4Q 2021 Results and 2022 Guidance

February 16, 2022

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, 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 expectations with respect to the impact of external interest rate fluctuations; our annual guidance and longer-term targets; the assumptions that form the basis for our revised annual guidance, including the anticipated impact of higher compensation costs and of the 53rd week in 2022; the estimated diluted shares outstanding; the expected performance of our venture capital and other strategic investments; client demand, particularly the future demand for 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; expectations with respect to pricing of our products and services; 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 Vigene Biosciences and risks and uncertainties associated with Cognate’s and Vigene’s 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;; 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.

Estimates of COVID-19 Impact

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.

Opening Remarks

- CRL is a stronger company today than ever before
- Extremely pleased to report 15% organic revenue growth for 2021
  - Low-double-digit growth when normalizing for COVID-19 impact in 2020
- 2nd consecutive year with 100 bps of operating margin expansion
- Seeing unprecedented demand across most businesses
- Believe that demand, coupled with robust industry fundamentals, will fuel low-teens growth in 2022
- 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 through our flexible, efficient outsourcing solutions

Opening Remarks, cont.

- Further differentiated CRL from the competition by strategically expanding portfolio to provide clients with critical capabilities they require to discover, develop, and safely manufacture new drugs
- Enhanced our scientific capabilities for advanced therapies in areas offering significant growth potential, with six key acquisitions over the past 2 years
- Built an end-to-end, non-clinical portfolio of cell and gene therapy (C&GT) solutions to support clients from early-stage research through CGMP production
  - Expect C&GT portfolio to generate nearly 15% of total revenue in 2022
- Greater complexity of scientific research is encouraging biopharma industry to rely on CRL's high-science capabilities when choosing an outsourcing partner
- Because of our extensive scientific expertise, client-centric approach, and unique, non-clinical portfolio, we worked on more than 85% of the FDA-approved drugs in 2021
  - Including 100% of CNS drugs and >90% of oncology drugs
- Proud that our biopharma clients continue to choose to partner with CRL, as they recognize the value we provide

4Q21 and 2021 Revenue

($ in millions)	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
Revenue, reported	$905.1	$791.0	14.4%	$3,540	$2,924	21.1%
(Increase) Decrease due to FX			0.6%			(1.8)%
Contributions from acquisitions			(5.9)%			(4.6)%
Impact from divestitures			1.4%			0.4%
Revenue growth, organic			10.5%			15.1%

- Organic revenue growth driven primarily by Manufacturing and RMS segments
- COVID impact in 2020 resulted in a modest, 50-bps increase to 4Q21 organic growth rate and 280-bps increase to full-year organic growth rate
- Very pleased to achieve low-double-digit normalized growth on a consolidated basis in FY 2021
  - Each segment achieved its longer-term organic growth rate target

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

4Q21 and 2021 Operating Margin

	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
GAAP OM%	19.1%	16.3%	280 bps	16.7%	14.8%	190 bps
Non-GAAP OM%	20.9%	20.8%	10 bps	21.0%	20.0%	100 bps

- Met our outlook of 21% non-GAAP operating margin, representing second consecutive year of 100 bps of improvement
- Demonstrates operating leverage inherent in our business and continued efforts to drive operating efficiency and build a more scalable infrastructure
- Expect to generate modest operating margin improvement in 2022
  - Rate will moderate from the past 2 years as we continue to make investments needed to support growth, principally related to staffing
  - 53rd week in 2022 also expected to be a ~20bps headwind

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

4Q21 and 2021 EPS

	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
GAAP EPS	$2.67	$2.81	(5.0)%	$7.60	$7.20	5.6%
Non-GAAP EPS	$2.49	$2.39	4.2%	$10.32	$8.13	26.9%

- 4Q21 strong revenue and operating income growth partially offset by a higher tax rate and interest expense
- For FY 2021, exceeded prior non-GAAP EPS guidance range of $10.20-$10.30 and reported a second consecutive year with earnings growth above 20%

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

Reaffirmed 2022 Guidance

	2022 Guidance
Revenue growth, reported	13.0%-15.0%
Contribution from acquisitions/divestitures, net	---
Impact of 53rd week in 2022	~(1.5)%
(Increase)/Decrease due to FX	~1.0%
Revenue growth, organic	12.5%-14.5%
GAAP EPS	\$9.20-\$9.45
Acquisition-related amortization	\$1.90-\$2.10
Acquisition and integration-related adjustments	~\$0.10
Other items	~\$0.10
Non-GAAP EPS	\$11.50-\$11.75

- Outlook demonstrates firm belief that sustained demand environment will continue in 2022

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

Reareaffirmed 2022 Guidance, cont.

- Believe demand trend, combined with higher pricing, will drive organic revenue growth in a range of 12.5%-14.5%
- Expect non-GAAP EPS will be in a range of $11.50-$11.75
  - Expected to grow at a similar rate to revenue, as modest operating margin improvement will be largely offset by less favorable, below-the-line items, including higher tax rate
- Enthusiastic about the year ahead and look forward to:
  - New opportunities to scientifically differentiate CRL in the marketplace
  - Enhance our ability to meet clients' needs
  - Achieve our financial goals

DSA Results – Revenue

($ in millions)	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
Revenue, reported	$534.1	$495.0	7.9%	$2,107.2	$1,837.4	14.7%
(Increase)/decrease due to FX			0.4%			(1.4)%
Contribution from acquisitions			(1.6)%			(1.1)%
Revenue growth, organic			6.7%			12.2%

- Biotech clients remained primary driver of DSA revenue growth in 4Q21
  - Industry remains well funded and ended the year on a strong note
- As anticipated, DSA 4Q21 organic growth rate was below 10%, but also as expected, DSA achieved a low-double-digit growth rate for FY 2021
- As we have said before, growth rates for our businesses are not linear, so quarterly fluctuations should be expected

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

DSA – 2022 Revenue Outlook

- Expect 2022 DSA organic revenue growth rate will be in the mid-teens
- Increase from 2021 growth rate based on our belief that sustained client demand will continue, and higher price increases than in 2021 will help offset higher compensation costs and other inflationary cost pressures
- DSA revenue growth rate expected to accelerate during FY 2022 due in large part to current pricing working through the backlog
- 1Q22 DSA revenue growth rate also expected to improve from the 4Q21 level

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DSA Results – Safety Assessment (SA)

- SA business continued to perform very well, benefiting from strong demand and price increases
- Bookings and proposal volume remain at record levels
  - Total DSA backlog increased 70% (or by $1B) to $2.4B at year-end 2021
- Booking work into 2023, which translates to greater visibility and a strong book of business that supports our growth expectations
- Acceleration of demand during 2021 reflected in the fact that we added nearly twice as many SA staff in 2H21 and we did in 1H21
- Expect recent hires will help accommodate client demand in 2022
- In addition to closely managing workload by continuing to adding staff, taking a similar approach to capacity additions, investing in new space in a disciplined manner to ensure we meet future demand

DSA Results – Discovery Services

- Discovery Services continued to perform well, with strong performances for early discovery and CNS services
- Similar to SA business, accommodating robust client demand for discovery services by closely managing staffing levels and adding cutting-edge capabilities
- Believe this will enable us to continue to achieve annual revenue growth rate in the low-double digits, or better
- Efforts to broaden and strengthen discovery capabilities and enhance scientific expertise are enabling us to expand support for clients' discovery research
- As a result, clients increasingly view CRL as a premier scientific partner who can support their efforts to identify new drug targets and discover novel therapeutics
- Leading to new opportunities for Discovery business, including significant client interest in integrated drug discovery programs, in which clients trust CRL with multiple services, or entire discovery programs, to advance their early-stage therapies

DSA Results – Discovery Services, cont.

- Intend to continue to build discovery portfolio, including through strategic partnerships and acquisitions
- Acquired in 2021, Retrogenix, with its proprietary cell microarray technology and off-target screening services, had very successful first year as part of CRL family
- Combined with Distributed Bio's large molecule discovery platform, clients can now partner with us for integrated, end-to-end solutions for therapeutic antibody and C&GT discovery and development

Successful Partnership Strategy

- Partnership strategy has proven to be successful approach to staying current with cutting-edge technologies and adding innovative capabilities with limited up-front risk
- Recently signed new partnership with Valo Health to deliver a new type of offering that combines Valo's artificial intelligence (AI)-enabled drug discovery and development platform with our own capabilities to expedite the discovery of small molecule therapies for clients
- Valo partnership has potential to accelerate the discovery process, as we utilize Valo's *Opal* closed-loop, *in silico* platform to rapidly identify and optimize compounds using our leading *in vitro* and *in vivo* capabilities
- Also recently announced an expanded partnership for SAMDI-Tech's innovative assay technology to further expedite discovery process around high-throughput screening of lead compounds
- Our innovative discovery toolkit will enable CRL to become a technological disruptor in the industry, and positions us as an indispensable research partner who can enable clients to identify and discover new drugs faster
  - Will ultimately reduce clients' time to market

DSA Results – Operating Margin

	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
DSA GAAP OM%	17.8%	18.4%	(60) bps	19.3%	17.7%	160 bps
DSA Non-GAAP OM%	23.1%	23.2%	(10) bps	23.7%	23.4%	30 bps

- 4Q21 non-GAAP operating margin essentially unchanged despite a 40-bps FX headwind
- FY 2021 non-GAAP operating margin improved despite 80-bps FX headwind
- DSA segment expected to be primary contributor to CRL's operating margin improvement in 2022

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

RMS Results – Revenue

($ in millions)	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
Revenue, reported	$165.6	$156.7	5.7%	$690.4	$571.2	20.9%
(Increase) Decrease due to FX			0.4%			(2.2)%
Contribution from acquisitions			---			(1.1)%
Impact of divestitures			7.2%			1.9%
Revenue growth, organic			13.3%			19.5%

- COVID impact in 2020 increased 4Q21 and FY 2021 organic revenue growth rates by 2.3% and 9.8%, respectively
- Normalized for COVID impact, organic revenue growth in FY 2021 was high-single digits, consistent with RMS organic growth outlook in 2022

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

RMS Outlook

- RMS outlook reflects continuation of strong, global demand for research models and associate services
- Generated by ongoing, robust, early-stage research activity in the biopharma industry, as well as at academic and government institutions
- 2022 outlook includes robust growth for Insourcing Solutions, as we continue to expand our CRADL footprint
- Outlook also assumes improvement in cell supply growth rate throughout 2022, as our efforts to enhance operating performance of HemaCare and Cellero gain traction during the year
- Underlying industry fundamentals for cell therapy sector remain strong

RMS Results – Research Models

- Research models remain foundational, regulatory required tools for early-stage research and toxicology, and vital component of our ability to support clients
- Revenue for research models increased globally during COVID pandemic, due to both higher pricing and improved demand
  - Reflects renewed focus on scientific innovation and the critical role research models play in generating scientific breakthroughs and ensuring safety of life-saving therapies
- Demand in China was exceptionally strong, reflecting:
  - Resurgence of biomedical research activity following China's emergence from COVID-related shutdowns in 2020
  - Shift towards mid-tier biopharma and CRO client base
  - Our expanded product offering
- Expect growth rate in China will moderate in 2022, including in 1Q22 after an exceptionally strong start last year
  - Continuing to expand our geographic footprint to support continued, double-digit revenue growth expected in this region

RMS Results – Services

- Heightened level of research activity also driving demand for RM services, which continued to perform very well in 4Q21 and FY 2021
- We are a natural partner for Genetically Engineered Models and Services (GEMS) and Insourcing Solutions (IS) services, with extensive animal husbandry expertise and ability to provide clients with flexible and efficient solutions
- GEMS benefiting from strong outsourcing demand due to:
  - Complexity of scientific research
  - Proprietary models that clients are creating
- IS benefiting from continued growth of CRADL initiative, which provides both large and small biopharma clients with turnkey research capacity at our sites, and facilitates use of other CRL services as research progresses
- Intend to continue to expand existing CRADL footprint in Boston/Cambridge and South San Francisco biohubs, and also into new regions including southern California and China in 2022, due to significant client interest in this service

RMS Results – Operating Margin

	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
RMS GAAP OM%	24.3%	21.9%	240 bps	24.2%	18.0%	620 bps
RMS Non-GAAP OM%	26.9%	25.1%	180 bps	27.3%	22.0%	530 bps

- 4Q21 non-GAAP operating margin increase driven by operating leverage from higher sales volume in the research models business
- FY 2021 non-GAAP operating margin increase due primarily to depressed margin in 2020 associated with COVID-related client disruptions

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

Manufacturing Results – Revenue

($ in millions)	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
Revenue, reported	$205.3	$139.3	47.4%	$742.5	$515.4	44.1%
(Increase) Decrease due to FX			1.6%			(2.2)%
Contribution from acquisitions			(27.8)%			(21.3)%
Revenue growth, organic			21.2%			20.6%

- 4Q21 organic revenue growth driven by all 3 businesses: Microbial Solutions, Biologics Testing, and Avian Vaccine
- COVID impact in 2020 increased FY 2021 organic revenue growth rate by 210 bps

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

Manufacturing Outlook

- Expect mid-teens organic revenue growth for the Manufacturing segment
- Moderation from exceptional 2021 performance reflects:
  - Return to more normalized growth for Microbial Solutions business, after incremental benefit from COVID-related instrument and cartridge replenishment in 2021
  - For Biologics, reduction of some COVID vaccine testing revenue as that service settles into a steadier state
- Very pleased with mid-teens growth rate forecast for 2022, and expect Manufacturing segment will achieve its 2024 target of approaching 20% growth, once benefit of high-growth CDMO business is fully reflected in the organic growth rate and CDMO scale continues to increase

Manufacturing Results – Microbial Solutions

- Microbial Solutions revenue growth rate in 4Q21 and FY 2021 remained well above 10%, reflecting strong demand across portfolio of critical quality-control testing solutions
- Pleased with strength of 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 clients
- Believe that our ability to provide a total microbial testing solution will enable Microbial Solutions to continue to deliver revenue growth at or above 10%

Manufacturing Results – Biologics

- Biologics reported another exceptional 4Q21 and FY 2021, with strong, double-digit revenue growth
- Robust demand for C&GT services continued to be primary growth driver, with COVID-19 vaccines and traditional biologics also contributing meaningfully
- Expect COVID vaccine lot release testing revenue to moderate in 2022, but believe C&GT will continue to be significant growth drivers over the longer term and support 20% growth target for Biologics this year and beyond

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Manufacturing Results – CDMO

- CDMO business continuing to make great progress on integrations and gaining traction on business development activities to support robust growth outlook in 2022
- Have established an end-to-end, gene-modified cell therapy solution, which we believe is critical to support clients more seamlessly
- Comprehensive C&GT portfolio is resonating with clients; they continue to explore opportunities to streamline their biologics development workflows and drive greater efficiency by outsourcing to CRL
- Strength of demand for CDMO services necessitates continued investment in capacity to ensure available space to serve clients and to build upon extensive portfolio of manufacturing services

Manufacturing – Operating Margin

	4Q21	4Q20	YOY Δ	2021	2020	YOY Δ
Manufacturing GAAP OM%	44.6%	35.3%	930 bps	33.2%	35.2%	(200) bps
Manufacturing Non-GAAP OM%	35.7%	37.3%	(160) bps	34.2%	37.4%	(320) bps

- 4Q21 and FY 2021 non-GAAP operating margin declines primarily reflect inclusion of CDMO acquisitions in 2021 of Cognate and Vigene
- These businesses were profitable, but margins were below the overall Manufacturing segment
- Expect this margin headwind to gradually dissipate as we drive efficiency, and as significant growth potential we anticipate generates greater economies of scale and optimizes throughput at CDMO sites
- 4Q21 GAAP operating margin YOY increase was primarily due to lower acquisition-related adjustments associated with contingent consideration

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

Concluding Remarks

- Will continue to move our growth strategy forward in 2022
- Disciplined M&A and strategic partnerships remain vital components of our strategy, as we endeavor to further enhance the scientific expertise, global reach, and innovative technologies we can offer clients across all three of our business segments
- Also focus efforts internally:
  - Ensuring we have necessary staff and resources to meet needs of clients and support robust growth in our markets
  - Enhancing our real-time, digital connectivity with clients
  - Continuing to integrate our end-to-end, non-clinical offering to create a more seamless solution across all drug modalities
- It is incumbent upon us to be the scientific partner who can help clients move programs forward from concept, to non-clinical development, to safe manufacture of their life-saving therapeutics
- By providing exceptional value to our clients, believe we will continue to deliver greater value to our shareholders

Reaffirmed 2022 Guidance

	2022 Guidance
Revenue growth, reported	13.0% - 15.0%
Revenue growth, organic	12.5% - 14.5%
GAAP EPS	\$9.20 - \$9.45
Non-GAAP EPS	\$11.50 - \$11.75

- Revenue growth supported by the continuation of unprecedented client demand and a healthy funding environment, along with price increases to help offset higher inflationary cost pressures
- Remain well positioned to expand operating margin while continuing to invest in the business
- Non-GAAP EPS outlook represents ~11%-14% growth compared to FY 2021

2022 Segment Revenue Outlook

	2022 Reported Revenue Growth	2022 Organic Revenue Growth(1)
RMS	Low- to mid-single digits (reflects RMS Japan divestiture)	High-single digits
DSA	Mid-to-high teens	Mid-teens
Manufacturing	~20%	Mid-teens
Consolidated CRL	13.0%-15.0%	12.5%-14.5%

- **RMS:** Continued robust, global demand for research models and associated services, as well as improvement in cell supply growth rate; partially offset by a moderation in RMS China growth rate
- **DSA:** Continued strong contributions from Discovery and Safety Assessment businesses; SA growth expected to accelerate during the year, principally as current pricing works through backlog
- **MFG:** Slight moderation in Microbial Solutions and Biologics growth rates, with incremental contribution from high-growth C&GT CDMO business once acquisitions are anniversaried
  - CDMO expected to contribute nearly 150 bps to consolidated CRL organic revenue growth rate in 2H22

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.

Foreign Exchange (FX) Impact

- FX is expected to provide a headwind of ~100 bps to reported revenue growth guidance in 2022
  - Strengthening of the U.S. dollar
- FX rate estimates based on bank forecasts of forward rates for the year
  - Currently very close to spot FX rates
- Based on current rate assumptions, FX will be a moderate headwind to EPS
- Will continue to monitor fluctuations in currency markets through 2022

(% of total revenue)	**2021 Revenue**	**2022E FX Rates**
U.S. Dollar	66%	--
Euro	18%	1.13
British Pound	7%	1.35
Chinese Yuan (renminbi)	3%	0.16
Canadian Dollar	2%	0.79
Other currencies	4%	--

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2022 Operating Margin Outlook

- Pleased with FY 2021 non-GAAP operating margin of 21.0%, the second consecutive year with 100 bps of margin improvement
- Remain well positioned to drive modest margin improvement in FY 2022, although improvement will be less that the prior two years due to:
  - Higher compensation costs due to both hiring and wage increases
  - Impact of the 53rd week, which is expected to reduce operating margin by ~20 bps
- On a segment basis, DSA operating margin expected to be the primary contributor to margin improvement
  - Leverage from higher revenue growth is expected to drive DSA non-GAAP operating margin towards its longer-term target in the mid-20% range

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Unallocated Corporate Expenses

($ in millions)	4Q21	4Q20	2021	2020
GAAP	$54.0	$45.7	$230.3	$177.4
Non-GAAP	$52.4	$41.4	$199.9	$163.7

- Expect unallocated corporate expenses to be in the mid-5% range, at or slightly below the FY 2021 level of 5.6% of revenue (non-GAAP)
  - Expect corporate expenses to be a small contributor to margin expansion in FY 2022
- Scalable infrastructure and investments, including in our digital enterprise, enable us to drive to greater efficiencies and leverage corporate costs

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

Tax Rate

	4Q21	4Q20	2021	2020
GAAP	14.6%	16.4%	17.0%	18.3%
Non-GAAP	23.3%	17.8%	18.9%	18.9%

- FY 2022 tax rate is expected to be in the low-20% range (GAAP and non-GAAP)
- Increase principally due to discrete tax benefits in FY 2021 associated with R&D tax credits and a favorable excess tax benefit related to stock-based compensation, neither of which is expected to recur at the same level
- FY 2022 tax rate guidance assumes no impact from potential U.S. tax reform initiatives at this time
- Non-GAAP tax rate expected to be in the mid-teens for 1Q22
  - Q1 tax rate has been meaningfully lower (than other three quarters) in recent years, due primarily to excess tax benefit related to stock compensation
  - At current stock price, expect this to be true in FY 2022

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

Net Interest Expense

($ in millions)	4Q21	4Q20	2021	2020
GAAP interest expense, net	$11.2	$33.1	$73.3	$85.6
Non-GAAP interest expense, net	$11.2	$33.1	$47.2	$85.6
Adjustments for foreign exchange forward contract and related interest expense(1)	$9.2	($16.1)	$31.8	($11.9)
Adjusted net interest expense	$20.4	$17.0	$79.0	$73.7

- Net interest expense in FY 2022 expected to increase to a range of $83-$87M (GAAP and non-GAAP), driven by outlook of higher variable interest rates, primarily in the U.S., partially offset by repayment of debt
- Assumptions include several rate increases in FY 2022, which is consistent with Federal Reserve guidance
- Interest rate impact will be somewhat muted by >50% of debt is in fixed-rate bonds that will not fluctuate

(1) 4Q21 amounts reported in total adjusted interest expense include a $9.8M gain on a forward contract and $0.1M of additional interest expense.
FY21 amounts reported in total adjusted interest expense include a $34.1M gain on a forward contract and $0.3M of additional interest expense.

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

Capital Priorities

- Total debt balance at end of 4Q21 was $2.7B, equating to gross and net leverage ratios of ~2.5x(1)
- Continuously evaluate our capital priorities and intend to deploy capital to the areas that will generate the greatest returns
  - Strategic acquisitions remain top priority
  - Absent any meaningful M&A, will evaluate other uses of capital, including debt repayment
- Expect diluted share count of slightly more than 52M shares outstanding at exit of FY 2022, which does not assume any stock repurchases at this time

(1) Pursuant to the definition in its credit agreement dated March 26. 2018, the Company has defined its pro forma leverage ratio as total debt divided by adjusted EBITDA for the trailing-twelve-month and pro forma for acquisitions. 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, 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.

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

Cash Flow

($ in millions)	2021	2020	2022 Outlook
Free cash flow (FCF)	$532.0	$380.0	~$450
Capex	$228.8	$166.6	~$360
Depreciation	$140.7	$123.0	~$160-$165
Amortization (1)	$124.9	$111.9	~$145-$150
	4Q21	**4Q20**	
Free cash flow (FCF)	$130.5	$50.5	
Capex	$98.8	$87.8	
Depreciation	$37.0	$32.9	
Amortization (1)	$30.2	$28.0	

(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 Non-GAAP to GAAP results.

Cash Flow, cont.

- FY 2021 FCF of $532M increased 40% from FY 2020 and above prior outlook of ~$500M, due to:
  – Strong operating performance
  – Working capital management
- Expect FY 2022 FCF to be ~$450M, a decrease of $80M from FY 2021
  – Decrease due entirely to an anticipated ~$130M increase in capex
- Capex expected to total ~$360M in FY 2022
  – With robust client demand exceeding expectations in FY 2021 and expected to continue, we believe we will require capex of ~9% of total revenue in FY 2022 to provide additional capacity needed to keep pace with demand
- Legacy businesses are driving most of the YOY capex increase, with Safety Assessment responsible for ~two-thirds of the increase and the remainder in the Manufacturing segment

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

2022 Guidance Summary

	GAAP	Non-GAAP
Revenue growth	13.0%-15.0% 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	\$83M-\$87M	\$83M-\$87M
Tax rate	Low-20% range	Low-20% range
EPS	\$9.20-\$9.45	\$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.

1Q22 Outlook

	1Q22 Outlook
Reported and organic revenue growth YOY	Approaching 10% growth vs. 1Q21
Non-GAAP EPS growth YOY	High-single-digit growth vs. $2.53 in 1Q21

- 1Q22 DSA revenue growth is expected to improve from 4Q21 level, offset by a lower RMS revenue growth rate reflecting the comparison to the exceptionally strong start in China last year
- Confident that the revenue growth rate will accelerate during 2022, reflecting:
  - Strong DSA order book/backlog, which extends into 2023 and includes higher pricing
  - Anticipated improvement in RMS organic revenue growth rate from 1Q22 level
- Non-GAAP EPS expected to increase at high-single-digit rate from 1Q21
  - Assumes mid-teens tax rate
  - YOY increase in interest expense

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Concluding Remarks

- Very pleased with our FY 2021 financial performance and well positioned to have another strong year in FY 2022
- Expected FY 2022 performance reflects ongoing focus on
  - Disciplined investing to support the growth of our businesses
  - Efforts to drive efficiency
  - Speed and responsiveness with which we operate
  - Goal to continually enhance relationships with our clients
- Confident in our ability to achieve our FY 2024 financial targets, including ~150 bps operating margin expansion from FY 2021 level

4Q21/FY21 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		Twelve Months Ended	
	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Research Models and Services				
Revenue	$ 165,575	$ 156,697	$ 690,437	$ 571,152
Operating income	40,188	34,381	166,814	102,706
Operating income as a % of revenue	24.3 %	21.9 %	24.2 %	18.0 %
Add back:				
Amortization related to acquisitions	4,075	3,975	20,104	19,556
Severance	-	118	7	645
Acquisition related adjustments [2]	359	876	1,576	2,375
Site consolidation costs, impairments and other items	-	-	-	200
Total non-GAAP adjustments to operating income	$ 4,434	$ 4,969	$ 21,687	$ 22,776
Operating income, excluding non-GAAP adjustments	$ 44,622	$ 39,350	$ 188,501	$ 125,482
Non-GAAP operating income as a % of revenue	26.9 %	25.1 %	27.3 %	22.0 %
Depreciation and amortization	$ 9,673	$ 9,747	$ 39,123	$ 37,080
Capital expenditures	$ 31,667	$ 13,902	$ 61,188	$ 29,487
Discovery and Safety Assessment				
Revenue	$ 534,136	$ 495,004	$ 2,107,231	$ 1,837,428
Operating income	94,967	91,087	406,978	325,959
Operating income as a % of revenue	17.8 %	18.4 %	19.3 %	17.7 %
Add back:				
Amortization related to acquisitions	19,933	21,978	84,740	90,304
Severance	(144)	130	1,016	4,117
Acquisition related adjustments [2]	8,016	828	4,374	3,673
Site consolidation costs, impairments and other items	844	726	2,098	6,598
Total non-GAAP adjustments to operating income	$ 28,649	$ 23,662	$ 92,228	$ 104,692
Operating income, excluding non-GAAP adjustments	$ 123,616	$ 114,749	$ 499,206	$ 430,651
Non-GAAP operating income as a % of revenue	23.1 %	23.2 %	23.7 %	23.4 %
Depreciation and amortization	$ 44,986	$ 43,784	$ 177,254	$ 168,922
Capital expenditures	$ 40,694	$ 59,217	$ 101,477	$ 105,653
Manufacturing Solutions				
Revenue	$ 205,339	$ 139,289	$ 742,492	$ 515,353
Operating income	91,673	49,206	246,390	181,494
Operating income as a % of revenue	44.6 %	35.3 %	33.2 %	35.2 %
Add back:				
Amortization related to acquisitions	5,390	2,144	23,304	8,758
Severance	1,278	428	3,622	2,413
Acquisition related adjustments [2]	(25,281)	-	(20,437)	(421)
Site consolidation costs, impairments and other items [3]	217	151	1,331	320
Total non-GAAP adjustments to operating income	$ (18,396)	$ 2,723	$ 7,820	$ 11,070
Operating income, excluding non-GAAP adjustments	$ 73,277	$ 51,929	$ 254,210	$ 192,564
Non-GAAP operating income as a % of revenue	35.7 %	37.3 %	34.2 %	37.4 %
Depreciation and amortization	$ 11,721	$ 6,647	$ 46,195	$ 25,904
Capital expenditures	$ 24,869	$ 12,302	$ 58,877	$ 26,287

CONTINUED ON NEXT SLIDE

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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		Twelve Months Ended	
	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Unallocated Corporate Overhead	$ (54,021)	$ (45,747)	$ (230,320)	$ (177,430)
Add back:				
Severance	224	375	73	411
Acquisition related adjustments [(2)]	1,343	4,020	30,354	13,996
Other items [(3)]	39	-	39	(661)
Total non-GAAP adjustments to operating expense	$ 1,606	$ 4,395	$ 30,466	$ 13,746
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (52,415)	$ (41,352)	$ (199,854)	$ (163,684)
Total				
Revenue	$ 905,050	$ 790,990	$ 3,540,160	$ 2,923,933
Operating income	172,807	128,927	589,862	432,729
Operating income as a % of revenue	19.1 %	16.3 %	16.7 %	14.8 %
Add back:				
Amortization related to acquisitions	29,398	28,097	128,148	118,618
Severance	1,358	1,051	4,718	7,586
Acquisition related adjustments [(2)]	(15,563)	5,724	15,867	19,623
Site consolidation costs, impairments and other items [(3)]	1,100	877	3,468	6,457
Total non-GAAP adjustments to operating income	$ 16,293	$ 35,749	$ 152,201	$ 152,284
Operating income, excluding non-GAAP adjustments	$ 189,100	$ 164,676	$ 742,063	$ 585,013
Non-GAAP operating income as a % of revenue	20.9 %	20.8 %	21.0 %	20.0 %
Depreciation and amortization	$ 67,241	$ 60,876	$ 265,540	$ 234,924
Capital expenditures	$ 98,775	$ 87,854	$ 228,772	$ 166,560

(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 twelve months ended December 25, 2021, which impacted Manufacturing Solutions; and third-party costs, net of insurance reimbursements, incurred during the twelve months ended December 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 LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)[1]
(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Net income attributable to common shareholders	$ 137,578	$ 143,191	$ 390,982	$ 364,304
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	16,293	35,749	152,201	152,284
Write-off of deferred financing costs and fees related to debt financing	-	-	26,089	-
Venture capital and strategic equity investment losses (gains), net	13,142	(68,635)	30,419	(100,861)
Gain due to sale of RMS Japan operations	(22,656)	-	(22,656)	-
Loss due to U.S. Pension termination	-	10,283	-	10,283
Other [2]	-	-	(2,942)	-
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure [3]	1,028	1,454	4,809	4,444
Enacted tax law changes	-	-	10,036	-
Tax effect of the remaining non-GAAP adjustments	(16,936)	87	(58,404)	(18,953)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 128,449	$ 122,129	$ 530,534	$ 411,501
Weighted average shares outstanding - Basic	50,471	49,754	50,293	49,550
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	1,084	1,274	1,132	1,061
Weighted average shares outstanding - Diluted	51,555	51,028	51,425	50,611
Earnings per share attributable to common shareholders:				
Basic	$ 2.73	$ 2.88	$ 7.77	$ 7.35
Diluted	$ 2.67	$ 2.81	$ 7.60	$ 7.20
Basic, excluding non-GAAP adjustments	$ 2.55	$ 2.45	$ 10.55	$ 8.30
Diluted, excluding non-GAAP adjustments	$ 2.49	$ 2.39	$ 10.32	$ 8.13

(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.

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

For the three months ended December 25, 2021	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	14.4 %	5.7 %	7.9 %	47.4 %
Decrease (increase) due to foreign exchange	0.6 %	0.4 %	0.4 %	1.6 %
Contribution from acquisitions (2)	(5.9)%	- %	(1.6)%	(27.8)%
Impact of divestitures (3)	1.4 %	7.2 %	- %	- %
Non-GAAP revenue growth, organic (4)	**10.5 %**	**13.3 %**	**6.7 %**	**21.2 %**

For the twelve months ended December 25, 2021	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	21.1 %	20.9 %	14.7 %	44.1 %
Decrease (increase) due to foreign exchange	(1.8)%	(2.2)%	(1.4)%	(2.2)%
Contribution from acquisitions (2)	(4.6)%	(1.1)%	(1.1)%	(21.3)%
Impact of divestitures (3)	0.4 %	1.9 %	- %	- %
Non-GAAP revenue growth, organic (4)	**15.1 %**	**19.5 %**	**12.2 %**	**20.6 %**

(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 both its RMS Japan operations and its gene therapy CDMO site in Sweden on October 12, 2021. This adjustment represents the revenue from these businesses for all applicable periods in 2021 and 2020.

(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	
Revenue growth, reported	13.0% – 15.0%
Contribution from acquisitions/divestitures, net (1)	--
Impact of 53rd week in 2022	~(1.5%)
Unfavorable/(favorable) impact of foreign exchange	~1.0%
Revenue growth, organic (2)	12.5% – 14.5%
GAAP EPS estimate	$9.20 – $9.45
Acquisition-related amortization	$1.90 – $2.10
Acquisition and integration-related adjustments (3)	~$0.10
Other items (4)	~$0.10
Non-GAAP EPS estimate	$11.50 – $11.75
Cash flow from operating activities	~$810 million
Capital expenditures	~$360 million
Free cash flow	~$450 million

Footnotes to Guidance Table:

(1) The contribution from acquisitions/divestitures (net) reflects only those transactions that were completed in 2021. The partial-year revenue impact from acquisitions, principally Cognate BioServices, Retrogenix, and Vigene Biosciences, is expected to be offset by the impact from the divestitures of RMS Japan and CDMO Sweden.

(2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week in 2022, 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 certain costs associated with acquisition-related efficiency initiatives.

(4) These items primarily relate to charges of approximately $0.10 associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure.

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

	Three Months Ended		Twelve Months Ended	
	December 25, 2021	December 26, 2020	December 25, 2021	December 26, 2020
Income before income taxes & noncontrolling interests	$ 163,642	$ 172,427	$ 480,710	$ 447,114
Add back:				
Amortization related to acquisitions	29,398	28,097	128,148	118,618
Severance	1,358	1,051	4,718	7,586
Acquisition related adjustments [2]	(15,563)	5,724	15,867	19,623
Site consolidation costs, impairments and other items [3]	1,100	877	3,468	6,457
Write-off of deferred financing costs and fees related to debt financing	-	-	26,089	-
Venture capital and strategic equity investment losses (gains), net	13,142	(68,635)	30,419	(100,861)
Gain due to sale of RMS Japan operations	(22,656)	-	(22,656)	-
Loss due to U.S. Pension termination	-	10,283	-	10,283
Other [4]	-	-	(2,942)	-
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 170,421	$ 149,824	$ 663,821	$ 508,820
Provision for income taxes (GAAP)	$ 23,815	$ 28,237	$ 81,873	$ 81,808
Non-cash tax benefit related to international financing structure [5]	(1,028)	(1,454)	(4,809)	(4,444)
Enacted tax law changes	-	-	(10,036)	-
Tax effect of the remaining non-GAAP adjustments	16,936	(87)	58,404	18,953
Provision for income taxes (Non-GAAP)	$ 39,723	$ 26,696	$ 125,432	$ 96,317
Total rate (GAAP)	14.6 %	16.4 %	17.0 %	18.3 %
Total rate, excluding specified charges (Non-GAAP)	23.3 %	17.8 %	18.9 %	18.9 %

(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 twelve months ended December 25, 2021, which impacted Manufacturing Solutions; and third-party costs, net of insurance reimbursements, incurred during the twelve months ended December 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		Twelve Months Ended		Fiscal Year Ended
	December 25, 2021	**December 26, 2020**	**December 25, 2021**	**December 26, 2020**	**December 31, 2022E**
GAAP Interest expense, net	$ 11,237	$ 33,084	$ 73,258	$ 85,599	$83,000-$87,000
Exclude:					
Write-off of deferred financing costs and fees related to debt financing	-	-	(26,089)	-	-
Non-GAAP Interest expense, net	11,237	33,084	47,169	85,599	83,000-87,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	9,150	(16,068)	31,830	(11,855)	-
Adjusted Interest expense, net	$ 20,387	$ 17,016	$ 78,999	$ 73,744	$83,000-$87,000

(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 $9.8 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended December 25, 2021; a $34.1 million gain on a forward contract and $0.3 million of additional interest expense for the twelve months ended December 25, 2021; a $15.4 million loss on a forward contract and $0.1 million of additional interest expense for the three months ended December 26, 2020; and a $9.3 million loss on forward contracts and $1.4 million of additional interest expense for the twelve months ended December 26, 2020.

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)

	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	$ 2,666,359	$ 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	$ 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)									
Total Indebtedness per credit agreement	$ 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)	(91,214)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 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

	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	$ 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	66,004									
Less: Aggregate non-cash amount of nonrecurring gains	(42,247)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	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	81,873	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	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	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	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	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	4,008	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,004,675	$ 848,408	$ 684,259	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	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)	2.54x	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)	2.5x	2.1x	2.4x	2.5x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

	December 25, 2021	December 26, 2020
INTEREST COVERAGE RATIO:		
Capital Expenditures	232,149	166,560
Cash Interest Expense	107,389	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	7.19x	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 obligations 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		Twelve Months Ended		Fiscal Year Ended
	December 25, 2021	**December 26, 2020**	**December 25, 2021**	**December 26, 2020**	**December 31, 2022E**
Net cash provided by operating activities	$ 229,258	$ 138,379	$ 760,799	$ 546,575	~$810,000
Less: Capital expenditures	(98,775)	(87,854)	(228,772)	(166,560)	(~360,000)
Free cash flow	$ 130,483	$ 50,525	$ 532,027	$ 380,015	~$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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