

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	<u>\$ 6,896</u>	<u>\$ 5,866</u>	<u>\$ 11,791</u>	<u>\$ 11,668</u>
Operating income, excluding non-GAAP adjustments	<u>\$ 46,422</u>	<u>\$ 48,446</u>	<u>\$ 99,199</u>	<u>\$ 99,183</u>
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	<u>\$ 20,932</u>	<u>\$ 22,654</u>	<u>\$ 40,517</u>	<u>\$ 51,131</u>
Operating income, excluding non-GAAP adjustments	<u>\$ 149,725</u>	<u>\$ 127,168</u>	<u>\$ 274,296</u>	<u>\$ 246,594</u>
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	<u>\$ (6,725)</u>	<u>\$ 9,033</u>	<u>\$ 10,843</u>	<u>\$ 11,623</u>
Operating income, excluding non-GAAP adjustments	<u>\$ 55,778</u>	<u>\$ 65,750</u>	<u>\$ 119,714</u>	<u>\$ 117,777</u>
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	<u>\$ 141,873</u>	<u>\$ 133,799</u>	<u>\$ 283,008</u>	<u>\$ 262,957</u>
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	<u>51,283</u>	<u>51,334</u>	<u>51,293</u>	<u>51,225</u>
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
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
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
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)	<u>\$ 181,617</u>	<u>\$ 172,357</u>	<u>\$ 169,842</u>	<u>\$ 353,974</u>	<u>\$ 323,750</u>
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)	<u>\$ 38,401</u>	<u>\$ 29,018</u>	<u>\$ 34,575</u>	<u>\$ 67,419</u>	<u>\$ 56,920</u>
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)

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

CRL

LISTED

NYSE