



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

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**Q2 Fiscal 2020 Summary (Quarter ended June 27, 2020)**

- Revenue: \$123.0 million
- Net income: \$5.9 million, or 4.8% of revenue; non-GAAP net income: \$6.3 million, or 5.2% of revenue
- Net income per diluted share: \$0.75; non-GAAP net income per diluted share: \$0.80
- Operating margin: 6.8%; non-GAAP operating margin: 7.2%
- Non-GAAP EBITDA: \$11.9 million, or 9.7% of revenue
- Effective tax rate: 24.6%; non-GAAP effective tax rate: 24.8%
- Utilization: 66%
- Consultant headcount at the end of Q2 of fiscal 2020: 802, which consists of 136 officers, 450 other senior staff and 216 junior staff
- Cash and cash equivalents: \$18.8 million at June 27, 2020

**Revenue**

For Q2 of fiscal 2020, revenue was \$123.0 million, compared with revenue of \$110.6 million for Q2 of fiscal 2019.

## Headcount

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

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Officers	136	135	128	121	123
Other Senior Staff	450	442	434	412	378
Junior Staff	216	222	217	208	163
<b>Total</b>	<b>802</b>	<b>799</b>	<b>779</b>	<b>741</b>	<b>664</b>

## Utilization

For Q2 of fiscal 2020, companywide utilization was 66%, compared with 77% for Q2 fiscal 2019.

## Client Reimbursables

For Q2 of fiscal 2020, client reimbursables were \$14.8 million, or 12.0% of revenue, compared with \$12.2 million, or 11.0% of revenue, for Q2 of fiscal 2019.

## Contingent Liability

For Q2 of fiscal 2020, the estimated value of the contingent consideration obligation increased from Q1 of fiscal 2020 by \$0.6 million to \$12.6 million at June 27, 2020. For Q2 of fiscal 2019, the estimated value of the contingent consideration obligation increased from Q1 of fiscal 2019 by \$0.7 million to \$6.6 million at June 29, 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 Q2 of fiscal 2020, SG&A expenses were \$21.4 million, or 17.4% of revenue, compared with \$23.7 million, or 21.5% of revenue, for Q2 of fiscal 2019. Commissions to non-employee experts are included in SG&A expenses. These commissions represented approximately 2.4% of revenue for Q2 of fiscal 2020, compared with 2.9% in Q2 of fiscal 2019. Excluding these commissions, SG&A expenses were 15.0% of revenue for Q2 of fiscal 2020, compared with 18.6% in Q2 of fiscal 2019.

## Depreciation & Amortization

For Q2 of fiscal 2020, depreciation and amortization expenses amounted to \$3.1 million, or 2.5% of revenue, compared with \$2.6 million, or 2.3% of revenue, for Q2 of fiscal 2019.

## Forgivable Loan Amortization

For Q2 of fiscal 2020, forgivable loan amortization was \$7.5 million, or 6.1% of revenue, compared with \$6.5 million, or 5.9% of revenue, for Q2 of fiscal 2019.

### Share-Based Compensation Expense

For Q2 of fiscal 2020, share-based compensation expense was approximately \$0.8 million, or 0.6% of revenue, compared with \$0.8 million, or 0.8% of revenue, for Q2 of fiscal 2019.

### Operating Income

For Q2 of fiscal 2020, operating income was \$8.3 million, or 6.8% of revenue, compared with operating income of \$8.3 million, or 7.5% of revenue, for Q2 of fiscal 2019. Non-GAAP operating income was \$8.9 million, or 7.2% of revenue, for Q2 of fiscal 2020, compared with \$9.0 million, or 8.1% of revenue, for Q2 of fiscal 2019.

\$ in 000's	Fiscal Quarter ended			
	June 27, 2020	As a % of Revenue	June 29, 2019	As a % of Revenue
Income from operations	\$8,339	6.8%	\$8,311	7.5%
Adjustments needed to reconcile GAAP income from operations to non-GAAP income from operations:				
Non-cash valuation change in contingent consideration	<u>566</u>	<u>0.5%</u>	<u>651</u>	<u>0.6%</u>
Non-GAAP Income from operations	<u>\$8,905</u>	<u>7.2%</u>	<u>\$8,962</u>	<u>8.1%</u>

### Interest Income (Expense), net

For Q2 of fiscal 2020, net interest expense was \$0.4 million, or 0.3% of revenue, compared with net interest expense of \$0.5 million, or 0.5% of revenue, for Q2 of fiscal 2019.

### Foreign Currency Gains (Losses), net

For Q2 of fiscal 2020, net foreign currency losses were \$0.1 million, or 0.1% of revenue, compared with net foreign currency gains, of \$0.2 million, or 0.1% of revenue, for Q2 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		NON-GAAP	
	Q2	Q2	Q2	Q2
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Tax Provision	\$1,934	\$2,367	\$2,087	\$2,541
Effective Tax Rate	24.6%	29.8%	24.8%	29.6%

<b>\$ in 000's</b>	<b>Fiscal Quarter ended</b>			
	<b>June 27, 2020</b>	<b>As a % of Revenue</b>	<b>June 29, 2019</b>	<b>As a % of Revenue</b>
Income before provision for income taxes	7,865	6.4%	\$7,947	7.2%
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	566	0.5%	651	0.6%
Non-GAAP income before provision for income taxes	<b>\$8,431</b>	<b>6.9%</b>	<b>\$8,598</b>	<b>7.8%</b>
GAAP provision for income taxes	\$1,934		\$2,367	
Tax effect on non-GAAP adjustments	153		174	
Non-GAAP provision for income taxes	<b>\$2,087</b>		<b>\$2,541</b>	

### **Net Income**

For Q2 of fiscal 2020, net income was \$5.9 million, or 4.8% of revenue, or \$0.75 per diluted share, compared with net income of \$5.6 million, or 5.0% of revenue, or \$0.68 per diluted share, for Q2 of fiscal 2019. Non-GAAP net income for Q2 of fiscal 2020 was \$6.3 million, or 5.2% of revenue, or \$0.80 per diluted share, compared with \$6.1 million, or 5.5% of revenue, or \$0.73 per diluted share, for Q2 of fiscal 2019.

### **Non-GAAP EBITDA**

For Q2 of fiscal 2020, non-GAAP EBITDA was \$11.9 million, or 9.7% of revenue, compared with \$11.7 million, or 10.6% of revenue, for Q2 of fiscal 2019.

### **Constant Currency Basis**

For Q2 of fiscal 2020, revenue was \$123.0 million, and net income was \$5.9 million, or 4.8% of revenue, or \$0.75 per diluted share. On a constant currency basis relative to Q2 of fiscal 2019, Q2 of fiscal 2020 revenue would have been higher by \$0.8 million to \$123.8 million, GAAP net income would have increased by \$0.1 million to \$6.0 million, or 4.8% of revenue, and earnings per diluted share would have remained unchanged.

For Q2 of fiscal 2020, revenue was \$123.0 million, and non-GAAP net income was \$6.3 million, or 5.2% of revenue, or \$0.80 per diluted share. On a constant currency basis relative to Q2 of fiscal 2019, Q2 of fiscal 2020 revenue would have been higher by \$0.8 million to \$123.8 million, non-GAAP net income would have increased by \$0.1 million to \$6.4 million, or 5.2% of revenue, non-GAAP earnings per diluted share would have increased by \$0.01 to \$0.81, and non-GAAP EBITDA would have increased by \$0.1 million to \$12.0 million, or 9.7% of revenue.

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

**Key Balance Sheet Metrics**

Billed and unbilled receivables at June 27, 2020 were \$152.0 million, compared with \$132.1 million at June 29, 2019. Current liabilities at June 27, 2020 were \$197.5 million, compared with \$152.8 million at June 29, 2019.

Total Days Sales Outstanding, or DSO, for Q2 of fiscal 2020 was 107 days, consisting of 70 days of billed and 37 days of unbilled. This compares with 105 days reported for Q2 of fiscal 2019, consisting of 68 days of billed and 37 days of unbilled.

**Cash and Cash Flow**

Cash and cash equivalents were \$18.8 million at June 27, 2020, compared with \$15.6 million at June 29, 2019.

Net cash provided by operating activities for Q2 of fiscal 2020 was \$21.1 million, compared with \$10.5 million for Q2 of fiscal 2019.

As of June 27, 2020, outstanding borrowings under CRA's revolving credit facility amounted to \$59.0 million. At June 29, 2019, outstanding borrowings under CRA's revolving credit facility amounted to \$41.0 million.

Capital expenditures totaled \$5.6 million for Q2 of fiscal 2020, compared with \$3.1 million for Q2 of fiscal 2019.

CRA did not repurchase shares of its common stock during Q2 of fiscal 2020, compared with Q2 of fiscal 2019, when approximately 177,000 shares of common stock were repurchased for \$7.2 million.

A quarterly cash dividend of \$0.23 per common share, for total dividends and dividend equivalents of \$1.8 million was paid in Q2 of fiscal 2020, compared with a quarterly cash dividend of \$0.20 per common share, for total dividends and dividend equivalents of \$1.6 million paid in Q2 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 third quarter of fiscal year 2018, the first, second and third quarters of fiscal year 2019, and the first and second quarters of fiscal year 2020 have been derived from CRA's unaudited financial statements appearing on Form 10-Q for each of the respective fiscal quarters as well as the consolidated statements of cash flows appearing on Form 10-K for the fiscal 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)

	<b>LTM</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
	<b>Q2 2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Net cash provided by (used in) operating activities	\$ 29,641	\$ 21,075	\$(65,375)	\$ 47,739	\$ 26,202
Net cash used in investing activities	(26,306)	(5,568)	(7,949)	(4,145)	(8,644)
Net cash provided by (used in) financing activities	530	(12,370)	64,115	(38,591)	(12,624)
Effect of foreign exchange rates on cash and cash equivalents	<u>(646)</u>	<u>(148)</u>	<u>(612)</u>	<u>803</u>	<u>(689)</u>
Net increase (decrease) in cash and cash equivalents	\$ 3,219	\$ 2,989	\$(9,821)	\$ 5,806	\$ 4,245
Cash and cash equivalents at beginning of period	<u>15,588</u>	<u>15,818</u>	<u>25,639</u>	<u>19,833</u>	<u>15,588</u>
Cash and cash equivalents at end of period	<u>\$ 18,807</u>	<u>\$ 18,807</u>	<u>\$15,818</u>	<u>\$ 25,639</u>	<u>\$ 19,833</u>

**GAAP Condensed Consolidated Statement of Cash Flows**

(\$ in 000's)

	<b>LTM</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
	<b>Q2 2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
Net cash provided by (used in) operating activities	\$ 22,881	\$ 10,458	\$(56,567)	\$ 44,583	\$ 24,407
Net cash used in investing activities	(10,412)	(3,130)	(774)	(2,068)	(4,440)
Net cash provided by (used in) financing activities	(5,560)	(6,741)	34,138	(16,217)	(16,740)
Effect of foreign exchange rates on cash and cash equivalents	<u>(346)</u>	<u>43</u>	<u>133</u>	<u>(133)</u>	<u>(389)</u>
Net increase (decrease) in cash and cash equivalents	\$ 6,563	\$ 630	\$(23,070)	\$ 26,165	\$ 2,838
Cash and cash equivalents at beginning of period	<u>9,025</u>	<u>14,958</u>	<u>38,028</u>	<u>11,863</u>	<u>9,025</u>
Cash and cash equivalents at end of period	<u>\$ 15,588</u>	<u>\$ 15,588</u>	<u>\$14,958</u>	<u>\$ 38,028</u>	<u>\$ 11,863</u>

## 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.

<b>Adjusted Net Cash Flows from Operations (\$ in 000's)</b>	<b>LTM Q2 2020</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>
GAAP net cash provided by (used in) operating activities	\$ 29,641	\$ 21,075	\$(65,375)	\$ 47,739	\$ 26,202
Forgivable loan advances	49,657	4,932	33,442	1,762	9,521
Forgivable loan repayments	<u>(473)</u>	<u>-</u>	<u>-</u>	<u>(67)</u>	<u>(406)</u>
Adjusted net cash provided by (used in) operating activities	<u>\$ 78,825</u>	<u>\$ 26,007</u>	<u>\$(31,933)</u>	<u>\$ 49,434</u>	<u>\$ 35,317</u>
Net revenue	<u>\$ 484,060</u>	<u>\$ 123,031</u>	<u>\$126,158</u>	<u>\$ 119,185</u>	<u>\$ 115,686</u>
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	<u>6.1%</u>	<u>17.1%</u>	<u>-51.8%</u>	<u>40.1%</u>	<u>22.6%</u>
Adjusted net cash provided by (used in) operating activities as a percentage of net revenue	<u>16.3%</u>	<u>21.1%</u>	<u>-25.3%</u>	<u>41.5%</u>	<u>30.5%</u>

  

<b>Adjusted Net Cash Flows from Operations (\$ in 000's)</b>	<b>LTM Q2 2019</b>	<b>Q2 2019</b>	<b>Q1 2019</b>	<b>Q4 2018</b>	<b>Q3 2018</b>
GAAP net cash provided by (used in) operating activities	\$ 22,881	\$ 10,458	\$(56,567)	\$ 44,583	\$ 24,407
Forgivable loan advances	31,806	1,953	21,930	1,219	6,704
Forgivable loan repayments	<u>(763)</u>	<u>(300)</u>	<u>(400)</u>	<u>3</u>	<u>(66)</u>
Adjusted net cash provided by (used in) operating activities	<u>\$ 53,924</u>	<u>\$ 12,111</u>	<u>\$(35,037)</u>	<u>\$ 45,805</u>	<u>\$ 31,045</u>
Net revenue	<u>\$ 429,056</u>	<u>\$ 110,573</u>	<u>\$105,849</u>	<u>\$ 108,763</u>	<u>\$ 103,871</u>
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	<u>5.3%</u>	<u>9.5%</u>	<u>-53.4%</u>	<u>41.0%</u>	<u>23.5%</u>
Adjusted net cash provided by (used in) operating activities as a percentage of net revenue	<u>12.6%</u>	<u>11.0%</u>	<u>-33.1%</u>	<u>42.1%</u>	<u>29.9%</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 second quarter of each of fiscal 2020 and fiscal 2019, the adjustments exclude non-cash amounts relating to valuation changes in contingent consideration and related tax effects. The adjustments made to non-GAAP adjusted net cash provided by (used in) operating activities add back forgivable loan issuances, net of repayments. These remarks also present certain current fiscal period financial measures on a “constant currency” basis in order to isolate the effect that foreign currency exchange rate fluctuations can have on CRA’s financial results. These constant currency measures are determined by recalculating the current fiscal period local currency financial measure using the specified corresponding prior fiscal period’s foreign exchange rates.

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



**CRA INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**JUNE 27, 2020 COMPARED TO JUNE 29, 2019**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

	Fiscal Quarter Ended				Fiscal Year-to-Date Period Ended			
	June 27, 2020	As a % of Revenue	June 29, 2019	As a % of Revenue	June 27, 2020	As a % of Revenue	June 29, 2019	As a % of Revenue
Revenues	\$ 123,031	100.0%	\$ 110,573	100.0%	\$ 249,189	100.0%	\$ 216,422	100.0%
Cost of services (exclusive of depreciation and amortization)	90,168	73.3%	75,972	68.7%	181,165	72.7%	149,607	69.1%
Selling, general and administrative expenses	21,418	17.4%	23,737	21.5%	45,541	18.3%	46,480	21.5%
Depreciation and amortization	3,106	2.5%	2,553	2.3%	6,049	2.4%	5,169	2.4%
Income from operations	8,339	6.8%	8,311	7.5%	16,434	6.6%	15,166	7.0%
Interest expense, net	(372)	-0.3%	(519)	-0.5%	(734)	-0.3%	(530)	-0.2%
Foreign currency gains (losses), net	(102)	-0.1%	155	0.1%	1,320	0.5%	(589)	-0.3%
Income before provision for income taxes	7,865	6.4%	7,947	7.2%	17,020	6.8%	14,047	6.5%
Provision for income taxes	1,934	1.6%	2,367	2.1%	4,621	1.9%	3,802	1.8%
Net income	<u>\$ 5,931</u>	<u>4.8%</u>	<u>\$ 5,580</u>	<u>5.0%</u>	<u>\$ 12,399</u>	<u>5.0%</u>	<u>\$ 10,245</u>	<u>4.7%</u>
Net income per share:								
Basic	<u>\$ 0.76</u>		<u>\$ 0.70</u>		<u>\$ 1.59</u>		<u>\$ 1.28</u>	
Diluted	<u>\$ 0.75</u>		<u>\$ 0.68</u>		<u>\$ 1.55</u>		<u>\$ 1.23</u>	
Weighted average number of shares outstanding:								
Basic	<u>7,764</u>		<u>7,925</u>		<u>7,784</u>		<u>7,970</u>	
Diluted	<u>7,920</u>		<u>8,218</u>		<u>7,979</u>		<u>8,282</u>	

**CRA INTERNATIONAL, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**JUNE 27, 2020 COMPARED TO JUNE 29, 2019**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

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Net income	\$ 5,931	4.8%	\$ 5,580	5.0%	\$ 12,399	5.0%	\$ 10,245	4.7%
Adjustments needed to reconcile GAAP net income to non-GAAP net income:								
Non-cash valuation change in contingent consideration	566	0.5%	651	0.6%	996	0.4%	434	0.2%
Tax effect on adjustments	(153)	-0.1%	(174)	-0.2%	(270)	-0.1%	(116)	-0.1%
Non-GAAP net income	<u>\$ 6,344</u>	<u>5.2%</u>	<u>\$ 6,057</u>	<u>5.5%</u>	<u>\$ 13,125</u>	<u>5.3%</u>	<u>\$ 10,563</u>	<u>4.9%</u>
Non-GAAP net income per share:								
Basic	<u>\$ 0.81</u>		<u>\$ 0.76</u>		<u>\$ 1.68</u>		<u>\$ 1.32</u>	
Diluted	<u>\$ 0.80</u>		<u>\$ 0.73</u>		<u>\$ 1.64</u>		<u>\$ 1.27</u>	
Weighted average number of shares outstanding:								
Basic	<u>7,764</u>		<u>7,925</u>		<u>7,784</u>		<u>7,970</u>	
Diluted	<u>7,920</u>		<u>8,218</u>		<u>7,979</u>		<u>8,282</u>	

**CRA INTERNATIONAL, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE FISCAL QUARTERS AND FISCAL YEAR-TO-DATE PERIODS ENDED**  
**JUNE 27, 2020 COMPARED TO JUNE 29, 2019**  
**(IN THOUSANDS)**

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Non-GAAP net income	\$ 6,344	5.2%	\$ 6,057	5.5%	\$ 13,125	5.3%	\$ 10,563	4.9%
Adjustments needed to reconcile non-GAAP net income to non-GAAP EBITDA:								
Interest expense, net	372	0.3%	519	0.5%	734	0.3%	530	0.2%
Provision for income taxes	2,087	1.7%	2,541	2.3%	4,891	2.0%	3,918	1.8%
Depreciation and amortization	3,106	2.5%	2,553	2.3%	6,049	2.4%	5,169	2.4%
Non-GAAP EBITDA	\$ 11,909	9.7%	\$ 11,670	10.6%	\$ 24,799	10.0%	\$ 20,180	9.3%

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

	<b>June 27, 2020</b>	<b>December 28, 2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 18,807	\$ 25,639
Accounts receivable and unbilled services, net	152,031	144,410
Other current assets	19,119	14,028
Total current assets	<u>189,957</u>	<u>184,077</u>
Property and equipment, net	65,402	61,295
Goodwill and intangible assets, net	93,704	94,980
Right-of-use assets	122,983	130,173
Other assets	76,543	62,718
Total assets	<u>\$ 548,589</u>	<u>\$ 533,243</u>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 20,894	\$ 26,069
Accrued expenses	82,199	121,301
Current portion of lease liabilities	13,208	12,847
Revolving line of credit	59,000	-
Other current liabilities	22,223	11,193
Total current liabilities	<u>197,524</u>	<u>171,410</u>
Non-current portion of lease liabilities	141,528	146,551
Other non-current liabilities	7,322	17,531
Total liabilities	<u>346,374</u>	<u>335,492</u>
Total shareholders' equity	202,215	197,751
Total liabilities and shareholders' equity	<u>\$ 548,589</u>	<u>\$ 533,243</u>

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

	<b>Fiscal Year-to-Date Period Ended</b>	
	<b>June 27, 2020</b>	<b>June 29, 2019</b>
Operating activities:		
Net income	\$ 12,399	\$ 10,245
Adjustments to reconcile net income to net cash used in operating activities:		
Non-cash items, net	12,107	11,611
Accounts receivable and unbilled services	(8,962)	(1,068)
Working capital items, net	(59,844)	(66,897)
Net cash used in operating activities	(44,300)	(46,109)
Investing activities:		
Purchases of property and equipment	(13,517)	(3,904)
Net cash used in investing activities	(13,517)	(3,904)
Financing activities:		
Issuance of common stock, principally stock option exercises	569	1,526
Borrowings under revolving line of credit	77,000	50,000
Repayments under revolving line of credit	(18,000)	(9,000)
Tax withholding payments reimbursed by shares	(390)	(388)
Cash paid on dividend equivalents	(40)	(35)
Cash dividends paid to shareholders	(3,584)	(3,196)
Repurchase of common stock	(3,810)	(11,510)
Net cash provided by financing activities	51,745	27,397
Effect of foreign exchange rates on cash and cash equivalents	(760)	176
Net decrease in cash and cash equivalents	(6,832)	(22,440)
Cash and cash equivalents at beginning of period	25,639	38,028
Cash and cash equivalents at end of period	\$ 18,807	\$ 15,588
<b>Noncash investing and financing activities:</b>		
Purchases of property and equipment not yet paid for	\$ 3,784	\$ 4,053
Purchases of property and equipment paid by a third party	\$ -	\$ 62
Asset retirement obligations	\$ 155	\$ 335
Right-of-use assets obtained in exchange for lease obligations	\$ -	\$ 37,284
Right-of-use assets related to the adoption of ASC 842	\$ -	\$ 82,329
Lease liabilities related to the adoption of ASC 842	\$ -	\$ 106,765
<b>Supplemental cash flow information:</b>		
Cash paid for taxes	\$ 2,057	\$ 3,583
Cash paid for interest	\$ 676	\$ 510
Cash paid for amounts included in operating lease liabilities	\$ 9,243	\$ 8,113