

1Q23 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	
	April 1, 2023	March 26, 2022
Research Models and Services		
Revenue	\$ 199,766	\$ 176,542
Operating income	40,409	47,882
Operating income as a % of revenue	20.2 %	27.1 %
Add back:		
Amortization related to acquisitions	5,494	3,838
Severance	—	674
Acquisition related adjustments ⁽²⁾	830	383
Total non-GAAP adjustments to operating income	<u>\$ 6,324</u>	<u>\$ 4,895</u>
Operating income, excluding non-GAAP adjustments	\$ 46,733	\$ 52,777
Non-GAAP operating income as a % of revenue	23.4 %	29.9 %
Depreciation and amortization	\$ 13,489	\$ 9,469
Capital expenditures	\$ 19,084	\$ 8,646
Discovery and Safety Assessment		
Revenue	\$ 662,353	\$ 544,259
Operating income	171,431	104,986
Operating income as a % of revenue	25.9 %	19.3 %
Add back:		
Amortization related to acquisitions	17,487	22,365
Severance	—	74
Acquisition related adjustments ⁽²⁾	244	(2,923)
Site consolidation costs, impairments and other items ⁽¹⁾	<u>2,805</u>	<u>69</u>
Total non-GAAP adjustments to operating income	<u>\$ 20,536</u>	<u>\$ 19,585</u>
Operating income, excluding non-GAAP adjustments	\$ 191,967	\$ 124,571
Non-GAAP operating income as a % of revenue	29.0 %	22.9 %
Depreciation and amortization	\$ 42,450	\$ 46,789
Capital expenditures	\$ 65,184	\$ 48,930
Manufacturing Solutions		
Revenue	\$ 167,254	\$ 193,128
Operating income	2,106	46,368
Operating income as a % of revenue	1.3 %	24.0 %
Add back:		
Amortization related to acquisitions	12,021	11,898
Severance	916	107
Acquisition related adjustments ⁽²⁾	829	4,142
Site consolidation costs, impairments and other items ⁽¹⁾	<u>7,062</u>	<u>1,421</u>
Total non-GAAP adjustments to operating income	<u>\$ 20,828</u>	<u>\$ 17,568</u>
Operating income, excluding non-GAAP adjustments	\$ 22,934	\$ 63,936
Non-GAAP operating income as a % of revenue	13.7 %	33.1 %
Depreciation and amortization	\$ 20,084	\$ 18,482
Capital expenditures	\$ 21,738	\$ 22,828

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	
	April 1, 2023	March 26, 2022
CONTINUED FROM PREVIOUS SLIDE		
Unallocated Corporate Overhead	\$ (46,054)	\$ (50,458)
Add back:		
Severance	—	1,087
Acquisition related adjustments ⁽²⁾	2,112	4,116
Other items ⁽³⁾	91	—
Total non-GAAP adjustments to operating expense	\$ 2,203	\$ 5,203
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (43,851)	\$ (45,255)
Total		
Revenue	\$ 1,029,373	\$ 913,929
Operating income	167,892	148,778
Operating income as a % of revenue	16.3 %	16.3 %
Add back:		
Amortization related to acquisitions	35,002	38,101
Severance	916	1,942
Acquisition related adjustments ⁽²⁾	4,015	5,718
Site consolidation costs, impairments and other items ⁽³⁾	9,958	1,490
Total non-GAAP adjustments to operating income	\$ 49,891	\$ 47,251
Operating income, excluding non-GAAP adjustments	\$ 217,783	\$ 196,029
Non-GAAP operating income as a % of revenue	21.2 %	21.4 %
Depreciation and amortization	\$ 77,069	\$ 75,299
Capital expenditures	\$ 106,875	\$ 80,464

⁽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 arrangements, 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	
	April 1, 2023	March 26, 2022
Net income attributable to common shareholders	\$ 103,131	\$ 93,022
Add back:		
Non-GAAP adjustments to operating income (Refer to previous schedule)	49,891	47,251
Venture capital and strategic equity investment losses, net	3,282	13,903
Gain on divestitures ⁽²⁾	(441)	—
Other ⁽³⁾	(101)	357
Tax effect of non-GAAP adjustments:		
Non-cash tax provision related to international financing structure ⁽⁴⁾	1,124	1,122
Tax effect of the remaining non-GAAP adjustments	(13,899)	(14,520)
Net income attributable to common shareholders, excluding non-GAAP adjustments	\$ 142,987	\$ 141,135
Weighted average shares outstanding - Basic	51,097	50,640
Effect of dilutive securities:		
Stock options, restricted stock units and performance share units	331	685
Weighted average shares outstanding - Diluted	51,428	51,325
Earnings per share attributable to common shareholders:		
Basic	\$ 2.02	\$ 1.84
Diluted	\$ 2.01	\$ 1.81
Basic, excluding non-GAAP adjustments	\$ 2.80	\$ 2.79
Diluted, excluding non-GAAP adjustments	\$ 2.78	\$ 2.75

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⁽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.

⁽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 April 1, 2023	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	12.6 %	13.2 %	21.7 %	(13.4)%
Decrease due to foreign exchange	2.1 %	2.5 %	2.1 %	1.9 %
Contribution from acquisitions ⁽²⁾	(1.8)%	(8.9)%	(0.2)%	— %
Impact of divestitures ⁽³⁾	2.5 %	— %	— %	9.7 %
Non-GAAP revenue growth, organic ⁽⁴⁾	15.4 %	6.8 %	23.6 %	(1.8)%

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⁽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 GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 30, 2023E

2023 GUIDANCE	CURRENT	PRIOR
Revenue growth, reported	2.0% – 4.5%	1.5% – 4.5%
Impact of divestitures/(acquisitions), net	~1.5%	~1.5%
Impact of 53 rd week in 2022	~1.5%	~1.5%
Unfavorable/(favorable) impact of foreign exchange	0.0% - (0.5)%	0.0% - (0.5)%
Revenue growth, organic (1)	5.0% – 7.5%	4.5% – 7.5%
GAAP EPS estimate	\$7.45 – \$8.45	\$7.40 – \$8.60
Acquisition-related amortization	~\$2.00	~\$2.00
Acquisition and integration-related adjustments (2)	~\$0.10	~\$0.10
Venture capital and other strategic investment losses/(gains), net (3)	\$0.03	--
Other items (4)	\$0.30 – \$0.35	~\$0.20
Non-GAAP EPS estimate	\$9.90 – \$10.90	\$9.70 – \$10.90

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.
- (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) investigations by the U.S. government into the NHP supply chain related 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
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(in thousands, except percentages)

	Three Months Ended
	December 31, 2022
Unallocated Corporate Overhead	\$ (57,002)
Add back:	
Severance	—
Acquisition related adjustments ⁽²⁾	2,149
Total non-GAAP adjustments to operating expense	\$ 2,149
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (54,853)

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⁽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		
	April 1, 2023	December 31, 2022	March 26, 2022
Income before income taxes & noncontrolling interests	\$ 131,041	\$ 244,921	\$ 110,846
Add back:			
Amortization related to acquisitions	35,002	35,518	38,101
Severance	916	958	1,942
Acquisition related adjustments ⁽²⁾	4,015	17,827	5,718
Site consolidation costs, impairments and other items ⁽³⁾	9,958	6,723	1,490
Venture capital and strategic equity investment losses (gains), net	3,282	6,707	13,903
Gain on divestitures ⁽⁴⁾	(441)	(123,524)	—
Other ⁽⁵⁾	(101)	1,080	357
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	<u>\$ 183,672</u>	<u>\$ 190,210</u>	<u>\$ 172,357</u>
Provision for income taxes (GAAP)	\$ 27,087	\$ 55,815	\$ 15,620
Non-cash tax benefit related to international financing structure ⁽⁶⁾	(1,124)	(1,024)	(1,122)
Enacted tax law changes	—	382	—
Tax effect of the remaining non-GAAP adjustments	13,899	(19,529)	14,520
Provision for income taxes (Non-GAAP)	<u>\$ 39,862</u>	<u>\$ 35,644</u>	<u>\$ 29,018</u>
Total rate (GAAP)	20.7 %	22.8 %	14.1 %
Total rate, excluding specified charges (Non-GAAP)	21.7 %	18.7 %	16.8 %

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

(in thousands)

	Three Months Ended			Fiscal Year Ended
	April 1, 2023	December 31, 2022	March 26, 2022	December 30, 2023E
GAAP Interest expense, net	\$ 33,574	\$ 34,436	\$ 9,307	\$133,000-\$137,000
Adjustments for foreign exchange forward contract and related interest expense, net ⁽²⁾	—	—	11,101	—
Adjusted Interest expense, net	<u>\$ 33,574</u>	<u>\$ 34,436</u>	<u>\$ 20,408</u>	<u>\$133,000-\$137,000</u>

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⁽²⁾ Amounts reported in total adjusted interest expense include 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 .

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)

<u>DEBT ⁽²⁾:</u>	April 1, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018
Total Debt & Finance Leases	\$ 2,750,593	\$ 2,711,208	\$ 2,666,359	\$ 1,979,784	\$ 1,888,211	\$ 1,668,014
Plus: Other adjustments per credit agreement	\$ 10,543	\$ 13,431	\$ 37,244	\$ 2,328	\$ 712	\$ 3,033
Less: Unrestricted Cash and Cash Equivalents up to \$150M	\$ (150,000)	\$ (150,000)	\$ (150,000)			
Total Indebtedness per credit agreement	\$ 2,611,136	\$ 2,574,639	\$ 2,553,603	\$ 1,982,112	\$ 1,888,924	\$ 1,671,047
Less: Cash and cash equivalents (net of \$150M above)	(51,587)	(83,912)	(91,214)	(228,424)	(238,014)	(195,442)
Net Debt	<u>\$ 2,559,549</u>	<u>\$ 2,490,727</u>	<u>\$ 2,462,389</u>	<u>\$ 1,753,688</u>	<u>\$ 1,650,910</u>	<u>\$ 1,475,605</u>

<u>ADJUSTED EBITDA ⁽²⁾:</u>	April 1, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018
Net income attributable to common shareholders	\$ 496,335	\$ 486,226	\$ 390,982	\$ 364,304	\$ 252,019	\$ 226,373
Adjustments:						
Adjust: Non-cash gains/losses of VC partnerships & strategic investments	33,284	35,498	66,004			
Less: Aggregate non-cash amount of nonrecurring gains	(29,188)	(32,638)	(42,247)	(1,361)	(310)	—
Plus: Interest expense	122,194	108,870	107,224	76,825	79,586	65,258
Plus: Provision for income taxes	141,846	130,379	81,873	81,808	50,023	54,996
Plus: Depreciation and amortization	305,639	303,870	265,540	234,924	198,095	161,779
Plus: Non-cash nonrecurring losses	28,883	16,572	8,573	16,810	427	559
Plus: Non-cash stock-based compensation	72,458	73,617	71,461	56,341	57,271	47,346
Plus: Permitted acquisition-related costs	29,222	34,453	51,256	18,750	34,827	19,181
Plus: Pro forma EBITDA adjustments for permitted acquisitions	884	5,306	4,008	8	12,320	15,648
Adjusted EBITDA (per the calculation defined in compliance certificates)	<u>\$ 1,201,557</u>	<u>\$ 1,162,153</u>	<u>\$ 1,004,675</u>	<u>\$ 848,408</u>	<u>\$ 684,259</u>	<u>\$ 591,140</u>

<u>LEVERAGE RATIO:</u>	April 1, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.17	2.22	2.54	2.34	2.76	2.83
Net leverage ratio (net debt divided by adjusted EBITDA)	2.1	2.1	2.5	2.1	2.4	2.5

<u>INTEREST COVERAGE RATIO:</u>	April 1, 2023	December 31, 2022	December 25, 2021
Capital Expenditures	351,144	326,338	232,149
Cash Interest Expense	124,431	110,731	107,389
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	6.83x	7.55x	7.19x

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⁽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.

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

	<u>Three Months Ended</u>		<u>Fiscal Year Ended</u>
	<u>April 1, 2023</u>	<u>March 26, 2022</u>	<u>December 30, 2023E</u>
Net cash provided by operating activities	\$ 109,383	\$ 102,630	\$680 - \$730 million
Less: Capital expenditures	<u>(106,875)</u>	<u>(80,464)</u>	<u>\$340 - \$360 million</u>
Free cash flow	<u>\$ 2,508</u>	<u>\$ 22,166</u>	<u>\$330 - \$380 million</u>

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