



Charles River Laboratories Acquires Distributed Bio

January 4, 2021

– Establishes a Premier, Integrated, Large Molecule Discovery Platform –

– Advances Exclusive Partnership Initiated in 2018 –

WILMINGTON, Mass.--(BUSINESS WIRE)--Jan. 4, 2021-- Charles River Laboratories International, Inc. (NYSE: CRL) announced today that it acquired Distributed Bio, Inc. on December 31, 2020. The acquisition marks the culmination of an exclusive partnership between these companies that was initiated in October 2018.

Based in South San Francisco, California, [Distributed Bio](#) is a next-generation antibody discovery company. Distributed Bio's SuperHuman™ antibody libraries and integrated antibody optimization technologies help to enhance the probability of success for delivering high-quality, readily formattable antibody fragments to support antibody and cell and gene therapy candidates to biopharmaceutical clients. Distributed Bio's libraries are computationally optimized for both sequence diversity and immuno-engineering fitness through the analysis of thousands of human antibody repertoires and all known monoclonal therapeutics in clinical trials, which can generate many unique binders against every antigen tested. This large molecule discovery platform improves the chance of successful hit finding, reduces optimization requirements, and thereby expedites the antibody discovery process by several months. Distributed Bio's computational immunology expertise also enables optimization of existing client antibodies generated through more traditional platforms, such as hybridoma or traditional phage display.

The acquisition of Distributed Bio expands Charles River's scientific capabilities with an innovative, large-molecule discovery platform. The transaction combines Distributed Bio's antibody libraries and immuno-engineering platform with Charles River's extensive drug discovery and non-clinical development expertise to create an integrated, end-to-end platform for therapeutic antibody and cell and gene therapy discovery and development.

James C. Foster, Chairman, President and Chief Executive Officer of Charles River Laboratories, commented, "The addition of Distributed Bio's next-generation antibody discovery capabilities further enhances Charles River's unique ability to serve as a single-source partner to support our clients' early-stage research. Our successful partnership has already generated significant client interest and we believe our broader platform will continue to attract new discovery business opportunities. Distributed Bio's large-molecule discovery platform fills a gap in our portfolio and expands our early discovery expertise in a complex drug modality that few CROs can successfully offer. With its focus on speed and design efficiency, we believe the acquisition of Distributed Bio will enable us to build upon the more than 80 novel small molecule candidates that we have discovered for our clients and meet our goal of eliminating an additional year from our clients' early-stage development timelines. We are pleased to welcome Distributed Bio to the Charles River family."

"We believe our clients' willingness to outsource more of their discovery programs will be predicated on our ability to continue to add innovative capabilities to meet our clients' critical research needs, which we are accomplishing through strategic acquisitions and our partnership strategy. Distributed Bio is an example of our selective technology investments potentially becoming acquisitions after working with the target company for a meaningful period of time to provide its services to our clients. By adding innovative capabilities like large molecule discovery, we are enabling our clients to remain with one scientific partner from target identification through IND filing, and solidifying our position as the leading, early-stage contract research organization," Mr. Foster concluded.

Financial and Transaction Details

The purchase price was \$83 million in cash, subject to customary closing adjustments. In addition to the initial purchase price, the transaction includes contingent additional payments of up to \$21 million based on future performance. The proposed acquisition and associated fees have been financed through Charles River's existing revolving credit facility and cash.

Distributed Bio's estimated annual revenue in 2020 was approximately \$15 million. The transaction is not expected to have a material impact on Charles River's GAAP or non-GAAP financial results in 2021. Distributed Bio will become part of the Company's Discovery and Safety Assessment segment.

Caution Concerning Forward-Looking Statements

This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "will," "may," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Forward-looking statements include statements in this news release regarding the acquisition of Distributed Bio and Charles River's expectations with respect to the impact of Distributed Bio on the Company, its product and service offerings, client perception, revenue, revenue growth rates, and earnings per share; Charles River's projected future performance including revenue and earnings per share; as well as Charles River's future growth for discovery services. Forward-looking statements are based on Charles River's current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to, the ability to successfully integrate the acquisition of Distributed. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 11, 2020 and the Quarterly Report on Form 10-Q as filed on October 29, 2020, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this news release except as required by law.

About Charles River

Charles River provides essential products and services to help pharmaceutical and biotechnology companies, government agencies and leading academic institutions around the globe accelerate their research and drug development efforts. Our dedicated employees are focused on providing clients with exactly what they need to improve and expedite the discovery, early-stage development and safe manufacture of new therapies for the patients who need them. To learn more about our unique portfolio and breadth of services, visit www.criver.com.

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