

2Q24 Regulation G Financial Reconciliations & Appendix



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

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

CONTINUED ON NEXT SLIDE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Three Months Ended June 29, 2024	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	(3.2)%	(1.7)%	(5.4)%	3.1 %
(Increase) decrease due to foreign exchange	0.3 %	0.5 %	0.1 %	0.6 %
Contribution from acquisitions ⁽²⁾	(0.5)%	(2.7)%	— %	— %
Impact of divestitures ⁽³⁾	0.2 %	— %	0.3 %	— %
Non-GAAP revenue growth, organic ⁽⁴⁾	(3.2)%	(3.9)%	(5.0)%	3.7 %
Six Months Ended June 29, 2024	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	(2.5)%	4.3 %	(7.0)%	6.7 %
(Increase) decrease due to foreign exchange	— %	0.4 %	(0.3)%	0.2 %
Contribution from acquisitions ⁽²⁾	(1.0)%	(5.1)%	— %	— %
Impact of divestitures ⁽³⁾	0.3 %	— %	0.4 %	— %
Non-GAAP revenue growth, organic ⁽⁴⁾	(3.2)%	(0.4)%	(6.9)%	6.9 %

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

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

⁽³⁾ Impact of divestitures relates to the sale of a site within our Safety Assessment business.

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 28, 2024E

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

Footnotes to Guidance Table:

- (1) Organic revenue growth is defined as reported revenue growth adjusted for completed acquisitions and divestitures, as well as foreign currency translation.
- (2) These adjustments include amortization related to intangible assets, as well as the purchase accounting step-up on inventory and certain long-term biological assets.
- (3) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, certain third-party integration, and related costs; as well as fair value adjustments associated with contingent consideration arrangements.
- (4) These adjustments primarily include site consolidation, severance, impairment, and other costs related to the Company's restructuring actions.
- (5) Certain venture capital and other strategic investment performance only includes recognized gains or losses on certain investments. The Company does not forecast the future performance of these investments.
- (6) This item primarily relates to incremental dividends attributable to Noveprim noncontrolling interest holders who may receive preferential dividends for fiscal year 2024.
- (7) These items primarily relate to (i) certain third-party legal costs related to investigations by the U.S. government into the NHP supply chain related to our Safety Assessment business; and (ii) charges associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure.

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

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

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- ⁽²⁾ These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration arrangements.
- ⁽³⁾ Third-party legal costs are related to (a) an environmental litigation related to the Microbial Solutions business and (b) investigations by the U.S. government into the NHP supply chain applicable to our Safety Assessment business.
- ⁽⁴⁾ The amount included in 2024 relates to a loss on the sale of a Safety Assessment site. Adjustments included in 2023 relate to the gain on the sale of our Avian Vaccine business, which was divested in 2022.
- ⁽⁵⁾ Amounts included in 2023 relate to a final adjustment on the termination of a Canadian pension plan.
- ⁽⁶⁾ This amount relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

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

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

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

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

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

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

	June 29, 2024	March 30, 2024	December 31, 2022	December 31, 2022	December 25, 2021
INTEREST COVERAGE RATIO:					
Capital Expenditures	264,955	294,085	323,050	326,338	232,149
Cash Interest Expense	137,245	139,961	139,545	110,731	107,389
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	5.62x	5.35x	5.55x	7.55x	7.19x

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

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

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

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

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

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

CRL

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NYSE


charles river