



## Charles River Laboratories Announces Two Divestitures

October 12, 2021

WILMINGTON, Mass.--(BUSINESS WIRE)--Oct. 12, 2021-- Charles River Laboratories International, Inc. (NYSE: CRL) announced that it has divested its Research Models and Services operations in Japan (RMS Japan) and its gene therapy CDMO site in Sweden (CDMO Sweden) in two separate transactions.

### RMS Japan Divestiture

On October 12<sup>th</sup>, the Company completed the sale of its RMS Japan operations to The Jackson Laboratory (JAX) for approximately \$63 million in cash, subject to customary closing adjustments.

The RMS Japan operations provide research models and associated services to support clients in the Japanese market. It has approximately 260 employees and generated annual revenue of \$46 million in 2020. For more than 20 years, Charles River and JAX have had a distribution agreement for the production and sale of JAX's research models in Japan. In connection with this transaction, JAX and Charles River have entered into a technology license agreement for JAX to produce and distribute Charles River's research models in Japan. Charles River will continue to provide research models and services to global clients from its operations in North America, Europe, and China.

### CDMO Sweden Divestiture

On October 12<sup>th</sup>, the Company completed the sale of its gene therapy CDMO site in Sweden to a private investor group for approximately \$52 million in cash with potential contingent payments of up to an additional \$25 million, subject to certain adjustments.

The CDMO Sweden site, which was acquired as part of the Cognate BioServices acquisition on March 29, 2021, produces plasmid DNA for use in gene therapies, as well as other CDMO inputs. It has approximately 130 employees and generated annual revenue of approximately \$10 million in 2020. Charles River will continue to provide plasmid DNA, as well as its broader suite of cell and gene therapy CDMO services, to global clients from its operations in the United Kingdom and United States.

### Financial Impact

The Company expects both divestitures to reduce revenue by nearly \$20 million and non-GAAP diluted earnings per share by nearly \$0.10 in the fourth quarter of 2021, which will be reflected in its 2021 financial guidance that will be updated in November. Items excluded from non-GAAP diluted earnings per share are expected to include gains on the sale of the businesses and all divestiture-related costs, which primarily include advisory fees and certain other transaction-related costs.

### 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 divestitures. 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 divestitures (and in certain cases, the evaluation of such divestitures, whether or not ultimately completed) 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 divestitures, 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 diluted earnings per share for 2021 to the most directly comparable GAAP financial measure has not been included because it is impracticable to determine the 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 divestitures of Charles River RMS Japan and its gene therapy CDMO site in Sweden, Charles River's expectations with respect to the impact of the divestitures 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. 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. 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 August 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](http://www.criver.com).

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Source: Charles River Laboratories International, Inc.