charles river

JP Morgan 42nd Annual Healthcare Conference

James C. Foster

Chairman, President & Chief Executive Officer

January 9, 2024

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 our expectations regarding the availability of non-human primates ("NHPs") and our ability to diversify our NHP supply chain, including our expectations with respect to impact on our operations, including geographic breakout of NHP-related studies; the outcome of (1) the U.S. government investigations related to the NHP supply chain (including shipments of NHPs from Cambodia received by the Company),(2) the putative securities class action lawsuit filed against us and three current/former offices on May 19, 2023; the timing and impact of the development and implementation of enhanced procedures to ensure that NHPs we source are purpose-bred, including the use and development of a genetic testing platform; the timing of the release of certain reports and information related to the evolution of our NHP supply chain; our compliance with applicable laws, rules and regulations; changes and uncertainties in the global economy and financial markets; our future financial performance and drivers thereof (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 ability to meet our environmental, social and governance (“ESG”) goals; our expectations with respect to the impact of external interest rate fluctuations; our annual guidance and longer-term targets, including the assumptions that form the basis for such guidance and targets; the estimated diluted shares outstanding; the expected performance of our venture capital and other strategic investments; client demand, including our ability to increase client interest and the future demand for drug discovery, development, and contract development and manufacturing organization (“CDMO”) and cell and gene therapy (“C&GT”) products and services; our intentions to expand our businesses, including our investments in our portfolio; the timing of business developments, including timing of scientific enhancements to support such developments; our ability to fund our operations for the foreseeable future; the impact of foreign exchange; our compliance with the maintenance covenants under our credit agreement; our expectations regarding stock repurchases and debt repayment; the development and performance of our services and products, including expectations with respect to reducing timelines; 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 leverage; our success in identifying, consummating, and integrating, and the impact of, our acquisitions, on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, earnings, and synergies, including client overlap; our expectations regarding the financial performance of the companies we have acquired; our strategic agreements with our clients and opportunities for future similar arrangements; the timing of and 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: NHP supply constraints and the investigations by the U.S. government, including the impact on our projected future financial performance and our ability to manage supply impact; changes and uncertainties in the global economy and financial markets, including any changes in business, political, or economic conditions; the ability to successfully integrate businesses we acquire (including Explora Biolabs); 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 and market trends and conditions; new displacement technologies; U.S. Department of Agriculture (“USDA”) and Food and Drug Administration (“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 22, 2023, 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.

Quiet Period Disclaimer

The Company is presently in quiet period pending the release of its fourth-quarter and full-year 2023 financial results and 2024 guidance in February 2024. As a result, the Company will not comment on its financial performance for the fourth quarter of 2023.

The Scientific Partner of Choice to Accelerate Biomedical Research and Therapeutic Innovation

Working with clients from discovery and early-stage development through the safe manufacture of life-saving therapies

Innovate

Broad portfolio of high-quality research models and associated services to support biomedical researchers in discovery of new therapeutics

Accelerate

Flexible and efficient outsourced model for non-clinical development to enable quick progression into the clinic

Manufacture

Comprehensive solutions to support biopharmaceutical manufacturers in the critical testing, process development, and production of advanced therapies

Leading, Global, Non-Clinical Drug Development Partner with a Mission to Create Healthier Lives

Global Scale

>21,000
Global employees

~2,600
Scientific professionals with advanced degrees

>2,000
Biopharma clients

~70%
Revenue from biopharma industry

>150
Locations in

>20
Countries

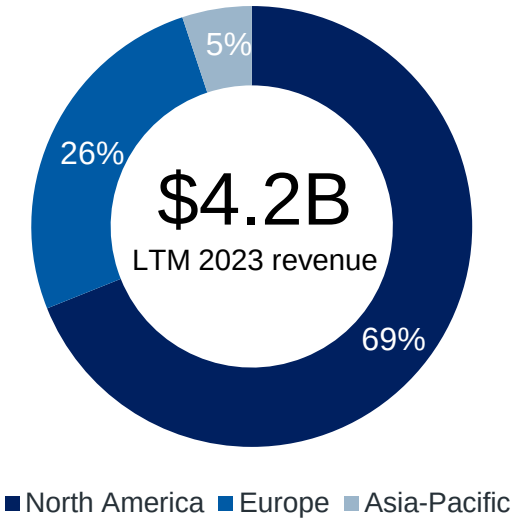
Attractive Market Position

#1
Position in Research Models, Safety Assessment & Microbial Solutions

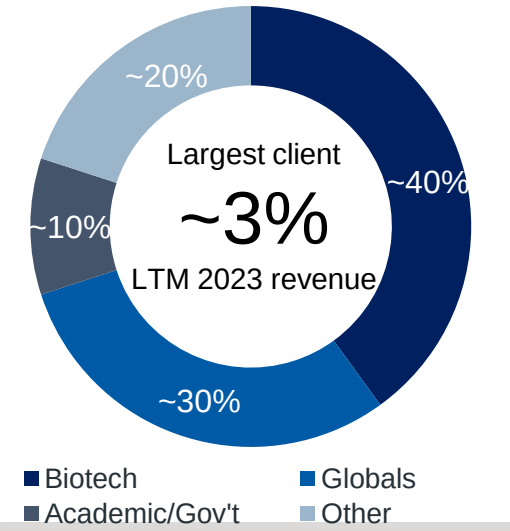
Supported
>80%
of FDA-approved novel drugs over last five years (2019-23)

>$25B
addressable market opportunity provides long runaway for future growth

Diverse Revenue Base by Region

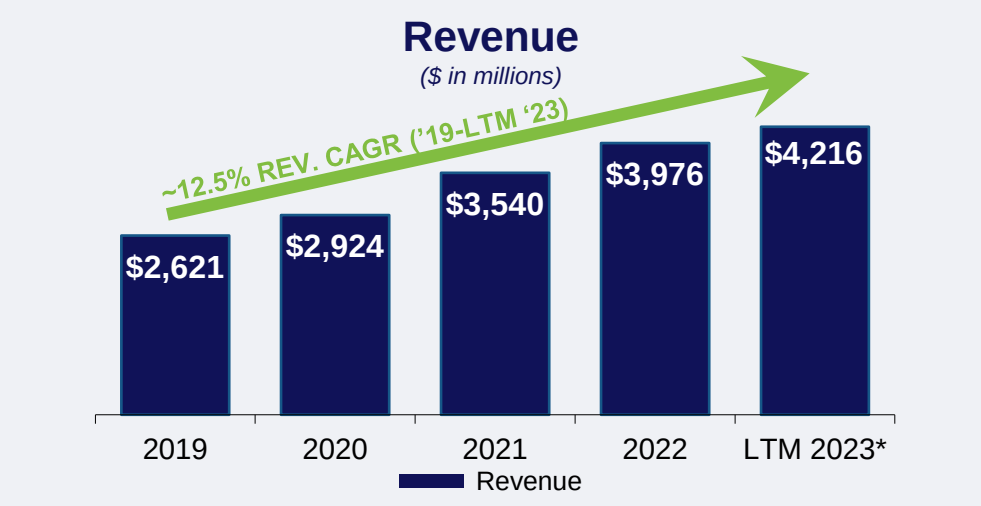


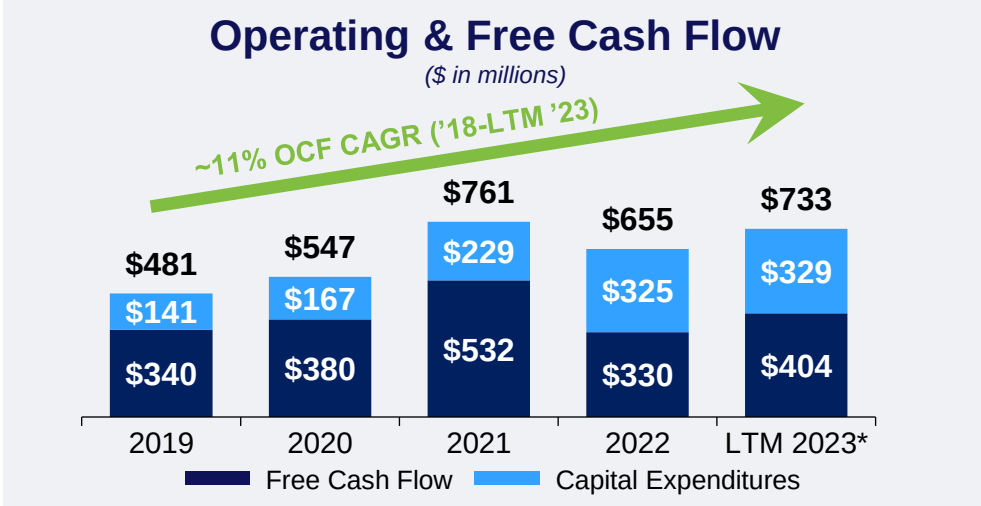
Balanced Revenue by Client Segment*

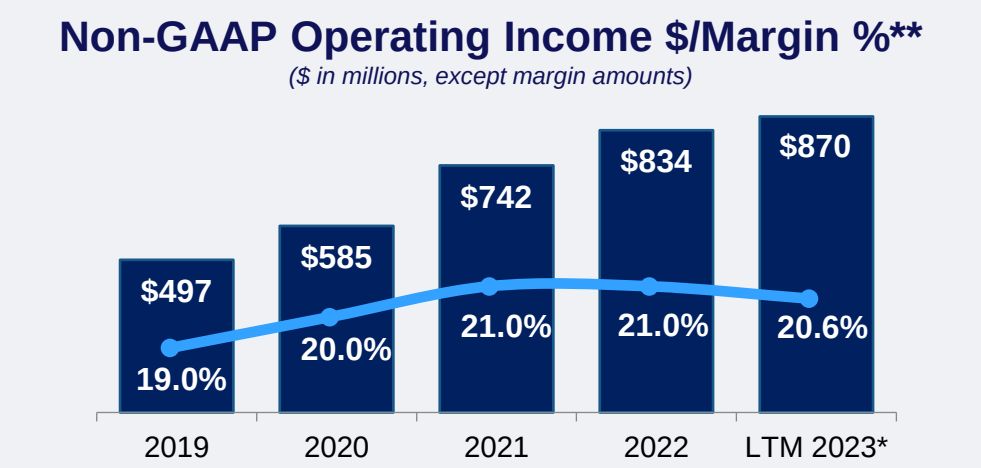


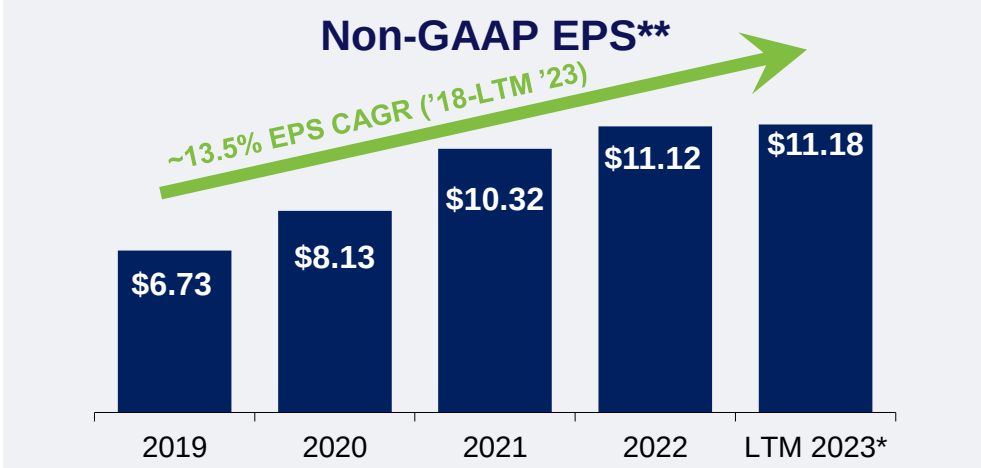
LTM 2023 revenue based on LTM (last twelve months) financial information through September 30, 2023.

Proven Financial Results









***LTM 2023 financial information for the last twelve months ending September 30, 2023.**
See ir.criver.com for reconciliations of GAAP to non-GAAP results.

****GAAP Operating Income $/Margin %:*** *2019: $351M / 13.4%; 2020: $433M / 14.8%; 2021: $590M / 16.7%; 2022: $651M / 16.4%.*
GAAP EPS: *2019: $5.07; 2020: $7.20; 2021: $7.60; 2022: $9.48.*

Advancing our Culture through Commitment to Corporate Citizenship

Accelerate Life-Saving Therapies

Making accelerated, accessible therapies a reality for patients who need them

- Worked on more than 80% of drugs approved by the U.S. Food and Drug Administration (FDA) over the past five years
- Broad portfolio of products and services and global scale enables clients to enhance their productivity and effectiveness at every point along the drug development continuum, while lowering costs and increasing speed to market

Lead with Integrity

Making a positive impact on patients, animals in our care, and communities

- 36% women or minority representation on the Board
- Became a signatory to the UN Global Compact in 2023
- Established the Office for Responsible Animal Usage (ORAU) and the Responsible Animal Use Committee on the Board, to oversee responsible animal utilization and reduction practices, and operating standards of care

Inspire our People

Providing an exceptional employee experience where our people can learn, grow and make an impact

- 11 global Employee Resource Groups (ERGs) with >3,000 employees
- Demonstrated equitable pay practices, with less than 1% gap in pay by gender (global) and race/ethnicity (U.S.)
- Achieved 10.7% reduction in Total Recordable Incident Rate (TRIR) from 2018 to 2022

Protect our Planet

Operating our business responsibly and promoting a sustainable future in the communities where we live and work

- Scope 1 and 2 GHG emissions decreased 23% from 2018 to 2022, driven by renewable electricity use and energy conservation measures
- Achieved 90% renewable electricity from virtual purchase power agreements (vPPAs) in North America (solar) and Europe (wind), as part of our effort to achieve 100% renewable electricity by 2030

Unique, Scientifically Differentiated Platform

Research Models and Services (RMS)

Global leader in the production of the most widely used small research models and associated services

Foundational tools that enable clients to discover new molecules

Discovery and Safety Assessment (DSA)

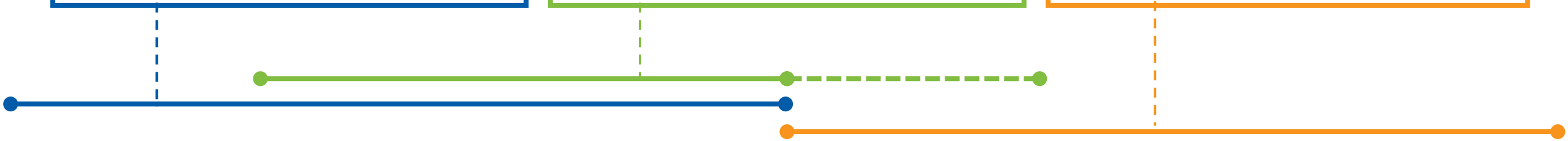
Largest, global partner for outsourced drug discovery, non-clinical development, and regulated safety testing services

Enabling preclinical success and efficiently advancing ideas into the clinic

Manufacturing Solutions

Full-service process development, clinical-to-commercial manufacturing, and quality-control testing products and services

Ensuring the quality and safety of manufacturing activities and commercial therapies

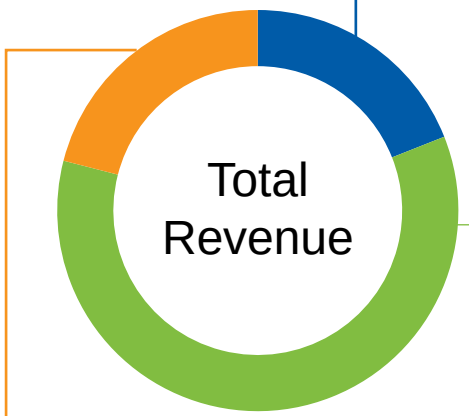


Basic Research	Drug Discovery	Non-Clinical Development	Clinical Development	Market Approval	Commercial Manufacture

Research & Development Continuum

Note: DSA segment provides certain services to support clinical development, including clinical bioanalysis/lab sciences. However, the Company does not conduct human clinical trials.

Balanced Revenue Contribution and Robust Growth Profile



19%
RMS

- **Research Models**
- **Research Model Services**
- **Human Cellular Products (Cell Solutions)**

8.1%
Organic growth
YTD Sept. 2023

23.0%
Non-GAAP
operating margin
YTD Sept. 2023

64%
DSA

- **Discovery Services**
- **Safety Assessment**

13.1%
Organic growth
YTD Sept. 2023

27.9%
Non-GAAP
operating margin
YTD Sept. 2023

17%
Manufacturing

- **Microbial Solutions**
- **Biologics Testing**
- **C&GT CDMO**

1.9%
Organic growth
YTD Sept. 2023

20.5%
Non-GAAP
operating margin
YTD Sept. 2023

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

All revenue and operating income/margin figures based on YTD September 2023 financial information.

RMS Segment

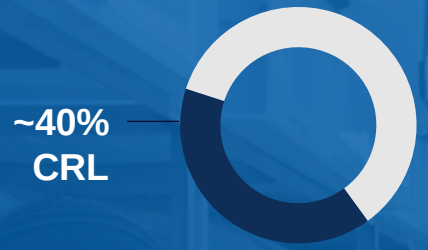
Foundational tools for the discovery of new molecules

Research Products
Production and distribution of the most widely used small research models, as well as cellular products

Services
Flexible solutions that support our clients' use of models and the screening of drug candidates

- **Global footprint** ensures proximity to major biohubs
- Consistent, high-quality source of small research models provides **critical link to DSA business**
- Creative strategies, including **CRADL™,** to attract emerging biopharma clients at earlier stages
- **Enhanced digital enterprise** improves efficiency and client experience

#1 Global RMS Position



~1 of 2
Small research models sold in North America and Europe from CRL

~150
of the most widely used research model strains

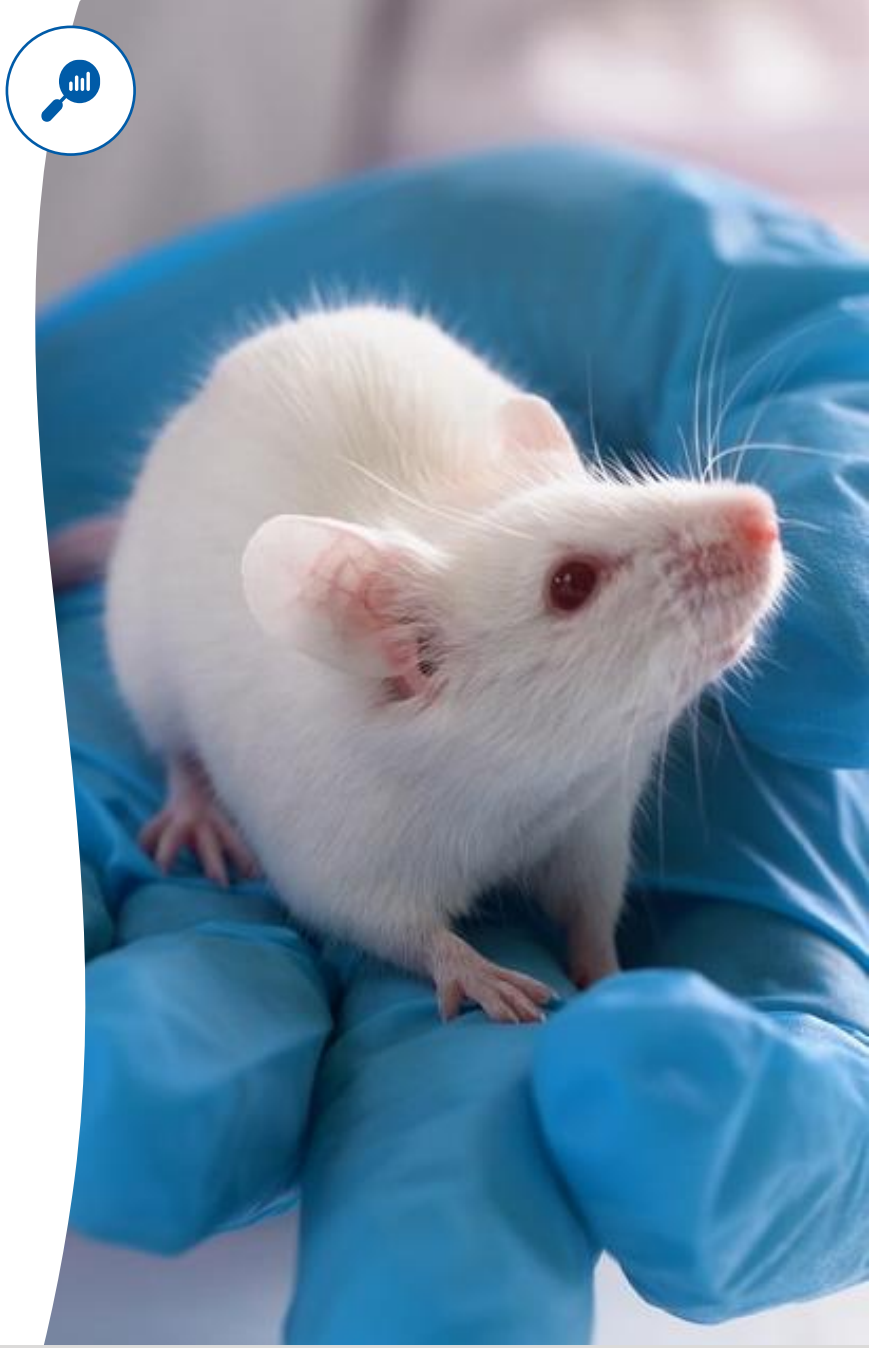
Note: CRL market share data based on management estimates and publicly available information.

RMS Growth Drivers

Expansion of RMS services, capabilities, and footprint

- Long-term growth drivers:
  - RM Services, including expansion of **CRADL™** offering
    - CRADL™ has >30 locations with >400,000 ft^2 of full-service, turnkey vivarium rental capacity
  - Recent expansion of China footprint to support future growth prospects
  - Digital enablement of research models and GEMS businesses further differentiates CRL from competition

- Current market conditions:
  - Slower demand across most client segments principally driven by biopharma end market environment, particularly mid-tier clients (biotechs/CROs)
  - Small models revenue growth principally driven by price increases in 3Q23
  - Solid RM Services performance primarily driven by Insourcing Solutions/CRADL™
  - Timing of NHP shipments within China creates fluctuations in quarterly RMS financial performance



DSA Segment

Drug discovery research, development, and regulatory-required safety testing of potential new drugs

Discovery Services

Single source of services for discovering and characterizing novel drug candidates for preclinical development

- Early discovery, *in vivo*, and *in vitro* capabilities
  - Expertise in most major therapeutic areas, with a focus on **oncology** and **CNS**
- **Broad capabilities** across small and large molecule, antibody, and C&GT
- Expertise in **integrated programs**
  - Ability to engage with clients at any stage of their discovery or early-stage development programs

Safety Assessment (SA)

Full suite of safety studies required for regulatory submission on a global basis across all therapeutic areas

- **Global leader** in both non-regulated and regulated (GLP) outsourced SA services
- **Broad scientific capabilities**
  - General and specialty toxicology, bioanalysis, pathology, safety pharmacology, drug metabolism, and pharmacokinetics (DMPK) services
  - **Largest specialty toxicology offering** from inhalation and infusion to developmental and reproductive toxicology

Outsourced SA Market Sector *

>100

Preclinical drug candidates discovered for clients since 1999

A safety assessment program costs

5x-10x less

than a late-stage clinical program, providing incentive for clients to focus R&D spending on IND achievement

Note: CRL market share data based on management estimates and publicly available information.
* Safety Assessment market sector size definition has expanded (and CRL share updated) to fully reflect preclinical bioanalysis and chem & agchem sectors.

DSA Growth Drivers

Best-in-class science and service differentiates CRL

- Long-term growth drivers:
  - **M&A** and **technology partnerships** enhancing scale, innovative capabilities, and therapeutic area expertise
  - Opportunity to drive incremental outsourcing penetration, with Discovery only **~30% outsourced** and Safety Assessment **60%+ outsourced**
  - Significant opportunity to further increase synergies and client overlap
  - **Digital transformation** including successful launch of Apollo™ further connects clients to real-time data and our comprehensive portfolio

- Current market conditions:
  - DSA demand trends normalizing to pre-pandemic levels due in part to biotech funding environment
    - SA backlog coverage at **~12 months** at the end of 3Q23
    - DSA revenue growth to global biopharma clients has outpaced biotech clients from Q1-Q3 2023
  - Recent shift in spending to clients' **clinical programs** and **post-IND SA work**
  - 3Q23 SA **cancellations** improved to lowest level since 2Q22 and net book-to-bill improved sequentially, but near-term outlook remains measured
  - Monitoring for signs that biotech **IPO market** will **reopen** after Federal Reserve's recent commentary on interest rates

Strategic Update on NHP Supply Initiatives

Committed to being an industry leader in advancing sustainable and secure NHP supply chain practices and innovative preclinical drug development solutions

Enhancing Safeguards

- Enhance practices to ensure continued regulatory compliance and purpose-bred sourcing of NHPs

Diversify Supply Chain

- Maintain and expand sources of NHP supply across multiple countries

Leverage Global Infrastructure

- Established flexible operational infrastructure to accommodate global client demand in current regulatory environment

Innovate for the Future

- Committed to the 4Rs / reducing NHP usage and driving innovation and the evaluation of alternatives

Increased Disclosure

- Promote greater transparency and disclosure* around NHP supply practices and usage

* Includes comprehensive annual report on NHP supply to shareholders that will be issued in late 1Q24.

Enhancing Safeguards for NHP Supply Chain

Enhance practices to ensure continued **regulatory compliance** and **purpose-bred sourcing** of NHPs

- CRL implementing **enhanced measures** to further ensure purpose-bred status of the NHPs that we source
  - Broad-based, **multi-layered audit approach** that includes more frequent **supplier audits/visits**, **genetic testing** at certain suppliers to **confirm parentage**, and enhanced audit procedures
  - Enhanced documentation procedures, including enhanced **digital record keeping**
  - Improved supplier due diligence and training programs
- Partnered with a major academic institution to develop a **genetic testing** platform to confirm purpose-bred status of NHPs
  - Validation completed and pilot program underway to start **genetic testing** at our **majority-owned NHP supplier in Mauritius**
  - Plan to implement a risk-based approach to genetic testing at certain suppliers
- Believe that we continue to act in accordance with applicable laws, rules, and regulations and that we have satisfied the material requirements, documentation, and related processes and procedures as required by CITES to import NHPs
  - CRL is working closely with the **regulatory agencies** and **government authorities** in each of the countries that we operate

Diversify NHP Supply Chain

Maintain and **expand sources of NHP supply** across multiple countries

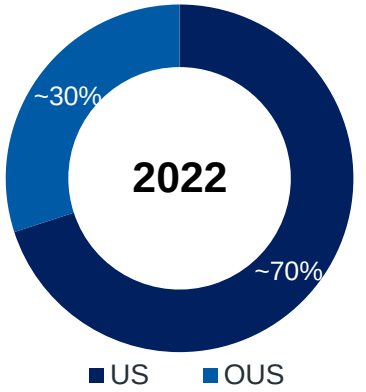
- Goal to continue to **diversify and secure NHP supply chain** through various supplier relationships
  - Includes current **ownership stakes** in suppliers in **Mauritius** and **China**
- Committed to **annually disclose** when a **country of origin exceeds 30%** of our globally sourced NHP
  - In 2023, we procured >30% of NHP imported from the following country: **Cambodia** (<50%)
- Increased stake in majority-owned NHP supplier in **Mauritius** to **90% ownership** in December 2023
  - Supports initiatives to secure supply chain through **increased ownership** and **operational control**
  - Enables us to diversify our supplier base over the long term, but does not immediately increase the number of NHPs that we will directly source from Mauritius
- **Expanded North American NHP quarantine** and **holding capacity** in recent years to increase safety stock

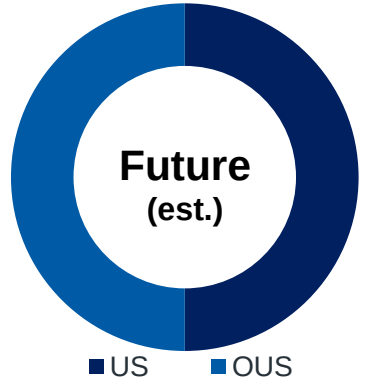
Leverage Global Infrastructure

Established flexible operational infrastructure to accommodate global client demand in current regulatory environment

- Successfully mitigating the overall impact of NHP supply constraints
- Leveraged our **global SA infrastructure** to shift more NHP studies outside the US to accommodate client demand
  - Our global scale is a **competitive advantage**
- Now conducting **meaningfully less NHP-related study work in the US**
  - Our international Safety Assessment infrastructure is accommodating this work and these sites have historically conducted NHP-related studies
- Will continue to support a **restoration of Cambodian NHP imports** into the US
  - CRL has not yet resumed Cambodian NHP imports into the US, but we are able to accommodate client demand via utilization of our global infrastructure

Geographic Breakout of NHP-related SA Studies





Innovate for the Future

Committed to the **4Rs / reducing NHP usage** and driving innovation and the **evaluation of alternatives**

- Continue to champion **animal welfare** and the **4Rs** to promote more sustainable practices in the future
  - Promote **virtual control groups**, more efficient study designs, and other methodologies to reduce animal use
  - Review ***in vitro*** **alternatives** to screen for liabilities, efficacy, and metabolism
  - Evaluate **regulatory acceptance** of **alternative models** to modify the reliance on NHPs
- Evaluate alternative technologies for preclinical drug development (including **AI and biosimulation**) to remain at the leading edge of innovation should scientific capabilities advance
  - CRL has already invested **~$200M** in the last 4 years in **alternative methodologies**, including technologies and digital platforms that **reduce/modify animal use** via **strategic acquisitions, partnerships, and internal investments**
  - Believe AI, biosimulation, and related technologies are **still far from** making a meaningful, positive impact on safety assessment processes and protocols
    - However, **AI** has already become a **valuable tool** to pair with **traditional discovery research** methodologies, as demonstrated by our Valo partnership and the Logica™ platform
- Established the **Responsible Animal Use Committee** on our **Board** and the Office for Responsible Animal Usage (ORAU) to oversee responsible animal utilization and reduction practices, and operating standards of care

Manufacturing Solutions Segment

Safe production and release of manufactured products

Microbial Solutions
Rapid, efficient testing platform for microbial detection and identification of sterile and non-sterile applications

- Leading global provider of **quality-control (QC) testing** products and services
  - **FDA-mandated** lot release testing for sterile biopharmaceutical products
- **Market-leading platforms**
  - **Endosafe®** endotoxin detection
  - **Accugenix®** microbial identification and strain typing
  - **Celsis®** rapid microbial detection

Biologics Testing
Process development and quality-control testing to support the manufacture of biologics

- **Premier global partner** in navigating the complex pathway to biologic effectiveness
  - Supports developers and manufacturers with their **testing, characterization, and cell bank manufacturing** needs
  - **Testing and assay development** throughout drug development, clinical, and commercial manufacturing

C&GT CDMO
Scientific partner for C&GT development, testing, and manufacturing

- Solutions across **all major CDMO platforms for C&GT**
  - **Primary expertise in gene-modified cell therapy** with growing capabilities in gene therapy, including plasma DNA and viral vectors
- Excellent strategic fit across CRL portfolio
  - **Integrated value chain** from foundational cellular materials through analytical testing and the production of advanced therapies

Biologics Industry Pipeline By Subsegment

~70%

of Microbial Solutions revenue from reagents/consumables, creating a recurring revenue stream

~65%

of CRL's C&GT CDMO revenue from gene-modified cell therapy production

Manufacturing Growth Drivers

Capitalizing on the expansion of biologics and C&GT pipelines

- Long-term growth drivers:
  - **No competitors** have our comprehensive, rapid, and efficient testing platform for **microbial detection and identification**
  - **Increased** number of **biologics in development**, fueled by **C&GT programs**
  - Stay abreast of **new technologies** and initiatives to connect with clients, such as next-generation sequencing (**NGS**) testing technologies
  - C&GT CDMO business gaining traction and enhancing our presence in advanced modalities
    - Our **Memphis CDMO site** recently received **US/EU approval** to manufacture **Vertex's CASGEVY™**, the **first gene-edited therapy** targeting **severe sickle cell disease (SCD)**

- Current market conditions:
  - Reduced COVID vaccine production and "destocking" at CDMO/biopharma clients has led to softer demand trends for Microbial Solutions
  - Biopharma/CDMO end market demand trends also led to lower testing volumes for Biologics Testing business
  - **C&GT CDMO** business reported **robust, double-digit growth** in Q2 & Q3 2023 and **new commercial projects** expected to help garner **additional client interest**

Strengthening Our Unique Portfolio

Best, **early-stage translational portfolio** from **one integrated partner**

- Enhancing our scientific capabilities with a focus on advanced modalities (incl. C&GT) and key therapeutic areas
  - **C&GT** continues to be a **significant growth opportunity**
  - Continue to expand expertise around humanized models, CRADL™, antibody discovery, bioanalysis and advanced screening capabilities, microbial detection, process development, and next-generation sequencing
- Selectively adding to portfolio via **technology partnerships** and our **M&A roadmap** to create even more compelling value for our clients
  - Will also evaluate creative and new opportunities to partner with emerging biotech clients earlier in the R&D process, including our **VC relationships** and **biohubs strategy**
- Enable clients to advance their drugs **to the clinic** and **commercial phase faster** and **more efficiently**

~15%
of biopharma R&D pipelines are C&GT programs

>3,000
Active C&GT programs in all phases of R&D

>2/3
of C&GT programs are in preclinical phase, setting the stage for sustained growth

>20*
C&GT therapies commercially approved by the FDA today

Source: FDA, PharmaProjects/Citeline and Wall Street research.
* Excludes cell transplantation and cell-based regenerative medicine products.

Multiple Strategies to Strengthen Portfolio and Enhance Value for Our Clients and Shareholders

Disciplined M&A

M&A remains top, long-term **priority** for disciplined capital deployment and enhances growth strategy

Invested **>$4.5B in >25 acquisitions** since 2012

Focused on enhancing breadth of scientific capabilities, expanding global scale, and maintaining leadership in advanced and emerging therapies

Strategic Partnerships

Partnerships and licensing arrangements add innovative capabilities and cutting-edge technologies with limited upfront risk

>20 active partnerships currently with **>$135M invested** to date(1)

Highlights include:

- Distributed Bio (acquired) – antibody discovery
- SAMDI Tech (acquired) – label-free high-throughput screening (HTS)
- Cypre – 3D tumor modeling
- Wheeler Bio – Antibody manufacturing
- Vernal Bio – mRNA manufacturing/LNP design

Venture Capital Relationships

Innovative strategy to establish CRL as a preferred partner to a large group of emerging, VC-backed biotech companies and create value

~10% of annual revenue comes from VC-backed companies(2)

>25% average annual return on our VC relationships (investments and revenue)(3)

(1) Amount invested in strategic partnerships excludes purchase price to acquire Distributed Bio and SAMDI Tech.
(2) VC revenue includes VC firms with which we have invested, those with which we have a strategic relationship, and other revenue from VC portfolio companies with which we have no formal relationship.
(3) Return calculation as of YTD Sept. includes VC investment gains and operating cash flow from revenue generated from VC funds in which we have invested (both net of tax). It does not include revenue generated from VC funds in which we have not invested.

Innovative Partnership Examples

Partnership strategy is increasingly essential to extend our scientific and technological breadth

Valo

- Partnership established 2022
- **AI-enabled** drug discovery solutions
- Partnering on Logica™, an AI-powered drug solution that leverages Valo Health's Opal Computational Platform and CRL's leading preclinical expertise
  - Logica™ has the capability to transform a drug target into a **first-in-class development candidate in just over 2 years**

DECIPHEX

- Partnership established 2020
- **Digital pathology**
- Co-development of a digital pathology workflow
- First to offer clients GLP-validated digital pathology peer review using Deciphex Patholytix Preclinical for toxicologic pathology

Patholytix Preclinical

- CRL is co-developing exclusive AI models to support accelerate pathology review

PathoQuest

- Partnership established in 2016 (expanded 2020)
- **Next-generation sequencing** (NGS) for **biologics QC testing**
- PathoQuest provides a pioneering NGS approach to biologics characterization and release testing
- Rapid, *in vitro* testing approach for viral safety testing and genetic characterization of cell lines

Driving Greater Speed and Efficiency

Evolve into a “data-first, technology-driven” scientific organization

- Leverage our scalable operating model and digital enterprise, and optimize cost structure to drive greater productivity
  - Committed to **operating margin improvement of ~150 bps** between 2023-2026
- Maintain the “gold standard” for outsourced drug development by adopting key technologies and optimizing processes
  - **Accelerate timelines** around **safety assessment** studies, integrated drug development projects, C&GT projects, and microbial contamination testing
- **Enhance speed** and **execution** with seamless access to real-time client data, data-driven insights, and leveraging scientific and operational data
  - Multiple efforts to digitalize additional client-facing functions, including RMS e-commerce solutions and launch of Apollo™ for Safety Assessment

Cutting-Edge Digital Transformation Enhances 75 years of Scientific Expertise

Faster Data.
Better Application.
Improved Timelines.
More Educated Results.

Digital roadmap for faster and more efficient data access

- **Better scheduling** and **resource optimization**
- Remove **“white space”** and **reduce manual work**

Digital ecosystem to manage client relationships

- Enhance real-time client connectivity
- E-commerce solutions
  - Enable clients to order research models online and goal to book their own studies
- Promote better data management and scientific decision making

Enhance data-driven insights

- Enhanced AI/machine learning
- Drive data automation

Robust Value Creation Supported by Strategic Imperatives

Strengthen Portfolio

Continuous innovation to distinguish ourselves scientifically and unlock new capabilities
- Emerging therapies and modalities
- **High-growth investment opportunities**

Drive Efficiency

Maximizing synergies across portfolio to drive value for clients
- Process **optimization** and **harmonization** to drive continuous improvement
- Scale operating model and optimize operational effectiveness

Enhance Speed

Targeting to further reduce our clients' early-stage development timelines
- Leveraging expertise in science, digital enterprise, and regulatory compliance
- Decentralized and agile decision making to enhance responsiveness

Champion Technology

Transforming industry and client experience with best-in-class technology platform
- Real-time access to scientific data with self-service options
- **E-commerce** solutions, automation/robotics, and **AI/machine learning**

Advance Culture

Delivering meaningful contributions through a purpose-driven work environment
- Focused on opportunities for growth, well-being, meaningful work, and recognition
- Make a difference to colleagues, clients, and communities through purpose, belonging, and support

charles river

Regulation G Financial Reconciliations

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF LAST TWELVE MONTHS (LTM) 2023 FINANCIAL METRICS (1)
(dollars in thousands, except per share data)

Revenue	**RMS**	**DSA**	**Manufacturing**	**Total CRL**
Fiscal Year Ended December 31, 2022	$739,175	$2,447,316	$789,569	$3,976,060
Nine Months Ended September 30, 2023	596,562	1,989,838	529,533	3,115,933
Less: Nine Months Ended September 24, 2022	(543,066)	(1,755,639)	(577,512)	(2,876,217)
Last Twelve Months (LTM) Ended September 30, 2023	**$792,671**	**$2,681,515**	**$741,590**	**$4,215,776**
Segment % of Total	*18.80%*	*63.61%*	*17.59%*	*100%*

Non-GAAP Operating Income (2)	**RMS**	**DSA**	**Manufacturing**	**Unallocated Corp.**	**Total CRL**
Fiscal Year Ended December 31, 2022	$186,011	$618,350	$227,446	($197,839)	$833,968
Nine Months Ended September 30, 2023	137,432	555,617	108,741	(156,926)	644,864
Less: Nine Months Ended September 24, 2022	(141,573)	(436,700)	(173,845)	142,986	(609,132)
Last Twelve Months (LTM) Ended September 30, 2023	**$181,870**	**$737,267**	**$162,342**	**($211,779)**	**$869,700**
LTM 2023 Operating Margin %	***22.9%***	***27.5%***	***21.9%***		***20.6%***
Total LTM 2023 Non-GAAP OI excluding Unallocated Corp.					*$1,081,479*
Segment % of Total excluding Unallocated Corp.	*16.8%*	*68.2%*	*15.0%*		*100%*

Non-GAAP Net Income	**Total CRL**
Fiscal Year Ended December 31, 2022	$570,622
Nine Months Ended September 30, 2023	421,733
Less: Nine Months Ended September 24, 2022	(417,752)
Last Twelve Months (LTM) Ended September 30, 2023	**$574,603**

Non-GAAP Earnings Per Share	
Weighted average shares outstanding - Diluted	51,397
Last Twelve Months (LTM) Ended September 30, 2023	**$11.18**

Free Cash Flow	**Operating CF**	**Divestiture Impact (3)**	**Adjusted Operating CF**	**Cap Ex**	**Free Cash Flow**
Fiscal Year Ended December 31, 2022	$619,640	$35,344	$654,984	$324,733	$330,251
Nine Months Ended September 30, 2023	462,955	-	462,955	240,205	222,750
Less: Nine Months Ended September 24, 2022	(384,883)	-	(384,883)	(235,709)	(149,174)
Last Twelve Months (LTM) Ended September 30, 2023	**$697,712**	**$35,344**	**$733,056**	**$329,229**	**$403,827**

(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) See Financial Reconciliations section of the Company's Investor Relations web site at ir.criver.com for a reconciliation of GAAP to Non-GAAP Operating Income for each period.

(3) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of our Avian business, which is recorded in Net cash provided by operating activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the Avian divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP OPERATING INCOME [1]
(dollars in thousands)

	Twelve Months Ended			
	December 31, 2022	**December 25, 2021**	**December 26, 2020**	**December 28, 2019**
Revenue	$ 3,976,060	$ 3,540,160	$ 2,923,933	$ 2,621,226
Operating income	650,975	589,862	432,729	351,151
Operating income as a % of revenue	16.4 %	16.7 %	14.8 %	13.4 %
Add back:				
Amortization related to acquisitions	146,934	128,148	118,618	90,867
Severance and executive transition costs	4,088	4,718	7,586	11,458
Acquisition related adjustments [2]	18,566	15,867	19,623	39,439
Site consolidation costs, impairments and other items	13,405	3,468	6,457	4,283
Total non-GAAP adjustments to operating income	$ 182,993	$ 152,201	$ 152,284	$ 146,047
Operating income, excluding non-GAAP adjustments	$ 833,968	$ 742,063	$ 585,013	$ 497,198
Non-GAAP operating income as a % of revenue	21.0 %	21.0 %	20.0 %	19.0 %

(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 arrangments, and an adjustment related to certain indirect tax liabilities.

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

	Twelve Months Ended			
	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019
Net income attributable to common shareholders	$ 486,226	$ 390,982	$ 364,304	$ 252,019
Less: Income from discontinued operations, net of income taxes	—	—	—	—
Net income from continuing operations attributable to common shareholders	486,226	390,982	364,304	252,019
Add back:				
Amortization related to acquisitions	146,934	128,148	118,618	90,867
Severance and executive transition costs	4,088	4,718	7,586	11,458
Acquisition related adjustments [2]	18,566	15,867	19,623	39,439
Site consolidation costs, impairments and other items [3]	13,405	3,468	6,457	4,283
Write-off of deferred financing costs and fees related to debt financing	—	26,089	—	1,605
Venture capital and strategic equity investment losses (gains), net	26,775	30,419	(100,861)	(20,707)
Gain on divestitures [4]	(123,524)	(22,656)	—	—
Loss due to U.S. Pension termination	—	—	10,283	—
Other [5]	5,285	(2,942)	—	—
Tax effect of non-GAAP adjustments:				
Tax effect from U.S. Tax Reform [6]	—	—	—	—
Tax effect from enacted tax law changes	(382)	10,036	—	—
Tax effect from divestiture of CDMO business	—	—	—	—
Non-cash tax provision (benefit) related to international financing structure [7]	4,648	4,809	4,444	(19,787)
Tax effect of the remaining non-GAAP adjustments	(11,399)	(58,404)	(18,953)	(24,811)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 570,622	$ 530,534	$ 411,501	$ 334,366
Weighted average shares outstanding - Basic	50,812	50,293	49,550	48,730
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	489	1,132	1,061	963
Weighted average shares outstanding - Diluted	51,301	51,425	50,611	49,693
Earnings per share attributable to common shareholders:				
Basic	$ 9.57	$ 7.77	$ 7.35	$ 5.17
Diluted	$ 9.48	$ 7.60	$ 7.20	$ 5.07
Basic, excluding non-GAAP adjustments	$ 11.23	$ 10.55	$ 8.30	$ 6.86
Diluted, excluding non-GAAP adjustments	$ 11.12	$ 10.32	$ 8.13	$ 6.73

(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 arrangements, and an adjustment related to certain indirect tax liabilities. In fiscal year 2019, the amount also includes a $2.2 million charge recorded in connection with the modification of the option to purchase the remaining 8% equity interest in Vital River.

(3) Other items include certain third-party legal costs related to (a) an environmental litigation related to the Microbial business and (b) investigations by the U.S. government into the NHP supply chain applicable to our Safety Assessment business.

(4) Adjustments included in 2022 relate to the gain on sale of our Avian business. Adjustments included in 2021 relate to the preliminary gain on sale of our RMS Japan business as well as a gain on an immaterial divestiture.

(5) Adjustments included in 2022 primarily relate to a purchase price adjustment in connection with the 2021 divestiture of RMS Japan, a loss on the termination of a Canadian pension plan, and the reversal of an indemnification asset related to a prior acquisition. Adjustment included in 2021 relates to the finalization of an annuity purchase related to the termination of our U.S. pension plan.

(6) This adjustment is related to the refinement of one-time charges associated with the enactment of U.S. Tax Reform related to the transition tax on unrepatriated earnings (also known as the toll tax), and the revaluation of U.S. federal net deferred tax liabilities.

(7) 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]
(dollars in thousands)

	Twelve Months Ended			
	December 31, 2022	**December 25, 2021**	**December 26, 2020**	**December 28, 2019**
Net cash provided by operating activities	$ 619,640	$ 760,799	$ 546,575	$ 480,936
Add back: Tax impact of Avian divestiture [2]	35,344	—	—	—
Less: Capital expenditures	(324,733)	(228,772)	(166,560)	(140,514)
Free cash flow	$ 330,251	$ 532,027	$ 380,015	$ 340,422

(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) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of our Avian business, which is recorded in Net cash provided by operating activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the Avian divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Research Models and Services				
Revenue	$ 186,848	$ 180,114	$ 596,562	$ 543,066
Operating income	28,326	35,891	117,653	123,299
Operating income as a % of revenue	15.2 %	19.9 %	19.7 %	22.7 %
Add back:				
Amortization related to acquisitions	5,398	5,467	16,383	14,777
Severance	965	(110)	965	1,017
Acquisition related adjustments [2]	604	1,126	2,431	2,480
Total non-GAAP adjustments to operating income	$ 6,967	$ 6,483	$ 19,779	$ 18,274
Operating income, excluding non-GAAP adjustments	$ 35,293	$ 42,374	$ 137,432	$ 141,573
Non-GAAP operating income as a % of revenue	18.9 %	23.5 %	23.0 %	26.1 %
Depreciation and amortization	$ 13,872	$ 13,128	$ 41,310	$ 35,825
Capital expenditures	$ 9,192	$ 10,743	$ 35,769	$ 33,239
Discovery and Safety Assessment				
Revenue	$ 664,028	$ 619,463	$ 1,989,838	$ 1,755,639
Operating income	146,819	142,143	479,788	375,922
Operating income as a % of revenue	22.1 %	22.9 %	24.1 %	21.4 %
Add back:				
Amortization related to acquisitions	17,749	20,039	52,980	63,253
Severance	2,001	(28)	2,001	433
Acquisition related adjustments [2]	630	(395)	3,233	(5,909)
Site consolidation costs, impairments and other items [3]	13,318	645	17,615	3,001
Total non-GAAP adjustments to operating income	$ 33,698	$ 20,261	$ 75,829	$ 60,778
Operating income, excluding non-GAAP adjustments	$ 180,517	$ 162,404	$ 555,617	$ 436,700
Non-GAAP operating income as a % of revenue	27.2 %	26.2 %	27.9 %	24.9 %
Depreciation and amortization	$ 44,088	$ 43,913	$ 129,662	$ 135,328
Capital expenditures	$ 41,967	$ 43,400	$ 155,477	$ 133,908
Manufacturing Solutions				
Revenue	$ 175,747	$ 189,580	$ 529,533	$ 577,512
Operating income	26,275	31,479	52,784	140,350
Operating income as a % of revenue	15.0 %	16.6 %	10.0 %	24.3 %
Add back:				
Amortization related to acquisitions	11,164	10,115	34,310	33,386
Severance	612	241	4,045	619
Acquisition related adjustments [2]	3,279	10,555	6,290	(4,191)
Site consolidation costs, impairments and other items [3]	1,700	1,741	11,312	3,681
Total non-GAAP adjustments to operating income	$ 16,755	$ 22,652	$ 55,957	$ 33,495
Operating income, excluding non-GAAP adjustments	$ 43,030	$ 54,131	$ 108,741	$ 173,845
Non-GAAP operating income as a % of revenue	24.5 %	28.6 %	20.5 %	30.1 %
Depreciation and amortization	$ 20,070	$ 17,005	$ 59,677	$ 53,487
Capital expenditures	$ 14,349	$ 18,137	$ 46,949	$ 65,396

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)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	$ (49,918)	$ (58,537)	$ (165,886)	$ (152,406)
Add back:				
Severance	—	(193)	—	1,061
Acquisition related adjustments [2]	1,958	1,229	8,960	8,359
Total non-GAAP adjustments to operating expense	$ 1,958	$ 1,036	$ 8,960	$ 9,420
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (47,960)	$ (57,501)	$ (156,926)	$ (142,986)
Total				
Revenue	$ 1,026,623	$ 989,157	$ 3,115,933	$ 2,876,217
Operating income	151,502	150,976	484,339	487,165
Operating income as a % of revenue	14.8 %	15.3 %	15.5 %	16.9 %
Add back:				
Amortization related to acquisitions	34,311	35,621	103,673	111,416
Severance	3,578	(90)	7,011	3,130
Acquisition related adjustments [2]	6,471	12,515	20,914	739
Site consolidation costs, impairments and other items [3]	15,018	2,386	28,927	6,682
Total non-GAAP adjustments to operating income	$ 59,378	$ 50,432	$ 160,525	$ 121,967
Operating income, excluding non-GAAP adjustments	$ 210,880	$ 201,408	$ 644,864	$ 609,132
Non-GAAP operating income as a % of revenue	20.5 %	20.4 %	20.7 %	21.2 %
Depreciation and amortization	$ 78,870	$ 74,605	$ 233,610	$ 226,325
Capital expenditures	$ 65,947	$ 72,393	$ 240,205	$ 235,709

(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

(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 arrangments, 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) investigations by the U.S. government into the NHP supply chain 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		Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Net income attributable to common shareholders	$ 87,389	$ 96,473	$ 287,540	$ 298,816
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	59,378	50,432	160,525	121,967
Venture capital and strategic equity investment losses, net	7,249	(3,447)	12,404	20,068
Loss on divestitures [2]	433	—	995	—
Other [3]	—	240	495	4,205
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure [4]	1,283	1,161	3,703	3,624
Tax effect of the remaining non-GAAP adjustments	(15,271)	(10,115)	(43,929)	(30,928)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 140,461	$ 134,744	$ 421,733	$ 417,752
Weighted average shares outstanding - Basic	51,283	50,870	51,199	50,778
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	324	413	294	507
Weighted average shares outstanding - Diluted	51,607	51,283	51,493	51,285
Earnings per share attributable to common shareholders:				
Basic	$ 1.70	$ 1.90	$ 5.62	$ 5.88
Diluted	$ 1.69	$ 1.88	$ 5.58	$ 5.83
Basic, excluding non-GAAP adjustments	$ 2.74	$ 2.65	$ 8.24	$ 8.23
Diluted, excluding non-GAAP adjustments	$ 2.72	$ 2.63	$ 8.19	$ 8.15

(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 2023 relate to the gain on sale of our Avian business, which was divested in 2022.

(3) Amount included in 2023 relates to a final adjustment on the termination of a Canadian pension plan. Amount included in 2022 relates to the sale of RMS Japan operations in October 2021 and a reversal of an indemnification asset related to a prior acquisition.

(4) This amount 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 September 30, 2023	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	3.8 %	3.7 %	7.2 %	(7.3)%
Increase due to foreign exchange	(1.4)%	(0.5)%	(1.5)%	(1.7)%
Contribution from acquisitions [2]	(0.2)%	— %	(0.4)%	— %
Impact of divestitures [3]	1.9 %	— %	— %	9.9 %
Non-GAAP revenue growth, organic [4]	**4.1 %**	**3.2 %**	**5.3 %**	**0.9 %**

Nine Months Ended September 30, 2023	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	8.3 %	9.9 %	13.3 %	(8.3)%
Decrease due to foreign exchange	0.3 %	1.0 %	0.1 %	— %
Contribution from acquisitions [2]	(0.7)%	(2.8)%	(0.3)%	— %
Impact of divestitures [3]	2.2 %	— %	— %	10.2 %
Non-GAAP revenue growth, organic [4]	**10.1 %**	**8.1 %**	**13.1 %**	**1.9 %**

(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 our Avian business on December 20, 2022. These adjustments represent the revenue from these businesses for all applicable periods in 2023 and 2022.

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	**September 24, 2022**	**September 30, 2023**	**September 24, 2022**
Net cash provided by operating activities	$ 205,450	$ 132,779	$ 462,955	$ 384,883
Less: Capital expenditures	(65,947)	(72,393)	(240,205)	(235,709)
Free cash flow	$ 139,503	$ 60,386	$ 222,750	$ 149,174

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