

4Q22/FY22 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		Twelve Months Ended	
	December 31, 2022	December 25, 2021	December 31, 2022	December 25, 2021
Research Models and Services				
Revenue	\$ 196,109	\$ 165,575	\$ 739,175	\$ 690,437
Operating income	37,111	40,188	160,410	166,814
Operating income as a % of revenue	18.9 %	24.3 %	21.7 %	24.2 %
Add back:				
Amortization related to acquisitions	5,587	4,075	20,364	20,104
Severance	—	—	1,017	7
Acquisition related adjustments ⁽²⁾	1,740	359	4,220	1,576
Total non-GAAP adjustments to operating income	<u>\$ 7,327</u>	<u>\$ 4,434</u>	<u>\$ 25,601</u>	<u>\$ 21,687</u>
Operating income, excluding non-GAAP adjustments	\$ 44,438	\$ 44,622	\$ 186,011	\$ 188,501
Non-GAAP operating income as a % of revenue	22.7 %	26.9 %	25.2 %	27.3 %
Depreciation and amortization	\$ 13,449	\$ 9,673	\$ 49,274	\$ 39,123
Capital expenditures	\$ 10,897	\$ 31,667	\$ 44,136	\$ 61,188
Discovery and Safety Assessment				
Revenue	\$ 691,677	\$ 534,136	\$ 2,447,316	\$ 2,107,231
Operating income	156,967	94,967	532,889	406,978
Operating income as a % of revenue	22.7 %	17.8 %	21.8 %	19.3 %
Add back:				
Amortization related to acquisitions	19,901	19,933	83,154	84,740
Severance	—	(144)	433	1,016
Acquisition related adjustments ⁽²⁾	3,934	8,016	(1,975)	4,374
Site consolidation costs, impairments and other items ⁽³⁾	848	844	3,849	2,098
Total non-GAAP adjustments to operating income	<u>\$ 24,683</u>	<u>\$ 28,649</u>	<u>\$ 85,461</u>	<u>\$ 92,228</u>
Operating income, excluding non-GAAP adjustments	\$ 181,650	\$ 123,616	\$ 618,350	\$ 499,206
Non-GAAP operating income as a % of revenue	26.3 %	23.1 %	25.3 %	23.7 %
Depreciation and amortization	\$ 44,137	\$ 44,986	\$ 179,465	\$ 177,254
Capital expenditures	\$ 55,655	\$ 40,694	\$ 189,563	\$ 101,477
Manufacturing Solutions				
Revenue	\$ 212,057	\$ 205,339	\$ 789,569	\$ 742,492
Operating income	26,734	91,673	167,084	246,390
Operating income as a % of revenue	12.6 %	44.6 %	21.2 %	33.2 %
Add back:				
Amortization related to acquisitions	10,030	5,390	43,416	23,304
Severance	958	1,278	1,577	3,622
Acquisition related adjustments ⁽²⁾	10,004	(25,281)	5,813	(20,437)
Site consolidation costs, impairments and other items ⁽³⁾	5,875	217	9,556	1,331
Total non-GAAP adjustments to operating income	<u>\$ 26,867</u>	<u>\$ (18,396)</u>	<u>\$ 60,362</u>	<u>\$ 7,820</u>
Operating income, excluding non-GAAP adjustments	\$ 53,601	\$ 73,277	\$ 227,446	\$ 254,210
Non-GAAP operating income as a % of revenue	25.3 %	35.7 %	28.8 %	34.2 %
Depreciation and amortization	\$ 19,463	\$ 11,721	\$ 72,950	\$ 46,195
Capital expenditures	\$ 21,688	\$ 24,869	\$ 87,084	\$ 58,877

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2022	December 25, 2021	December 31, 2022	December 25, 2021
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	\$ (57,002)	\$ (54,021)	\$ (209,408)	\$ (230,320)
Add back:				
Severance	—	224	1,061	73
Acquisition related adjustments ⁽²⁾	2,149	1,343	10,508	30,354
Other items ⁽³⁾	—	39	—	39
Total non-GAAP adjustments to operating expense	<u>\$ 2,149</u>	<u>\$ 1,606</u>	<u>\$ 11,569</u>	<u>\$ 30,466</u>
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (54,853)	\$ (52,415)	\$ (197,839)	\$ (199,854)
Total				
Revenue	\$ 1,099,843	\$ 905,050	\$ 3,976,060	\$ 3,540,160
Operating income	163,810	172,807	650,975	589,862
Operating income as a % of revenue	14.9 %	19.1 %	16.4 %	16.7 %
Add back:				
Amortization related to acquisitions	35,518	29,398	146,934	128,148
Severance	958	1,358	4,088	4,718
Acquisition related adjustments ⁽²⁾	17,827	(15,563)	18,566	15,867
Site consolidation costs, impairments and other items ⁽³⁾	6,723	1,100	13,405	3,468
Total non-GAAP adjustments to operating income	<u>\$ 61,026</u>	<u>\$ 16,293</u>	<u>\$ 182,993</u>	<u>\$ 152,201</u>
Operating income, excluding non-GAAP adjustments	\$ 224,836	\$ 189,100	\$ 833,968	\$ 742,063
Non-GAAP operating income as a % of revenue	20.4 %	20.9 %	21.0 %	21.0 %
Depreciation and amortization	\$ 77,545	\$ 67,241	\$ 303,870	\$ 265,540
Capital expenditures	\$ 89,024	\$ 98,775	\$ 324,733	\$ 228,772

⁽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		Twelve Months Ended	
	December 31, 2022	December 25, 2021	December 31, 2022	December 25, 2021
Net income attributable to common shareholders	\$ 187,410	\$ 137,578	\$ 486,226	\$ 390,982
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	61,026	16,293	182,993	152,201
Write-off of deferred financing costs and fees related to debt financing	—	—	—	26,089
Venture capital and strategic equity investment losses, net	6,707	13,142	26,775	30,419
Gain on divestitures ⁽²⁾	(123,524)	(22,656)	(123,524)	(22,656)
Other ⁽³⁾	1,080	—	5,285	(2,942)
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure ⁽⁴⁾	1,024	1,028	4,648	4,809
Enacted tax law changes	(382)	—	(382)	10,036
Tax effect of the remaining non-GAAP adjustments	19,529	(16,936)	(11,399)	(58,404)
Net income attributable to common shareholders, excluding non-GAAP adjustments	<u>\$ 152,870</u>	<u>\$ 128,449</u>	<u>\$ 570,622</u>	<u>\$ 530,534</u>
Weighted average shares outstanding - Basic	50,906	50,471	50,812	50,293
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	471	1,084	489	1,132
Weighted average shares outstanding - Diluted	<u>51,377</u>	<u>51,555</u>	<u>51,301</u>	<u>51,425</u>
Earnings per share attributable to common shareholders:				
Basic	\$ 3.68	\$ 2.73	\$ 9.57	\$ 7.77
Diluted	\$ 3.65	\$ 2.67	\$ 9.48	\$ 7.60
Basic, excluding non-GAAP adjustments	\$ 3.00	\$ 2.55	\$ 11.23	\$ 10.55
Diluted, excluding non-GAAP adjustments	\$ 2.98	\$ 2.49	\$ 11.12	\$ 10.32

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⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ 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 December 31, 2022	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	21.5 %	18.4 %	29.5 %	3.3 %
Decrease due to foreign exchange	4.4 %	5.2 %	3.9 %	4.8 %
Contribution from acquisitions ⁽²⁾	(1.8)%	(10.1)%	— %	— %
Impact of divestitures ⁽³⁾	0.5 %	1.8 %	— %	1.2 %
Effect of 53 rd week in fiscal year 2022	(5.8)%	(4.5)%	(6.9)%	(4.0)%
Non-GAAP revenue growth, organic ⁽⁴⁾	18.8 %	10.8 %	26.5 %	5.3 %
Twelve Months Ended December 31, 2022	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	12.3 %	7.1 %	16.1 %	6.3 %
Decrease due to foreign exchange	3.5 %	3.3 %	3.3 %	4.4 %
Contribution from acquisitions ⁽²⁾	(2.6)%	(6.5)%	(0.1)%	(5.9)%
Impact of divestitures ⁽³⁾	1.7 %	6.2 %	— %	1.6 %
Effect of 53 rd week in fiscal year 2022	(1.5)%	(1.1)%	(1.8)%	(1.1)%
Non-GAAP revenue growth, organic ⁽⁴⁾	13.4 %	9.0 %	17.5 %	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 our Avian business on December 20, 2022. The Company sold both our RMS Japan operations and our gene therapy CDMO site in Sweden on October 12, 2021. These adjustments represent the revenue from these businesses for all applicable periods in 2022 and 2021.

⁽⁴⁾ Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week, 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	
Revenue growth, reported	1.5% - 4.5%
Impact of divestitures/(acquisitions), net	~1.5%
Impact of 53rd week in 2022	~1.5%
Unfavorable/(favorable) impact of foreign exchange	0.0% - (0.5)%
Revenue growth, organic ⁽¹⁾	4.5% - 7.5%
GAAP EPS estimate ⁽²⁾	\$7.40 - \$8.60
Acquisition-related amortization	~\$2.00
Acquisition and integration-related adjustments ⁽³⁾	~\$0.10
Other items ⁽⁴⁾	~\$0.20
Non-GAAP EPS	\$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⁾ GAAP earnings per share does not include third-party legal costs and other costs related to investigations by the U.S. Department of Justice into the Cambodian NHP supply chain because these costs are impractical to estimate at this time. Certain costs related to this investigation are expected to be excluded from non-GAAP results.
- ⁽³⁾ 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.
- ⁽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 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 TAX RATE TO NON-GAAP TAX RATE (UNAUDITED) ⁽¹⁾
(in thousands)

	Three Months Ended			Twelve Months Ended	
	December 31, 2022	September 24, 2022	December 25, 2021	December 31, 2022	December 25, 2021
Income before income taxes & noncontrolling interests	\$ 244,921	\$ 123,107	\$ 163,642	\$ 622,987	\$ 480,710
Add back:					
Amortization related to acquisitions	35,518	35,621	29,398	146,934	128,148
Severance	958	(90)	1,358	4,088	4,718
Acquisition related adjustments ⁽²⁾	17,827	12,515	(15,563)	18,566	15,867
Site consolidation costs, impairments and other items ⁽³⁾	6,723	2,386	1,100	13,405	3,468
Write-off of deferred financing costs and fees related to debt financing	—	—	—	—	26,089
Venture capital and strategic equity investment losses (gains), net	6,707	(3,447)	13,142	26,775	30,419
Gain on divestitures ⁽⁴⁾	(123,524)	—	(22,656)	(123,524)	(22,656)
Other ⁽⁵⁾	1,080	240	—	5,285	(2,942)
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	<u>\$ 190,210</u>	<u>\$ 170,332</u>	<u>\$ 170,421</u>	<u>\$ 714,516</u>	<u>\$ 663,821</u>
Provision for income taxes (GAAP)	\$ 55,815	\$ 25,495	\$ 23,815	\$ 130,379	\$ 81,873
Non-cash tax benefit related to international financing structure ⁽⁶⁾	(1,024)	(1,161)	(1,028)	(4,648)	(4,809)
Enacted tax law changes	382	—	—	382	(10,036)
Tax effect of the remaining non-GAAP adjustments	<u>(19,529)</u>	<u>10,115</u>	<u>16,936</u>	<u>11,399</u>	<u>58,404</u>
Provision for income taxes (Non-GAAP)	<u>\$ 35,644</u>	<u>\$ 34,449</u>	<u>\$ 39,723</u>	<u>\$ 137,512</u>	<u>\$ 125,432</u>
Total rate (GAAP)	22.8 %	20.7 %	14.6 %	20.9 %	17.0 %
Total rate, excluding specified charges (Non-GAAP)	18.7 %	20.2 %	23.3 %	19.2 %	18.9 %

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

	Three Months Ended		Twelve Months Ended		Fiscal Year Ended
	December 31, 2022	December 25, 2021	December 31, 2022	December 25, 2021	December 30, 2023E
GAAP Interest expense, net	\$ 34,436	\$ 11,237	\$ 58,511	\$ 73,258	\$133,000-\$137,000
Exclude:					
Write-off of deferred financing costs and fees related to debt financing	—	—	—	(26,089)	—
Non-GAAP Interest expense, net	34,436	11,237	58,511	47,169	\$133,000-\$137,000
Adjustments for foreign exchange forward contract and related interest expense, net ⁽²⁾	—	9,150	46,529	31,830	—
Adjusted Interest expense, net	<u>\$ 34,436</u>	<u>\$ 20,387</u>	<u>\$ 105,040</u>	<u>\$ 78,999</u>	<u>\$133,000-\$137,000</u>

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⁽²⁾ Amounts reported in total adjusted interest expense include a \$49.7 million gain on a forward contract and \$2.1 million of additional interest expense for the twelve months ended December 31, 2022; a \$9.8 million gain on a forward contract and \$0.1 million of additional interest expense for the three months ended December 25, 2021; and a \$34.1 million gain on a forward contract and \$0.3 million of additional interest expense for the twelve months ended December 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)

DEBT ⁽²⁾:	December 31, 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
Total Debt & Finance Leases	\$ 2,711,208	\$ 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	\$ 13,431	\$ 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	\$ 2,574,639	\$ 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)	\$ (83,912)	\$ (91,214)	\$ (228,424)	\$ (238,014)	\$ (195,442)	\$ (163,794)	\$ (117,626)	\$ (117,947)	\$ (160,023)	\$ (155,927)	\$ (109,685)
Net Debt	\$ 2,490,727	\$ 2,462,389	\$ 1,753,688	\$ 1,650,910	\$ 1,475,605	\$ 981,608	\$ 1,121,004	\$ 746,454	\$ 620,668	\$ 517,649	\$ 566,515

ADJUSTED EBITDA ⁽²⁾:	December 31, 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
Net income attributable to common shareholders	\$ 486,226	\$ 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	35,498	66,004									
Less: Aggregate non-cash amount of nonrecurring gains	(32,638)	(42,247)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	108,870	107,224	76,825	79,586	65,258	29,777	27,709	15,072	20,969	20,969	33,342
Plus: Provision for income taxes	130,379	81,873	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	303,870	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	16,572	8,573	16,810	427	559	17,716	6,792	1,615	10,427	4,202	12,283
Plus: Non-cash stock-based compensation	73,617	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	34,453	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	5,306	4,008	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	\$ 1,162,153	\$ 1,004,675	\$ 848,408	\$ 684,259	\$ 591,140	\$ 524,756	\$ 466,942	\$ 365,978	\$ 329,452	\$ 283,071	\$ 274,873

LEVERAGE RATIO:	December 31, 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
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.22	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)	2.1	2.5	2.1	2.4	2.5	1.9	2.4	2.0	1.9	1.8	2.1

INTEREST COVERAGE RATIO:	December 31, 2022	December 25, 2021	December 26, 2020
Capital Expenditures	326,338	232,149	166,560
Cash Interest Expense	110,731	107,389	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	7.55x	7.19x	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 FREE CASH FLOW (NON-GAAP) ⁽¹⁾
(in thousands)

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 31, 2022</u>	<u>December 25, 2021</u>	<u>December 31, 2022</u>	<u>December 25, 2021</u>
Net cash provided by operating activities	\$ 234,757	\$ 229,258	\$ 619,640	\$ 760,799
Add back: Tax impact of Avian divestiture ⁽²⁾	35,344	—	35,344	—
Less: Capital expenditures	<u>(89,024)</u>	<u>(98,775)</u>	<u>(324,733)</u>	<u>(228,772)</u>
Free cash flow	<u>\$ 181,077</u>	<u>\$ 130,483</u>	<u>\$ 330,251</u>	<u>\$ 532,027</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.
- ⁽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.

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