

3Q22 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		Nine Months Ended	
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
Research Models and Services				
Revenue	\$ 180,114	\$ 171,258	\$ 543,066	\$ 524,862
Operating income	35,891	39,111	123,299	126,626
Operating income as a % of revenue	19.9 %	22.8 %	22.7 %	24.1 %
Add back:				
Amortization related to acquisitions	5,467	5,344	14,777	16,029
Severance	(110)	—	1,017	7
Acquisition related adjustments ⁽²⁾	1,126	241	2,480	1,217
Total non-GAAP adjustments to operating income	\$ 6,483	\$ 5,585	\$ 18,274	\$ 17,253
Operating income, excluding non-GAAP adjustments	\$ 42,374	\$ 44,696	\$ 141,573	\$ 143,879
Non-GAAP operating income as a % of revenue	23.5 %	26.1 %	26.1 %	27.4 %
Depreciation and amortization	\$ 13,128	\$ 9,927	\$ 35,825	\$ 29,450
Capital expenditures	\$ 10,743	\$ 18,026	\$ 33,239	\$ 29,521
Discovery and Safety Assessment				
Revenue	\$ 619,463	\$ 531,823	\$ 1,755,639	\$ 1,573,095
Operating income	142,143	116,548	375,922	312,011
Operating income as a % of revenue	22.9 %	21.9 %	21.4 %	19.8 %
Add back:				
Amortization related to acquisitions	20,039	20,983	63,253	64,807
Severance	(28)	(180)	433	1,160
Acquisition related adjustments ⁽²⁾	(395)	(9,316)	(5,909)	(3,642)
Site consolidation costs, impairments and other items ⁽³⁾	645	961	3,001	1,254
Total non-GAAP adjustments to operating income	\$ 20,261	\$ 12,448	\$ 60,778	\$ 63,579
Operating income, excluding non-GAAP adjustments	\$ 162,404	\$ 128,996	\$ 436,700	\$ 375,590
Non-GAAP operating income as a % of revenue	26.2 %	24.3 %	24.9 %	23.9 %
Depreciation and amortization	\$ 43,913	\$ 44,072	\$ 135,328	\$ 132,268
Capital expenditures	\$ 43,400	\$ 23,270	\$ 133,908	\$ 60,783
Manufacturing Solutions				
Revenue	\$ 189,580	\$ 192,856	\$ 577,512	\$ 537,153
Operating income	31,479	48,563	140,350	154,717
Operating income as a % of revenue	16.6 %	25.2 %	24.3 %	28.8 %
Add back:				
Amortization related to acquisitions	10,115	7,888	33,386	17,914
Severance	241	1,515	619	2,344
Acquisition related adjustments ⁽²⁾	10,555	4,116	(4,191)	4,844
Site consolidation costs, impairments and other items ⁽³⁾	1,741	1,074	3,681	1,114
Total non-GAAP adjustments to operating income	\$ 22,652	\$ 14,593	\$ 33,495	\$ 26,216
Operating income, excluding non-GAAP adjustments	\$ 54,131	\$ 63,156	\$ 173,845	\$ 180,933
Non-GAAP operating income as a % of revenue	28.6 %	32.7 %	30.1 %	33.7 %
Depreciation and amortization	\$ 17,005	\$ 13,953	\$ 53,487	\$ 34,474
Capital expenditures	\$ 18,137	\$ 13,296	\$ 65,396	\$ 34,008

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 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	\$ (58,537)	\$ (48,420)	\$ (152,406)	\$ (176,299)
Add back:				
Severance	(193)	—	1,061	(151)
Acquisition related adjustments ⁽²⁾	1,229	3,387	8,359	29,011
Total non-GAAP adjustments to operating expense	<u>\$ 1,036</u>	<u>\$ 3,387</u>	<u>\$ 9,420</u>	<u>\$ 28,860</u>
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (57,501)	\$ (45,033)	\$ (142,986)	\$ (147,439)
Total				
Revenue	\$ 989,157	\$ 895,937	\$ 2,876,217	\$ 2,635,110
Operating income	150,976	155,802	487,165	417,055
Operating income as a % of revenue	15.3 %	17.4 %	16.9 %	15.8 %
Add back:				
Amortization related to acquisitions	35,621	34,215	111,416	98,750
Severance	(90)	1,335	3,130	3,360
Acquisition related adjustments ⁽²⁾	12,515	(1,572)	739	31,430
Site consolidation costs, impairments and other items ⁽³⁾	2,386	2,035	6,682	2,368
Total non-GAAP adjustments to operating income	<u>\$ 50,432</u>	<u>\$ 36,013</u>	<u>\$ 121,967</u>	<u>\$ 132,908</u>
Operating income, excluding non-GAAP adjustments	\$ 201,408	\$ 191,815	\$ 609,132	\$ 552,963
Non-GAAP operating income as a % of revenue	20.4 %	21.4 %	21.2 %	21.0 %
Depreciation and amortization	\$ 74,605	\$ 68,686	\$ 226,325	\$ 198,299
Capital expenditures	\$ 72,393	\$ 55,536	\$ 235,709	\$ 129,997

⁽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		Nine Months Ended	
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
Net income attributable to common shareholders	\$ 96,473	\$ 103,426	\$ 298,816	\$ 253,404
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	50,432	36,013	121,967	135,908
Write-off of deferred financing costs and fees related to debt financing	—	—	—	26,089
Venture capital and strategic equity investment losses (gains), net	(3,447)	10,367	20,068	17,277
Other ⁽²⁾	240	—	4,205	(2,942)
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure ⁽³⁾	1,161	1,461	3,624	3,781
Enacted tax law changes	—	—	—	10,036
Tax effect of the remaining non-GAAP adjustments	(10,115)	(12,139)	(30,928)	(41,468)
Net income attributable to common shareholders, excluding non-GAAP adjustments	\$ 134,744	\$ 139,128	\$ 417,752	\$ 402,085
Weighted average shares outstanding - Basic	50,870	50,425	50,778	50,234
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	413	1,133	507	1,126
Weighted average shares outstanding - Diluted	51,283	51,558	51,285	51,360
Earnings per share attributable to common shareholders:				
Basic	\$ 1.90	\$ 2.05	\$ 5.88	\$ 5.04
Diluted	\$ 1.88	\$ 2.01	\$ 5.83	\$ 4.93
Basic, excluding non-GAAP adjustments	\$ 2.65	\$ 2.76	\$ 8.23	\$ 8.00
Diluted, excluding non-GAAP adjustments	\$ 2.63	\$ 2.70	\$ 8.15	\$ 7.83

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⁽²⁾ Adjustments included in 2022 primarily 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 September 24, 2022	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	10.4 %	5.2 %	16.5 %	(1.7)%
Decrease due to foreign exchange	4.5 %	4.0 %	4.3 %	5.4 %
Contribution from acquisitions ⁽²⁾	(1.7)%	(8.8)%	— %	— %
Impact of divestitures ⁽³⁾	2.1 %	7.6 %	— %	2.3 %
Non-GAAP revenue growth, organic ⁽⁴⁾	15.3 %	8.0 %	20.8 %	6.0 %
Nine Months Ended September 24, 2022	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	9.1 %	3.5 %	11.6 %	7.5 %
Decrease due to foreign exchange	3.2 %	2.7 %	3.1 %	4.2 %
Contribution from acquisitions ⁽²⁾	(2.9)%	(5.3)%	(0.2)%	(8.2)%
Impact of divestitures ⁽³⁾	2.0 %	7.5 %	— %	1.8 %
Non-GAAP revenue growth, organic ⁽⁴⁾	11.4 %	8.4 %	14.5 %	5.3 %

⁽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	10.0% - 11.0%	9.0%-11.0%
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%	~3.5%
Revenue growth, organic ⁽¹⁾	11.0%-12.0%	10.0%-12.0%
GAAP EPS estimate	\$7.90-\$8.05	\$7.90-\$8.15
Acquisition-related amortization	~\$2.20	~\$2.20
Acquisition and integration-related adjustments ⁽²⁾	\$0.20-\$0.25	--
Venture capital and other strategic investment losses/(gains), net ⁽³⁾	\$0.30	\$0.35
Other items ⁽⁴⁾	~\$0.20	~\$0.25
Non-GAAP EPS	\$10.80-\$10.95	\$10.70-\$10.95
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
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)⁽¹⁾
(in thousands, except percentages)

	Three Months Ended
	June 25, 2022
Unallocated Corporate Overhead	\$ (43,411)
Add back:	
Severance	167
Acquisition related adjustments ⁽²⁾	3,014
Total non-GAAP adjustments to operating expense	\$ 3,181
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (40,230)

- (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 TO NON-GAAP NET INTEREST EXPENSE⁽¹⁾
(in thousands)

	Three Months Ended			Fiscal Year Ended
	September 24, 2022	June 25, 2022	September 25, 2021	December 31, 2022E
GAAP Interest expense, net	\$ 11,253	\$ 3,515	\$ 16,318	\$59,000-\$63,000
Exclude:				
Write-off of deferred financing costs and fees related to debt financing	—	—	—	—
Non-GAAP Interest expense, net	11,253	3,515	16,318	\$59,000-\$63,000
Adjustments for foreign exchange forward contract and related interest expense, net ⁽²⁾	16,006	19,423	4,417	47,000
Adjusted Interest expense, net	<u>\$ 27,259</u>	<u>\$ 22,938</u>	<u>\$ 20,735</u>	<u>\$106,000-\$110,000</u>

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⁽²⁾ Amounts reported in total adjusted interest expense include a \$17.4 million gain on a forward contract and \$1.3 million of additional interest expense for the three months ended September 24, 2022; 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; and a \$5.0 million gain on a forward contract and \$0.1 million of additional interest expense for the three months ended September 25, 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)

	September 24, 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	\$ 2,939,135	\$ 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	\$ 8,661	\$ 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	\$ 2,797,796	\$ 2,553,603	\$ 1,982,112	\$ 1,888,924	\$ 1,671,047	\$ 1,145,402	\$ 1,238,630	\$ 864,401	\$ 780,691	\$ 673,576	\$ 676,200
Less: Cash and cash equivalents (net of \$150M above)	(43,701)	(91,214)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	\$ 2,754,095	\$ 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

	September 24, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
ADJUSTED EBITDA ⁽²⁾ :											
Net income attributable to common shareholders	\$ 436,394	\$ 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	41,966	66,004									
Less: Aggregate non-cash amount of nonrecurring gains	(64,220)	(42,247)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	94,808	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	98,380	81,873	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	293,565	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	18,095	8,573	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	70,735	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	31,399	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	8,924	4,008	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	\$ 1,030,046	\$ 1,004,675	\$ 848,408	\$ 684,259	\$ 591,140	\$ 524,756	\$ 466,942	\$ 365,978	\$ 329,452	\$ 283,071	\$ 274,873

	September 24, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
LEVERAGE RATIO:											
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.72	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)	2.7	2.5	2.1	2.4	2.5	1.9	2.4	2.0	1.9	1.8	2.1

	September 24, 2022	December 25, 2021	December 26, 2020
INTEREST COVERAGE RATIO:			
Capital Expenditures	337,153	166,560	166,560
Cash Interest Expense	96,165	77,145	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	7.21x	10.86x	8.84x

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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.

Total Debt and EBITDA have not been restated for periods prior to Q1 2021.

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

	Three Months Ended			Nine Months Ended	
	September 24, 2022	June 25, 2022	September 25, 2021	September 24, 2022	September 25, 2021
Income before income taxes & noncontrolling interests	\$ 123,107	\$ 144,113	\$ 123,270	\$ 378,066	\$ 317,068
Add back:					
Amortization related to acquisitions	35,621	37,694	34,215	111,416	98,750
Severance	(90)	1,278	1,335	3,130	3,360
Acquisition related adjustments ⁽²⁾	12,515	(17,494)	(1,572)	739	31,430
Site consolidation costs, impairments and other items ⁽³⁾	2,386	2,806	2,035	6,682	2,368
Write-off of deferred financing costs and fees related to debt financing	—	—	—	—	26,089
Venture capital and strategic equity investment losses (gains), net	(3,447)	9,612	10,367	20,068	17,277
Other ⁽⁴⁾	240	3,608	—	4,205	(2,942)
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	<u>\$ 170,332</u>	<u>\$ 181,617</u>	<u>\$ 169,650</u>	<u>\$ 524,306</u>	<u>\$ 493,400</u>
Provision for income taxes (GAAP)	\$ 25,495	\$ 33,449	\$ 18,111	\$ 74,564	\$ 58,058
Non-cash tax benefit related to international financing structure ⁽⁵⁾	(1,161)	(1,341)	(1,461)	(3,624)	(3,781)
Enacted tax law changes	—	—	—	—	(10,036)
Tax effect of the remaining non-GAAP adjustments	<u>10,115</u>	<u>6,293</u>	<u>12,139</u>	<u>30,928</u>	<u>41,468</u>
Provision for income taxes (Non-GAAP)	<u>\$ 34,449</u>	<u>\$ 38,401</u>	<u>\$ 28,789</u>	<u>\$ 101,868</u>	<u>\$ 85,709</u>
Total rate (GAAP)	20.7 %	23.2 %	14.7 %	19.7 %	18.3 %
Total rate, excluding specified charges (Non-GAAP)	20.2 %	21.1 %	17.0 %	19.4 %	17.4 %

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⁽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 primarily relate to a purchase price adjustment in connection with the 2021 divestiture of RMS Japan and a reversal of an indemnification asset related to a prior acquisition. Adjustments included in 2021 include gains on an immaterial divestiture and the finalization of an annuity purchase related to the termination of the Company's U.S. pension plan.

⁽⁵⁾ This adjustment relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

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

	Three Months Ended		Nine Months Ended		Fiscal Year Ended
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021	December 31, 2022E
Net cash provided by operating activities	\$ 132,779	\$ 174,722	\$ 384,883	\$ 531,541	~\$700,000
Less: Capital expenditures	(72,393)	(55,536)	(235,709)	(129,997)	(~340,000)
Free cash flow	<u>\$ 60,386</u>	<u>\$ 119,186</u>	<u>\$ 149,174</u>	<u>\$ 401,544</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.

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