3Q 2021 Results

November 3, 2021

Charles River Laboratories

Safe Harbor Statement

Caution Concerning Forward-Looking Statements. This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "intend," "will," "may," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements also include statements about the impact of the COVID-19 pandemic for our business, financial condition and results of operations, including the long-term growth prospects and as compared to other companies, and the prospects for recovery therefrom; the effectiveness of our capital deployment strategy, in light of the COVID-19 pandemic and our ability to reduce capex, preserve jobs, support client research programs and sustain our financial position; our compliance with the maintenance covenants under our credit agreement; our projected 2021 and other future financial performance (including without limitation revenue and revenue growth rates, operating income and margin, earnings per share, capital expenditures, operating and free cash flow, net interest expense, effective tax rate, foreign exchange rates, unallocated corporate costs, and leverage ratios) whether reported, constant currency, organic, and/or factoring acquisitions, with respect to Charles River as a whole and/or any of our reporting or operating segments or business units; our annual guidance and longer-term targets; the assumptions that form the basis for our revised annual guidance; the expected performance of our venture capital and other strategic investments; the future demand for scientific innovation, drug discovery, development, and CDMO products and services, and our intentions to expand those businesses, including our investments in our portfolio; the impact of foreign exchange; our expectations regarding stock repurchases and debt repayment; the development and performance of our services and products; market and industry conditions including industry consolidation, outsourcing of services and identification of spending trends by our clients and funding available to them; the potential outcome of, and impact to, our business and financial operations due to litigation and legal proceedings and tax law changes; our business strategy, including with respect to capital deployment and leverage; our success in identifying, consummating, and integrating, and the impact of, our acquisitions, on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, earnings, and synergies; our expectations regarding the financial performance of the companies we have acquired; our strategic agreements with our clients and opportunities for future similar arrangements; our ability to obtain new clients in targeted market segments and/or to predict which client segments will be future growth drivers; the impact of our investments in specified business lines, products, sites and geographies; and Charles River's future performance as otherwise delineated in our forward-looking guidance.

Forward-looking statements are based on Charles River's current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to: the COVID-19 pandemic, its duration, its impact on our business, results of operations, financial condition, liquidity, business practices, operations, suppliers, third party service providers, clients, employees, industry, ability to meet future performance obligations, ability to efficiently implement advisable safety precautions, and internal controls over financial reporting; the COVID-19 pandemic's impact on client demand, the global economy and financial markets; the ability to successfully integrate businesses we acquire (including Cognate BioServices and risks and uncertainties associated with Cognate BioServices products and services, which are in areas that the Company did not previously operate); the timing and magnitude of our share repurchases; negative trends in research and development spending, negative trends in the level of outsourced services, or other cost reduction actions by our clients; the ability to convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; the impact of Brexit; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 17, 2021, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this presentation except as required by law.

Regulation G

This presentation includes discussion of non-GAAP financial measures. We believe that the inclusion of these non-GAAP financial measures provides useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often one-time charges, consistent with the manner in which management measures and forecasts the Company's performance. The non-GAAP financial measures included in this presentation are not meant to be considered superior to or a substitute for results of operations prepared in accordance with GAAP. The company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations. In accordance with Regulation G, you can find the comparable GAAP measures and reconciliations to those GAAP measures on our website at ir.criver.com.

Assessment of COVID-19 Impact in 2020

The Company has provided its assessment for the impact from the COVID-19 pandemic in 2020, including on the Company's revenue. This assessment was determined using methodologies, assumptions, and estimates that vary depending on the specific reporting segment and situation. For the Research Models and Services segment, the assessment was primarily based on comparisons to daily historical research model sales volumes prior to the COVID-19 pandemic and the subsequent reduction in research model order activity associated with our clients' COVID-19 pandemic-related site closures and/or their reduced on-site activity, as well as our discussions with clients, particularly of our research model services and HemaCare businesses, with regard to revenue expectations and operational impacts from the COVID-19 pandemic. For the Discovery and Safety Assessment segment, the assessment was based on multiple factors including, but not limited to, discussions with clients with regard to the cause of delays to discovery projects and safety assessment studies, location-specific actions to ensure employee safety in our facilities, the impact of remote versus in-person activities and services, and supply chain delays and other resource constraints. For the Manufacturing Solutions segment, the assessment was based on multiple factors including, but not limited to, analysis of the sales impact due to the COVID-19 pandemic, assessments of idle instruments and the related revenue streams due to the inability to access clients' sites, as well as discussions with clients with regard to their revenue expectations and operations. The estimated revenue loss related to COVID-19 was also expected to be partially offset by incremental work on clients' COVID-19 programs. Because this assessment involves risks and uncertainties, actual events and results may differ materially from these estimates and assumptions, and Charles River assumes no obligation and expressly disclaims any duty to update them.

Well-Positioned to Meet Client Needs

- Strong 3Q21 results demonstrate effectiveness of our strategy and progress we have made on its execution, as well as sustained strength of industry fundamentals
- Believe that CRL is a stronger company today than it has ever been
- Believe we will achieve our low-double-digit organic revenue growth target over the longer term, as well as in 2022
  - Seeing unprecedented demand across most of our businesses
  - Coupled with the strength of our leading, non-clinical portfolio
- Continuing to invest to:
  - Add people and capacity to accommodate growing client demand and build a scalable operating model
  - Enhance our scientifically distinguished portfolio
  - Strengthen relationships with clients and work with them to devise outsourcing solutions which enable them to increase productivity and speed to market
- Maintained our focus on non-clinical drug research and manufacturing solutions
- Strategically expanding portfolio to provide clients with critical research capabilities they require to discover, develop, and safely manufacture new drugs

Divestitures of RMS Japan and CDMO Sweden

- In October, divested RMS Japan and CDMO Sweden for ~$115M in total, plus potential contingent payments of up to an additional $25M
- Routinely evaluate strategic fit and fundamental performance of our global infrastructure for acquisitions and legacy sites alike
- Have sold or closed operations that did not meet key business criteria or may have been underperforming financially
- Decision to divest these two operations was consistent with this evaluation process
- Intend to redeploy the capital in other growth areas of our business

charles river

3Q21 Revenue

($ in millions)	3Q21	3Q20	YOY Δ
Revenue, reported	$895.9	$743.3	20.5%
(Increase)/decrease due to FX			(1.0)%
Contribution from acquisitions			(5.9)%
Revenue growth, organic			13.6%

- Last year's COVID-19 impact increased 3Q21 organic revenue growth by a modest 170 bps
- From a client perspective, biotechs continued to drive revenue growth, with global biopharma clients also making a solid contribution
- 3Q21 revenue growth rate was affected by $10M FX headwind compared to prior outlook
- Notwithstanding FX, continue to see strong, sustained client demand across most of our businesses, with trends largely consistent with first two quarters of 2021

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

3Q21 Operating Margin

	3Q21	3Q20	YOY Δ
GAAP OM%	17.4%	17.9%	(50) bps
Non-GAAP OM%	21.4%	22.7%	(130) bps

- As anticipated, 3Q21 non-GAAP decline principally driven by comparison to 3Q20, which benefited from COVID-19 cost controls
  - Also reflects impact of Cognate and Vigene acquisitions on Manufacturing segment's operating margin
- Non-GAAP operating margin of 21.0% through first 9 months puts CRL squarely on track to achieve goal of ~21% in 2021, representing ~100-bps increase over 2020
- Also demonstrates our commitment to driving efficiency and achieving longer-term operating margin of 22.5% in 2024

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

3Q21 EPS

	3Q21	3Q20	YOY Δ
GAAP EPS	$2.01	$2.03	(1.0)%
Non-GAAP EPS	$2.70	$2.33	15.9%

- Non-GAAP EPS was favorable to prior outlook due in large part to a lower-than-expected tax rate

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Updating 2021 Guidance

	CURRENT	PRIOR
Revenue growth, reported	19.5%-20.5%	20.5%-22.5%
Contribution from acquisitions	~(4.0%)-(4.5%)	~(5.0%)
Decrease/(Increase) due to FX	(1.5%)-(2.0%)	(~2.5%)
Revenue growth, organic	13.5%-14.5%	13%-15%
GAAP EPS	$7.05-$7.15	$6.55-$6.80
Acquisition-related amortization	$1.90-$1.95	$1.90-$2.00
Acquisition and integration-related adjustments	$0.65-$0.70	$0.70-$0.80
Gain on sale of RMS Japan	($0.40)	--
Other items	$0.70	$0.70-$0.75
Venture capital investment losses/(gains)	$0.26	$0.10
Non-GAAP EPS	$10.20-$10.30	$10.10-$10.35

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Updating 2021 Guidance, cont.

- With sustained strength of demand environment, revised guidance based on three primary factors:
  - Unfavorable movements in FX
  - Lower tax rate
  - Divestitures of RMS Japan and CDMO Sweden
- Reported revenue growth lowered by ~150 bps at midpoint, to 19.5%-20.5%, primarily to reflect current FX rates, as well as impact of divestitures of RMS Japan and CDMO Sweden
- Narrowed organic revenue growth outlook to 13.5%-14.5%
- With ~275 bps of the organic revenue growth increase generated by last year's COVID-19 impact, normalized organic revenue growth expected to be squarely in low-double-digit range in 2021
  - Consistent with targeted growth rate next year
- Narrowed non-GAAP EPS to a range of $10.20-$10.30
  - Represents >25% YOY non-GAAP EPS growth
  - Pleased to have maintained non-GAAP EPS guidance within previous range even after absorbing the impact of the divestitures

charles river

DSA Results – Revenue

($ in millions)	3Q21	3Q20	YOY Δ
Revenue, reported	$531.8	$461.2	15.3%
(Increase)/decrease due to FX			(0.9)%
Contribution from acquisitions			(1.4)%
Revenue growth, organic			13.0%

- Driven by strength in both Safety Assessment, including lab sciences and bioanalytical services, and Discovery Services

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

DSA Results – Revenue, cont.

- Demand for services and price increases are driving low-double-digit DSA organic growth, which is expected to continue into next year
- Biotech clients leveraging our expertise rather than investing in internal capabilities and global biopharma choosing to partner with us because it is more efficient to leverage our flexible infrastructure instead of maintaining or expanding their own
- Believe we have become the principal partner of choice for biotech clients of all sizes
- Demand for our services is high because sustained level of biotech funding is enabling clients to meaningfully invest in early-stage research at an accelerated pace and because they do not have internal capabilities to do the type of work CRL performs
- To meet clients' growing needs, have focused our business on:
  - Unmatched scientific expertise
  - Rapid turnaround times
  - Flexible, creative solutions
  - Ability to accommodate increasing complexity of clients' research programs

DSA Results - Safety Assessment (SA)

- SA business continued to perform very well, with bookings and proposal volume tracking at record levels
- As mentioned this year, clients are choosing to book safety assessment studies further in advance
  - Enhances their ability to start working with us as soon as their molecules are ready
- Early bookings now extend well into 2022, which translates into greater visibility and a stronger book of business for CRL
- Strong demand for services requires us to closely manage current workload by adding staff, capacity, and other necessary resources, while managing the continual shifts in client timelines and study protocols associated with booking work further out
- Because of our client-focused business approach, believe we can balance clients' priorities and our capabilities effectively, making CRL an even more indispensable research partner to clients, both large and small
- Making progress on our goals to continually improve our connectivity with clients, including through digital enhancements
  - Strive to take an additional year out of our clients' drug development timelines

DSA Results – Discovery Services

- Discovery had a strong quarter, driven by our comprehensive portfolio of oncology, CNS, early discovery, and antibody discovery capabilities
- Biotech clients continue to invest in their pipelines instead of infrastructure and utilize CRL's integrated services to move their programs forward
- Global biopharma companies are continuing to increase their reliance on outsourcing strategies for discovery programs, preferring to leverage our cutting-edge and industrialized capabilities and flexible solutions to create a more efficient R&D model
- Pleased to be working with both biotech and global biopharma clients, partnering with them to discover, develop, and bring critical therapies to patients who need them
- To support robust demand from these clients, will continue to strengthen our portfolio by expanding scale, science, and innovative technologies through a combination of internal investment, M&A, and strategic partnerships
- By doing so, are enabling clients to remain with one scientific partner from target identification through IND filing and beyond
- Solidifying our position as the leading, non-clinical CRO

DSA Results – Operating Margin

	3Q21	3Q20	YOY Δ
DSA GAAP OM%	21.9%	19.6%	230 bps
DSA Non-GAAP OM%	24.3%	25.2%	(90) bps

- Non-GAAP operating margin YOY decline was primarily due to:
  - FX, which reduced margin by ~70 bps
  - Discovery milestone payment, which contributed 50 bps to 3Q20 operating margin
- GAAP operating margin YOY decline was primarily due to lower acquisition-related adjustments associated with contingent consideration

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

RMS Results – Revenue

($ in millions)	3Q21	3Q20	YOY Δ
Revenue, reported	$171.3	$151.9	12.7%
(Increase)/decrease due to FX			(1.4)%
Contribution from acquisitions			(0.6)%
Revenue growth, organic			10.7%

- ~200 bps of growth attributable to the comparison to last year's COVID-related revenue impact
- Performance largely reflects trends experienced all year:
  - Robust demand for research models, particularly in China
  - Broad-based growth across research model services
  - Offset by continued headwinds for the cell supply business

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

RMS Results – Research Models

- Research models continued to experience strong, double-digit growth in China, as well as solid performance in North America
  - Believe demand correlates with increased level of non-clinical research activity being conducted by biopharma and academic clients
- Believe global focus on scientific innovation is sustainable and will continue to drive client demand; however, biopharma market in Japan has not participated in this trend
- As a result, chose to divest RMS operation in Japan with an opportunistic sale to The Jackson Laboratory (JAX)
- Established a licensing agreement under which JAX will produce and distribute our models in Japan

RMS Results – RM Services

- RM Services performed very well
- GEMS benefited from strong outsourcing demand as clients seek greater flexibility and efficiency gained when CRL manages their proprietary colonies
- Greater complexity of scientific research and proprietary models clients are creating further reinforce value proposition for the GEMS business
- Client need for greater flexibility and efficiency is also driving demand for Insourcing Solutions (IS), particularly for CRADL initiative, which provides both small and large biopharma clients with turnkey research capacity at CRL sites
- Last month, announced expansion of CRADL footprint in Boston/Cambridge biohub, and will continue to expand in other regions, including South San Francisco (SSF)
  - Provide flexible capacity solutions for clients globally
- Utilizing CRADL also provides clients with collaborative opportunities to seamlessly access other CRL services, further enhancing the speed and efficiency of their research programs

RMS Results – Cell Supply

- Cell supply business (HemaCare and Cellero) continues to be affected by limitations on donor availability
  - Not fully recovered from last year's COVID-related restrictions
- Implemented several improvement initiatives, including expansion of donor capacity across multiple sites, productivity initiatives, and enhancing digital engagement with donors
- Anticipate that revenue will improve in coming quarters because robust demand in cell therapy market sector remains firmly intact

RMS Results – Operating Margin

	3Q21	3Q20	YOY Δ
RMS GAAP OM%	22.8%	24.4%	(160) bps
RMS Non-GAAP OM%	26.1%	27.7%	(160) bps

- Margin decrease due primarily to cell supply business
- Like many CRL businesses, cell supply is leveraged to sales volume
- Expect profitability will meaningfully improve once donor availability and growth rate rebound

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Manufacturing Results – Revenue

($ in millions)	3Q21	3Q20	YOY Δ
Revenue, reported	$192.9	$130.2	48.1%
(Increase)/decrease due to FX			(1.1)%
Contribution from acquisitions			(27.9)%
Revenue growth, organic			19.1%

- Revenue increase driven by continued, strong double-digit growth in both Biologics Testing Solutions (Biologics Testing) and Microbial Solutions
- ~350 bps of growth was attributable to last year's COVID-related revenue impact

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Manufacturing Results – Microbial Solutions

- Microbial Solutions' 3Q21 growth rate remained well above the 10% level, reflecting strong demand across our portfolio of critical quality-control testing solutions
- Pleased with strength of underlying demand for endotoxin testing systems and cartridges, which perform FDA-mandated, lot release testing on injectable drugs and medical devices
- Advantages of our comprehensive portfolio continue to resonate with our clients
- Believe our ability to provide a total microbial testing solution will enable Microbial Solutions to deliver at least low-double-digit organic revenue growth in 2021 and beyond

Mfg. Results – Biologics Testing Solutions

- Biologics Testing Solutions reported another exceptional quarter of strong, double-digit revenue growth
- Robust demand for cell and gene therapy testing services continued to be primary growth driver
- COVID-19 vaccines and traditional biologics were also meaningful contributors
- Believe cell and gene therapies will continue to be significant growth drivers over the longer term and support our 20% growth target for Biologics Testing business
- Strength of demand for these services necessitates that we continue to build our extensive portfolio of manufacturing services to ensure available capacity to accommodate client demand

Cell and Gene Therapy (C&GT) CDMO Business

- 3Q21 was the first full quarter that Cognate and Vigene were part of CRL
- As anticipated when we acquired Cognate, a large COVID-related project was completed in 2Q21
  - Actively adding new projects in its place
- Continue to make great progress on integrations, and believe C&GT business will be highly complementary to Biologics Testing and our portfolio as a whole
- Also believe we now have a comprehensive C&GT portfolio which spans each of the major CDMO platforms: gene-modified cell therapy, viral vector, and plasmid DNA production
- Goal is to enable clients to conduct analytical testing, process development, and manufacturing for these advanced drug modalities with the same scientific partner
  - Allowing them to achieve their goal of driving greater efficiency and accelerating speed to market

Divestiture of CDMO Sweden

- As mentioned, decision to divest CDMO site in Sweden was based on several factors:
  - Capabilities, including plasmid DNA, already duplicated at our CDMO sites in the UK and US
  - Determined it would be advantageous to invest in and expand capacity at our other CDMO “hubs” that are more centrally located and proximate to clients
  - Sweden was our smallest and least profitable CDMO site
- Divestiture does not reflect any changes in client demand or the C&GT CDMO sector
- Firmly believe growth profile for C&GT business remains at or above 25% level over the longer term

Manufacturing – Operating Margin

	3Q21	3Q20	YOY Δ
Manufacturing GAAP OM%	25.2%	37.1%	(1190) bps
Manufacturing Non-GAAP OM%	32.7%	39.1%	(640) bps

- Primary driver of operating margin decline was inclusion of Cognate and Vigene for the full quarter
  - CDMO business is profitable, but margins are below the overall Manufacturing segment
- Continue to expect the full-year segment non-GAAP operating margin will be slightly below the mid-30% range, reflecting addition of CDMO business
- Beyond 2021, expect headwind to gradually dissipate as we drive efficiency, and significant growth we anticipate generates greater economies of scale and optimizes throughput at our CDMO sites

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Robust Business Environment & Biotech Funding

- Operating in a robust business environment with excellent growth potential
- Biotech funding in 2021 continuing to track at or above robust, pre-COVID levels
- Sustained funding environment, both from capital markets and the biopharma industry, and biotech industry’s cash reserves are enabling accelerated pace of scientific innovation
- Clients, both large and small, view CRL as their partner of choice from concept, to non-clinical development, to safe manufacture of their life-saving therapeutics

Execution of Strategy is Vital to Success

- To continue to successfully execute our strategy to maintain and enhance CRL's position as the leading, non-clinical CRO and accommodate our clients' growing needs, it is essential that we continue to:
  - Make investments in scientific capabilities through M&A, technology partnerships, and internal development
  - Enhance digital enterprise to provide real-time access to critical data for both internal and client use
  - Expand capacity and staff
- Demand for our services in the current market environment has outpaced our expectations
- To accommodate growth, have been hiring ahead of our initial plan in 2021
  - Have hired 4,000 talented people in 2021, both to support growth and offset attrition, and plan to hire an additional 1,000 people in 4Q21
- Believe we attract qualified employees because our mission and critical work we do to help our clients develop life-saving therapies distinguishes CRL from other companies

Execution of Strategy is Vital to Success, cont.

- For a business like CRL, staffing is a consistent challenge, which we have placed a disproportionate focus
- Believe we are effectively managing staffing levels, including increased costs
- Will continue to be thoughtful with respect to compensation heading into 2022, as we strive to maintain or reduce turnover and remain competitive in the marketplace
- Compensation will be a headwind, but one that will help us to support the robust client demand and achieve our low-double-digit organic revenue growth targets that we expect in 2022
- By focusing intently on strategy, have become a trusted partner for pharma and biotech companies, academic institutions, and government and non-governmental organizations worldwide
- Demonstrated the value we can provide to clients; believe that is why they have trusted CRL to work on >80% of drugs approved by the FDA over the last three years
- Believe our steady focus on our strategy to continue to enhance our portfolio will enable us to continue to achieve our longer-term financial targets and deliver greater value to shareholders

3Q21 Results

($ in millions)	3Q21	3Q20	YOY Δ	Organic Δ
Revenue	$895.9	$743.3	20.5%	13.6%
GAAP OM%	17.4%	17.9%	(50) bps	
Non-GAAP OM%	21.4%	22.7%	(130) bps	
GAAP EPS	$2.01	$2.03	(1.0)%	
Non-GAAP EPS	$2.70	$2.33	15.9%	

- Pleased with our strong 3Q21 results
- 3Q21 non-GAAP operating margin of 21.4% was lower than the prior year as anticipated
  - Represented a 60-bps sequential increase
  - Inline with our full-year target of ~21%

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

3Q21 Results, cont.

- In addition to the COVID cost controls last year and the C&GT CDMO acquisitions this year, 3Q21 operating margin lower than last year's robust, 22.7% level because of:
  - FX headwind
  - Last year's Discovery milestone payment in 3Q20
- Although cost inflation and supply chain pressures have made headlines recently:
  - Believe we are effectively managing the tighter labor market and our supply chain
  - Higher costs in these areas have been reflected in our guidance

Unallocated Corporate Expenses

($ in millions)	3Q21	2Q21	3Q20
GAAP	$48.4	$66.3	$42.9
Non-GAAP	$45.0	$51.2	$40.7

- Lower non-GAAP unallocated corporate costs contributed to 3Q21 operating margin, at 5.0% of revenue, compared to 5.5% of revenue last year
- Corporate costs are non-linear, fluctuating from quarter to quarter due to several factors:
  - Health and fringe-related costs
  - Performance-based compensation
- Despite 3Q21 favorability, we continue to expect unallocated corporate costs in the mid-5% range as a percent of revenue for FY 2021

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Tax Rate

	3Q21	2Q21	3Q20
GAAP	14.7%	29.5%	24.1%
Non-GAAP	17.0%	20.4%	21.9%

- 3Q21 non-GAAP tax rate was 17.0%, representing a 490-bps decrease from 3Q20
- Lower tax rate was due primarily to:
  - Discrete tax benefits associated with R&D tax credits
  - A favorable excess tax benefit related to stock-based compensation associated with the higher stock price
- These benefits will reduce FY 2021 non-GAAP tax rate to a range of 18.0%-19.0% from our prior outlook of 19.5%-20.5%

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Net Interest Expense

($ in millions)	3Q21	2Q21	3Q20
GAAP interest expense, net	$16.3	$16.0	$18.7
Non-GAAP interest expense, net	$16.3	$15.9	$18.7
Adjustments for foreign exchange forward contract and related interest expense(1)	$4.4	$4.9	$ —
Adjusted net interest expense	$20.7	$20.8	$18.7

- Non-GAAP increase of $2.0M YOY, reflecting higher debt balances to fund the Cognate and Vigene acquisitions
- Essentially flat sequentially
- At end of 3Q21, total outstanding debt was $2.9B, representing gross leverage ratio of 2.7x and net leverage ratio of 2.6x
- For FY 2021, expect total adjusted net interest expense to be slightly lower than prior outlook, in a range of $80-$82M, reflecting debt repayment and continued low variable interest rates

(1) 3Q21 amounts reported in total adjusted interest expense include a $5.0M gain on forward contracts partially offset by ~$0.1M of additional interest expense.

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Cash Flow

($ in millions)	3Q21	3Q20	2021 Outlook
Free cash flow (FCF)	$119.2	$151.1	~$500
Capex	$55.5	$26.2	~$220
Depreciation	$35.8	$31.4	~$145
Amortization (1)	$32.9	$28.2	~$125

- Lower 3Q21 FCF primarily due to higher capex, as a result of:
  - Continued investments in capacity additions and other growth projects to meet client demand
  - 3Q20 capex was still constrained by COVID-related project delays
- For FY 2021, FCF and capex guidance remain unchanged at ~$500M and ~$220M, respectively; Capex >6% of total revenue in 2021
- Beyond 2021, we now believe capex will be ~9% of total revenue next year as we continue to add capacity to support growth, particularly in our legacy businesses incl. SA
  - Continue to see a robust demand environment across our portfolio

(1) Amortization of intangible assets only. Excludes amortization of inventory fair value adjustments included in cost of products sold or costs of services provided.

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

Updating 2021 Guidance

	Current	Prior
Revenue growth, reported	19.5% - 20.5%	20.5% - 22.5%
Revenue growth, organic	13.5% - 14.5%	13% - 15%
GAAP EPS	$7.05 - $7.15	$6.55 - $6.80
Non-GAAP EPS	$10.20 - $10.30	$10.10 - $10.35

- Updating FY 2021 revenue growth outlook, reflecting the impact of the divestitures and foreign exchange

Updating 2021 Guidance (cont.)

- FX now expected to be less of a benefit than previously anticipated due to strengthening of U.S. dollar over the last three months, compared to British pound and Euro
  - Now expect 150- to 200-bps benefit for FY 2021, compared to prior outlook of ~250 bps
  - Strength of the dollar resulted in a headwind that reduced 3Q21 reported revenue by ~$10M, compared to prior outlook
- Narrowed non-GAAP EPS guidance for FY 2021 to a range of $10.20-$10.30
  - Primarily due to lower tax rate outlook, partially offset by the divestitures
- Divestitures expected to reduce revenue by nearly $20M and non-GAAP EPS by less than $0.10 in 4Q21, which is reflected in FY 2021 guidance

2021 Segment Revenue Outlook

	2021 Reported Revenue Growth	2021 Organic Revenue Growth
RMS	High teens	High teens
DSA	Mid teens	Low-double digits
Manufacturing	Low-40% range	High teens
Consolidated CRL	19.5%-20.5%	13.5%-14.5%

- Updated outlook continues to reflect sustained and healthy business environment
  - Organic revenue growth outlook narrowed within previous range
  - Maintained segment growth expectations
  - On a reported basis, moderated segment outlook reflects updated FX rates and divestitures
- Operating margin segment outlook remains effectively unchanged from prior outlook

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

2021 Updated Guidance Summary

	GAAP	Non-GAAP
Revenue growth	19.5%-20.5% reported	13.5-14.5% organic(1)
Operating margin	Above 2020 level	Approximately 21%
Unallocated corporate	~6% as a % of revenue	Mid-5% range as a % of revenue
Net interest expense (total)	\$83M-\$85M	\$80M-\$82M
Tax rate	18%-19%	18%-19%
EPS	\$7.05-\$7.15	\$10.20-\$10.30
Cash flow	Operating cash flow ~\$720M	Free cash flow ~\$500M
Capital expenditures	~\$220M	~\$220M

(1) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, and foreign currency translation.

See ir.criver.com for reconciliations of GAAP to Non-GAAP results.

charles river

4Q21 Outlook

	4Q21 Outlook
Reported revenue growth YOY	Low-double-digit growth
Organic revenue growth YOY	High-single-digit growth
Non-GAAP EPS growth YOY	Flat to low-single-digit increase vs. 4Q20

- With one quarter remaining, 4Q21 outlook is effectively embedded in guidance for FY 2021
- YOY comparison in 4Q21 affected by RMS Japan divestiture
- 4Q21 non-GAAP tax rate expected to return to low-20% range
- Tax rate and divestitures will meaningfully constrain non-GAAP EPS growth rate vs. 4Q20
- For FY 2021, continue to expect organic revenue growth will be squarely in the low-double-digit range when normalized for last year's COVID-19 impact
  - Also consistent with the growth that we foresee next year

charles river

Concluding Remarks

- Next year will add a 53rd week at the end of 4Q22, periodically required to true up our fiscal year to a December 31st calendar year end
- 53rd week historically characterized as a partial week of revenue, since it occurs during the holidays, but a full week of costs
- Intend to finish 4Q21 on a strong note and achieve our updated financial guidance for FY 2021
- Expected 2021 performance demonstrates progress we are making, as well as the investments that are necessary to achieve 2024 financial targets provided at Investor Day in May:
  - Low-double-digit organic revenue growth
  - Operating margin of ~22.5% in 2024
  - Non-GAAP EPS growth at a faster rate than revenue

3Q21 Regulation G Financial Reconciliations

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]
(in thousands, except percentages)

	Three Months Ended		Nine Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Research Models and Services				
Revenue	$ 171,258	$ 151,910	$ 524,862	$ 414,455
Operating income	39,111	37,108	126,626	68,325
Operating income as a % of revenue	22.8 %	24.4 %	24.1 %	16.5 %
Add back:				
Amortization related to acquisitions	5,344	4,010	16,029	15,581
Severance	-	27	7	527
Acquisition related adjustments [2]	241	922	1,217	1,499
Site consolidation costs, impairments and other items	-	(59)	-	200
Total non-GAAP adjustments to operating income	$ 5,585	$ 4,900	$ 17,253	$ 17,807
Operating income, excluding non-GAAP adjustments	$ 44,696	$ 42,008	$ 143,879	$ 86,132
Non-GAAP operating income as a % of revenue	26.1 %	27.7 %	27.4 %	20.8 %
Depreciation and amortization	$ 9,927	$ 9,455	$ 29,450	$ 27,333
Capital expenditures	$ 18,026	$ 3,552	$ 29,521	$ 15,585
Discovery and Safety Assessment				
Revenue	$ 531,823	$ 461,177	$ 1,573,095	$ 1,342,424
Operating income	116,548	90,348	312,011	234,872
Operating income as a % of revenue	21.9 %	19.6 %	19.8 %	17.5 %
Add back:				
Amortization related to acquisitions	20,983	22,191	64,807	68,326
Severance	(180)	423	1,160	3,987
Acquisition related adjustments [2]	(9,316)	461	(3,642)	2,845
Site consolidation costs, impairments and other items	961	2,938	1,254	5,872
Total non-GAAP adjustments to operating income	$ 12,448	$ 26,013	$ 63,579	$ 81,030
Operating income, excluding non-GAAP adjustments	$ 128,996	$ 116,361	$ 375,590	$ 315,902
Non-GAAP operating income as a % of revenue	24.3 %	25.2 %	23.9 %	23.5 %
Depreciation and amortization	$ 44,072	$ 42,707	$ 132,268	$ 125,138
Capital expenditures	$ 23,270	$ 15,532	$ 60,783	$ 46,436
Manufacturing Solutions				
Revenue	$ 192,856	$ 130,213	$ 537,153	$ 376,064
Operating income	48,563	48,246	154,717	132,288
Operating income as a % of revenue	25.2 %	37.1 %	28.8 %	35.2 %
Add back:				
Amortization related to acquisitions	7,888	2,150	17,914	6,614
Severance	1,515	333	2,344	1,985
Acquisition related adjustments [2]	4,116	-	4,844	(421)
Site consolidation costs, impairments and other items [3]	1,074	169	1,114	169
Total non-GAAP adjustments to operating income	$ 14,593	$ 2,652	$ 26,216	$ 8,347
Operating income, excluding non-GAAP adjustments	$ 63,156	$ 50,898	$ 180,933	$ 140,635
Non-GAAP operating income as a % of revenue	32.7 %	39.1 %	33.7 %	37.4 %
Depreciation and amortization	$ 13,953	$ 6,655	$ 34,474	$ 19,257
Capital expenditures	$ 13,296	$ 5,787	$ 34,008	$ 13,985

CONTINUED ON NEXT SLIDE

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]
(in thousands, except percentages)

CONTINUED FROM PREVIOUS SLIDE

	Three Months Ended		Nine Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Unallocated Corporate Overhead	$ (48,420)	$ (42,949)	$ (176,299)	$ (131,683)
Add back:				
Severance	-	36	(151)	36
Acquisition related adjustments [2]	3,387	2,124	29,011	9,976
Other items [3]	-	89	-	(661)
Total non-GAAP adjustments to operating expense	$ 3,387	$ 2,249	$ 28,860	$ 9,351
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (45,033)	$ (40,700)	$ (147,439)	$ (122,332)
Total				
Revenue	$ 895,937	$ 743,300	$ 2,635,110	$ 2,132,943
Operating income	155,802	132,753	417,055	303,802
Operating income as a % of revenue	17.4 %	17.9 %	15.8 %	14.2 %
Add back:				
Amortization related to acquisitions	34,215	28,351	98,750	90,521
Severance	1,335	819	3,360	6,535
Acquisition related adjustments [2]	(1,572)	3,507	31,430	13,899
Site consolidation costs, impairments and other items [3]	2,035	3,137	2,368	5,580
Total non-GAAP adjustments to operating income	$ 36,013	$ 35,814	$ 135,908	$ 116,535
Operating income, excluding non-GAAP adjustments	$ 191,815	$ 168,567	$ 552,963	$ 420,337
Non-GAAP operating income as a % of revenue	21.4 %	22.7 %	21.0 %	19.7 %
Depreciation and amortization	$ 68,686	$ 59,580	$ 198,299	$ 174,048
Capital expenditures	$ 55,536	$ 26,185	$ 129,997	$ 78,706

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company’s performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

(3) Other items include certain costs in our Microbial Solutions business related to environmental litigation incurred during the three and nine months ended September 25, 2021, which impacted Manufacturing Solutions; and third-party costs, net of insurance reimbursements, incurred during the three and nine months ended September 26, 2020 associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019, which impacted Unallocated Corporate Overhead.

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)(1)
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Net income attributable to common shareholders	$ 103,426	$ 102,909	$ 253,404	$ 221,113
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	36,013	35,814	135,908	116,535
Write-off of deferred financing costs and fees related to debt financing	-	-	26,089	-
Venture capital and strategic equity investment losses (gains), net	10,367	(20,350)	17,277	(32,226)
Other (2)	-	-	(2,942)	-
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure (3)	1,461	804	3,781	2,990
Enacted tax law changes	-	-	10,036	-
Tax effect of the remaining non-GAAP adjustments	(12,139)	(1,216)	(41,468)	(19,040)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 139,128	$ 117,961	$ 402,085	$ 289,372
Weighted average shares outstanding - Basic	50,425	49,703	50,234	49,482
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	1,133	999	1,126	889
Weighted average shares outstanding - Diluted	51,558	50,702	51,360	50,371
Earnings per share attributable to common shareholders:				
Basic	$ 2.05	$ 2.07	$ 5.04	$ 4.47
Diluted	$ 2.01	$ 2.03	$ 4.93	$ 4.39
Basic, excluding non-GAAP adjustments	$ 2.76	$ 2.37	$ 8.00	$ 5.85
Diluted, excluding non-GAAP adjustments	$ 2.70	$ 2.33	$ 7.83	$ 5.74

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) Includes adjustments related to the gain on an immaterial divestiture and the finalization of the annuity purchase related to the termination of the Company's U.S. pension plan.

(3) This adjustment relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP REVENUE GROWTH
TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) [1]

Three Months Ended September 25, 2021	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	20.5 %	12.7 %	15.3 %	48.1 %
Decrease (increase) due to foreign exchange	(1.0)%	(1.4)%	(0.9)%	(1.1)%
Contribution from acquisitions [2]	(5.9)%	(0.6)%	(1.4)%	(27.9)%
Non-GAAP revenue growth, organic [3]	**13.6 %**	**10.7 %**	**13.0 %**	**19.1 %**

Nine Months Ended September 25, 2021	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	23.5 %	26.6 %	17.2 %	42.8 %
Decrease (increase) due to foreign exchange	(2.6)%	(3.5)%	(2.1)%	(3.5)%
Contribution from acquisitions [2]	(4.2)%	(1.5)%	(0.9)%	(18.9)%
Non-GAAP revenue growth, organic [3]	**16.7 %**	**21.6 %**	**14.2 %**	**20.4 %**

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) The contribution from acquisitions reflects only completed acquisitions.

(3) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions and foreign exchange.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 25, 2021E

2021 GUIDANCE	CURRENT	PRIOR
Revenue growth, reported	19.5% – 20.5%	20.5% – 22.5%
Less: Contribution from acquisitions/ divestitures, net (1)	(4.0%) – (4.5%)	~(5.0%)
Unfavorable/(favorable) impact of foreign exchange	(1.5%) – (2.0%)	~(2.5%)
Revenue growth, organic (2)	13.5% – 14.5%	13% – 15%
GAAP EPS estimate	$7.05 – $7.15	$6.55 – $6.80
Acquisition-related amortization	$1.90 – $1.95	$1.90 – $2.00
Acquisition and integration-related adjustments (3)	$0.65 – $0.70	$0.70 – $0.80
Gain on the sale of RMS Japan	~($0.40)	--
Other items (4)	~$0.70	$0.70 – $0.75
Venture capital and other strategic investment losses/(gains), net (5)	$0.26	$0.10
Non-GAAP EPS estimate	$10.20 – $10.30	$10.10 – $10.35
Free cash flow (6)	~$500 million	~$500 million

Footnotes to Guidance Table:

(1) The contribution from acquisitions/divestitures (net) reflects only those transactions that have been completed.

(2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, and foreign currency translation.

(3) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, and certain third-party integration costs, as well as adjustments related to contingent consideration and certain costs associated with acquisition-related efficiency initiatives.

(4) These items primarily relate to charges of a) approximately $0.30 associated with U.S. and international tax legislation, and b) approximately $0.40 associated with debt extinguishment costs and the write-off of deferred financing costs related to debt refinancing.

(5) Venture capital and other strategic investment performance only includes recognized gains or losses. The Company does not forecast the future performance of these investments.

(6) Reconciliation of the current 2021 free cash flow guidance is as follows: Cash flow from operating activities of approximately $720 million, less capital expenditures of approximately $220 million, equates to free cash flow of approximately $500 million.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

	Three Months Ended June 26, 2021
Unallocated Corporate Overhead	$ (66,261)
Add back:	
Acquisition related adjustments [2]	15,064
Other items	—
Total non-GAAP adjustments to operating expense	$ 15,064
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (51,197)

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED) [1]

(in thousands)

	Three Months Ended			Nine Months Ended	
	September 25, 2021	**June 26, 2021**	**September 26, 2020**	**September 25, 2021**	**September 26, 2020**
Income before income taxes & noncontrolling interests	$ 123,270	$ 127,496	$ 135,276	$ 317,068	$ 274,687
Add back:					
Amortization related to acquisitions	34,215	34,334	28,351	98,750	90,521
Severance	1,335	1,463	819	3,360	6,535
Acquisition related adjustments [2]	(1,572)	16,674	3,507	31,430	13,899
Site consolidation costs, impairments and other items [3]	2,035	146	3,137	2,368	5,580
Write-off of deferred financing costs and fees related to debt financing	-	110	-	26,089	-
Venture capital and strategic equity investment losses (gains), net	10,367	(9,809)	(20,350)	17,277	(32,226)
Other [4]	-	(572)	-	(2,942)	-
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 169,650	$ 169,842	$ 150,740	$ 493,400	$ 358,996
Provision for income taxes (GAAP)	$ 18,111	$ 37,580	$ 32,665	$ 58,058	$ 53,571
Non-cash tax benefit related to international financing structure [5]	(1,461)	(1,285)	(804)	(3,781)	(2,990)
Enacted tax law changes	-	(10,036)	-	(10,036)	-
Tax effect of the remaining non-GAAP adjustments	12,139	8,316	1,216	41,468	19,040
Provision for income taxes (Non-GAAP)	$ 28,789	$ 34,575	$ 33,077	$ 85,709	$ 69,621
Total rate (GAAP)	14.7 %	29.5 %	24.1 %	18.3 %	19.5 %
Total rate, excluding specified charges (Non-GAAP)	17.0 %	20.4 %	21.9 %	17.4 %	19.4 %

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

(3) Other items include certain costs in our Microbial Solutions business related to environmental litigation incurred during the three and nine months ended September 25, 2021, which impacted Manufacturing Solutions; and third-party costs, net of insurance reimbursements, incurred during the three and nine months ended September 26, 2020 associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019, which impacted Unallocated Corporate Overhead.

(4) Includes adjustments related to the gain on an immaterial divestiture and the finalization of the annuity purchase related to the termination of the Company's U.S. pension plan.

(5) This adjustment relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE[1]
(in thousands)

	Three Months Ended			Fiscal Year Ended
	September 25, 2021	June 26, 2021	September 26, 2020	December 25, 2021E
GAAP Interest expense, net	$ 16,318	$ 16,019	$ 18,688	$83,000-$85,000
Exclude:				
Write-off of deferred financing costs and fees related to debt financing	-	(110)	-	(26,000)
Non-GAAP Interest expense, net	16,318	15,909	18,688	57,000-59,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	4,417	4,907	-	23,000
Adjusted Interest expense, net	$ 20,735	$ 20,816	$ 18,688	$80,000-$82,000

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) Amounts reported in total adjusted interest expense include a $5.0 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended September 25, 2021; and a $5.4 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended June 26, 2021.

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA (1)
(dollars in thousands, except for per share data)

	September 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
DEBT (2):										
Total Debt & Finance Leases	$ 2,894,950	$ 1,979,784	$ 1,888,211	$ 1,668,014	$ 1,145,104	$ 1,235,009	$ 863,031	$ 777,863	$ 663,789	$ 666,520
Plus: Other adjustments per credit agreement	$ 61,329	$ 2,328	$ 712	$ 3,033	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Less: Unrestricted Cash and Cash Equivalents up to $150M	$ (150,000)									
Total Indebtedness per credit agreement	$ 2,806,279	$ 1,982,112	$ 1,888,924	$ 1,671,047	$ 1,145,402	$ 1,238,630	$ 864,401	$ 780,691	$ 673,576	$ 676,200
Less: Cash and cash equivalents (net of $150M above)	(71,151)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 2,735,129	$ 1,753,688	$ 1,650,910	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	September 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
ADJUSTED EBITDA (2):										
Net income attributable to common shareholders	$ 396,595	$ 364,304	$ 252,019	$ 226,373	$ 123,355	$ 154,765	$ 149,313	$ 126,698	$ 102,828	$ 97,295
Adjustments:										
Adjust: Non-cash gains/losses of VC partnerships & strategic investments	50,195									
Less: Aggregate non-cash amount of nonrecurring gains	(10,837)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	104,028	76,825	79,586	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	86,295	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	259,175	234,924	198,095	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	11,796	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	67,644	56,341	57,271	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	46,154	18,750	34,827	19,181	6,687	22,653	13,451	6,285	1,752	3,676
Plus: Pro forma EBITDA adjustments for permitted acquisitions	23,899	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,034,943	$ 848,408	$ 684,259	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	September 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
LEVERAGE RATIO:										
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.71x	2.34x	2.76x	2.83x	2.2x	2.7x	2.4x	2.4x	2.4x	2.5x
Net leverage ratio (net debt divided by adjusted EBITDA)	2.6x	2.1x	2.4x	2.5x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

	September 25, 2021	December 26, 2020
INTEREST COVERAGE RATIO:		
Capital Expenditures	228,764	166,560
Cash Interest Expense	104,096	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	7.74x	8.84x

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) Pursuant to the definition in its credit agreement dated April 21. 2021, the Company has defined its pro forma leverage ratio as total debt divided by adjusted EBITDA for the trailing-twelve-month period. The Company has defined interest coverage ratio as adjusted EBITDA for the trailing-twelve-month period less the aggregate amount of capital expenditures for the trailing-twelve-period; divided by the consolidated interest expense for the period of four consecutive fiscal quarters.

Total Debt represents third-party debt and financial lease obliglations minus up to $150M of unrestricted cash and cash equivalents. Adjusted EBITDA represents net income, prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), adjusted for interest, taxes, depreciation and amortization, and certain items that management believes are not reflective of the operational performance of the business. These adjustments include, but are not limited to, non-cash gains/loss on venture capital portfolios and strategic partnerships, acquisition-related expenses including transaction and advisory costs; asset impairments; changes in fair value of contingent consideration obligations; employee stock compensation; historical EBITDA of companies acquired during the period; and other items identified by the company.

Total Debt and EBITDA have not been restated for periods prior to Q1-2021.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) (1)
(in thousands)

	Three Months Ended		Nine Months Ended		Fiscal Year Ended
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020	December 25, 2021E
Net cash provided by operating activities	$ 174,722	$ 177,300	$ 531,541	$ 408,196	~$720,000
Less: Capital expenditures	(55,536)	(26,185)	(129,997)	(78,706)	(~220,000)
Free cash flow	$ 119,186	$ 151,115	$ 401,544	$ 329,490	~$500,000

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

CRL

LISTED

NYSE