2Q 2022 Results

August 3, 2022

Charles River Laboratories

charles river

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 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, corporate expenses, 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 and other financial guidance; 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 our expected acquisition activity, 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 and the Company’s share of any market it participates in, 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 facilities expansion; 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 Explora Biolabs, 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 16, 2022, 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.

charles river

2Q22 Financial Results

($ in millions)	2Q22	2Q21	YOY Δ	Organic Δ
Revenue	$973.1	$914.6	6.4%	9.5%
GAAP OM%	19.3%	15.0%	430 bps	
Non-GAAP OM%	21.8%	20.8%	100 bps	
GAAP EPS	$2.13	$1.72	23.8%	
Non-GAAP EPS	$2.77	$2.61	6.1%	

- 2Q22 financial results reflect sustained trends that continue to support our businesses

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

2Q22 Financial Results, cont.

- Sustained business trends that continue to support our businesses were offset by headwinds from CDMO business and FX, first noted in early June that led to revised 2Q22 outlook
- These headwinds, coupled with interest expense, have intensified since early June and led to today's reduction of revenue growth and EPS guidance for FY 2022
- Believe guidance appropriately reflects current macroeconomic environment with regard to FX, interest rates, and cost inflation
  - These factors have changed dramatically since beginning of 2022
- Notably, revised guidance does not reflect any meaningful slowdown in biotech client activity
- Biotechs continue to be the principal driver of revenue growth and demand remains healthy
- In fact, pleased that DSA and RMS segments remain on track to achieve initial outlooks of mid-teens and high-single-digit organic growth for the year, respectively
- Safety Assessment, our largest business, continues to benefit from growing backlog well above prior-year level, and solid booking activity
  - As usual, continue to monitor key performance indicators (KPIs) and are having regular conversations with biopharma clients whose spending patterns for their safety assessment programs, to date, remain largely unaffected by any change in biotech funding
- Discovery Services is experiencing longer decision-making processes by some clients to initiate new projects
  - Discovery Services only represents ~15% of total DSA segment revenue

2Q22 Revenue

($ in millions)	2Q22	2Q21	YOY Δ
Revenue, reported	$973.1	$914.6	6.4%
(Increase)/decrease due to FX			3.4%
Contribution from acquisitions			(2.3)%
Impact of divestitures			2.0%
Revenue growth, organic			9.5%

- Strong performance from the DSA and RMS segments
- Partially offset by lower growth rate for the Manufacturing segment due to the CDMO performance
  - Lower-than-expected CDMO revenue reduced organic revenue growth by >100 bps in 2Q22

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

2Q22 Operating Margin

	2Q22	2Q21	YOY Δ
GAAP OM%	19.3%	15.0%	430 bps
Non-GAAP OM%	21.8%	20.8%	100 bps

- Non-GAAP improvement driven by DSA segment, as well as lower unallocated corporate costs
  - Reflecting actions we have taken to responsibly manage our expenses

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

2Q22 EPS

	2Q22	2Q21	YOY Δ
GAAP EPS	$2.13	$1.72	23.8%
Non-GAAP EPS	$2.77	$2.61	6.1%

- Low-double-digit non-GAAP operating income growth largely offset by higher interest expense and tax rate compared to 2Q21
- 2Q22 EPS were in line with our revised outlook, despite incremental pressure over past two months from headwinds related to CDMO business, strengthening US$, and rising interest rates

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

Updated 2022 Guidance

	REVISED	PRIOR
Revenue growth, reported	9.0%-11.0%	13.5%-15.5%
Contribution from acquisitions/divestitures, net	~(1.0)%	~(1.0)%
Impact of 53rd week in 2022	~(1.5)%	~(1.5)%
(Increase)/Decrease due to FX	~3.5%	~1.5%
Revenue growth, organic	10.0%-12.0%	12.5%-14.5%
GAAP EPS	\$7.90-\$8.15	\$8.70-\$8.95
Acquisition-related amortization	~\$2.20	\$2.15-\$2.25
Acquisition and integration-related adjustments	--	~\$0.25
VC and other strategic investment losses/(gains)	\$0.35	\$0.20
Other items	~\$0.25	~\$0.15
Non-GAAP EPS	\$10.70-\$10.95	\$11.50-\$11.75

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

Updated 2022 Guidance, cont.

- Lower revenue for CDMO business, strengthening US$, and rising interest rates over past two months are the primary reasons for reduction of revenue growth and EPS guidance for FY 2022
- FX now expected to reduce the reported revenue growth rate by 350 bps, or 200 bps more than forecasted in May
- Lower-than-expected CDMO revenue is expected to be 150-175 bps drag on organic revenue growth rate in FY 2022
- Non-GAAP EPS guidance represents a $0.80 reduction at midpoint
- FX and interest expense generated a combined headwind of ~$0.40 since early June

CDMO Business Update

- Tempered expectations for CDMO business in near term are the primary driver of the remainder of earning shortfall
- 2Q22 CDMO performance was below our expectations due to several factors:
  - Re-tooling production suites, retraining staff, and filling capacity with plasmid work following last year's completion of a large COVID vaccine production contract at our Cognate UK site is taking longer than expected
  - Invested time and resources in preparing for regulatory audits and upgrading other sites to CGMP production quality
  - Like Early Discovery acquisition in 2014, cell and gene therapy (C&GT) requires longer lead times for clients to place new projects and partner with us across our expanded offering
  - Making good progress on fully integrating our C&GT CDMO services within our broader portfolio

CDMO Business Update, cont.

- Implemented a refined vision and strategy for our combined CDMO business following last year's Cognate and Vigene acquisitions
- Includes developing Centers of Excellence for:
  - Plasmids at Cognate UK
  - Viral vectors at Vigene in Rockville, MD
  - Gene-modified cell therapy production in Memphis, TN
- Believe new structure will provide a distinct competitive advantage because it enables us to optimize internal processes and offer clients greater flexibility, efficiency, and enhanced speed for their development and go-to-market efforts
- Also strengthened the management team and are rebuilding the CDMO sales team, creating more contact points with clients as we endeavor to further strengthen the pipeline of new projects

CDMO Business Update, cont.

- Adding new capabilities through modest facility expansions
- As announced in June, expanding Alderley Park, UK as part of our Center of Excellence for plasmids
- Upscaling other sites for regulatory compliance and commercial readiness
- Very pleased to report that Memphis site was recently audited and approved by European regulatory authorities (EMA) to commercially manufacture cell therapies
  - A significant accomplishment that prepares CRL to undertake future commercial projects
- Encouraged that these developments will help improve performance of the CDMO business next year
- Also like Early Discovery, believe our CDMO business is an integral part of our essential portfolio because it enables clients to access a comprehensive solution for C&GT research, development, and production from one scientific partner
- Clients continuing to require high-quality, scientifically differentiated solutions in C&GT sector
  - Will only intensify as more therapies are commercialized
- CDMO growth opportunity remains robust
  - CRL has the right scientific capabilities in place to be a uniquely ideal partner for our clients

DSA Results – Revenue

($ in millions)	2Q22	2Q21	YOY Δ
Revenue, reported	$591.9	$540.1	9.6%
(Increase)/decrease due to FX			3.3%
Contribution from acquisitions			---
Revenue growth, organic			12.9%

- Very pleased that DSA organic growth rate improved by 340 bps from 1Q22, to low-double-digit range as previously expected
- Performance reinforces our expectation that there will be meaningful DSA growth acceleration throughout 2022
- Based on demand and backlog trends, continue to expect that growth rate will approach 20% in 2H22, tracking to initial plan
  - Includes working through higher pricing already booked into backlog

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

DSA Results – Safety Assessment (SA)

- Higher demand and meaningful price increases drove sequential SA growth acceleration in 2Q22
- 2Q22 backlog increased on a sequential basis and continued to be significantly above prior-year levels
- Backlog, coupled with solid booking activity in 2Q22, firmly supports 2H22 outlook
- Clients emphasizing speed, study lead times, and availability of space, more so than price, when determining which CRO to partner with for their preclinical programs
- This year, several clients have chosen to secure space with CRL in take-or-pay arrangements to reserve study space in advance
  - Anticipate that additional clients will agree to similar terms to secure space
- Speed and flexibility when working with clients, superior client service, and broad scientific expertise continue to resonate with clients and differentiate us from competition

DSA Results - Safety Assessment (SA), cont.

- With our capacity well utilized—both in terms of people and infrastructure, we continue to implement new operational initiatives and evaluate others to enhance labor utilization and infrastructure efficiency, as well as study scheduling
- Believe we are better positioned to accommodate higher demand forecasted in 2H22 because of significant number of staff hired over the past year
- Because of strong backlog, believe we have excellent visibility in SA business and are confident that anticipated DSA growth acceleration will continue in 2022
- For next year, a large portion of our Safety Assessment revenue already booked into backlog

DSA Results – Discovery Services

- 2Q22 Discovery Services revenue growth rate improved meaningfully from 1Q22 as expected
- Experiencing some lengthening in time clients take to commit to and begin new projects
- Given short-term nature of the backlog and project cycles for this business, it is expected to slow the Discovery growth rate for the remainder of the year
- Technology partnership strategy has been very successful means of broadening our portfolio
  - Enabled CRL to continue to add cutting-edge, scientific capabilities across many of our businesses with limited risk
- Continue to believe our clients' willingness to outsource more discovery programs will be predicated on our ability to provide innovative capabilities to meet critical research needs

DSA Results – Operating Margin

	2Q22	2Q21	YOY Δ
DSA GAAP OM%	21.8%	19.4%	240 bps
DSA Non-GAAP OM%	25.3%	23.5%	180 bps

- Operating margin increase driven by pricing and leverage from investments in staff to support higher volume
- Expect DSA operating margin will improve in FY 2022, as growth rate accelerates and we continue to leverage staffing investments

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

RMS Results – Revenue

($ in millions)	2Q22	2Q21	YOY Δ
Revenue, reported	$186.4	$176.7	5.5%
(Increase)/decrease due to FX			3.0%
Contribution from acquisitions			(7.2)%
Impact of divestitures			7.2%
Revenue growth, organic			8.5%

- Organic revenue growth driven by strong demand and meaningful price increases in North American Research Models business, as well as for research model services, particularly Insourcing Solutions (IS) and Genetically Engineered Models and Services (GEMS)

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

RMS Results – Research Models

- RMS growth rate did not improve from 1Q22 as anticipated, due primarily to research models business in China
- Revenue for China increased, but due to COVID-related restrictions in Beijing and Shanghai regions, growth was limited and reduced RMS growth rate by <200 bps in 2Q22
- Restrictions in China have now been eased and overall revenue impact will be modest, so RMS still on track to achieve outlook for the year

RMS Results – RM Services & CRADL™/Explora

- RM Services had another excellent quarter, led by IS and GEMS
- IS's growth driven by CRADL™ (Charles River Accelerator and Development Labs) initiative, which provides turnkey research capacity to small and large biopharma clients in key biohubs
- Clients increasingly adopting this flexible model to access lab space without having to invest in internal infrastructure
- Acquisition of Explora BioLabs in April came at an opportune time, enabling CRL to provide clients with additional capacity and scientific capabilities, principally on the West Coast
- Acquisition added new growth engine for RMS segment by allowing us to accommodate more biopharma clients' needs, particularly biotechs who have limited or no internal infrastructure in which to conduct research
- Demand for CRADL™ and Explora continues to be robust, and Explora had an excellent first quarter as part of CRL

charles river

RMS Results – CRADL™/Explora, cont.

- Continuing to expand CRADL™ and Explora footprint to support growth
  - Have added new facilities in California and London in 2Q22
  - Goal to operate at least 25 vivarium facilities with >300K sq. ft. of turnkey rental capacity by end of 2022
- CRADL™ and Explora also provide CRL with new and unique pathway to connect with clients at earlier stages, as clients will be able to easily access additional services across our comprehensive discovery and non-clinical development portfolio
- Very pleased with performance of this business, and delighted to welcome Explora to CRL

RMS Results – Operating Margin

	2Q22	2Q21	YOY Δ
RMS GAAP OM%	21.2%	24.1%	(290) bps
RMS Non-GAAP OM%	24.9%	27.4%	(250) bps

- Margin decrease due primarily to COVID-related revenue impact in China
- Explora has healthy margins for a service business and had an excellent 2Q22, but is expected to be a small margin headwind to RMS segment for remainder of 2022 as it continues to open new sites

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

Manufacturing Results – Revenue

($ in millions)	2Q22	2Q21	YOY Δ
Revenue, reported	$194.8	$197.8	(1.5)%
(Increase)/decrease due to FX			4.1%
Contribution from acquisitions			(4.0)%
Impact of divestitures			2.4%
Revenue growth, organic			1.0%

- Revenue growth rate reflected lower revenue for CDMO business, as well as challenging prior-year comparison for Biologics Testing Solutions (Biologics Testing) and Microbial Solutions
  - Compared to 26.6% segment organic growth in 2Q21
- Both Biologics Testing and Microbial Solutions businesses are expected to generate revenue growth that approach their targeted levels in FY 2022
  - Growth prospects for these legacy manufacturing quality-control businesses remain robust and continue to be principally driven by demand for biologic drugs, including C&GT and other complex biologics

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

Manufacturing Results

- C&GT will continue to be the primary growth driver for Manufacturing segment, reflecting rapid increase in number of C&GT programs in development
- Today, > 3,000 C&GT programs are in the pipeline, a number which has grown at an average rate above 20% over last 3 years
- With ~70% of programs in preclinical phase and <5% in Phase III clinical trials or later, expect these advanced drug modalities will continue to fuel robust Biologics Testing growth and generate new business opportunities for CDMO business
  - Particularly as additional therapies reach commercial approval
- Believe our consolidated Biologics Solutions offering (incl. Biologics Testing and CDMO) will provide incremental opportunities for clients to streamline their biologics development workflows and conduct their analytical testing, process development, and manufacturing activities with CRL

charles river

Manufacturing – Operating Margin

	2Q22	2Q21	YOY Δ
Manufacturing GAAP OM%	32.1%	28.7%	340 bps
Manufacturing Non-GAAP OM%	28.6%	33.2%	(460) bps

- Non-GAAP operating margin decline driven almost entirely by CDMO business
- Have taken actions to manage costs and investments, both in CDMO business and in other areas, in order to limit impact of revenue shortfall for 2022

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

Capital Deployment Update

- Have built an excellent foundation for C&GT solutions since 2020 through M&A
  - Focus on integrating enhanced scientific capabilities and recent acquisitions
- While we will still evaluate strategic acquisitions, intend to focus on debt repayment for the remainder of the year
- Continue to diligently monitor KPIs and modify plans for investments, including hiring and capacity expansions, should growth prospects for a business change
- Strategically aligning our hiring and facility expansion plans for CDMO business with current and projected growth rates
- Goal is to balance need to continue to make disciplined investments to support growing businesses while responsibly controlling costs and enhancing value for shareholders

Concluding Remarks

- Reset our financial outlook for 2022 to account for escalating headwinds that have emerged throughout the year
- Remain well positioned to deliver low-double-digit organic revenue growth for FY 2022 and stable operating margins amidst today's challenging macroeconomic environment
- Continue to believe that CRL is a stronger company today than it has ever been and the partner of choice for our clients' non-clinical development needs
- Clients are increasingly choosing to partner with CRL for our flexible and efficient outsourcing solutions, the scientific depth and breadth of our portfolio, and unwavering focus on seamlessly serving their diverse needs

2Q22 Results

($ in millions)	2Q22	2Q21	YOY Δ	Organic Δ
Revenue	$973.1	$914.6	6.4%	9.5%
GAAP OM%	19.3%	15.0%	430 bps	
Non-GAAP OM%	21.8%	20.8%	100 bps	
GAAP EPS	$2.13	$1.72	23.8%	
Non-GAAP EPS	$2.77	$2.61	6.1%	

- Delivered solid 2Q22 results despite challenges related to CDMO business and unfavorable movements in FX and interest rates

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

2022 EPS Headwinds

FY 2022E Non-GAAP EPS Impact	Changes since early June	Changes since initial guidance (Feb.)	Primary Drivers
Foreign exchange (FX)	$0.24	$0.31	Significant strengthening of US$
Interest expense (excluding Explora impact)	$0.15	$0.25	Higher interest rates
Tax rate	$0.02	$0.10	Lower benefit from stock-based compensation
Operational/other (net)	$0.21	$0.14	Mostly lower-than-expected CDMO performance, partially offset by cost controls
Non-GAAP EPS Impact	$0.62	$0.80	

- CDMO/FX/interest expense headwinds led to $0.80 reduction of 2022 non-GAAP EPS guidance, to a range of $10.70-$10.95
  - ~Half of reduction since early June resulting from unfavorable FX changes and interest expense
- Since initial guidance at beginning of 2022, non-operating items will reduce non-GAAP EPS by ~0.65
  - FX, interest expense, and lower-than-expected tax benefit from stock-based compensation in 1Q22

charles river

Reduced 2022 Guidance

	2022 Guidance
Revenue growth, reported	9.0% - 11.0%
Revenue growth, organic	10.0% - 12.0%
GAAP EPS	\$7.90 - \$8.15
Non-GAAP EPS	\$10.70 - \$10.95

- Expect to generate low-double-digit organic revenue growth, supported by strong trends in most of our businesses
- Expect reported revenue growth in a range of 9%-11%, or ~450 bps below prior outlook
  - Lower revenue in CDMO business expected to reduce revenue growth rate by 150-175 bps
  - FX expected to reduce reported growth rate by an additional 200 bps
- FX/interest expense expected to reduce FY 2022 non-GAAP EPS by ~\$0.40 since early June

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

Foreign Exchange (FX) Impact

- Recent, dramatic strengthening of US$ has resulted in FX being more of a headwind than previously anticipated
- Since revised outlook in early June, FX has reduced 2022 revenue by an incremental 200 bps and EPS by nearly $0.25
  - Updated guidance assumes near-current FX spot rates

(% of total revenue)	**2022E Revenue**	**2022E FX Rates**
U.S. Dollar	69%	--
Euro	18%	1.00
British Pound	6%	1.19
Chinese Yuan (renminbi)	4%	0.15
Canadian Dollar	2%	0.77
Other currencies	1%	--

Net Interest Expense

($ in millions)	2Q22	1Q22	2Q21
GAAP interest expense, net	$3.5	$9.3	$16.0
Non-GAAP interest expense, net	$3.5	$9.3	$15.9
Adjustments for foreign exchange forward contract and related interest expense(1)	$19.4	$11.1	$4.9
Adjusted net interest expense	$22.9	$20.4	$20.8

- Federal Reserve's rate increases in mid-June resulted in meaningful headwind to 2022 EPS guidance
- With ~half of our $3B debt on a floating rate, rate increases will be primary driver of $8M increase in adjusted net interest expense for 2022, now in a range of $106M-$110M (non-GAAP)

(1) 2Q22 amounts reported in total adjusted interest expense include $20.5M gain on forward contract and $0.7M of additional interest expense.

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

Net Interest Expense, cont.

- 2Q22 total adjusted net interest expense of $22.9M increased $2.5M sequentially and $2.1M YOY due primarily to:
  - Higher debt balances from recent acquisitions
  - Rate increases earlier in the year
- Current interest rates on revolving credit facility are based on LIBOR (or international equivalents) + 112.5 bps spread at current leverage
  - ~80% of our floating-rate debt is denominated in US$ using the one-month LIBOR rate
- Have factored Federal Reserve's 75 bps increase in July into updated outlook, and have assumed that rates will increase by an additional 100 bps before year end

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

Capital Structure

- At end of 2Q22, total outstanding debt was $3.0B, representing gross leverage ratio of 2.8x and net leverage ratio of 2.7x
- Plan to focus capital deployment priorities on debt repayment for remainder of 2022

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

2022 Segment Revenue Outlook

	2022 Reported Revenue Growth	2022 Organic Revenue Growth[1]
RMS	High-single digits	High-single digits
DSA	Low-teens	Mid-teens
Manufacturing	High-single-digit	Mid-single-digits
Consolidated CRL	9.0%-11.0%	10.0%-12.0%

- Revised 2022 revenue growth outlook primarily reflects impact of unfavorable FX rates and lower-than-expected revenue for CDMO business
- Organic revenue growth guidance for DSA and RMS segments remains unchanged from initial outlook for the year
- Reduced Manufacturing organic growth outlook to mid-single-digits

(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 GAAP to Non-GAAP results.

Operating Margin Outlook

- Despite revised revenue outlook for 2022, expect consolidated operating margin to be essentially flat with 2021
  - Appropriately managing costs to limit margin impact and hold operating margin
- Continue to expect DSA segment will generate operating margin improvement in 2022
- RMS and Manufacturing segment operating margins are expected to be lower due to impact of the Explora acquisition and softer CDMO performance, respectively
  - Lower-than-expected CDMO results expected to create a 2H22 headwind of nearly 100 bps on the consolidated non-GAAP operating margin

Unallocated Corporate Expenses

($ in millions)	2Q22	1Q22	2Q21
GAAP	$43.4	$50.5	$66.3
Non-GAAP	$40.2	$45.3	$51.2

- Lower unallocated corporate costs contributed to 2Q22 operating margin improvement
- Non-GAAP corporate costs totaled 4.1% of revenue compared to 5.6% of revenue last year, with decrease primarily due to:
  - Discretionary cost controls
  - Reduced fringe-related costs
  - Lower performance-based compensation costs
- Now expect unallocated corporate costs to be ~5% of total revenue for 2022, compared to previous guidance of mid-5% range

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

Tax Rate

	2Q22	1Q22	2Q21
GAAP	23.2%	14.1%	29.5%
Non-GAAP	21.1%	16.8%	20.4%

- 2Q22 non-GAAP tax rate represented a 70-bps increase from last year due to:
  - Lower excess tax benefit associated with stock-based compensation resulting from lower stock price
  - Partially offset by discrete tax benefits
- For 2022, continue to expect tax rate will be within low-20% range (GAAP and non-GAAP), unchanged from outlook provided in May

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

Cash Flow

($ in millions)	2Q22	2Q21	2022 Outlook
Free cash flow (FCF)	$66.6	$140.2	~$360
Capital expenditures	$82.9	$46.4	~$340
Depreciation	$38.8	$35.1	~$165
Amortization	$37.6	$33.0	~$150

- FCF YOY decrease > $70M in 2Q22 was primarily due to:
  - Higher capex to accommodate future growth
  - Unfavorable changes in working capital
- Based on lower earnings expectations for 2022, FCF guidance has been moderated to ~$360M, or $90M below prior outlook
  - Expect capex of $340M in 2022, a decrease of $20M from prior outlook
  - Strive to be disciplined with capital investments and align expansion plans with growth outlook
  - Intend to continue to appropriately invest in growing businesses, particularly Safety Assessment that requires additional capacity to accommodate client demand

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

2022 Updated Guidance Summary

	GAAP	Non-GAAP
Revenue growth	9.0%-11.0% reported	10.0%-12.0% organic(1)
Operating margin	Modest improvement from 16.7% in 2021	Essentially flat from 21.0% in 2021
Unallocated corporate	~5% range as a % of revenue	~5% range as a % of revenue
Net interest expense	$75M-$79M	$106M-$110M
Tax rate	Low-20% range	Low-20% range
EPS	$7.90-$8.15	$10.70-$10.95
Cash flow	Operating cash flow ~$700M	Free cash flow ~$360M
Capital expenditures	~$340M	~$340M

(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 GAAP to Non-GAAP results.

3Q22 Outlook

	3Q22 Outlook
Reported revenue growth YOY	High-single-digit growth vs. 3Q21
Organic revenue growth YOY	At least low-double-digit growth vs. 3Q21
Non-GAAP EPS growth YOY	High-single-digit decline vs. 3Q21

- Reported revenue growth reflects incremental FX headwinds
- Organic revenue growth rate improves from 2Q22 level in both DSA and Manufacturing segments
- 3Q22 EPS expected to decline due to:
  - Margin pressure on Manufacturing and RMS segments
  - Meaningfully higher interest expense and tax rate
    - Combined EPS headwind of $0.30 vs. 3Q21

Concluding Remarks

- Continue to be focused on execution of our strategy, enhancing the speed and efficiency in which we operate, and delivering solid financial and operational results in today’s macroeconomic environment
- Believe significant growth potential continues to exist as our clients seek to find cures for unmet medical needs and are using breakthrough technologies and new drug modalities that will only enhance demand for our leading non-clinical development solutions

2Q22 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 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Research Models and Services				
Revenue	$ 186,410	$ 176,694	$ 362,952	$ 353,604
Operating income	39,526	42,580	87,408	87,515
Operating income as a % of revenue	21.2 %	24.1 %	24.1 %	24.7 %
Add back:				
Amortization related to acquisitions	5,472	5,346	9,310	10,685
Severance	453	—	1,127	7
Acquisition related adjustments (2)	971	520	1,354	976
Total non-GAAP adjustments to operating income	$ 6,896	$ 5,866	$ 11,791	$ 11,668
Operating income, excluding non-GAAP adjustments	$ 46,422	$ 48,446	$ 99,199	$ 99,183
Non-GAAP operating income as a % of revenue	24.9 %	27.4 %	27.3 %	28.0 %
Depreciation and amortization	$ 13,228	$ 9,844	$ 22,697	$ 19,523
Capital expenditures	$ 13,850	$ 8,512	$ 22,496	$ 11,495
Discovery and Safety Assessment				
Revenue	$ 591,917	$ 540,094	$ 1,136,176	$ 1,041,272
Operating income	128,793	104,514	233,779	195,463
Operating income as a % of revenue	21.8 %	19.4 %	20.6 %	18.8 %
Add back:				
Amortization related to acquisitions	20,849	21,176	43,214	43,824
Severance	387	928	461	1,340
Acquisition related adjustments (2)	(2,591)	404	(5,514)	5,674
Site consolidation costs, impairments and other items (3)	2,287	146	2,356	293
Total non-GAAP adjustments to operating income	$ 20,932	$ 22,654	$ 40,517	$ 51,131
Operating income, excluding non-GAAP adjustments	$ 149,725	$ 127,168	$ 274,296	$ 246,594
Non-GAAP operating income as a % of revenue	25.3 %	23.5 %	24.1 %	23.7 %
Depreciation and amortization	$ 44,626	$ 43,588	$ 91,415	$ 88,196
Capital expenditures	$ 41,578	$ 20,473	$ 90,508	$ 37,513
Manufacturing Solutions				
Revenue	$ 194,804	$ 197,819	$ 387,932	$ 344,297
Operating income	62,503	56,717	108,871	106,154
Operating income as a % of revenue	32.1 %	28.7 %	28.1 %	30.8 %
Add back:				
Amortization related to acquisitions	11,373	7,812	23,271	10,026
Severance	271	535	378	829
Acquisition related adjustments (2)	(18,888)	686	(14,746)	728
Site consolidation costs, impairments and other items (3)	519	—	1,940	40
Total non-GAAP adjustments to operating income	$ (6,725)	$ 9,033	$ 10,843	$ 11,623
Operating income, excluding non-GAAP adjustments	$ 55,778	$ 65,750	$ 119,714	$ 117,777
Non-GAAP operating income as a % of revenue	28.6 %	33.2 %	30.9 %	34.2 %
Depreciation and amortization	$ 18,000	$ 13,952	$ 36,482	$ 20,521
Capital expenditures	$ 24,431	$ 13,602	$ 47,259	$ 20,712

CONTINUED ON NEXT SLIDE

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		Six Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Unallocated Corporate Overhead	$ (43,411)	$ (66,261)	$ (93,869)	$ (127,879)
Add back:				
Severance	167	—	1,254	(151)
Acquisition related adjustments [2]	3,014	15,064	7,130	25,624
Total non-GAAP adjustments to operating expense	$ 3,181	$ 15,064	$ 8,384	$ 25,473
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (40,230)	$ (51,197)	$ (85,485)	$ (102,406)
Total				
Revenue	$ 973,131	$ 914,607	$ 1,887,060	$ 1,739,173
Operating income	187,411	137,550	336,189	261,253
Operating income as a % of revenue	19.3 %	15.0 %	17.8 %	15.0 %
Add back:				
Amortization related to acquisitions	37,694	34,334	75,795	64,535
Severance	1,278	1,463	3,220	2,025
Acquisition related adjustments [2]	(17,494)	16,674	(11,776)	33,002
Site consolidation costs, impairments and other items [3]	2,806	146	4,296	333
Total non-GAAP adjustments to operating income	$ 24,284	$ 52,617	$ 71,535	$ 99,895
Operating income, excluding non-GAAP adjustments	$ 211,695	$ 190,167	$ 407,724	$ 361,148
Non-GAAP operating income as a % of revenue	21.8 %	20.8 %	21.6 %	20.8 %
Depreciation and amortization	$ 76,421	$ 68,105	$ 151,720	$ 129,613
Capital expenditures	$ 82,852	$ 46,431	$ 163,316	$ 74,461

(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, fair value adjustments associated with contingent consideration, and an adjustment related to certain indirect tax liabilities.

(3) Other items include certain third-party legal costs related to (a) an environmental litigation related to the Microbial business and (b) responses to a U.S. government industry-wide supply chain management inquiry applicable to our Safety Assessment business.

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 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Net income attributable to common shareholders	$ 109,321	$ 88,448	$ 202,343	$ 149,978
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	24,284	52,617	71,535	99,895
Write-off of deferred financing costs and fees related to debt financing	—	110	—	26,089
Venture capital and strategic equity investment losses (gains), net	9,612	(9,809)	23,515	6,910
Other [2]	3,608	(572)	3,965	(2,942)
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure [3]	1,341	1,285	2,463	2,320
Enacted tax law changes	—	10,036	—	10,036
Tax effect of the remaining non-GAAP adjustments	(6,293)	(8,316)	(20,813)	(29,329)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 141,873	$ 133,799	$ 283,008	$ 262,957
Weighted average shares outstanding - Basic	50,823	50,297	50,732	50,138
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	460	1,037	561	1,087
Weighted average shares outstanding - Diluted	51,283	51,334	51,293	51,225
Earnings per share attributable to common shareholders:				
Basic	$ 2.15	$ 1.76	$ 3.99	$ 2.99
Diluted	$ 2.13	$ 1.72	$ 3.94	$ 2.93
Basic, excluding non-GAAP adjustments	$ 2.79	$ 2.66	$ 5.58	$ 5.24
Diluted, excluding non-GAAP adjustments	$ 2.77	$ 2.61	$ 5.52	$ 5.13

(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) Adjustments included in 2022 relate to a purchase price adjustment in connection with the 2021 divestiture of RMS Japan and a reversal of an indemnification asset related to a prior acquisition. Adjustments included in 2021 include gains on an immaterial divestiture and the finalization of an 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 25, 2022	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	6.4 %	5.5 %	9.6 %	(1.5) %
Decrease due to foreign exchange	3.4 %	3.0 %	3.3 %	4.1 %
Contribution from acquisitions [(2)]	(2.3) %	(7.2) %	— %	(4.0) %
Impact of divestitures [(3)]	2.0 %	7.2 %	— %	2.4 %
Non-GAAP revenue growth, organic [(4)]	**9.5 %**	**8.5 %**	**12.9 %**	**1.0 %**

Six Months Ended June 25, 2022	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	8.5 %	2.6 %	9.1 %	12.7 %
Decrease due to foreign exchange	2.6 %	2.1 %	2.5 %	3.5 %
Contribution from acquisitions [(2)]	(3.4) %	(3.6) %	(0.3) %	(12.7) %
Impact of divestitures [(3)]	1.8 %	7.5 %	(0.1) %	1.4 %
Non-GAAP revenue growth, organic [(4)]	**9.5 %**	**8.6 %**	**11.2 %**	**4.9 %**

(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) 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.

(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	9.0% - 11.0%	13.5%-15.5%
Less: Contribution from acquisitions/divestitures, net	~(1.0%)	~(1.0%)
Less: Impact of 53rd week in 2022	~(1.5%)	~(1.5%)
Unfavorable/(favorable) impact of foreign exchange	~3.5%	~1.5%
Revenue growth, organic (1)	10.0%-12.0%	12.5%-14.5%
GAAP EPS estimate	$7.90-$8.15	$8.70-$8.95
Acquisition-related amortization	~$2.20	$2.15-$2.25
Acquisition and integration-related adjustments (2)	--	~$0.25
Venture capital and other strategic investment losses/(gains), net (3)	$0.35	$0.20
Other items (4)	~$0.25	~$0.15
Non-GAAP EPS	$10.70-$10.95	$11.50-$11.75
Cash flow from operating activities	~$700 million	~$810 million
Capital expenditures	~$340 million	~$360 million
Free cash flow	~$360 million	~$450 million

Footnotes to Guidance Table:

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

(2) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration costs, and certain costs associated with acquisition-related efficiency initiatives, offset by adjustments related to contingent consideration and certain indirect tax liabilities.

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

(4) These items primarily relate to charges associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure; certain third-party legal costs related to (a) environmental litigation related to the Microbial Solutions business and (b) responses to a U.S. government industry-wide supply chain management inquiry applicable to our Safety Assessment business; and severance and other costs related to the Company's efficiency initiatives.

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

	Three Months Ended			Fiscal Year Ended
	June 25, 2022	**March 26, 2022**	**June 26, 2021**	**December 31, 2022E**
GAAP Interest expense, net	$ 3,515	$ 16,019	$ 16,019	$75,000-$79,000
Exclude:				
Write-off of deferred financing costs and fees related to debt financing	—	—	(110)	—
Non-GAAP Interest expense, net	3,515	9,307	15,909	$75,000-$79,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	19,423	11,101	4,907	31,000
Adjusted Interest expense, net	$ 22,938	$ 20,408	$ 20,816	$106,000-$110,000

(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 $20.5 million gain on a forward contract and $0.7 million of additional interest expense for the three months ended June 25, 2022; 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; and a $5.4 million gain on a forward contract and $0.1 million of additional interest expense for the three months ended June 26, 2021.

CHARLES RIVER 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 25 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	$ 2,999,585	$ 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	9,550	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	$ 2,859,135	$ 2,553,603	$ 1,982,112	$ 1,888,923	$ 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)	(50,321)	(91,214)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 2,808,814	$ 2,462,389	$ 1,753,688	$ 1,650,909	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	June 25 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	$ 443,347	$ 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	65,549	66,004									
Less: Aggregate non-cash amount of nonrecurring gains	(74,580)	(42,247)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	87,495	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	90,995	81,873	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	287,647	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	9,673	8,573	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	70,746	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	36,791	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	10,844	4,008	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,028,507	$ 1,004,674	$ 848,409	$ 684,258	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	June 25 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)	2.78	2.54	2.34	2.76	2.83	2.18	2.65	2.36	2.37	2.38	2.46
Net leverage ratio (net debt divided by adjusted EBITDA)	2.73	2.45	2.07	2.41	2.50	1.87	2.40	2.04	1.88	1.83	2.06

	June 25 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
INTEREST COVERAGE RATIO:											
Capital Expenditures	322,159	166,560	166,560								
Cash Interest Expense	88,172	77,145	77,145								
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	8.01x	10.86x	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 GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)
(in thousands, except percentages)

		Three Months Ended March 26, 2022
Unallocated Corporate Overhead	$	(50,458)
Add back:		
Severance		1,087
Acquisition related adjustments (2)		4,116
Total non-GAAP adjustments to operating expense	$	5,203
Unallocated corporate overhead, excluding non-GAAP adjustments	$	(45,255)

(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 25, 2022	March 26, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Income before income taxes & noncontrolling interests	$ 144,113	$ 110,846	$ 127,496	$ 254,959	$ 193,798
Add back:					
Amortization related to acquisitions	37,694	38,101	34,334	75,795	64,535
Severance	1,278	1,942	1,463	3,220	2,025
Acquisition related adjustments [2]	(17,494)	5,718	16,674	(11,776)	33,002
Site consolidation costs, impairments and other items [3]	2,806	1,490	146	4,296	333
Write-off of deferred financing costs and fees related to debt financing	—	—	110	—	26,089
Venture capital and strategic equity investment losses (gains), net	9,612	13,903	(9,809)	23,515	6,910
Other [4]	3,608	357	(572)	3,965	(2,942)
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 181,617	$ 172,357	$ 169,842	$ 353,974	$ 323,750
Provision for income taxes (GAAP)	$ 33,449	$ 15,620	$ 37,580	$ 49,069	$ 39,947
Non-cash tax benefit related to international financing structure (5)	(1,341)	(1,122)	(1,285)	(2,463)	(2,320)
Enacted tax law changes	—	—	(10,036)	—	(10,036)
Tax effect of the remaining non-GAAP adjustments	6,293	14,520	8,316	20,813	29,329
Provision for income taxes (Non-GAAP)	$ 38,401	$ 29,018	$ 34,575	$ 67,419	$ 56,920
Total rate (GAAP)	23.2 %	14.1 %	29.5 %	19.2 %	20.6 %
Total rate, excluding specified charges (Non-GAAP)	21.1 %	16.8 %	20.4 %	19.0 %	17.6 %

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

(3) Other items include certain third-party legal costs related to (a) an environmental litigation related to the Microbial business and (b) responses to a U.S. government industry-wide supply chain management inquiry applicable to our Safety Assessment business.

(4) Adjustments included in 2022 relate to a purchase price adjustment in connection with the 2021 divestiture of RMS Japan and a reversal of an indemnification asset related to a prior acquisition. Adjustments included in 2021 include gains on an immaterial divestiture and the finalization of an 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 FREE CASH FLOW (NON-GAAP) [1]
(in thousands)

	Three Months Ended		Six Months Ended		Fiscal Year Ended
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021	December 31, 2022E
Net cash provided by operating activities	$ 149,474	$ 186,590	$ 252,104	$ 356,819	~$700,000
Less: Capital expenditures	(82,852)	(46,431)	(163,316)	(74,461)	(~340,000)
Free cash flow	$ 66,622	$ 140,159	$ 88,788	$ 282,358	~$360,000

(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

charles river