

3Q23 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 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Research Models and Services				
Revenue	\$ 186,848	\$ 180,114	\$ 596,562	\$ 543,066
Operating income	28,326	35,891	117,653	123,299
Operating income as a % of revenue	15.2 %	19.9 %	19.7 %	22.7 %
Add back:				
Amortization related to acquisitions	5,398	5,467	16,383	14,777
Severance	965	(110)	965	1,017
Acquisition related adjustments ⁽²⁾	604	1,126	2,431	2,480
Total non-GAAP adjustments to operating income	<u>\$ 6,967</u>	<u>\$ 6,483</u>	<u>\$ 19,779</u>	<u>\$ 18,274</u>
Operating income, excluding non-GAAP adjustments	\$ 35,293	\$ 42,374	\$ 137,432	\$ 141,573
Non-GAAP operating income as a % of revenue	18.9 %	23.5 %	23.0 %	26.1 %
Depreciation and amortization	\$ 13,872	\$ 13,128	\$ 41,310	\$ 35,825
Capital expenditures	\$ 9,192	\$ 10,743	\$ 35,769	\$ 33,239
Discovery and Safety Assessment				
Revenue	\$ 664,028	\$ 619,463	\$ 1,989,838	\$ 1,755,639
Operating income	146,819	142,143	479,788	375,922
Operating income as a % of revenue	22.1 %	22.9 %	24.1 %	21.4 %
Add back:				
Amortization related to acquisitions	17,749	20,039	52,980	63,253
Severance	2,001	(28)	2,001	433
Acquisition related adjustments ⁽²⁾	630	(395)	3,233	(5,909)
Site consolidation costs, impairments and other items ⁽³⁾	13,318	645	17,615	3,001
Total non-GAAP adjustments to operating income	<u>\$ 33,698</u>	<u>\$ 20,261</u>	<u>\$ 75,829</u>	<u>\$ 60,778</u>
Operating income, excluding non-GAAP adjustments	\$ 180,517	\$ 162,404	\$ 555,617	\$ 436,700
Non-GAAP operating income as a % of revenue	27.2 %	26.2 %	27.9 %	24.9 %
Depreciation and amortization	\$ 44,088	\$ 43,913	\$ 129,662	\$ 135,328
Capital expenditures	\$ 41,967	\$ 43,400	\$ 155,477	\$ 133,908
Manufacturing Solutions				
Revenue	\$ 175,747	\$ 189,580	\$ 529,533	\$ 577,512
Operating income	26,275	31,479	52,784	140,350
Operating income as a % of revenue	15.0 %	16.6 %	10.0 %	24.3 %
Add back:				
Amortization related to acquisitions	11,164	10,115	34,310	33,386
Severance	612	241	4,045	619
Acquisition related adjustments ⁽²⁾	3,279	10,555	6,290	(4,191)
Site consolidation costs, impairments and other items ⁽³⁾	1,700	1,741	11,312	3,681
Total non-GAAP adjustments to operating income	<u>\$ 16,755</u>	<u>\$ 22,652</u>	<u>\$ 55,957</u>	<u>\$ 33,495</u>
Operating income, excluding non-GAAP adjustments	\$ 43,030	\$ 54,131	\$ 108,741	\$ 173,845
Non-GAAP operating income as a % of revenue	24.5 %	28.6 %	20.5 %	30.1 %
Depreciation and amortization	\$ 20,070	\$ 17,005	\$ 59,677	\$ 53,487
Capital expenditures	\$ 14,349	\$ 18,137	\$ 46,949	\$ 65,396

CONTINUED ON NEXT SLIDE

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

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

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

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

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⁽²⁾ Adjustments included in 2023 relate to the gain on sale of our Avian business, which was divested in 2022.

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

⁽⁴⁾ This amount relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

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

Three Months Ended September 30, 2023	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	3.8 %	3.7 %	7.2 %	(7.3)%
Increase due to foreign exchange	(1.4)%	(0.5)%	(1.5)%	(1.7)%
Contribution from acquisitions ⁽²⁾	(0.2)%	— %	(0.4)%	— %
Impact of divestitures ⁽³⁾	1.9 %	— %	— %	9.9 %
Non-GAAP revenue growth, organic ⁽⁴⁾	4.1 %	3.2 %	5.3 %	0.9 %
Nine Months Ended September 30, 2023	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	8.3 %	9.9 %	13.3 %	(8.3)%
Decrease due to foreign exchange	0.3 %	1.0 %	0.1 %	— %
Contribution from acquisitions ⁽²⁾	(0.7)%	(2.8)%	(0.3)%	— %
Impact of divestitures ⁽³⁾	2.2 %	— %	— %	10.2 %
Non-GAAP revenue growth, organic ⁽⁴⁾	10.1 %	8.1 %	13.1 %	1.9 %

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⁽²⁾ The contribution from acquisitions reflects only completed acquisitions.

⁽³⁾ The Company sold our Avian business on December 20, 2022. These adjustments represent the revenue from these businesses for all applicable periods in 2023 and 2022.

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 30, 2023E

2023 GUIDANCE	CURRENT	PRIOR
Revenue growth, reported	2.5% – 3.5%	2.5% – 4.5%
Impact of divestitures/(acquisitions), net	~1.5%	~1.5%
Impact of 53 rd week in 2022	~1.5%	~1.5%
Unfavorable/(favorable) impact of foreign exchange	0.0% - (0.5)%	0.0% - (0.5)%
Revenue growth, organic (1)	5.5% – 6.5%	5.5% – 7.5%
GAAP EPS estimate	\$7.30 – \$7.50	\$7.60 – \$8.20
Acquisition-related amortization	\$2.00 – \$2.05	~\$2.00
Acquisition and integration-related adjustments (2)	~\$0.25	\$0.20 – \$0.25
Costs associated with restructuring actions (3)	\$0.30 – \$0.35	~\$0.10
Certain venture capital and other strategic investment losses/(gains), net (4)	\$0.18	\$0.06
Other items (5)	~\$0.40	~\$0.30
Non-GAAP EPS estimate	\$10.50 – \$10.70	\$10.30 – \$10.90

Footnotes to Guidance Table:

- (1) Organic revenue growth is defined as reported revenue growth adjusted for completed acquisitions and divestitures, the 53rd week in 2022, and foreign currency translation.
- (2) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration costs, and certain costs associated with acquisition-related efficiency initiatives.
- (3) These adjustments primarily include site consolidation, severance, impairment, and other costs related to the Company's restructuring actions.
- (4) Certain venture capital and other strategic investment performance only includes recognized gains or losses on certain investments. The Company does not forecast the future performance of these investments.
- (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 (a) environmental litigation related to the Microbial Solutions business and (b) investigations by the U.S. government into the NHP supply chain related to our Safety Assessment business.

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

	Three Months Ended
	July 1, 2023
Unallocated Corporate Overhead	\$ (69,914)
Add back:	
Acquisition related adjustments ⁽²⁾	4,799
Total non-GAAP adjustments to operating expense	\$ 4,799
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (65,115)

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⁽²⁾ These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

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

	Three Months Ended			Nine Months Ended	
	September 30, 2023	July 1, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Income before income taxes & noncontrolling interests	\$ 112,873	\$ 128,664	\$ 123,107	\$ 372,578	\$ 378,066
Add back:					
Amortization related to acquisitions	34,311	34,360	35,621	103,673	111,416
Severance	3,578	2,517	(90)	7,011	3,130
Acquisition related adjustments ⁽²⁾	6,471	10,337	12,515	20,914	739
Site consolidation costs, impairments and other items ⁽³⁾	15,018	4,042	2,386	28,927	6,682
Venture capital and strategic equity investment losses (gains), net	7,249	1,873	(3,447)	12,404	20,068
Loss (gain) on divestitures ⁽⁴⁾	433	1,003	—	995	—
Other ⁽⁵⁾	—	596	240	495	4,205
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	<u>\$ 179,933</u>	<u>\$ 183,392</u>	<u>\$ 170,332</u>	<u>\$ 546,997</u>	<u>\$ 524,306</u>
Provision for income taxes (GAAP)	\$ 24,852	\$ 29,221	\$ 25,495	\$ 81,160	\$ 74,564
Non-cash tax benefit related to international financing structure ⁽⁶⁾	(1,283)	(1,296)	(1,161)	(3,703)	(3,624)
Tax effect of the remaining non-GAAP adjustments	15,271	14,759	10,115	43,929	30,928
Provision for income taxes (Non-GAAP)	<u>\$ 38,840</u>	<u>\$ 42,684</u>	<u>\$ 34,449</u>	<u>\$ 121,386</u>	<u>\$ 101,868</u>
Total rate (GAAP)	22.0 %	22.7 %	20.7 %	21.8 %	19.7 %
Total rate, excluding specified charges (Non-GAAP)	21.6 %	23.3 %	20.2 %	22.2 %	19.4 %

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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) investigations by the U.S. government into the NHP supply chain applicable to our Safety Assessment business.

⁽⁴⁾ Adjustments included in 2023 relate to the gain on sale of our Avian business, which was divested in 2022.

⁽⁵⁾ Amount included in 2023 relates to a final adjustment on the termination of a Canadian pension plan. Amount included in 2022 relates to the sale of RMS Japan operations in October 2021 and a reversal of an indemnification asset related to a prior acquisition.

⁽⁶⁾ 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			Fiscal Year Ended
	September 30, 2023	July 1, 2023	September 24, 2022	December 30, 2023E
GAAP Interest expense, net	\$ 32,369	\$ 33,618	\$ 11,253	\$131,000-\$133,000
Adjustments for foreign exchange forward contract and related interest expense, net ⁽²⁾	—	—	16,006	—
Adjusted Interest expense, net	<u>\$ 32,369</u>	<u>\$ 33,618</u>	<u>\$ 27,259</u>	<u>\$131,000-\$133,000</u>

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA ⁽¹⁾
(dollars in thousands, except for per share data)

<u>DEBT ⁽²⁾:</u>	September 30, 2023	July 1, 2023	April 1, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018
Total Debt & Finance Leases	\$ 2,516,894	\$ 2,682,195	\$ 2,750,593	\$ 2,711,208	\$ 2,666,359	\$ 1,979,784	\$ 1,888,211	\$ 1,668,014
Plus: Other adjustments per credit agreement	\$ —	\$ —	\$ 10,543	\$ 13,431	\$ 37,244	\$ 2,328	\$ 712	\$ 3,033
Less: Unrestricted Cash and Cash Equivalents up to \$150M	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)			
Total Indebtedness per credit agreement	\$ 2,366,894	\$ 2,532,195	\$ 2,611,136	\$ 2,574,639	\$ 2,553,603	\$ 1,982,112	\$ 1,888,924	\$ 1,671,047
Less: Cash and cash equivalents (net of \$150M above)	(7,174)	(50,445)	(51,587)	(83,912)	(91,214)	(228,424)	(238,014)	(195,442)
Net Debt	\$ 2,359,720	\$ 2,481,750	\$ 2,559,549	\$ 2,490,727	\$ 2,462,389	\$ 1,753,688	\$ 1,650,910	\$ 1,475,605

<u>ADJUSTED EBITDA ⁽²⁾:</u>	September 30, 2023	July 1, 2023	April 1, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018
Net income attributable to common shareholders	\$ 474,950	\$ 484,034	\$ 496,335	\$ 486,226	\$ 390,982	\$ 364,304	\$ 252,019	\$ 226,373
Adjustments:								
Adjust: Non-cash gains/losses of VC partnerships & strategic investments	35,239	24,342	33,284	35,498	66,004			
Less: Aggregate non-cash amount of nonrecurring gains	(201)	(201)	(29,188)	(32,638)	(42,247)	(1,361)	(310)	—
Plus: Interest expense	138,168	133,139	122,194	108,870	107,224	76,825	79,586	65,258
Plus: Provision for income taxes	136,975	137,618	141,846	130,379	81,873	81,808	50,023	54,996
Plus: Depreciation and amortization	311,155	306,889	305,639	303,870	265,540	234,924	198,095	161,779
Plus: Non-cash nonrecurring losses	34,422	32,270	28,883	16,572	8,573	16,810	427	559
Plus: Non-cash stock-based compensation	74,596	73,798	72,458	73,617	71,461	56,341	57,271	47,346
Plus: Permitted acquisition-related costs	25,026	23,196	29,222	34,453	51,256	18,750	34,827	19,181
Plus: Pro forma EBITDA adjustments for permitted acquisitions	—	—	884	5,306	4,008	8	12,320	15,648
Adjusted EBITDA (per the calculation defined in compliance certificates)	\$ 1,230,330	\$ 1,215,085	\$ 1,201,557	\$ 1,162,153	\$ 1,004,675	\$ 848,408	\$ 684,259	\$ 591,140

<u>LEVERAGE RATIO:</u>	September 30, 2023	July 1, 2023	April 1, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	1.92	2.08	2.17	2.22	2.54	2.34	2.76	2.83
Net leverage ratio (net debt divided by adjusted EBITDA)	1.9	2.0	2.1	2.1	2.5	2.1	2.4	2.5

<u>INTEREST COVERAGE RATIO:</u>	September 30, 2023	July 1, 2023	April 1, 2023	December 31, 2022	December 25, 2021
Capital Expenditures	329,229	335,675	351,144	326,338	232,149
Cash Interest Expense	140,870	135,774	124,431	110,731	107,389
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	6.4x	6.48x	6.83x	7.55x	7.19x

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

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

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)

	Three Months Ended		Nine Months Ended		Fiscal Year Ended
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022	December 30, 2023E
Net cash provided by operating activities	\$ 205,450	\$ 132,779	\$ 462,955	\$ 384,883	\$670 - \$700 million
Less: Capital expenditures	(65,947)	(72,393)	(240,205)	(235,709)	\$330 - \$340 million
Free cash flow	<u>\$ 139,503</u>	<u>\$ 60,386</u>	<u>\$ 222,750</u>	<u>\$ 149,174</u>	<u>\$340 - \$360 million</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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