4Q 2022 Results and 2023 Guidance

February 22, 2023

Charles River Laboratories

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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; the COVID-19 pandemic, its duration, its impact on our business, results of operations, financial condition, liquidity, business practices, operations, suppliers, third party service providers, clients, employees, industry, ability to meet future performance obligations, ability to efficiently implement advisable safety precautions, and internal controls over financial reporting; the COVID-19 pandemic’s impact on client demand; 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; 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.

NHP Supply Update

- There has been an ongoing, industry-wide investigation into non-human primate (NHP) imports from Cambodia
- On February 17th, CRL received a subpoena from the U.S. Department of Justice (DOJ) relating to an investigation into the Cambodian supply chain
  - Relates specifically to shipments of NHPs received by CRL from its Cambodian supplier
  - CRL intends to fully cooperate with the U.S. government
- Once DOJ concludes its investigation, we believe it will find that any concerns with respect to CRL are without merit
- CRL is committed to ensuring operations are fully compliant with all U.S. and international laws and regulations
- Maintains risk-based supplier due diligence, audit, and management practices to help ensure the quality of its supplier relationships and compliance with applicable laws, including the status of NHPs that CRL imports
- CRL has voluntarily suspended planned, future shipments of Cambodian NHPs until such time that CRL and the U.S. Fish and Wildlife Service (USFWS) can develop and implement new procedures to reinforce confidence that NHPs imported from Cambodia are purpose-bred
  - Prudent in light of ongoing investigations and the heightened focus on the Cambodian NHP supply chain in recent months

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NHP Supply Update, cont.

- New procedures will take time to implement
  - Duration of which is unknown
- DOJ investigation and current NHP supply situation will result in study delays in Safety Assessment business
- Non-human primates (NHPs) are the most scientifically relevant large model for the regulatory required safety testing of biologic drugs as mandated by U.S. Food & Drug Administration (FDA) and other international regulatory agencies
- Biologic drugs cannot be approved for commercial use without NHPs, and given proliferation of biologic drug development activity in recent years, NHPs have been in high demand
- As an example, all COVID-19 vaccines developed in the U.S. and Europe utilized NHPs

NHP Supply Update, cont.

- NHPs sourced from Cambodia have been responsible for ~60% of NHPs supplied to the U.S. and CRL for drug research & development
- CRL is continuing to actively work to diversify its NHP supply chain
  - No near-term, global source to replace Cambodian supply at this time
- Critical that CRL works diligently to resolve the NHP supply situation and collaborates with all agencies of the U.S. government, including USFWS, to restore this important supply chain because the U.S. biopharmaceutical industry and the patients who need new life-saving treatments are counting on us

2023 Guidance

	2023 Guidance
Revenue growth, reported	1.5%-4.5%
Contribution from acquisitions/divestitures, net	~1.5%
Impact of 53rd week in FY 2022	~1.5%
(Increase)/Decrease due to FX	~0.0%-(0.5)%
Revenue growth, organic	4.5%-7.5%
GAAP EPS	$7.40-$8.60
Acquisition-related amortization	~$2.00
Acquisition and integration-related adjustments	~$0.10
Other items	~$0.20
Non-GAAP EPS	$9.70-$10.90

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

2023 Guidance, cont.

- Current Cambodian NHP supply constraints and the corresponding impact to Safety Assessment business are expected to reduce our consolidated revenue growth forecast by approximately 200-400 basis points in FY 2023
- Wider revenue and EPS guidance ranges encompassing a number of scenarios related to the timing of the resumption of Cambodian NHP imports this year, including:
  - Top end of guidance ranges: Anticipates Cambodian NHPs available for studies in 4Q23
  - Bottom end of guidance ranges: Assumes no Cambodian NHP imports for the remainder of 2023
- Expect to begin to experience a more meaningful impact from NHP supply constraints in 2Q23
- Several non-operating items are also significantly affecting the YOY EPS growth comparison, including:
  - Higher interest expense
  - Higher tax rate
  - Divestiture of Avian Vaccine business (completed in December)
- These non-operating items will generate combined non-GAAP EPS headwind of $1.20-$1.40 in FY 2023
  - Partially offset by up to a $0.25 benefit from FX

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Another Strong Year in 2022

- Outstanding finish to another strong year for CRL
- Robust operating performance in FY 2022, highlighted by 13.4% organic revenue growth against a backdrop of escalating macroeconomic pressures
- FY 2022 financial performance demonstrates the continued execution of our strategy, which enables us to enhance our position as the scientific partner of choice to accelerate biomedical research and therapeutic innovation

4Q22 and FY 2022 Revenue

($ in millions)	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
Revenue, reported	$1,099.8	$905.1	21.5%	$3,976.1	$3,540.1	12.3%
Decrease due to FX			4.4%			3.5%
Contributions from acquisitions			(1.8)%			(2.6)%
Impact of divestitures			0.5%			1.7%
Effect of 53rd week in FY 2022			(5.8)%			(1.5)%
Revenue growth, organic			18.8%			13.4%

- Exceeded $1B mark for first time in 4Q22
- Organic revenue growth driven by increases from all three segments, with most significant contribution from DSA
  - Another robust performance by Safety Assessment (SA)
- 2H22 DSA organic growth rate rose to 23.6%, as we exceeded the 2H growth acceleration that we had forecast since the beginning of the year
- For FY 2022, revenue growth rates exceeded top end of our guidance range by 140 bps, driven primarily by outperformance in both Discovery and SA businesses

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

4Q22 and FY 2022 Operating Margin

	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
GAAP OM%	14.9%	19.1%	(420) bps	16.4%	16.7%	(30) bps
Non-GAAP OM%	20.4%	20.9%	(50) bps	21.0%	21.0%	---

- 4Q22 non-GAAP operating margin decline driven primarily by Manufacturing and RMS segments
- For FY 2022, pleased to have held operating margin steady in a year with substantial cost inflation and CDMO business generating significant margin pressure

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

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4Q22 and FY 2022 EPS

	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
GAAP EPS	$3.65	$2.67	36.7%	$9.48	$7.60	24.7%
Non-GAAP EPS	$2.98	$2.49	19.7%	$11.12	$10.32	7.8%

- For FY 2022, exceeded non-GAAP EPS guidance range of $10.80-$10.95 due primarily to robust, 4Q22 revenue growth, particularly in DSA segment

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

A Leading, Global Non-Clinical Drug Development Partner

- Believe FY 2022 performance thoroughly demonstrated:
  - Successful execution of our strategy to position CRL as the non-clinical drug development partner of choice for our valued clients
  - Sustained pace of demand from clients despite macroeconomic headwinds
- Believe that underlying business trends (outside of NHP supply impact) will remain intact in 2023 due to:
  - Our exceptional market position
  - Unique early-stage focus
  - Large, diversified client base

DSA Results – Revenue

($ in millions)	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
Revenue, reported	$691.7	$534.1	29.5%	$2,447.3	$2,107.2	16.1%
Decrease due to FX			3.9%			3.3%
Contributions from acquisitions			---			(0.1)%
Effect of 53rd week in FY 2022			(6.9)%			(1.8)%
Revenue growth, organic			26.5%			17.5%

- Safety Assessment (SA) business continued to be principal driver of DSA revenue growth, with significant contributions from study volume, pricing, and NHP pass-throughs (in order of magnitude)
- As often mentioned, business is not linear; in this case, record 4Q22 revenue growth rate driven by a combination of current, robust demand and pricing environment, as well as comparison to 4Q21 when business experienced some resource constraints, including staffing
- Discovery Services growth rate also improved in 4Q22 (vs. 3Q22 level)

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

DSA – 2023 Revenue Outlook

- For FY 2022, DSA organic revenue growth rate exceeded our mid-teens outlook
- As of year-end 2022, DSA backlog increased 32% YOY to $3.15B
- Backlog growth remained robust in FY 2022 and continues to support a long growth runway
  - Backlog growth also normalized during the year as expected, because the backlog duration stabilized after substantially elongating in prior years

DSA – Safety Assessment (SA) Outlook

- Continue to see broad-based and sustained client demand across SA business
- Have staffing and capacity to accommodate client demand
- Current NHP supply situation will restrict the revenue growth rate and margin expansion in 2023
- Underlying strength and resilience of the demand environment and pricing should afford CRL with healthy DSA growth opportunities once the NHP supply situation is resolved and CRL has an adequate supply of these large models

DSA Results – Discovery Services

- Discovery Services had a good quarter with improvement in revenue growth rate from 3Q22 level
- Many clients who previously lengthened timeframes to start new projects moved forward with programs in 4Q22
- Discovery booking and proposal activity also support a healthy growth profile as we begin FY 2023
- To strengthen our position as a single-source partner to support clients' early-stage research needs, continued to expand discovery capabilities through our technology partnership strategy and through M&A
- Achieved both with SAMDI Tech, acquired in January 2023

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SAMDI Tech Acquisition

- Established initial partnership with SAMDI Tech in 2018
- Validated their proprietary mass spectrometry technology for label-free, high-throughput screening with CRL clients
- During partnership, determined that SAMDI Tech’s cutting-edge technology was increasingly favored by clients to accelerate timelines and reduce costs required to identify a lead drug candidate and make critical, go/no-go decisions earlier
- As a result of successful partnership, mutually agreed to have SAMDI Tech join CRL
- Partnerships and acquisitions like this advance ongoing efforts to build scientific expertise for discovery of novel therapeutics and strengthen CRL’s discovery “toolkit” by adding cutting-edge capabilities to enable clients to work with us for a single project or on an integrated program in a flexible manner tailored to their specific outsourcing needs

DSA Results – Operating Margin

	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
DSA GAAP OM%	22.7%	17.8%	490 bps	21.8%	19.3%	250 bps
DSA Non-GAAP OM%	26.3%	23.1%	320 bps	25.3%	23.7%	160 bps

- Operating margin increases driven by operating leverage associated with meaningfully higher revenue in SA

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

RMS Results – Revenue

($ in millions)	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
Revenue, reported	$196.1	$165.6	18.4%	$739.2	$690.4	7.1%
Decrease due to FX			5.2%			3.3%
Contribution from acquisitions			(10.1)%			(6.5)%
Impact of divestitures			1.8%			6.2%
Effect of 53rd week in FY 2022			(4.5)%			(1.1)%
Revenue growth, organic			10.8%			9.0%

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

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RMS Results – Revenue, cont.

- Organic revenue growth squarely in line with outlook of high-single-digit growth in FY 2022
- Accelerating growth for research model services drove exceptional RMS revenue growth rates for 4Q22 and FY 2022
  - Particularly CRADL™ and research models in North America and China
- Also continued to benefit from meaningful price increases, implemented in part to offset inflationary cost pressures
- Expect similar trends will drive high-single-digit organic revenue growth again in FY 2023

RMS Results – Research Models

- North America continued to generate strong revenue growth
- China, although reporting a double-digit increase, experienced modest impact from an increase in COVID cases during 4Q22
- Expansions in central, southern, and western regions of China are progressing well
  - Each new site is operational, with two of the sites already shipping research models
- Will enable us to continue to generate robust, double-digit growth in China and gain additional market share

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RMS Results – Services

- Research model services also continued to perform well, with broad-based growth across Insourcing Solutions (IS) and GEMS in 4Q22 and FY 2022
- Growth driven primarily by IS's CRADL™ operations including last year's Explora BioLabs acquisition
- Clients increasingly adopting this flexible model to access vivarium space without having to invest in internal infrastructure
- Explora continued to perform very well
- Combined CRADL™ footprint now encompasses 28 vivarium facilities totaling >380,000 square feet of turnkey rental capacity
- CRADL™ and Explora provide us with new and unique pathway to connect with clients at earlier stages
- Enables clients to invest in research—and not in infrastructure—preferring to leverage CRL's broader capabilities to continue to advance their research

RMS Results – Operating Margin

	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
RMS GAAP OM%	18.9%	24.3%	(540) bps	21.7%	24.2%	(250) bps
RMS Non-GAAP OM%	22.7%	26.9%	(420) bps	25.2%	27.3%	(210) bps

- Non-GAAP operating margin decline primarily attributable to:
  - 53rd week, which has greater impact on RMS segment
  - Headwinds from expansions of CRADL™ and Explora operations and new RMS sites in China
  - Modest COVID impact in China
- Anticipate each of these factors will either be eliminated or will generate less of an impact in FY 2023, resulting in improvement in RMS operating margin

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

Manufacturing Results – Revenue

($ in millions)	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
Revenue, reported	$212.1	$205.3	3.3%	$789.6	$742.5	6.3%
Decrease due to FX			4.8%			4.4%
Contribution from acquisitions			---			(5.9)%
Impact of divestitures			1.2%			1.6%
Effect of 53rd week on FY 2022			(4.0)%			(1.1)%
Revenue growth, organic			5.3%			5.3%

- Organic revenue growth rate in line with mid-single-digit outlook for FY 2022

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

Manufacturing Results – CDMO

- Segment growth rate compressed by lower revenue in CDMO business
- Initiatives implemented to improve CDMO performance continued to gain traction and earned positive feedback from clients
- Creation of Centers of Excellence for cell therapies, viral vectors, and plasmids has been well received
- Coupled with focus on CDMO business development efforts and investing in commercial readiness of operations, are generating new client interest
- Won over $100M of new projects over past 12 months, more than two-thirds of which are for our world-class cell therapy operations in Memphis, Tennessee
- Believe that a stronger sales funnel will result in gradual improvement in CDMO performance during FY 2023 as business returns to targeted growth rates
- Expect CDMO business will drive a rebound in Manufacturing segment organic growth rate into low-double digits in FY 2023

Manufacturing Results

- Biologics Testing Solutions and Microbial Solutions businesses both performed very well in 4Q22
- Benefited from robust client demand as growth prospects for these legacy manufacturing quality-control businesses remained strong
- These businesses, and Manufacturing segment in total, will continue to be principally driven by demand for biologic drugs
  - Including cell and gene therapies (C&GT) and other complex biologics

Manufacturing Results – Microbial Solutions

- Microbial Solutions had a strong 4Q22 and FY 2022, benefiting from broad-based growth across Endosafe® testing and Accugenix® microbial identification platforms
- Continuing to convert the marketplace to our more efficient and reliable quality-control testing platform
- Continued expansion of installed base of instruments drives demand for consumable cartridges and reagents
- Provides a healthy, recurring revenue stream
- Believe Microbial Solutions' long-term growth potential continues to be ~10%, including in FY 2023

Manufacturing Results – Biologics

- Biologics Testing reported an excellent 4Q22 and FY 2022
- Robust demand for cell and gene therapies (C&GT) testing services continued to be primary growth driver, as well as traditional biologics
- Business had an excellent year despite moderation of COVID vaccine testing revenue during FY 2022
- Successful at gaining business because of our extensive portfolio of services to support the safe manufacture of biologics
- Believe C&GT will continue to be significant growth drivers over longer term

Manufacturing – Operating Margin

	4Q22	4Q21	YOY Δ	2022	2021	YOY Δ
Manufacturing GAAP OM%	12.6%	44.6%	(3200) bps	21.2%	33.2%	(1200) bps
Manufacturing Non-GAAP OM%	25.3%	35.7%	(1040) bps	28.8%	34.2%	(540) bps

- 4Q22 and FY 2022 non-GAAP operating margin declines driven almost entirely by underperformance of CDMO business
- Based on expectations for CDMO, believe Manufacturing operating margin will improve meaningfully in FY 2023, to above 30% level
- There is inherent leverage in our businesses, so as project volumes improve in CDMO, expect margin profile will follow

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

CRL’s 75^{th} Anniversary

- In 2022, celebrated CRL’s 75^{th} anniversary
- Delighted to have evolved from a small, revolutionary research model company overlooking the Charles River to a leading, global drug discovery and development partner
- Generating nearly $4B in annual revenue
- Helping to lead biopharma industry’s essential, non-clinical development efforts

Concluding Remarks

- As we look at 2023, we continue to see:
  - Resilient funding environment;
  - Continued renaissance in the golden age of scientific innovation;
  - Clients' increasing use of strategic outsourcing; and
  - Clients' need for enhanced efficiency and speed to market
- Core competencies, including our extensive scientific knowledge, and our focus on preclinical R&D are precisely tailored to these trends and make CRL an even more indispensable partner to advance clients' life-saving therapies
- Will continue to proactively manage NHP supply, and reinforce our firm commitment to conducting ethical, regulatory-compliant business practices and to the humane treatment of the research models under our care

2023 Guidance

	2023 Guidance
Revenue growth, reported	1.5% - 4.5%
Revenue growth, organic	4.5% - 7.5%
GAAP EPS	$7.40 - $8.60
Non-GAAP EPS	$9.70 - $10.90

- Very pleased with 4Q22 results
  - Revenue and non-GAAP EPS outperformed previous guidance
  - Quarterly revenue exceeded $1B level for the first time
- 2023 guidance ranges reflect multiple scenarios with regard to the estimated impact from NHP supply constraints
- Notwithstanding NHP supply situation, 2023 outlook reflects sustained, underlying business trends and a resilient funding environment

2023 Guidance, cont.

- 2023 non-GAAP EPS of $9.70-$10.90 reflects meaningful headwinds associated with both NHP supply and non-operating items
- Non-operating headwinds include:
  - Impact of the Avian Vaccine divestiture
  - Higher tax rate
  - Increased interest expense
- Headwinds will reduce non-GAAP EPS by ~$1.20-$1.40, partially offset by an FX benefit to EPS of up to $0.25 in FY 2023
- These non-operating items (net) will reduce non-GAAP EPS growth by nearly 10% at midpoint
- Avian Vaccine divestiture was completed in December
  - Transaction will reduce 2023 revenue by ~$80M and non-GAAP EPS by ~$0.25, net of the interest expense benefit since proceeds were used to repay debt

Tax Rate

	4Q22	4Q21	2022	2021
GAAP	22.8%	14.6%	20.9%	17.0%
Non-GAAP	18.7%	23.3%	19.2%	18.9%

- Non-GAAP tax rate is expected to move to the top of our long-term, low-20% range
- FY 2023 tax rate outlook of 22.5%-23.5% (GAAP and non-GAAP)
  - Represents nearly 400 bps YOY increase at midpoint on a non-GAAP basis
- Increase primarily driven by:
  - YOY reduction in the excess tax benefit related to stock compensation, as a lower stock price will generate less of a benefit in 2023 compared to the prior year
  - Discrete tax benefits in 2022 that are not expected to recur this year
- Higher tax rate is expected to reduce FY 2023 EPS by $0.50-$0.65 and the growth rate by over 500 basis points at midpoint

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

Net Interest Expense

($ in millions)	4Q22	4Q21	2022	2021
GAAP interest expense, net	$34.4	$11.2	$58.5	$73.3
Non-GAAP interest expense, net	$34.4	$11.2	$58.5	$47.2
Adjustments for foreign exchange forward contract and related interest expense[1]	—	$9.2	$46.5	$31.8
Adjusted net interest expense	$34.4	$20.4	$105.0	$79.0

- Net interest expense in FY 2023 expected to increase to a range of $133-$137M (GAAP and non-GAAP), compared to $105.0M last year
- FY 2023 YOY increase driven by higher variable interest rates, primarily as a result of Federal Reserve's actions, partially offset by repayment of debt
- Anticipate higher interest expense will create non-GAAP EPS headwind of $0.45-$0.50 and reduce EPS growth rate by at least 400 bps

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

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

Net Interest Expense, cont.

- Entered into interest rate swap agreement in 3Q22
  - Effectively locking in a fixed rate for two years on $500M revolving credit facility
  - At year end, ~three-quarters of $2.7B debt was at a fixed rate
- Believe the Federal Reserve will continue to increase interest rates in the near term
  - Outlook accommodates an additional 100-bps increase in rates in FY 2023, beyond the recently announced February increase

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

Capital Priorities

- At the end of 4Q22, our gross and net leverage ratios were 2.2x and 2.1x, respectively[(1)]
  - Meaningful decline from end of 3Q22 due in part to cash gain on the Avian divestiture
- Continuously evaluate our capital priorities and intend to deploy capital to the areas that we believe will generate the greatest returns
- FY 2023 guidance assumes an average diluted share count of 51.5M to 52M shares outstanding

(1) 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 and pro forma for acquisitions. 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, 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.

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

2023 Segment Revenue Outlook

	2023 Reported Revenue Growth	2023 Organic Revenue Growth(1)
RMS	High-single digits	High-single digits
DSA	Low- to- mid-single digits	Low- to- mid-single digits
Manufacturing	Low-single digits (reflects Avian Vaccine divestiture)	Low-double-digits
Consolidated CRL	1.5%-4.5%	4.5%-7.5%

- **RMS:** Continued robust demand for research models and associated services
  - RMS not impacted by Cambodian NHP situation as these models are sourced and used to support Safety Assessment operations
- **DSA:** Reflects NHP supply assumptions around the timing of the resumption of imports
- **MFG:** Increase from FY 2022 growth rate principally driven by the expected rebound in the CDMO performance during the year

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

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

Foreign Exchange (FX) Impact

- FX was a 350-bps headwind in FY 2022
- Weakening of US dollar (USD) since November is expected to result in a slight FX benefit of up to 50-bps to FY 2023 revenue growth
  - Assuming near-current FX rates
- More meaningful contribution to the bottom line due largely to movements in the Canadian dollar
- Projected to generate up to a $0.25 FX benefit
  - In Canada, we invoice most revenue in USD, but essentially all costs are in Canadian dollars

(% of total revenue)	**2022 Revenue**	**2023E FX Rates**
U.S. Dollar	70%	—
Euro	18%	1.08
British Pound	6%	1.21
Chinese Yuan (renminbi)	3%	0.15
Canadian Dollar	1%	0.75
Other currencies	2%	—

2023 Operating Margin Outlook

- Without NHP supply impact, would have expected to generate moderate operating margin improvement in FY 2023
- Due to the meaningful NHP supply headwind, FY 2023 non-GAAP operating margin expected to be flat to down 150 bps
  - Depending on the timing of the resumption of Cambodian NHP shipments
- Longer-term, believe there is operating margin improvement that is inherent in our business, from a combination of leverage from higher volume, pricing, and continuing to drive efficiency

Cash Flow

($ in millions)	2022	2021
Free cash flow (FCF)	$330.3	$532.0
Capex	$324.7	$228.8
Depreciation	$157.3	$140.7
Amortization [(1)]	$146.6	$124.9
	4Q22	**4Q21**
Free cash flow (FCF)	$181.1	$130.5
Capex	$89.0	$98.8
Depreciation	$42.1	$37.0
Amortization [(1)]	$35.4	$30.2

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

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

Cash Flow, cont.

- Will not provide FY 2023 free cash flow or capital expenditure outlooks at this time
  - Metrics could vary based on NHP supply impact that is incurred
- FY 2022 FCF decline due to higher capex and unfavorable working capital movements
  - Below prior outlook due largely to the timing of working capital
- FY 2022 Capex increase driven primarily by the continued capacity needs of the Safety Assessment business
  - Will reassess capex needs for FY 2023 given NHP supply situation that will impact Safety Assessment business
- Longer-term, targeted capex level remains at ~9% of total revenue
  - Expect to continue to invest in capacity in order to keep pace with sustained, underlying demand environment and support our long-term growth forecasts

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

2023 Guidance Summary

	GAAP	Non-GAAP
Revenue growth	1.5%-4.5% reported	4.5%-7.5% organic[1]
Operating margin	Flat to lower vs. 16.4% in 2022	Flat to 150 bps decline vs. 21.0% in 2022
Net interest expense	\$133M-\$137M	\$133M-\$137M
Tax rate	22.5%-23.5%	22.5%-23.5%
EPS	\$7.40-\$8.60	\$9.70-\$10.90

(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 Non-GAAP to GAAP results.

1Q23 Outlook

	1Q23 Outlook
Reported and growth YOY	High-single-digit growth
Organic revenue growth YOY	At or above 10% level
Non-GAAP EPS decrease YOY	Mid-single-digit decline vs. $2.75 in 1Q22

- Expect stronger revenue growth rates in 1H23, due to both:
  - Comparison to FY 2022 when the growth rate accelerated throughout the year
  - Gating of NHP supply impact; Only expect small impact related to NHP supply in 1Q23
- Non-GAAP EPS outlook reflects non-operating headwinds that will have a greater impact in 1Q23, specifically higher tax rate and increased interest expense, in addition to the Avian divestiture
  - Lower tax benefit from stock compensation in 2023 is expected to have greatest impact in 1Q23
  - Will not have anniversaried Federal Reserve's more aggressive interest rate increases in 1Q23
  - Expected to result in a combined non-GAAP EPS headwind of ~$0.40 in 1Q23
- MFG segment faces a difficult comparison vs. 1Q22
  - Last year's commercial readiness milestones in CDMO business and COVID testing revenue in Biologics Testing
  - Expect lower 1Q23 MFG revenue growth rate
- Each of the headwinds above will improve throughout the year, beginning in 2Q23

Concluding Remarks

- Very pleased with our FY 2022 financial performance and will proactively manage the challenges in 2023
- Confident in our ability to generate value for our shareholders by consistently growing revenue, earnings, and cash flow
- Over the past five years, we have achieved compound annual growth (CAGR) of:
  - 16% for revenue
  - 17% for non-GAAP EPS
  - Generating robust operating and free cash flow, while continuing to make necessary investments to support the growth of our business
- CRL focused on:
  - Continuing to drive growth
  - Executing our strategy
  - Enhancing our position as the leading, global non-clinical drug development partner
  - Working with our clients from discovery and preclinical development through the safe manufacture of their life-saving therapies

4Q22/FY22 Regulation G Financial Reconciliations

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

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

CONTINUED ON NEXT SLIDE

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

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

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

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

(3) Other items include certain third-party legal costs related to (a) an environmental litigation related to the Microbial business and (b) investigations by the U.S. government into the NHP supply chain applicable to our Safety Assessment business.

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

(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 2022 relate to the gain on sale of our Avian business. Adjustments included in 2021 relate to the preliminary gain on sale of our RMS Japan business as well as a gain on an immaterial divestiture.

(3) Adjustments included in 2022 primarily relate to a purchase price adjustment in connection with the 2021 divestiture of RMS Japan, a loss on the termination of a Canadian pension plan, and the reversal of an indemnification asset related to a prior acquisition. Adjustment included in 2021 relates to the finalization of an annuity purchase related to the termination of our U.S. pension plan.

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

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

Three Months Ended December 31, 2022	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	21.5 %	18.4 %	29.5 %	3.3 %
Decrease due to foreign exchange	4.4 %	5.2 %	3.9 %	4.8 %
Contribution from acquisitions [2]	(1.8)%	(10.1)%	— %	— %
Impact of divestitures [3]	0.5 %	1.8 %	— %	1.2 %
Effect of 53rd week in fiscal year 2022	(5.8)%	(4.5)%	(6.9)%	(4.0)%
Non-GAAP revenue growth, organic [4]	**18.8 %**	**10.8 %**	**26.5 %**	**5.3 %**

Twelve Months Ended December 31, 2022	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	12.3 %	7.1 %	16.1 %	6.3 %
Decrease due to foreign exchange	3.5 %	3.3 %	3.3 %	4.4 %
Contribution from acquisitions [2]	(2.6)%	(6.5)%	(0.1)%	(5.9)%
Impact of divestitures [3]	1.7 %	6.2 %	— %	1.6 %
Effect of 53rd week in fiscal year 2022	(1.5)%	(1.1)%	(1.8)%	(1.1)%
Non-GAAP revenue growth, organic [4]	**13.4 %**	**9.0 %**	**17.5 %**	**5.3 %**

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

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

(3) The Company sold our Avian business on December 20, 2022. The Company sold both our RMS Japan operations and our gene therapy CDMO site in Sweden on October 12, 2021.These adjustments represent the revenue from these businesses for all applicable periods in 2022 and 2021.

(4) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week, and foreign exchange.

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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	
Revenue growth, reported	1.5% - 4.5%
Impact of divestitures/(acquisitions), net	~1.5%
Impact of 53rd week in 2022	~1.5%
Unfavorable/(favorable) impact of foreign exchange	0.0% - (0.5)%
Revenue growth, organic (1)	4.5% - 7.5%
GAAP EPS estimate (2)	$7.40 - $8.60
Acquisition-related amortization	~$2.00
Acquisition and integration-related adjustments (3)	~$0.10
Other items (4)	~$0.20
Non-GAAP EPS	$9.70 - $10.90

Footnotes to Guidance Table:

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

(2) GAAP earnings per share does not include third-party legal costs and other costs related to investigations by the U.S. Department of Justice into the Cambodian NHP supply chain because these costs are impractical to estimate at this time. Certain costs related to this investigation are expected to be excluded from non-GAAP results.

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

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED) [(1)]

(in thousands)

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

(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 2022 relate to the gain on sale of our Avian business. Adjustments included in 2021 relate to the preliminary gain on sale of our RMS Japan business as well as a gain on an immaterial divestiture.

(5) Adjustments included in 2022 primarily relate to a purchase price adjustment in connection with the 2021 divestiture of RMS Japan, a loss on the termination of a Canadian pension plan, and the reversal of an indemnification asset related to a prior acquisition. Adjustment included in 2021 relates to the finalization of an annuity purchase related to the termination of our U.S. pension plan.

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE (1)
(in thousands)

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

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

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA [1]

(dollars in thousands, except for per share data)

	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
DEBT [2]:											
Total Debt & Finance Leases	$ 2,711,208	$ 2,666,359	$ 1,979,784	$ 1,888,211	$ 1,668,014	$ 1,145,104	$ 1,235,009	$ 863,031	$ 777,863	$ 663,789	$ 666,520
Plus: Other adjustments per credit agreement	$ 13,431	$ 37,244	$ 2,328	$ 712	$ 3,033	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Less: Unrestricted Cash and Cash Equivalents up to $150M	$ (150,000)	$ (150,000)									
Total Indebtedness per credit agreement	$ 2,574,639	$ 2,553,603	$ 1,982,112	$ 1,888,924	$ 1,671,047	$ 1,145,402	$ 1,238,630	$ 864,401	$ 780,691	$ 673,576	$ 676,200
Less: Cash and cash equivalents (net of $150M above)	(83,912)	(91,214)	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 2,490,727	$ 2,462,389	$ 1,753,688	$ 1,650,910	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
ADJUSTED EBITDA [2]:											
Net income attributable to common shareholders	$ 486,226	$ 390,982	$ 364,304	$ 252,019	$ 226,373	$ 123,355	$ 154,765	$ 149,313	$ 126,698	$ 102,828	$ 97,295
Adjustments:											
Adjust: Non-cash gains/losses of VC partnerships & strategic investments	35,498	66,004									
Less: Aggregate non-cash amount of nonrecurring gains	(32,638)	(42,247)	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	108,870	107,224	76,825	79,586	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	130,379	81,873	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	303,870	265,540	234,924	198,095	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	16,572	8,573	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	73,617	71,461	56,341	57,271	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	34,453	51,256	18,750	34,827	19,181	6,687	22,653	13,451	6,285	1,752	3,676
Plus: Pro forma EBITDA adjustments for permitted acquisitions	5,306	4,008	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 1,162,153	$ 1,004,675	$ 848,408	$ 684,259	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	December 31, 2022	December 25, 2021	December 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
LEVERAGE RATIO:											
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.22	2.54	2.34	2.76	2.83	2.18	2.65	2.36	2.37	2.38	2.46
Net leverage ratio (net debt divided by adjusted EBITDA)	2.1	2.5	2.1	2.4	2.5	1.9	2.4	2.0	1.9	1.8	2.1

	December 31, 2022	December 25, 2021	December 26, 2020
INTEREST COVERAGE RATIO:			
Capital Expenditures	326,338	232,149	166,560
Cash Interest Expense	110,731	107,389	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	7.55x	7.19x	8.84x

(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.

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

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

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

(2) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of our Avian business, which is recorded in Net cash provided by operating activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the Avian divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

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