2Q 2023 Results

August 9, 2023

Charles River Laboratories

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Safe Harbor Statement

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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 Explora Biolabs, Cognate BioServices and Vigene Biosciences and risks and uncertainties associated with Cognate’s and Vigene’s products and services, which are in areas that the Company did not previously operate); 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 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.

2Q23 Financial Performance

($ in millions, except per share amounts)	2Q23	2Q22	YOY Δ	Organic Δ
Revenue	$1,059.9	$973.1	8.9%	11.2%
GAAP OM%	15.6%	19.3%	(370) bps	
Non-GAAP OM%	20.4%	21.8%	(140) bps	
GAAP EPS	$1.89	$2.13	(11.3)%	
Non-GAAP EPS	$2.69	$2.77	(2.9)%	

- Revenue growth rates in RMS and Manufacturing segments improved from 1Q23 levels
- DSA had another strong quarter with low-double digit revenue growth and operating margin improvement
  - Reflected the substantial scale and duration of the backlog, which has enabled us to effectively manage the business

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2023 Outlook

- For FY 2023, narrowing revenue growth and non-GAAP EPS guidance to the upper ends of the previous ranges
- Update largely reflects successful implementation of mitigation efforts around NHP supply
- However, continue to expect 2H23 growth rates to be pressured—primarily in the DSA segment—as a result of three factors:
  - Current market conditions are resulting in a continuation of lower backlog and booking trends
  - DSA segment faces a challenging YOY growth comparison after having generated organic revenue growth of 23.6% in 2H22
  - Still expect a modest impact from NHP supply constraints, principally in 3Q23

Monitoring Biopharmaceutical Demand Trends

- Closely monitoring near-term demand trends of biopharma clients, as they appear to be reprioritizing pipelines and tightening R&D budgets
- Affecting our industry and our Company, but we will continue to leverage significant DSA backlog and intend to appropriately manage the business amidst a more cautious biopharma spending environment
- During times of funding or macroeconomic uncertainty, clients look for even more efficiency and speed to market, and we believe they will continue to choose an industry leader like CRL in order to derive additional value from our flexible and efficient outsourcing solutions

NHP Supply Update

- Made effective efforts to leverage our global safety assessment infrastructure to alleviate the overall impact of supply constraints caused by the suspension of Cambodian imports into the US
- Significant progress to better utilize our sites outside the US
- Based on progress to date, believe we have successfully mitigated the logistical challenges posed by the current NHP supply constraints by conducting more studies outside the US, better leveraging our global infrastructure
  - A competitive advantage for CRL
- Have effectively transferred safety assessment work between sites because much of our capacity was built flexibly to accommodate multiple species of both small and large models
- Transition of work to our international sites this year has required time to implement study scheduling, logistics, quarantine operations, re-training of some staff, and working with local government agencies

NHP Supply Update, cont.

- Already made significant progress with these initiatives and do not foresee any meaningful NHP supply constraints affecting the business in 4Q23 and FY 2024
- Therefore, now expect impact from NHP supply constraints will be less than our initial outlook of 2-4% to consolidated revenue growth in FY 2023
- Narrowed DSA organic revenue growth outlook to mid-single digits, or the upper end of the prior range, to reflect positive update on NHP supply, but expect this favorable impact to be largely offset by current DSA demand trends
- Going forward, operating under the assumption that we will conduct meaningfully less NHP-related study work in the US
  - Our international Safety Assessment infrastructure will be sufficient to accommodate this work

2Q23 Revenue

($ in millions)	2Q23	2Q22	YOY Δ
Revenue, reported	$1,059.9	$973.1	8.9%
Unfavorable/(Favorable) impact of FX			0.2%
Contribution from acquisitions			(0.2)%
Impact of divestitures			2.3%
Revenue growth, organic			11.2%

- Organic revenue growth of 11.2% driven by strong performances in RMS and DSA segments, as well as improvement in Manufacturing growth rate, led by CDMO business

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

2Q23 Revenue by Client Segment

- By client segment, 2Q23 revenue growth was broad based across global biopharmas, biotechs, and academic and government institutions
- Demand from global biopharma clients modestly outpaced small and mid-sized biotech clients for the second consecutive quarter
- Demonstrates the diversity and stability of overall client base, as globals continue to move critical programs forward at a time when biotechs are being more selective with spending to extend their cash runways

2Q23 Operating Margin

	2Q23	2Q22	YOY Δ
GAAP OM%	15.6%	19.3%	(370) bps
Non-GAAP OM%	20.4%	21.8%	(140) bps

- Decline driven by continued margin pressure in Manufacturing and higher unallocated corporate costs

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

2Q23 EPS

	2Q23	2Q22	YOY Δ
GAAP EPS	$1.89	$2.13	(11.3)%
Non-GAAP EPS	$2.69	$2.77	(2.9)%

- As anticipated, YOY increases in interest expense and tax rate continued to be meaningful headwinds to earnings growth in FY 2023, as was the divestiture of the Avian Vaccine business

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

Updated 2023 Guidance

	REVISED	PRIOR
Revenue growth, reported	2.5%-4.5%	2.0%-4.5%
Contribution from acquisitions/divestitures, net	~1.5%	~1.5%
Impact of 53rd week in 2022	~1.5%	~1.5%
Unfavorable/(Favorable) impact of FX	0.0%-(0.5)%	0.0%-(0.5)%
Revenue growth, organic	5.5%-7.5%	5.0%-7.5%
GAAP EPS	$7.60-$8.20	$7.45-$8.45
Acquisition-related amortization	~$2.00	~$2.00
Acquisition and integration-related adjustments	$0.20-$0.25	~$0.10
Venture capital and other strategic investment losses/(gains), net	$0.06	$0.03
Other items	~$0.40	$0.30-$0.35
Non-GAAP EPS	$10.30-$10.90	$9.90-$10.90

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

Updated 2023 Guidance, cont.

- Narrowed revenue and non-GAAP EPS guidance ranges for FY 2023 to the upper ends of the previous ranges, due largely to successful implementation of NHP mitigation efforts
  - Organic revenue growth guidance to a range of 5.5%-7.5%
  - Non-GAAP EPS guidance to a range of $10.30-$10.90
- Increased lower ends of ranges by 50 bps and $0.40 per share, respectively
- Believe existing DSA backlog and in-depth assessment of normalizing demand trends give us continued confidence in financial outlook for FY 2023

DSA Results – Revenue

($ in millions)	2Q23	2Q22	YOY Δ
Revenue, reported	$663.5	$591.9	12.1%
Unfavorable/(Favorable) impact of FX			(0.1)%
Contribution from acquisitions			(0.3)%
Revenue growth, organic			11.7%

- Safety Assessment (SA) business continued to drive DSA revenue growth, with contributions from base pricing and study volume
  - NHP pricing was a small benefit to growth rate, although less of a benefit than in prior quarters
- Discovery Services posted lower revenue compared to prior year, reflective of current market environment coupled with shorter-term nature of both discovery projects and the business's backlog

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

DSA Results – Safety Assessment (SA)

- DSA backlog decreased modestly on a sequential basis, to $2.8B at end of 2Q23, from $3.0B at end of 1Q23
- Net bookings and proposal activity continued to trend lower, with net book-to-bill remaining below 1x on a quarterly basis
  - Primarily driven by cancellation rate, which trended higher and accelerated in 2Q23
- Believe cancellation rate has increased because clients booked studies further in advance of when the work would be required during the peak demand environment over the last few years
- Clients are now rationalizing lower-priority projects in their pipelines and canceling associated studies
- View this trend as largely a “reversion to the mean,” and expect that as clients complete the pipeline rationalization process, cancellation rates will decline, and backlog will more reliably reflect actual study demand

Client Booking Trends

- Believe cancellation rates will decline because incoming new business awards (or gross booking activity not adjusted for cancellations) remain robust
  - Resulted in gross book-to-bill remaining above 1x in 2Q23
- Now see clients booking closer to when studies are required, which increases the reliability of the backlog
- Current level of gross bookings can support healthy revenue growth rates, which suggests that solid, underlying growth prospects for SA business will return once cancellation rate subsides
- Believe stabilization of demand trends will be supported by encouraging macroeconomic indicators, as well as stable-to-improving biotech funding levels
  - In 2Q23, funding levels showed first YOY increase in 7 quarters on a trailing-12-month (TTM) basis

Client Booking Trends, cont.

- Have an average of 13 months of revenue coverage in SA backlog
- Solid backlog coverage affords us ability to:
  - Appropriately manage the business through fluctuations in demand
  - Backfill gaps in study schedule
  - Meet near-term financial targets
- In addition, level of backlog coverage for remaining quarters in FY 2023 is well above historical, pre-pandemic averages
  - Gives us additional confidence about resilience of the business and our ability to achieve financial goals

DSA Results – Operating Margin

	2Q23	2Q22	YOY Δ
DSA GAAP OM%	24.3%	21.8%	250 bps
DSA Non-GAAP OM%	27.6%	25.3%	230 bps

- Operating margin increase continued to be driven by leverage associated with higher revenue in SA business
- Closely monitoring capacity utilization for both physical infrastructure and labor, including pace of hiring and capital spending
- Committed to keeping these metrics closely aligned with current demand environment as DSA growth rate normalizes

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

RMS Results – Revenue

($ in millions)	2Q23	2Q22	YOY Δ
Revenue, reported	$209.9	$186.4	12.6%
Unfavorable/(Favorable) impact of FX			1.3%
Revenue growth, organic			13.9%

- RMS continued to benefit from broad-based growth in all geographic regions for small research models
- Another exceptional performance from Insourcing Solutions (IS), led by CRADL™ initiative

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

RMS Results – Research Models

- As referenced last quarter, timing of large-model shipments within China benefited the 2Q23 growth rate, leading to outperformance compared to FY 2023 outlook of high-single digit organic growth
- Growth rate for small models in China also benefited from comparison to last year's modest impact from COVID-related restrictions in Beijing and Shanghai regions
- While growth rates cooled a bit in 2Q23, continuing to see stable demand and pricing for small research models in North America and Europe
  - Reinforces our growth outlook for FY 2023
- As you know, small models are essential tools that enable scientists to move biomedical research programs forward
- Stable demand trends also reflect the large base of well-funded clients in RMS segment
  - More than half of RMS revenue is generated from academic and government institutions and large biopharma clients

RMS Results – RM Services

- RM Services continued to be primary growth driver for RMS, with Insourcing Solutions (IS) leading the way
- IS's CRADL™ operations are continuing to expand and generate excellent client interest
- Recently opened a new site in Seattle and first location in Philadelphia
- Including these locations, now have 32 CRADL™ sites totaling over 400,000^{sf} in 5 states with growing biohubs, as well as London and China
- Philadelphia site is expected to cater to large base of cell and gene therapy companies in the region
  - Sector of the market which we continue to believe will generate abundant growth opportunities across our portfolio
- CRADL™ network supports flexible growth of entire life sciences ecosystem in each biohub, allowing researchers to utilize our flexible vivarium rental space instead of building their own infrastructure

RMS Results – Operating Margin

	2Q23	2Q22	YOY Δ
RMS GAAP OM%	23.3%	21.2%	210 bps
RMS Non-GAAP OM%	26.4%	24.9%	150 bps

- Operating margin improvement driven primarily by leverage from higher revenue growth in China due to timing of large-model shipments and last year's COVID-related impact
- Because timing of large-model shipments in China is not linear, expect the 3Q23 revenue growth rate and operating margin will be a bit lighter than 2Q23 as a result of fewer shipments

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

Manufacturing Results – Revenue

($ in millions)	2Q23	2Q22	YOY Δ
Revenue, reported	$186.5	$194.8	(4.2)%
Unfavorable/(Favorable) impact of FX			—
Impact of Avian divestiture			10.8%
Revenue growth, organic			6.6%

- Revenue increase driven by CDMO and Microbial Solutions, partially offset by continued softer demand for Biologics Testing

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

Manufacturing Results – CDMO

- Cell and gene therapy CDMO business had a stronger quarter, reporting a solid, double-digit growth rate
- Very pleased that initiatives implemented by CDMO team over past 18 months to improve performance have been successful and are beginning to generate intended results
  - Creation of Centers of Excellence in gene-modified therapy, viral vectors, and plasmids has more optimally aligned the business
  - Investments in commercial readiness and efforts to continue to improve the sales funnel for new projects have also contributed to the CDMO performance improvement
- Pleased to be working with a commercial cell therapy client in Memphis and have a few other clients who are nearing commercial launches over next 1-2 years at both Memphis site and Center of Excellence in Maryland

Manufacturing Results – Microbial Solutions

- Microbial Solutions delivered a solid 2Q23 performance, led by the continued strength of Accugenix® microbial identification platform
- Last month, very pleased to have completed launch of our Endosafe® Trillium® recombinant cascade reagent, or rCR, for bacterial endotoxin testing
- This animal-free solution reinforces our commitment to sustainability initiatives and provides a recombinant alternative for Endosafe® clients who wish to become early adopters of more sustainable testing methods
- Trillium® utilizes three biological proteins, which we believe provides superior accuracy and testing outcomes to competitors' single-protein alternatives, as well as equivalence to LAL-based testing methods

Manufacturing Results – Microbial Solutions, cont.

- Launched reagent kits in July and plan to have Trillium® cartridges available this winter
  - Clients will be able to utilize Endosafe® Trillium® cartridges in their existing Endosafe® systems for a seamless transition from LAL to rCR
- Believe client adoption will be gradual over next several years
- Most clients will likely continue to rely on LAL-based Endosafe® cartridges, which utilize 95% less LAL than traditional methods
- Introduction of the animal-free Trillium® solution supports our advancement of responsible science
  - Also further enhances our industry-leading position as the only provider who can offer a comprehensive solution for rapid manufacturing quality-control testing

Manufacturing Results – Biologics Testing

- Testing volume in Biologics Testing business improved from the seasonally soft 1Q23 level, but YOY growth rate continued to be pressured
  - Particularly for viral clearance and cell banking services
- Believe the performance is indicative of current market dynamics of clients' reprioritizing projects and becoming more budget focused
  - Particularly for services that can be conducted at various times during the development process

Manufacturing – Operating Margin

	2Q23	2Q22	YOY Δ
Manufacturing GAAP OM%	13.1%	32.1%	(1900) bps
Manufacturing Non-GAAP OM%	22.9%	28.6%	(570) bps

- Operating margin improved sequentially, as expected
- YOY decline was primarily driven by the Biologics Testing and CDMO businesses
- Expect the segment margin to continue to trend higher
  - Particularly as CDMO performance continues to improve

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

Concluding Remarks

- Very pleased with 2Q23 results, which gave us confidence to narrow 2023 revenue growth and non-GAAP EPS guidance to the upper ends of the previous ranges
- Although some demand trends are moderating, believe that the fundamental drivers of our business are intact, and we are well positioned to manage through any near-term fluctuations for several reasons:
  - When clients are under intense pressure to bring new drugs to market, we believe they will always seek a large, experienced scientific partner like CRL who can provide the greatest value to them through unmatched scientific expertise and flexible and efficient outsourcing solutions
  - The scale and duration of DSA backlog provides visibility to more effectively manage the business, through timing and location using our global network of facilities
  - Continuing to drive culture of continuous improvement, speed, and efficiency as a result of our digital transformation
    - Provides us better access to data and insights internally to appropriately manage costs and investments
    - Enables clients to access real-time data, e-commerce solutions, and other self-service tools

Concluding Remarks, cont.

- Believe power of our unique portfolio differentiates CRL—today more than ever—from other companies who provide R&D support services to the biopharma industry
- As part of annual strategic planning process, recently completed thorough review of current market environment, our growth prospects, and strategic imperatives for CRL
- Through this process, believe current end-market trends could be characterized as a normalization from past several years when there was unprecedented focus on—and investment in—biomedical research and scientific innovation
- However, optimistic that we will be able to capitalize on the many opportunities our markets provide
- Intend to share more of our conclusions and update longer-term financial targets at our virtual Investor Day
  - Scheduled for Thursday, September 21st

2Q23 Results

($ in millions)	2Q23	2Q22	YOY Δ	Organic Δ
Revenue	$1,059.9	$973.1	8.9%	11.2%
GAAP OM%	15.6%	19.3%	(370) bps	
Non-GAAP OM%	20.4%	21.8%	(140) bps	
GAAP EPS	$1.89	$2.13	(11.3%)	
Non-GAAP EPS	$2.69	$2.77	(2.9%)	

- 2Q23 results are consistent with prior outlook
  - Reflect the continued resilience and stability of our businesses even during times of macroeconomic pressure
- As in 1Q23, increased interest expense, a higher tax rate, and the divestiture of the Avian Vaccine business continued to restrict the YOY earnings growth rate

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

Narrowed 2023 Guidance

	2023 Guidance
Revenue growth, reported	2.5% - 4.5%
Revenue growth, organic	5.5% - 7.5%
GAAP EPS	$7.60 - $8.20
Non-GAAP EPS	$10.30 - $10.90

- 1H23 results and updated NHP supply outlook support revenue growth and non-GAAP EPS guidance for 2023, which has been narrowed to the upper end of the prior ranges
- Updated 2023 revenue growth outlook reflects revised assumptions about two headwinds that will affect 2H23 growth rates, particularly in the DSA segment:
  - Impact of NHP supply is expected to be below original estimate of a 2%-4% impact to total revenue growth
  - This favorability will be largely offset by the impact of macroeconomic and funding pressures on biopharma client demand trends

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2023 Segment Revenue Outlook

	2023 Reported Revenue Growth	2023 Organic Revenue Growth(1)
RMS	High-single digits	High-single digits
DSA	Mid-single digits	Mid-single digits
Manufacturing	Low- to mid-single digit decline (reflects Avian Vaccine divestiture)	High-single digits
Consolidated CRL	2.5%-4.5%	5.5%-7.5%

- DSA: Expect cumulative effect of these factors to result in a slightly more favorable outlook for 2023
- Manufacturing: Benefited from continued traction in CDMO business in 2Q23, but expect continued pressure on Biologics Testing growth rate due to a more budget-focused client base
- RMS: Outlook remains unchanged

(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 Outlook

- Expect FY 2023 consolidated operating margin to be flat to slightly lower than in 2022
- Will continue our efforts to:
  - Manage costs
  - Reduce discretionary spending
  - Drive efficiency
  - Monitor the demand environment to ensure our cost structure is closely aligned

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

Unallocated Corporate Expenses

($ in millions)	2Q23	1Q23	2Q22
GAAP	$69.9	$46.1	$43.4
Non-GAAP	$65.1	$43.9	$40.2

- 2Q23 unallocated corporate costs totaled 6.1% of revenue on a non-GAAP basis, compared to 4.1% of revenue last year
  - YOY increase primarily related to the timing of corporate expenses, which fluctuate on a quarterly basis
- With a lower level in 1Q23, corporate costs averaged 5.2% of revenue in 1H23, and we expect ~5% of total revenue for FY 2023

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

Tax Rate

	2Q23	1Q23	2Q22
GAAP	22.7%	20.7%	23.2%
Non-GAAP	23.3%	21.7%	21.1%

- 2Q23 non-GAAP tax rate represented a 220-bps increase from last year, but consistent with full-year outlook
- YOY increase was primarily due to a lower benefit associated with stock-based compensation and other headwinds related to discrete tax items
- For 2023, continue to expect tax rate will be in a range of 22.5%-23.5%, unchanged from the outlook provided in May

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

Net Interest Expense

($ in millions)	2Q23	1Q23	2Q22
GAAP interest expense, net	$33.6	$33.6	$3.5
Non-GAAP interest expense, net	$33.6	$33.6	$3.5
Adjustments for foreign exchange forward contract and related interest expense(1)	—	—	$19.4
Adjusted net interest expense	$33.6	$33.6	$22.9

- 2Q23 adjusted interest expense was essentially flat sequentially
- Now expect total adjusted net interest expense in a range of $131M-$134M for 2023
  - Assumption that the Federal Reserve will take a less aggressive stance towards interest rate hikes for the remainder of 2023
- At the end of 2Q23, ~three-quarters of $2.68B debt was at a fixed rate
  - For variable-rate portion, outlook can accommodate an additional 50 bps rate increases for remainder of 2023

(1) 2Q22 amounts reported in total adjusted interest expense include $20.5M gain on forward contract and $0.7M of additional interest expense.

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Net Interest Expense, cont.

- At end of 2Q23, total outstanding debt balance represented a gross leverage ratio of 2.1x and net leverage ratio of 2.0x
- Continuously evaluate our capital priorities and intend to deploy capital to the areas that we believe will generate the greatest returns
- Over the longer term, we continue to believe that strategic acquisitions will generate the greatest shareholder returns by enhancing growth potential, but in the near term, we intend to continue to focus capital on debt repayment

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Cash Flow

($ in millions)	2Q23	2Q22	2023 Outlook
Free cash flow (FCF)	$80.7	$66.6	$330-$380
Capital expenditures	$67.4	$82.9	$340-$360
Depreciation	$43.4	$38.8	~$180
Amortization	$34.3	$37.6	$135-$140

- 2Q23 FCF YOY increase was due primarily due to favorable changes in working capital
- 2023 FCF guidance of $330M-$380M remains unchanged
- 2Q23 capex declined YOY, primarily as a result of the timing of projects
  - Will continue to monitor the demand environment and intend to keep capacity and capital investments closely aligned with market trends
  - Continue to expect capex investments in the range of $340M-$360M in 2023, or in the 8%-range as a percent of total revenue

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

2023 Updated Guidance Summary

	GAAP	Non-GAAP
Revenue growth	2.5%-4.5% reported	5.5%-7.5% organic(1)
Unallocated corporate	~5% of revenue	~5% of revenue
Operating margin	Flat vs. 16.4% in 2022	Flat to slightly lower vs. 21.0% in 2022
Net interest expense	$131M-$134M	$131M-$134M
Tax rate	22.5%-23.5%	22.5%-23.5%
EPS	$7.60-$8.20	$10.30-$10.90
Cash flow	Operating cash flow $680M-$730M	Free cash flow $330M-$380M
Capital expenditures	$340M-$360M	$340M-$360M

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

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

2023 Updated Guidance, cont.

- Expecting 2H23 consolidated organic revenue growth to average in a range of flat to low-single digit growth
- The slower growth from 1H23 levels is due to three principal factors, that will have the most significant impact on DSA growth rates:
  - Modest NHP-related supply impact in 3Q23
  - A more cautious biopharma spending environment
  - Difficult growth comparisons to 2H22
- Manufacturing segment's performance is expected to continue to improve from 1H23 levels
- RMS segment is expected to continue to deliver a solid performance, with 3Q23 RMS growth rate and operating margin a bit lighter due to the timing of large-model shipments in China

3Q23 Outlook

	3Q23 Outlook
Reported revenue growth YOY	Low-single-digit growth vs. 3Q22
Organic revenue growth YOY	Low-single-digit growth vs. 3Q22
Non-GAAP EPS growth YOY	~10% decline vs. 3Q22

Concluding Remarks

- Continue to focus on the execution of our strategy and delivering solid financial and operational results
- Pleased with our 1H23 performance despite some macroeconomic and funding pressures on our biopharma clients
- We believe the fundamental drivers of our business and our solid financial position will enable us to successfully navigate this environment
- We operate in a durable industry with attractive, long-term growth prospects
- We will continue to leverage our capabilities, expertise and proven strategy, to fully support our clients' evolving needs and achieve our full-year financial outlook

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2Q23 Regulation G Financial Reconciliations

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

	Three Months Ended		Six Months Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Research Models and Services				
Revenue	$ 209,948	$ 186,410	$ 409,714	$ 362,952
Operating income	48,918	39,526	89,327	87,408
Operating income as a % of revenue	23.3 %	21.2 %	21.8 %	24.1 %
Add back:				
Amortization related to acquisitions	5,491	5,472	10,985	9,310
Severance	—	453	—	1,127
Acquisition related adjustments [2]	997	971	1,827	1,354
Total non-GAAP adjustments to operating income	$ 6,488	$ 6,896	$ 12,812	$ 11,791
Operating income, excluding non-GAAP adjustments	$ 55,406	$ 46,422	$ 102,139	$ 99,199
Non-GAAP operating income as a % of revenue	26.4 %	24.9 %	24.9 %	27.3 %
Depreciation and amortization	$ 13,949	$ 13,228	$ 27,438	$ 22,697
Capital expenditures	$ 7,493	$ 13,850	$ 26,577	$ 22,496
Discovery and Safety Assessment				
Revenue	$ 663,457	$ 591,917	$ 1,325,810	$ 1,136,176
Operating income	161,538	128,793	332,969	233,779
Operating income as a % of revenue	24.3 %	21.8 %	25.1 %	20.6 %
Add back:				
Amortization related to acquisitions	17,744	20,849	35,231	43,214
Severance	—	387	—	461
Acquisition related adjustments [2]	2,359	(2,591)	2,603	(5,514)
Site consolidation costs, impairments and other items [3]	1,492	2,287	4,297	2,356
Total non-GAAP adjustments to operating income	$ 21,595	$ 20,932	$ 42,131	$ 40,517
Operating income, excluding non-GAAP adjustments	$ 183,133	$ 149,725	$ 375,100	$ 274,296
Non-GAAP operating income as a % of revenue	27.6 %	25.3 %	28.3 %	24.1 %
Depreciation and amortization	$ 43,124	$ 44,626	$ 85,574	$ 91,415
Capital expenditures	$ 48,326	$ 41,578	$ 113,510	$ 90,508
Manufacturing Solutions				
Revenue	$ 186,532	$ 194,804	$ 353,786	$ 387,932
Operating income	24,403	62,503	26,509	108,871
Operating income as a % of revenue	13.1 %	32.1 %	7.5 %	28.1 %
Add back:				
Amortization related to acquisitions	11,125	11,373	23,146	23,271
Severance	2,517	271	3,433	378
Acquisition related adjustments [2]	2,182	(18,888)	3,011	(14,746)
Site consolidation costs, impairments and other items [3]	2,550	519	9,612	1,940
Total non-GAAP adjustments to operating income	$ 18,374	$ (6,725)	$ 39,202	$ 10,843
Operating income, excluding non-GAAP adjustments	$ 42,777	$ 55,778	$ 65,711	$ 119,714
Non-GAAP operating income as a % of revenue	22.9 %	28.6 %	18.6 %	30.9 %
Depreciation and amortization	$ 19,523	$ 18,000	$ 39,607	$ 36,482
Capital expenditures	$ 10,862	$ 24,431	$ 32,600	$ 47,259

CONTINUED ON NEXT SLIDE

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

	Three Months Ended		Six Months Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	$ (69,914)	$ (43,411)	$ (115,968)	$ (93,869)
Add back:				
Severance	—	167	—	1,254
Acquisition related adjustments [2]	4,799	3,014	7,002	7,130
Total non-GAAP adjustments to operating expense	$ 4,799	$ 3,181	$ 7,002	$ 8,384
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (65,115)	$ (40,230)	$ (108,966)	$ (85,485)
Total				
Revenue	$ 1,059,937	$ 973,131	$ 2,089,310	$ 1,887,060
Operating income	164,945	187,411	332,837	336,189
Operating income as a % of revenue	15.6 %	19.3 %	15.9 %	17.8 %
Add back:				
Amortization related to acquisitions	34,360	37,694	69,362	75,795
Severance	2,517	1,278	3,433	3,220
Acquisition related adjustments [2]	10,337	(17,494)	14,443	(11,776)
Site consolidation costs, impairments and other items [3]	4,042	2,806	13,909	4,296
Total non-GAAP adjustments to operating income	$ 51,256	$ 24,284	$ 101,147	$ 71,535
Operating income, excluding non-GAAP adjustments	$ 216,201	$ 211,695	$ 433,984	$ 407,724
Non-GAAP operating income as a % of revenue	20.4 %	21.8 %	20.8 %	21.6 %
Depreciation and amortization	$ 77,671	$ 76,421	$ 154,740	$ 151,720
Capital expenditures	$ 67,383	$ 82,852	$ 174,258	$ 163,316

[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 arrangments, 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.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)[1]
(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Net income attributable to common shareholders	$ 97,020	$ 109,321	$ 200,151	$ 202,343
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	51,256	24,284	101,147	71,535
Venture capital and strategic equity investment losses, net	1,873	9,612	5,155	23,515
Loss on divestitures [2]	1,003	—	562	—
Other [3]	596	3,608	495	3,965
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure [4]	1,296	1,341	2,420	2,463
Tax effect of the remaining non-GAAP adjustments	(14,759)	(6,293)	(28,658)	(20,813)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 138,285	$ 141,873	$ 281,272	$ 283,008
Weighted average shares outstanding - Basic	51,216	50,823	51,157	50,732
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	251	460	225	561
Weighted average shares outstanding - Diluted	51,467	51,283	51,382	51,293
Earnings per share attributable to common shareholders:				
Basic	$ 1.89	$ 2.15	$ 3.91	$ 3.99
Diluted	$ 1.89	$ 2.13	$ 3.90	$ 3.94
Basic, excluding non-GAAP adjustments	$ 2.70	$ 2.79	$ 5.50	$ 5.58
Diluted, excluding non-GAAP adjustments	$ 2.69	$ 2.77	$ 5.47	$ 5.52

(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) 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.

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

Three Months Ended July 1, 2023	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	8.9 %	12.6 %	12.1 %	(4.2)%
Decrease (increase) due to foreign exchange	0.2 %	1.3 %	(0.1)%	— %
Contribution from acquisitions [2]	(0.2)%	— %	(0.3)%	— %
Impact of divestitures [3]	2.3 %	— %	— %	10.8 %
Non-GAAP revenue growth, organic [4]	**11.2 %**	**13.9 %**	**11.7 %**	**6.6 %**

Six Months Ended July 1, 2023	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	10.7 %	12.9 %	16.7 %	(8.8)%
Decrease due to foreign exchange	1.1 %	1.9 %	1.0 %	0.9 %
Contribution from acquisitions [2]	(0.9)%	(4.3)%	(0.3)%	— %
Impact of divestitures [3]	2.3 %	— %	— %	10.3 %
Non-GAAP revenue growth, organic [4]	**13.2 %**	**10.5 %**	**17.4 %**	**2.4 %**

(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. 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.

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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% – 4.5%	2.0% – 4.5%
Impact of divestitures/(acquisitions), net	~1.5%	~1.5%
Impact of 53rd 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% – 7.5%	5.0% – 7.5%
GAAP EPS estimate	$7.60 – $8.20	$7.45 – $8.45
Acquisition-related amortization	~$2.00	~$2.00
Acquisition and integration-related adjustments (2)	$0.20 – $0.25	~$0.10
Venture capital and other strategic investment losses/(gains), net (3)	$0.06	$0.03
Other items (4)	~$0.40	$0.30 – $0.35
Non-GAAP EPS estimate	$10.30 – $10.90	$9.90 – $10.90

Footnotes to Guidance Table:

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

(2) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration costs, and certain costs associated with acquisition-related efficiency initiatives.

(3) Venture capital and other strategic investment performance only includes recognized gains or losses on certain investments. The Company does not forecast the future performance of these investments.

(4) These items primarily relate to charges associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure; certain third-party legal costs related to (a) environmental litigation related to the Microbial Solutions business and (b) investigations by the U.S. government into the NHP supply chain related to our Safety Assessment business; and (c) severance and other costs related to the Company's efficiency initiatives.

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

	Three Months Ended April 1, 2023
Unallocated Corporate Overhead	$ (46,054)
Add back:	
Acquisition related adjustments [2]	2,203
Other Items [3]	—
Total non-GAAP adjustments to operating expense	$ 2,203
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (43,851)

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

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

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

	Three Months Ended			Six Months Ended	
	July 1, 2023	April 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Income before income taxes & noncontrolling interests	$ 128,664	$ 131,041	$ 144,113	$ 259,705	$ 254,959
Add back:					
Amortization related to acquisitions	34,360	35,002	37,694	69,362	75,795
Severance	2,517	916	1,278	3,433	3,220
Acquisition related adjustments [2]	10,337	4,015	(17,494)	14,443	(11,776)
Site consolidation costs, impairments and other items [3]	4,042	9,958	2,806	13,909	4,296
Venture capital and strategic equity investment losses (gains), net	1,873	3,282	9,612	5,155	23,515
Loss (gain) on divestitures [4]	1,003	(441)	—	562	—
Other [5]	596	(101)	3,608	495	3,965
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 183,392	$ 183,672	$ 181,617	$ 367,064	$ 353,974
Provision for income taxes (GAAP)	$ 29,221	$ 27,087	$ 33,449	$ 56,308	$ 49,069
Non-cash tax benefit related to international financing structure [6]	(1,296)	(1,124)	(1,341)	(2,420)	(2,463)
Tax effect of the remaining non-GAAP adjustments	14,759	13,899	6,293	28,658	20,813
Provision for income taxes (Non-GAAP)	$ 42,684	$ 39,862	$ 38,401	$ 82,546	$ 67,419
Total rate (GAAP)	22.7 %	20.7 %	23.2 %	21.7 %	19.2 %
Total rate, excluding specified charges (Non-GAAP)	23.3 %	21.7 %	21.1 %	22.5 %	19.0 %

[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] 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 arrangments, 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.

[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
	July 1, 2023	April 1, 2023	June 25, 2022	December 30, 2023E
GAAP Interest expense, net	$ 33,618	$ 33,574	$ 3,515	$131,000-$134,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	—	—	19,423	—
Adjusted Interest expense, net	$ 33,618	$ 33,574	$ 22,938	$131,000-$134,000

[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 an $20.5 million gain on a forward contract and $0.7 million of additional interest expense for the three months ended June 25, 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)

DEBT [2]:	**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	$ 2,682,195	$ 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)			
Total Indebtedness per credit agreement	$ 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)	(50,445)	(51,587)	(83,912)	(91,214)	(228,424)	(238,014)	(195,442)
Net Debt	$ 2,481,750	$ 2,559,549	$ 2,490,727	$ 2,462,389	$ 1,753,688	$ 1,650,910	$ 1,475,605

ADJUSTED EBITDA [2]:	**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	$ 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	24,342	33,284	35,498	66,004			
Less: Aggregate non-cash amount of nonrecurring gains	(201)	(29,188)	(32,638)	(42,247)	(1,361)	(310)	—
Plus: Interest expense	133,139	122,194	108,870	107,224	76,825	79,586	65,258
Plus: Provision for income taxes	137,618	141,846	130,379	81,873	81,808	50,023	54,996
Plus: Depreciation and amortization	306,889	305,639	303,870	265,540	234,924	198,095	161,779
Plus: Non-cash nonrecurring losses	32,270	28,883	16,572	8,573	16,810	427	559
Plus: Non-cash stock-based compensation	73,798	72,458	73,617	71,461	56,341	57,271	47,346
Plus: Permitted acquisition-related costs	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)	$ 1,215,085	$ 1,201,557	$ 1,162,153	$ 1,004,675	$ 848,408	$ 684,259	$ 591,140

LEVERAGE RATIO:	**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)	2.08	2.17	2.22	2.54	2.34	2.76	2.83
Net leverage ratio (net debt divided by adjusted EBITDA)	2.0	2.1	2.1	2.5	2.1	2.4	2.5

INTEREST COVERAGE RATIO:	**July 1, 2023**	**April 1, 2023**	**December 31, 2022**	**December 25, 2021**
Capital Expenditures	335,675	351,144	326,338	232,149
Cash Interest Expense	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)	6.48x	6.83x	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.

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

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

	Three Months Ended		Six Months Ended		Fiscal Year Ended
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022	December 30, 2023E
Net cash provided by operating activities	$ 148,122	$ 149,474	$ 257,505	$ 252,104	$680 - $730 million
Less: Capital expenditures	(67,383)	(82,852)	(174,258)	(163,316)	$340 - $360 million
Free cash flow	$ 80,739	$ 66,622	$ 83,247	$ 88,788	$330 - $380 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.

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