Charles River Laboratories 2Q 2024 Results

August 7, 2024

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; the impact of timing of NHP shipments; 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; our ability to gain market share and capitalize on business opportunities; the impact and timing of our restructuring initiatives, including annualized savings; the timing and impact of our stock repurchase authorization; the impact and timing of specific actions intended to cause improvements to specific reporting or operating segments or business units, including actions to streamline our cost structure, optimize our global footprint, and drive greater operating efficiency; 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 booking activities and 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; our expectations with respect to our digital strategy, including timing; outsourcing of services and identification and impact 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 14, 2024, 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.

2Q24 Revenue

($ in millions, except per share amounts)	2Q24	2Q23	YOY Δ
Revenue, reported	$1,026.1	$1,059.9	(3.2)%
(Increase)/decrease due to FX			0.3%
Contribution from acquisitions			(0.5)%
Impact of divestitures			0.2%
Revenue growth, organic			(3.2)%

- 2Q24 revenue in line with our outlook
- Organic revenue growth in Manufacturing was more than offset by DSA and RMS revenue declines
- In 2Q24, continued to experience lower revenue from small and mid-sized biotechs, while revenue from global biopharma increased modestly

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

2Q24 Operating Margin

	2Q24	2Q23	YOY Δ
GAAP OM%	14.8%	15.6%	(80) bps
Non-GAAP OM%	21.3%	20.4%	90 bps

- 2Q24 non-GAAP operating margin increase primarily driven by lower performance-based bonus compensation accruals
  - Reflecting reduction in financial outlook for 2H24
- On a segment basis, higher Manufacturing operating margin and lower unallocated corporate costs were largely offset by lower operating margins in RMS and DSA segments

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

2Q24 EPS

	2Q24	2Q23	YOY Δ
GAAP EPS	$1.74	$1.89	(7.9)%
Non-GAAP EPS	$2.80	$2.69	4.1%

- 2Q24 non-GAAP EPS exceeded the implied outlook in our prior guidance by ~$0.40
  - Lower performance-based compensation accruals were largest contributor to non-GAAP EPS outperformance in 2Q24

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

2024 Updated Guidance

	REVISED	PRIOR
Revenue growth/(decrease), reported	(4.5)%-(2.5)%	1.0%-4.0%
Impact of divestitures/(acquisitions), net	~(0.5)%	~(0.5)%
(Increase)/decrease due to FX	---	~(0.5)%
Revenue growth/(decrease), organic	(5.0)%-(3.0)%	0.0%-3.0%
GAAP EPS estimate	$5.65-$5.95	$7.60-$8.10
Acquisition-related amortization	~$2.75	~$2.50
Acquisition and integration-related adjustments	~$0.20	~$0.10
Costs associated with restructuring actions	~$1.00	~$0.35
Certain venture capital and strategic investment losses/(gains), net	($0.14)	($0.08)
Incremental dividends related to Noveprim	~$0.25	~$0.25
Other items	~$0.20	~$0.20
Non-GAAP EPS estimate	$9.90-$10.20	$10.90-$11.40

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

Updated 2024 Guidance

- Significantly reducing 2024 financial guidance because forward-looking DSA trend data suggest that demand will not improve during 2H24 as we had previously anticipated
  - In fact, demand will decline for global biopharmaceutical clients
- Intend to partially offset the headwinds through enhanced and aggressive actions to streamline our cost structure, optimize our global footprint, and drive greater operating efficiency
  - Will enable us to limit the bottom-line impact going forward
- Believe taking these actions will also enable us to emerge from this period of softer demand as a stronger and leaner organization and better position to capture new business opportunities

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

Global Biopharma Demand Trends

- Financial performance to date, including low-single-digit organic revenue decline in 1H24, has been largely in line with our initial outlook
- Taking a much more negative view of growth prospects for 2H24 based on:
  - Lack of recovery in biotech demand
  - Recently emerging and softening demand trends in our global biopharma base
- As a result, 2H24 revenue growth that we previously anticipated will not materialize
  - Demand trends are expected to continue to soften for global biopharma clients in the near term
  - Expected to lead to a low- to mid-single-digit organic revenue decline in 2H24 on a consolidated basis
- Most global biopharma companies have announced major restructuring programs
  - Likely precipitated by IRA (U.S. Inflation Reduction Act of 2022) or pending patent expirations
  - Undoubtedly has led to tighter budgets and additional pipeline reprioritization activities this year

Global Biopharma Demand Trends, cont.

- Revenue for global biopharma clients continued to increase in 2Q24
- However, DSA proposal activity and bookings began to notably decline for this client base and diverge from biotech clients in 2Q24
- Now expect demand trends for global biopharma clients to further deteriorate over the remainder of the year
- Anticipate these trends are also likely to impact DSA revenue growth rate into 2025
  - Working now to reset our cost base to both withstand pressures on our bottom line and better position the Company when demand cycles back
- Large biopharma companies currently focused on resetting their budgets to create leaner cost structures
- Expect these large biopharma actions and the resulting softening of our demand KPIs will continue to cause a period of slower spending by these clients on their early-stage drug development activities
  - Particularly because they are focused on clinical pipelines at this time
- We believe clients continue to view strategic outsourcing as a compelling solution to improve cost efficiency and speed to market
  - Presents a longer-term opportunity for CRL once clients inevitably refocus on preclinical pipelines

Biotech Demand Trends

- In contrast to large biopharma, demand KPIs for small and mid-sized biotech clients have stabilized and trended somewhat more favorably through 1H24
  - Reflecting solid biotech funding environment and favorable sentiment around interest rates
- DSA proposals and net bookings from biotech clients have improved this year
  - Biotech companies are our largest client base at ~40% of total revenue (and more than half of DSA revenue)
- Experienced improvement in DSA booking activity in 2Q24, as higher proposal levels that we commented on last quarter have begun to translate into new business wins
- Cautiously optimistic that these trends will lead to a future demand recovery in our biotech client base
- However, trends are not sufficient to support DSA revenue improvement in 2H24 that we previously anticipated
- Do not expect revenue from biotech clients to improve from 1H24 levels

Taking Action Now: Commercial Efforts

- We are laser focused on initiatives to generate more revenue, contain costs, and protect shareholder value
- Already begun to enhance commercial efforts this year
- Focused on optimizing our salesforce to accelerate revenue growth by:
  - Adjusting go-to-market strategies
  - Being a flexible partner for our clients
  - Focusing on selling across entire portfolio
  - Leveraging technology to enhance sales insights and identify selling opportunities earlier
- Our digital strategy is also helping to better connect with clients, including through Apollo™ cloud-based platform to provide real-time access to scientific data and self-service tools for clients

Taking Action Now: Restructuring/Cost Savings & Business Optimization

- To drive additional savings and preserve the bottom line, will continue to aggressively manage our cost structure to ensure capacity and headcount are aligned with current, softer demand environment
- Already consolidated several smaller sites and reduced staffing levels
- These recent actions, and additional actions that will be implemented by end of 3Q24, are expected to generate >$150M of annualized cost savings, which will be fully realized in 2025
- Also finalizing a multi-year strategy focusing on optimizing our global footprint, driving greater operating efficiency, and leveraging our digital platform and global business services to further streamline processes
- Expect to implement the initial phases of this plan before the end of this year
  - Will provide a more comprehensive update in November, including the incremental savings that we will deliver

New Stock Repurchase Authorization

- Board recently approved a new stock repurchase authorization totaling $1B
- Intend to reinstate a stock repurchase activity before the end of 3Q24

DSA Results – Revenue

($ in millions)	2Q24	2Q23	YOY Δ
Revenue, reported	$627.4	$663.5	(5.4)%
(Increase)/decrease due to FX			0.1%
Impact of divestitures			0.3%
Revenue growth, organic			(5.0)%

- 2Q24 revenue decline driven by lower revenue in both Discovery Services and Safety Assessment businesses

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

DSA Results – Safety Assessment (SA)

- Lower study volume in SA partially offset by a small benefit from price increases in 2Q24
- Overall business trends were relatively consistent with those discussed in recent quarters, with exception of diverging demand trends between global biopharma and small and mid-sized biotechs
- Beginning to see improvements in SA proposal and booking activity for biotech clients, but trends are meaningfully slowing for global biopharma clients
- Combined effect has resulted in net book-to-bill ratio that was in a similar range as last 5 quarters (since beginning of 2023), but below 1x in 2Q24
- Gross bookings also remained above 1x in 2Q24
- Cancellation rate was consistent with 1Q24 levels
  - Below its peak but still not back to targeted levels
- As a result of these trends, DSA backlog decreased on a sequential basis to $2.16B at end of 2Q24, from $2.35B at end of 1Q24

DSA Outlook

- Reduced DSA revenue outlook to high-single-digit organic decline for FY 2024
  - Do not expect trends to improve during 2H24 as previously anticipated
  - Expect incremental spending pressures for our global biopharma client base
- In the near term, will ensure our capacity – both space and staffing – are aligned with the lower, expected level of demand
- Looking further ahead, will be continue to speak with our clients and closely monitor for indications that clients are beginning to return focus to IND-enabling programs vs. recent focus on post-IND studies, and for demand to stabilize or begin to improve across both global and mid-tier biopharma client bases

DSA Results – Operating Margin

.	2Q24	2Q23	YOY Δ
DSA GAAP OM%	22.1%	24.3%	(220) bps
DSA Non-GAAP OM%	27.1%	27.6%	(50) bps

- YOY non-GAAP operating margin decline reflected lower sales volume and moderated pricing, particularly in the Discovery Services business
- Operating margin improved from 1Q24 level, commensurate with sales volume, lower bonus accruals, and additional cost savings generated by restructuring efforts

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

RMS Results – Revenue

($ in millions)	2Q24	2Q23	YOY Δ
Revenue, reported	$206.4	$209.9	(1.7)%
(Increase)/decrease due to FX			0.5%
Contribution from acquisitions			(2.7)%
Revenue growth, organic			(3.9)%

- RMS revenue decline primarily driven by lower NHP revenue
- As mentioned last quarter, we expected timing of NHP shipments to be a meaningful headwind to 2Q24 RMS growth rate
- Excluding NHP impact, RMS revenue was essentially flat YOY, as higher sales of small research models were offset by slightly lower revenue for research models services and Cell Solutions
- For FY 2024, believe RMS market environment will remain stable overall, so reaffirming RMS organic revenue growth outlook of flat to low-single-digit growth

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

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RMS Results – Research Models

- Revenue for small models increased in all geographies, particularly in China and Europe
- Resilience of research model business reflects that small models are essential, low-cost tools for research
  - Enhances our ability to continue to realize price increases globally
- Our China business has been resilient despite the macroeconomic challenges, as growth rate for small research models has strengthened driven primarily by share gains associated with our geographic expansions within China

RMS Results – Research Model Services

- Research Model Services experiences a slight revenue decline in 2Q24, both GEMS and Insourcing Solutions (IS)
- Trends largely reflect the overall biopharma demand environment; however, benefits generated by clients that utilize GEMS and IS solutions can help them overcome their budgetary pressures by driving efficiency
- While not unaffected by the demand environment, CRADL® business model continues to resonate with clients who are looking for cost-effective solutions for their vivarium space requirements
- Pockets of softer demand exist, particularly in South San Francisco, that have led to consolidation of CRADL® capacity there
- However, other biohubs continued to perform well

RMS Results – Operating Margin

	2Q24	2Q23	YOY Δ
RMS GAAP OM%	14.5%	23.3%	(880) bps
RMS Non-GAAP OM%	23.1%	26.4%	(330) bps

- 2Q24 non-GAAP operating decline was primarily a result of lower NHP revenue
- Timing of NHP shipments from both Noveprim and in China can lead to quarterly revenue fluctuations
  - Since sales of large models are quite profitable, timing of shipments can have a meaningful impact on RMS margins on a quarterly basis
- However, our view for 2024 has not changed: Both RMS and Manufacturing segments expected to deliver non-GAAP operating margin expansion in 2024

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

Manufacturing Results – Revenue

($ in millions)	2Q24	2Q23	YOY Δ
Revenue, reported	$192.3	$186.5	3.1%
(Increase)/decrease due to FX			0.6%
Revenue growth, organic			3.7%

- Each of segment's businesses contributed to revenue growth
- As anticipated, Manufacturing growth rate was lower than 1Q24 level because of more challenging, prior-year comparison for CDMO business
  - Anniversaried recovery of CDMO business in 2Q23
- Expect CDMO growth rate to re-accelerate in 2H24 based on current pipeline of new projects, particularly for cell therapy
- Expect Manufacturing organic revenue growth in the mid- to high-single-digit range, a slight increase from our prior outlook
- Competitive landscape is also undergoing transition in certain Manufacturing market sectors due to M&A or proposed geopolitical regulation, both of which should offer new opportunities to demonstrate synergies of our comprehensive testing portfolio and win new business

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

Manufacturing Results – CDMO

- CDMO business continues to perform well, and client interest remains strong
- A third client received commercial approval last month
  - Utilizes our viral vector Center of Excellence in Maryland
- Also regularly adding new projects across the various phases of clinical development
- Booking activity continues to improve
- CDMO business remains on track to deliver solid, double-digit growth in 2024

Manufacturing Results – Biologics Testing & Microbial Solutions

- Revenue in our manufacturing quality-control testing businesses also continued to grow, rebounding from more challenging market environment last year
- Biologics Testing performance was driven by core testing activities, including cell banking and viral clearance
- For Microbial Solutions, primary driver of revenue growth was demand for Endosafe® testing cartridges
- Clients have resumed purchases of reagents and consumables as destocking activity has subsided

Manufacturing Results – Operating Margin

	2Q24	2Q23	YOY Δ
Manufacturing GAAP OM%	19.4%	13.1%	630 bps
Manufacturing Non-GAAP OM%	26.6%	22.9%	370 bps

- 2Q24 non-GAAP operating margin demonstrated continued improvement on both YOY (+370 bps) and sequential basis (+130 bps)
- Improvement largely a result of leverage from higher sales volume across each of segment’s businesses
- Expect trend will continue as segment rebounds from 2023 and due to ongoing increase in scale of CDMO business

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Conclusion

- It is clear that clients are in midst of reassessing budgets, reprioritizing pipelines, and managing cost structures
- However, our clients will continue to seek life-saving treatments for rare diseases and other unmet medical needs
- In order to do so, clients will by necessity reinvigorate investment in their early-stage research programs over time
- To emerge as an even stronger partner for our clients, we are working to:
  - Actively manage costs
  - Initiate new and innovative ways to transform our business
  - Protect shareholder value
  - Enhance our clients' commercial experience to gain additional share

2Q24 Results

($ in millions, except per share amounts)	2Q24	2Q23	YOY Δ	Organic Δ
Revenue	$1,026.1	$1,059.9	(3.2)%	(3.2)%
GAAP OM%	14.8%	15.6%	(80) bps	
Non-GAAP OM%	21.3%	20.4%	90 bps	
GAAP EPS	$1.74	$1.89	(7.9)%	
Non-GAAP EPS	$2.80	$2.69	4.1%	

- 2Q24 organic revenue decrease was in line with prior outlook of a low- to mid-single digit decline
- Non-GAAP EPS exceeded prior outlook by ~$0.40 per share
- Majority of the earnings outperformance was driven by lower performance-based compensation
  - Primarily related to adjustments to bonus accruals due to reduced 2024 outlook
- Also contributing was 2Q24 Manufacturing organic revenue growth and the segment's operating margin expansion

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

2024 Guidance

	2024 Guidance
Revenue growth/(decrease), reported	(4.5)%-(2.5)%
Revenue growth/(decrease), organic	(5.0)%-(3.0)%
GAAP EPS	$5.65-$5.95
Non-GAAP EPS	$9.90-$10.20

- Significantly lowered our 2024 guidance driven primarily by softer demand outlook in the 2H24 than previously anticipated for both small and mid-sized biotech and global biopharma clients
- Now expect DSA revenue to decline by ~10% organically in 2H24 (compared to 6.9% YOY decline in 1H24)
- DSA pricing is expected to turn slightly negative by the end of 2024, but the largest driver of guidance change will be the softer demand

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Restructuring Initiatives / Cost Savings

- Implementing additional restructuring initiatives to deliver further cost savings to partially offset lower revenue and help preserve the bottom line
  - Will have more meaningful impact in 2025 and beyond
  - Will not have time to offset all of the 2024 revenue shortfall with additional cost savings at this point in the year
- Implementing additional initiatives to drive incremental cost savings to ensure cost structure aligns with current demand environment
- Restructuring initiatives are expected to generate >$150M in annualized cost savings (or nearly 5% of our operating costs), an increase from prior target of ~$70M of annualized savings
  - Expect to realize ~$100M of the savings in 2024
  - Includes actions that were initiated last year and those already planned for 3Q24
- Finalizing a multi-year strategy to optimize our global footprint and drive greater operating efficiency
  - Believe it will further our ability to protect operating margins and manage the business through this challenging environment

Stock Repurchase Program

- Board recently approved a new stock repurchase authorization of $1B
  - Adds another option to strategically manage capital allocation since M&A activity has slowed, leverage has remained low at just above 2x, and the capital intensity has moderated in the current market environment
- Intend to commence stock repurchases before the end of 3Q24
- Will regularly re-evaluate the best uses of capital
- Company will continue to repay debt and evaluate strategic acquisitions
- Believe a balanced approach to capital deployment will help maintain an optimal capital structure and maximize shareholder value

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

2024 Segment Revenue & Operating Margin Outlook

	2024 Reported Revenue Growth	2024 Organic Revenue Growth[1]
RMS	Mid-single-digit growth	Flat to low-single-digit growth
DSA	High-single-digit decline	High-single-digit decline
Manufacturing	Mid- to high-single-digit growth	Mid- to high-single-digit growth
Consolidated	(4.5)%-(2.5%) decline	(5.0)%-(3.0)% decline

- Revised DSA segment revenue growth outlook largely due to softer demand environment than previously anticipated
- Outlooks for RMS and Manufacturing are essentially unchanged (slight increase from prior Manufacturing outlook)
- Consolidated operating margin outlook (non-GAAP): Slightly below prior-year level
  - Lower performance-based bonus expense and additional costing savings will nearly offset the revenue shortfall at the margin level in 2024
  - DSA margin pressure will offset expected operating margin expansion in both Manufacturing and RMS segments

(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

Unallocated Corporate Expenses

($ in millions)	2Q24	1Q24	2Q23
GAAP	$53.9	$65.7	$69.9
Non-GAAP	$50.5	$62.7	$65.1

- 2Q24 improvement in unallocated corporate costs (non-GAAP) to 4.9% of revenue vs. 6.1% in 2Q23
  - Primarily driven by lower performance-based compensation accruals
- Expect non-GAAP unallocated corporate expenses be in the mid-5% range of total revenue

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

Tax Rate

($ in millions)	2Q24	1Q24	2Q23
GAAP	21.2%	24.8%	22.7%
Non-GAAP	21.1%	23.3%	23.3%

- Decrease in non-GAAP tax rate YOY was primarily due to favorable geographic earnings mix and higher R&D tax credits
- Now expect 2024 non-GAAP tax rate will be ~22%

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

Net Interest Expense

($ in millions)	2Q24	1Q24	2Q23
Interest expense, net	$29.8	$32.8	$33.6

- Net interest expense represented both a sequential and YOY decline
- Expect net interest to be lower than prior outlook, in a range of $118M-$122M
- >80% of $2.4B debt at end of 2Q24 was at a fixed rate
  - Includes $500M that is fixed until November via an interest rate swap
- At end of 2Q24, gross and leverage ratios were 2.2x

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

Cash Flow

($ in millions)	2Q24	2Q23	FY 2024 GUIDANCE
Free cash flow (FCF)	$154.1	$80.7	$380-$400
Capex	$39.5	$67.4	~$250
Depreciation	$47.7	$43.4	~$240
Amortization [1]	$32.3	$34.3	~$130

- 2Q24 FCF improvement driven primarily by lower capital expenditures and working capital
- Capex decrease represents ongoing moderation of our spend in the current demand environment and disciplined focus on capital investments

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

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2024 Guidance Summary

	GAAP	Non-GAAP
Revenue growth/(decrease)	(4.5)%-(2.5%) reported	(5.0)%-(3.0)% organic[(1)]
Unallocated corporate	Mid-5% of revenue	Mid-5% of revenue
Operating margin	Below 2023	Slightly below 2023
Net interest expense	\$118M-\$122M	\$118M-\$122M
Tax rate	~23%	~22%
EPS	\$5.65-\$5.95	\$9.90-\$10.20
Cash flow	Operating cash flow \$630M-\$650M	Free cash flow \$380M-\$400M
Capital expenditures	~\$250M	~\$250M

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

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3Q24 Outlook

	3Q24 Outlook
Reported revenue YOY	Mid-single-digit decline
Organic revenue YOY	Mid-single-digit decline
Non-GAAP EPS YOY	Low-double-digit decline vs. 3Q23

- Impact of lower DSA demand will only be partially offset by the benefit of restructuring initiatives
- YOY revenue growth rates in RMS and Manufacturing segments expected to rebound from difficult comparisons in 2Q24
  - 2Q24 comparison affected by timing of NHP shipments in RMS and strong, prior-year comparison in Manufacturing

Closing Remarks

- Our critical focus at this time is continuing to:
  - Execute our strategy
  - Right size the business for the current demand environment
  - Turn around the financial performance
- Believe accomplishing these actions will position the Company to gain market share and emerge from this period of softer demand as a leaner, more efficient scientific partner for our clients

2Q24 Regulation G Financial Reconciliations & Appendix

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	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Research Models and Services				
Revenue	$ 206,389	$ 209,948	$ 427,296	$ 409,714
Operating income	29,948	48,918	73,097	89,327
Operating income as a % of revenue	14.5 %	23.3 %	17.1 %	21.8 %
Add back:				
Amortization related to acquisitions	7,357	5,491	17,645	10,985
Acquisition related adjustments [2]	174	997	337	1,827
Severance	494	—	1,034	—
Site consolidation and impairment charges	9,728	—	16,574	—
Total non-GAAP adjustments to operating income	$ 17,753	$ 6,488	$ 35,590	$ 12,812
Operating income, excluding non-GAAP adjustments	$ 47,701	$ 55,406	$ 108,687	$ 102,139
Non-GAAP operating income as a % of revenue	23.1 %	26.4 %	25.4 %	24.9 %
Depreciation and amortization	$ 16,538	$ 13,949	$ 34,661	$ 27,438
Capital expenditures	$ 9,313	$ 7,493	$ 29,357	$ 26,577
Discovery and Safety Assessment				
Revenue	$ 627,419	$ 663,457	$ 1,232,871	$ 1,325,810
Operating income	138,376	161,538	253,215	332,969
Operating income as a % of revenue	22.1 %	24.3 %	20.5 %	25.1 %
Add back:				
Amortization related to acquisitions	20,298	17,744	38,894	35,231
Acquisition related adjustments [2]	5,591	2,359	5,783	2,603
Severance	2,429	—	7,913	—
Site consolidation and impairment charges	1,337	—	2,344	—
Third-party legal costs [3]	2,110	1,492	4,301	4,297
Total non-GAAP adjustments to operating income	$ 31,765	$ 21,595	$ 59,235	$ 42,131
Operating income, excluding non-GAAP adjustments	$ 170,141	$ 183,133	$ 312,450	$ 375,100
Non-GAAP operating income as a % of revenue	27.1 %	27.6 %	25.3 %	28.3 %
Depreciation and amortization	$ 47,729	$ 43,124	$ 93,518	$ 85,574
Capital expenditures	$ 19,444	$ 48,326	$ 68,403	$ 113,510
Manufacturing Solutions				
Revenue	$ 192,309	$ 186,532	$ 377,510	$ 353,786
Operating income	37,230	24,403	70,911	26,509
Operating income as a % of revenue	19.4 %	13.1 %	18.8 %	7.5 %
Add back:				
Amortization related to acquisitions	10,768	11,125	21,561	23,146
Acquisition related adjustments [2]	544	2,182	1,243	3,011
Severance	1,671	2,517	3,194	3,433
Site consolidation and impairment charges	990	182	1,090	2,754
Third-party legal costs [3]	—	2,368	—	6,858
Total non-GAAP adjustments to operating income	$ 13,973	$ 18,374	$ 27,088	$ 39,202
Operating income, excluding non-GAAP adjustments	$ 51,203	$ 42,777	$ 97,999	$ 65,711
Non-GAAP operating income as a % of revenue	26.6 %	22.9 %	26.0 %	18.6 %
Depreciation and amortization	$ 20,073	$ 19,523	$ 39,878	$ 39,607
Capital expenditures	$ 10,583	$ 10,862	$ 19,445	$ 32,600

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)

CONTINUED ON PREVIOUS SLIDE

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Unallocated Corporate Overhead	$ (53,902)	$ (69,914)	$ (119,594)	$ (115,968)
Add back:				
Acquisition related adjustments (2)	2,108	4,799	3,637	7,002
Severance	1,304	—	2,794	—
Total non-GAAP adjustments to operating expense	$ 3,412	$ 4,799	$ 6,431	$ 7,002
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (50,490)	$ (65,115)	$ (113,163)	$ (108,966)
Total				
Revenue	$ 1,026,117	$ 1,059,937	$ 2,037,677	$ 2,089,310
Operating income	151,652	164,945	277,629	332,837
Operating income as a % of revenue	14.8 %	15.6 %	13.6 %	15.9 %
Add back:				
Amortization related to acquisitions	38,423	34,360	78,100	69,362
Acquisition related adjustments (2)	8,417	10,337	11,000	14,443
Severance	5,898	2,517	14,935	3,433
Site consolidation and impairment charges	12,055	182	20,008	2,754
Third-party legal costs (3)	2,110	3,860	4,301	11,155
Total non-GAAP adjustments to operating income	$ 66,903	$ 51,256	$ 128,344	$ 101,147
Operating income, excluding non-GAAP adjustments	$ 218,555	$ 216,201	$ 405,973	$ 433,984
Non-GAAP operating income as a % of revenue	21.3 %	20.4 %	19.9 %	20.8 %
Depreciation and amortization	$ 86,082	$ 77,671	$ 171,439	$ 154,740
Capital expenditures	$ 39,486	$ 67,383	$ 118,630	$ 174,258

(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 arrangements.

(3) 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.

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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	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net income available to Charles River Laboratories International, Inc. common shareholders	$ 89,988	$ 97,020	$ 157,317	$ 200,151
Add back:				
Adjustment of redeemable noncontrolling interest [2]	301	—	702	—
Incremental dividends attributable to noncontrolling interest holders [3]	3,792	—	9,022	—
Non-GAAP adjustments to operating income [4]	65,576	51,256	127,017	101,147
Venture capital and strategic equity investment (gains) losses, net	(902)	1,873	(6,664)	5,155
(Gain) loss on divestitures [5]	—	1,003	658	562
Other [6]	—	596	—	495
Tax effect of non-GAAP adjustments:				
Non-cash tax provision related to international financing structure [7]	871	1,296	1,212	2,420
Tax effect of the remaining non-GAAP adjustments	(14,687)	(14,759)	(26,715)	(28,658)
Net income attributable to Charles River Laboratories International, Inc. common shareholders, excluding non-GAAP adjustments	$ 144,939	$ 138,285	$ 262,549	$ 281,272
Weighted average shares outstanding - Basic	51,551	51,216	51,494	51,157
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	295	251	316	225
Weighted average shares outstanding - Diluted	51,846	51,467	51,810	51,382
Earnings per share attributable to common shareholders:				
Basic	$ 1.75	$ 1.89	$ 3.06	$ 3.91
Diluted	$ 1.74	$ 1.89	$ 3.04	$ 3.90
Basic, excluding non-GAAP adjustments	$ 2.81	$ 2.70	$ 5.10	$ 5.50
Diluted, excluding non-GAAP adjustments	$ 2.80	$ 2.69	$ 5.07	$ 5.47

(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) This amount represents accretion adjustments of the Noveprim redeemable noncontrolling interest.

(3) This amount represents incremental undeclared dividends attributable to Noveprim noncontrolling interest holders who receive preferential dividends for fiscal year 2024.

(4) This amount excludes Non-GAAP adjustments attributable to noncontrolling interest holders.

(5) The amount included in 2024 relates to a loss on the sale of a Safety Assessment site. Adjustments included in 2023 relate to the gain on the sale of our Avian Vaccine business, which was divested in 2022.

(6) Amounts included in 2023 relate to a final adjustment on the termination of a Canadian pension plan.

(7) 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 June 29, 2024	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	(3.2)%	(1.7)%	(5.4)%	3.1 %
(Increase) decrease due to foreign exchange	0.3 %	0.5 %	0.1 %	0.6 %
Contribution from acquisitions [2]	(0.5)%	(2.7)%	— %	— %
Impact of divestitures [3]	0.2 %	— %	0.3 %	— %
Non-GAAP revenue growth, organic [4]	**(3.2)%**	**(3.9)%**	**(5.0)%**	**3.7 %**

Six Months Ended June 29, 2024	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	(2.5)%	4.3 %	(7.0)%	6.7 %
(Increase) decrease due to foreign exchange	— %	0.4 %	(0.3)%	0.2 %
Contribution from acquisitions [2]	(1.0)%	(5.1)%	— %	— %
Impact of divestitures [3]	0.3 %	— %	0.4 %	— %
Non-GAAP revenue growth, organic [4]	**(3.2)%**	**(0.4)%**	**(6.9)%**	**6.9 %**

(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 a site within our Safety Assessment business.

(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 28, 2024E

2024 GUIDANCE	CURRENT	PRIOR
Revenue growth/(decrease), reported	(4.5)% – (2.5)%	1.0% – 4.0%
Impact of divestitures/(acquisitions), net	~(0.5)%	~(0.5)%
(Favorable)/unfavorable impact of foreign exchange	--	~(0.5)%
Revenue growth/(decrease), organic (1)	(5.0)% – (3.0)%	0.0% – 3.0%
GAAP EPS estimate	$5.65 – $5.95	$7.60 – $8.10
Acquisition-related amortization (2)	~$2.75	~$2.50
Acquisition and integration-related adjustments (3)	~$0.20	~$0.10
Costs associated with restructuring actions (4)	~$1.00	~$0.35
Certain venture capital and other strategic investment losses/(gains), net (5)	($0.14)	($0.08)
Incremental dividends related to Noveprim (6)	~$0.25	~$0.25
Other items (7)	~$0.20	~$0.20
Non-GAAP EPS estimate	$9.90 – $10.20	$10.90 – $11.40

Footnotes to Guidance Table:
(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; as well as fair value adjustments associated with contingent consideration arrangements.

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

(5) 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.

(6) This item primarily relates to incremental dividends attributable to Noveprim noncontrolling interest holders who may receive preferential dividends for fiscal year 2024.

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

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	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Income before income taxes & noncontrolling interests	$ 119,653	$ 99,011	$ 128,664	$ 218,664	$ 259,705
Add back:					
Amortization related to acquisitions	38,423	39,677	34,360	78,100	69,362
Acquisition related adjustments [2]	8,417	2,583	10,337	11,000	14,443
Severance	5,898	9,037	2,517	14,935	3,433
Site consolidation and impairment charges	12,055	7,953	182	20,008	2,754
Third-party legal costs [3]	2,110	2,191	3,860	4,301	11,155
Venture capital and strategic equity investment (gains) losses, net	(902)	(5,762)	1,873	(6,664)	5,155
(Gain) loss on divestitures [4]	—	658	1,003	658	562
Other [5]	—	—	596	—	495
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 185,654	$ 155,348	$ 183,392	$ 341,002	$ 367,064
Provision for income taxes (GAAP)	$ 25,392	$ 24,529	$ 29,221	$ 49,921	$ 56,308
Non-cash tax benefit related to international financing structure [6]	(871)	(341)	(1,296)	(1,212)	(2,420)
Tax effect of the remaining non-GAAP adjustments	14,687	12,028	14,759	26,715	28,658
Provision for income taxes (Non-GAAP)	$ 39,208	$ 36,216	$ 42,684	$ 75,424	$ 82,546
Total rate (GAAP)	21.2 %	24.8 %	22.7 %	22.8 %	21.7 %
Total rate, excluding specified charges (Non-GAAP)	21.1 %	23.3 %	23.3 %	22.1 %	22.5 %

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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 arrangements.

(3) 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.

(4) The amount included in 2024 relates to a loss on the sale of a Safety Assessment site. Adjustments included in 2023 relate to the gain on the sale of our Avian Vaccine business, which was divested in 2022.

(5) Amounts included in 2023 relate to a final adjustment on the termination of a Canadian pension plan.

(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 FREE CASH FLOW (NON-GAAP) (1)
(in thousands)

	Three Months Ended		2024 Guidance
	June 29, 2024	**July 1, 2023**	**FYE December 28, 2024E**
Net cash provided by operating activities	$ 193,535	$ 148,122	$630,000-$650,000
Less: Capital expenditures	(39,486)	(67,383)	~(250,000)
Free cash flow	$ 154,049	$ 80,739	$380,000-$400,000

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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)]:	June 29, 2024	March 30, 2024	December 30, 2023	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019
Total Debt & Finance Leases	$ 2,412,593	$ 2,663,087	$ 2,652,717	$ 2,711,208	$ 2,666,359	$ 1,979,784	$ 1,888,211
Plus: Other adjustments per credit agreement	38,335	33,265	33,265	13,431	37,244	2,328	712
Less: Unrestricted Cash and Cash Equivalents up to $150M	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	—	—
Total Indebtedness per credit agreement	$ 2,300,928	$ 2,546,352	$ 2,535,982	$ 2,574,639	$ 2,553,603	$ 1,982,112	$ 1,888,924
Less: Cash and cash equivalents (net of $150M above)	(29,213)	(177,039)	(126,771)	(83,912)	(91,214)	(228,424)	(238,014)
Net Debt	$ 2,271,715	$ 2,369,313	$ 2,409,211	$ 2,490,727	$ 2,462,389	$ 1,753,688	$ 1,650,910

ADJUSTED EBITDA [(2)]:	June 29, 2024	March 30, 2024	December 31, 2022	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019
Net income available to Charles River Laboratories International, Inc. common shareholders	$ 431,790	$ 438,822	$ 474,624	$ 486,226	$ 390,982	$ 364,304	$ 252,019
Adjustments:							
Adjust: Non-cash gains/losses of VC partnerships & strategic investments	(98,048)	(96,148)	(79,288)	35,498	66,004		
Less: Aggregate non-cash amount of nonrecurring gains	—	—	—	(32,638)	(42,247)	(1,361)	(310)
Plus: Interest expense	135,056	137,331	136,710	108,870	107,224	76,825	79,586
Plus: Provision for income taxes	94,527	98,356	100,914	130,379	81,873	81,808	50,023
Plus: Depreciation and amortization	330,823	322,412	314,124	303,870	265,540	234,924	198,095
Plus: Non-cash nonrecurring losses	46,341	36,834	44,077	16,572	8,573	16,810	427
Plus: Non-cash stock-based compensation	75,643	75,326	72,048	73,617	71,461	56,341	57,271
Plus: Permitted acquisition-related costs	11,547	14,354	15,639	34,453	51,256	18,750	34,827
Plus: Pro forma EBITDA adjustments for permitted acquisitions	8,242	15,437	18,542	5,306	4,008	8	12,320
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,035,921	$ 1,042,724	$ 1,097,390	$ 1,162,153	$ 1,004,675	$ 848,408	$ 684,259

LEVERAGE RATIO:	June 29, 2024	March 30, 2024	December 31, 2022	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.22	2.44	2.31	2.22	2.54	2.34	2.76
Net leverage ratio (net debt divided by adjusted EBITDA)	2.2	2.3	2.2	2.1	2.5	2.1	2.4

INTEREST COVERAGE RATIO:	June 29, 2024	March 30, 2024	December 31, 2022	December 31, 2022	December 25, 2021
Capital Expenditures	264,955	294,085	323,050	326,338	232,149
Cash Interest Expense	137,245	139,961	139,545	110,731	107,389
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	5.62x	5.35x	5.55x	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 GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) [(1)]

(in thousands, except percentages)

	Three Months Ended March 30, 2024
Unallocated Corporate Overhead	$ (65,692)
Add back:	
Severance	1,490
Acquisition related adjustments [(2)]	1,529
Total non-GAAP adjustments to operating expense	$ 3,019
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (62,673)

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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.

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