# Charles River Laboratories
# 1Q 2025 Results

May 7, 2025

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# Safe Harbor

Caution Concerning Forward-Looking Statements. This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “may,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters.

These statements also include statements about our 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, , corporate expenses and costs, profitability, sales volume, and leverage ratios) whether reported, constant currency, organic, and/or factoring acquisitions, with respect to Charles River as a whole and/or any of our reporting or operating segments or business units, including with respect to our CDMO business; the impact of specific actions intended to cause improvements to specific reporting or operating segments or business units; our ability to achieve our financial goals; our expectations with respect to the impact of external interest rate fluctuations; our annual and other financial guidance; the assumptions that form the basis for our revised annual guidance; contract renewal rates; the estimated diluted shares outstanding; the expected performance of our venture capital and other strategic investments; client demand, including trends and the future demand for drug discovery, development, and CDMO products and services, and our intentions to expand those businesses, including our investments in our portfolio, the impact of client loss on our financial results, and the impact of client demand on certain of our business’ utilization capacity; our expectations with respect to the use of New Approach Methodologies (“NAMs”), including adoption timing and the financial impact of our continued investments in NAMs; the impact of the U.S. Food and Drug Administration’s April 2025 announcement of its intention to reduce animal testing in preclinical safety studies ; our expectations with respect to study volume and mix; the impact of foreign exchange; our expectations with respect to our cancellation rate and the impact of such cancellations; the impact of significant developments or changes in national laws or policies to protect or promote domestic interests and/or address foreign competition, including tariffs and proposed tariffs and our expectations with respect to offsetting associated costs, and potential budget cuts to the U.S. National Institutes of Health;  : our plans or prospects, expectations and long-term goals associated with our business; our expectations concerning the Company's commitment to, and ability to create long-term value for shareholders; results and impact of the Strategic Planning and Capital Allocation Committee’s comprehensive strategic review and evaluation of Charles River’s business and prospects; finalizing the appointment of the anticipated new directors; 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, including the impact of price fluctuations, and scheduling of our products and services; market and industry conditions, including industry consolidation and the Company’s share of any market it participates in, outsourcing of services and identification of spending and scheduling trends by our clients and funding available to them; 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 legally sourced; our expectations regarding the availability of NHPs, including the number of NHPs utilized in our studies and fluctuations in the number of NHPs sourced from origin countries; our expectations with respect to the adoption of animal alternatives; our ability to effectively manage constraints on NHP supply, including but not limited to as affected by our voluntary suspension of planned future shipments of NHPs from Cambodia, including expectations with respect to the amount of NHP-related work will be conducted in the U.S., any progress with regard to additional mitigation efforts, and the timing of shipments of NHPs from countries other than Cambodia; our compliance with the maintenance covenants under our credit agreement; the impact of the Company’s efforts to gain additional market share; the impact of operations and cost structure alignment efforts, including on an annualized basis; our expectations with respect to bookings, including impact on our financial performance and results; 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 impact of actions intended to restrict the availability of purpose-bred NHPs from Cambodia, 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; our ability to identify and implement growth opportunities; the balance of our financial outlook; the timing, methodology, 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 19, 2025, 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.



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# Recent FDA Regulatory Developments

- In April, FDA announced a goal to accelerate validation and adoption of new approach methods (NAMs) to reduce animal testing in preclinical safety assessment
- CRL supports the FDA's vision to leverage scientific advancements to safely advance innovative technologies, including alternatives to animal use
- As the leader in preclinical drug development, CRL's longstanding mission is aligned to:
  - Drive greater efficiency in the drug development process and reduce costs
  - Enhance scientific innovation
  - Promote responsible use of animals in biomedical research

# Our Mission Is Aligned with the FDA

1. **Evolution of NAMs is not new and demonstrates that scientific advancements are continuing to move forward**
   - For >50 years, efforts to reduce animal use by CRL and industry have led to a gradual decline in research model volumes
     - Including better translational models and technologies, such as genetically modified and immunodeficient models that can mimic human disease
   - Certain outbred rodent volumes (e.g. rats sold in NA/EU) often used in safety assessment have been roughly halved over the past 10 years, while our revenue has increased significantly
     - Due to the use of more complex and predictive research models, technologies, and services, including imaging and *in vitro* applications
   - NAMs are a part of this broader trend
   - For many years, CROs like CRL, the biopharmaceutical industry, and the FDA and international regulatory agencies have been evaluating strategies to use NAMs as tools to complement traditional methods, and in some cases, to potentially eliminate certain animal tests

# Our Mission Is Aligned with the FDA, cont.

2. **Promise of NAMs will be balanced with the importance of patient safety and science**
   - NAMs are beginning to offer exciting opportunities for the future but are not capable of fully replacing animal studies in biomedical research and safety testing
   - Each NAMs tool will require rigorous validation to prove they can consistently replicate the complexity of living systems and ensure patient safety
   - There are applications where NAMs may play a valuable role more quickly, such as monoclonal antibodies, but significant scientific advancements and validation will be required before alternative methods can be more widely adopted
     - This technology to mimic a complex living organism doesn't exist today
   - Believe incremental progress will occur over time and the broader adoption of NAMs will be a longer-term journey
     - One that is much longer than 3 to 5 years
   - As the science continues to advance, we believe the biopharmaceutical industry and regulators will maintain a keen focus on ensuring patient safety without compromise

# CRL as a Leader in NAMs-Enabled Future

**3. We intend to advance hybrid study designs**

- By complementing traditional *in vivo* and *in vitro* methods with NAMs and other non-animal technologies
- Given the current state of science and technology, NAMs are still primarily used drug discovery because of the narrower focus on drug design and optimization
- A more comprehensive approach is required for regulated safety setting to determine:
  - Full systemic or multi-organ impacts of a drug
  - Chronic or longer-term assessments of a drug's impact
  - Off-target or unintended effects
  - NAMs can't fully replicate at this time
- Similar to applications in drug discovery, believe a hybrid model will prove to be best approach to ensure patient safety for regulated testing over the longer term
  - Submitting NAMs data in parallel to animal data
- We believe the future isn't binary: use of animals will remain beneficial to support certain complex safety and efficacy endpoints, even as hybrid designs that incorporate both NAMs and animal data gain traction

# CRL as a Leader in NAMs-Enabled Future, cont.

**4. We view NAMs as an opportunity for CRL and will continue to expand our non-animal platforms**

- Our leadership in preclinical drug development is not confined to animal models; it is rooted in science and innovation, regulatory insights, and translational expertise
- Expertise is equally applicable to NAMs, for which we have a growing portfolio of capabilities
- We will continue to invest heavily in these NAMs capabilities through organic innovation, technology partnerships, and targeted M&A
- Our clients are seeking trusted partners to help navigate the transition as regulatory expectations continue to evolve
- CRL is the logical partner to assist biopharma clients to validate and advance use of NAMs because of the scientific data we possess and regulatory expertise
- Drug development is ultimately about scientific data, and we have generated significant client databases of toxicology information over our 25 years in industry that can help create more predictive and efficient safety methodologies that do not compromise patient safety

# CRL's Well-Established Commitment to Animal Alternatives

- CRL has a well-established commitment to and track record for replacement, reduction, and refinement (3Rs) of ethical animal use for biomedical research, and has supported FDA's efforts – and NIH's – to advance validation and adoption of NAMs over many years
- We have recognized this trajectory of science and technology, and in April 2024, formalized our own Alternative Methods Advancement Project, or AMAP initiative, dedicated to advancing development of alternatives to reduce animal testing
- Over past decade, we have made significant strategic investments in areas that are central to the NAMs ecosystem, with growing capabilities that include:
  - Spheroid, organoid, and organ-on-chip platforms; human tissue models, *in silico* modeling, advanced *in vitro* toxicology, and predictive immunotoxicology assays
  - Invested in projects using computational modeling to increase efficiency and reduce animal usage as exemplified by our Logica™ platform pairing AI with traditional methods
  - Acquired Retrogenix's cell microarray technology for off-target screening and toxicity
  - Launched a pilot program to replace animals with virtual control groups for safety assessment studies

# CRL's NAMs Capabilities and Current State of Industry Application

**CRL generated ~$200M in annual DSA revenue from NAMs, with majority in discovery**

## Established applications

Frequently used today in preclinical workflows:

- (D) **Human disease-relevant cell models:** replaces early animal models used to validate target-disease linkages
- (D) ***In silico* ADME modeling:** computational modeling to predict how drugs behave in the body
- (S) ***In vitro* genotoxicity:** assays such as Ames bacterial reverse mutation test that assess DNA damage potential *in vitro*
- (D) ***In silico* predictive safety modeling:** computational QSAR models for predicting drug toxicity
- (D) (S) **Physiologically based pharmacokinetic modeling:** PBPK simulations to predict pharmaco-kinetics and drug-drug interactions

## Emerging opportunities

In advanced validation or early adoption, with clear tailwinds and pilot deployments:

- (D) (S) **Organ-on-chip:** Microfluidic devices lined with human cells designed to model early efficacy and organ toxicity (e.g., liver, kidney) *in vitro*
- (D) (S) **Organoids based models:** 3D tissue cultures derived from human cells used to model diseases and improve target validation & efficacy screening
- (D) (S) ***In silico* AI/ML models:** predictive AI models to predict drug toxicity and efficacy

## Future exploratory use-cases

Disruptive concepts not standard but being explored:

- (D) (S) **Whole-body-on-a-chip:** Full body human micro-physiological system (MPS) for PK/PD and systemic tox
- (D) (S) **AI-based virtual human trial simulations:** Advanced *in silico* platforms that simulate systemic drug effects across virtual populations

| | | | | |
|---|---|---|---|---|
| **Application** | D | = Discovery | S | = Safety |
| **CRL activity level** | ● | = Active | ○ | = Nascent |

Note: Represents a non-exhaustive list of CRL and industry NAMs capabilities.



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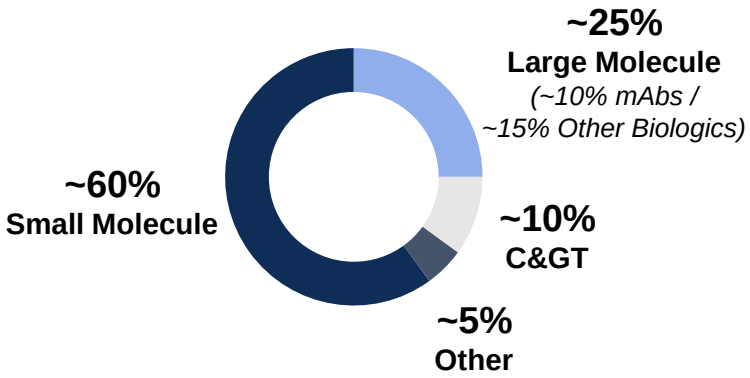
# Potential Financial Impact of NAMs on CRL

- FDA has focused on monoclonal antibodies (mAbs) for its pilot program, specifically to reduce the duration of chronic NHP studies
- Believe FDA chose this path because on a case-by-case basis, FDA has already been waiving certain chronic, post-IND NHP studies for mAbs for many years using a weight-of-evidence model because the scientific data has demonstrated that in many case, there is limited benefit to conducting additional chronic NHP studies
  - mAbs generally show less toxicity than small molecule drugs and have a lower risk for unexpected reactions
  - Certain mAbs have no relevant research models to use in safety testing
- Chronic NHP studies longer than 3 months for mAbs represented ~$50M of our annual revenue
  - We do not expect any immediate impact on our business

# Potential Financial Impact of NAMs on CRL, cont.

- The bulk of CRL safety assessment revenue is from small molecule and newer advanced biologic drugs, including C&GT
- FDA has not yet focused on these areas (small molecule, newer advanced biologics, and C&GT) because:
  - Understanding safety profile can be more complex and less predictable than mAbs
  - For newer biologic drugs (other than mAbs), less data available to support non-animal-based risk assessments
  - Therefore, extensive validation work and scientific advancements are needed to safely complement current *in vivo* protocols with new alternative methods
- Process will take significant amount of time and require resources and collaboration between the FDA, NIH, and other agencies, as well as biopharmaceutical industry

**CRL SA Revenue Mix by Modality (2024)***




* Chart represents safety assessment (SA) revenue totaling ~$2.15B in 2024.



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# CRL Prepared to Lead Important Transition for Biomedical Research

- We applaud FDA's ongoing efforts to reduce animal use
- While transition to NAMs is evolutionary rather than revolutionary, it is an important one for biopharma research
  - One that CRL is prepared to lead
- In coming years, we look forward to continuing to work with regulatory agencies, the biopharma industry, and other stakeholders to help develop, validate, and implement an efficient process for our clients' regulatory submissions that supports use of non-animal technologies and new alternative methods
- As we always have, CRL will remain committed to following best and latest science to ensure patient safety

# Update on Market Trends

- Despite considerable uncertainty in broader market environment, our 1Q25 financial results demonstrated continued signs of stabilization, with better-than-expected DSA performance
- Pleased to see DSA net book-to-bill return to just above 1x for first time in over 2 years due to improved quarterly bookings
- While positive DSA development, we remain cautious in light of recent market dynamics, including:
  - Government funding cuts, particularly at NIH and FDA
  - Slower start for biotech funding
  - Tariffs
- These developments have understandably contributed to a broader sense of uncertainty in the marketplace, so we have taken a measured and prudent approach to our outlook for the year
  - We have not yet seen a meaningful impact on client demand, which continues to show signs of stabilization

# 1Q25 Revenue

| ($ in millions) | 1Q25 | 1Q24 | YOY Δ | Organic Δ |
|---|---|---|---|---|
| Revenue | $984.2 | $1,011.6 | (2.7)% | (1.8)% |

- Low-single-digit organic revenue decreases in each of our three business segments
- 1Q25 organic revenue decline of 1.8% was better than our February outlook of mid-single-digit organic decline, due primarily to stronger DSA segment performance
- Revenue for small and mid-sized biotech clients grew for a second consecutive quarter
- Revenue for global biopharma clients declined in 1Q25, but this was due in part to the fact that we have not yet anniversaried the spending reductions which began in 2H24
- Collectively, our global academic and government revenue increased slightly in 1Q25



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

# 1Q25 Operating Margin

| | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| GAAP OM% | 7.6% | 12.5% | (490) bps |
| Non-GAAP OM% | 19.1% | 18.5% | 60 bps |

- 1Q25 non-GAAP operating margin improvement primarily driven by benefit of cost savings resulting from restructuring initiatives that promoted margin expansion in DSA segment
- Favorable mix in DSA segment also contributed, as did unallocated corporate costs which declined YOY, as expected



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

# 1Q25 EPS

| | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| GAAP EPS | $0.50 | $1.30 | (61.5)% |
| Non-GAAP EPS | $2.34 | $2.27 | 3.1% |

- 1Q25 non-GAAP EPS improvement was due to:
  - Operating margin improvement
  - Favorable below-the-line items, including reductions in:
    - Tax rate
    - Interest expense
    - Diluted shares outstanding



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# Updated 2025 Guidance

| | REVISED | PRIOR |
|---|---|---|
| Revenue growth, reported | (5.5)%-(3.5)% | (7.0)%-(4.5)% |
| Impact of divestitures/(acquisitions), net | N/M | N/M |
| (Favorable)/unfavorable impact of FX | ~1.0% | 1.0%-1.5% |
| Revenue growth, organic | (4.5)%-(2.5)% | (5.5)%-(3.5)% |
| GAAP EPS estimate | $4.35-$4.85 | $4.30-$4.80 |
| Acquisition-related amortization and other acquisition and integration-related costs | ~$3.50 | ~$3.50 |
| Costs associated with restructuring actions | ~$1.00 | ~$1.00 |
| Certain venture capital and other strategic investment losses/(gains), net | ~$0.15 | -- |
| Other items | ~$0.30 | ~$0.30 |
| Non-GAAP EPS estimate | $9.30-$9.80 | $9.10-$9.60 |

- Modestly raising 2025 guidance based primarily on 1Q25 DSA outperformance and current visibility
  - Balanced by a cautious approach to our 2H25 outlook

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# DSA Results – Revenue

| ($ in millions) | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| Revenue, reported | $592.6 | $605.5 | (2.1)% |
| (Favorable)/unfavorable impact of FX | | | 0.6% |
| Impact of divestitures | | | 0.1% |
| Revenue growth, organic | | | (1.4)% |

- Revenue decline driven primarily by lower revenue for discovery services
- DSA pricing improved slightly in 1Q25, primarily driven by favorable mix
  - Specifically, an increase in longer-duration specialty toxicology studies
  - Do not believe this signals broader improvement in spot pricing environment, which we would continue to characterize as stable overall



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# DSA Backlog and Net Booking Trends

| Period | Qtr-End Backlog* ($ in billions) | Net Bookings* ($ in millions) | Net Book-to-Bill** (Quarterly) |
|---|---|---|---|
| 1Q25 | $1.99 | $616 | 1.04x |
| 4Q24 | $1.97 | $510 | 0.85x |
| 3Q24 | $2.12 | $522 | 0.85x |
| 2Q24 | $2.16 | $482 | 0.77x |
| 1Q24 | $2.35 | $508 | 0.84x |

- Changes in backlog and net bookings may not foot due primarily to quarterly FX impacts, as well as other reconciling items. Figures are presented on a reported basis, not adjusted for FX.

** Note: DSA net book-to-bill calculated by taking quarterly net bookings divided by quarterly DSA revenue.

# DSA Results – Booking Activity

- Pleased that net book-to-bill improved to 1.04x in 1Q25, above 1x for first time since 2H22
- Primarily the result of quarterly net booking activity which improved to $616M
  - Represented >20% increase on both YOY and sequential basis
- Improvement was driven by higher gross bookings, principally from global biopharma clients, as well as continued decline in study cancellations
  - Cancellations moved towards targeted levels across all client segments, including small and mid-sized biotechs
- Incremental 1Q25 booking activity could largely be characterized as studies with quicker start dates
  - More reflective of clients' shorter-term booking behaviors in current market environment
- Expect this will benefit revenue in 1H25, including studies that were already started in 1Q25 and led to better-than-expected DSA performance

# 2025 DSA Outlook

- Based on booking trend, modestly increasing FY revenue guidance for DSA segment
- Now expect DSA organic revenue will decline in mid-single-digit range rather than prior outlook of mid- to high-single-digit decline
- As mentioned, expect improved 1Q25 bookings will generate incremental revenue during 1H25, also augmented by favorable study mix in 1Q25
- At this point, given current visibility, not assuming that a similar bookings tailwind will continue to benefit 2H25 revenue
  - Generally cautious sentiment in the sector; and
  - Expectation that study mix will normalize
- However, we have not seen any meaningful evidence of deterioration in our markets

# DSA Results – Operating Margin

| | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| DSA GAAP OM% | 15.9% | 19.0% | (310) bps |
| DSA Non-GAAP OM% | 23.9% | 23.5% | 40 bps |

- YOY improvement primarily reflected cost savings generated from restructuring initiatives, as well as favorable 1Q25 study mix



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# RMS Results – Revenue

| ($ in millions) | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| Revenue, reported | $213.1 | $220.9 | (3.5)% |
| (Favorable)/unfavorable impact of FX | | | 1.0% |
| Revenue growth, organic | | | (2.5)% |

- RMS performed in line with expectations to start the year
- YOY revenue decline primarily driven by timing of NHP shipments in China and lower revenue for Cell Solutions business
- Partially offset by higher revenue for small research models in all geographic regions, driven primarily by higher pricing
- Small research models remain essential, low-cost tools for biomedical research, which enhances our ability to continue to realize price increases globally



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# RMS 2025 Outlook

- Growing concerns from academic and government clients that proposed NIH budget cuts and uncertainty in Washington could impact future funding levels
- Have not experienced any meaningful revenue loss related to NIH budgets to date, and 1Q25 revenue from our North American academic and government clients increased slightly
- As a reminder, North American academic and government client base represents just over 20% of total RMS revenue, or ~6% of total company revenue
- Any potential NIH budget cuts would be unlikely to impact client spending levels until later this year or into 2026
- In addition, demand from early-stage biotech clients for CRADL™ services expected to be constrained this year due to funding challenges
- Believe this will slow anticipated utilization of CRADL™ capacity during 2025
- As a result of these two potential headwinds, moderating our RMS outlook for the year, to flat to slightly positive organic revenue growth, compared to previous expectation of low-single-digit growth

# RMS Results – Operating Margin

| | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| RMS GAAP OM% | 20.5% | 19.5% | 100 bps |
| RMS Non-GAAP OM% | 27.1% | 27.6% | (50) bps |

- Decline was primarily a result of lower NHP revenue, partially offset by benefit of cost savings resulting from restructuring initiatives



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# Manufacturing Results – Revenue

| ($ in millions) | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| Revenue, reported | $178.5 | $185.2 | (3.6)% |
| (Favorable)/unfavorable impact of FX | | | 1.4% |
| Revenue growth, organic | | | (2.2)% |

- Revenue decline driven primarily by lower commercial revenue in CDMO business and a slow start for Biologics Testing
- But overall, Manufacturing segment started the year in line with our expectations
- Maintaining our outlook that Manufacturing revenue will be essentially flat on an organic basis in 2025



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# Manufacturing Results – Biologics Testing & CDMO

## Biologics Testing

- Biologics Testing's Q1 volumes can fluctuate based on seasonal trends
- Biologics Testing had a stronger start in 2024
- Booking activity was solid in 1Q25, supporting our continued expectation that Biologics Testing revenue will grow in 2025

## CDMO

- CDMO was impacted by lower revenue from two commercial cell therapy clients (discussed earlier this year)
  - Reduced Manufacturing Solutions revenue growth rate by ~500 bps in 1Q25 and expected to have a similar, ~500 bps impact for the FY25
- Continuing to make progress to enhance quality of CDMO operations
- Pleased to see that gene therapy revenue grew in 1Q25
- Have a healthy pipeline of biotech clients with early-stage clinical candidates ready to help move CDMO business forward
- Continue to believe attractive, long-term growth opportunities exist

# Manufacturing Outlook – Microbial Solutions

- Offsetting segment headwinds, Microbial Solutions reported another quarter of solid growth across its leading portfolio of rapid manufacturing quality-control testing solutions
  - Led by Accugenix® microbial identification services
- Endosafe® also performed well as a result of growth for testing consumables
  - Strong, high-throughput, automated Endosafe® NEXUS™ instrument placements last year are driving incremental cartridge demand
- Expect Microbial Solutions will remain a stable source of high-single-digit revenue growth
  - Demonstrates that clients are increasingly utilizing our comprehensive testing solutions to enhance product-release testing speed and efficiency

# Manufacturing Results – Operating Margin

| | 1Q25 | 1Q24 | YOY Δ |
|---|---|---|---|
| Manufacturing GAAP OM% | (4.8)% | 18.2% | NM |
| Manufacturing Non-GAAP OM% | 23.1% | 25.3% | (220) bps |

- Non-GAAP operating margin decline due principally to lower commercial revenue in CDMO business
- Believe Manufacturing segment's non-GAAP operating margin will rebound as sales volume improves, particularly in the Biologics Testing business, and will move closer to 30% level during the year



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# CRL Actions to Enhance Value Creation

- This morning, announced actions to enhance value creation opportunities at CRL, in conjunction with new shareholders, Elliott Investment Management
- **Board Refreshment:** Pleased to welcome Steven Barg, Abe Ceesay, Mark Enyedy, and Paul Graves to our Board
  - Each new Director brings significant professional experience and will add fresh perspectives as we continue to execute our strategy and identify the best avenues for further growth and value creation
- Also sincerely thank four long-standing members of our current Board who are not seeking re-election
  - Appreciate the expertise and strategic counsel during the many years that you have served on the Board and contributions to CRL's enduring industry leadership
- **Strategic Review:** Strategic Planning and Capital Allocation Committee (SPCAC) of Board will undertake a comprehensive strategic review of our business to evaluate initiatives to unlock additional value
  - Will report back on outcome of Board's review once complete
- Focused on maximizing long-term value for our investors, clients, and employees, as well as working with our new and continuing Board members and the Elliott team
- Firmly believe CRL's shares are significantly undervalued, particularly after the FDA's announcement last month
  - Implementing additional value creation initiatives is both necessary and timely

# 1Q25 Results

| ($ in millions, except per share amounts) | 1Q25 | 1Q24 | YOY Δ | Organic Δ |
|---|---|---|---|---|
| Revenue | $984.2 | $1,011.6 | (2.7)% | (1.8)% |
| GAAP OM% | 7.6% | 12.5% | (490) bps | |
| Non-GAAP OM% | 19.1% | 18.5% | 60 bps | |
| GAAP EPS | $0.50 | $1.30 | (61.5)% | |
| Non-GAAP EPS | $2.34 | $2.27 | 3.1% | |

- 1Q25 revenue and non-GAAP earnings per share exceeded our prior outlook
  - Primarily driven by better-than-expected DSA results and to a lesser extent, a lower tax rate



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

# Actions We Have Taken to Protect Operating Margin

- For the past two years, we have taken aggressive actions through our restructuring program to reduce our cost structure by >5% and align our infrastructure with current demand
  - Savings contributed to 1Q25 non-GAAP operating margin improvement and earnings growth even with a modest revenue decline
  - Remain on track to deliver annualized cost savings of >$175M in 2025 and ~$225M in 2026

# Robust Free Cash Flow and Stock Repurchases

- Continuing to deploy capital in a disciplined and shareholder-focused manner
- As announced last quarter, we are leveraging our solid, annual free cash flow generation and completed the repurchase of $350M in common stock during 1Q25
  - For FY 2025, slightly below 50M average diluted shares outstanding
- In just over two quarters since the $1B stock repurchase program was authorized, we have repurchased nearly half of this amount
- Currently believe the Company is significantly undervalued and will closely review opportunities for value creation, including additional stock repurchases

# Cash Flow

| ($ in millions) | 1Q25 | 1Q24 | FY 2025 GUIDANCE |
|---|---|---|---|
| Free cash flow (FCF) | $112.4 | $50.7 | $350-$390 |
| Capex | $59.3 | $79.1 | ~$230 |
| Depreciation | $43.4 | $45.7 | ~$180 |
| Amortization (1) | $76.9 | $39.7 | ~$230 |

- 1Q25 FCF improvement was primarily driven by lower performance-based cash bonus payments for 2024, which are paid in 1Q25, and lower capital expenditures
- Capex reflects the ongoing moderation of our capacity investments in the current demand environment

(1) Amortization includes all amortization and inventory step-up items, including amortization of intangible assets, amortization of inventory fair value adjustments included in cost of products sold or costs of services provided, and amortization of biological assets principally related to the Noveprim acquisition. In addition, amortization includes accelerated amortization of certain CDMO client relationships in the Biologics Solutions reporting unit within the Manufacturing segment.

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

# Updated 2025 Guidance

| | 2025 Guidance |
|---|---|
| Revenue growth/(decrease), reported | (5.5)%-(3.5)% |
| Revenue growth/(decrease), organic | (4.5)%-(2.5)% |
| GAAP EPS | $4.35-$4.85 |
| Non-GAAP EPS | $9.30-$9.80 |

- FX rates have been volatile since the election, but we now expect foreign exchange will represent ~1% headwind to 2025 revenue based on recent bank forecasts
  - Favorable to our prior outlook of a 1.0%-1.5% FX headwind



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

# 2025 Segment Revenue Outlook

| | 2025 Reported Revenue Growth | 2025 Organic Revenue Growth(1) |
|---|---|---|
| RMS | Approximately flat | Flat to slightly positive |
| DSA | Mid-single-digit decline | Mid-single-digit decline |
| Manufacturing | Flat to slightly negative | Approximately flat |
| Consolidated | (5.5)%-(3.5)% decline | (4.5)%-(2.5)% decline |

- Raising DSA outlook to reflect solid 1Q25 performance including improved bookings, which gives us greater confidence in the near term
- Tempering RMS outlook to reflect headwinds related to our CRADL™ business and potentially on academic and government client base later in the year
- Consolidated operating margin will decrease 20-50 bps in 2025
  - Largely consistent with prior outlook of “modestly lower”

(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) | 1Q25 | 4Q24 | 1Q24 |
|---|---|---|---|
| GAAP | $54.3 | $61.8 | $65.7 |
| Non-GAAP | $52.4 | $51.9 | $62.7 |

- 1Q25 non-GAAP decrease to 5.3% of revenue (from 6.2% in 1Q24) due primarily to benefits of cost-savings actions
- Expect 2025 non-GAAP unallocated corporate costs will be in a range of 5.0%-5.5% of total revenue



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

# Tax Rate

| | 1Q25 | 4Q24 | 1Q24 |
|---|---|---|---|
| GAAP | 28.1% | 1.4% | 24.8% |
| Non-GAAP | 22.7% | 19.5% | 23.3% |

- 1Q25 non-GAAP tax rate slightly favorable to prior outlook due primarily to the timing of the enactment of certain Global Minimum Taxes, as well as higher R&D tax credits
- Continue to expect non-GAAP tax rate will be in the range of 22.5%-23.5%, consistent with prior outlook
- **Tariffs:** Based on the current universal tariffs in place as of May 7th, we expect a limited, direct impact on an annual basis
  - Principally related to NHP supply and other study-related items
  - Plan to offset most of the estimated tariffs by passing along these higher costs
  - These tariffs have been factored into 2025 guidance

See ir.criver.com for reconciliations of GAAP to Non-GAAP results
* Tariff estimate does not include any impact on indirect supplies such as PPE for employees or similar, and any future changes to the tariff rates beyond 5/7/25.

# Net Interest Expense

| ($ in millions) | 1Q25 | 4Q24 | 1Q24 |
|---|---|---|---|
| Interest expense, net | $26.5 | $26.4 | $32.8 |

- Net interest expense essentially unchanged sequentially
- Expect net interest expense will be at the lower end of prior outlook of $112M-$117M
- At the end of 1Q25, outstanding debt of $2.5B with ~60% at a fixed interest rate, compared to $2.2B at the end of 4Q24
- As a result of the higher debt at the end of 1Q25, gross leverage increased to 2.5x and net leverage increased to 2.4x
- Sequential increases in debt and leverage ratios were primarily attributable to the short-term borrowings for stock repurchases, which we expect to largely repay through our cash flow over the course of the year



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

# 2025 Guidance Summary

| | GAAP | Non-GAAP |
|---|---|---|
| Revenue growth/(decrease) | (5.5)%-(3.5%) reported | (4.5)%-(2.5)% organic(1) |
| Unallocated corporate | 5.0%-5.5% of revenue | 5.0%-5.5% of revenue |
| Operating margin | Low-double-digit OM% | 20-50 bps decrease vs. 2024 |
| Net interest expense | Low end of $112M-$117M | Low end of $112M-$117M |
| Tax rate | 23%-24% | 22.5%-23.5% |
| EPS | $4.35-$4.85 | $9.30-$9.80 |
| Cash flow | Operating cash flow<br>$580M-$620M | Free cash flow<br>$350M-$390M |
| Capital expenditures | ~6% of revenue | ~6% of revenue |

(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

# 2Q25 Outlook

| | 2Q25 Outlook |
|---|---|
| Reported revenue YOY | Low- to mid-single-digit decline |
| Organic revenue YOY | Low- to mid-single-digit decline |
| Non-GAAP EPS | Mid- to high-single-digit sequential increase over $2.34 in 1Q25 |

# Closing Remarks

- Pleased that 1Q25 financial performance benefitted from the disciplined implementation of the cost-saving initiatives
- Remain focused on continuing to evaluate additional opportunities to drive future savings and operating efficiencies
  - Actions are important not only to align our operations with current demand and to protect the operating margin, but also as a means to allow us to continue to invest in our businesses
- Committed to being at the forefront of scientific innovation, particularly as the industry continues to evolve
- Strategic investments and scientific expertise will position CRL to actively shape the changing regulatory landscape while maintaining the highest standards of safety and efficacy
- We will evaluate all opportunities to unlock value with the support of our new and continuing Board members and Elliott Investment Management
- We are proud of the foundation we have built, and we are energized by the opportunities ahead

# 1Q25
# Regulation G Financial Reconciliations & Appendix




charles river

**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 29, 2025 | March 30, 2024 |
| **Research Models and Services** | | |
| Revenue | $ 213,073 | $ 220,907 |
| Operating income | 43,605 | 43,149 |
| Operating income as a % of revenue | 20.5 % | 19.5 % |
| Add back: | | |
| Amortization related to acquisitions [2] | 12,687 | 10,288 |
| Acquisition, integration, and divestiture-related adjustments [3] | 14 | 163 |
| Severance | 229 | 540 |
| Asset impairment | 319 | 5,225 |
| Site consolidation charges | 876 | 1,621 |
| Total non-GAAP adjustments to operating income | $ 14,125 | $ 17,837 |
| Operating income, excluding non-GAAP adjustments | $ 57,730 | $ 60,986 |
| Non-GAAP operating income as a % of revenue | 27.1 % | 27.6 % |
| | | |
| Depreciation and amortization | $ 21,761 | $ 18,123 |
| Capital expenditures | $ 7,286 | $ 20,044 |
| | | |
| **Discovery and Safety Assessment** | | |
| Revenue | $ 592,609 | $ 605,452 |
| Operating income | 93,952 | 114,839 |
| Operating income as a % of revenue | 15.9 % | 19.0 % |
| Add back: | | |
| Amortization related to acquisitions [2] | 18,171 | 18,596 |
| Acquisition, integration, and divestiture-related adjustments [3] | 1,061 | 192 |
| Severance | 4,979 | 5,484 |
| Asset impairment | 9,786 | 25 |
| Site consolidation charges | 2,777 | 982 |
| Third-party legal costs and certain related items [4] | 10,970 | 2,191 |
| Total non-GAAP adjustments to operating income | $ 47,744 | $ 27,470 |
| Operating income, excluding non-GAAP adjustments | $ 141,696 | $ 142,309 |
| Non-GAAP operating income as a % of revenue | 23.9 % | 23.5 % |
| | | |
| Depreciation and amortization | $ 42,084 | $ 45,789 |
| Capital expenditures | $ 34,521 | $ 48,959 |
| | | |
| **Manufacturing Solutions** | | |
| Revenue | $ 178,486 | $ 185,201 |
| Operating income (loss) | (8,620) | 33,681 |
| Operating income (loss) as a % of revenue | (4.8)% | 18.2 % |
| Add back: | | |
| Amortization related to acquisitions [2] | 46,077 | 10,793 |
| Acquisition, integration, and divestiture-related adjustments [3] | — | 699 |
| Severance | 2,204 | 1,523 |
| Asset impairment | 201 | — |
| Site consolidation charges | 1,306 | 100 |
| Total non-GAAP adjustments to operating income | $ 49,788 | $ 13,115 |
| Operating income, excluding non-GAAP adjustments | $ 41,168 | $ 46,796 |
| Non-GAAP operating income as a % of revenue | 23.1 % | 25.3 % |
| | | |
| Depreciation and amortization | $ 54,623 | $ 19,805 |
| Capital expenditures | $ 17,279 | $ 8,862 |

**CONTINUED ON NEXT SLIDE**



charles river

**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 29, 2025** | **March 30, 2024** |
| **CONTINUED FROM PREVIOUS NEXT SLIDE** | | |
| **Unallocated Corporate Overhead** | $ (54,268) | $ (65,692) |
| Add back: | | |
| Acquisition, integration, and divestiture-related adjustments [3] | 730 | 1,529 |
| Severance | 1,002 | 1,490 |
| Site consolidation charges | 166 | — |
| Total non-GAAP adjustments to operating expense | $ 1,898 | $ 3,019 |
| Unallocated corporate overhead, excluding non-GAAP adjustments | $ (52,370) | $ (62,673) |
| **Total** | | |
| Revenue | $ 984,168 | $ 1,011,560 |
| Operating income | 74,669 | 125,977 |
| Operating income as a % of revenue | 7.6 % | 12.5 % |
| Add back: | | |
| Amortization related to acquisitions [2] | 76,935 | 39,677 |
| Acquisition, integration, and divestiture-related adjustments [3] | 1,805 | 2,583 |
| Severance | 8,414 | 9,037 |
| Asset impairment | 10,306 | 5,250 |
| Site consolidation charges | 5,125 | 2,703 |
| Third-party legal costs and certain related items [4] | 10,970 | 2,191 |
| Total non-GAAP adjustments to operating income | $ 113,555 | $ 61,441 |
| Operating income, excluding non-GAAP adjustments | $ 188,224 | $ 187,418 |
| Non-GAAP operating income as a % of revenue | 19.1 % | 18.5 % |
| Depreciation and amortization | $ 120,364 | $ 85,357 |
| Capital expenditures | $ 59,324 | $ 79,144 |

(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) Amortization related to acquisitions includes $35.5 million of accelerated amortization of certain client relationships in the Biologics Solutions reporting unit within the Manufacturing Solutions segment. The remaining value of this client relationship is $38.0 million and will be amortized over the remaining useful life of approximately 3 months in fiscal year 2025.

(3) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration, certain compensation costs, and related costs; as well as fair value adjustments associated with contingent consideration arrangements.

(4) Third-party legal costs are related to investigations by the U.S. government into the NHP supply chain applicable to our DSA business.

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

| | Three Months Ended | |
|---|---|---|
| | **March 29, 2025** | **March 30, 2024** |
| Net income available to Charles River Laboratories International, Inc. common shareholders | $ 25,469 | $ 67,329 |
| Add back: | | |
| Adjustment of redeemable noncontrolling interest [2] | — | 401 |
| Incremental dividends attributable to noncontrolling interest holders [3] | — | 5,230 |
| Non-GAAP adjustments to operating income [4] | 112,393 | 61,441 |
| Venture capital and strategic equity investment (gains) losses, net | 9,969 | (5,762) |
| (Gain) loss on divestitures [5] | (3,376) | 658 |
| Tax effect of non-GAAP adjustments: | | |
| Non-cash tax provision related to international financing structure [6] | — | 341 |
| Tax effect of the remaining non-GAAP adjustments | (25,345) | (12,028) |
| Net income available to Charles River Laboratories International, Inc. common shareholders, excluding non-GAAP adjustments | $ 119,110 | $ 117,610 |
| Weighted average shares outstanding - Basic | 50,677 | 51,437 |
| Effect of dilutive securities: | | |
| Stock options, restricted stock units and performance share units | 176 | 405 |
| Weighted average shares outstanding - Diluted | 50,853 | 51,842 |
| Earnings per share attributable to common shareholders: | | |
| Basic | $ 0.50 | $ 1.31 |
| Diluted | $ 0.50 | $ 1.30 |
| Basic, excluding non-GAAP adjustments | $ 2.35 | $ 2.29 |
| Diluted, excluding non-GAAP adjustments | $ 2.34 | $ 2.27 |

(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 declared and 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 2025 relates to a gain on the sale of a DSA site while the amount included in 2024 relates to a loss on the sale of a DSA site.

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

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

| Three Months Ended March 29, 2025 | Total CRL | RMS Segment | DSA Segment | MS Segment |
|---|---|---|---|---|
| Revenue growth, reported | (2.7)% | (3.5)% | (2.1)% | (3.6)% |
| (Increase) decrease due to foreign exchange | 0.9 % | 1.0 % | 0.6 % | 1.4 % |
| Impact of divestitures [2] | — % | — % | 0.1 % | — % |
| **Non-GAAP revenue growth, organic [3]** | **(1.8)%** | **(2.5)%** | **(1.4)%** | **(2.2)%** |

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

(2) Impact of divestitures relates to the sale of a site within DSA.

(3) 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 27, 2025E**

| 2025 GUIDANCE | CURRENT | PRIOR |
|---|---|---|
| Revenue growth/(decrease), reported | (5.5)% – (3.5)% | (7.0)% – (4.5)% |
| Impact of divestitures/(acquisitions), net | N/M | N/M |
| (Favorable)/unfavorable impact of foreign exchange | ~1.0% | 1.0% – 1.5% |
| Revenue growth/(decrease), organic (1) | (4.5)% – (2.5)% | (5.5)% – (3.5)% |
| GAAP EPS estimate | $4.35 – $4.85 | $4.30 - $4.80 |
| Acquisition-related amortization and other acquisition- and integration-related costs (2) | ~$3.50 | ~$3.50 |
| Costs associated with restructuring actions (3) | ~$1.00 | ~$1.00 |
| Certain venture capital and other strategic investment losses/(gains), net (4) | ~$0.15 | -- |
| Other items (5) | ~$0.30 | ~$0.30 |
| Non-GAAP EPS estimate | $9.30 – $9.80 | $9.10 – $9.60 |

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, inclusive of the acceleration of amortization expense related to certain CDMO client relationships, as well as the purchase accounting step-up on inventory and certain long-term biological assets. In addition, these adjustments include some costs related to the evaluation and integration of acquisitions and divestitures.

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

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

(5) These items primarily relate to certain third-party legal costs related to investigations by the U.S. government into the NHP supply chain related to our DSA segment.

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

| | Three Months Ended | | |
|---|---|---|---|
| | March 29, 2025 | December 28, 2024 | March 30, 2024 |
| Income (loss) before income taxes & noncontrolling interests | $ 35,978 | $ (216,791) | $ 99,011 |
| Add back: | | | |
| Amortization related to acquisitions [2] | 76,935 | 53,736 | 39,677 |
| Acquisition and integration-related adjustments [3] | 1,805 | 17,902 | 2,583 |
| Severance | 8,414 | 12,715 | 9,037 |
| Goodwill impairment [4] | — | 215,000 | — |
| Asset impairments | 10,306 | 24,916 | 5,250 |
| Site consolidation charges | 5,125 | 4,312 | 2,703 |
| Third-party legal costs and certain related items [5] | 10,970 | 38,634 | 2,191 |
| Venture capital and strategic equity investment (gains) losses, net | 9,969 | 21,690 | (5,762) |
| (Gain) loss on divestitures [6] | (3,376) | — | 658 |
| Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP) | $ 156,126 | $ 172,114 | $ 155,348 |
| | | | |
| Provision for (benefit from) income taxes (GAAP) | $ 10,100 | $ (3,044) | $ 24,529 |
| Non-cash tax benefit related to international financing structure [7] | — | (314) | (341) |
| Enacted tax law changes | — | (230) | — |
| Tax effect of the remaining non-GAAP adjustments | 25,345 | 37,122 | 12,028 |
| Provision for income taxes (Non-GAAP) | $ 35,445 | $ 33,534 | $ 36,216 |
| | | | |
| Total rate (GAAP) | 28.1 % | 1.4 % | 24.8 % |
| Total rate, excluding specified charges (Non-GAAP) | 22.7 % | 19.5 % | 23.3 % |

(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) Amortization related to acquisitions includes $35.5 million of accelerated amortization of certain client relationships in the Biologics Solutions reporting unit within the Manufacturing Solutions segment. The remaining value of this client relationship is $38.0 million and will be amortized over the remaining useful life of approximately 3 months in fiscal year 2025.

(3) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration, certain compensation costs, and related costs; as well as fair value adjustments associated with contingent consideration arrangements.

(4) In December 2024, a triggering event was identified for the Biologics Solutions reporting unit from a loss of key customers, ultimately resulting in a reduction in Biologics Solutions' long range financial outlook. As a result, the Company recognized a goodwill impairment charge of $215.0 million.

(5) Third-party legal costs are related to investigations by the U.S. government into the NHP supply chain applicable to our DSA business.

(6) The amount included in 2025 relates to a gain on the sale of a DSA site while the amount included in 2024 relates to a loss on the sale of a DSA site.

(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 GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA (UNAUDITED) [1]**
**(dollars in thousands, except for per share data)**

| | March 29, 2025 | December 28, 2024 | December 30, 2023 | December 31, 2022 | December 25, 2021 | December 26, 2020 |
|---|---|---|---|---|---|---|
| **DEBT [2]:** | | | | | | |
| Total Debt & Finance Leases | $ 2,514,223 | $ 2,243,134 | $ 2,652,717 | $ 2,711,208 | $ 2,666,359 | $ 1,979,784 |
| Plus: Other adjustments per credit agreement | 50,220 | 49,311 | 33,265 | 13,431 | 37,244 | 2,328 |
| Less: Unrestricted Cash and Cash Equivalents up to $150M | (150,000) | (150,000) | (150,000) | (150,000) | (150,000) | — |
| Total Indebtedness per credit agreement | $ 2,414,443 | $ 2,142,445 | $ 2,535,982 | $ 2,574,639 | $ 2,553,603 | $ 1,982,112 |
| Less: Cash and cash equivalents (net of $150M above) | (79,356) | (44,606) | (126,771) | (83,912) | (91,214) | (228,424) |
| Net Debt | $ 2,335,087 | $ 2,097,839 | $ 2,409,211 | $ 2,490,727 | $ 2,462,389 | $ 1,753,688 |

| | March 29, 2025 | December 28, 2024 | December 30, 2023 | December 31, 2022 | December 25, 2021 | December 26, 2020 |
|---|---|---|---|---|---|---|
| **ADJUSTED EBITDA [2]:** | | | | | | |
| Net income (loss) available to Charles River Laboratories International, Inc. common shareholders | $ (31,563) | $ 10,297 | $ 474,624 | $ 486,226 | $ 390,982 | $ 364,304 |
| Adjustments: | | | | | | |
| Adjust: Non-cash gains/losses of VC partnerships & strategic investments | 36,791 | 20,627 | (79,288) | 35,498 | 66,004 | — |
| Less: Aggregate non-cash amount of nonrecurring gains | — | — | — | (32,638) | (42,247) | (1,361) |
| Plus: Interest expense | 119,171 | 126,288 | 136,710 | 108,870 | 107,224 | 76,825 |
| Plus: Provision for income taxes | 53,394 | 67,823 | 100,914 | 130,379 | 81,873 | 81,808 |
| Plus: Depreciation and amortization | 396,748 | 361,741 | 314,124 | 303,870 | 265,540 | 234,924 |
| Plus: Non-cash nonrecurring losses | 305,981 | 299,976 | 44,077 | 16,572 | 8,573 | 16,810 |
| Plus: Non-cash stock-based compensation | 66,288 | 69,891 | 72,048 | 73,617 | 71,461 | 56,341 |
| Plus: Permitted acquisition-related costs | 11,406 | 11,612 | 15,639 | 34,453 | 51,256 | 18,750 |
| Plus: Pro forma EBITDA adjustments for permitted acquisitions | — | — | 18,542 | 5,306 | 4,008 | 8 |
| Adjusted EBITDA (per the calculation defined in compliance certificates) | $ 958,216 | $ 968,255 | $ 1,097,390 | $ 1,162,153 | $ 1,004,675 | $ 848,408 |

| | March 29, 2025 | December 28, 2024 | December 30, 2023 | December 31, 2022 | December 25, 2021 | December 26, 2020 |
|---|---|---|---|---|---|---|
| **LEVERAGE RATIO:** | | | | | | |
| Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA) | 2.52 | 2.21 | 2.31 | 2.22 | 2.54 | 2.34 |
| Net leverage ratio (net debt divided by adjusted EBITDA) | 2.4 | 2.2 | 2.2 | 2.1 | 2.5 | 2.1 |

| | March 29, 2025 | December 28, 2024 | December 30, 2023 | December 31, 2022 | December 25, 2021 |
|---|---|---|---|---|---|
| **INTEREST COVERAGE RATIO:** | | | | | |
| Capital Expenditures | 213,147 | 232,967 | 323,050 | 326,338 | 232,149 |
| Cash Interest Expense | 119,554 | 127,119 | 139,545 | 110,731 | 107,389 |
| Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense) | 6.23x | 5.78x | 5.55x | 7.55x | 7.19x |

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

[2] Pursuant to the definition in its credit agreement dated December 13, 2024, 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 and divestiture-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 Q4 2024 for the most recent amendment or any previous amendments.



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

| | Three Months Ended | | 2025 Guidance |
|---|---|---|---|
| | March 29, 2025 | March 30, 2024 | FYE December 27, 2025E |
| Net cash provided by operating activities | $ 171,697 | $ 129,888 | $580,000-$620,000 |
| Less: Capital expenditures | (59,324) | (79,144) | ~(230,000) |
| Free cash flow | $ 112,373 | $ 50,744 | $350,000-$390,000 |

(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.

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

| | Three Months Ended December 28, 2024 |
|---|---|
| Unallocated Corporate Overhead | $ (61,764) |
| Add back: | |
| Acquisition and integration-related adjustments [2] | 8,120 |
| Severance | 309 |
| Asset impairment | 1,239 |
| Site consolidation charges | 200 |
| Total non-GAAP adjustments to operating expense | $ 9,868 |
| Unallocated corporate overhead, excluding non-GAAP adjustments | $ (51,896) |

(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 and divestitures, and primarily include transaction, advisory, certain third-party integration, certain compensation costs, and related costs; as well as fair value adjustments associated with contingent consideration arrangements.

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