157.7 million, compared with \$140.8 million at September 28, 2019. Current liabilities at September 26, 2020 were \$197.2 million, compared with \$172.2 million at September 28, 2019.

Total Days Sales Outstanding, or DSO, for Q3 of fiscal 2020 was 113 days, consisting of 75 days of billed and 38 days of unbilled. This compares with 108 days reported for Q3 of fiscal 2019, consisting of 68 days of billed and 40 days of unbilled.

Cash and Cash Flow

Cash and cash equivalents were \$24.1 million at September 26, 2020, compared with \$19.8 million at September 28, 2019.

Net cash provided by operating activities for Q3 of fiscal 2020 was \$33.6 million, compared with net cash provided by operating activities of \$26.2 million for Q3 of fiscal 2019.

As of September 26, 2020, outstanding borrowings under CRA's revolving credit facility amounted to \$38.0 million. At September 28, 2019, outstanding borrowings under CRA's revolving credit facility amounted to \$36.0 million.

Capital expenditures totaled \$2.2 million for Q3 of fiscal 2020, compared with \$8.6 million for Q3 of fiscal 2019.

CRA repurchased approximately 110,000 shares of its common stock during Q3 of fiscal 2020 for \$5.0 million, compared with Q3 of fiscal 2019, when approximately 157,000 shares of common stock were repurchased for approximately \$6.6 million.

A quarterly cash dividend of \$0.23 per common share, for total dividends and dividend equivalents of \$1.8 million was paid in Q3 of fiscal 2020, compared with a quarterly cash dividend of \$0.20 per common share, for total dividends and dividend equivalents of \$1.5 million paid in Q3 of fiscal 2019.

GAAP Condensed Consolidated Statement of Cash Flows

CRA has derived the condensed consolidated statement of cash flow data for the years ended December 28, 2019 and December 29, 2018 from its audited financial statements appearing on Form 10-K for the fiscal year ended December 28, 2019, filed with the Securities and Exchange Commission on February 27, 2020. The condensed consolidated statement of cash flow data for the first, second and third quarters of fiscal year 2019, and the first, second and third quarters of fiscal year 2020 have been derived from CRA's unaudited financial statements appearing on Form 10-Q for each of the respective fiscal quarters as well as the consolidated statements of cash flows appearing on Form 10-K for the fiscal years ended December 28, 2019 and December 29, 2018 and have been prepared on the same basis as CRA's audited financial statements.

| GAAP Condensed Consolidated Statement of Cash Flows (\$ in 000's) | LTM Q3 2020 | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 |
|--|------------------------|--------------------|--------------------|--------------------|--------------------|
| Net cash provided by (used in) operating activities | \$ 37,087 | \$ 33,648 | \$ 21,075 | \$ (65,375) | \$ 47,739 |
| Net cash used in investing activities | (19,887) | (2,225) | (5,568) | (7,949) | (4,145) |
| Net cash provided by (used in) financing activities | (13,533) | (26,687) | (12,370) | 64,115 | (38,591) |
| Effect of foreign exchange rates on cash and cash equivalents | 608 | 565 | (148) | (612) | 803 |
| Net increase (decrease) in cash and cash equivalents | \$ 4,275 | \$ 5,301 | \$ 2,989 | \$ (9,821) | \$ 5,806 |
| Cash and cash equivalents at beginning of period | 19,833 | 18,807 | 15,818 | 25,639 | 19,833 |
| Cash and cash equivalents at end of period | \$ 24,108 | \$ 24,108 | \$ 18,807 | \$ 15,818 | \$ 25,639 |

| GAAP Condensed Consolidated Statement of Cash Flows (\$ in 000's) | LTM Q3 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|--|------------------------|--------------------|--------------------|--------------------|--------------------|
| Net cash provided by (used in) operating activities | \$ 24,676 | \$ 26,202 | \$ 10,458 | \$ (56,567) | \$ 44,583 |
| Net cash used in investing activities | (14,616) | (8,644) | (3,130) | (774) | (2,068) |
| Net cash provided by (used in) financing activities | (1,444) | (12,624) | (6,741) | 34,138 | (16,217) |
| Effect of foreign exchange rates on cash and cash equivalents | (646) | (689) | 43 | 133 | (133) |
| Net increase (decrease) in cash and cash equivalents | \$ 7,970 | \$ 4,245 | \$ 630 | \$ (23,070) | \$ 26,165 |
| Cash and cash equivalents at beginning of period | 11,863 | 15,588 | 14,958 | 38,028 | 11,863 |
| Cash and cash equivalents at end of period | \$ 19,833 | \$ 19,833 | \$ 15,588 | \$ 14,958 | \$ 38,028 |

Adjusted Net Cash Provided by (Used in) Operating Activities

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

| Adjusted Net Cash Flows from Operations (\$ in 000's) | LTM Q3 2020 | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 |
|---|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GAAP net cash provided by (used in) operating activities | \$ 37,087 | \$ 33,648 | \$ 21,075 | \$ (65,375) | \$ 47,739 |
| Forgivable loan advances | 40,240 | 104 | 4,932 | 33,442 | 1,762 |
| Forgivable loan repayments | (67) | — | — | — | (67) |
| Adjusted net cash provided by (used in) operating activities | \$ 77,260 | \$ 33,752 | \$ 26,007 | \$ (31,933) | \$ 49,434 |
| Net revenue | \$ 490,136 | \$ 121,762 | \$ 123,031 | \$ 126,158 | \$ 119,185 |
| GAAP net cash provided by (used in) operating activities as a percentage of net revenue | 7.6% | 27.6% | 17.1% | (51.8)% | 40.1% |
| Adjusted net cash provided by (used in) operating activities as a percentage of net revenue | 15.8% | 27.7% | 21.1% | (25.3)% | 41.5% |

| Adjusted Net Cash Flows from Operations (\$ in 000's) | LTM Q3 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GAAP net cash provided by (used in) operating activities | \$ 24,676 | \$ 26,202 | \$ 10,458 | \$ (56,567) | \$ 44,583 |
| Forgivable loan advances | 34,623 | 9,521 | 1,953 | 21,930 | 1,219 |
| Forgivable loan repayments | (1,103) | (406) | (300) | (400) | 3 |
| Adjusted net cash provided by (used in) operating activities | \$ 58,196 | \$ 35,317 | \$ 12,111 | \$ (35,037) | \$ 45,805 |
| Net revenue | \$ 440,871 | \$ 115,686 | \$ 110,573 | \$ 105,849 | \$ 108,763 |
| GAAP net cash provided by (used in) operating activities as a percentage of net revenue | 5.6% | 22.6% | 9.5% | (53.4)% | 41.0% |
| Adjusted net cash provided by (used in) operating activities as a percentage of net revenue | 13.2% | 30.5% | 11.0% | (33.1)% | 42.1% |

NON-GAAP FINANCIAL MEASURES

In these remarks, CRA has supplemented the presentation of its financial results calculated in accordance with U.S. generally accepted accounting principles or "GAAP" with financial measures that were not calculated in accordance with GAAP. CRA believes that the non-GAAP financial measures described below are important to management and investors because these measures supplement the understanding of CRA's ongoing operating results, financial condition and cash flows. Non-GAAP adjusted net cash provided by (used in) operating activities is used by management to assess CRA's ability to fund items such as the acquisition of talent, office expansions, debt repayment and distributions to shareholders. In addition, non-GAAP net income and non-GAAP EBITDA are used by CRA in its budgeting process, and the non-GAAP adjustments described below are made to the performance measures for some of CRA's performance-based compensation.

The adjustments made to non-GAAP net income, non-GAAP EBITDA, non-GAAP income from operations and non-GAAP provision for income taxes in these remarks are as follows: for the third quarter of each of fiscal 2020 and fiscal 2019, the adjustments exclude non-cash amounts relating to valuation changes in contingent consideration and related tax effects. The adjustments made to non-GAAP adjusted net cash provided by (used in) operating activities add back forgivable loan issuances, net of repayments. These remarks also present certain current fiscal period financial measures on a “constant currency” basis in order to isolate the effect that foreign currency exchange rate fluctuations can have on CRA’s financial results. These constant currency measures are determined by recalculating the current fiscal period local currency financial measure using the specified corresponding prior fiscal period’s foreign exchange rates.

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

CRA INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 26, 2020 COMPARED TO SEPTEMBER 28, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Revenues | \$ 121,762 | 100.0% | \$ 115,686 | 100.0% | \$ 370,951 | 100.0% | \$ 332,108 | 100.0% |
| Cost of services (exclusive of depreciation and amortization) | 88,304 | 72.5% | 83,805 | 72.4% | 269,462 | 72.6% | 233,412 | 70.3% |
| Selling, general and administrative expenses | 22,194 | 18.2% | 22,449 | 19.4% | 67,742 | 18.3% | 68,929 | 20.8% |
| Depreciation and amortization | 3,244 | 2.7% | 2,527 | 2.2% | 9,293 | 2.5% | 7,696 | 2.3% |
| Income from operations | 8,020 | 6.6% | 6,905 | 6.0% | 24,454 | 6.6% | 22,071 | 6.6% |
| Interest expense, net | (277) | -0.2% | (424) | -0.4% | (1,011) | -0.3% | (954) | -0.3% |
| Foreign currency gains (losses), net | (217) | -0.2% | 210 | 0.2% | 1,103 | 0.3% | (379) | -0.1% |
| Income before provision for income taxes | 7,526 | 6.2% | 6,691 | 5.8% | 24,546 | 6.6% | 20,738 | 6.2% |
| Provision for income taxes | 2,123 | 1.7% | 952 | 0.8% | 6,744 | 1.8% | 4,754 | 1.4% |
| Net income | <u>\$ 5,403</u> | <u>4.4%</u> | <u>\$ 5,739</u> | <u>5.0%</u> | <u>\$ 17,802</u> | <u>4.8%</u> | <u>\$ 15,984</u> | <u>4.8%</u> |
| Net income per share: | | | | | | | | |
| Basic | <u>\$ 0.69</u> | | <u>\$ 0.74</u> | | <u>\$ 2.28</u> | | <u>\$ 2.02</u> | |
| Diluted | <u>\$ 0.68</u> | | <u>\$ 0.71</u> | | <u>\$ 2.23</u> | | <u>\$ 1.94</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,771</u> | | <u>7,769</u> | | <u>7,780</u> | | <u>7,903</u> | |
| Diluted | <u>7,934</u> | | <u>8,050</u> | | <u>7,964</u> | | <u>8,205</u> | |

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 26, 2020 COMPARED TO SEPTEMBER 28, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Revenues | \$ 121,762 | 100.0% | \$ 115,686 | 100.0% | \$ 370,951 | 100.0% | \$ 332,108 | 100.0% |
| Net income | \$ 5,403 | 4.4% | \$ 5,739 | 5.0% | \$ 17,802 | 4.8% | \$ 15,984 | 4.8% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 905 | 0.7% | 3,001 | 2.6% | 1,901 | 0.5% | 3,435 | 1.0% |
| Tax effect on adjustments | (238) | -0.2% | (815) | -0.7% | (508) | -0.1% | (931) | -0.3% |
| Non-GAAP net income | <u>\$ 6,070</u> | <u>5.0%</u> | <u>\$ 7,925</u> | <u>6.9%</u> | <u>\$ 19,195</u> | <u>5.2%</u> | <u>\$ 18,488</u> | <u>5.6%</u> |
| Non-GAAP net income per share: | | | | | | | | |
| Basic | <u>\$ 0.78</u> | | <u>\$ 1.02</u> | | <u>\$ 2.46</u> | | <u>\$ 2.33</u> | |
| Diluted | <u>\$ 0.76</u> | | <u>\$ 0.98</u> | | <u>\$ 2.40</u> | | <u>\$ 2.25</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,771</u> | | <u>7,769</u> | | <u>7,780</u> | | <u>7,903</u> | |
| Diluted | <u>7,934</u> | | <u>8,050</u> | | <u>7,964</u> | | <u>8,205</u> | |

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 26, 2020 COMPARED TO SEPTEMBER 28, 2019
(IN THOUSANDS)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 26, 2020 | As a % of Revenue | September 28, 2019 | As a % of Revenue |
| Revenues | \$ 121,762 | 100.0% | \$ 115,686 | 100.0% | \$ 370,951 | 100.0% | \$ 332,108 | 100.0% |
| Net income | \$ 5,403 | 4.4% | \$ 5,739 | 5.0% | \$ 17,802 | 4.8% | \$ 15,984 | 4.8% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 905 | 0.7% | 3,001 | 2.6% | 1,901 | 0.5% | 3,435 | 1.0% |
| Tax effect on adjustments | (238) | -0.2% | (815) | -0.7% | (508) | -0.1% | (931) | -0.3% |
| Non-GAAP net income | \$ 6,070 | 5.0% | \$ 7,925 | 6.9% | \$ 19,195 | 5.2% | \$ 18,488 | 5.6% |
| Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA: | | | | | | | | |
| Interest expense, net | 277 | 0.2% | 424 | 0.4% | 1,011 | 0.3% | 954 | 0.3% |
| Provision for income taxes | 2,361 | 1.9% | 1,767 | 1.5% | 7,252 | 2.0% | 5,685 | 1.7% |
| Depreciation and amortization | 3,244 | 2.7% | 2,527 | 2.2% | 9,293 | 2.5% | 7,696 | 2.3% |
| Non-GAAP EBITDA | \$ 11,952 | 9.8% | \$ 12,643 | 10.9% | \$ 36,751 | 9.9% | \$ 32,823 | 9.9% |

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

| | September 26, 2020 | December 28, 2019 |
|---|-----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 24,108 | \$ 25,639 |
| Accounts receivable and unbilled services, net | 157,684 | 144,410 |
| Other current assets | 14,869 | 14,028 |
| Total current assets | 196,661 | 184,077 |
| Property and equipment, net | 64,886 | 61,295 |
| Goodwill and intangible assets, net | 93,739 | 94,980 |
| Right-of-use assets | 123,390 | 130,173 |
| Other assets | 71,501 | 62,718 |
| Total assets | \$ 550,177 | \$ 533,243 |
| Liabilities and Shareholders' Equity | | |
| Accounts payable | \$ 16,574 | \$ 26,069 |
| Accrued expenses | 103,952 | 121,301 |
| Current portion of lease liabilities | 14,551 | 12,847 |
| Revolving line of credit | 38,000 | - |
| Other current liabilities | 24,105 | 11,193 |
| Total current liabilities | 197,182 | 171,410 |
| Non-current portion of lease liabilities | 141,331 | 146,551 |
| Other non-current liabilities | 7,269 | 17,531 |
| Total liabilities | 345,782 | 335,492 |
| Total shareholders' equity | 204,395 | 197,751 |
| Total liabilities and shareholders' equity | \$ 550,177 | \$ 533,243 |

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

| | Fiscal Year-to-Date Period Ended | |
|---|---|-------------------------------|
| | September 26, 2020 | September 28, 2019 |
| Operating activities: | | |
| Net income | \$ 17,802 | \$ 15,984 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Non-cash items, net | 20,385 | 18,214 |
| Accounts receivable and unbilled services | (13,042) | (10,956) |
| Working capital items, net | (35,797) | (43,149) |
| Net cash used in operating activities | (10,652) | (19,907) |
| Investing activities: | | |
| Purchases of property and equipment | (15,742) | (12,548) |
| Net cash used in investing activities | (15,742) | (12,548) |
| Financing activities: | | |
| Issuance of common stock, principally stock options exercises | 1,667 | 2,006 |
| Borrowings under revolving line of credit | 77,000 | 54,000 |
| Repayments under revolving line of credit | (39,000) | (18,000) |
| Tax withholding payments reimbursed by shares | (390) | (388) |
| Cash paid on dividend equivalents | (40) | (35) |
| Cash dividends paid to shareholders | (5,372) | (4,742) |
| Repurchase of common stock | (8,807) | (18,068) |
| Net cash provided by financing activities | 25,058 | 14,773 |
| Effect of foreign exchange rates on cash and cash equivalents | (195) | (513) |
| Net decrease in cash and cash equivalents | (1,531) | (18,195) |
| Cash and cash equivalents at beginning of period | 25,639 | 38,028 |
| Cash and cash equivalents at end of period | \$ 24,108 | \$ 19,833 |
| Noncash investing and financing activities: | | |
| Purchases of property and equipment not yet paid for | \$ 3,923 | \$ 3,461 |
| Purchases of property and equipment paid by a third party | \$ - | \$ 126 |
| Asset retirement obligations | \$ 155 | \$ 427 |
| Right-of-use assets obtained in exchange for lease obligations | \$ 2,601 | \$ 37,298 |
| Right-of-use assets related to the adoption of ASC 842 | \$ - | \$ 82,329 |
| Lease liabilities related to the adoption of ASC 842 | \$ - | \$ 106,765 |
| Supplemental cash flow information: | | |
| Cash paid for taxes | \$ 5,933 | \$ 6,078 |
| Cash paid for interest | \$ 932 | \$ 848 |
| Cash paid for amounts included in operating lease liabilities | \$ 13,736 | \$ 12,053 |

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CHARLES RIVER ASSOCIATES (CRA) INCREASES QUARTERLY CASH DIVIDEND 13% FROM \$0.23 to \$0.26 PER COMMON SHARE

BOSTON, October 29, 2020 – Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing economic, financial and management consulting services, today announced that its Board of Directors has declared a 13% increase in the quarterly cash dividend to \$0.26 per common share to be paid on December 11, 2020 to shareholders of record of CRA's common stock as of the close of business on November 24, 2020. The Company expects to continue paying quarterly dividends, the declaration, timing and amounts of which remain subject to the discretion of CRA's Board of Directors.

About Charles River Associates (CRA)

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

SAFE HARBOR STATEMENT

Statements in this press release concerning our expectations regarding the payment of future quarterly dividends are “forward-looking” statements as defined in Section 21 of the Exchange Act. These statements are based upon our current expectations and various underlying assumptions. Although we believe there is a reasonable basis for these statements and assumptions, and these statements are expressed in good faith, these statements are subject to a number of additional factors and uncertainties. These factors include, but are not limited to, the possibility that the demand for our services may decline as a result of changes in general and industry specific economic conditions; the timing of engagements for our services; the effects of competitive services and pricing; our ability to attract and retain key employee or non-employee experts; the inability to integrate and utilize existing consultants and personnel; the decline or reduction in project work or activity; global economic conditions including less stable political and economic environments; the extent and duration of the impact of the COVID-19 pandemic on our operations and results, including the effects on the financial health of our clients, and the impact of the imposition of public health measures and travel, health-related, business and other restrictions; 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.