Charles River Laboratories 4Q 2023 Results & 2024 Guidance

February 14, 2024

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Safe Harbor

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 with respect to non-human primate (NHP) supply and the impact of the investigations by the U.S. Department of Justice, including but not limited to the impact on our projected future financial performance and study starts; our ability to cooperate fully with the U.S. government; the timing to develop and implement and provide additional disclosure regarding new procedures regarding importation of NHPs , including procedures to reasonably ensure that NHPs imported to the United States are purpose-bred; our expectations regarding the availability of NHPs, including the number of NHPs utilized in our studies; our expectations with respect to the adoption of animal alternatives; our ability to effectively manage constraints on NHP supply, including but not limited to as affected by our voluntary suspension of planned future shipments of NHPs from Cambodia, including expectations with respect to the amount of NHP-related work will be conducted in the U.S., any progress with regard to additional mitigation efforts, and the timing of shipments of NHPs from countries other than Cambodia; our compliance with the maintenance covenants under our credit agreement; our projected future financial performance (including without limitation revenue and revenue growth rates, revenue growth drivers, operating income and margin, earnings per share, capital expenditures, operating and free cash flow, interest expense, interest rates, effective tax rate and tax benefits, foreign exchange rates, volume growth, corporate expenses and costs, profitability, 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, including with respect to our CDMO business; the impact of specific actions intended to cause improvements to specific reporting or operating segments or business units; our ability to achieve our financial goals; our expectations with respect to the impact of external interest rate fluctuations; our annual and other financial guidance; the assumptions that form the basis for our revised annual guidance; contract renewal rates; the estimated diluted shares outstanding; the expected performance of our venture capital and other strategic investments; client demand, including trends and the future demand for drug discovery, development, and CDMO products and services, and our intentions to expand those businesses, including our investments in our portfolio; our expectations with respect to study volume; the impact of foreign exchange; our expectations with respect to our cancellation rate and the impact of such cancellations; the impact of potential changes in Federal Reserve interest rates; our expectations regarding our expected acquisition and divestiture activity, stock repurchases and debt repayment; the development and performance of our services and products; expectations with respect to pricing and scheduling 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 and scheduling trends by our clients and funding available to them; the impact of operations and cost structure alignment efforts on an annualized basis; 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 facilities expansion; our success in identifying, consummating, and integrating, and the impact of our acquisitions and divestitures, including the Noveprim acquisition, on the Company, our financial results, our service offerings, client perception, strategic relationships, earnings, and synergies; our ability to differentiate from the competition; our expectations regarding the financial performance of the companies we have acquired; our strategic agreements with our clients and opportunities for future similar arrangements; 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, including the impact of our virtual power purchase agreements; our ability to meet economic challenges; 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. Department of Justice, including the impact on our projected future financial performance, the timing of the resumption of Cambodia NHP imports, 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 due to the November 16, 2022 announcement by the U.S. Department of Justice through the U.S. Attorney’s Office for the Southern District of Florida that a Cambodian NHP supplier and two Cambodian officials had been criminally charged in connection with illegally importing NHPs into the United States; the ability to successfully integrate businesses we acquire, including Noveprim; the balance of our financial outlook; 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 leverage and convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; USDA and 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.

Stability and Resilience of CRL Business Model

- Stability and resilience of CRL business model were very clear in 2023
- Although demand trends moderated in the broader life sciences sector, we delivered organic revenue growth of 6.5% and non-GAAP EPS of $10.67
  - Both measures were in the upper half of the original guidance ranges provided in February 2023
- Accomplished this despite pipeline reprioritization activities and more cautious spending by many of our biopharma clients, and also by successfully mitigating impact of NHP supply disruption in the U.S.
- Anticipating constrained client spending will persist in 2024, but that demand will stabilize during the year
- At the top end of our 2024 financial guidance range, we expect that demand trends will begin to modestly improve later this year
- Expect 2024 organic revenue that is flat to 3% growth
- Since high-level outlook provided at Investor Day in September, have further de-risked 2024 plan and believe current outlook is appropriately balanced
  - Cancellations remained elevated and backlog continued to moderately decline in Safety Assessment during 4Q23

Overview of Market Trends

- Belief is supported by early indicators that improvement will come, including:
  - Several successful biotech IPOs in January providing early signs that capital markets should reopen and biotech funding will improve
- Internal indicators also suggest demand trends may be beginning to stabilize in certain businesses, including:
  - Signs that client destocking activity is easing in Microbial Solutions
  - Increased proposal activity in Biologics Testing in 4Q23
- Believe market environment is transitory
- Long-term industry fundamentals for drug development remain firmly intact, because overwhelming need to find life-saving treatments for rare diseases and many other unmet medical needs is unchanged
- Biotech will again move into favor in capital markets and will lead the way, using advanced modalities and new technologies to drive innovation
- Large Pharma has consistently adapted to scientific advancements, the regulatory environment, and the drive to be more efficient
- Therefore, we anticipate little change with regard to industry's healthy, long-term growth prospects and continued investment in R&D

Focused on Driving Efficiency and Commercial Initiatives

- Proactively and continuously engaged in actions to streamline organization and drive productivity, enhance speed and responsiveness, and become an even stronger scientific partner to clients
- Continuing to focus on initiatives to win additional market share and new outsourcing opportunities across all three business segments
- Includes commercial efforts to optimize salesforce to accelerate revenue growth, adjust go-to-market strategies, focus on selling the entire portfolio, and leverage technology to enhance sales insights and identify earlier selling opportunities
- Digital strategy is helping to better connect CRL with clients, including our Apollo™ cloud-based platform to provide real-time access to scientific data and self-services tools for clients
- Culture of continuous improvement at CRL enables us to drive operational efficiencies and cost-savings actions to proactively manage our cost structure and become an even more compelling partner for clients for the longer term
- Successful execution will enable CRL to capitalize on new business opportunities as they emerge, while delivering operating margin improvement in 2024 and beyond

4Q23 & FY 2023 Financial Performance

($ in millions, except per share amounts)	4Q23	4Q22	YOY Δ	Organic Δ	2023	2022	YOY Δ	Organic Δ
Revenue	$1,013.5	$1,099.8	(7.9)%	(3.5)%	$4,129.4	$3,976.1	3.9%	6.5%
GAAP OM%	13.1%	14.9%	(180) bps		14.9%	16.4%	(150) bps	
Non-GAAP OM%	19.1%	20.4%	(130) bps		20.3%	21.0%	(70) bps	
GAAP EPS	$3.62	$3.65	(0.8)%		$9.22	$9.48	(2.7)%	
Non-GAAP EPS	$2.46	$2.98	(17.4)%		$10.67	$11.12	(4.0)%	

- 4Q23 organic revenue decrease driven primarily by DSA segment
  - 4Q23 DSA YOY growth rate was affected by challenging comparison to 26.5% organic growth in 4Q22
- Consistent with trend throughout 2023, sales to global biopharma clients outperformed small and mid-sized biotechs in 4Q23
- FY 2023 top-line performance driven by another solid year for Safety Assessment, as well as healthy growth for RMS

4Q23 & FY 2023 Operating Margin

	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
GAAP OM%	13.1%	14.9%	(180) bps	14.9%	16.4%	(150) bps
Non-GAAP OM%	19.1%	20.4%	(130) bps	20.3%	21.0%	(70) bps

- For 4Q23, non-GAAP operating margin decrease principally driven by higher unallocated corporate costs, due in part to meaningful increase in health and fringe-related expenses
  - DSA margin also contributed, with a small, YOY DSA margin decline driven by lower sales volume in Discovery business
- For FY 2023, non-GAAP operating margin decrease primarily driven by Manufacturing and RMS segments, as well as higher unallocated corporate costs

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

4Q23 & FY 2023 EPS

	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
GAAP EPS	$3.62	$3.65	(0.8)%	$9.22	$9.48	(2.7)%
Non-GAAP EPS	$2.46	$2.98	(17.4)%	$10.67	$11.12	(4.0)%

- In addition to lower revenue and operating margin, 4Q23 non-GAAP EPS headwinds included a higher tax rate, the 53rd week in 2022, and divestiture of Avian Vaccine business in 4Q22
- For FY 2023, non-GAAP EPS decline due primarily to non-operating headwinds, including significantly higher interest expense
- In total, interest expense, tax, and Avian divestiture reduced FY 2023 non-GAAP EPS by >$1.00

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

2024 Outlook

- For 2024, believe our outlook is appropriately balanced
- Demand from many large biopharma clients expected to be stable
- Small and mid-sized biotech clients may continue to spend cautiously as they endeavor to extend their cash runways until clear indications of an improving funding environment emerge
- At the same time, expect both client segments to continue to increasingly utilize strategic outsourcing to gain efficiencies and cost effectiveness

2024 Guidance

	REVISED
Revenue growth, reported	1.0%-4.0%
Impact of divestitures/(acquisitions), net	~(0.5)%
(Favorable)/unfavorable impact of FX	~(0.5)%
Revenue growth, organic	0.0%-3.0%
GAAP EPS estimate	\$7.90-\$8.40
Acquisition-related amortization	~\$2.40
Acquisition and integration-related adjustments	~\$0.10
Costs associated with restructuring actions	~\$0.25
Other items	~\$0.25
Non-GAAP EPS estimate	\$10.90-\$11.40

- Increase in ownership stake of Noveprim expected to provide at least \$0.30 of non-GAAP EPS accretion
- Non-GAAP EPS earnings growth in a range of ~2%-7%, with earnings growth expected to exceed revenue growth due primarily to non-GAAP operating margin expansion of at least 50 bps this year

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

DSA Results – Revenue

($ in millions)	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
Revenue, reported	$625.8	$691.7	(9.5)%	$2,615.6	$2,447.3	6.9%
(Favorable)/unfavorable impact of FX			(1.3)%			(0.3)%
Contribution from acquisitions			(0.3)%			(0.3)%
Effect of 53rd week in FY 2022			5.1%			1.6%
Revenue growth, organic			(6.0)%			7.9%

- 4Q23 YOY decline reflected difficult comparison to 26.5% growth rate in 4Q22, as well as a meaningful decline in Discovery Services revenue in 4Q23
  - Safety Assessment (SA) revenue also decreased, but at a lower rate
- In SA, elevated cancellations throughout 2023 and slippage had a greater impact on 4Q23, with work being cancelled or start dates moved out of 4Q23 into 2024

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

DSA Results – Safety Assessment (SA)

- FY 2023 revenue met our segment outlook due to another solid year in SA business
- As anticipated, SA backlog coverage enabled us to achieve DSA financial outlook of high-single-digit organic revenue growth in 2023
- At year end, DSA backlog modestly declined to $2.45B, from $2.60B at end of 3Q23
- Cancellation rate increased from 3Q23 levels, resulting in net book-to-bill remaining relatively stable but below 1x
- However, net book-to-bill has moved within a similar range through each quarter of 2023

2024 DSA Outlook

- With gross book-to-bill remaining above 1x at end of 4Q23, expect demand KPIs to improve modestly once the cancellation rate subsides
  - One of the assumptions behind our 2024 DSA outlook
- Expect flat to low-single-digit DSA organic revenue growth in 2024
- 1Q24 will exhibit trends similar to 4Q23, due in part to normal seasonal lag of study starts at beginning of year
- Expect study volume to improve thereafter, but 1H24 growth rate will be lower before easier YOY growth comparisons and improving demand KPIs benefit 2H24 growth rate
- Also assume that DSA revenue growth will be principally driven by modest price increases in 2024
  - Includes a $15M-$35M impact from NHP pricing, which is a significantly lower price increase than in recent years

Acquisition of Controlling Stake in Noveprim

- One of the reasons we are able to navigate a volatile NHP pricing environment is our long-standing, high-quality NHP supply relationships
  - Gives us an important competitive advantage in the preclinical sector
- Acquisition of controlling stake in Noveprim firmly supports our stated NHP strategy of enhancing safeguards and diversifying NHP supply through increased ownership and operational control
  - Now own 90% controlling interest in Noveprim, following acquisition of additional 41% equity stake for ~$145M in November 2023
- Noveprim is reported in two segments and has been consolidated into our financial results:
  - In DSA for NHPs vertically integrated into our SA supply chain
  - In RMS for NHPs sold to third-party clients
- Deeply committed to initiatives to modify and reduce animal use, which are embedded in our 4Rs imperatives of Replacement, Reduction, Refinement, and Responsibility
- Intend to remain the leader in regulatory required preclinical development services, through both enhanced efforts to secure and safeguard our supply chain, and also by championing methodologies to reduce animal use, including alternative technologies
  - Invested ~$200M in these technologies over last four years, principally through strategic partnership activities
  - Added capabilities from AI to next-generation sequencing, and invest in our digital enterprise and animal-free Endosafe® Trillium testing platform

DSA Results – Discovery Services

- Discovery Services a challenging year and saw a meaningful revenue decline in 4Q23 across all client segments
- Discovery proposal volume remained low throughout the year
- Clients' decision-making timelines for new project starts remained extended
- Despite these near-term challenges, Discovery remains a critical component of our end-to-end, early-stage portfolio, as we can partner with clients and often establish relationships with them earlier in their lifecycles
- Whether for a single project or an integrated program, we can work flexibly by providing clients with cutting-edge capabilities to discover their novel therapeutics
- As 2024 begins, cautiously optimistic that budget replenishment in the new year will lead to healthier demand trends, but have forecast Discovery to be essentially flat in 2024

DSA Results – Operating Margin

	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
DSA GAAP OM%	20.2%	22.7%	(250) bps	23.2%	21.8%	140 bps
DSA Non-GAAP OM%	26.0%	26.3%	(30) bps	27.5%	25.3%	220 bps

- 4Q23 non-GAAP operating margin decrease due to Discovery Services revenue decline
- For FY 2023, non-GAAP operating margin increase was result of leverage associated with higher revenue and favorable mix in the SA business

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

RMS Results – Revenue

($ in millions)	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
Revenue, reported	$195.8	$196.1	(0.2)%	$792.3	$739.2	7.2%
(Favorable)/unfavorable impact of FX			(0.8)%			0.6%
Contribution from acquisitions			(3.1)%			(2.9)%
Effect of 53rd week in FY 2022			3.7%			1.0%
Revenue growth, organic			(0.4)%			5.9%

- Demand for small research models across all client segments slowed considerably in 4Q23, particularly in North American and Europe
- Sales of small models were principal headwind to 4Q23 growth, as well as continued softness in Cell Solutions business
- Headwinds were largely offset by healthy revenue growth in China for both small models and NHPs in 4Q23, despite numerous reports of difficult demand environment for life sciences sector within China

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RMS 2024 Outlook – Research Models

- For 2024, expect organic revenue will be flat to low-single-digit growth
- Current demand environment will likely limit unit volume growth this year in research models business in North America and Europe
  - Expect modest price increases to drive most of the growth
- In China, expect continued, healthy demand for small models and associated services, albeit tempered from robust, historical, double-digit growth rates in this region
- Expect NHP revenue in China will decline in 2024, due primarily to lower pricing in the region

RMS 2024 Outlook – Research Model Services

- Research Model Services are positioned to be a notable contributor to revenue growth in 2024
- Expanding GEMS capacity in certain regions to accommodate clients' increasing requirements for our support of their:
  - Complex research
  - Maintenance of their genetically modified model colonies
- In addition, CRADL™, one of the largest growth drivers for RMS in recent years, is expected to deliver a solid top-line performance in 2024, with growth accelerating in 2H24 due in part to ramp up of several new CRADL™ sites
- Clients are continuing to adopt this flexible model to access vivarium space without having to invest in internal infrastructure
  - Provides a powerful value proposition to biotech clients in particular, who are trying to conserve capital

RMS Results – Operating Margin

	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
RMS GAAP OM%	18.9%	18.9%	---	19.5%	21.7%	(220) bps
RMS Non-GAAP OM%	23.1%	22.7%	40 bps	23.0%	25.2%	(220) bps

- One-month contribution from Noveprim and increased shipments of NHPs within China were principal contributors to 4Q23 non-GAAP operating margin improvement, partially offset by lower sales volume of small models
- As mentioned, Noveprim's sales of NHPs to third-party, external clients were included in RMS segment
- Expect Noveprim to drive meaningful non-GAAP operating margin improvement in RMS in 2024

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

Manufacturing Results – Revenue

($ in millions)	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
Revenue, reported	$191.9	$212.1	(9.5)%	$721.4	$789.6	(8.6)%
(Favorable)/unfavorable impact of FX			(1.6)%			(0.4)%
Impact of divestitures			9.0%			9.8%
Effect of 53rd week in FY 2022			4.4%			1.2%
Revenue growth, organic			2.3%			2.0%

- CDMO drove Manufacturing segment's 4Q23 organic revenue growth rate
- Microbial Solutions and Biologics Testing businesses both reported modest revenue declines in 4Q23

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Manufacturing Results – CDMO

- CDMO business drove segment growth, with solid, double-digit revenue growth in both 4Q23 and FY 2023
- Initiatives implemented to improve performance have proven successful in 2023
- Believe CDMO business is now well positioned competitively:
  - Centers of Excellence established for cell therapies, viral vectors, and plasmids
  - Investments made over past two years have enhanced commercial readiness of operations
- Enhancements to the business have been well received and earned positive feedback from clients
- Generating additional client interest that has been initiated by our announcement in December that Memphis site received U.S. and EU approval to manufacture Vertex's CASGEVY™, the first gene-edited cell therapy targeting severe sickle cell disease
  - Continuation of our relationship with Vertex
- Believe commercial relationships like this will continue to drive new client inquiries going forward

Manufacturing Results – Microbial Solutions

- Microbial Solutions experienced a modest increase in year-end client order activity as normally occurs, but not to the extent it occurred in 4Q22 when there was a significant budget flush
- Now seeing positive signs that client destocking activity is starting to wind down at both large biopharma and CDMO clients
  - A number of large clients recently resumed their order activity for reagents and consumables
- In addition, now seeing confirmed ship dates for instruments that were delayed in 2023
  - Including Endosafe® Nexus 200™ automated system

Manufacturing Results – Biologics Testing

- Biologics Testing had a difficult year due to tighter client spending in end markets; however, saw an increase in proposal activity in 4Q23
  - It was the first quarterly increase in 2023
- Q1 sample volumes are always seasonally soft following holidays
- Believe both Biologics Testing and Microbial Solutions will see improving trends over course of 2024
- Both businesses are positioned to generate modest revenue growth in 2024
- For Manufacturing segment, we expect low- to mid-single digits organic revenue growth in 2024

Manufacturing Results – Operating Margin

	4Q23	4Q22	YOY Δ	2023	2022	YOY Δ
Manufacturing GAAP OM%	18.5%	12.6%	590 bps	12.2%	21.2%	(890) bps
Manufacturing Non-GAAP OM%	25.4%	25.3%	10 bps	21.8%	28.8%	(700) bps

- Non-GAAP operating margin declined in each business unit in FY 2023; however, CDMO was most meaningful headwind throughout the year
- As project volumes continue to improve and enhance CDMO's margin profile, expect significant improvement in 2024
  - Will contribute to meaningful segment operating margin improvement
- As mentioned at Investor Day in September, expect the Manufacturing segment will drive improvement towards CRL's non-GAAP operating margin expansion targets over next three years
  - CDMO is a key component of this goal

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Management Announcements

- Bill Barbo, Executive Vice President and Chief Commercial Officer, will retire at end of 2024, following a remarkable, 42-year career at CRL
- For many years, Bill has worked with Kristen Eisenhauer, Senior Vice President responsible for all client services and sales
- Kristen has now assumed the Chief Commercial Officer role
- We are fortunate to have a successor in place and anticipate a seamless transition
- Kerstin Dolph, Senior Vice President, Manufacturing, will now be responsible for our entire Manufacturing segment, aligning operational leadership for CGMP-certified businesses under one leader
  - Kerstin has now assumed responsibility for Microbial Solutions
  - She has effectively led Biologics Testing and CDMO operations for a number of years
- Greatly appreciated Bill's contributions and partnership and wish Bill, Kristen, and Kerstin all the best in the future

Concluding Remarks

- We are pleased with solid performance in 2023
- Our long-term prospects for revenue growth and margin expansion remain unchanged from the targets provided at Investor Day:
  - Averaging 6%-8% organic revenue growth through 2026
  - ~150 basis points of cumulative non-GAAP operating margin improvement through 2026
- CRL is positioned exquisitely to meet the evolving needs of our clients
- We will capitalize on the opportunities that emerge in today's business environment as demand trends stabilize and eventually improve
  - Taking action to gain additional market share through enhanced commercial initiatives and by strengthening our leading, non-clinical drug development portfolio
    - Focused on innovation, including adding cutting-edge technologies from AI to next-generation sequencing to our portfolio
  - Committed to driving efficiency and appropriately managing our cost structure without sacrificing the flexibility to respond to a changing industry and client requirements
  - Stabilized and continue to secure our supply chain, including through the acquisition of Noveprim
- We will continue to lead, proactively manage the business through this dynamic market environment, and deliver value to our shareholders

4Q23 Results

($ in millions, except per share amounts)	4Q23	4Q22	YOY Δ	Organic Δ
Revenue	$1,013.5	$1,099.8	(7.9)%	(3.5)%
GAAP OM%	13.1%	14.9%	(180) bps	
Non-GAAP OM%	19.1%	20.4%	(130) bps	
GAAP EPS	$3.62	$3.65	(0.8)%	
Non-GAAP EPS	$2.46	$2.98	(17.4)%	

- 4Q23 revenue and non-GAAP EPS were in line with expectations and prior guidance ranges
  - Reflected continuation of cautious biopharma end market demand environment, which expect will persist into 2024
- Expect reported revenue growth of 1%-4% and organic revenue growth of 0%-3% in 2024
- Higher revenue and moderate margin improvement are expected to drive non-GAAP EPS of $10.90-$11.40, representing YOY growth of ~2%-7%
  - Guidance assumes tax rate is less of a headwind to EPS growth and interest expense will be slightly below 2023

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

Noveprim Financial Impact

- In November, acquired additional 41% equity stake in Noveprim, a high-quality supplier of NHPs in Mauritius
- Noveprim has been a long-time supplier to CRL
  - Made first equity investment of a 49% equity stake in 2022
  - Now own 90% controlling interest and will consolidate Noveprim's operations into CRL's financial results
- Acquisition expected to:
  - Primary contributor to non-GAAP operating margin improvement in 2024
  - Add at least $0.30 to non-GAAP EPS
- Majority of financial contribution this year will be derived from NHPs sold to third-party clients, which will be included in RMS segment
  - Expect Noveprim will generate $40-$50M of third-party RMS revenue for 2024
    - Will not impact organic revenue growth until we anniversary the transaction in late November 2024
- NHPs utilized in regulatory required studies will be included in DSA segment
  - Will be a small benefit to DSA financial results, as we will now be sourcing models internally instead of a third-party supplier

2024 Outlook

	2024 Guidance
Revenue growth, reported	1.0% - 4.0%
Revenue growth, organic	0.0% - 3.0%
GAAP EPS	\$7.90 - \$8.40
Non-GAAP EPS	\$10.90 - \$11.40

- With regard to quarterly gating of 2024 outlook, business isn't linear and quarterly performance can fluctuate based on mix, the status of clients' programs, the timing of NHP shipments, and other related factors
- Expect 2H24 will be stronger for both YOY revenue growth and operating margin than 1H24, due in part to challenging growth comparisons in 1H23
- Expect organic revenue will decrease at a low- to mid-single-digit rate in 1H24, followed by a 2H24 increase at a mid- to high-single-digit rate

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2024 Segment Revenue Outlook

	2024 Reported Revenue Growth	2024 Organic Revenue Growth[1]
RMS	Mid-single-digit growth	Flat to low-single-digit growth
DSA	Flat to low-single-digit growth	Flat to low-single-digit growth
Manufacturing	Low- to mid-single-digit growth	Low- to mid-single-digit growth
Consolidated CRL	1.0%-4.0% growth	0.0%-3.0% growth

- RMS: Modest growth for research models, driven principally by price, and accelerating growth in the services business with the ramp of new CRADL™ facilities in 2H24
- DSA: Early-stage demand trends will stabilize during 1H24 and begin to improve later in the year
- Manufacturing: Growth driven primarily by the CDMO business, as well as modest revenue growth in Microbial Solutions and Biologics Testing businesses

(1) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week in 2022, and foreign currency translation.

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Operating Margin

- 2023 non-GAAP operating margin declined 70 bps to 20.3%, caused by:
  - Moderating demand environment particularly impacted the RMS and Biologics Testing businesses
  - Manufacturing margin impacted by higher costs in the CDMO business (regulatory audits, commercial readiness, and 1Q23 lease impairment)
  - Higher unallocated corporate costs reduced consolidated operating margin by 30 bps
- Implemented cost savings in 2023 and 2024 to manage cost structure and align it with current demand environment, but it takes time for savings to ramp
  - Restructuring initiatives will generate ~$60-$70M in annualized cost savings
- Despite slower top-line growth, expect to generate non-GAAP operating margin improvement of at least 50 bps in 2024
  - This improvement will primarily be generated by Noveprim
  - Balance will be derived from continued efforts to manage costs and drive efficiencies

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

Segment Operating Margin

- Expect meaningful non-GAAP operating margin improvement from the RMS and Manufacturing segments
  - Noveprim is expected to contribute at least 200 bps to RMS margin
- In Manufacturing segment, expect profitability of each business unit will improve commensurate with sales volume
  - Expect CDMO business will be the largest contributor as it grows in scale and adds commercial revenue, and as costs related to regulatory audit preparation and commercial readiness moderate
- DSA non-GAAP operating margin expected to be slightly below 2023 level

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

Unallocated Corporate Expenses

($ in millions)	4Q23	4Q22	2023	2022
GAAP	$65.9	$57.0	$231.8	$209.4
Non-GAAP	$62.6	$54.9	$219.5	$197.8

- Expect non-GAAP unallocated corporate expenses in 2024 to be similar to 2023 level at just above 5% of total revenue
- Non-GAAP increase of 30 bps in 2023 to 5.3% of total revenue was primarily attributable to:
  - Continued investments in digital strategy
  - Higher health and fringe-related costs, which was primary driver of the 4Q23 increase

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

Tax Rate

($ in millions)	4Q23	4Q22	2023	2022
GAAP	9.5%	22.8%	17.4%	20.9%
Non-GAAP	21.6%	18.7%	22.1%	19.2%

- Non-GAAP tax rate for 2024 expected to be in the range of 23%-24%, an increase from 22.1% in 2023
- Anticipated increase is principally due to impact related to stock-based compensation, as well as geographic mix of revenue
- In addition, do not expect discrete tax benefits which benefited 2023 to repeat
- The headwind from stock-based compensation will cause 1Q24 tax rate to be in the mid-20% range
  - More pronounced impact on the tax rate based on timing of vesting of equity awards at current stock price levels

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

Net Interest Expense

($ in millions)	4Q23	4Q22	2023	2022
GAAP interest expense, net	$32.0	$34.4	$131.5	$58.5
Non-GAAP interest expense, net	$32.0	$34.4	$131.5	$58.5
Adjustments for foreign exchange forward contract and related interest expense(1)	—	—	—	$46.5
Adjusted net interest expense	$32.0	$34.4	$131.5	$105.0

- Total adjusted net interest expense in 2024 expected to be in a range of $125-$130M, compared to $131.5M in 2023
- Decrease will be primarily driven by debt repayment, as well as anticipated lower variable interest rates in late 2024
- At end of 4Q23:
  - Outstanding debt of $2.65B, compared to $2.5B at the end of 3Q23
    - Sequential increase reflected borrowing to fund Noveprim acquisition
  - ~75% of $2.65B debt was at a fixed rate
  - Gross leverage was 2.3x and net leverage was 2.2x at end of 4Q23

(1) FY22 amounts reported in total adjusted interest expense included a $49.7M gain on a forward contract and $2.2M of additional interest expense.

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

Cash Flow

($ in millions)	4Q23	4Q22	2023	2022
Free cash flow (FCF)	$142.6	$181.1	$365.4	$330.3
Capex	$78.3	$89.0	$318.5	$324.7
Depreciation	$46.5	$42.1	$176.7	$157.3
Amortization (1)	$34.0	$35.4	$137.4	$146.6

- Expect 2024 FCF will be in a range of $400-$440M, representing a meaningful increase over 2023
  - Driven by earnings growth, as well as continued focus on working capital management
- Capex for 2024 is expected to be ~$300M, or ~7% of total revenue, down from $318.5M, or 7.7% of revenue in 2023
  - Outlook is in line with long-term targeted level of 7%-8% of revenue, and reflects disciplined approach to aligning capacity and capital investments with market demand

(1) Amortization of intangible assets only. Excludes amortization of inventory fair value adjustments included in cost of products sold or costs of services provided.

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

2024 Updated Guidance Summary

	GAAP	Non-GAAP
Revenue growth	1%-4% reported	0%-3% organic[(1)]
Unallocated corporate	Above 5% of revenue	Above 5% of revenue
Operating margin	Improvement in 2024	At least 50 bps of improvement
Net interest expense	$125M-$130M	$125M-$130M
Tax rate	24%-25%	23%-24%
EPS	$7.90-$8.40	$10.90-$11.40
Cash flow	Operating cash flow $700M-$740M	Free cash flow $400M-$440M
Capital expenditures	~$300M	~$300M

(1) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, and foreign currency translation

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

1Q24 Outlook

	1Q24 Outlook
Reported revenue growth YOY	Low- to mid-single-digit decline
Organic revenue growth YOY	Mid-single-digit decline
Non-GAAP EPS	At least $2.00

- 1Q24 revenue outlook reflects demand trends that will be similar to 4Q23
  - Seasonal impact is typical in Safety Assessment and Biologics Testing businesses in Q1, reflecting fewer study starts at beginning of year and lower Biologics sample volumes
- 1Q24 non-GAAP EPS decline primarily driven by:
  - Lower operating margin due in part to seasonal business trends and unallocated corporate costs remaining above 6% of revenue in 1Q24 (similar to 4Q23 level)
    - In addition, challenging comparison to robust 1Q23 DSA operating margin impacts the YOY comparison
  - Expect meaningfully higher tax rate in mid-20% range, reflecting headwind from stock-based compensation
- Expect revenue and non-GAAP operating margin will improve sequentially after 1Q24, as we move beyond seasonal trends and market demand improves marginally as year progresses

Closing Remarks

- Despite ongoing cautious biopharma spending environment, our business continues to be resilient and we remain confident in long-term health of the industry
- Solid 2023 performance reflected ability to manage challenges in the marketplace, while continuing to focus on making disciplined investments to support our businesses and managing costs to capture efficiencies
- Although 2024 organic revenue growth is forecasted to be below our long-term targets, we remain confident in our Investor Day targets of:
  - Averaging 6%-8% organic revenue growth through 2026
  - Delivering meaningful non-GAAP operating margin expansion
- Our outlook is supported by sustained, long-term fundamentals for drug development and our position as an industry leader

4Q23/FY23
Regulation G Financial Reconciliations & Appendix

FX Exchange (FX) Impact *(% of total revenue)*	**2023 Revenue**	**2024E FX Rates**
U.S. Dollar	69%	—
Euro	18%	1.10
British Pound	6%	1.28
Chinese Yuan (renminbi)	3%	0.14
Canadian Dollar	2%	0.76
Other currencies	2%	—

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 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Research Models and Services				
Revenue	$ 195,781	$ 196,109	$ 792,343	$ 739,175
Operating income	37,013	37,111	154,666	160,410
Operating income as a % of revenue	18.9 %	18.9 %	19.5 %	21.7 %
Add back:				
Amortization related to acquisitions	5,359	5,587	21,742	20,364
Acquisition related adjustments [2]	311	1,740	2,742	4,220
Severance	215	—	1,180	1,017
Site consolidation and impairment charges	2,299	—	2,299	—
Total non-GAAP adjustments to operating income	$ 8,184	$ 7,327	$ 27,963	$ 25,601
Operating income, excluding non-GAAP adjustments	$ 45,197	$ 44,438	$ 182,629	$ 186,011
Non-GAAP operating income as a % of revenue	23.1 %	22.7 %	23.0 %	25.2 %
Depreciation and amortization	$ 14,260	$ 13,449	$ 55,570	$ 49,274
Capital expenditures	$ 17,050	$ 10,897	$ 52,819	$ 44,136
Discovery and Safety Assessment				
Revenue	$ 625,785	$ 691,677	$ 2,615,623	$ 2,447,316
Operating income	126,288	156,967	606,076	532,889
Operating income as a % of revenue	20.2 %	22.7 %	23.2 %	21.8 %
Add back:				
Amortization related to acquisitions	19,477	19,901	72,457	83,154
Acquisition related adjustments [2]	256	3,934	3,489	(1,975)
Severance	1,739	—	3,740	433
Site consolidation and impairment charges [3]	13,804	181	25,023	435
Third-party legal costs [4]	991	667	7,387	3,414
Total non-GAAP adjustments to operating income	$ 36,267	$ 24,683	$ 112,096	$ 85,461
Operating income, excluding non-GAAP adjustments	$ 162,555	$ 181,650	$ 718,172	$ 618,350
Non-GAAP operating income as a % of revenue	26.0 %	26.3 %	27.5 %	25.3 %
Depreciation and amortization	$ 45,057	$ 44,137	$ 174,719	$ 179,465
Capital expenditures	$ 49,414	$ 55,655	$ 204,891	$ 189,563
Manufacturing Solutions				
Revenue	$ 191,910	$ 212,057	$ 721,443	$ 789,569
Operating income	35,545	26,734	88,329	167,084
Operating income as a % of revenue	18.5 %	12.6 %	12.2 %	21.2 %
Add back:				
Amortization related to acquisitions	11,083	10,030	45,393	43,416
Acquisition related adjustments [2]	127	10,004	6,417	5,813
Severance	1,757	958	5,802	1,577
Site consolidation and impairment charges	219	2,625	3,337	3,612
Third-party legal costs [4]	39	3,250	8,233	5,944
Total non-GAAP adjustments to operating income	$ 13,225	$ 26,867	$ 69,182	$ 60,362
Operating income, excluding non-GAAP adjustments	$ 48,770	$ 53,601	$ 157,511	$ 227,446
Non-GAAP operating income as a % of revenue	25.4 %	25.3 %	21.8 %	28.8 %
Depreciation and amortization	$ 20,305	$ 19,463	$ 79,982	$ 72,950
Capital expenditures	$ 11,185	$ 21,688	$ 58,134	$ 87,084

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		Twelve Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	$ (65,924)	$ (57,002)	$ (231,810)	$ (209,408)
Add back:				
Severance	889	—	889	1,061
Acquisition related adjustments (2)	2,462	2,149	11,422	10,508
Total non-GAAP adjustments to operating expense	$ 3,351	$ 2,149	$ 12,311	$ 11,569
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (62,573)	$ (54,853)	$ (219,499)	$ (197,839)
Total				
Revenue	$ 1,013,476	$ 1,099,843	$ 4,129,409	$ 3,976,060
Operating income	132,922	163,810	617,261	650,975
Operating income as a % of revenue	13.1 %	14.9 %	14.9 %	16.4 %
Add back:				
Amortization related to acquisitions	35,919	35,518	139,592	146,934
Acquisition related adjustments (2)	3,156	17,827	24,070	18,566
Severance	4,600	958	11,611	4,088
Site consolidation and impairment charges (3)	16,322	2,806	30,659	4,047
Third-party legal costs (4)	1,030	3,917	15,620	9,358
Total non-GAAP adjustments to operating income	$ 61,027	$ 61,026	$ 221,552	$ 182,993
Operating income, excluding non-GAAP adjustments	$ 193,949	$ 224,836	$ 838,813	$ 833,968
Non-GAAP operating income as a % of revenue	19.1 %	20.4 %	20.3 %	21.0 %
Depreciation and amortization	$ 80,514	$ 77,545	$ 314,124	$ 303,870
Capital expenditures	$ 78,323	$ 89,024	$ 318,528	$ 324,733

(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) The adjustments include approximately $13 million of asset impairment charges related to an immaterial Safety Assessment business unit divested during January 2024.

(4) Third-party legal costs are related to (a) an 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.

charles river

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 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Net income attributable to common shareholders	$ 187,084	$ 187,410	$ 474,624	$ 486,226
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	61,027	61,026	221,552	182,993
Venture capital and strategic equity investment (gains) losses, net [2]	(105,919)	6,707	(93,515)	26,775
(Gain) loss on divestitures [3]	(34)	(123,524)	961	(123,524)
Other [4]	877	1,080	1,372	5,285
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure [5]	991	1,024	4,694	4,648
Enacted tax law changes	—	(382)	—	(382)
Tax effect of the remaining non-GAAP adjustments	(16,860)	19,529	(60,789)	(11,399)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 127,166	$ 152,870	$ 548,899	$ 570,622
Weighted average shares outstanding - Basic	51,311	50,906	51,227	50,812
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	313	471	224	489
Weighted average shares outstanding - Diluted	51,624	51,377	51,451	51,301
Earnings per share attributable to common shareholders:				
Basic	$ 3.65	$ 3.68	$ 9.27	$ 9.57
Diluted	$ 3.62	$ 3.65	$ 9.22	$ 9.48
Basic, excluding non-GAAP adjustments	$ 2.48	$ 3.00	$ 10.72	$ 11.23
Diluted, excluding non-GAAP adjustments	$ 2.46	$ 2.98	$ 10.67	$ 11.12

(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 gain during fiscal year 2023 relates predominantly to a gain recognized on our 49% equity interest in Noveprim Group, acquired in April 2022, which was then remeasured at fair value upon acquisition of a 90% controlling equity interest during the fourth quarter of fiscal 2023.

(3) Adjustments included in 2023 relate to the gain on sale of our Avian Vaccine business, which was divested in 2022.

(4) Amounts included in 2023 relate to transfer taxes paid in connection with the Noveprim Group acquisition and a final adjustment on the termination of a Canadian pension plan. Amounts included in 2022 relate to the sale of RMS Japan operations in October 2021 and a reversal of an indemnification asset related to a prior acquisition.

(5) 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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP REVENUE GROWTH
TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) (1)

Three Months Ended December 30, 2023	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	(7.9)%	(0.2)%	(9.5)%	(9.5)%
(Increase) decrease due to foreign exchange	(1.2)%	(0.8)%	(1.3)%	(1.6)%
Contribution from acquisitions (2)	(0.7)%	(3.1)%	(0.3)%	— %
Impact of divestitures (3)	1.6 %	— %	— %	9.0 %
Effect of 53rd week in fiscal year 2022	4.7 %	3.7 %	5.1 %	4.4 %
Non-GAAP revenue growth, organic (4)	**(3.5)%**	**(0.4)%**	**(6.0)%**	**2.3 %**

Twelve Months Ended December 30, 2023	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	3.9 %	7.2 %	6.9 %	(8.6)%
(Increase) decrease due to foreign exchange	(0.2)%	0.6 %	(0.3)%	(0.4)%
Contribution from acquisitions (2)	(0.7)%	(2.9)%	(0.3)%	— %
Impact of divestitures (3)	2.0 %	— %	— %	9.8 %
Effect of 53rd week in fiscal year 2022	1.5 %	1.0 %	1.6 %	1.2 %
Non-GAAP revenue growth, organic (4)	**6.5 %**	**5.9 %**	**7.9 %**	**2.0 %**

(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) The contribution from acquisitions reflects only completed acquisitions.

(3) Impact of divestitures relates to the sale of Avian Vaccine business, which occurred on December 20, 2022.

(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 28, 2024E

2024 GUIDANCE	
Revenue growth, reported	1.0% – 4.0%
Impact of divestitures/(acquisitions), net	~(0.5)%
Unfavorable/(favorable) impact of foreign exchange	~(0.5)%
Revenue growth, organic (1)	0.0% – 3.0%
GAAP EPS estimate	\$7.90 – \$8.40
Acquisition-related amortization (2)	~\$2.40
Acquisition and integration-related adjustments (3)	~\$0.10
Costs associated with restructuring actions (4)	~\$0.25
Other items (5)	~\$0.25
Non-GAAP EPS estimate	\$10.90 – \$11.40

<u>Footnotes to Guidance Table:</u>
(1) Organic revenue growth is defined as reported revenue growth adjusted for completed acquisitions and divestitures, as well as foreign currency translation.

(2) These adjustments include amortization related to intangible assets, as well as the purchase accounting step-up on inventory and certain long-term biological assets.

(3) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration, and related costs.

(4) These adjustments primarily include site consolidation, severance, impairment, and other costs related to the Company's restructuring actions.

(5) These items primarily relate to charges associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure; and certain third-party legal costs related to investigations by the U.S. government into the NHP supply chain related to our Safety Assessment business.

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 30, 2023	September 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Income before income taxes & noncontrolling interests	$ 208,706	$ 112,873	$ 244,921	$ 581,284	$ 622,987
Add back:					
Amortization related to acquisitions	35,919	34,311	35,518	139,592	146,934
Acquisition related adjustments [2]	3,156	6,471	17,827	24,070	18,566
Severance	4,600	3,578	958	11,611	4,088
Site consolidation and impairment charges [3]	16,322	11,583	2,806	30,659	4,047
Third-party legal costs [4]	1,030	3,435	3,917	15,620	9,358
Venture capital and strategic equity investment (gains) losses, net [5]	(105,919)	7,249	6,707	(93,515)	26,775
(Gain) loss on divestitures [6]	(34)	433	(123,524)	961	(123,524)
Other [7]	877	—	1,080	1,372	5,285
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 164,657	$ 179,933	$ 190,210	$ 711,654	$ 714,516
Provision for income taxes (GAAP)	$ 19,754	$ 24,852	$ 55,815	$ 100,914	$ 130,379
Non-cash tax benefit related to international financing structure [8]	(991)	(1,283)	(1,024)	(4,694)	(4,648)
Enacted tax law changes	—	—	382	—	382
Tax effect of the remaining non-GAAP adjustments	16,860	15,271	(19,529)	60,789	11,399
Provision for income taxes (Non-GAAP)	$ 35,623	$ 38,840	$ 35,644	$ 157,009	$ 137,512
Total rate (GAAP)	9.5 %	22.0 %	22.8 %	17.4 %	20.9 %
Total rate, excluding specified charges (Non-GAAP)	21.6 %	21.6 %	18.7 %	22.1 %	19.2 %

(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) The adjustments include approximately $13 million of asset impairment charges related to an immaterial Safety Assessment business unit divested during January 2024.

(4) Third-party legal costs are related to (a) an 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.

(5) The gain during fiscal year 2023 relates predominantly to a gain recognized on our 49% equity interest in Noveprim Group, acquired in April 2022, which was then remeasured at fair value upon acquisition of a 90% controlling equity interest during the fourth quarter of fiscal 2023.

(6) Adjustments included in 2023 relate to the gain on sale of our Avian Vaccine business, which was divested in 2022.

(7) Amounts included in 2023 relate to transfer taxes paid in connection with the Noveprim Group acquisition and a final adjustment on the termination of a Canadian pension plan. Amounts included in 2022 relate to the sale of RMS Japan operations in October 2021 and a reversal of an indemnification asset related to a prior acquisition.

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

	Three Months Ended		Twelve Months Ended		Fiscal Year Ended
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	December 28, 2024E
GAAP interest expense, net	$ 31,953	$ 34,436	$ 131,514	$ 58,511	$125,000-$130,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	—	—	—	46,529	—
Adjusted interest expense, net	$ 31,953	$ 34,436	$ 131,514	$ 105,040	$125,000-$130,000

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

(2) Amounts reported in total adjusted interest expense include a $49.7 million gain on a forward contract and $2.1 million of additional interest expense for the twelve months ended December 30, 2022.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF FREE CASH FLOW (NON-GAAP) [1]

(in thousands)

	Three Months Ended		Twelve Months Ended		Fiscal Year Ended
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	December 28, 2024E
Net cash provided by operating activities	$ 220,943	$ 234,757	$ 683,898	$ 619,640	$700-$740 million
Add back: Tax impact of Avian Vaccine divestiture [2]	—	35,344	—	35,344	—
Less: Capital expenditures	(78,323)	(89,024)	(318,528)	(324,733)	~$300 million
Free cash flow	$ 142,620	$ 181,077	$ 365,370	$ 330,251	$400-$440 million

(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 in fiscal year 2022, 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 GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA [1]

(dollars in thousands, except for per share data)

DEBT [2]:	**December 30, 2023**	**December 31, 2022**	**December 25, 2021**	**December 26, 2020**	**December 28, 2019**	**December 29, 2018**
Total Debt & Finance Leases	$ 2,652,717	$ 2,711,208	$ 2,666,359	$ 1,979,784	$ 1,888,211	$ 1,668,014
Plus: Other adjustments per credit agreement	$ 33,265	$ 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	$ 2,535,982	$ 2,574,639	$ 2,553,603	$ 1,982,112	$ 1,888,924	$ 1,671,047
Less: Cash and cash equivalents (net of $150M above)	(126,771)	(83,912)	(91,214)	(228,424)	(238,014)	(195,442)
Net Debt	$ 2,409,211	$ 2,490,727	$ 2,462,389	$ 1,753,688	$ 1,650,910	$ 1,475,605

ADJUSTED EBITDA [2]:	**December 30, 2023**	**December 31, 2022**	**December 25, 2021**	**December 26, 2020**	**December 28, 2019**	**December 29, 2018**
Net income attributable to common shareholders	$ 474,624	$ 486,226	$ 390,982	$ 364,304	$ 252,019	$ 226,373
Adjustments:						
Adjust: Non-cash gains/losses of VC partnerships & strategic investments	(79,288)	35,498	66,004			
Less: Aggregate non-cash amount of nonrecurring gains	—	(32,638)	(42,247)	(1,361)	(310)	—
Plus: Interest expense	136,710	108,870	107,224	76,825	79,586	65,258
Plus: Provision for income taxes	100,914	130,379	81,873	81,808	50,023	54,996
Plus: Depreciation and amortization	314,124	303,870	265,540	234,924	198,095	161,779
Plus: Non-cash nonrecurring losses	44,077	16,572	8,573	16,810	427	559
Plus: Non-cash stock-based compensation	72,048	73,617	71,461	56,341	57,271	47,346
Plus: Permitted acquisition-related costs	15,639	34,453	51,256	18,750	34,827	19,181
Plus: Pro forma EBITDA adjustments for permitted acquisitions	18,542	5,306	4,008	8	12,320	15,648
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,097,390	$ 1,162,153	$ 1,004,675	$ 848,408	$ 684,259	$ 591,140

LEVERAGE RATIO:	**December 30, 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)	2.31	2.22	2.54	2.34	2.76	2.83
Net leverage ratio (net debt divided by adjusted EBITDA)	2.2	2.1	2.5	2.1	2.4	2.5

INTEREST COVERAGE RATIO:	**December 30, 2023**	**December 31, 2022**	**December 25, 2021**
Capital Expenditures	323,050	326,338	232,149
Cash Interest Expense	139,545	110,731	107,389
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	5.55x	7.55x	7.19x

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

(2) Pursuant to the definition in its credit agreement dated April 21. 2021, the Company has defined its pro forma leverage ratio as total debt divided by adjusted EBITDA for the trailing-twelve-month period. The Company has defined interest coverage ratio as adjusted EBITDA for the trailing-twelve-month period less the aggregate amount of capital expenditures for the trailing-twelve-period; divided by the consolidated interest expense for the period of four consecutive fiscal quarters.

Total Debt represents third-party debt and financial lease obligations minus up to $150M of unrestricted cash and cash equivalents. Adjusted EBITDA represents net income, prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), adjusted for interest, taxes, depreciation and amortization, and certain items that management believes are not reflective of the operational performance of the business. These adjustments include, but are not limited to, non-cash gains/loss on venture capital portfolios and strategic partnerships, acquisition-related expenses including transaction and advisory costs; asset impairments; changes in fair value of contingent consideration obligations; employee stock compensation; historical EBITDA of companies acquired during the period; and other items identified by the company.

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