Risk Factors Comparison 2023-12-12 to 2023-01-13 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our business is subject to many risks and uncertainties, which may affect our future financial performance or condition. If any of the events or circumstances described below occur, our business and financial performance or condition could be adversely affected, our actual results could differ materially from our expectations and the market value of our stock could decline. The risks and uncertainties discussed below are not the only ones we face. There may be additional risks and uncertainties not currently known to us or that we currently do not believe are material that may adversely affect our business and financial performance. Risks Related to NHP Supply Our business, results of operations, financial condition, including the carrying value of certain of our assets, and cash flows have and may continue to be adversely affected by our dependence on the importation of NHPs from suppliers located outside the U. S., particularly from communist countries in Southeast Asia, ~~and~~ legal issues related to these suppliers **, and any inability to diversify our suppliers located outside the U. S** . Our business, results of operations, financial condition, including the carrying value of certain of our assets, and cash flows have and may continue to be adversely affected by our dependence on NHP suppliers that are located outside the U. S. **and difficulties in being able to diversify our suppliers located outside the U. S.** China exited the NHP exportation market in 2020 during the COVID- 19 pandemic, and has repeatedly stated that it strategically intends to dominate, amongst other ~~thing~~ **things** , worldwide biomedical research. As such, their demand for NHPs has shifted a previously exported supply to their domestic use. ~~China has recently announced its intent to open its borders to importation of NHPs, but remains closed to exportation. Recent legal~~ **Legal** matters affecting the Cambodian supply of NHPs ~~(which, according to CDC statistics accounted for more than 60 % of the U. S. imports through September 30, 2022)~~ , including those arising as a result of the USAO- SDFL criminally charging employees of our principal supplier of NHPs, along with two Cambodian government officials ~~,~~ has further exacerbated an already constrained NHP supply for U. S. research. **The Company understands that one of the Cambodian government officials is currently scheduled to be tried by the USAO- SDFL in March 2024. The allegations contained in that indictment also led us to refrain from selling or delivering any of the Cambodian NHPs we held in the U. S. until we could evaluate what additionally could be done to confirm that the NHPs in inventory from Cambodia could be reasonably determined to be purpose- bred. The decision to refrain from selling or delivering the Cambodian NHPs had a material adverse effect on our liquidity. In order to address the material adverse effect, we entered into an amendment to our credit facility. While we are seeking to diversify our suppliers located outside the U. S., the number of NHP suppliers is limited, and we may not be successful in doing so.** If we are unable to obtain NHPs in sufficient quantities ~~and~~ **of the required species or** in a timely manner to meet the needs of our clients, if the price of NHPs that are available increases significantly, or if we are unable to ship the NHPs in our possession to our clients because of governmental restrictions or limitations, our business, particularly in our RMS segment, will be materially adversely affected. **In addition, overall supply constraints with respect to NHPs has led to an extremely dynamic pricing environment for NHPs, which has, and could continue to, make it difficult to predict results, lead to reduced volumes, and require us to adjust operations. Further, during fiscal 2023, the volume of NHPs we sold to third parties was significantly lower than in fiscal 2022.** Risks Related to ~~Health Emergencies Our~~ **Regulation and Legal Matters We are involved in legal proceedings that could adversely affect our** business ~~, results of operations~~ , financial condition, **and results of operations. We are involved in legal proceedings related to various matters,** including **employment and securities litigation, and may become involved in** ~~the~~ **other** ~~carrying value of~~ **legal proceedings that arise from time to time in the future. For example, as discussed further in Note 16- Contingencies to our consolidated financial statements contained in Part II, Item 8, a putative securities class action and derivative securities lawsuits have been filed against the Company and** certain **officers and directors, alleging violations** of **the Exchange Act related to the Company' s disclosures concerning its acquisitions of Envigo and OBRC and their regulatory compliance. Any claims against us, whether meritorious** ~~our~~ - **or** ~~assets~~ **not** , **can** ~~cash flows and stock price have and may continue to~~ be **time- consuming** ~~adversely affected by pandemics~~ , ~~epidemics~~ **result in costly litigation, be harmful to** ~~or~~ **our reputation, require significant management attention, and divert significant resources. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change. Litigation and** other **claims are subject to inherent uncertainties and management' s view** ~~public health emergencies, such as COVID- 19. Our business, results~~ of ~~operations, financial condition, including the~~ **these** ~~carrying value of~~ **matters may change in the future. Given the** ~~certain~~ **uncertain nature** of ~~our assets~~ **legal proceedings generally** , **we are not able in all cases** ~~cash flows and stock price have and may continue~~ to **estimate** ~~be adversely affected by pandemics, epidemics or other~~ -- **the amount orrange of loss that could** ~~public health emergencies, such as COVID- 19. Such health emergencies can~~ result **from** ~~in governments around the world implementing stringent measures to help control the spread of the virus, including quarantines, " shelter in place " and~~ - **an unfavorable outcome** ~~" stay at home " orders, travel restrictions, business curtailments, school closures, and other measures~~ . **We could incur judgments** ~~The outbreak of public health emergencies and preventive~~ or **enter into settlements of claims that could** ~~protective actions taken by governmental authorities may continue to~~ have a material adverse effect on our **results** ~~wastes.We cannot eliminate the risk~~ of **operations in** ~~accidental contamination or injury from these materials.In the event of such an accident,we could be held liable for~~ any **particular period** ~~resulting damages and incur liabilities which could exceed our resources.Our costs,liabilities and obligations relating to environmental matters may have a material adverse effect on our business,financial condition,prospects,results of operations and cash flows~~ .We are subject to inspections,investigations and enforcement actions by regulatory authorities,which could lead to penalties,including substantial fines,warning letters,a temporary restraining order or injunction,civil and / or criminal penalties,and / or license suspension or revocation.We are subject to periodic inspections by regulatory authorities,including the FDA,the USDA and the U.S.Fish and Wildlife Service.As part of these inspections,the regulatory authorities seek to determine whether our facilities,operations and animal research model importation practices comply with applicable laws and regulations.Adverse findings as a result of these inspections could lead to enforcement actions,including substantial fines,warning letters that require corrective action (including potential facilities improvement requirements),revocation of approvals,exclusion from future participation in government healthcare programs,criminal prosecution and even the denial of the right to conduct business.Envigo' s Cumberland,VA facility,which was closed as of September 30,2022,had been the subject of inspections by the USDA,a search and seizure warrant executed by the U.S.Department of Justice (the " DOJ ") and federal and state law enforcement agents ~~,and a civil action by the DOJ that was subsequently settled with no finding of liability~~ .Further,certain employees also received a grand jury subpoena requested by the U.S.Attorney' s Office for the Western District of Virginia,and the Company has received additional subpoenas related to this matter.For further information on these and other actions,see Note 16 **- Contingencies** to the consolidated financial statements **contained in Part II,Item 8** . ~~33Inspections~~ -- **Inspections** ,investigations and / or other actions could result in penalties that could include a temporary restraining order or injunction,civil and / or criminal penalties,and / or license suspension or revocation.The imposition of any of these penalties or other restrictions on our business could adversely affect our business reputation and could have a material adverse impact on our financial condition,results of operations **and stock price.We are subject to environmental,health and safety requirements and risks as a result of which we may incur significant costs,liabilities and obligations.We are subject to a variety of federal,state,local and foreign environmental laws,regulations,initiatives and permits that govern,among other things:the emission and discharge of materials,including greenhouse gases,in air,** ~~and~~ **land and water; the remediation of soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of regulated materials and wastes, including biomedical and radioactive wastes; and health and safety. Failure to comply with these laws, regulations** ~~our business~~ involves helping pharmaceutical and biotechnology companies comply with the regulatory drug approval process.Changes in regulation,such as a relaxation in regulatory requirements or the introduction of simplified drug approval procedures,or an increase in regulatory requirements that we may have difficulty satisfying,or that make our services less competitive,could substantially change the demand for our services and products.Also,if governments increase efforts to contain drug costs and pharmaceutical and biotechnology company profits from new drugs,or if governments impose new regulatory requirements demanding restricted use of research models for biomedical research,our clients may spend less,or slow the pace of increased spending,on research and development. ~~If we fail~~ **Any failure by us** to comply with **existing regulations could harm our reputation and operating results.Any failure on our part to comply with existing regulations could result in the termination of ongoing research or the disqualification of** data **for submission to** ~~privacy and security laws and regulations~~ **regulatory authorities.For example** , **if** we **were to fail to properly monitor** ~~could face substantial penalties and our business,operations and financial condition could be adversely affected.U.S.Department of Health and Human Services regulations under the HIPAA demand~~ compliance with **study protocols** ~~patient privacy and confidentiality requirements.We are also subject to federal~~ , ~~state and~~ **the data collected** customers ~~'~~ **in those countries. The interpretation** and ~~suppliers' respective~~ **enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement compliance with any additional requirements. Failure to comply with U. S. and international data protection laws and regulations, and the disclosure of any data or related breach, could result in government enforcement actions (which could include substantial civil and / or criminal penalties and injunctive relief), private litigation and / or adverse publicity and could have a material adverse impact on our business, financial condition or results of** operations **. Risks Related to our Financial Activities We have experienced periods of losses and financial insecurity. Throughout our history we have experienced periods of financial losses and financial hardship. Our current efforts may not result in profitability, or if our efforts result in profits, such profits may not continue for any meaningful period of time. In order to finance various acquisitions and expand certain facilities, we have significantly increased our leverage. Sustained losses may result in our inability to service our financial obligations as they come due** , including ~~with respect to~~ the ~~potential~~ **additional indebtedness we have incurred to support our growth initiatives,** ~~for~~ - **or to meaningfully invest in our** business ~~shutdowns or disruptions~~ . ~~The extent to~~ **We have incurred significant additional indebtedness during recent periods,** which ~~these health emergencies~~ **may impair our ability to raise further capital or impact our ability to service our debt. We have incurred significant additional indebtedness during recent periods. Our additional indebtedness may impair our ability to raise further capital** , including ~~COVID- 19, may continue~~ to **expand** ~~adversely impact~~ our business **, pursue strategic investments, and take advantage of financing or other opportunities that we believe to be in the best interests of the Company and our shareholders. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness** depends on **our** future ~~developments~~ **performance** , which **is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we** are **unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, curtailing spend, restructuring debt, or obtaining additional equity capital on terms that may be onerous or** highly our relevant credit arrangements,in which case our lenders might pursue available remedies up to and including terminating our credit arrangements and foreclosing on available collateral.Our credit agreement contains covenants that restrict our business and financing activities.All of our assets secure our obligations under the credit agreement and may be subject to foreclosure.We are party to a Credit Agreement with Jefferies Finance LLC,as administrative agent,and the lenders party thereto (as amended,the " Credit Agreement ").The Credit Agreement contains various covenants,restrictions,and events of default.Among other things, ~~uncertain~~ -- **certain** ~~and unpredictable~~ **financial ratios** , **including a secured leverage ratio and a**

fixed charge coverage ratio, and impose certain limits on our ability to engage in certain activities. The Third Amendment to the Credit Agreement that we entered into on January 9, 2023, imposes additional limitations on us through the date that we deliver financial statements for the quarter ~~depending~~ **ending** ~~upon the severity~~ **March 31, 2024, including restrictions on permitted asset sales, a prohibition on making permitted acquisitions,** and ~~duration of~~ **significant limitations on** the ~~emergency~~ **ability to incur additional debt, make investments** and **make restricted payments. Further during that time, we can only use borrowings under** the **revolving credit facility to fund operational expenses in the ordinary course. The restrictions in the Credit Agreement, including under the Third Amendment, impose operating and financial restrictions on us and may limit our ability to compete** ~~effectiveness~~ **effectively , take advantage** of **new business opportunities, or take other** actions ~~taken globally to contain~~ **that may be in** ~~or~~ **our** ~~mitigate~~ ,or our shareholders',best interests.Further,various risks and uncertainties,including those arising as a result of the USAO- SDFL criminally charging employees of the Company' s principal supplier of NHPs,along with two Cambodian government officials,may impact our ability to comply with our obligations under the Credit Agreement.Our obligations under the Credit Agreement are secured by all ~~secured by all~~ assets (other than certain excluded assets) of the Company and each of the subsidiary guarantors.Our inability to comply with any of the provisions of the Credit Agreement could result in **a default under** ~~its~~ **it. If such a default occurs, the lenders may elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable, and they would have the right to terminate any commitments to provide further funds. If we are unable to repay outstanding borrowings when due, the lenders also have the right to proceed against the collateral. The occurrence of any of these events could have a material adverse** ~~effects~~ **effect** ~~. Future~~ **on our business,** financial **condition** ~~impact cannot be estimated reasonably at this time~~ , ~~but may~~ **results of operations and liquidity. Our failure to comply with the terms of our Credit Agreement could result in an event of default that could** materially adversely affect our business, ~~results of operations,~~ financial condition **and results of operations. If there were an event of default under our Credit Agreement, all amounts outstanding under that agreement could be due and payable immediately, which may have an adverse impact on our business, financial condition and results of operations. An event of default may occur should our assets or cash flow be insufficient to fully repay borrowings under our Credit Agreement, whether paid in the ordinary course or accelerated, or if we are unable to maintain compliance with relevant obligations thereunder** , including **financial and** ~~the~~ **other covenants. Various risks and uncertainties, including those arising as a result of the USAO- SDFL criminally** ~~carrying~~ **charging** ~~value~~ **employees** of ~~certain~~ **the principal supplier** of ~~our assets~~ **non- human primates to the Company** , **along with two Cambodian government officials, may impact our ability to comply with our obligations under the Credit Agreement. Our management concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective as of September 30, 2023 and 2022 due to material weaknesses in internal control over financial reporting. If we are unable to remediate these material weaknesses and maintain** ~~and~~ **an** ~~cash flows~~ **effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results** . ~~Even after public health emergencies~~ **Our** ~~financial reporting,solely related to our accounting for the tax impact of acquisitions that qualify as stock transactions for tax purposes.This material weakness remains unremediated as of September 30,2022.In addition,our~~ management concluded that ~~we had the following additional material weaknesses~~ **our disclosure controls and procedures and our internal control over financial reporting were not effective** as of September 30, **2023 and** 2022: ~~•~~ **•** Management did not design and maintain effective controls over information technology general controls **(ITGCs)** for all applications that are relevant to the preparation of the consolidated financial statements throughout the year ended September 30,2022,which resulted in ineffective business process controls (automated and ~~information technology ("~~ IT ~~")~~ - dependent manual controls) that could result in misstatements potentially impacting all of the financial statement accounts and disclosures.Specifically,management did not design and maintain:sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications,programs and data to appropriate Company personnel;and program change management controls to ensure that **information technology ("** IT **")** program and data changes affecting financial information technology applications and underlying accounting records are authorized,tested,and implemented appropriately. ~~•~~ **As a result,business process controls (automated and IT- dependent manual controls) that are dependent on the ineffective ITGCs,or that use data produced from systems impacted by the ineffective ITGCs were deemed ineffective at September 30,2022,and were not remediated and therefore remained ineffective at September 30,2023;and •** Management did not ~~have an adequate process in place to design and test the operating effectiveness of internal control over financial reporting in a timely manner or an adequate process in place to monitor and provide oversight over~~ have ~~subsided~~ **an adequate process in place to design and test the operating effectiveness of internal control over financial reporting in a timely manner or an adequate process in place to monitor and provide oversight over the completion of its assessment of internal control over financial reporting. As such** , we ~~may experience~~ **determined that management did not effectively design and implement components of the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO framework) to address all relevant risks of** ~~materially~~ -- **material** ~~adverse impacts~~ **misstatement, including elements of the control environment, information and communication, control activities and monitoring activities components, relating** to ~~our~~ **: (i) providing sufficient and timely management oversight and ownership over the internal control evaluation process; (ii) hiring and training sufficient personnel to timely support the Company' s internal control objectives; and (iii) performing timely monitoring and oversight to ascertain whether the components of internal control are present and functioning effectively. As a result, controls relevant to all** business ~~due~~ **processes and related controls (including relevant entity level controls) were deemed ineffective at September 30, 2022, and were not remediated and therefore remained ineffective at**

September 30, 2023. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. Effective internal controls are necessary for us to **provide reliable financial reports and prevent fraud. We expect to take steps to remediate the material weaknesses, but there is no assurance that** any **remediation efforts will ultimately** ~~resulting economic recession or depression and demand for our products and services. Additionally, concerns over the economic impact of public health emergencies~~ have ~~caused extreme volatility~~ **the intended effects. If we identify any new material weaknesses** in **the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim** financial ~~and other capital markets which has and~~ **statements. In such case, we** may **be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports** in ~~the future adversely impact~~ **addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and** our stock price **may decline as a** ~~and our ability to access capital markets including to refinance existing obligations. To the extent public health emergencies adversely affect our business and financial results~~ - **result** ~~,~~ **. We cannot assure you that** ~~they~~ - **the** ~~may also~~ **measures we** have ~~the effect of exacerbating~~ **taken to date, or** ~~many~~ - **any measures** ~~of the other risks described herein or other risks not presently known to us or that~~ we ~~currently deem~~ **may take in the future, will be sufficient to avoid potential future** ~~immaterial~~ -- **material weaknesses** . Risks Related to ~~the Industries we ServeWe are substantially dependent on the pharmaceutical and biotechnology industries. Our revenues depend greatly on the expenditures made by pharmaceutical and biotechnology companies in research and development, including their decisions to outsource drug development services to providers like us, rather than handling such services in- house. In some instances, companies in these industries are reliant on their ability to raise capital in order to fund their research and development projects and to compensate us for services rendered. Fluctuations in the research and development budgets of researchers and their organizations could have a significant effect on the demand for our products and services. Research and development budgets fluctuate due to changes in available resources, mergers of pharmaceutical and biotechnology companies, spending priorities and institutional budgetary policies, among other reasons. Accordingly, economic factors and industry trends that affect our clients in these industries also affect our business. Our ability to continue to grow and win new business depends in large part upon the ability and willingness of the pharmaceutical and biotechnology industries to continue to spend on research and development and to purchase the products and outsource the services we provide. If companies in these industries were to reduce the number or~~ **our** ~~scope of research and development projects they conduct or outsource, our business could be materially adversely affected. Risks Related to our OperationsWe~~ -- **Operations We** rely on a limited number of key clients, the importance of which may vary dramatically from year to year, and a loss of one or more of these key clients may adversely affect our operating results. One client related to the RMS segment accounted for approximately **22. 0 % and** 28. 2 ~~% of our total revenue during the fiscal year 2022. Five clients of the DSA segment in the aggregate accounted for approximately 7. 2 % and 20. 5~~ % of our total revenue during fiscal years **2023 and** 2022 **, respectively. Five clients of the DSA segment in the aggregate accounted for approximately 5. 4 %** and **7. 2 % of our total revenue during fiscal years** ~~2021~~ **2023 and 2022** , respectively. The loss of a significant amount of business from one or more of our major clients would materially and adversely affect our results of operations until such time, if ever, as we are able to replace the lost business. Significant clients or projects in any one period may not continue to be significant clients or projects in other periods. In any given year, there is a possibility that a single client may account for a significant percentage of our total revenue or that our business may depend on one or more large projects. Since we do not have long- term contracts with most of our clients, the importance of a single client may vary dramatically from year to year as projects end and new projects begin. To the extent that we are meaningfully dependent on any single client, we are indirectly subject to risks related to that client, including if such risks impede the client' s ability to stay in business or otherwise to make timely payments to us. We operate in a highly competitive industry. The CRO services industry is highly competitive. We often compete for business not only with other CROs, but also with internal discovery and development departments within our client companies. Several of our competitors have significantly greater financial, marketing, technical or other resources and a larger global footprint than we have. The industry has historically been diverse with more than 1, 000 CROs around the globe, ranging from small, regional niche laboratories up to global comprehensive service providers with tens of thousands of employees. The CRO industry has experienced consolidation in recent years. This trend is likely to produce more competition among the larger companies for both clients and acquisition candidates. Offshore CROs have provided increasing competitive pressures ~~, although we believe the pandemic and other factors have made Asian CROs a less attractive option for many western clients~~ . The RMS industry is highly competitive. Competition ranges from academics and large biopharmaceutical companies, that derive and maintain their own rodent colonies, to commercial competitors that may offer a similar or overlapping range of products and / or services. Some of these competitors have greater capital, technical and other resources than we have, while other competitors that are smaller specialized companies might compete effectively against us based on price and their concentrated size and focus. If we do not compete successfully, our business will suffer. Increased competition might lead to price and other concessions that could adversely affect our operating results. ~~25The~~ -- **The** majority of our clients' contracts and orders can be terminated upon short notice. Most of our contracts for CRO services are terminable by the client upon 30 days' notice and these clients terminate or delay their contracts for a variety of reasons. Further, in general, our ~~customers~~ **clients** order research models on an as- needed basis. The size and frequency of those orders can be reduced or eliminated with little or no notice. ~~Customer~~ **Client** contracts and orders may be negatively impacted for various reasons, including: ~~•~~ **•** products being tested fail to satisfy safety requirements; ~~•~~ **•** products having undesired clinical results; ~~•~~ **•** the client deciding to forego a particular study; ~~•~~ **•** inability to enroll enough patients in the study; ~~•~~ **•** inability to recruit enough investigators; ~~•~~ **•** loss of funding for the particular research study or program; ~~•~~ **•** production problems causing shortages of the drug; ~~•~~ **•** inability to secure research models relevant to the studies; and ~~•~~ **•** actions by regulatory authorities. Although our CRO contracts frequently entitle us to receive the costs of winding down the terminated projects, as well as all fees earned by us up to the time of termination, and some of our contracts entitle us to a termination fee, the loss, reduction in scope or delay of a large contract or order, or the loss or delay of multiple contracts or orders, could materially adversely affect our business. We may bear financial risk if we underprice our contracts or overrun cost estimates. Since some of our contracts are structured as fixed price or fee- for- service, we bear the financial risk if we initially underprice our contracts or otherwise overrun our cost estimates. Significant underpricing or cost overruns could have a material adverse effect on our business, results of operations, financial condition, and cash flows. ~~Providing CRO services creates a risk of liability. We could be held liable for errors and omissions in connection with the services we perform. In certain circumstances, we seek to manage our liability risk through contractual provisions with clients requiring indemnification by the clients or coverage under the clients' product liability insurance policies. The financial performance of our client indemnifying parties is not secured. Therefore, we bear the risk that the indemnifying party may not have the financial ability, or may otherwise fail, to fulfill its indemnification obligations or that the liability could exceed the amount of applicable client insurance, if any. In the event that we are unable to reach indemnification or insurance coverage arrangements with our clients to appropriately cover our potential losses, our insurance coverage may not adequately cover such losses. Relevant insurance coverage may also not always be available to us on acceptable terms or at all.~~ Our business uses biological and hazardous materials, which could injure people or violate laws, resulting in liability that could adversely impact our financial condition and business. ~~26Our~~ -- **Our** activities involve the controlled use of potentially harmful biological materials, as well as hazardous materials, chemicals and various radioactive compounds. We cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for damages that result, and any liability could exceed our insurance coverage and ability to pay. Any contamination or injury could also damage our reputation, which is critical to obtaining new business. In addition, we are subject to federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. The cost of compliance with these laws and regulations is significant and if changes are made to impose additional requirements, these costs could increase and have an adverse impact on our financial condition and results of operations. Our animal populations may suffer diseases that can damage our inventory, harm our reputation, result in decreased sales of our services or research products or result in other liability. It is important that our animal populations be free of diseases, including infectious diseases. The presence and prevalence of diseases can distort or compromise the quality of research results, can cause substantial loss of animals in our inventory, can result in harm to humans or outside animal populations if the disease is not contained to animals in inventory, or can result in other losses. These risks may differ substantially according to species. In rodents, most infections are without any apparent clinical signs and therefore pose a risk to the scientific quality of the research performed on the animals rather than to humans. The same applies to primates, where all animals are serologically tested for specific diseases in our facilities and at our suppliers. The main concern in this species is the potential for zoonotic infectious disease- causing harm to humans. We seek to minimize the risk of these species being infected by stringent biohazard management protocols and health monitoring programs in place in our facilities. Nevertheless, we have in the past suffered disease in our animal populations and may suffer outbreaks in the future. If disease or contamination occurs in our animal population, it typically requires remediation and cleanup activities that are costly and time consuming. In certain circumstances, it can require the temporary or permanent closure of an affected facility. We have experienced such closures in the past and may do so again in the future. Any significant disease outbreak has the potential to harm our reputation or have a material adverse effect on our financial condition, results of operations, and cash flows. There is also the risk that disease from research models we produce may affect our ~~customers~~ **clients** ' facilities and may result in an affected ~~customer~~ **client** requesting compensation for damages. While we endeavor to include provisions in our sale and supply contracts which entitle us to be indemnified or entitle us to a limitation of liability, these provisions do not uniformly protect us against liability arising from certain of our own actions, such as negligence or misconduct. Moreover, in certain circumstances, we may agree to use contracts drafted by our ~~customers~~ **clients** , which may not contain clauses that indemnify us or limit our liability. We could be materially adversely affected if we were required to pay damages or bear the costs of defending any claim which is not covered by a contractual indemnification provision or in the event that a party who must indemnify us does not fulfill its indemnification obligations or which is beyond the level of our insurance coverage or for which insurance coverage is not available. There can be no assurance that we will be able to maintain insurance coverage on terms acceptable to us. **Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our business, operating results and financial condition. We experienced significant growth in a short period of time, including as a result of the Envigo acquisition. To manage our growth effectively, we must continually evaluate and evolve our organization. We must also manage our employees, operations, finances, technology and development and capital investments efficiently.** Our ~~DSA~~ **efficiency, productivity and the quality of our** products ~~component depends~~ **and services may be adversely impacted if we do not integrate and manage our growth effectively, or if we fail to appropriately coordinate across our organization. Additionally, our rapid growth may place a strain** on our ~~intellectual property. Our DSA~~ **resources, infrastructure and ability to maintain the quality of our** products ~~component depends,~~ **and services. You should not consider our revenue growth and levels of profitability** in ~~part~~ **recent periods as indicative of future performance. In future periods** , **our revenue or profitability could decline or grow more slowly than we expect. Failure to manage our growth effectively could cause our business to suffer and have an adverse effect** on our **operating results and financial condition. Providing CRO services creates a risk of** ~~ability~~ **liability** ~~to obtain patents in various jurisdictions on our current and future technologies and products, to defend our patents and protect our trade secrets and to operate without infringing on the proprietary rights of others~~ . **We could** ~~Our patents may be challenged by third parties and, if challenged, may not~~ be held ~~valid~~ **liable for errors and omissions in connection with the services we perform** . In ~~addition~~ **certain circumstances** , ~~technologies~~ **we seek to**

manage ~~or~~ **our** ~~products developed~~ **liability risk through contractual provisions with clients requiring indemnification** by ~~us may be challenged by third~~ **the clients or coverage under the clients' product liability insurance policies. The financial performance of our client indemnifying** parties ~~owning relevant patent rights and~~ **is not secured. Therefore** , **we bear** ~~if challenged, could be found to infringe on those~~ -- **the** ~~patent rights. The expense involved in patent litigation can be significant, even where challenges may lack merit. We also rely on unpatented proprietary technology, which subjects us to~~ risk that **the indemnifying party may not have the financial ability, or may** ~~others~~ **otherwise** ~~may independently develop~~ **fail, to fulfill its indemnification obligations or that the liability could exceed the amount of applicable client insurance, if any. In the event that we are unable to reach indemnification or insurance coverage arrangements with** ~~or~~ **our** ~~obtain similar products~~ **clients to appropriately cover** ~~or~~ **our** ~~technologies~~ **potential losses, our insurance coverage may not adequately cover such losses** . **Relevant insurance coverage may also not always be available to us on acceptable terms or at all.** ~~27New~~ -- **New** technologies may be developed, validated and increasingly used in biomedical research that could reduce demand for some of our products and services. For many years, groups within the scientific and research communities have attempted to develop models, methods and systems that would replace or supplement the use of living animals as test subjects in biomedical research. In addition, technological improvements to existing or new processes, such as imaging and biomarker technology, could result in a refinement in the number of animal research models necessary to conduct the required research. Alternative research methods could decrease the need for research models, and we may not be able to develop new products effectively or in a timely manner to replace any lost sales. In addition, other companies or entities may develop research models with characteristics different than the ones that we produce, and which may be viewed as more desirable by our ~~customers~~ **clients** . Our non- U. S. locations account for a significant percentage of our revenues, exposing us to risks associated with operating internationally. During the fiscal ~~year~~ **years** ended September 30, **2023 and** 2022, **15. 7 % and** 13. 8 % **, respectively,** of our revenues were generated by our facilities outside the U. S. As a result of these sales from foreign entities and facilities located outside the U. S., our operations are subject to a variety of risks unique to international operations, including the following: ~~●~~ **•** exposure to local economic conditions; ~~●~~ **•** currency exchange rate and interest rate fluctuations; ~~●~~ **•** differences and changes in tax laws; ~~●~~ **•** potential restrictions on the transfer of funds; ~~●~~ **•** differences in regulatory requirements; ~~●~~ **•** exposure to liabilities under the U. S. Foreign Corrupt Practices Act or the U. K. Antibribery Act; ~~●~~ **•** government imposed investment and other restrictions or requirements; ~~●~~ **•** failure to comply with new and evolving regulations, **including privacy and security laws •** ~~such as the EU General Data Protection Regulations (" GDPR "); ●~~ exposure to local social unrest, including any resulting acts of war, terrorism or similar events; ~~●~~ **•** exposure to local public health issues and the resulting impact on economic and political conditions; ~~●~~ **•** difficulty enforcing agreements and collecting receivables through certain legal systems; **•** ~~● a~~ more expansive legal rights of employees, including specifically those applicable to our European operations; ~~●~~ **•** variations in protection of intellectual property and other legal rights; and ~~●~~ **•** export and import and trade restrictions (such as antidumping duties, tariffs or embargoes). ~~28Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our business, operating results and financial condition. We have experienced significant growth in a short period of time, including as a result of the Envigo Acquisition. To manage our growth effectively, we must continually evaluate and evolve our organization. We must also manage our employees, operations, finances, technology and development and capital investments efficiently. Our efficiency, productivity and the quality of our products and services may be adversely impacted if we do not train our new personnel quickly and effectively, or if we fail to appropriately coordinate across our organization. Additionally, our rapid growth may place a strain on our resources, infrastructure and ability to maintain the quality of our products and services. You should not consider our revenue growth and levels of profitability in recent periods as indicative of future performance. In future periods, our revenue or profitability could decline or grow more slowly than we expect. Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our operating results and financial condition.~~ Some of our ~~customers~~ **clients and contracts** depend on government funding of research and development and a reduction in that funding may adversely affect our business. A significant portion of sales are derived from ~~customers~~ **clients** at academic institutions and research laboratories whose funding is partially dependent on funding from government sources, including the NIH and U. K. / E. U. equivalents. Such funding can be difficult to forecast as it may be subject to the political process. Our sales may be adversely affected if our ~~customers~~ **clients** delay purchases as a result of uncertainties surrounding the approval of government budget proposals. There can be no certainty that government research funding that is approved will be directed towards projects and studies that require use of our products and services. A reduction in government funding for the NIH or other government research agencies could adversely affect our business and our financial results. Risks Related to our ~~Financial~~ **Acquisition and Optimization** ~~ActivitiesWe~~ -- **Activities We** have ~~experienced periods~~ **and may further expand our business through acquisitions, which exposes us to various risks. Our due diligence** of **our past or future acquisitions may not have identified all pertinent risks, or the full magnitude of such risks, which could materially affect our business, financial condition, liquidity and results of operations. We have completed several acquisitions and from time to time review other acquisition candidates. Factors which may affect our ability to effectively pursue acquisition targets or to grow successfully through completed acquisitions, including our recent acquisitions, include: • The inability of the Company to obtain financing for the acquisition of targets; • Difficulties and expenses in connection with integrating acquired companies and achieving expected benefits, including as related to the integration of departments, accounting and other systems, technologies, books and records and procedures; • Diversion of management' s attention from daily operations to various integration activities; • The potential for disruption of prior operations and plans; • The risk that acquisitions could be dilutive to earnings, or in the event of acquisitions made through the issuance of our common shares to the shareholders of the acquired company, dilutive to the percentage ownership of our existing stockholders; • The possibility that we may be adversely affected by risks facing the acquired companies, including potential** losses **resulting from undiscovered liabilities of acquired companies not covered by the**

indemnification we may obtain from the sellers; • Risks associated with the assimilation and retention of employees, including key employees; • The potential loss of, or adverse effects on, existing business relationships the acquired business has with suppliers and clients; • The potential need to address relevant internal control over financial ~~insecurity~~ reporting and disclosure control and procedures matters; • Possible deficiencies in operational processes and procedures; • Risks associated with carrying a relatively significant level of debt; and • The ability of our management team to manage expanded operations to meet operational and financial expectations . ~~Throughout~~ Our operating results ~~our~~ - or ~~history~~ financial condition also may be adversely impacted by (i) claims or liabilities related to the acquired companies’ businesses including, among others, claims from U. S. regulatory or other governmental agencies, such as those related to OBRC and Envigo, terminated employees, current or former clients or business partners, or other third parties; (ii) pre- existing contractual relationships of the acquired companies that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; (iii) unfavorable accounting treatment as a result of the acquired companies' practices; and (iv) intellectual property claims or disputes. Certain of the companies we have ~~experienced periods~~ acquired were not required to maintain an internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes- Oxley Act of 2002, and we may acquire similar companies in the future. The costs to implement such controls and procedures may be substantial and we could encounter unexpected delays and challenges in this implementation. In addition, we may discover significant deficiencies or material weaknesses in the quality of an acquired company' s financial ~~losses~~ and disclosure controls and procedures which could result in additional costs or adversely affect our business or operating results, and, as has occurred with us, the accounting for acquisitions can be complex and may lead to material weaknesses. As part of our merger and acquisition due diligence, we utilize information provided by relevant sellers. As is true with any merger and acquisition transaction, we may not be aware of all liabilities, or the full magnitude of liabilities, of the acquired business at the time of acquisition. Potential incremental liabilities and additional risks and uncertainties related to our recent or future acquisitions not known or fully appreciated by us could negatively and materially impact our future business, financial ~~hardship~~ condition and results of operations . ~~Our current efforts~~ For example, there are a number of investigations, lawsuits, claims and other matters described in Note 16 – Contingencies that relate to the businesses and operations we acquired through the acquisitions of Envigo, OBRC and others. We may need additional capital, and any additional capital we seek may not ~~result~~ be available in the amount ~~profitability, or if our~~ - or at the ~~efforts result in profits, such profits may not continue for any meaningful period of~~ time we need it . Successful execution ~~In order to finance various acquisitions and the expansion~~ of ~~several DSA and RMS facilities,~~ our growth plans will require that we have ~~significantly~~ access to capital. Our expected financing needs are based upon management’ s estimates as to future revenue and expense. Our business plan and financing needs are subject to change based upon, among other factors, our ability to ~~increased~~ - increase revenues and manage expenses and the timing and extent of our future capital expenditures and acquisition activity. If our estimates of our financing needs change, we may need additional capital more quickly than we expect ~~our~~ - or ~~leverage~~ we may need a greater amount of capital . ~~Sustained losses~~ In general, additional capital may be raised through the sale of common shares, preferred equity or convertible debt securities, entry into debt facilities or other third- party funding arrangements. The sale of equity and convertible debt securities may result in dilution to our shareholders and those securities may have rights senior to those of our common shares. Agreements entered into in connection with such capital raising activities could contain covenants that would restrict our operations ~~our~~ - or require us to relinquish certain rights. Additional capital may not be available on reasonable terms, or at all. If we cannot timely raise any needed funds, we may be forced to reduce our operating expenses, which could adversely affect our ~~inability~~ -- ability to ~~service~~ implement our long- term strategic roadmap and grow our business. The Company may fail to realize anticipated strategic and financial ~~obligations~~ benefits from acquisitions, related integrations and our site optimization strategy. We may not realize all of the anticipated benefits of our business acquisitions. These acquisitions may not further our business strategy as we expect, we may fail to successfully integrate ~~they~~ - the ~~come due~~ acquired operations as planned or to realize the synergies and other benefits we expected from the acquisitions, we may experience unexpected adverse impacts on the acquired businesses, or we may otherwise not realize the expected return on our investments, any of which could adversely affect our business or operating results and potentially cause impairment to assets that we record as a part of the acquisitions , including ~~the additional indebtedness we~~ intangible assets and goodwill. We may have difficulties managing the acquired ~~incurred to support our growth initiatives, or to meaningfully invest in our business~~ businesses or retaining key personnel of the acquired companies . In ~~We have incurred significant additional~~ -- addition ~~indebtedness~~ , during recent periods, ~~which~~ we have undertaken restructuring and site optimization initiatives, designed to allow us to reduce overhead and create efficiencies through scale. We are also currently working to take in- house the North American transportation services previously provided by a third party. These initiatives present significant risks that may impair our ability to ~~raise further capital or impact~~ achieve anticipated operating enhancements and / ~~our~~ - or ~~ability to service~~ cost reductions, ~~our~~ - or otherwise harm ~~debt. We have incurred significant additional indebtedness during recent periods, Our additional indebtedness may impair~~ our business ~~ability to raise further capital~~ , including higher ~~to expand our business, pursue strategic investments, and take advantage of financing or other opportunities that~~ than anticipated costs ~~we believe to be~~ in implementing ~~the~~ these initiatives ~~best interests of the Company and our shareholders. 29Our ability to make scheduled payments of the principal of~~ , asset impairments ~~to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive~~ and management distraction ~~other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures~~ . If we fail ~~are unable~~ to achieve some ~~generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, curtailing spend,~~

~~restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our~~ - **or all of** ~~indebtedness will depend on the capital markets and our financial condition at such time. Our additional indebtedness may also impact our ability to service our debt and to comply with financial covenants and the other~~ -- **the** ~~terms~~ **expected benefits** of our relevant credit arrangements, in which...... of default. Among other things, these **initiatives** ~~provisions require us to maintain certain financial ratios~~ , including a secured leverage ratio and a...... Agreement could result in a default under it ~~. If such a default occurs, the lenders may elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable, and they would have the right to terminate any commitments to provide further funds. If we are unable to repay outstanding borrowings when due, the lenders also have the right to proceed against the collateral. The occurrence of any of these events~~ could have a material adverse effect on our **competitive position,** business, financial condition, results of operations and ~~liquidity~~ **cash flows. Risks Related to the Industries we Serve We are substantially dependent on the pharmaceutical and biotechnology industries** . Our ~~failure to comply with~~ **revenues depend greatly on the expenditures made by pharmaceutical and biotechnology companies in research and development, including** ~~the~~ **their** ~~terms~~ **decisions to outsource drug development services to providers like us, rather than handling such services in- house. In some instances, companies in these industries are reliant on their ability to raise capital in order to fund their research and development projects and to compensate us for services rendered. Fluctuations in the research and development budgets** of ~~our existing credit agreement~~ **researchers and their organizations has, had and** could ~~result in~~ **continue to have a significant effect on the demand for our products** ~~an~~ **and** ~~event~~ **services. Research and development budgets fluctuate due to changes in available resources, mergers** of ~~default~~ **pharmaceutical and biotechnology companies, spending priorities and institutional budgetary policies, among other reasons. Accordingly, economic factors and industry trends** that ~~could materially adversely~~ affect our **clients in these industries also affect our** business ~~, financial condition and results of operations. If there were an event of default under our existing credit agreement, all amounts outstanding under that agreement could be due and payable immediately, which may have an adverse impact on our business, financial condition and results of operations. An event of default may occur should our assets or cash flow be insufficient to fully repay borrowings under our existing credit agreement, whether paid in the ordinary course or accelerated, or if we are unable to maintain compliance with relevant obligations thereunder, including financial and other covenants. Various risks and uncertainties, including those arising as a result of the USAO- SDFL criminally charging employees of the principal supplier of non- human primates to the Company, along with two Cambodian government officials. a, may impact our ability to comply with our obligations under the existing credit agreement. Should the pandemic or other factors continue to negatively impact our business, those developments might cause us to fail to comply with the covenants under our existing credit agreement. 30In connection with our acquisition of Seventh Wave Laboratories, LLC' s, Smithers Avanza' s, Preclinical Research Service' s, HistoTox Laboratories', Bolder BioPATH' s, Plato' s, Envigo' s, ILS and OBRC' s businesses and the expansion of several DSA and RMS facilities, we have significantly increased our level of indebtedness, as well as our ability to incur further indebtedness under relevant lines of credit~~ . Our ability to ~~service this indebtedness will~~ **continue to grow and win new business** ~~depend~~ **depends** ~~,~~ in **large** part ~~,~~ **upon the ability and willingness of the pharmaceutical and biotechnology industries to continue to spend** on **research** ~~the success of our operations and our ability to generate sufficient cash flow therefrom. Our management has concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective as of September 30, 2022 due to material weaknesses in internal control over financial reporting. If we are unable to remediate these material weaknesses and maintain an~~ **and development** ~~effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results. Management and the Audit Committee of the Board of Directors concluded that it was appropriate to restate the Company' s previously issued unaudited interim financial statements included in the Company' s Quarterly Report on Form 10- Q for the quarterly period ended June 30, 2021, filed with the SEC on August 13, 2021, due to an~~ **and** ~~error in accounting for certain tax attributes related~~ to **purchase the products** ~~an~~ **and outsource** acquisition completed by the Company in the...... pharmaceutical industry could change the demand for the services we provide. ~~Governmental agencies throughout~~ **If companies in** ~~the~~ **these industries were to reduce** ~~world, but particularly in~~ the **number or scope of research and** ~~United States, strictly regulate the drug~~ development ~~process. Our~~ **projects they conduct or outsource, our** business involves helping pharmaceutical and biotechnology companies comply...... with study protocols, the data collected could be ~~disqualified. Under such circumstances, we may be contractually required to repeat a study at no further cost to the client, but at substantial cost to us. That development would harm our reputation, our prospects for future work and our operating results. Furthermore, the issuance of a notice from the FDA or the USDA, or other relevant authorities, based on a finding of a material~~ **materially adversely affected. We believe this occurred to some extent is fiscal year 2023** ~~violation by us of good clinical practice, good laboratory practice or good manufacturing practice requirements, animal welfare laws~~ and ~~regulations, or other applicable regulations~~ could **continue** materially and adversely affect our business and......, results of operations and stock price . Risks Related to Research and ~~DevelopmentOur~~ --- **Development Our** future success depends on our ability to keep pace with rapid technological changes that could make our services and products less competitive or obsolete. The biotechnology, pharmaceutical and medical device industries generally, and contract research services more specifically, are subject to increasingly rapid technological changes. Our competitors or others might develop technologies, services or products that are more effective or commercially attractive than our current or future technologies, services or products, or that render our technologies, services or products less competitive or obsolete. If competitors introduce superior technologies, services or products and we cannot make enhancements to our counterparts to remain competitive, our competitive position, and in turn our business, revenues and financial condition, would be materially and adversely affected. Many of our competitors have superior financial and human resources deployed toward research and development efforts. Our relatively constrained financial and human resources may limit our ability to effectively keep pace with relevant technological changes. Actions of animal rights activists may affect our business. Products and services of the type we provide are required for the registration of pharmaceutical products under regulatory auspices in the United States, Europe and other countries. Many CROs, animal breeders, biopharmaceutical companies and other research organizations have been targeted by animal rights activists that oppose all testing on animals, for whatever purpose, including the animal testing activities in support of safety and efficacy testing for drug development. These groups, which include groups directed at the industry and us, have publicly stated that the goal of their campaign is to stop animal testing. Acts of vandalism and other acts by animal rights activists who object to the use of animals in product development could have a material adverse effect on our business. These groups have historically targeted CROs, animal breeders, academic institutions and biopharmaceutical companies, but also third parties that do business with those organizations, including ~~customers~~ **clients** , suppliers, advisors, financial advisors, lenders and investors. Risks Related to Technology and ~~CybersecurityWe~~ -- **Cybersecurity We** are at risk of cyber- attacks or other security breaches that could compromise sensitive business information, undermine our ability to operate effectively and expose us to liability, which could cause our business and reputation to suffer. Cyber- attacks or security breaches could compromise confidential ~~client~~ information **of ours, our employees and our clients** , cause a disruption in our operations, harm our reputation and expose us to liability, which in turn could negatively impact our business and the value of our common shares. As a routine element of our business, we collect, analyze, and retain substantial amounts of data pertaining to the clinical and non- clinical studies we conduct for our clients. We also maintain other sensitive client information, information regarding intellectual property related to certain of our products and other business- critical information, including personally identifiable information of our employees. Our employees, some of whom have access to such information, have and will likely continue to receive " phishing " e- mails intended to trick recipients into surrendering their usernames and passwords and / or inadvertently installing malicious software onto their computers or networks they are connected to. We cannot completely protect against the possibility that sensitive information may be accessed, publicly disclosed, lost or stolen, via phishing attempts or other circumstances. ~~34We~~ **We** utilize cybersecurity technologies, processes and practices which are designed to protect our networks, computers, programs and data from attack, damage or unauthorized access, but they may not be effective or work as designed. Our contracts with our clients typically contain provisions that require us to keep confidential the information generated from our studies. A cyber-attack could result in a breach of those provisions or other negative outcomes, including legal claims or proceedings, investigations, potential liabilities under laws that protect the privacy of personal information, delays and other impediments to our clients' discovery and development efforts, ransomware demands and related delays, damage to our reputation and a negative impact on our financial results and the value of our common shares. Hardware or software failures, delays in the operations of our computer and communications systems or the failure to implement system enhancements could harm our business. We operate large and complex computer systems that contain significant amounts of client data. Our success depends on the efficient and uninterrupted operation of our computer and communications systems. A failure of our network or data gathering procedures could impede the processing of data, delivery of databases and services, client orders, product shipments and day- to- day management of our business and could result in the corruption or loss of data. While we have disaster recovery plans in place for our operations, they might not adequately protect us. Damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break- ins and similar events at our facilities could result in interruptions in the flow of data to our servers and from our servers to our clients. In addition, any failure by our computer environment to provide our required data communications capacity could result in interruptions in our service. In the event of a delay in the delivery of data, we could be required to transfer our data collection operations to an alternative provider of server hosting services ~~. Such~~ **, which may not be available on terms favorable to us or on** a ~~transfer~~ **timely basis, and** could result in delays in our ability to deliver our products and services to our clients. Additionally, significant delays in the planned delivery of system enhancements, improvements and inadequate performance of the systems once they are completed could harm our business. Finally, long- term disruptions in our computer and communications infrastructure caused by events such as natural disasters, the outbreak of war, the escalation of hostilities and acts of terrorism, particularly involving cities in which we have offices, could adversely affect our businesses. Our property and business interruption insurance coverage might not be adequate to compensate us for all losses that may occur. Risks Related to **Health Emergencies Our business, results of operations, financial condition, including the carrying value of certain of our assets, cash flows and stock price have and may continue to be adversely affected by pandemics, epidemics or other public health emergencies. Our business, results of operations, financial condition, including the carrying value of certain of our assets, cash flows and stock price have and may continue to be adversely affected by pandemics, epidemics or other public health emergencies. Such health emergencies can result in governments around the world implementing stringent measures to help control the spread of the virus, including quarantines, " shelter in place " and " stay at home " orders, travel restrictions, business curtailments, school closures, and other measures. The outbreak of public health emergencies and preventive or protective actions taken by governmental authorities may continue to have a material adverse effect on our and our clients' and suppliers' respective operations, including with respect to the potential for business shutdowns or disruptions. The extent to which these health emergencies may continue to adversely impact our business depends on future developments, which are highly uncertain and unpredictable, depending upon the severity and duration of the emergency and the effectiveness of actions taken globally to contain or mitigate its effects. Future financial impact cannot be estimated reasonably at this time, but may materially adversely affect our business, results of operations, financial condition, including the carrying value of certain of our assets, and cash flows. Even after public health emergencies have subsided, we may experience materially adverse impacts to our business due to any resulting economic recession or depression and demand for our products and services. Additionally, concerns over the economic impact of public health emergencies have caused extreme volatility in financial and other capital markets which has and may in the future adversely impact our stock price and our ability to access**

capital markets including to refinance existing obligations. To the extent public health emergencies adversely affect our business and financial results, they may also have the effect of exacerbating many of the other risks described herein or other risks not presently known to us or that we currently deem immaterial. Risks Related to Share ~~OwnershipOur~~ --- **Ownership Our** share price could continue to be volatile and our trading volume may fluctuate substantially. The market price of our common shares has historically been and might continue to be volatile. Many factors may have a significant impact on the future price of our common shares, including: ~~●~~ • our failure to successfully implement our business objectives; ~~●~~ • our businesses, operations, results and prospects; ~~●~~ • changes in revenue or earnings estimates, or changes in recommendations by equity research analysts; ~~●~~ • compliance with ongoing regulatory requirements; ~~●~~ • market acceptance of our products; ~~●~~ • technological innovations, new commercial products or drug discovery efforts and preclinical and clinical activities by us or our competitors; ~~●~~ • changes in government regulations, taxes, legal proceedings and other developments; ~~●~~ • inspections, investigations and enforcement actions by regulatory authorities **against us or our principal suppliers** ; ~~●~~ • negative information related to, or adverse regulatory or other actions against ~~,~~ **us or** our principal suppliers; ~~●~~ • pandemics, epidemics or other public health emergencies, such as COVID **-** 19; ~~●~~ • general economic conditions, including changes in interest rates, and other external factors; • ~~35 ●~~ actual or anticipated fluctuations in our quarterly financial and operating results and those of our competitors; ~~●~~ • announcements concerning us or our competitors; ~~●~~ • market conditions in CRO or research model industries; ~~●~~ • additions or departures of key management personnel; ~~●~~ • future mergers and strategic alliances; ~~●~~ • investor sentiment toward the stock of animal breeding companies; ~~●~~ • maintenance of acceptable credit ratings or credit quality; ~~●~~ • ability to fund future growth; ~~●~~ • the degree of trading liquidity in our common shares; and ~~●~~ • our ability to meet the minimum standards required for remaining listed on The Nasdaq Capital Market. Factors which may impact the price of our common shares include influences beyond our control, such as market conditions and changes in the pharmaceutical and biotechnology industries we serve. The stock market, and in particular the market for pharmaceutical and biotechnology company stocks, has experienced periods of significant price and volume fluctuations, including as a result of ~~the COVID 19 pandemic and~~ recent increases in interest rates and inflation. Volatility and valuation decline have affected the market prices of securities issued by many companies, often for reasons unrelated to their operating performance, and might adversely affect the price of our common shares. Following periods of volatility in the overall market and in the market price of a company' s securities, securities class action litigation and derivative securities litigation have often been instituted against that company, as has been the case with us. Such occurrences of litigation could result in very substantial costs, divert management' s attention and resources and harm our business, operating results and financial condition. Our principal shareholders and management own a significant percentage of our stock and will be able to exercise significant influence over matters subject to shareholder approval. As of ~~December~~ **November** 30, ~~2022~~ **2023** , our executive officers, directors and 5 % shareholders beneficially owned approximately ~~22~~ **10** . ~~2~~ **3** % of our outstanding shares of capital stock. In addition, as of ~~December~~ **November** 30, ~~2022~~ **2023** , our executive officers and directors held options to purchase an aggregate of ~~581~~ **360** , ~~428~~ **908** of our common shares at a weighted- average exercise price of $ ~~8~~ **6** . ~~17~~ **38** per share and an aggregate of **723,** 515 **unvested** ~~, 619~~ restricted stock units. Therefore, these shareholders will have the ability to influence us through this ownership position. The interests of this group of shareholders may not coincide with the interests of other shareholders. The resale of certain shares issued in the Envigo ~~Acquisition~~ **acquisition** and covered by a resale registration statement could adversely affect the market price of our common shares, which result could in turn negatively affect our ability to raise additional equity capital. ~~36Pursuant~~ -- **Pursuant** to the Shareholders Agreement which we entered with certain former shareholders of Envigo in connection with the Envigo ~~Acquisition~~ **acquisition** , we filed a registration statement registering the resale of 6, 964, 728 of our common shares held by the shareholders who are parties to the Shareholders Agreement. The resale registration statement permits the resale of these shares at any time and without restriction. The sale, or availability for sale, of our common shares in the public market may adversely affect the prevailing market price of our common shares and may impair our ability to raise additional equity capital. The resale of a substantial number of our common shares in the public market could adversely affect the market price for our common shares and make it more difficult for you to sell our common shares at times and prices that you feel are appropriate. Furthermore, because there are a large number of shares registered pursuant to the resale registration statement, the selling shareholders named in such registration statement may continue to offer shares covered by the resale registration statement for a significant period of time, the precise duration of which cannot be predicted. Accordingly, the adverse market and price pressures resulting from an offering pursuant to the resale registration statement may continue for an extended period of time and continued negative pressure on the market price of our common shares could have a material adverse effect on our ability to raise additional equity capital. Anti- takeover provisions in our organizational documents and under Indiana law may discourage or prevent a change in control, even if a sale of us would benefit our shareholders, which could cause our stock price to decline and prevent attempts by shareholders to replace or remove our current management. Our Second Amended and Restated Articles of Incorporation and Third Amended and Restated Bylaws contain provisions that may delay or prevent a change in control, discourage bids at a premium over the market price of our common shares, harm the market price of our common shares, and diminish the voting and other rights of the holders of our common shares. These provisions include: ~~●~~ • dividing our board of directors into three classes serving staggered three- year terms; ~~●~~ • authorizing our board of directors to issue preferred stock and additional common shares without shareholder approval; ~~●~~ • requiring one or more written demands signed and dated by holders of at least 25 % of all the votes entitled to be cast on any issue proposed to be considered at a special meeting for shareholders to call a special meeting; ~~●~~ • prohibiting our shareholders from amending our Bylaws; and ~~●~~ • requiring advance notice for nominating directors at shareholders' meetings. Our board of directors also has the ability to adopt a shareholder rights agreement, sometimes called a " poison pill, " providing for the issuance of a new series of preferred stock to holders of common shares. In the event of a takeover attempt, this preferred stock would give rights to holders of common shares (other than the potential acquirer) to buy additional common shares at a discount, leading to the dilution of the potential acquirer' s stake. The board' s ability to adopt a poison pill may discourage potential takeover offers, particularly by suitors the board may view as unfavorable transaction partners. As an Indiana corporation, we are governed by the Indiana Business Corporation Law (as amended from time to time, the " IBCL "). Under specified circumstances, certain provisions of the IBCL related to control share acquisitions, business combinations, and constituent interests may delay, prevent, or make more difficult unsolicited acquisitions or changes of control. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish Company transactions that shareholders might deem to be in their best interest. ~~37If~~ **If** we are unable to maintain listing of our securities on The Nasdaq Capital Market or another reputable stock exchange, it may be more difficult for our shareholders to sell their securities. Nasdaq requires listed issuers to comply with certain standards in order to remain listed on its exchange. If, for any reason, Nasdaq should delist our securities from trading on its exchange and we are unable to obtain listing on another reputable national securities exchange, a reduction in some or all of the following may occur, each of which could materially adversely affect our shareholders: ~~●~~ **•** the liquidity of our common shares; ~~●~~ **•** the market price of our common shares; ~~●~~ **•** our ability to obtain financing for the continuation of our operations; ~~●~~ **•** the number of institutional and general investors that will consider investing in our common shares; ~~●~~ **•** the number of market makers in our common shares; ~~●~~ **•** the availability of information concerning the trading prices and volume of our common shares; and ~~●~~ **•** the number of broker- dealers willing to execute trades in our common shares. **General Risk Factors The loss of key personnel could adversely affect our business. Our success depends to a significant extent upon the efforts of our senior management team and other key personnel. The loss of the services of such personnel could adversely affect our business. Also, because of the nature of our business, our success depends upon our ability to attract, train, manage and retain qualified personnel. There is substantial competition for qualified personnel, and an inability to recruit or retain qualified personnel may impact our ability to grow our business and compete effectively in our industry. We rely on third parties for important services.** We have ~~never paid cash dividends~~ **historically depended on third parties to provide us with services critical to our business, including without limitation transportation services. The failure of third parties to adequately provide needed services or our determination to forgo non- critical services, could have a material adverse effect on our business. Unfavorable general economic conditions may materially adversely affect our business. While it is difficult for us to predict the impact of general economic conditions on our business, these conditions could reduce client demand for some of our products or services, which could cause our revenue to decline. Also, our clients, particularly smaller biotechnology companies which are especially reliant on the credit** and ~~currently do~~ **capital markets, may** not ~~intend~~ **be able** to **obtain adequate access to credit** ~~do so. We have never declared~~ or ~~paid cash dividends~~ **equity funding, which could affect their ability to timely pay us. Moreover, we rely** on **credit facilities to provide working capital to support our operations and regularly evaluate alternative financing sources. Changes in the commercial credit market** ~~our~~ - **or in the** ~~common shares. We currently plan to retain any earnings to finance~~ **financial stability** ~~the growth~~ of our **creditors may impact** ~~business rather than to pay cash dividends. Potential payments of any cash dividends in~~ the **ability of** ~~future will depend on~~ our **creditors to provide additional financing. In addition, the** financial condition **of our credit facility providers** , **which is beyond our control, may adversely change. Any decrease in our access to borrowings under our credit facility or successor facilities (if any), tightening of lending standards and other changes to our sources of liquidity could adversely impact our ability to obtain the financing we need to continue operating our business in the current manner. For these reasons, among others, if economic conditions stagnate or decline, our operating** results ~~of operations~~ and ~~capital requirements, limitations in our debt agreements, as well as other factors deemed relevant by our board of directors. Risks Related to our Merger and Acquisition ActivitiesWe have and may further expand our business through acquisitions, which exposes us to various risks. Our recent acquisitions pose certain incremental risks to the Company. We have recently completed several acquisitions and continue to review acquisition candidates as part of our continuing business strategy. Factors which may affect our ability to effectively pursue acquisition targets or to grow successfully through completed acquisitions, including our recent acquisitions, include: ● The inability of the Company to obtain financing~~ **financial condition** ~~for the acquisition of targets; ● Difficulties and expenses in connection with integrating acquired companies and achieving expected benefits, including as related to the integration of departments, accounting and other systems, technologies, books and records and procedures; ● Diversion of management' s attention from daily operations to various integration activities; ● The potential for disruption of prior operations and plans; ● The risk that acquisitions~~ could ~~be dilutive to earnings, or in the event of acquisitions made through the issuance of our common shares to the shareholders of the acquired company, dilutive to the percentage ownership of our existing stockholders; ● The possibility that we may~~ be adversely affected ~~by risks facing~~ **. Global economic uncertainty has produced, and continues to produce, substantial stress, volatility, illiquidity and disruption of global credit and** ~~the~~ **other** ~~acquired companies~~ **financial markets. Various factors contribute to the uncertain economic environment** , including **geopolitical tensions** ~~potential losses resulting from undiscovered liabilities of acquired companies not covered by the indemnification we may obtain from the sellers; ● Risks associated with the assimilation and retention of employees~~ , **military conflicts** ~~including key employees; ● The potential loss of~~ , ~~or adverse~~ **the level and volatility of interest rates, the level of inflation, the continuing** effects **of** ~~on, existing business relationships~~ the ~~acquired business has with suppliers~~ **COVID- 19 pandemic,** ~~and~~ - **an actual recession or fears of** ~~clients; 38 ● The potential need to address relevant internal control over financial reporting and disclosure control and procedures matters; ● Possible deficiencies in operational processes and procedures; ● Risks associated with carrying~~ a **recession** ~~relatively significant level of debt; and ● The ability of our management team to manage expanded operations to meet operational and financial expectations. We may need additional capital~~ , **trade policies** and **tariffs** ~~any additional capital we seek may not be available in the amount or at the time we need it. Successful execution of our growth plans will require that we have access to capital. Our expected financing needs are based upon management' s estimates as to future revenue and expense. Our business plan and financing needs are subject to change based upon~~ , ~~among other factors, our ability to increase revenues~~ and **political** ~~manage expenses~~ and ~~the timing and extent of~~

~~our future capital expenditures and acquisition activity. If our estimates of our financing needs change, we may need additional capital more quickly than we expect or we may need a greater amount of capital. In general, additional capital may be raised through the sale of common shares, preferred equity or convertible debt securities, entry into debt facilities or other third- party funding arrangements. The sale of equity and convertible debt securities may result in dilution to our shareholders and those securities may have rights senior to those of our common shares. Agreements entered into in connection with such capital raising activities could contain covenants that would restrict our operations or require us to relinquish certain rights. Additional capital may not be available on reasonable terms, or at all. If we cannot timely raise any needed funds, we may be forced to reduce our operating expenses, which could adversely affect our ability to implement our long- term strategic roadmap and grow our business. The Company may fail to realize anticipated strategic and financial benefits from recent acquisitions. We may not realize all of the anticipated benefits of our recent business acquisitions. These acquisitions may not further our business strategy as we expect, we may fail to successfully integrate the acquired operations as planned or to realize the synergies and other benefits we expected from the acquisitions, we may experience unexpected adverse impacts on the acquired businesses, or we may otherwise not realize the expected return on our investments, any of which could adversely affect our business or operating results and potentially cause impairment to assets that we record as a part of the acquisitions, including intangible assets and goodwill. We may have difficulties managing the acquired businesses or retaining key personnel of the acquired companies. Our operating results or financial condition also may be adversely impacted by (i) claims or liabilities related to the acquired companies' businesses including, among others, claims from U. S. regulatory or other~~ governmental **instability** ~~agencies, terminated employees, current or former customers or business partners, or other third parties; (ii) pre- existing contractual relationships of the acquired companies that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; (iii) unfavorable accounting treatment as a result of the acquired companies' practices; and (iv) intellectual property claims or disputes~~ . ~~Certain of the companies we have acquired were not required to maintain an internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes- Oxley Act of 2002, and we may acquire similar companies in the future. The costs to implement such controls and procedures may be substantial and we could encounter unexpected delays and challenges in this implementation. In addition, we may discover significant deficiencies or material weaknesses in the quality of an acquired company' s financial and disclosure controls and procedures which could result in additional costs or adversely affect our business or operating results, and, as has occurred with us, the accounting for acquisitions can be complex and may lead to material weaknesses. For further information related to management' s assessment of internal controls, refer to Item 9A within this Report. 39~~