# Charles River Laboratories to Acquire Vigene Biosciences to Enhance Gene Therapy Capabilities

May 17, 2021

**– Further Expands Charles River's Scientific Capabilities in the High-Growth Cell and Gene Therapy CDMO Sector –**

WILMINGTON, Mass.--(BUSINESS WIRE)--May 17, 2021-- Charles River Laboratories International, Inc. (NYSE: CRL) announced today that it has signed a definitive agreement to acquire Vigene Biosciences, Inc., a premier, U.S.-based gene therapy contract development and manufacturing organization (CDMO) providing viral vector-based gene delivery solutions. The purchase price is expected to be $292.5 million in cash, subject to customary closing adjustments. In addition to the initial purchase price, the transaction includes contingent additional payments of up to $57.5 million based on future performance. The transaction is expected to close in the beginning of the third quarter of 2021, subject to regulatory requirements and customary closing conditions.

James C. Foster, Chairman, President and Chief Executive Officer of Charles River Laboratories, commented, "The addition of Vigene Biosciences' extensive gene therapy expertise will enable us to expand our comprehensive cell and gene therapy portfolio to span each of the major CDMO platforms – cell therapy, viral vector, and plasmid DNA production. In these emerging, high-growth, value-added segments, we intend to continue to differentiate ourselves by bringing our high-science, customizable approach to support the complex needs of cell and gene therapy developers and innovators worldwide. Our goal is to become our clients' scientific partner of choice for advanced drug modalities from discovery and non-clinical development to CGMP manufacturing. We look forward to welcoming Vigene's dedicated employees to the Charles River family."

**Strategic Rationale**

The acquisition of Vigene Biosciences will enhance Charles River's gene therapy capabilities in the high-growth, value-added cell and gene therapy CDMO sector.

- ***Expands Charles River's Gene Therapy CDMO Capabilities for Viral Vectors and Plasmid DNA –*** Vigene offers its clients contract manufacturing solutions across several key gene therapy platforms, enhancing Charles River's ability to meet its clients' evolving scientific needs. Its primary area of expertise is CGMP viral vector manufacturing, which is used for gene therapies and gene-modified cell therapies. Vigene has significant expertise in adeno-associated virus (AAV) CGMP production, which is the most commonly used delivery solution for gene therapies, as well as for other major viral vectors, including lentivirus. Vigene also offers high-quality, research grade and CGMP plasmid DNA, which is a foundational tool used in the development of viral vectors for gene-modified cell therapies, gene therapies, and vaccine production.
- ***Complements Charles River's existing non-clinical development and manufacturing portfolio –*** The addition of Vigene will be complementary to Charles River's existing, non-clinical development and manufacturing capabilities and provide clients access to a comprehensive cell and gene therapy solution. With operations based in Rockville, Maryland, Vigene will geographically expand and be highly complementary to Charles River's existing gene therapy CDMO capabilities in the United Kingdom and Sweden, which were acquired through the March 2021 acquisition of Cognate BioServices. Vigene will also support Charles River's existing, U.S.-based cell therapy production capabilities and establish an end-to-end, gene-modified cell therapy solution. In addition, the acquisition will enable clients to seamlessly conduct analytical testing, process development, and manufacturing for advanced modalities with the same scientific partner, enabling them to achieve their goal of driving greater efficiency and accelerating their speed to market for advanced drug modalities.
- ***Enhances Charles River's growth potential with increased exposure in the high-growth market sector –*** Vigene will enhance Charles River's growth potential by expanding Charles River's portfolio of comprehensive cell and gene therapy solutions with viral vector and plasmid DNA manufacturing. The addressable market for cell and gene therapy CDMO services, principally for cell therapy, plasmid DNA, and viral vector production, is currently estimated at approximately $2.5 billion globally and is expected to grow at least 25% annually over the next five years.
- ***Expected to drive profitable growth and shareholder value –*** The acquisition is expected to generate attractive financial returns that are consistent with Charles River's disciplined investment criteria. It is also expected to be accretive to Charles River's long-term revenue and earnings per share growth. Vigene is expected to generate annual revenue of $30 to $35 million in 2021, and is expected to grow at least 25% annually over the next five years.

**Additional Financial and Transaction Details**

Based on the anticipated completion of the acquisition in the beginning of the third quarter, Vigene is expected to add approximately 50 basis points to Charles River's reported revenue growth rate in 2021. The transaction is expected to be neutral to non-GAAP earnings per share in the first full year after the acquisition closes, and accretive thereafter. Items excluded from non-GAAP earnings per share are expected to include all acquisition-related costs, which primarily include amortization of intangible assets, advisory fees, certain costs associated with efficiency initiatives, and certain third-party integration costs.

The acquisition and associated fees are expected to be financed through Charles River's existing credit facility and cash. Vigene is expected to be

reported as part of Charles River's Manufacturing segment.

**Advisors**

Davis Polk & Wardwell LLP is acting as Charles River's transactional legal counsel, and Weil, Gotshal & Manges LLP is acting as antitrust counsel.

Vigene Biosciences is supported by its institutional investor, Signet Healthcare Partners. Robert W. Baird & Co. is acting as the exclusive financial advisor, and Shulman Rogers and Sheppard Mullin Richter & Hampton LLP are acting as legal counsel to Vigene.

**Use of Non-GAAP Financial Measures**

This news release contains non-GAAP financial measures, such as non-GAAP earnings per diluted share, which exclude the amortization of intangible assets, integration costs, advisory fees, and other charges related to our acquisitions and expenses associated with evaluating acquisitions. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. There are limitations in using non-GAAP financial measures, as they are not prepared in accordance with generally accepted accounting principles, and may be different than non-GAAP financial measures used by other companies. In particular, we believe that the inclusion of supplementary non-GAAP financial measures in this news release helps investors to gain a meaningful understanding of our core operating results and future prospects without the effect of these often-one-time charges, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. We believe that the financial impact of our acquisitions (and in certain cases, the evaluation of such acquisitions, whether or not ultimately consummated) is often large relative to our overall financial performance, which can adversely affect the comparability of our results on a period-to-period basis. In addition, certain activities, such as business acquisitions, happen irregularly and the underlying costs associated with such activities do not recur on a consistent basis. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this news release are not meant to be considered superior to or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to periodically assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations. A reconciliation of the effect of this transaction on non-GAAP earnings per share for 2021 to the most directly comparable GAAP financial measure has not been included because it is impracticable to determine the allocation of the purchase price for the proposed acquisition and other necessary adjustments at this time.

**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 Vigene Biosciences, Inc., expectations regarding the timing of the closing of the acquisition, and Charles River's expectations with respect to the impact of Vigene 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 in the area of cell and gene therapy CDMO 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 complete the acquisition of Vigene, our ability to successfully integrate Vigene, and risks and uncertainties associated with Vigene's products and services. 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 17, 2021 and the Quarterly Report on Form 10-Q as filed on May 4, 2021, 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.

View source version on businesswire.com: https://www.businesswire.com/news/home/20210517005231/en/

Investor Contact:
Todd Spencer
Corporate Vice President, Investor Relations
781.222.6455
todd.spencer@crl.com

Media Contact:
Amy Cianciaruso
Corporate Vice President, Public Relations
781.222.6168
amy.cianciaruso@crl.com

Source: Charles River Laboratories International, Inc.