1Q 2022 Results

May 4, 2022

Charles River Laboratories

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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.

Solid Financial Results

($ in millions)	1Q22	1Q21	YOY Δ	Organic Δ
Revenue	$913.9	$824.6	10.8%	9.4%
GAAP OM%	16.3%	15.0%	130 bps	
Non-GAAP OM%	21.4%	20.7%	70 bps	
GAAP EPS	$1.81	$1.20	50.8%	
Non-GAAP EPS	$2.75	$2.53	8.7%	

- Solid 1Q22 results precisely in line with our expectations
  - Organic revenue growth slightly below 10%
  - Non-GAAP operating margin improved by 70 bps
  - Non-GAAP EPS growth in the high-single digits
- Revenue growth rate expected to increase from 1Q22 level, positioning us well to achieve our robust outlook for 2022

Strength of Biopharma Market Environment

- Continue to benefit from strong, sustained business trends, particularly in Safety Assessment (SA)
  - SA is CRL's largest business, representing ~half of total revenue
  - Booking work well into 2023
  - >$1B of DSA backlog already booked for next year
  - Continue to get price and anticipate continued share gains
- CRL's scale, scientific expertise, and geographic reach continues to resonate with clients
- Added significant number of staff in 2H21 and continued hiring in 1Q22
- Poised to meet escalating client demand due to these trends and growing backlog
  - Expected to result in DSA organic revenue growth approaching 20% in 2H22

Biopharma Client Base Remains Well Funded

- Client base is well funded, both large and small clients
- Clients are continuing to spend at the rate that we anticipated and move their non-clinical development programs forward
  - Based on daily conversations with our clients and key performance indicators
- Given early-stage focus, CRL would be a “canary in the coal mine” should biotech funding become a concern
- Not surprising, as we believe biotech clients are resilient and continue to have an average of ~3 years of cash on hand
  - Based on both our internal assessment of clients and industry sources

Balanced Sources of Biotech Funding

- Biotech industry is more critical to biomedical innovation than ever
- Clients are generally unaffected by recent headlines related to public biotech financing
- Beyond the public markets, we believe that broader, balanced sources of funding will enable biotechs to continue to access capital from private sector
- Venture capital firms continue to raise new, larger funds and invest heavily in start-ups, providing a sustained source of funding for the biotech industry
- We believe pharma M&A and partnering investments are also utilized to help ensure that promising molecules for unmet medical needs are funded and move forward
- CRL biotech client dynamics: Roughly one quarter of our clients can be defined as pre-commercial biopharma companies
  - Segmented further, there is a subset of public biotech clients with <2 years of cash on hand
    - These clients make up only ~10% of current DSA backlog

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Managing Well in Today's Business Environment

- Taken action in recent years to add staff, capacity, scientific capabilities, and secure resources to accommodate client demand and provide them with exceptional service
- Efforts have intensified recently in order to support robust growth that we are experiencing and continue to forecast
- Confident that we are taking the necessary steps to effectively manage the business in today's market environment and deliver on our commitments to clients
- Believe our ability to support clients with flexible, efficient outsourcing solutions, tailored to their needs, and available when they need them, continues to distinguish us from the competition

1Q22 Revenue

($ in millions)	1Q22	1Q21	YOY Δ
Revenue, reported	$913.9	$824.6	10.8%
(Increase)/decrease due to FX			1.7%
Contribution from acquisitions			(4.7)%
Impact of divestitures			1.6%
Revenue growth, organic			9.4%

- Solid performance from all three business segments was in line with the outlook provided in February
- Biotech clients were the primary driver of growth in 1Q22

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

1Q22 Operating Margin

	1Q22	1Q21	YOY Δ
GAAP OM%	16.3%	15.0%	130 bps
Non-GAAP OM%	21.4%	20.7%	70 bps

- Non-GAAP improvement driven by RMS segment, as well as lower unallocated corporate costs

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

1Q22 EPS

	1Q22	1Q21	YOY Δ
GAAP EPS	$1.81	$1.20	50.8%
Non-GAAP EPS	$2.75	$2.53	8.7%

- Strong, mid-teens non-GAAP operating income growth was partially offset by higher tax rate and interest expense compared to 1Q21

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

Updated 2022 Guidance

	REVISED	PRIOR
Revenue growth, reported	13.5%-15.5%	13.0%-15.0%
Contribution from acquisitions/divestitures, net	~(1.0)%	---
Impact of 53rd week in 2022	~(1.5)%	~(1.5)%
(Increase)/Decrease due to FX	~1.5%	~1.0%
Revenue growth, organic	12.5%-14.5%	12.5%-14.5%
GAAP EPS	\$8.70-\$8.95	\$9.20-\$9.45
Acquisition-related amortization	\$2.15-\$2.25	\$1.90-\$2.10
Acquisition and integration-related adjustments	~\$0.25	~\$0.10
VC and other strategic investment losses/(gains)	~\$0.20	---
Other items	~\$0.15	~\$0.10
Non-GAAP EPS	\$11.50-\$11.75	\$11.50-\$11.75

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

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Updating 2022 Guidance, cont.

- Based on 1Q22 performance and expectation that robust business trends will continue throughout the year, maintaining organic revenue growth and non-GAAP EPS guidance
- Guidance incorporates two unfavorable changes to below-the-line items since the beginning of the year:
  - Expectation for a slightly higher tax rate due to impact of lower stock price on stock-based compensation
  - Higher interest expense as a result of the Federal Reserve’s recent monetary policy changes

DSA Results – Revenue

($ in millions)	1Q22	1Q21	YOY Δ
Revenue, reported	$544.3	$501.2	8.6%
(Increase)/decrease due to FX			1.6%
Contribution from acquisitions			(0.7)%
Revenue growth, organic			9.5%

- As expected, DSA organic revenue growth rate improved by nearly 300 bps from the 4Q21 level, driven by Safety Assessment (SA)
- Expect DSA revenue growth rate will improve to low-double-digits in 2Q22 and approach 20% in 2H22, as quarterly gating for the year continues to track to our initial plan

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

DSA Results – Safety Assessment (SA)

- SA business continued to benefit from strong business trends, as higher pricing and increased demand drove growth
- Pleased with sequential improvement in SA growth rate and expect continued growth acceleration during the year
- Supported by robust booking and proposal activity
  - DSA backlog $2.8B at end of 1Q22 (>75% YOY increase and >15% increase since YE21)
  - SA proposal $ volume increased 35% YOY
- Exceptionally high proportion of SA revenue booked into backlog already for this year
  - We do have sufficient capacity to start certain studies during the year
- Trends reinforce DSA organic revenue growth expectation for this year and affords us visibility into the strongest, future demand that we have ever seen

DSA Results - Safety Assessment (SA), cont.

- Capacity is well utilized—both in terms of infrastructure and people—and we are continuing to add necessary staff and space to accommodate robust demand trends
- Hired a significant number of safety assessment staff in 2H21 and hiring continued in 1Q22
- With this staff now in place, we expect recent hires will help us meet our accelerating DSA growth outlook over the course of the year
- Benefit from higher pricing continue to work through the backlog
- Very confident in the anticipated DSA growth acceleration and our ability to achieve mid-teens DSA organic revenue growth outlook for the year
  - Expect DSA organic growth rate will approach 20% in 2H22

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SA Client Reserving Space in Advance

- Clients are accepting longer lead times required to start some of their studies
  - Necessitating that they book project further in advance to ensure they do not delay their drug development
- Many clients exploring new, creative relationships to secure space with us
- A large biopharma client recently entered into multi-year, take-or-pay agreement with us to reserve safety assessment capacity
  - We anticipate that other clients will follow suit
- Believe these developments indicate sustained strength of demand and our market position as a leading contract research organization

DSA Results – Discovery Services

- Revenue growth rate increased in 1Q22, but at a rate below its recent low-double-digit trend
  - Largely the result of a difficult comparison to strong 1Q21, which included milestone payments and some COVID-related work
- Integrated discovery portfolio continues to resonate with clients
- Imperative that we enable them to have access to cutting-edge scientific capabilities and expertise in major therapeutic areas, as well as biologics, so that CRL can be the scientific partner clients work with to advance research programs to IND filing and beyond
- Our technology partnership strategy has been a successful means to do this, since it has enabled us to continue to add new capabilities across many of our businesses with limited risk
- Believe our clients' willingness to outsource more of their discovery programs will be predicated on our ability to continue to add innovative capabilities to meet their critical research needs

DSA Results – Operating Margin

	1Q22	1Q21	YOY Δ
DSA GAAP OM%	19.3%	18.1%	120 bps
DSA Non-GAAP OM%	22.9%	23.8%	(90) bps

- Non-GAAP operating margin YOY decline was primarily due to higher staffing costs
- View this largely as a timing issue, given the significant number of new hires and wage environment over the past 6-12 months
- For FY 2022, continue to expect DSA segment will be primary driver of modest operating margin improvement for CRL, as leverage from accelerated DSA growth rate offsets higher compensation costs

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

RMS Results – Revenue

($ in millions)	1Q22	1Q21	YOY Δ
Revenue, reported	$176.5	$176.9	(0.2)%
(Increase)/decrease due to FX			1.2%
Impact of divestitures			7.7%
Revenue growth, organic			8.7%

- Organic growth rate was in line with high-single-digit outlook for the year

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

RMS Results – Research Models

- Organic revenue growth driven by broad-based demand and meaningful price increases in the research models business
  - Particularly in North America which performed very well
- China also continued to perform well, but growth rate was impacted by comparison to the exceptionally strong start to last year
- Experienced a very small RMS revenue impact related to China's COVID-related restrictions this year and are closely monitoring the situation
  - At this time, do not expect it will become a meaningful headwind

RMS Results – RM Services & CRADL™/Explora

- RM Service was a significant contributor to segment growth, led by Insourcing Solutions (IS)
- CRADL™ initiative (part of IS business) has further accelerated the growth potential for the RMS segment, as both small and large biopharma clients increasingly seek to rent turnkey research capacity in key biohubs
- To build on CRADL™ strategy and capitalize on significant growth opportunity, CRL acquired Explora BioLabs last month
- San Diego-based Explora has similar focus as CRADL™, currently operating >15 preclinical vivarium facilities with greater presence on the West Coast
- Demand for turnkey laboratory capacity makes this an attractive transaction on its own

RMS Results – CRADL™/Explora, cont.

- Greater value proposition is that clients utilizing CRADL™ or Explora will be able to easily access additional services across our comprehensive discovery and non-clinical development portfolio
  - Providing CRL a new and unique pathway to connect with clients at earlier stages
- With expansions currently underway in the US and internationally, combined CRADL™ and Explora operation expected to include at least 25 vivarium facilities by end of 2022
  - Providing >300K sq. ft. of turnkey rental capacity in key biohubs
- Explora will effectively double revenue and footprint of our CRADL™ operation
- Will drive strong, double-digit revenue growth that will solidify RMS segment's position as a sustained growth engine for CRL

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RMS Results – Operating Margin

	1Q22	1Q21	YOY Δ
RMS GAAP OM%	27.1%	25.4%	170 bps
RMS Non-GAAP OM%	29.9%	28.7%	120 bps

- Margin increase due primarily to leverage from robust sales of research models
- RMS operating margin expansion will be limited for remainder of 2022 due to Explora BioLabs acquisition
  - Explora has healthy margins for a service business, but below RMS segment
  - Creates a headwind to the segment margin this year
- Expect Explora to leverage investments in new sites this year and be better positioned to enhance its operating efficiency thereafter

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

Manufacturing Results – Revenue

($ in millions)	1Q22	1Q21	YOY Δ
Revenue, reported	$193.1	$146.5	31.8%
(Increase)/decrease due to FX			2.7%
Contribution from acquisitions			(24.4)%
Revenue growth, organic			10.1%

- Biologics Testing Solutions (Biologics Testing) was primary driver of revenue growth
  - Continued, robust double-digit growth
- Microbial Solutions' growth rate was below the 10% level in 1Q22, resulting in the Manufacturing segment growth rate being below mid-teens target
  - Timing related and will not affect outlook for the year
  - Continue to expect FY 2022 Microbial revenue growth in the 10% range

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

Mfg. Results – Biologics Testing Solutions

- Demand for Biologics Testing Solutions services associated with cell and gene therapies and other complex biologics continues to be robust
  - Confident these will continue to be significant growth drivers
  - Even as COVID-related vaccine testing settles into steady-state run rate
- Significant opportunity for Biologics Testing, which provides services that support safe manufacture of biologics, including process development and quality control
- Believe client interest in consolidated Biologics Solutions offering, which provides both biologics testing and CDMO services, will only increase, as synergies to produce complex biologics and conduct required analytical testing with one scientific partner are more broadly adopted by clients
- Utilizing CRL’s Biologics Solutions offering will be a strategic advantage for clients who are looking to reduce bottlenecks and increase efficiency of drug development and commercialization efforts

Mfg. Results – Cell and Gene Therapy CDMO

- CDMO had a good 1Q22 and continued to make excellent progress on integration efforts
- Gene-modified cell therapy production business has gained traction and generated strong growth in 1Q22
  - Continues to be one of the leaders in this emerging space
- Benefited from commercial readiness milestones, which are relatively common in CDMO sector, and demonstrate clients are continuing to advance programs into later stages of development
  - Trust CRL to take critical next steps with them
- Continue to position gene therapy product offering–plasmid DNA and viral vectors–to be opportunistic in a marketplace greatly in need of more supply

Manufacturing – Operating Margin

	1Q22	1Q21	YOY Δ
Manufacturing GAAP OM%	24.0%	33.8%	(980) bps
Manufacturing Non-GAAP OM%	33.1%	35.5%	(240) bps

- Inclusion of Cognate and Vigene businesses were the primary driver of operating margin decline in 1Q22
  - CDMO margins are below the overall Manufacturing segment
  - Expected to improve through enhanced efficiency and leveraging significant growth potential for this business

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

Conclusion

- We are operating in a robust business environment that gives us excellent growth potential
- Believe we have the best visibility that we have ever had with an average of 12 to 18 months of backlog in our largest business, Safety Assessment
- Have the capacity and the people in place to deliver on accelerating demand throughout the year
- Benefiting from escalating pricing
- Opportune that the market dynamics remain robust at a time when we believe that we have built the premier, non-clinical contract research and manufacturing organization

CFO Transition Plan Update

- Flavia Pease joined CRL on April 25th as Executive VP and will become the next CFO
- Replacing current EVP & CFO David Smith, who announced plans to retire last January
- Thanks to David for his dedicated service to CRL and a remarkable career
  - Instrumental in CRL's growth and success since he joined through the Argenta & BioFocus acquisition in 2014
  - Subsequently promoted to CFO in 2015
- During his tenure as CFO, CRL revenue has increased at a 17% CAGR and free cash flow at a 14% CAGR
- David played a critical role in these accomplishments by providing strategic financial counsel and direction to our global organization
- David will remain with CRL through year end and transition to a role as Senior Financial Advisor shortly after 1Q22 earnings / 10-Q filing

CFO Transition Plan Update, cont.

- Flavia Pease will assume the role of CFO when David transitions to new role
- Flavia is a highly regarded financial leader with >20 years of financial leadership experience at Johnson & Johnson
- Her deep biopharmaceutical industry knowledge and experience managing the Finance organizations of large, growing businesses will greatly benefit CRL

1Q22 Results

($ in millions)	1Q22	1Q21	YOY Δ	Organic Δ
Revenue	$913.9	$824.6	10.8%	9.4%
GAAP OM%	16.3%	15.0%	130 bps	
Non-GAAP OM%	21.4%	20.7%	70 bps	
GAAP EPS	$1.81	$1.20	50.8%	
Non-GAAP EPS	$2.75	$2.53	8.7%	

- Pleased with 1Q22 performance, which included revenue and non-GAAP EPS growth in line with February outlook
- Organic revenue growth of 9.4% and non-GAAP operating margin expansion of 70 bps were partially offset by a higher-than-expected tax rate, resulting in an EPS increase of 8.7% to $2.75

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

Updated 2022 Guidance

	2022 Guidance
Revenue growth, reported	13.5% - 15.5%
Revenue growth, organic	12.5% - 14.5%
GAAP EPS	$8.70 - $8.95
Non-GAAP EPS	$11.50 - $11.75

- Reaffirmed organic revenue growth and non-GAAP EPS guidance for 2022
- Non-GAAP EPS guidance has effectively absorbed higher-than-expected tax rate and interest expense compared to initial outlook
- Reported revenue growth guidance for 2022 increased to reflect addition of Explora BioLabs
  - Also includes a larger, 1.5% FX headwind due to strengthening of U.S. dollar
- Remain well positioned to modestly expand 2022 non-GAAP operating margin

Tax Rate

	1Q22	4Q21	1Q21
GAAP	14.1%	14.6%	3.6%
Non-GAAP	16.8%	23.3%	14.5%

- Expect slightly higher tax rate in 2022 because of lower stock price during 1Q22 resulted in lower excess tax benefit associated with stock-based compensation
  - 1Q22 non-GAAP tax rate of 16.8% increased 230 bps YOY and above prior mid-teens outlook
- Tax rate outlook remains within initial low-20% range for 2022 (GAAP and Non-GAAP)
  - Moved slightly higher within this range due to stock price movement since February

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

Net Interest Expense

($ in millions)	1Q22	4Q21	1Q21
GAAP interest expense, net	$9.3	$11.2	$29.7
Non-GAAP interest expense, net	$9.3	$11.2	$3.7
Adjustments for foreign exchange forward contract and related interest expense(1)	$11.1	$9.2	$13.4
Adjusted net interest expense	$20.4	$20.4	$17.1

- Expect adjusted net interest expense of $98-$102M in 2022, ~$15M higher than prior outlook
- Primary drivers of the increase nearly evenly split between:
  - Higher interest rate assumptions associated with the Federal Reserve's outlook provided in March
  - Higher debt balances due to the Explora acquisition in April
    - Transaction expected to be neutral to non-GAAP EPS this year
- GAAP net interest expense expected to be $87-$91M in 2022

(1) 1Q22 amounts reported in total adjusted interest expense include $11.8M gain on forward contract and $0.1M of additional interest expense.

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

Capital Priorities

- At the end of 1Q22, total outstanding debt was $2.7B, equating to a gross leverage ratio of 2.5x and a net leverage ratio of 2.4x
- As planned, the Explora acquisition was financed through our revolving credit facility
  - Leverage remains below 3x pro forma for the transaction
- Will continue to evaluate our M&A opportunities for the remainder of 2022, and absent any additional acquisitions, our capital priorities will be focused on debt repayment

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

2022 Segment Revenue Outlook

	2022 Reported Revenue Growth	2022 Organic Revenue Growth(1)
RMS	High-single digits	High-single digits
DSA	Mid-teens	Mid-teens
Manufacturing	Mid- to high-teens	Mid-teens
Consolidated CRL	13.5%-15.5%	12.5%-14.5%

- 2022 segment organic revenue growth outlook remains unchanged
  - DSA: Driven by strong contributions from both Discovery and SA businesses
  - Manufacturing: Microbial Solutions growth rate improves from 1Q22 level and Cognate/Vigene included in organic growth rate
- RMS reported revenue growth outlook increased to high-single-digit range to include the Explora revenue contribution
- DSA and Manufacturing reported revenue growth outlooks reflect greater FX headwind

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

(1) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week in 2022, and foreign currency translation.

Unallocated Corporate Expenses

($ in millions)	1Q22	4Q21	1Q21
GAAP	$50.5	$54.0	$61.6
Non-GAAP	$45.3	$52.4	$51.2

- Lower non-GAAP unallocated corporate costs totaling 5.0% of total revenue contributed to 1Q22 operating margin improvement
- Compared to 6.2% of revenue last year, the decrease was driven by several factors, including:
  - Favorable fringe-related costs
  - Quarterly fluctuations in the gating of corporate costs
- Despite the 1Q22 favorability, we continue to expect unallocated corporate expenses to be in the mid-5% range as a percent of revenue for 2022

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

Cash Flow

($ in millions)	1Q22	1Q21	2022 Outlook
Free cash flow (FCF)	$22.2	$142.2	~$450
Capital expenditures	$80.5	$28.0	~$360
Depreciation	$37.3	$32.7	$160-$165
Amortization	$38.0	$28.8	$150-$155

- YOY decrease of $120M in 1Q22 FCF vs. the prior year primarily due to:
  - Planned increase in capex projects to support future growth
  - Higher performance-based bonus payments related to strong 2021 results
- FCF and capex guidance for 2022 remain unchanged
  - Capex is expected to total ~9% of total revenue in 2022

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

2022 Updated Guidance Summary

	GAAP	Non-GAAP
Revenue growth	13.5%-15.5% reported	12.5%-14.5% organic(1)
Operating margin	Improvement from 16.7% in 2021	Modest improvement from 21.0% in 2021
Unallocated corporate	Mid-5% range as a % of revenue	Mid-5% range as a % of revenue
Net interest expense	$87M-$91M	$98M-$102M
Tax rate	Low-20% range	Low-20% range
EPS	$8.70-$8.95	$11.50-$11.75
Cash flow	Operating cash flow ~$810M	Free cash flow ~$450M
Capital expenditures	~$360M	~$360M

(1) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week in 2022, and foreign currency translation.

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

2Q22 Outlook

	2Q22 Outlook
Reported revenue growth YOY	Low-double-digit growth vs. 2Q21
Organic revenue growth YOY	Low-double-digit growth vs. 2Q21
Non-GAAP EPS growth YOY	Mid- to high-single-digit growth vs. 2Q21

- 2Q22 outlook reflects a continuation of strong business trends and for the revenue growth rate to continue to accelerate
- DSA and RMS organic growth rates expected to improve from 1Q22 level
- Manufacturing organic growth rate will be slightly lower than 1Q22 level
  - Primarily due to strong comparison to segment organic revenue growth of 27% in 2Q21

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Concluding Remarks

- Pleased with 1Q22 financial performance and confident about our growth prospects for remainder of the year
- Given the strong DSA business development activity, order book firmly supports FY 2022 financial guidance
  - Including DSA organic growth approaching 20% in 2H22
- David Smith officially retiring after year end, but will move into a new Senior Financial Advisor role shortly to ensure a smooth transition to Flavia Pease
  - Welcome Flavia to the CRL team
  - It truly has been a privilege to serve as Charles River's CFO and thank all of my colleagues for their support and collaboration
  - Believe that I am leaving the company well positioned for continued success because of:
    - Sustained, robust demand environment
    - Industry-leading portfolio
    - Highly experienced leadership team
  - Would like to thank Charles River's shareholders and analysts for the collaborative relationships we have forged and for the support

1Q22 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	
	March 26, 2022	March 27, 2021
Research Models and Services		
Revenue	$ 176,542	$ 176,910
Operating income	47,882	44,935
Operating income as a % of revenue	27.1 %	25.4 %
Add back:		
Amortization related to acquisitions	3,838	5,339
Severance	674	7
Acquisition related adjustments (2)	383	456
Total non-GAAP adjustments to operating income	$ 4,895	$ 5,802
Operating income, excluding non-GAAP adjustments	$ 52,777	$ 50,737
Non-GAAP operating income as a % of revenue	29.9 %	28.7 %
Depreciation and amortization	$ 9,469	$ 9,679
Capital expenditures	$ 8,646	$ 2,983
Discovery and Safety Assessment		
Revenue	$ 544,259	$ 501,178
Operating income	104,986	90,949
Operating income as a % of revenue	19.3 %	18.1 %
Add back:		
Amortization related to acquisitions	22,365	22,648
Severance	74	412
Acquisition related adjustments (2)	(2,923)	5,270
Site consolidation costs, impairments and other items	69	147
Total non-GAAP adjustments to operating income	$ 19,585	$ 28,477
Operating income, excluding non-GAAP adjustments	$ 124,571	$ 119,426
Non-GAAP operating income as a % of revenue	22.9 %	23.8 %
Depreciation and amortization	$ 46,789	$ 44,608
Capital expenditures	$ 48,930	$ 17,040
Manufacturing Solutions		
Revenue	$ 193,128	$ 146,478
Operating income	46,368	49,437
Operating income as a % of revenue	24.0 %	33.8 %
Add back:		
Amortization related to acquisitions	11,898	2,214
Severance	107	294
Acquisition related adjustments (2)	4,142	42
Site consolidation costs, impairments and other items (3)	1,421	40
Total non-GAAP adjustments to operating income	$ 17,568	$ 2,590
Operating income, excluding non-GAAP adjustments	$ 63,936	$ 52,027
Non-GAAP operating income as a % of revenue	33.1 %	35.5 %
Depreciation and amortization	$ 18,482	$ 6,569
Capital expenditures	$ 22,828	$ 7,110

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)

	Three Months Ended	
	March 26, 2022	March 27, 2021
CONTINUED FROM PREVIOUS SLIDE		
Unallocated Corporate Overhead	$ (50,458)	$ (61,618)
Add back:		
Severance	1,087	(151)
Acquisition related adjustments [2]	4,116	10,560
Total non-GAAP adjustments to operating expense	$ 5,203	$ 10,409
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (45,255)	$ (51,209)
Total		
Revenue	$ 913,929	$ 824,566
Operating income	148,778	123,703
Operating income as a % of revenue	16.3 %	15.0 %
Add back:		
Amortization related to acquisitions	38,101	30,201
Severance	1,942	562
Acquisition related adjustments [2]	5,718	16,328
Site consolidation costs, impairments and other items [3]	1,490	187
Total non-GAAP adjustments to operating income	$ 47,251	$ 47,278
Operating income, excluding non-GAAP adjustments	$ 196,029	$ 170,981
Non-GAAP operating income as a % of revenue	21.4 %	20.7 %
Depreciation and amortization	$ 75,299	$ 61,508
Capital expenditures	$ 80,464	$ 28,030

(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 months ended March 26, 2022, which impacted Manufacturing Solutions.

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

	Three Months Ended	
	March 26, 2022	March 27, 2021
Net income attributable to common shareholders	$ 93,022	$ 61,530
Add back:		
Non-GAAP adjustments to operating income (Refer to previous schedule)	47,251	47,278
Write-off of deferred financing costs and fees related to debt financing	-	25,979
Venture capital and strategic equity investment losses, net	13,903	16,719
Other [2]	357	(2,370)
Tax effect of non-GAAP adjustments:		
Non-cash tax provision related to international financing structure [3]	1,122	1,035
Tax effect of the remaining non-GAAP adjustments	(14,520)	(21,013)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 141,135	$ 129,158
Weighted average shares outstanding - Basic	50,640	49,980
Effect of dilutive securities:		
Stock options, restricted stock units and performance share units	685	1,095
Weighted average shares outstanding - Diluted	51,325	51,075
Earnings per share attributable to common shareholders:		
Basic	$ 1.84	$ 1.23
Diluted	$ 1.81	$ 1.20
Basic, excluding non-GAAP adjustments	$ 2.79	$ 2.58
Diluted, excluding non-GAAP adjustments	$ 2.75	$ 2.53

(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 in the three months ended March 26, 2022 related to the sale of RMS Japan operations in October 2021 and a gain on an immaterial divestiture which occured in the three months ended March 27, 2021.

(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

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

Three Months Ended March 26, 2022	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	10.8 %	(0.2)%	8.6 %	31.8 %
Decrease (increase) due to foreign exchange	1.7 %	1.2 %	1.6 %	2.7 %
Contribution from acquisitions [2]	(4.7)%	- %	(0.7)%	(24.4)%
Impact of divestitures [3]	1.6 %	7.7 %	- %	- %
Non-GAAP revenue growth, organic [4]	**9.4 %**	**8.7 %**	**9.5 %**	**10.1 %**

(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) The Company sold its RMS Japan operations on October 12, 2021. This adjustment represents the revenue from this business for the applicable period in 2021.

(4) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures 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 31, 2022E

2022 GUIDANCE	CURRENT	PRIOR
Revenue growth, reported	13.5% – 15.5%	13.0% – 15.0%
Less: Contribution from acquisitions/divestitures, net (1)	~(1.0%)	—
Less: Impact of 53rd week in 2022	~(1.5)%	~(1.5%)
Unfavorable/(favorable) impact of foreign exchange	~1.5%	~1.0%
Revenue growth, organic (2)	12.5% – 14.5%	12.5% – 14.5%
GAAP EPS	$8.70 – $8.95	$9.20 – $9.45
Acquisition-related amortization (3)	$2.15 – $2.25	$1.90 – $2.10
Acquisition and integration-related adjustments (4)	~$0.25	~$0.10
Venture capital and other strategic investment losses/(gains), net (5)	$0.20	—
Other items (6)	~$0.15	~$0.10
Non-GAAP EPS	$11.50 – $11.75	$11.50 – $11.75
Cash flow from operating activities	~$810 million	~$810 million
Capital expenditures	~$360 million	~$360 million
Free cash flow	~$450 million	~$450 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, the 53rd week in 2022, and foreign currency translation.

(3) Acquisition-related amortization includes an estimate of $0.05-$0.15 for the impact of the Explora BioLabs acquisition because the preliminary purchase price allocation has not been completed.

(4) 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.

(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) These items primarily relate to charges associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure; environmental litigation costs related to the Microbial Solutions business; and severance and other costs related to the Company's efficiency initiatives.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED) (1)
(in thousands)

	Three Months Ended		
	March 26, 2022	December 25, 2021	March 27, 2021
Income before income taxes & noncontrolling interests	$ 110,846	$ 163,642	$ 66,302
Add back:			
Amortization related to acquisitions	38,101	29,398	30,201
Severance	1,942	1,358	562
Acquisition related adjustments (2)	5,718	(15,563)	16,328
Site consolidation costs, impairments and other items (3)	1,490	1,100	187
Write-off of deferred financing costs and fees related to debt financing	-	-	25,979
Venture capital and strategic equity investment losses, net	13,903	13,142	16,719
Gain due to sale of RMS Japan operations	-	(22,656)	-
Other (4)	357	-	(2,370)
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 172,357	$ 170,421	$ 153,908
Provision for income taxes (GAAP)	$ 15,620	$ 23,815	$ 2,367
Non-cash tax benefit related to international financing structure (5)	(1,122)	(1,028)	(1,035)
Tax effect of the remaining non-GAAP adjustments	14,520	16,936	21,013
Provision for income taxes (Non-GAAP)	$ 29,018	$ 39,723	$ 22,345
Total rate (GAAP)	14.1 %	14.6 %	3.6 %
Total rate, excluding specified charges (Non-GAAP)	16.8 %	23.3 %	14.5 %

(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 months ended March 26, 2022 and December 25, 2021, which impacted Manufacturing Solutions.

(4) Includes adjustments in the three months ended March 26, 2022 related to the sale of RMS Japan operations in October 2021 and a gain on an immaterial divestiture which occured in the three months ended March 27, 2021.

(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
	March 26, 2022	December 25, 2021	March 27, 2021	December 31, 2022E
GAAP Interest expense, net	$ 9,307	$ 11,237	$ 29,684	$87,000-$91,000
Exclude:				
Write-off of deferred financing costs and fees related to debt financing	-	-	(25,979)	-
Non-GAAP Interest expense, net	9,307	11,237	3,705	87,000-91,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	11,101	9,150	13,356	11,000
Adjusted Interest expense, net	$ 20,408	$ 20,387	$ 17,061	$98,000-$102,000

(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 an $11.8 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended March 26, 2022; a $9.8 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended December 25, 2021; and a $14.0 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended March 27, 2021.

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)

	March 26, 2022	December 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	$ 2,678,807	$ 2,666,359	$ 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	$ 30,159	$ 37,244	$ 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)	$ (150,000)									
Total Indebtedness per credit agreement	$ 2,558,966	$ 2,553,603	$ 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)	(91,869)	(91,214)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 2,467,097	$ 2,462,389	$ 1,753,688	$ 1,650,910	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	March 26, 2022	December 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	$ 422,474	$ 390,982	$ 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	54,901	66,004									
Less: Aggregate non-cash amount of nonrecurring gains	(45,593)	(42,247)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	84,597	107,224	76,825	79,586	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	95,127	81,873	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	279,331	265,540	234,924	198,095	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	8,573	8,573	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	72,892	71,461	56,341	57,271	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	42,999	51,256	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	1,959	4,008	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,017,260	$ 1,004,675	$ 848,408	$ 684,259	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	March 26, 2022	December 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)	2.52x	2.54x	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)	2.4x	2.5x	2.1x	2.4x	2.5x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

	March 26, 2022	December 25, 2021	December 26, 2020
INTEREST COVERAGE RATIO:			
Capital Expenditures	281,401	232,149	166,560
Cash Interest Expense	84,956	107,389	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	8.66x	7.19x	8.84x

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(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 GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands)

		Three Months Ended December 25, 2021
Unallocated Corporate Overhead	$	(54,021)
Add back:		
Severance		224
Acquisition related adjustments [2]		1,343
Other items [3]		39
Total non-GAAP adjustments to operating expense	$	1,606
Unallocated corporate overhead, excluding non-GAAP adjustments	$	(52,415)

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(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, which impacted Manufacturing Solutions.

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

	Three Months Ended		Fiscal Year Ended
	March 26, 2022	March 27, 2021	December 31, 2022E
Net cash provided by operating activities	$ 102,630	$ 170,229	~$810,000
Less: Capital expenditures	(80,464)	(28,030)	(~360,000)
Free cash flow	$ 22,166	$ 142,199	~$450,000

(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.

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