

**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 31, 2019**

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**

Not Applicable

(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 31, 2019, we issued a press release reporting our financial results for our fiscal quarter ended September 28, 2019. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On October 31, 2019, 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 31, 2019, 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 December 13, 2019 to all shareholders of record as of November 26, 2019. 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 31, 2019 earnings press release |
| 99.2 | Supplemental financial information (prepared CFO remarks) |
| 99.3 | October 31, 2019 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: October 31, 2019

By: /s/ Chad M. Holmes
Chad M. Holmes
Chief Financial Officer, Executive Vice President and Treasurer

Contacts:

Chad Holmes
 Chief Financial Officer
 Charles River Associates
 312-377-2322

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

**CHARLES RIVER ASSOCIATES (CRA) REPORTS
 FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2019**

*Strong Performance Reflects Continued Growth Across Services and Geographies;
 Raises Revenue Guidance for Fiscal 2019;
 Increases Quarterly Dividend by 15%*

BOSTON, October 31, 2019 — 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 28, 2019.

Key Third-Quarter Fiscal 2019 Highlights

- Revenue grew 11.4% year over year to \$115.7 million.
- Utilization was 76%, while quarter-end headcount increased 8.2% year over year.
- Net income increased 46.9% year over year to \$5.7 million, or 5.0% of revenue, compared with \$3.9 million, or 3.8% of revenue, in the third quarter of fiscal 2018; non-GAAP net income increased 42.2% year over year to \$7.9 million, or 6.9% of revenue, compared with \$5.6 million, or 5.4% of revenue, in the third quarter of fiscal 2018.
- Earnings per diluted share increased 54.3% year over year to \$0.71; non-GAAP earnings per diluted share increased 50.8% year over year to \$0.98.
- Non-GAAP EBITDA grew 25.6% year over year to \$12.6 million, or 10.9% of revenue, compared with \$10.1 million, or 9.7% of revenue, in the third quarter of fiscal 2018.
- On a constant currency basis relative to the third quarter of fiscal 2018, revenue would have been higher by \$1.1 million, while GAAP and non-GAAP net income, earnings per diluted share and EBITDA would have been approximately \$0.1 million, \$0.01 per diluted share, and \$0.1 million higher, respectively.
- CRA returned \$8.1 million of capital to its shareholders, consisting of \$1.5 million of dividend payments and \$6.6 million for share repurchases of approximately 157,000 shares.

Management Commentary

“Demonstrating the consistency and strength of our business, CRA once again grew revenue year over year, as we have in each of the past 14 quarters,” said Paul Maleh, CRA’s President and Chief Executive Officer. “During the third quarter we increased headcount by 8%, maintained a companywide utilization of 76%, and as a result, grew revenue by more than 11%. Profits grew at a faster rate than revenue, with non-GAAP EBITDA, net income, and earnings per diluted share increasing by 26%, 42%, and 51%, respectively.”

“These third quarter results reflect continued broad-based profitable growth,” Maleh said. “Our strong performance was led by double-digit revenue growth year-over-year in each of our Antitrust & Competition Economics, Auctions & Competitive Bidding, Forensic Services, Intellectual Property, and Life Sciences practices. Geographically, we continue to see strong demand for our services resulting in revenue growth of 12.9% in our North American operations and 5.7% internationally.”

Outlook and Financial Guidance

“CRA is well positioned to build on the momentum achieved through the first three quarters of the year,” Maleh said. “As a result, on a constant currency basis relative to fiscal 2018, we are raising our 2019 revenue guidance to the range of \$446 million to \$452 million and expect to be in the upper half of our previously announced non-GAAP EBITDA margin guidance range of 9.2% to 10.2%.”

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 31, 2019, CRA announced that it increased its quarterly cash dividend by 15% from \$0.20 to \$0.23 per common share. This dividend will be payable on December 13, 2019 to shareholders of record as of November 26, 2019. 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 2019 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 Chad Holmes 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 all periods presented, the adjustments exclude non-cash amounts relating to valuation changes in contingent consideration and related tax effects; for the year to date period ended September 29, 2018, the adjustments also exclude net costs related to lease recapture 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, including those concerning guidance on future revenue and non-GAAP EBITDA margin, the impact of exchange rate fluctuations on our financial results, our expectations regarding continued growth, our expectations regarding the payment of any future quarterly dividends, and statements using the terms “outlook,” “expect,” or similar expressions, are “forward-looking” statements as defined in Section 21 of the Exchange Act. These statements are based upon our current expectations and various underlying assumptions. Although we believe there is a reasonable basis for these statements and assumptions, and these statements are expressed in good faith, these statements are subject to a number of additional factors and uncertainties. Our actual revenue and non-GAAP EBITDA margin in fiscal 2019 on a constant currency basis relative to fiscal 2018 could differ materially from the guidance presented herein, and our actual performance and results may differ materially from the performance and results contained in or implied by the other forward-looking statements made herein, due to many important factors. These factors include, but are not limited to, the possibility that the demand for our services may decline as a

result of changes in general and industry specific economic conditions; the timing of engagements for our services; the effects of competitive services and pricing; our ability to attract and retain key employee or non-employee experts; the inability to integrate and utilize existing consultants and personnel; the decline or reduction in project work or activity; global economic conditions including less stable political and economic environments; foreign currency exchange rate fluctuations; unanticipated expenses and liabilities; risks inherent in international operations; changes in tax law or accounting standards, rules, and regulations; our ability to collect on forgivable loans should any become due; and professional and other legal liability or settlements. Additional risks and uncertainties are discussed in our periodic filings with the Securities and Exchange Commission under the heading "Risk Factors." The inclusion of such forward-looking information should not be regarded as our representation that the future events, plans, or expectations contemplated will be achieved. Except as may be required by law, we undertake no obligation to update any forward-looking statements after the date of this press release, and we do not intend to do so.

CRA INTERNATIONAL, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 28, 2019 COMPARED TO SEPTEMBER 29, 2018
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------|-----------------------|-------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Revenues | \$ 115,686 | 100.0% | \$ 103,871 | 100.0% | \$ 332,108 | 100.0% | \$ 308,885 | 100.0% |
| Cost of services (exclusive of depreciation and amortization) | 83,805 | 72.4% | 73,717 | 71.0% | 233,412 | 70.3% | 212,813 | 68.9% |
| Selling, general and administrative expenses | 22,449 | 19.4% | 22,293 | 21.5% | 68,929 | 20.8% | 67,682 | 21.9% |
| Depreciation and amortization | 2,527 | 2.2% | 2,636 | 2.5% | 7,696 | 2.3% | 7,300 | 2.4% |
| Income from operations | 6,905 | 6.0% | 5,225 | 5.0% | 22,071 | 6.6% | 21,090 | 6.8% |
| Interest and other income (expense), net | (214) | -0.2% | (286) | -0.3% | (1,333) | -0.4% | (488) | -0.2% |
| Income before provision for income taxes | 6,691 | 5.8% | 4,939 | 4.8% | 20,738 | 6.2% | 20,602 | 6.7% |
| Provision for income taxes | 952 | 0.8% | 1,031 | 1.0% | 4,754 | 1.4% | 4,969 | 1.6% |
| Net income | <u>\$ 5,739</u> | <u>5.0%</u> | <u>\$ 3,908</u> | <u>3.8%</u> | <u>\$ 15,984</u> | <u>4.8%</u> | <u>\$ 15,633</u> | <u>5.1%</u> |
| Net Income per share: | | | | | | | | |
| Basic | <u>\$ 0.74</u> | | <u>\$ 0.48</u> | | <u>\$ 2.02</u> | | <u>\$ 1.91</u> | |
| Diluted | <u>\$ 0.71</u> | | <u>\$ 0.46</u> | | <u>\$ 1.94</u> | | <u>\$ 1.81</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,769</u> | | <u>8,048</u> | | <u>7,903</u> | | <u>8,129</u> | |
| Diluted | <u>8,050</u> | | <u>8,548</u> | | <u>8,205</u> | | <u>8,615</u> | |

CRA INTERNATIONAL, INC.
UNAUDITED RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 28, 2019 COMPARED TO SEPTEMBER 29, 2018
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------|-----------------------|-------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Revenues | \$ 115,686 | 100.0% | \$ 103,871 | 100.0% | \$ 332,108 | 100.0% | \$ 308,885 | 100.0% |
| Net income | \$ 5,739 | 5.0% | \$ 3,908 | 3.8% | \$ 15,984 | 4.8% | \$ 15,633 | 5.1% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 3,001 | 2.6% | 2,273 | 2.2% | 3,435 | 1.0% | 427 | 0.1% |
| Net costs related to lease recapture | — | — | — | — | — | — | 555 | 0.2% |
| Tax effect on adjustments | (815) | -0.7% | (607) | -0.6% | (931) | -0.3% | 26 | 0.0% |
| Non-GAAP net income | <u>\$ 7,925</u> | <u>6.9%</u> | <u>\$ 5,574</u> | <u>5.4%</u> | <u>\$ 18,488</u> | <u>5.6%</u> | <u>\$ 16,641</u> | <u>5.4%</u> |
| Non-GAAP net Income per share: | | | | | | | | |
| Basic | <u>\$ 1.02</u> | | <u>\$ 0.69</u> | | <u>\$ 2.33</u> | | <u>\$ 2.03</u> | |
| Diluted | <u>\$ 0.98</u> | | <u>\$ 0.65</u> | | <u>\$ 2.25</u> | | <u>\$ 1.92</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,769</u> | | <u>8,053</u> | | <u>7,903</u> | | <u>8,129</u> | |
| Diluted | <u>8,050</u> | | <u>8,550</u> | | <u>8,205</u> | | <u>8,615</u> | |

CRA INTERNATIONAL, INC.
UNAUDITED RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 28, 2019 COMPARED TO SEPTEMBER 29, 2018
(IN THOUSANDS)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------|-----------------------|-------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Revenues | \$ 115,686 | 100.0% | \$ 103,871 | 100.0% | \$ 332,108 | 100.0% | \$ 308,885 | 100.0% |
| Net Income | \$ 5,739 | 5.0% | \$ 3,908 | 3.8% | \$ 15,984 | 4.8% | \$ 15,633 | 5.1% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 3,001 | 2.6% | 2,273 | 2.2% | 3,435 | 1.0% | 427 | 0.1% |
| Net costs related to lease recapture | — | — | — | — | — | — | 555 | 0.2% |
| Tax effect on adjustments | (815) | -0.7% | (607) | -0.6% | (931) | -0.3% | 26 | 0.0% |
| Non-GAAP net income | \$ 7,925 | 6.9% | \$ 5,574 | 5.4% | \$ 18,488 | 5.6% | \$ 16,641 | 5.4% |
| Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA: | | | | | | | | |
| Interest expense, net | 424 | 0.4% | 222 | 0.2% | 954 | 0.3% | 560 | 0.2% |
| Provision for income taxes | 1,767 | 1.5% | 1,638 | 1.6% | 5,685 | 1.7% | 4,943 | 1.6% |
| Depreciation and amortization | 2,527 | 2.2% | 2,636 | 2.5% | 7,696 | 2.3% | 7,300 | 2.4% |
| Non-GAAP EBITDA | \$ 12,643 | 10.9% | \$ 10,070 | 9.7% | \$ 32,823 | 9.9% | \$ 29,444 | 9.5% |

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

| | <u>September 28, 2019</u> | <u>December 29, 2018</u> |
|---|-------------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 19,833 | \$ 38,028 |
| Accounts receivable and unbilled services, net | 140,752 | 130,585 |
| Other current assets | 19,838 | 12,527 |
| Total current assets | 180,423 | 181,140 |
| Property and equipment, net | 57,788 | 48,088 |
| Goodwill and intangible assets, net | 94,631 | 96,054 |
| Right-of-use assets | 110,999 | — |
| Other assets | 61,683 | 45,564 |
| Total assets | \$ 505,524 | \$ 370,846 |
| Liabilities and shareholders' equity | | |
| Accounts payable | \$ 23,636 | \$ 21,938 |
| Accrued expenses | 94,557 | 108,233 |
| Revolving line of credit | 36,000 | — |
| Current portion of lease liabilities | 10,598 | — |
| Other current liabilities | 7,363 | 12,326 |
| Total current liabilities | 172,154 | 142,497 |
| Non-current portion of lease liabilities | 126,869 | — |
| Other non-current liabilities | 14,149 | 31,877 |
| Total liabilities | 313,172 | 174,374 |
| Total shareholders' equity | 192,352 | 196,472 |
| Total liabilities and shareholders' equity | \$ 505,524 | \$ 370,846 |

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

| | Fiscal Year-to-Date Period Ended | |
|---|----------------------------------|-----------------------|
| | September 28, 2019 | September 29, 2018 |
| Operating activities: | | |
| Net income | \$ 15,984 | \$ 15,633 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Non-cash items, net | 18,214 | 14,790 |
| Accounts receivable and unbilled services | (10,956) | (18,915) |
| Working capital items, net | (43,149) | (19,902) |
| Net cash used in operating activities | (19,907) | (8,394) |
| Investing activities: | | |
| Purchases of property and equipment | (12,548) | (13,379) |
| Net cash used in investing activities | (12,548) | (13,379) |
| Financing activities: | | |
| Issuance of common stock, principally stock option exercises | 2,006 | 1,387 |
| Borrowings under revolving line of credit | 54,000 | 30,161 |
| Repayments under line of credit | (18,000) | (24,599) |
| Tax withholding payments reimbursed by shares | (388) | (1,783) |
| Cash paid on dividend equivalents | (35) | (98) |
| Cash dividend paid to shareholders | (4,742) | (4,168) |
| Repurchases of common stock | (18,068) | (20,389) |
| Distribution to noncontrolling interest | — | (41) |
| Net cash provided by (used in) financing activities | 14,773 | (19,530) |
| Effect of foreign exchange rates on cash and cash equivalents | (513) | (869) |
| Net decrease in cash and cash equivalents | (18,195) | (42,172) |
| Cash and cash equivalents at beginning of period | 38,028 | 54,035 |
| Cash and cash equivalents at end of period | \$ 19,833 | \$ 11,863 |
| Noncash investing and financing activities: | | |
| Purchases of property and equipment not yet paid for | \$ 3,461 | \$ 1,852 |
| Purchases of property and equipment by a third party | \$ 126 | \$ — |
| Asset retirement obligations | \$ 427 | \$ 217 |
| Right-of-use assets obtained in exchange for lease obligations | \$ 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 | \$ 6,078 | \$ 3,409 |
| Cash paid for interest | \$ 848 | \$ 380 |



**CHARLES RIVER ASSOCIATES (CRA)
THIRD QUARTER FISCAL YEAR 2019
EARNINGS ANNOUNCEMENT
PREPARED CFO REMARKS**

CRA is providing these prepared remarks by CFO Chad Holmes 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 31, 2019 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

Q3 Fiscal 2019 Summary (Quarter ended September 28, 2019)

- Revenue: \$115.7 million
- Net income: \$5.7 million, or 5.0% of revenue; non-GAAP net income: \$ 7.9 million, or 6.9% of revenue
- Net income per diluted share: \$0.71; non-GAAP net income per diluted share: \$0.98
- Operating margin: 6.0%; non-GAAP operating margin: 8.6%
- Non-GAAP EBITDA: \$12.6 million, or 10.9% of revenue
- Effective tax rate: 14.2%; non-GAAP effective tax rate: 18.2%
- Utilization: 76%
- Consultant headcount at the end of Q3 of fiscal 2019: 741, which consists of 121 officers, 412 other senior staff and 208 junior staff
- Cash and cash equivalents: \$19.8 million at September 28, 2019

Revenue

For Q3 of fiscal 2019, revenue was \$115.7 million, compared with revenue of \$103.9 million for Q3 of fiscal 2018.

Headcount

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

| | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 |
|--------------------|------------|------------|------------|------------|------------|
| Officers | 121 | 123 | 123 | 124 | 125 |
| Other Senior Staff | 412 | 378 | 387 | 375 | 367 |
| Junior Staff | 208 | 163 | 177 | 188 | 193 |
| Total | 741 | 664 | 687 | 687 | 685 |

Utilization

For Q3 of fiscal 2019 and fiscal 2018, companywide utilization was 76%.

Client Reimbursables

For Q3 of fiscal 2019, on a GAAP and non-GAAP basis, client reimbursables were \$14.0 million, or 12.1% of revenue, compared with \$11.4 million, or 11.0% of revenue, for Q3 of fiscal 2018.

Contingent Liability

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, which is reported as a component of cost of services for Q3 of fiscal 2019. For Q3 of fiscal 2018, the estimated value of the contingent consideration obligation increased from Q2 of fiscal 2018 by \$2.3 million to \$5.6 million at September 29, 2018, which was recorded as an increase to cost of services for Q3 of fiscal 2018.

Selling, General and Administrative (SG&A) Expenses

For Q3 of fiscal 2019, on a GAAP and non-GAAP basis, SG&A expenses were \$22.4 million, or 19.4% of revenue, compared with \$22.3 million, or 21.5% of revenue, for Q3 of fiscal 2018. Commissions to non-employee experts are included in SG&A expenses. On a GAAP and non-GAAP basis, these commissions represented approximately 2.6% of revenue for Q3 of fiscal 2019, compared with 2.7% in Q3 of fiscal 2018. Excluding these commissions, on a GAAP and non-GAAP basis, SG&A expenses were 16.8% of revenue for Q3 of fiscal 2019, compared with 18.7% in Q3 of fiscal 2018.

Depreciation & Amortization

For Q3 of fiscal 2019, on a GAAP and non-GAAP basis, depreciation and amortization expenses amounted to \$2.5 million, or 2.2% of revenue, compared with \$2.6 million, or 2.5% of revenue, for Q3 of fiscal 2018.

Forgivable Loan Amortization

For Q3 of fiscal 2019, on a GAAP and non-GAAP basis, forgivable loan amortization was \$6.7 million, or 5.7% of revenue, compared with \$6.4 million, or 6.2% of revenue, for Q3 of fiscal 2018.

Share-Based Compensation Expense

For Q3 of fiscal 2019, on a GAAP and non-GAAP basis, share-based compensation expense was approximately \$0.9 million, or 0.8% of revenue, compared with \$1.3 million, or 1.2% of revenue, for Q3 of fiscal 2018.

Operating Income

For Q3 of fiscal 2019, operating income was \$6.9 million, or 6.0% of revenue, compared with operating income of \$5.2 million, or 5.0% of revenue, for Q3 of fiscal 2018. Non-GAAP operating income was \$9.9 million, or 8.6% of revenue, for Q3 of fiscal 2019, compared with \$7.5 million, or 7.2% of revenue, for Q3 of fiscal 2018.

| | Quarter ended | | | |
|--|-----------------------|----------------------|-----------------------|----------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Income from Operations | \$ 6,905 | 6.0% | \$ 5,225 | 5.0% |
| Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations: | | | | |
| Non-cash valuation change in contingent consideration | 3,001 | 2.6% | 2,273 | 2.2% |
| Non-GAAP Income from Operations | \$ 9,906 | 8.6% | \$ 7,498 | 7.2% |

Interest and Other Expense, net

For Q3 of fiscal 2019, interest and other expense, net was \$0.2 million on a GAAP basis and non-GAAP basis. This compares with interest and other expense, net of \$0.3 million on a GAAP and non-GAAP basis for Q3 of fiscal 2018.

Income Taxes

The following table outlines CRA's income tax provision recorded (in \$000) and the resulting effective tax rates:

| | GAAP Q3 | | NON-GAAP Q3 | |
|--------------------|------------|----------|----------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Tax Provision | \$ 952 | \$ 1,031 | \$ 1,767 | \$ 1,638 |
| Effective Tax Rate | 14.2% | 20.9% | 18.2% | 22.7% |

Net Income

For Q3 of fiscal 2019, net income was \$5.7 million, or 5.0% of revenue, or \$0.71 per diluted share, compared with net income of \$3.9 million, or 3.8% of revenue, or \$0.46 per diluted share for Q3 of fiscal 2018. Non-GAAP net income for Q3 of fiscal 2019 was \$7.9 million, or 6.9% of revenue, or \$0.98 per diluted share, compared with \$5.6 million, or 5.4% of revenue, or \$0.65 per diluted share, for Q3 of fiscal 2018.

Non-GAAP EBITDA

For Q3 of fiscal 2019, non-GAAP EBITDA was \$12.6 million, or 10.9% of revenue, compared with \$10.1 million, or 9.7% of revenue, for Q3 of fiscal 2018.

Constant Currency Basis

For Q3 of fiscal 2019, revenue was \$115.7 million, and net income was \$5.7 million, or 5.0% of revenue, or \$0.71 per diluted share. On a constant currency basis relative to Q3 of fiscal 2018, Q3 of fiscal 2019 revenue would have increased by approximately \$1.1 million to \$116.8 million, net income would have increased by \$0.1 million to \$5.8 million and earnings per diluted share would have increased by approximately \$0.01 to \$0.72.

For Q3 of fiscal 2019, non-GAAP net income was \$7.9 million, or 6.9% of revenue, or \$0.98 per diluted share, and non-GAAP EBITDA was \$12.6 million, or 10.9% of revenue. On a constant currency basis relative to Q3 of fiscal 2018, Q3 of fiscal 2019 non-GAAP net income would have increased by \$0.1 million to \$8.0 million, earnings per diluted share would have increased by approximately \$0.01 to \$0.99 and non-GAAP EBITDA would have increased by \$0.1 million to \$12.7 million.

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 28, 2019 were \$140.8 million, compared with \$131.6 million at September 29, 2018. Current liabilities at September 28, 2019 were \$172.2 million, compared with \$117.1 million at September 29, 2018.

Total DSO for Q3 of fiscal 2019 were 108 days, consisting of 68 days of billed and 40 days of unbilled. This compares with 112 days reported for Q3 of fiscal 2018, consisting of 74 days of billed and 38 days of unbilled.

Cash and Cash Flow

Cash and cash equivalents were \$19.8 million at September 28, 2019, compared with \$11.9 million at September 29, 2018.

Net cash provided by operating activities for Q3 of fiscal 2019 was \$26.2 million, compared with \$24.4 million for Q3 of fiscal 2018.

As of September 28, 2019, there was \$36.0 million of borrowings outstanding under our revolving credit facility, compared with \$5.0 million of borrowings outstanding under the facility at September 29, 2018. Since the end of Q3 2019, we have paid down \$10 million of this outstanding balance.

Capital expenditures totaled approximately \$8.6 million for Q3 of fiscal 2019, compared with \$4.3 million for Q3 of fiscal 2018.

During Q3 of fiscal 2019, approximately 157,000 shares of common stock were repurchased for approximately \$6.6 million. During Q3 of fiscal 2018 there were no shares of common stock were repurchased.

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

dividend of \$0.17 per common share, for total dividends and dividend equivalents of \$1.4 million, which was paid in Q3 of fiscal 2018.

GAAP Condensed Consolidated Statement of Cash Flows

CRA has derived the condensed consolidated statement of cash flow data for the years ended December 29, 2018 and December 30, 2017 from its audited financial statements appearing on Form 10-K for fiscal year ended December 29, 2018, filed with the Securities and Exchange Commission on February 28, 2019. The condensed consolidated statement of cash flow data for the fourth quarter of fiscal year 2017, each of the fiscal quarters of fiscal year 2018, and the first, second and third quarters of fiscal year 2019 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 29, 2018 and December 30, 2017 and have been prepared on the same basis as CRA's audited financial statements.

| (In thousands) | LTM Q3 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | FY 2018 |
|--|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net cash provided by (used in) operating activities | \$ 24,676 | \$ 26,202 | \$ 10,458 | \$ (56,567) | \$ 44,583 | \$ 36,189 |
| Net cash used in investing activities | (14,616) | (8,644) | (3,130) | (774) | (2,068) | (15,447) |
| Net cash (used in) provided by financing activities | (1,444) | (12,624) | (6,741) | 34,138 | (16,217) | (35,747) |
| Effect of FX rates on cash and cash equivalents | (646) | (689) | 43 | 133 | (133) | (1,002) |
| Net increase (decrease) in cash and cash equivalents | \$ 7,970 | \$ 4,245 | \$ 630 | \$ (23,070) | \$ 26,165 | \$ (16,007) |
| Cash and cash equivalents at beginning of period | 11,863 | 15,588 | 14,958 | 38,028 | 11,863 | 54,035 |
| Cash and cash equivalents at end of period | <u>\$ 19,833</u> | <u>\$ 19,833</u> | <u>\$ 15,588</u> | <u>\$ 14,958</u> | <u>\$ 38,028</u> | <u>\$ 38,028</u> |

| (In thousands) | LTM Q3 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | FY 2017 |
|--|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net cash provided by (used in) operating activities | \$ 29,673 | \$ 24,407 | \$ 7,738 | \$ (40,539) | \$ 38,067 | \$ 45,858 |
| Net cash used in investing activities | (17,770) | (4,440) | (5,691) | (3,248) | (4,391) | (25,670) |
| Net cash (used in) provided by financing activities | (20,546) | (16,740) | (2,791) | 1 | (1,016) | (21,851) |
| Effect of FX rates on cash and cash equivalents | (393) | (389) | (1,083) | 603 | 476 | 2,168 |
| Net (decrease) increase in cash and cash equivalents | \$ (9,036) | \$ 2,838 | \$ (1,827) | \$ (43,183) | \$ 33,136 | \$ 505 |
| Cash and cash equivalents at beginning of period | 20,899 | 9,025 | 10,852 | 54,035 | 20,899 | 53,530 |
| Cash and cash equivalents at end of period | <u>\$ 11,863</u> | <u>\$ 11,863</u> | <u>\$ 9,025</u> | <u>\$ 10,852</u> | <u>\$ 54,035</u> | <u>\$ 54,035</u> |

Adjusted Net Cash Provided by (Used in) Operating Activities

Below are the annual, 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 issuances and repayments for each period, which are reported as a component of GAAP net cash provided by (used in) operating activities.

| (In thousands) | LTM Q3 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | FY 2018 |
|---|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| Net cash provided by (used in) operating activities | \$ 24,676 | \$ 26,202 | \$ 10,458 | \$ (56,567) | \$ 44,583 | \$ 36,189 |
| Forgivable loan issuances | 34,623 | 9,521 | 1,953 | 21,930 | 1,219 | 30,572 |
| Forgivable loan repayments | (1,103) | (406) | (300) | (400) | 3 | (3,396) |
| Adjusted net cash provided by (used in) operating activities | <u>\$ 58,196</u> | <u>\$ 35,317</u> | <u>\$ 12,111</u> | <u>\$ (35,037)</u> | <u>\$ 45,805</u> | <u>\$ 63,365</u> |
| Net Revenue | <u>\$ 440,871</u> | <u>\$ 115,686</u> | <u>\$ 110,573</u> | <u>\$ 105,849</u> | <u>\$ 108,763</u> | <u>\$ 417,648</u> |
| GAAP net cash provided by (used in) operating activities as a percentage of net revenue | <u>5.6%</u> | <u>22.6%</u> | <u>9.5%</u> | <u>-53.4%</u> | <u>41.0%</u> | <u>8.7%</u> |
| Adjusted net cash provided by (used in) operating activities as a percentage of net revenue | <u>13.2%</u> | <u>30.5%</u> | <u>11.0%</u> | <u>-33.1%</u> | <u>42.1%</u> | <u>15.2%</u> |
| | LTM Q3 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | FY 2017 |
| Net cash provided by (used in) operating activities | \$ 29,673 | \$ 24,407 | \$ 7,738 | \$ (40,539) | \$ 38,067 | \$ 45,858 |
| Forgivable loan issuances | 30,891 | 6,704 | (379) | 23,028 | 1,538 | 11,672 |
| Forgivable loan repayments | (3,650) | (66) | — | (3,333) | (251) | (2,135) |
| Adjusted net cash provided by (used in) operating activities | <u>\$ 56,914</u> | <u>\$ 31,045</u> | <u>\$ 7,359</u> | <u>\$ (20,844)</u> | <u>\$ 39,354</u> | <u>\$ 55,395</u> |
| Net Revenue | <u>\$ 405,901</u> | <u>\$ 103,871</u> | <u>\$ 105,538</u> | <u>\$ 99,476</u> | <u>\$ 97,016</u> | <u>\$ 370,075</u> |
| GAAP net cash provided by (used in) operating activities as a percentage of net revenue | <u>7.3%</u> | <u>23.5%</u> | <u>7.3%</u> | <u>-40.8%</u> | <u>39.2%</u> | <u>12.4%</u> |
| Adjusted net cash provided by (used in) operating activities as a percentage of net revenue | <u>14.0%</u> | <u>29.9%</u> | <u>7.0%</u> | <u>-21.0%</u> | <u>40.6%</u> | <u>15.0%</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 also used by management to assess CRA's ability to fund items such as the acquisition of talent, office expansions 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 and non-GAAP EBITDA in these remarks are as follows: for all periods presented, the adjustments exclude non-cash amounts relating to valuation changes in contingent consideration and related tax effects; for the year to date period ended September 29, 2018, the adjustments also exclude net costs related to a lease recapture, 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. Finally, these remarks also present 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 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.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 28, 2019 COMPARED TO SEPTEMBER 29, 2018
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------|-----------------------|-------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Revenues | \$ 115,686 | 100.0% | \$ 103,871 | 100.0% | \$ 332,108 | 100.0% | \$ 308,885 | 100.0% |
| Cost of services (exclusive of depreciation and amortization) | 83,805 | 72.4% | 73,717 | 71.0% | 233,412 | 70.3% | 212,813 | 68.9% |
| Selling, general and administrative expenses | 22,449 | 19.4% | 22,293 | 21.5% | 68,929 | 20.8% | 67,682 | 21.9% |
| Depreciation and amortization | 2,527 | 2.2% | 2,636 | 2.5% | 7,696 | 2.3% | 7,300 | 2.4% |
| Income from operations | 6,905 | 6.0% | 5,225 | 5.0% | 22,071 | 6.6% | 21,090 | 6.8% |
| Interest and other income (expense), net | (214) | -0.2% | (286) | -0.3% | (1,333) | -0.4% | (488) | -0.2% |
| Income before provision for income taxes | 6,691 | 5.8% | 4,939 | 4.8% | 20,738 | 6.2% | 20,602 | 6.7% |
| Provision for income taxes | 952 | 0.8% | 1,031 | 1.0% | 4,754 | 1.4% | 4,969 | 1.6% |
| Net income | <u>\$ 5,739</u> | <u>5.0%</u> | <u>\$ 3,908</u> | <u>3.8%</u> | <u>\$ 15,984</u> | <u>4.8%</u> | <u>\$ 15,633</u> | <u>5.1%</u> |
| Net Income per share: | | | | | | | | |
| Basic | <u>\$ 0.74</u> | | <u>\$ 0.48</u> | | <u>\$ 2.02</u> | | <u>\$ 1.91</u> | |
| Diluted | <u>\$ 0.71</u> | | <u>\$ 0.46</u> | | <u>\$ 1.94</u> | | <u>\$ 1.81</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,769</u> | | <u>8,048</u> | | <u>7,903</u> | | <u>8,129</u> | |
| Diluted | <u>8,050</u> | | <u>8,548</u> | | <u>8,205</u> | | <u>8,615</u> | |

CRA INTERNATIONAL, INC.
UNAUDITED RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 28, 2019 COMPARED TO SEPTEMBER 29, 2018
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------|-----------------------|-------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Revenues | \$ 115,686 | 100.0% | \$ 103,871 | 100.0% | \$ 332,108 | 100.0% | \$ 308,885 | 100.0% |
| Net income | \$ 5,739 | 5.0% | \$ 3,908 | 3.8% | \$ 15,984 | 4.8% | \$ 15,633 | 5.1% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 3,001 | 2.6% | 2,273 | 2.2% | 3,435 | 1.0% | 427 | 0.1% |
| Net costs related to lease recapture | — | — | — | — | — | — | 555 | 0.2% |
| Tax effect on adjustments | (815) | -0.7% | (607) | -0.6% | (931) | -0.3% | 26 | 0.0% |
| Non-GAAP net income | <u>\$ 7,925</u> | <u>6.9%</u> | <u>\$ 5,574</u> | <u>5.4%</u> | <u>\$ 18,488</u> | <u>5.6%</u> | <u>\$ 16,641</u> | <u>5.4%</u> |
| Non-GAAP net Income per share: | | | | | | | | |
| Basic | <u>\$ 1.02</u> | | <u>\$ 0.69</u> | | <u>\$ 2.33</u> | | <u>\$ 2.03</u> | |
| Diluted | <u>\$ 0.98</u> | | <u>\$ 0.65</u> | | <u>\$ 2.25</u> | | <u>\$ 1.92</u> | |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | <u>7,769</u> | | <u>8,053</u> | | <u>7,903</u> | | <u>8,129</u> | |
| Diluted | <u>8,050</u> | | <u>8,550</u> | | <u>8,205</u> | | <u>8,615</u> | |

CRA INTERNATIONAL, INC.
UNAUDITED RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED
SEPTEMBER 28, 2019 COMPARED TO SEPTEMBER 29, 2018
(IN THOUSANDS)

| | Fiscal Quarter Ended | | | | Fiscal Year-to-Date Period Ended | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------|-----------------------|-------------------|
| | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue | September 28, 2019 | As a % of Revenue | September 29, 2018 | As a % of Revenue |
| Revenues | \$ 115,686 | 100.0% | \$ 103,871 | 100.0% | \$ 332,108 | 100.0% | \$ 308,885 | 100.0% |
| Net Income | \$ 5,739 | 5.0% | \$ 3,908 | 3.8% | \$ 15,984 | 4.8% | \$ 15,633 | 5.1% |
| Adjustments needed to reconcile GAAP net income to non-GAAP net income: | | | | | | | | |
| Non-cash valuation change in contingent consideration | 3,001 | 2.6% | 2,273 | 2.2% | 3,435 | 1.0% | 427 | 0.1% |
| Net costs related to lease recapture | — | — | — | — | — | — | 555 | 0.2% |
| Tax effect on adjustments | (815) | -0.7% | (607) | -0.6% | (931) | -0.3% | 26 | 0.0% |
| Non-GAAP net income | \$ 7,925 | 6.9% | \$ 5,574 | 5.4% | \$ 18,488 | 5.6% | \$ 16,641 | 5.4% |
| Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA: | | | | | | | | |
| Interest expense, net | 424 | 0.4% | 222 | 0.2% | 954 | 0.3% | 560 | 0.2% |
| Provision for income taxes | 1,767 | 1.5% | 1,638 | 1.6% | 5,685 | 1.7% | 4,943 | 1.6% |
| Depreciation and amortization | 2,527 | 2.2% | 2,636 | 2.5% | 7,696 | 2.3% | 7,300 | 2.4% |
| Non-GAAP EBITDA | \$ 12,643 | 10.9% | \$ 10,070 | 9.7% | \$ 32,823 | 9.9% | \$ 29,444 | 9.5% |

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

| | <u>September 28, 2019</u> | <u>December 29, 2018</u> |
|---|-------------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 19,833 | \$ 38,028 |
| Accounts receivable and unbilled services, net | 140,752 | 130,585 |
| Other current assets | 19,838 | 12,527 |
| Total current assets | 180,423 | 181,140 |
| Property and equipment, net | 57,788 | 48,088 |
| Goodwill and intangible assets, net | 94,631 | 96,054 |
| Right-of-use assets | 110,999 | — |
| Other assets | 61,683 | 45,564 |
| Total assets | \$ 505,524 | \$ 370,846 |
| Liabilities and shareholders' equity | | |
| Accounts payable | \$ 23,636 | \$ 21,938 |
| Accrued expenses | 94,557 | 108,233 |
| Revolving line of credit | 36,000 | — |
| Current portion of lease liabilities | 10,598 | — |
| Other current liabilities | 7,363 | 12,326 |
| Total current liabilities | 172,154 | 142,497 |
| Non-current portion of lease liabilities | 126,869 | — |
| Other non-current liabilities | 14,149 | 31,877 |
| Total liabilities | 313,172 | 174,374 |
| Total shareholders' equity | 192,352 | 196,472 |
| Total liabilities and shareholders' equity | \$ 505,524 | \$ 370,846 |

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

| | Fiscal Year-to-Date Period Ended | |
|---|----------------------------------|-----------------------|
| | September 28, 2019 | September 29, 2018 |
| Operating activities: | | |
| Net income | \$ 15,984 | \$ 15,633 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Non-cash items, net | 18,214 | 14,790 |
| Accounts receivable and unbilled services | (10,956) | (18,915) |
| Working capital items, net | (43,149) | (19,902) |
| Net cash used in operating activities | (19,907) | (8,394) |
| Investing activities: | | |
| Purchases of property and equipment | (12,548) | (13,379) |
| Net cash used in investing activities | (12,548) | (13,379) |
| Financing activities: | | |
| Issuance of common stock, principally stock option exercises | 2,006 | 1,387 |
| Borrowings under revolving line of credit | 54,000 | 30,161 |
| Repayments under line of credit | (18,000) | (24,599) |
| Tax withholding payments reimbursed by shares | (388) | (1,783) |
| Cash paid on dividend equivalents | (35) | (98) |
| Cash dividend paid to shareholders | (4,742) | (4,168) |
| Repurchases of common stock | (18,068) | (20,389) |
| Distribution to noncontrolling interest | — | (41) |
| Net cash provided by (used in) financing activities | 14,773 | (19,530) |
| Effect of foreign exchange rates on cash and cash equivalents | (513) | (869) |
| Net decrease in cash and cash equivalents | (18,195) | (42,172) |
| Cash and cash equivalents at beginning of period | 38,028 | 54,035 |
| Cash and cash equivalents at end of period | \$ 19,833 | \$ 11,863 |
| Noncash investing and financing activities: | | |
| Purchases of property and equipment not yet paid for | \$ 3,461 | \$ 1,852 |
| Purchases of property and equipment by a third party | \$ 126 | \$ — |
| Asset retirement obligations | \$ 427 | \$ 217 |
| Right-of-use assets obtained in exchange for lease obligations | \$ 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 | \$ 6,078 | \$ 3,409 |
| Cash paid for interest | \$ 848 | \$ 380 |

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CHARLES RIVER ASSOCIATES (CRA) INCREASES QUARTERLY DIVIDEND 15% FROM \$0.20 to \$0.23 PER SHARE

BOSTON, October 31, 2019 — 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 15% increase in the quarterly cash dividend to \$0.23 per common share to be paid on December 13, 2019 to shareholders of record of CRA's common stock as of the close of business on November 26, 2019. 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; 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.