

2Q21 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		Six Months Ended	
	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Research Models and Services				
Revenue	\$ 176,694	\$ 116,549	\$ 353,604	\$ 262,545
Operating income	42,580	3,844	87,515	31,217
Operating income as a % of revenue	24.1 %	3.3 %	24.7 %	11.9 %
Add back:				
Amortization related to acquisitions	5,346	5,919	10,685	11,571
Severance	-	509	7	500
Acquisition related adjustments ⁽²⁾	520	292	976	577
Site consolidation costs, impairments and other items	-	30	-	259
Total non-GAAP adjustments to operating income	\$ 5,866	\$ 6,750	\$ 11,668	\$ 12,907
Operating income, excluding non-GAAP adjustments	\$ 48,446	\$ 10,594	\$ 99,183	\$ 44,124
Non-GAAP operating income as a % of revenue	27.4 %	9.1 %	28.0 %	16.8 %
Depreciation and amortization	\$ 9,844	\$ 9,126	\$ 19,523	\$ 17,878
Capital expenditures	\$ 8,512	\$ 6,621	\$ 11,495	\$ 12,033
Discovery and Safety Assessment				
Revenue	\$ 540,094	\$ 442,564	\$ 1,041,272	\$ 881,247
Operating income	104,514	72,241	195,463	144,524
Operating income as a % of revenue	19.4 %	16.3 %	18.8 %	16.4 %
Add back:				
Amortization related to acquisitions	21,176	23,128	43,824	46,135
Severance	928	3,481	1,340	3,564
Acquisition related adjustments ⁽²⁾	404	1,095	5,674	2,384
Site consolidation costs, impairments and other items	146	2,934	293	2,934
Total non-GAAP adjustments to operating income	\$ 22,654	\$ 30,638	\$ 51,131	\$ 55,017
Operating income, excluding non-GAAP adjustments	\$ 127,168	\$ 102,879	\$ 246,594	\$ 199,541
Non-GAAP operating income as a % of revenue	23.5 %	23.2 %	23.7 %	22.6 %
Depreciation and amortization	\$ 43,588	\$ 41,101	\$ 88,196	\$ 82,431
Capital expenditures	\$ 20,473	\$ 16,175	\$ 37,513	\$ 30,904
Manufacturing Solutions				
Revenue	\$ 197,819	\$ 123,471	\$ 344,297	\$ 245,851
Operating income	56,717	42,930	106,154	84,042
Operating income as a % of revenue	28.7 %	34.8 %	30.8 %	34.2 %
Add back:				
Amortization related to acquisitions	7,812	2,217	10,026	4,464
Severance	535	1,396	829	1,652
Acquisition related adjustments ⁽²⁾	686	(423)	728	(421)
Site consolidation costs, impairments and other items	-	-	40	-
Total non-GAAP adjustments to operating income	\$ 9,033	\$ 3,190	\$ 11,623	\$ 5,695
Operating income, excluding non-GAAP adjustments	\$ 65,750	\$ 46,120	\$ 117,777	\$ 89,737
Non-GAAP operating income as a % of revenue	33.2 %	37.4 %	34.2 %	36.5 %
Depreciation and amortization	\$ 13,952	\$ 6,236	\$ 20,521	\$ 12,602
Capital expenditures	\$ 13,602	\$ 3,037	\$ 20,712	\$ 8,198

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

	Three Months Ended		Six Months Ended	
	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	\$ (66,261)	\$ (42,247)	\$ (127,879)	\$ (88,734)
Add back:				
Severance	-	-	(151)	-
Acquisition related adjustments ⁽²⁾	15,064	869	25,624	7,852
Other items ⁽³⁾	-	(463)	-	(750)
Total non-GAAP adjustments to operating expense	\$ 15,064	\$ 406	\$ 25,473	\$ 7,102
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (51,197)	\$ (41,841)	\$ (102,406)	\$ (81,632)
Total				
Revenue	\$ 914,607	\$ 682,584	\$ 1,739,173	\$ 1,389,643
Operating income	137,550	76,768	261,253	171,049
Operating income as a % of revenue	15.0 %	11.2 %	15.0 %	12.3 %
Add back:				
Amortization related to acquisitions	34,334	31,264	64,535	62,170
Severance	1,463	5,386	2,025	5,716
Acquisition related adjustments ⁽²⁾	16,674	1,833	33,002	10,392
Site consolidation costs, impairments and other items ⁽³⁾	146	2,501	333	2,443
Total non-GAAP adjustments to operating income	\$ 52,617	\$ 40,984	\$ 99,895	\$ 80,721
Operating income, excluding non-GAAP adjustments	\$ 190,167	\$ 117,752	\$ 361,148	\$ 251,770
Non-GAAP operating income as a % of revenue	20.8 %	17.3 %	20.8 %	18.1 %
Depreciation and amortization	\$ 68,106	\$ 57,208	\$ 129,613	\$ 114,468
Capital expenditures	\$ 46,431	\$ 26,800	\$ 74,461	\$ 52,521

(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 relate to third-party costs, net of insurance reimbursements, incurred during the three and six months ended June 27, 2020 associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019.

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

	Three Months Ended		Six Months Ended	
	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Net income attributable to common shareholders	\$ 88,448	\$ 67,435	\$ 149,978	\$ 118,204
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	52,617	40,984	99,895	80,721
Write-off of deferred financing costs and fees related to debt financing	110	-	26,089	-
Venture capital and strategic equity investment (gains) losses, net	(9,809)	(23,911)	6,910	(11,876)
Other ⁽²⁾	(572)	-	(2,942)	-
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure ⁽³⁾	1,285	1,113	2,320	2,186
Enacted tax law changes	10,036	-	10,036	-
Tax effect of the remaining non-GAAP adjustments	(8,316)	(6,020)	(29,329)	(17,824)
Net income attributable to common shareholders, excluding non-GAAP adjustments	\$ 133,799	\$ 79,601	\$ 262,957	\$ 171,411
Weighted average shares outstanding - Basic	50,297	49,553	50,138	49,371
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	1,037	693	1,087	747
Weighted average shares outstanding - Diluted	51,334	50,246	51,225	50,118
Earnings per share attributable to common shareholders:				
Basic	\$ 1.76	\$ 1.36	\$ 2.99	\$ 2.39
Diluted	\$ 1.72	\$ 1.34	\$ 2.93	\$ 2.36
Basic, excluding non-GAAP adjustments	\$ 2.66	\$ 1.61	\$ 5.24	\$ 3.47
Diluted, excluding non-GAAP adjustments	\$ 2.61	\$ 1.58	\$ 5.13	\$ 3.42

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

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

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

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

Three Months Ended June 26, 2021	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	34.0 %	51.6 %	22.0 %	60.2 %
Decrease (increase) due to foreign exchange	(3.9)%	(5.2)%	(3.0)%	(5.4)%
Contribution from acquisitions ⁽²⁾	(6.0)%	(1.9)%	(0.9)%	(28.2)%
Non-GAAP revenue growth, organic ⁽³⁾	24.1 %	44.5 %	18.1 %	26.6 %
Six Months Ended June 26, 2021	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	25.2 %	34.7 %	18.2 %	40.0 %
Decrease (increase) due to foreign exchange	(3.4)%	(4.6)%	(2.7)%	(4.7)%
Contribution from acquisitions ⁽²⁾	(3.3)%	(2.1)%	(0.6)%	(14.2)%
Non-GAAP revenue growth, organic ⁽³⁾	18.5 %	28.0 %	14.9 %	21.1 %

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

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

2021 GUIDANCE	CURRENT	PRIOR
Revenue growth, reported	20.5% – 22.5%	19% – 21%
Less: Contribution from acquisitions (1)	~(5.0%)	(4.5%) – (5.0%)
Unfavorable/(favorable) impact of foreign exchange	~(2.5%)	~(2.5%)
Revenue growth, organic (2)	13% – 15%	12% – 14%
GAAP EPS estimate	\$6.55 – \$6.80	\$5.95 – \$6.20
Acquisition-related amortization (3)	\$1.90 – \$2.00	\$2.15 – \$2.40
Acquisition and integration-related adjustments (4)	\$0.70 – \$0.80	\$0.75 – \$0.80
Other items (5)	\$0.70 – \$0.75	~\$0.55
Venture capital and other strategic investment losses/(gains), net (6)	\$0.10	\$0.25
Non-GAAP EPS estimate	\$10.10 – \$10.35	\$9.75 – \$10.00
Free cash flow (7)	~\$500 million	~\$435 million

Footnotes to Guidance Table:

- (1) The contribution from acquisitions reflects only those acquisitions that have been completed.
- (2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions and foreign currency translation.
- (3) Acquisition-related amortization includes an estimate of \$0.05-\$0.10 for the impact of the Vigene acquisition because the preliminary purchase price allocation has not been completed.
- (4) These adjustments are related to the evaluation and integration of acquisitions, and primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives.
- (5) These items primarily relate to charges of a) approximately \$0.30 associated with U.S. and international tax legislation, and b) approximately \$0.40 associated with debt extinguishment costs and the write-off of deferred financing costs related to debt refinancing.
- (6) Venture capital and other strategic investment performance only includes recognized gains or losses. The Company does not forecast the future performance of these investments.
- (7) Reconciliation of the current 2021 free cash flow guidance is as follows: Cash flow from operating activities of approximately \$720 million, less capital expenditures of approximately \$220 million, equates to free cash flow of approximately \$500 million.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)⁽¹⁾

(in thousands, except percentages)

	Three Months Ended
	March 27, 2021
Unallocated Corporate Overhead	\$ (61,618)
Add back:	
Severance	(151)
Acquisition related adjustments ⁽²⁾	10,560
Total non-GAAP adjustments to operating expense	\$ 10,409
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (51,209)

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

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

	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Income before income taxes & noncontrolling interests	\$ 127,496	\$ 66,302	\$ 83,952	\$ 193,798	\$ 139,411
Add back:					
Amortization related to acquisitions	34,334	30,201	31,264	64,535	62,170
Severance	1,463	562	5,386	2,025	5,716
Acquisition related adjustments ⁽²⁾	16,674	16,328	1,833	33,002	10,392
Site consolidation costs, impairments and other items ⁽³⁾	146	187	2,501	333	2,443
Write-off of deferred financing costs and fees related to debt financing	110	25,979	-	26,089	-
Venture capital and strategic equity investment (gains) losses, net	(9,809)	16,719	(23,911)	6,910	(11,876)
Other ⁽⁴⁾	(572)	(2,370)	-	(2,942)	-
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	\$ 169,842	\$ 153,908	\$ 101,025	\$ 323,750	\$ 208,256
Provision for income taxes (GAAP)	\$ 37,580	\$ 2,367	\$ 16,284	\$ 39,947	\$ 20,906
Non-cash tax benefit related to international financing structure ⁽⁵⁾	(1,285)	(1,035)	(1,113)	(2,320)	(2,186)
Enacted tax law changes	(10,036)	-	-	(10,036)	-
Tax effect of the remaining non-GAAP adjustments	8,316	21,013	6,020	29,329	17,824
Provision for income taxes (Non-GAAP)	\$ 34,575	\$ 22,345	\$ 21,191	\$ 56,920	\$ 36,544
Total rate (GAAP)	29.5 %	3.6 %	19.4 %	20.6 %	15.0 %
Total rate, excluding specified charges (Non-GAAP)	20.4 %	14.5 %	21.0 %	17.6 %	17.5 %

- (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 relate to third-party costs, net of insurance reimbursements, incurred during the three and six months ended June 27, 2020 associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019.
- (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 TAX RATE GUIDANCE ⁽¹⁾

	<u>Fiscal Year Ended</u> December 25, 2021E
GAAP Tax Rate	Low 20% range
Charges associated with changes to U.S. and international tax legislation	(~2.0%)
Non-GAAP Tax Rate	19.5%-20.5%

(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.

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

(in thousands)

	Three Months Ended			Fiscal Year Ended
	June 26, 2021	March 27, 2021	June 27, 2020	December 25, 2021E
GAAP Interest expense, net	\$ 16,019	\$ 29,684	\$ 19,076	\$90,000-\$93,000
Exclude:				
Write-off of deferred financing costs and fees related to debt financing	(110)	(25,979)	-	(26,000)
Non-GAAP Interest expense, net	15,909	3,705	19,076	64,000-67,000
Adjustments for foreign exchange forward contract and related interest expense, net ⁽²⁾	4,907	13,356	-	18,000
Adjusted Interest expense, net	<u>\$ 20,816</u>	<u>\$ 17,061</u>	<u>\$ 19,076</u>	<u>\$82,000-\$85,000</u>

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

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

	June 24, 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	\$ 2,730,261	\$ 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	\$ 53,038	\$ 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	\$ 2,633,298	\$ 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)	(72,969)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	\$ 2,560,329	\$ 1,753,688	\$ 1,650,910	\$ 1,475,605	\$ 981,608	\$ 1,121,004	\$ 746,454	\$ 620,668	\$ 517,649	\$ 566,515

	March 27, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
ADJUSTED EBITDA (2):										
Net income attributable to common shareholders	\$ 396,078	\$ 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	27,807	—	—	—	—	—	—	—	—	—
Less: Aggregate non-cash amount of nonrecurring gains	(1,423)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	101,496	76,825	79,586	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	100,849	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	250,069	234,924	198,095	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	11,790	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	62,504	56,341	57,271	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	40,859	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	36,732	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	\$ 1,026,761	\$ 848,408	\$ 684,259	\$ 591,140	\$ 524,756	\$ 466,942	\$ 365,978	\$ 329,452	\$ 283,071	\$ 274,873

	March 27, 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)	2.56x	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

	March 27, 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
INTEREST COVERAGE RATIO:										
Capital Expenditures	204,728	166,560	—	—	—	—	—	—	—	—
Cash Interest Expense	101,631	77,145	—	—	—	—	—	—	—	—
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	8.09x	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		Six Months Ended		Fiscal Year Ended
	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020	December 25, 2021E
Net cash provided by operating activities	\$ 186,590	\$ 162,306	\$ 356,819	\$ 230,896	~\$720,000
Less: Capital expenditures	(46,431)	(26,800)	(74,461)	(52,521)	(~220,000)
Free cash flow	\$ 140,159	\$ 135,506	\$ 282,358	\$ 178,375	~\$500,000

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

CRL
LISTED
NYSE