

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): April 30, 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.)
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200 Clarendon Street, Boston, Massachusetts (Address of principal executive offices)	02116 (Zip code)
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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 April 30, 2020, we issued a press release reporting our financial results for our fiscal quarter ended March 28, 2020. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On April 30, 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 April 30, 2020, we announced that our board of directors declared a quarterly cash dividend on our common stock of \$0.23 per share to be paid on June 12, 2020 to all shareholders of record as of May 26, 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	April 30, 2020 earnings press release
99.2	Supplemental financial information (prepared CFO remarks)
99.3	April 30, 2020 dividend press release

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: April 30, 2020

By: /s/ Daniel Mahoney
Daniel Mahoney
Chief Financial Officer, Executive Vice President and Treasurer

Contacts:

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

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 Senior Associate
 Sharon Merrill Associates, Inc.
 617-542-5300

**CHARLES RIVER ASSOCIATES (CRA) REPORTS
 FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2020**

*Broad-based Contributions Across Services Drive 19.2% Revenue
 Growth Year Over Year*

BOSTON, April 30, 2020 – Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing economic, financial and management consulting services, today announced financial results for the fiscal first quarter ended March 28, 2020.

Key First-Quarter Fiscal 2020 Highlights

- Revenue grew 19.2% year over year to \$126.2 million.
- Utilization was 71%, while quarter-end headcount increased 16.3% year over year.
- Net income, earnings per diluted share, and non-GAAP EBITDA for the first quarter of fiscal 2020 were positively impacted by a foreign currency gain of approximately \$1.4 million related to net gains on foreign denominated transactions and the revaluation of working capital balances, compared with a foreign currency loss of approximately \$0.7 million for the first quarter of fiscal 2019.
- Net income increased 38.6% year over year to \$6.5 million, or 5.1% of revenue, compared with \$4.7 million, or 4.4% of revenue, in the first quarter of fiscal 2019; non-GAAP net income increased 50.5% year over year to \$6.8 million, or 5.4% of revenue, compared with \$4.5 million, or 4.3% of revenue, in the first quarter of fiscal 2019.
- Earnings per diluted share increased 42.9% year over year to \$0.80; non-GAAP earnings per diluted share increased 55.6% year over year to \$0.84.
- Non-GAAP EBITDA increased 51.5% to \$12.9 million, or 10.2% of revenue, compared with \$8.5 million, or 8.0% of revenue, in the first quarter of fiscal 2019.
- On a constant currency basis relative to the first quarter of fiscal 2019, revenue would have been higher by \$0.3 million, while GAAP and non-GAAP net income, earnings per diluted share and EBITDA would have been higher by \$0.1 million, \$0.02 per diluted share, \$0.2 million, respectively.
- CRA returned \$5.6 million of capital to its shareholders, consisting of \$1.8 million of dividend payments and \$3.8 million for share repurchases of approximately 83,000 shares.

Management Commentary

“Our first priority is the health and well-being of our people and providing them with a foundation of stability and safety during this unprecedented time,” said Paul Maleh, CRA’s President and Chief Executive Officer. “Beginning on March 16, we asked our colleagues to work from home wherever possible, with access to networks and infrastructure with the same power, capacity, and security as they had available at their desks within our offices. This has enabled us to serve our clients while practicing appropriate social distancing.

“Looking at our first quarter financial results, CRA reported the highest quarterly revenue in our history, increasing 19.2% year over year to \$126.2 million. Fueling this strong performance was year-over-year headcount growth of 16.3% across our practices and geographies. We achieved double-digit revenue growth in our Energy, Finance, Forensic Services, Labor & Employment, and Life Sciences practices, with meaningful contributions from our new Risk, Investigations & Analytics practice. Geographically, we grew revenue 21.4% in North America and 10.7% in Europe year over year.”

Outlook and Financial Guidance

“As our first quarter results demonstrate, our portfolio of services is highly valued by our clients. On a constant currency basis, we grew revenue by 19.5% to \$126.5 million and achieved non-GAAP EBITDA margin of 10.3%. Although we are pleased with our performance in the first quarter, we recognize the challenges and uncertainties that accompany the COVID-19 pandemic. Given the evolving nature of the current health crisis, at this time CRA cannot forecast with reasonable accuracy the full duration, magnitude, and pace of the economic impact on our business and across our end markets. Thus, we are withdrawing our previously issued guidance for fiscal 2020. We remain confident that the same factors that have driven our success in recent years will continue to drive our performance in the months and years ahead,” Maleh concluded.

Quarterly Dividend

On April 30, 2020, CRA’s Board of Directors announced a quarterly cash dividend of \$0.23 per common share, payable on June 12, 2020 to shareholders of record as of May 26, 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 first-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 the first 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. 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. 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, 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 ENDED
MARCH 28, 2020 COMPARED TO MARCH 30, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Revenues	\$ 126,158	100.0%	\$ 105,849	100.0%
Cost of services (exclusive of depreciation and amortization)	90,997	72.1%	73,635	69.6%
Selling, general and administrative expenses	24,123	19.1%	22,743	21.5%
Depreciation and amortization	2,943	2.3%	2,616	2.5%
Income from operations	8,095	6.4%	6,855	6.5%
Interest expense, net	(362)	-0.3%	(11)	0.0%
Foreign currency gains (losses), net	1,422	1.1%	(744)	-0.7%
Income before provision for income taxes	9,155	7.3%	6,100	5.8%
Provision for income taxes	2,687	2.1%	1,435	1.4%
Net income	<u>\$ 6,468</u>	<u>5.1%</u>	<u>\$ 4,665</u>	<u>4.4%</u>
Net income per share:				
Basic	<u>\$ 0.83</u>		<u>\$ 0.58</u>	
Diluted	<u>\$ 0.80</u>		<u>\$ 0.56</u>	
Weighted average number of shares outstanding:				
Basic	<u>7,805</u>		<u>8,015</u>	
Diluted	<u>8,037</u>		<u>8,346</u>	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS ENDED
MARCH 28, 2020 COMPARED TO MARCH 30, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Revenues	\$ 126,158	100.0%	\$ 105,849	100.0%
Net income	\$ 6,468	5.1%	\$ 4,665	4.4%
Adjustments needed to reconcile GAAP net income to non-GAAP net income:				
Non-cash valuation change in contingent consideration	430	0.3%	(217)	-0.2%
Tax effect on adjustments	(117)	-0.1%	58	0.1%
Non-GAAP net income	\$ 6,781	5.4%	\$ 4,506	4.3%
Non-GAAP net income per share:				
Basic	\$ 0.87		\$ 0.56	
Diluted	\$ 0.84		\$ 0.54	
Weighted average number of shares outstanding:				
Basic	7,805		8,015	
Diluted	8,037		8,346	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS ENDED
MARCH 28, 2020 COMPARED TO MARCH 30, 2019
(IN THOUSANDS)

	Fiscal Quarter Ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Revenues	\$ 126,158	100.0%	\$ 105,849	100.0%
Net income	\$ 6,468	5.1%	\$ 4,665	4.4%
Adjustments needed to reconcile GAAP net income to non-GAAP net income:				
Non-cash valuation change in contingent consideration	430	0.3%	(217)	-0.2%
Tax effect on adjustments	(117)	-0.1%	58	0.1%
Non-GAAP net income	\$ 6,781	5.4%	\$ 4,506	4.3%
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:				
Interest expense, net	362	0.3%	11	0.0%
Provision for income taxes	2,804	2.2%	1,377	1.3%
Depreciation and amortization	2,943	2.3%	2,616	2.5%
Non-GAAP EBITDA	\$ 12,890	10.2%	\$ 8,510	8.0%

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

	March 28, 2020	December 28, 2019
Assets		
Cash and cash equivalents	\$ 15,818	\$ 25,639
Accounts receivable and unbilled services, net	149,263	144,410
Other current assets	26,358	14,028
Total current assets	191,439	184,077
Property and equipment, net	66,626	61,295
Goodwill and intangible assets, net	93,960	94,980
Right-of-use assets	125,688	130,173
Other assets	72,495	62,718
Total assets	\$ 550,208	\$ 533,243
Liabilities and Shareholders' Equity		
Accounts payable	\$ 23,668	\$ 26,069
Accrued expenses	77,714	121,301
Current portion of lease liabilities	12,432	12,847
Revolving line of credit	70,000	-
Other current liabilities	7,509	11,193
Total current liabilities	191,323	171,410
Non-current portion of lease liabilities	144,079	146,551
Other non-current liabilities	18,446	17,531
Total liabilities	353,848	335,492
Total shareholders' equity	196,360	197,751
Total liabilities and shareholders' equity	\$ 550,208	\$ 533,243

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

	Fiscal Quarter Ended	
	March 28, 2020	March 30, 2019
Operating activities:		
Net income	\$ 6,468	\$ 4,665
Adjustments to reconcile net income to net cash used in operating activities:		
Non-cash items, net	6,314	5,840
Accounts receivable and unbilled services	(6,829)	(2,924)
Working capital items, net	(71,328)	(64,148)
Net cash used in operating activities	(65,375)	(56,567)
Investing activities:		
Purchases of property and equipment	(7,949)	(774)
Net cash used in investing activities	(7,949)	(774)
Financing activities:		
Issuance of common stock, principally stock option exercises	151	1,526
Borrowings under revolving line of credit	70,000	39,000
Tax withholding payments reimbursed by shares	(390)	(388)
Cash paid on dividend equivalents	(40)	(35)
Cash dividend paid to shareholders	(1,796)	(1,616)
Repurchases of common stock	(3,810)	(4,349)
Net cash provided by financing activities	64,115	34,138
Effect of foreign exchange rates on cash and cash equivalents	(612)	133
Net decrease in cash and cash equivalents	(9,821)	(23,070)
Cash and cash equivalents at beginning of period	25,639	38,028
Cash and cash equivalents at end of period	\$ 15,818	\$ 14,958
Noncash investing and financing activities:		
Purchases of property and equipment not yet paid for	\$ 370	\$ 1,906
Asset retirement obligations	\$ 155	\$ -
Right-of-use assets obtained in exchange for lease obligations	\$ -	\$ 713
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	\$ 695	\$ 298
Cash paid for interest	\$ 245	\$ 59
Cash paid for amounts included in operating lease liabilities	\$ 5,039	\$ 4,627



**CHARLES RIVER ASSOCIATES (CRA)
FIRST 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 April 30, 2020 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

Q1 Fiscal 2020 Summary (Quarter ended March 28, 2020)

- Revenue: \$126.2 million
- Net income: \$6.5 million, or 5.1% of revenue; non-GAAP net income: \$6.8 million, or 5.4% of revenue
- Net income per diluted share: \$0.80; non-GAAP net income per diluted share: \$0.84
- Operating margin: 6.4%; non-GAAP operating margin: 6.8%
- Non-GAAP EBITDA: \$12.9 million, or 10.2% of revenue
- Effective tax rate: 29.4%; non-GAAP effective tax rate: 29.3%
- Utilization: 71%
- Consultant headcount at the end of Q1 of fiscal 2020: 799, which consists of 135 officers, 442 other senior staff and 222 junior staff
- Cash and cash equivalents: \$15.8 million at March 28, 2020

Revenue

For Q1 of fiscal 2020, revenue was \$126.2 million, compared with revenue of \$105.8 million for Q1 of fiscal 2019.

Headcount

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

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Officers	135	128	121	123	123
Other Senior Staff	442	434	412	378	387
Junior Staff	222	217	208	163	177
Total	799	779	741	664	687

Utilization

For Q1 of fiscal 2020, companywide utilization was 71%, compared with 75% for Q1 fiscal 2019.

Client Reimbursables

For Q1 of fiscal 2020, client reimbursables were \$16.4 million, or 13.0% of revenue, compared with \$12.8 million, or 12.1% of revenue, for Q1 of fiscal 2019.

Contingent Liability

For Q1 of fiscal 2020, the estimated value of the contingent consideration obligation increased from Q4 of fiscal 2019 by \$0.4 million to \$12.0 million at March 28, 2020. For Q1 of fiscal 2019, the estimated value of the contingent consideration obligation decreased from Q4 of fiscal 2018 by \$0.2 million to \$6.0 million at March 30, 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 Q1 of fiscal 2020, SG&A expenses were \$24.1 million, or 19.1% of revenue, compared with \$22.7 million, or 21.5% of revenue, for Q1 of fiscal 2019. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 2.2% of revenue for Q1 of fiscal 2020, compared with 3.2% in Q1 of fiscal 2019. Excluding these commissions, SG&A expenses were 16.9% of revenue for Q1 of fiscal 2020, compared with 18.3% in Q1 of fiscal 2019.

Depreciation & Amortization

For Q1 of fiscal 2020, depreciation and amortization expenses amounted to \$2.9 million, or 2.3% of revenue, compared with \$2.6 million, or 2.5% of revenue, for Q1 of fiscal 2019.

Forgivable Loan Amortization

For Q1 of fiscal 2020, forgivable loan amortization was \$7.1 million, or 5.6% of revenue, compared with \$6.2 million, or 5.9% of revenue, for Q1 of fiscal 2019.

Share-Based Compensation Expense

For Q1 of fiscal 2020, share-based compensation expense was approximately \$0.7 million, or 0.5% of revenue, compared with \$0.9 million, or 0.9% of revenue, for Q1 of fiscal 2019.

Operating Income

For Q1 of fiscal 2020, operating income was \$8.1 million, or 6.4% of revenue, compared with operating income of \$6.9 million, or 6.5% of revenue, for Q1 of fiscal 2019. Non-GAAP operating income was \$8.5 million, or 6.8% of revenue, for Q1 of fiscal 2020, compared with \$6.6 million, or 6.3% of revenue, for Q1 of fiscal 2019.

\$ in 000's	Quarter ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Income from operations	\$ 8,095	6.4%	\$ 6,855	6.5%
Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations:				
Non-cash valuation change in contingent consideration	430	0.3%	(217)	-0.2%
Non-GAAP Income from operations	<u>\$ 8,525</u>	<u>6.8%</u>	<u>\$ 6,638</u>	<u>6.3%</u>

Interest Income (Expense), net

For Q1 of fiscal 2020, net interest expense was \$0.4 million, or 0.3% of revenue. Net interest expense for Q1 of fiscal 2019 was approximately zero.

Foreign Currency Gains (Losses), net

For Q1 of fiscal 2020, net foreign currency gains were \$1.4 million, or 1.1% of revenue, compared with net foreign currency losses, of \$(0.7) million, or (0.7)% of revenue, for Q1 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 Q1		NON-GAAP Q1	
	2020	2019	2020	2019
Tax Provision	\$ 2,687	\$ 1,435	\$ 2,804	\$ 1,377
Effective Tax Rate	29.4%	23.5%	29.3%	23.4%

\$ in 000's	Quarter ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Income before provision for income taxes	\$ 9,155	7.3%	\$ 6,100	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	430	0.3%	(217)	-0.2%
Non-GAAP income before provision for income taxes	<u>\$ 9,585</u>	<u>7.6%</u>	<u>\$ 5,883</u>	<u>5.6%</u>
GAAP provision for income taxes	\$ 2,687		\$ 1,435	
Tax effect on non-GAAP adjustments	117		(58)	
Non-GAAP provision for income taxes	<u>\$ 2,804</u>		<u>\$ 1,377</u>	

Net Income

For Q1 of fiscal 2020, net income was \$6.5 million, or 5.1% of revenue, or \$0.80 per diluted share, compared with net income of \$4.7 million, or 4.4% of revenue, or \$0.56 per diluted share, for Q1 of fiscal 2019. Non-GAAP net income for Q1 of fiscal 2020 was \$6.8 million, or 5.4% of revenue, or \$0.84 per diluted share, compared with \$4.5 million, or 4.3% of revenue, or \$0.54 per diluted share, for Q1 of fiscal 2019.

Non-GAAP EBITDA

For Q1 of fiscal 2020, non-GAAP EBITDA was \$12.9 million, or 10.2% of revenue, compared with \$8.5 million, or 8.0% of revenue, for Q1 of fiscal 2019.

Constant Currency Basis

For Q1 of fiscal 2020, revenue was \$126.2 million, and net income was \$6.5 million, or 5.1% of revenue, or \$0.80 per diluted share. On a constant currency basis relative to Q1 of fiscal 2019, Q1 of fiscal 2020 revenue would have been higher by \$0.3 million to \$126.5 million, GAAP net income would have increased by \$0.1 million to \$6.6 million, or 5.2% of revenue, and earnings per diluted share would have increased by \$0.02 to \$0.82.

For Q1 of fiscal 2020, revenue was \$126.2 million, and non-GAAP net income was \$6.8 million, or 5.4% of revenue, or \$0.84 per diluted share. On a constant currency basis relative to Q1 of fiscal 2019, Q1 of fiscal 2020 revenue would have been higher by \$0.3 million to \$126.5 million, non-GAAP net income would have increased by \$0.1 million to \$6.9 million, or 5.5% of revenue, non-GAAP earnings per diluted share would have increased by \$0.02 to \$0.86, and non-GAAP EBITDA would have increased by \$0.2 million to \$13.1 million, or 10.3% 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 March 28, 2020 were \$149.3 million, compared with \$144.4 million at December 28, 2019. Current liabilities at March 28, 2020 were \$191.3 million, compared with \$171.4 million at December 28, 2019.

Total Days Sales Outstanding, or DSO, for Q1 of fiscal 2020 was 103 days, consisting of 71 days of billed and 32 days of unbilled. This compares with 105 days reported for Q4 of fiscal 2019, consisting of 77 days of billed and 28 days of unbilled.

Cash and Cash Flow

Cash and cash equivalents were \$15.8 million at March 28, 2020, compared with \$15.0 million at March 30, 2019.

Net cash used in operating activities for Q1 of fiscal 2020 was \$65.4 million, compared with \$56.6 million for Q1 of fiscal 2019.

As of March 28, 2020, outstanding borrowings under CRA's revolving credit facility amounted to \$70.0 million. At March 30, 2019, outstanding borrowings under CRA's revolving credit facility amounted to \$39.0 million.

Capital expenditures totaled \$7.9 million for Q1 of fiscal 2020, compared with \$0.8 million for Q1 of fiscal 2019.

During Q1 of fiscal 2020, CRA repurchased approximately 83,000 shares of common stock for \$3.8 million, compared with Q1 of fiscal 2019, when approximately 87,000 shares of common stock were repurchased for \$4.4 million.

A quarterly cash dividend of \$0.23 per common share, for total dividends and dividend equivalents of \$1.8 million was paid in Q1 of fiscal 2020, compared with a quarterly cash dividend of \$0.20 per common share, for total dividends and dividend equivalents of \$1.7 million paid in Q1 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 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 second and third fiscal quarters of fiscal year 2018, first, second and third fiscal quarters of fiscal year 2019, and the first quarter 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 year 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 Q1 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net cash provided by (used in) operating activities	\$ 19,024	\$ (65,375)	\$ 47,739	\$ 26,202	\$ 10,458
Net cash used in investing activities	(23,868)	(7,949)	(4,145)	(8,644)	(3,130)
Net cash provided by (used in) financing activities	6,159	64,115	(38,591)	(12,624)	(6,741)
Effect of foreign exchange rates on cash and cash equivalents	(455)	(612)	803	(689)	43
Net increase (decrease) in cash and cash equivalents	\$ 860	\$ (9,821)	\$ 5,806	\$ 4,245	\$ 630
Cash and cash equivalents at beginning of period	14,958	25,639	19,833	15,588	14,958
Cash and cash equivalents at end of period	\$ 15,818	\$ 15,818	\$ 25,639	\$ 19,833	\$ 15,588

GAAP Condensed Consolidated Statement of Cash

Flows (\$ in 000's)	LTM Q1 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net cash provided by (used in) operating activities	\$ 20,161	\$ (56,567)	\$ 44,583	\$ 24,407	\$ 7,738
Net cash used in investing activities	(12,973)	(774)	(2,068)	(4,440)	(5,691)
Net cash provided by (used in) financing activities	(1,610)	34,138	(16,217)	(16,740)	(2,791)
Effect of foreign exchange rates on cash and cash equivalents	(1,472)	133	(133)	(389)	(1,083)
Net increase (decrease) in cash and cash equivalents	\$ 4,106	\$ (23,070)	\$ 26,165	\$ 2,838	\$ (1,827)
Cash and cash equivalents at beginning of period	10,852	38,028	11,863	9,025	10,852
Cash and cash equivalents at end of period	\$ 14,958	\$ 14,958	\$ 38,028	\$ 11,863	\$ 9,025

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 Q1 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
GAAP net cash provided by (used in) operating activities	\$ 19,024	\$ (65,375)	\$ 47,739	\$ 26,202	\$ 10,458
Forgivable loan advances	46,678	33,442	1,762	9,521	1,953
Forgivable loan repayments	(773)	-	(67)	(406)	(300)
Adjusted net cash provided by (used in) operating activities	<u>\$ 64,929</u>	<u>\$ (31,933)</u>	<u>\$ 49,434</u>	<u>\$ 35,317</u>	<u>\$ 12,111</u>
Net revenue	<u>\$ 471,602</u>	<u>\$ 126,158</u>	<u>\$ 119,185</u>	<u>\$ 115,686</u>	<u>\$ 110,573</u>
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	<u>4.0%</u>	<u>-51.8%</u>	<u>40.1%</u>	<u>22.6%</u>	<u>9.5%</u>
Adjusted net cash provided by (used in) operating activities as a percentage of net revenue	<u>13.8%</u>	<u>-25.3%</u>	<u>41.5%</u>	<u>30.5%</u>	<u>11.0%</u>

Adjusted Net Cash Flows from Operations (\$ in 000's)	LTM Q1 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
GAAP net cash provided by (used in) operating activities	\$ 20,161	\$ (56,567)	\$ 44,583	\$ 24,407	\$ 7,738
Forgivable loan advances	29,474	21,930	1,219	6,704	(379)
Forgivable loan repayments	(463)	(400)	3	(66)	-
Adjusted net cash provided by (used in) operating activities	<u>\$ 49,172</u>	<u>\$ (35,037)</u>	<u>\$ 45,805</u>	<u>\$ 31,045</u>	<u>\$ 7,359</u>
Net revenue	<u>\$ 424,021</u>	<u>\$ 105,849</u>	<u>\$ 108,763</u>	<u>\$ 103,871</u>	<u>\$ 105,538</u>
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	<u>4.8%</u>	<u>-53.4%</u>	<u>41.0%</u>	<u>23.5%</u>	<u>7.3%</u>
Adjusted net cash provided by (used in) operating activities as a percentage of net revenue	<u>11.6%</u>	<u>-33.1%</u>	<u>42.1%</u>	<u>29.9%</u>	<u>7.0%</u>

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 first 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 ENDED
MARCH 28, 2020 COMPARED TO MARCH 30, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Revenues	\$ 126,158	100.0%	\$ 105,849	100.0%
Cost of services (exclusive of depreciation and amortization)	90,997	72.1%	73,635	69.6%
Selling, general and administrative expenses	24,123	19.1%	22,743	21.5%
Depreciation and amortization	2,943	2.3%	2,616	2.5%
Income from operations	8,095	6.4%	6,855	6.5%
Interest expense, net	(362)	-0.3%	(11)	0.0%
Foreign currency gains (losses), net	1,422	1.1%	(744)	-0.7%
Income before provision for income taxes	9,155	7.3%	6,100	5.8%
Provision for income taxes	2,687	2.1%	1,435	1.4%
Net income	<u>\$ 6,468</u>	<u>5.1%</u>	<u>\$ 4,665</u>	<u>4.4%</u>
Net income per share:				
Basic	<u>\$ 0.83</u>		<u>\$ 0.58</u>	
Diluted	<u>\$ 0.80</u>		<u>\$ 0.56</u>	
Weighted average number of shares outstanding:				
Basic	<u>7,805</u>		<u>8,015</u>	
Diluted	<u>8,037</u>		<u>8,346</u>	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS ENDED
MARCH 28, 2020 COMPARED TO MARCH 30, 2019
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Fiscal Quarter Ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Revenues	\$ 126,158	100.0%	\$ 105,849	100.0%
Net income	\$ 6,468	5.1%	\$ 4,665	4.4%
Adjustments needed to reconcile GAAP net income to non-GAAP net income:				
Non-cash valuation change in contingent consideration	430	0.3%	(217)	-0.2%
Tax effect on adjustments	(117)	-0.1%	58	0.1%
Non-GAAP net income	\$ 6,781	5.4%	\$ 4,506	4.3%
Non-GAAP net income per share:				
Basic	\$ 0.87		\$ 0.56	
Diluted	\$ 0.84		\$ 0.54	
Weighted average number of shares outstanding:				
Basic	7,805		8,015	
Diluted	8,037		8,346	

CRA INTERNATIONAL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS ENDED
MARCH 28, 2020 COMPARED TO MARCH 30, 2019
(IN THOUSANDS)

	Fiscal Quarter Ended			
	March 28, 2020	As a % of Revenue	March 30, 2019	As a % of Revenue
Revenues	\$ 126,158	100.0%	\$ 105,849	100.0%
Net income	\$ 6,468	5.1%	\$ 4,665	4.4%
Adjustments needed to reconcile GAAP net income to non-GAAP net income:				
Non-cash valuation change in contingent consideration	430	0.3%	(217)	-0.2%
Tax effect on adjustments	(117)	-0.1%	58	0.1%
Non-GAAP net income	\$ 6,781	5.4%	\$ 4,506	4.3%
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:				
Interest expense, net	362	0.3%	11	0.0%
Provision for income taxes	2,804	2.2%	1,377	1.3%
Depreciation and amortization	2,943	2.3%	2,616	2.5%
Non-GAAP EBITDA	\$ 12,890	10.2%	\$ 8,510	8.0%

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

	March 28, 2020	December 28, 2019
Assets		
Cash and cash equivalents	\$ 15,818	\$ 25,639
Accounts receivable and unbilled services, net	149,263	144,410
Other current assets	26,358	14,028
Total current assets	191,439	184,077
Property and equipment, net	66,626	61,295
Goodwill and intangible assets, net	93,960	94,980
Right-of-use assets	125,688	130,173
Other assets	72,495	62,718
Total assets	\$ 550,208	\$ 533,243
Liabilities and Shareholders' Equity		
Accounts payable	\$ 23,668	\$ 26,069
Accrued expenses	77,714	121,301
Current portion of lease liabilities	12,432	12,847
Revolving line of credit	70,000	-
Other current liabilities	7,509	11,193
Total current liabilities	191,323	171,410
Non-current portion of lease liabilities	144,079	146,551
Other non-current liabilities	18,446	17,531
Total liabilities	353,848	335,492
Total shareholders' equity	196,360	197,751
Total liabilities and shareholders' equity	\$ 550,208	\$ 533,243

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

	Fiscal Quarter Ended	
	March 28, 2020	March 30, 2019
Operating activities:		
Net income	\$ 6,468	\$ 4,665
Adjustments to reconcile net income to net cash used in operating activities:		
Non-cash items, net	6,314	5,840
Accounts receivable and unbilled services	(6,829)	(2,924)
Working capital items, net	(71,328)	(64,148)
Net cash used in operating activities	(65,375)	(56,567)
Investing activities:		
Purchases of property and equipment	(7,949)	(774)
Net cash used in investing activities	(7,949)	(774)
Financing activities:		
Issuance of common stock, principally stock option exercises	151	1,526
Borrowings under revolving line of credit	70,000	39,000
Tax withholding payments reimbursed by shares	(390)	(388)
Cash paid on dividend equivalents	(40)	(35)
Cash dividend paid to shareholders	(1,796)	(1,616)
Repurchases of common stock	(3,810)	(4,349)
Net cash provided by financing activities	64,115	34,138
Effect of foreign exchange rates on cash and cash equivalents	(612)	133
Net decrease in cash and cash equivalents	(9,821)	(23,070)
Cash and cash equivalents at beginning of period	25,639	38,028
Cash and cash equivalents at end of period	\$ 15,818	\$ 14,958
Noncash investing and financing activities:		
Purchases of property and equipment not yet paid for	\$ 370	\$ 1,906
Asset retirement obligations	\$ 155	\$ -
Right-of-use assets obtained in exchange for lease obligations	\$ -	\$ 713
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	\$ 695	\$ 298
Cash paid for interest	\$ 245	\$ 59
Cash paid for amounts included in operating lease liabilities	\$ 5,039	\$ 4,627

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CHARLES RIVER ASSOCIATES (CRA) DECLARES QUARTERLY CASH DIVIDEND OF \$0.23 PER COMMON SHARE

BOSTON, April 30, 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 quarterly cash dividend of \$0.23 per common share to be paid on June 12, 2020 to shareholders of record of CRA's common stock as of the close of business on May 26, 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.