

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-37923

**CRISPR THERAPEUTICS AG**

(Exact name of registrant as specified in its charter)

Switzerland

(State or other jurisdiction of  
incorporation or organization)

Not Applicable

(I.R.S. Employer  
Identification No.)

Baarerstrasse 14

6300 Zug, Switzerland

(Address of principal executive offices)

Not Applicable

(Zip Code)

+41 (0)41 561 32 77

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, nominal value CHF 0.03	CRSP	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 1, 2024, there were 85,353,479 shares of registrant's common shares outstanding.

Throughout this Quarterly Report on Form 10-Q, the “Company,” “CRISPR,” “CRISPR Therapeutics,” “we,” “us,” and “our,” except where the context requires otherwise, refer to CRISPR Therapeutics AG and its consolidated subsidiaries; “our board of directors” refers to the board of directors of CRISPR Therapeutics AG; and we generally refer to CASGEVY (exagamglogene autotemcel [exa-cel]), formerly CTX001, as “CASGEVY”.

“CRISPR Therapeutics®” standard character mark and design logo, “CRISPRX™,” “CRISPR TX™,” “CTX112™,” “CTX131™,” “CTX310™,” “CTX320™,” and “CTX211™” are trademarks and registered trademarks of CRISPR Therapeutics AG. The CASGEVY™ word mark and design are trademarks of Vertex Pharmaceuticals Incorporated. All other trademarks and registered trademarks contained in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, trademarks, service marks and trade names referred to in this Quarterly Report on Form 10-Q may appear without the ® or ™ symbols and any such omission is not intended to indicate waiver of any such rights.

## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q are forward-looking statements. These statements are often identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “potential,” “will,” “would” or the negative or plural of these words or similar expressions or variations, although not all forward-looking statements contain these identifying words. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our strategic plans to develop and, if approved, subsequently commercialize any product candidates we may develop, including plans and expectations for the commercialization of, and anticipated benefits of, CASGEVY;
- the safety, efficacy and clinical progress of various clinical programs, including those for CASGEVY, CTX112, CTX131, CTX211, CTX310 and CTX320;
- the status of clinical trials, including development timelines and discussions with regulatory authorities related to product candidates under development by us and our collaborators;
- the results of our preclinical studies and clinical trials, including our ongoing clinical trials and any planned clinical trials, and our research and development programs;
- our ability to advance product candidates into, and successfully complete, clinical trials;
- the size and growth potential of the markets for our product candidates and our ability to serve those markets, including our estimates regarding the addressable patient population and potential market opportunity for our current and future product candidates;
- the rate and degree of market acceptance of our product candidates and the success of competing therapies that are or become available;
- our internal manufacturing capabilities and operation of our cell therapy manufacturing facility;
- our intellectual property coverage and positions, including those of our licensors and third parties as well as the status and potential outcome of proceedings involving any such intellectual property;
- the expected benefits of our collaborations;
- our strategy, goals, and anticipated financial performance;
- our anticipated expenses, ability to obtain funding for our operations and the sufficiency of our cash resources; and
- the therapeutic value, development, and commercial potential of CRISPR/Cas9 gene editing technologies and therapies.

Any forward-looking statements in this Quarterly Report on Form 10-Q reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and assumptions that could cause our actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled “Risk Factors,” set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q, if any, our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on February 21, 2024, and in other SEC filings. You should not rely upon forward-looking statements as predictions of future events. Such forward-looking statements speak only as of the date of this report. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make or enter into.

You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits to this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results, performance or achievements may be materially different from what we expect. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Investors and others should note that we announce material information to our investors using our investor relations website (<https://crisprtx.gcs-web.com/>), SEC filings, press releases, public conference calls and webcasts. We use these channels as well as social media to communicate with the public about our Company, our business, our product candidates and other matters. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our Company to review the information we post on the social media channels listed on our investor relations website.

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**CRISPR Therapeutics AG**  
**Condensed Consolidated Balance Sheets**  
(unaudited, in thousands, except share and per share data)

	As of	
	September 30, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 225,670	\$ 389,477
Marketable securities	1,709,975	1,304,215
Accounts receivable	—	200,000
Prepaid expenses and other current assets	8,246	14,386
Total current assets	1,943,891	1,908,078
Property and equipment, net	138,542	151,945
Marketable securities, non-current	—	1,973
Intangible assets, net	—	16
Restricted cash	11,520	11,591
Operating lease assets	146,286	153,993
Other non-current assets	15,891	1,975
Total assets	\$ 2,256,130	\$ 2,229,571
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 15,578	\$ 38,147
Accrued expenses	47,204	45,335
Deferred revenue, current	4,483	4,105
Accrued tax liabilities	838	438
Operating lease liabilities	16,883	15,625
Other current liabilities	4,824	5,141
Total current liabilities	89,810	108,791
Deferred revenue, non-current	12,323	14,012
Operating lease liabilities, net of current portion	210,662	223,007
Other non-current liabilities	3,677	958
Total liabilities	316,472	346,768
Commitments and contingencies, see Note 7		
Shareholders' equity:		
Common shares, CHF 0.03 nominal value, 132,477,166 and 126,536,183 shares authorized at September 30, 2024 and December 31, 2023, respectively, 85,506,092 and 80,214,694 shares issued at September 30, 2024 and December 31, 2023, respectively, 85,335,776 and 80,044,378 shares outstanding at September 30, 2024 and December 31, 2023, respectively	2,684	2,497
Treasury shares, at cost, 170,316 shares at September 30, 2024 and at December 31, 2023	(62)	(62)
Additional paid-in capital	3,255,112	2,878,155
Accumulated deficit	(1,328,641)	(999,700)
Accumulated other comprehensive income	10,565	1,913
Total shareholders' equity	1,939,658	1,882,803
Total liabilities and shareholders' equity	\$ 2,256,130	\$ 2,229,571

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**CRISPR Therapeutics AG**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
(unaudited, in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenue:</b>				
Collaboration revenue	\$ —	\$ —	\$ —	\$ 170,000
Grant revenue	602	—	1,623	—
Total revenue	602	—	1,623	170,000
<b>Operating expenses:</b>				
Research and development	82,160	90,698	238,498	292,188
General and administrative	17,419	18,291	54,853	59,683
Collaboration expense, net	11,153	23,422	110,250	110,250
Total operating expenses	110,732	132,411	403,601	462,121
Loss from operations	(110,130)	(132,411)	(401,978)	(292,121)
<b>Other income:</b>				
Other income, net	25,064	20,671	75,924	51,819
Total other income, net	25,064	20,671	75,924	51,819
Net loss before income taxes	(85,066)	(111,740)	(326,054)	(240,302)
Provision for income taxes	(876)	(412)	(2,887)	(2,655)
Net loss	(85,942)	(112,152)	(328,941)	(242,957)
Foreign currency translation adjustment	76	(49)	66	12
Unrealized gain on marketable securities	13,368	2,160	8,586	8,838
Comprehensive loss	\$ (72,498)	\$ (110,041)	\$ (320,289)	\$ (234,107)
Net loss per common share — basic	\$ (1.01)	\$ (1.41)	\$ (3.92)	\$ (3.07)
Basic weighted-average common shares outstanding	85,234,926	79,414,098	83,988,063	79,063,415
Net loss per common share — diluted	\$ (1.01)	\$ (1.41)	\$ (3.92)	\$ (3.07)
Diluted weighted-average common shares outstanding	85,234,926	79,414,098	83,988,063	79,063,415

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**CRISPR Therapeutics AG**  
**Condensed Consolidated Statements of Shareholders' Equity**  
**(unaudited, in thousands, except share and per share data)**

	Common Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain/(Loss)	Total Shareholders' Equity
	Shares	CHF 0.03 Nominal Value	Shares	Amount, at cost				
<b>Balance at December 31, 2022</b>	78,512,450	\$ 2,441	180,316	\$ (63)	\$ 2,734,838	\$ (846,090)	\$ (15,647)	\$ 1,875,479
Vesting of restricted shares	172,995	5	—	—	—	—	—	5
Exercise of vested options, net of issuance costs of \$0.2 million	159,184	6	—	—	4,677	—	—	4,683
Purchase of common stock under ESPP	19,105	—	—	—	660	—	—	660
Stock-based compensation expense	—	—	—	—	20,875	—	—	20,875
Other comprehensive income	—	—	—	—	—	—	6,259	6,259
Net loss	—	—	—	—	—	(53,065)	—	(53,065)
<b>Balance at March 31, 2023</b>	78,863,734	\$ 2,452	180,316	\$ (63)	\$ 2,761,050	\$ (899,155)	\$ (9,388)	\$ 1,854,896
Vesting of restricted shares	97,631	4	—	—	—	—	—	4
Exercise of vested options, net of issuance costs of \$0.3 million	411,001	18	—	—	16,605	—	—	16,623
Stock-based compensation expense	—	—	—	—	21,765	—	—	21,765
Other comprehensive income	—	—	—	—	—	—	480	480
Net loss	—	—	—	—	—	(77,740)	—	(77,740)
<b>Balance at June 30, 2023</b>	79,372,366	\$ 2,474	180,316	\$ (63)	\$ 2,799,420	\$ (976,895)	\$ (8,908)	\$ 1,816,028
Vesting of restricted shares	3,305	—	—	—	—	—	—	—
Exercise of vested options	16,900	2	—	—	645	—	—	647
Purchase of common stock under ESPP	34,177	—	—	—	1,192	—	—	1,192
Stock-based compensation expense	—	—	—	—	19,968	—	—	19,968
Other comprehensive income	—	—	—	—	—	—	2,111	2,111
Net loss	—	—	—	—	—	(112,152)	—	(112,152)
<b>Balance at September 30, 2023</b>	79,426,748	\$ 2,476	180,316	\$ (63)	\$ 2,821,225	\$ (1,089,047)	\$ (6,797)	\$ 1,727,794

	Common Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain/(Loss)	Total Shareholders' Equity
	Shares	CHF 0.03 Nominal Value	Shares	Amount, at cost				
<b>Balance at December 31, 2023</b>	80,044,378	\$ 2,497	170,316	\$ (62)	\$ 2,878,155	\$ (999,700)	\$ 1,913	\$ 1,882,803
Issuance of common stock, net of issuance costs of \$3.8 million	3,929,610	132	—	—	277,015	—	—	277,147
Vesting of restricted shares	214,913	7	—	—	—	—	—	7
Exercise of vested options, net of issuance costs of \$0.6 million	632,683	22	—	—	23,844	—	—	23,866
Purchase of common stock under ESPP	16,026	—	—	—	764	—	—	764
Stock-based compensation expense	—	—	—	—	19,405	—	—	19,405
Other comprehensive loss	—	—	—	—	—	—	(3,465)	(3,465)
Net loss	—	—	—	—	—	(116,591)	—	(116,591)
<b>Balance at March 31, 2024</b>	84,837,610	\$ 2,658	170,316	\$ (62)	\$ 3,199,183	\$ (1,116,291)	\$ (1,552)	\$ 2,083,936
Vesting of restricted shares	163,013	6	—	—	—	—	—	6
Exercise of vested options, net of issuance costs of \$0.2 million	44,878	1	—	—	1,069	—	—	1,070
Stock-based compensation expense	—	—	—	—	23,672	—	—	23,672
Other comprehensive loss	—	—	—	—	—	—	(1,327)	(1,327)
Net loss	—	—	—	—	—	(126,408)	—	(126,408)
<b>Balance at June 30, 2024</b>	85,045,501	\$ 2,665	170,316	\$ (62)	\$ 3,223,924	\$ (1,242,699)	\$ (2,879)	\$ 1,980,949
Issuance of common stock	97,040	4	—	—	5,939	—	—	5,943
Vesting of restricted shares	10,500	1	—	—	—	—	—	1
Exercise of vested options	161,516	14	—	—	2,732	—	—	2,746
Purchase of common stock under ESPP	21,219	—	—	—	974	—	—	974
Stock-based compensation expense	—	—	—	—	21,543	—	—	21,543
Other comprehensive gain	—	—	—	—	—	—	13,444	13,444
Net loss	—	—	—	—	—	(85,942)	—	(85,942)
<b>Balance at September 30, 2024</b>	85,335,776	\$ 2,684	170,316	\$ (62)	\$ 3,255,112	\$ (1,328,641)	\$ 10,565	\$ 1,939,658

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*



**CRISPR Therapeutics AG**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited, in thousands)**

	Nine Months Ended September 30,	
	2024	2023
<b>Operating activities:</b>		
Net loss	\$ (328,941)	\$ (242,957)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	14,417	14,937
Equity-based compensation	64,620	62,608
Other non-cash items, net	(23,463)	(11,779)
Acquired in-process research and development	—	2,500
Changes in:		
Accounts receivable	200,000	—
Prepaid expenses and other assets	5,109	16,769
Accounts payable and accrued expenses	(19,433)	(11,056)
Deferred revenue	(1,311)	7,000
Operating lease assets and liabilities	(3,380)	(1,729)
Other liabilities, net	(361)	(595)
Net cash used in operating activities	<u>(92,743)</u>	<u>(164,302)</u>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(1,647)	(8,732)
Purchase of in-process research and development	—	(2,500)
Investment in equity securities	(20,385)	—
Purchases of marketable securities	(1,199,072)	(697,762)
Maturities of marketable securities	834,795	1,165,094
Net cash (used in) provided by investing activities	<u>(386,309)</u>	<u>456,100</u>
<b>Financing activities:</b>		
Proceeds from issuance of common shares, net of issuance costs	285,736	—
Proceeds from exercise of options and ESPP contributions, net of issuance costs	29,372	23,725
Net cash provided by financing activities	<u>315,108</u>	<u>23,725</u>
Effect of exchange rate changes on cash	66	12
(Decrease) increase in cash	<u>(163,878)</u>	<u>315,535</u>
Cash, cash equivalents and restricted cash, beginning of period	401,068	224,060
Cash, cash equivalents and restricted cash, end of period	<u>\$ 237,190</u>	<u>\$ 539,595</u>
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Property and equipment purchases in accounts payable and accrued expenses	\$ 33	\$ 753
Equity issuance costs in accounts payable, accrued expenses, and other long-term liabilities	\$ 3,005	\$ 10
<b>Reconciliation to amounts within the condensed consolidated balance sheets</b>		
	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 225,670	\$ 527,765
Restricted cash	11,520	11,830
<b>Cash, cash equivalents and restricted cash at end of period</b>	<u>\$ 237,190</u>	<u>\$ 539,595</u>

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**CRISPR Therapeutics AG**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

**1. Basis of Presentation and Significant Accounting Policies**

***Basis of Presentation***

The accompanying condensed consolidated financial statements are unaudited and have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP.

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Company views its operations and manages its business in one operating segment, which is the business of discovering, developing and commercializing therapies derived from or incorporating genome-editing technology. Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. These interim financial statements, in the opinion of management, reflect all normal recurring adjustments necessary for a fair presentation of the financial position and results of operations for the three and nine-month interim periods ended September 30, 2024 and 2023.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2023, which are contained in the 2023 Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on February 21, 2024.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, the Company's management evaluates its estimates, which include, but are not limited to, revenue recognition, equity-based compensation expense and reported amounts of expenses during the period. Significant estimates in these consolidated financial statements have been made in connection with revenue recognition and equity-based compensation expense. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Actual results may differ from those estimates or assumptions. Changes in estimates are reflected in reported results in the period in which they become known.

***Significant Accounting Policies***

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and nine months ended September 30, 2024 are consistent with those discussed in Note 2 to the consolidated financial statements in the Company's 2023 Annual Report on Form 10-K filed with the SEC on February 21, 2024.

***New Accounting Pronouncements – Recently Adopted***

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies that the Company adopts as of the specified effective date. The Company does not believe that the adoption of recently issued standards has or may have a material impact on its condensed consolidated financial statements and disclosures.

## 2. Marketable Securities

The following table summarizes cash equivalents and marketable securities held at September 30, 2024 and December 31, 2023 (in thousands), which are recorded at fair value. The table below excludes \$103.8 million and \$197.8 million of cash at September 30, 2024 and December 31, 2023, respectively.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>September 30, 2024</b>				
Cash equivalents:				
Money market funds	\$ 89,098	\$ —	\$ —	\$ 89,098
Certificates and term deposits	25,098	—	—	25,098
Commercial paper	7,710	—	(1)	7,709
Total cash equivalents	121,906	—	(1)	121,905
Marketable securities:				
U.S. Treasury securities	13,472	7	—	13,479
Corporate debt securities	1,151,792	9,185	(204)	1,160,773
Certificates and term deposits	133,547	—	—	133,547
Government-sponsored enterprise securities	260,362	1,396	(24)	261,734
Commercial paper	132,940	113	(2)	133,051
Total marketable debt securities	1,692,113	10,701	(230)	1,702,584
Corporate equity securities	7,500	—	(109)	7,391
Total marketable securities	1,699,613	10,701	(339)	1,709,975
Total cash equivalents and marketable securities	\$ 1,821,519	\$ 10,701	\$ (340)	\$ 1,831,880
<b>December 31, 2023</b>				
Cash equivalents:				
Money market funds	\$ 185,990	\$ —	\$ —	\$ 185,990
U.S. Treasury securities	5,731	—	—	5,731
Total cash equivalents	191,721	—	—	191,721
Marketable securities:				
U.S. Treasury securities	22,963	45	—	23,008
Corporate debt securities	883,550	3,367	(1,559)	885,358
Certificates and term deposits	47,282	—	—	47,282
Government-sponsored enterprise securities	195,106	377	(352)	195,131
Commercial paper	155,403	32	(26)	155,409
Total marketable securities	1,304,304	3,821	(1,937)	1,306,188
Total cash equivalents and marketable securities	\$ 1,496,025	\$ 3,821	\$ (1,937)	\$ 1,497,909

As of September 30, 2024, marketable debt securities were in a net unrealized gain position of \$10.5 million. As of December 31, 2023, marketable debt securities were in a net unrealized gain position of \$1.9 million. The Company has recorded a net unrealized gain of \$13.4 million and \$8.6 million during the three and nine months ended September 30, 2024, respectively, related to its debt securities, which is included in comprehensive loss on the condensed consolidated statements of operations and comprehensive loss. The Company recorded a net unrealized gain of \$2.2 million and \$8.8 million during the three and nine months ended September 30, 2023, respectively, related to its debt securities, which is included in comprehensive loss on the condensed consolidated statements of operations and comprehensive loss.

As of September 30, 2024 and December 31, 2023, the aggregate fair value of marketable securities that were in an unrealized loss position for less than twelve months was \$112.9 million and \$463.5 million, respectively. As of September 30, 2024 and December 31, 2023, the aggregate fair value of marketable securities that were in an unrealized loss position for more than twelve months was \$131.3 million and \$138.4 million, respectively. As of September 30, 2024, no securities in an unrealized loss position for more than twelve months will mature beyond one year. As of December 31, 2023, securities in an unrealized loss position for more than twelve months totaling \$2.0 million had maturities beyond one year, which is included in marketable securities, non-current, on the condensed consolidated balance sheet.

The Company determined that there is no material credit risk associated with the above investments as of September 30, 2024.

The Company has the intent and ability to hold such securities until recovery. As a result, the Company did not record any charges for credit-related impairments for its marketable securities for the three and nine months ended September 30, 2024 and 2023. No available-for-sale debt securities held as of September 30, 2024 had remaining maturities greater than thirty months.

### 3. Fair Value Measurements

The following tables present information about the Company's financial assets measured at fair value on a recurring basis and indicate the fair value hierarchy classification of such fair values as of September 30, 2024 and December 31, 2023 (in thousands):

	Fair Value Measurements at			
	Total	September 30, 2024		Level 3
Level 1		Level 2		
Cash and cash equivalents:				
Cash	\$ 103,765	\$ 103,765	\$ —	\$ —
Money market funds	89,098	89,098	—	—
Certificates and term deposits	25,098	—	25,098	—
Commercial paper	7,709	—	7,709	—
Marketable securities:				
U.S. Treasury securities	13,479	—	13,479	—
Corporate debt securities	1,160,773	—	1,160,773	—
Certificates and term deposits	133,547	—	133,547	—
Government-sponsored enterprise securities	261,734	—	261,734	—
Commercial paper	133,051	—	133,051	—
Corporate equity securities	7,391	—	7,391	—
Total	<u>\$ 1,935,645</u>	<u>\$ 192,863</u>	<u>\$ 1,742,782</u>	<u>\$ —</u>

	Fair Value Measurements at			
	Total	December 31, 2023		Level 3
Level 1		Level 2		
Cash and cash equivalents:				
Cash	\$ 197,756	\$ 197,756	\$ —	\$ —
Money market funds	185,990	185,990	—	—
U.S. Treasury securities	5,731	—	5,731	—
Marketable securities:				
U.S. Treasury securities	23,008	—	23,008	—
Corporate debt securities	885,358	—	885,358	—
Certificates and term deposits	47,282	—	47,282	—
Government-sponsored enterprise securities	195,131	—	195,131	—
Commercial paper	155,409	—	155,409	—
Total	<u>\$ 1,695,665</u>	<u>\$ 383,746</u>	<u>\$ 1,311,919</u>	<u>\$ —</u>

Marketable securities classified as Level 2 within the valuation hierarchy generally consist of U.S. treasury securities and government agency securities, certificates of deposit, corporate bonds and commercial paper. The Company estimates the fair value of these marketable securities by taking into consideration valuations obtained from third-party pricing sources.

#### 4. Property and Equipment, net

Property and equipment, net, consists of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Computer equipment	\$ 3,766	\$ 3,739
Furniture, fixtures and other	8,554	8,109
Laboratory equipment	42,352	41,411
Leasehold improvements	143,260	143,260
Construction work in process	8,401	8,859
Total property and equipment, gross	206,333	205,378
Accumulated depreciation	(67,791)	(53,433)
Total property and equipment, net	\$ 138,542	\$ 151,945

Depreciation expense for the three and nine months ended September 30, 2024 was \$4.8 million and \$14.4 million, respectively. Depreciation expense for the three and nine months ended September 30, 2023 was \$4.9 million and \$14.9 million, respectively.

#### 5. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Payroll and employee-related costs	\$ 15,100	\$ 17,347
Research and development costs	16,938	16,962
Collaboration costs	10,365	2,395
Licensing fees	575	3,143
Professional fees	2,452	2,515
Intellectual property costs	1,273	1,642
Accrued property and equipment	12	630
Other	489	701
Total	\$ 47,204	\$ 45,335

#### 6. Significant Contracts

##### *Agreements with Vertex*

###### *2015 collaboration*

In 2015, the Company entered into a strategic collaboration, option and license agreement, or the 2015 Collaboration Agreement, with Vertex Pharmaceuticals Incorporated, or Vertex. The 2015 Collaboration Agreement is focused on the use of the Company's CRISPR/Cas9 gene editing technology to discover and develop potential new treatments aimed at the underlying genetic causes of human disease. The Company and Vertex amended the 2015 Collaboration Agreement in 2017 and 2019 with Amendment No. 1 and Amendment No. 2, respectively, namely to clarify Vertex's option rights under the 2015 Collaboration Agreement and to modify certain definitions and provisions of the 2015 Collaboration Agreement to make them consistent with the JDA (as defined below) and the 2019 Collaboration Agreement (as defined below). In 2017, Vertex exercised an option granted to it under the 2015 Collaboration Agreement to obtain a co-exclusive license to develop and commercialize hemoglobinopathy and beta-globin targets, and in 2019, Vertex exercised the remaining options granted to it under the 2015 Collaboration Agreement to exclusively license certain collaboration targets developed under the 2015 Collaboration Agreement.

###### *Hemoglobinopathies collaboration*

In 2017, following Vertex's exercise of its option to obtain a co-exclusive license to develop and commercialize hemoglobinopathy and beta-globin targets, the Company and Vertex entered into a joint development and commercialization agreement, or the JDA, and agreed for potential hemoglobinopathy treatments, including CASGEVY, the Company and Vertex would share equally all research and development costs and worldwide revenues. In 2021, the Company and Vertex amended and restated the JDA, or the A&R Vertex JDCA (as amended and in effect, from time to time), pursuant to which the parties agreed to, among

other things, (a) adjust the governance structure for the collaboration and adjust the responsibilities of each party thereunder, whereby Vertex leads and has all decision making (i.e., control) in relation to the CASGEVY program prospectively; (b) adjust the allocation of net profits and net losses between the parties with respect to CASGEVY only, which will be allocated 40% to the Company and 60% to Vertex, prospectively; and (c) exclusively license (subject to the Company's reserved rights to conduct certain activities) certain intellectual property rights to Vertex relating to the specified product candidates and products (including CASGEVY) that may be researched, developed, manufactured and commercialized on a worldwide basis under the A&R Vertex JDCA. Additionally, the A&R Vertex JDCA allows the Company to defer a portion of its share of costs under the arrangement if spending on the CASGEVY program exceeds specified amounts through 2024. In December 2023, the Company entered into an amendment to the A&R Vertex JDCA, or Amendment No. 1 to the A&R Vertex JDCA, with Vertex related to the global development, manufacturing, and commercialization of CASGEVY. Pursuant to Amendment No. 1 to the A&R Vertex JDCA, among other things, the Company and Vertex agreed to (a) allocate certain costs arising from a license agreement with a third party, resulting in a current payment due to Vertex by the Company of \$20.0 million upon an event specified in Amendment No. 1 to the A&R Vertex JDCA, and (b) adjust, under certain specified circumstances, the timing of and portion of the Company's share of costs it is permitted to defer under the agreement. Any deferred amounts under the A&R Vertex JDCA, as amended, are only payable to Vertex as an offset against future profitability of the CASGEVY program and the amounts payable are capped at a specified maximum amount per year.

In connection with the closing of the transaction contemplated by the A&R Vertex JDCA, the Company received a \$900.0 million up-front payment from Vertex. Additionally, in December 2023, the Company and Vertex received approval of CASGEVY by the U.S. Food and Drug Administration, or the FDA. The FDA's approval of CASGEVY triggered Vertex's obligation to make a \$200.0 million milestone payment to the Company, which was recognized in December 2023 and for which payment was received in January 2024 and was included in accounts receivable in the accompanying condensed consolidated balance sheets as of December 31, 2023.

#### *Letter Agreement*

In May 2024, Vertex and the Company entered into a letter agreement, or the Letter Agreement, with respect to the priority review voucher issued by the FDA to Vertex as the sponsor of the rare pediatric disease product application for CASGEVY. Vertex and the Company agreed that if Vertex utilizes or transfers the priority review voucher prior to the first calendar year in which the CASGEVY program generates a net profit, Vertex will pay the Company \$43.0 million or an amount equal to 42% of the net proceeds from such transfer, as applicable. If the CASGEVY program begins generating calendar-year net profits prior to such utilization or transfer, Vertex will instead pay the Company up to \$43.0 million set-off by deductions Vertex would otherwise be eligible to take against the CASGEVY program's net profits due to the Company related to amounts deferred previously by the Company.

#### *DMD and DM1 exclusive license*

In 2019, the Company and Vertex entered into a series of agreements, including a strategic collaboration and license agreement, or the 2019 Collaboration Agreement, for the development and commercialization of products for the treatment of Duchenne muscular dystrophy, or DMD, and myotonic dystrophy Type 1, or DM1. For the DMD and DM1 programs, Vertex is responsible for all research, development, manufacturing and commercialization activities and all related costs. Upon investigational new drug, or IND, filing, the Company has the option to forego the DM1 milestones and royalties, and instead, co-develop and co-commercialize all DM1 products globally in exchange for payment of 50% of research and development costs incurred by Vertex from the effective date of the agreement through IND filing.

#### *Collaboration in the field of diabetes*

In 2021, the Company and ViaCyte, Inc., or ViaCyte, entered into a joint development and commercialization agreement, or the ViaCyte JDCA, to jointly develop and commercialize product candidates and shared products for the diagnosis, treatment or prevention of diabetes type 1, diabetes type 2 or insulin dependent / requiring diabetes throughout the world. In the third quarter of 2022, Vertex acquired ViaCyte, and ViaCyte became a wholly-owned subsidiary of Vertex. In March 2023, (1) the Company and ViaCyte entered into an amendment to the ViaCyte JDCA, or the ViaCyte JDCA Amendment, and adjusted certain rights and obligations of the Company and ViaCyte under the ViaCyte JDCA, and (2) the Company and Vertex entered into a non-exclusive license agreement, or the Non-Ex License Agreement, pursuant to which the Company agreed to license to Vertex, on a non-exclusive basis, certain of its gene editing intellectual property to exploit certain products for the diagnosis, treatment or prevention of diabetes type 1, diabetes type 2 or insulin dependent / requiring diabetes throughout the world. Subsequently, ViaCyte elected to opt-out of the ViaCyte JDCA. Per the opt-out terms, the ongoing collaboration assets are now wholly owned by the Company, subject to a royalty on future sales owed to ViaCyte. The opt-out became effective in early February 2024.

In connection with entering into the Non-Ex License Agreement, the Company received a \$100.0 million up front payment from Vertex in the first quarter of 2023 and subsequently received a \$70.0 million research milestone achieved in the second quarter of 2023. The Company is eligible to receive additional milestone payments of up to \$160.0 million in aggregate, which are dependent on the achievement of pre-determined research, development and commercial milestones for certain products utilizing the licensed intellectual property. Additionally, the Company is eligible to receive tiered royalties on the sales of certain products in the low to mid-single digits.

## ***Accounting Analysis***

For purposes of this Note 6, the 2015 Collaboration Agreement, Amendment No. 1, Amendment No. 2, A&R Vertex JDCA, Amendment No. 1 to the A&R Vertex JDCA and 2019 Collaboration Agreement are collectively referred to as the “Vertex Agreements” and the Non-Ex License Agreement and ViaCyte JDCA Amendment are collectively referred to as the “March 2023 Agreements.”

The Vertex Agreements and the March 2023 Agreements include components of a customer-vendor relationship as defined under ASC 606, *Revenue from Contracts with Customers*, or ASC 606, collaborative arrangements as defined under ASC 808, *Collaborative Agreements*, or ASC 808, and research and development costs as defined under ASC 730, *Research and Development*, or ASC 730. Specifically, with regards to the March 2023 Agreements, the Company concluded that the non-exclusive license is a performance obligation under ASC 606 and the ongoing research and development services under the ViaCyte JDCA Amendment are a unit of account under ASC 808.

The Company has determined that recognition criteria for the Letter Agreement has not been met and will not be met until the priority review voucher is (i) utilized or (ii) there is sufficient profitability such that Vertex is obligated to pay the Company under the Letter Agreement.

## ***Accounting Analysis Under ASC 606***

### ***March 2023 Agreements***

#### ***Identification of the Contract***

The March 2023 Agreements were negotiated as a package with a single commercial objective and, as such, the March 2023 Agreements were combined for accounting purposes and treated as a single arrangement. The Company determined for accounting purposes that the combined contract terminates the original ViaCyte JDCA and created a new contract.

#### ***Identification of Performance Obligations***

The Company concluded the transfer of the non-exclusive license, including certain modified rights and obligations provided as part of the ViaCyte JDCA Amendment to support the delivery of the license, was both capable of being distinct and distinct within the context of the contract.

#### ***Determination of Transaction Price***

The initial transaction price was comprised of the upfront payment of \$100.0 million.

In the second quarter of 2023, the Company adjusted the transaction price to include \$70.0 million in previously constrained variable consideration related to a research milestone which was achieved in the second quarter of 2023. The Company determined that all other possible variable consideration resulting from milestones and royalties discussed below was fully constrained as of September 30, 2024. The Company will re-evaluate the transaction price in each reporting period.

#### ***Allocation of Transaction Price to Performance Obligations***

The Company identified one performance obligation for the March 2023 Agreements and, as a result, no allocation of the transaction price was required.

#### ***Recognition of Revenue***

The Company determined the non-exclusive license, including certain modified rights and obligations provided as part of the ViaCyte JDCA Amendment to support the delivery of the license, represented functional intellectual property, as the intellectual property provides Vertex with the ability to perform a function or task in the form of research and development in the field of diabetes. In 2023, the Company recognized revenue of \$100.0 million for the non-exclusive license at the onset of the arrangement, as this was the point in time in which the non-exclusive license was delivered.

In 2023, revenue from variable consideration of \$70.0 million was recognized related to a research milestone that was achieved during the second quarter of 2023. Revenue recognized under the March 2023 Agreements for year ended December 31, 2023 was \$170.0 million in aggregate.

No revenue was recognized under the March 2023 Agreements for the three and nine months ended September 30, 2024. No revenue was recognized under the March 2023 Agreements for the three months ended September 30, 2023. Revenue recognized under the March 2023 Agreements for the nine months ended September 30, 2023 was \$170.0 million.

### *Milestones under the Non-Ex License Agreement*

As of September 30, 2024, the Company is eligible to receive potential future milestone payments from Vertex of up to \$160.0 million in the aggregate under the Non-Ex License Agreement depending on the achievement of pre-determined research, development and commercial milestones for certain products utilizing the licensed intellectual property. Additionally, the Company is eligible to receive tiered royalties on the sales of certain products in the low to mid-single digits.

Each of the remaining milestones under the Non-Ex License Agreement are fully constrained as of September 30, 2024. There is uncertainty as to whether the events to obtain the research and developmental milestones will be achieved given the nature of clinical development and the stage of the CRISPR/Cas9 technology. The remaining research, development and regulatory milestones will be constrained until it is probable that a significant revenue reversal will not occur. Commercial milestones and royalties relate predominantly to a license of intellectual property and are determined by sales or usage-based thresholds. The commercial milestones and royalties are accounted for under the royalty recognition constraint and will be accounted for as constrained variable consideration. The Company applies the royalty recognition constraint for each commercial milestone and will not recognize revenue for each until the subsequent sale of a licensed product (achievement of each) occurs.

### *Vertex Agreements*

#### *Deferred revenue*

As of September 30, 2024 and December 31, 2023, there was no current deferred revenue related to the Vertex Agreements. As of September 30, 2024, there was \$12.3 million of non-current deferred revenue related to the Vertex Agreements, which is unchanged from December 31, 2023. The transaction price allocated to the remaining performance obligations was \$12.3 million.

#### *Milestones*

The Company has evaluated the milestones that may be received in connection with the Vertex Agreements.

Under the 2015 Collaboration Agreement and subsequent amendments, the Company is eligible to receive up to \$410.0 million in additional development, regulatory and commercial milestones and royalties on net product sales for each of the three collaboration targets that Vertex licensed in 2019. Each milestone is payable only once per collaboration target, regardless of the number of products directed to such collaboration target that achieve the relevant milestone event.

The Company is eligible to receive potential future payments of up to \$775.0 million under the 2019 Collaboration Agreement based upon the successful achievement of specified development, regulatory and commercial milestones for the DMD and DM1 programs. The Company is also eligible to receive tiered royalties on future net sales on any products that may result from this collaboration; however, the Company has the option to forego the DM1 milestones and royalties to co-develop and co-commercialize all DM1 products globally.

The Company has the option to conduct research at its own cost in certain defined areas. If such research is beneficial to the CASGEVY program and CASGEVY ultimately achieves regulatory approval in such areas, the Company could be entitled to receive from Vertex certain milestone payments aggregating to high eight digits.

Each of the remaining milestones described above are fully constrained as of September 30, 2024. There is uncertainty that the events to obtain the research and developmental milestones will be achieved given the nature of clinical development and the stage of the CRISPR/Cas9 technology. The remaining research, development and regulatory milestones will be constrained until it is probable that a significant revenue reversal will not occur. Commercial milestones and royalties relate predominantly to a license of intellectual property and are determined by sales or usage-based thresholds. The commercial milestones and royalties are accounted for under the royalty recognition constraint and will be accounted for as constrained variable consideration. The Company applies the royalty recognition constraint for each commercial milestone and will not recognize revenue for each until the subsequent sale of a licensed product (achievement of each) occurs.

### ***Accounting Analysis under ASC 808***

#### *Vertex Agreements*

In connection with the Vertex Agreements, the Company identified the following collaborative elements, which are accounted for under ASC 808: (i) development and commercialization services for shared products, including any transition services related to CASGEVY under the A&R Vertex JDCA; (ii) R&D Services for follow-on products; and (iii) committee participation. The related impact of the cost sharing is included within collaboration expense, net, in the condensed consolidated statements of operations and comprehensive loss. During the three and nine months ended September 30, 2024, the Company recognized \$11.2 million and \$110.3 million of collaboration expense, net, related to the CASGEVY program, respectively. Collaboration expense, net, during the three and nine months ended September 30, 2024 was net of \$0.5 million and \$1.8 million of reimbursements from Vertex related to the CASGEVY program, respectively. In the third quarter of 2024, the Company exercised its option to defer specified costs on the CASGEVY program in excess of \$110.3 million under the A&R Vertex JDCA, as amended.



During the three and nine months ended September 30, 2023, the Company recognized \$23.4 million and \$110.3 million of collaboration expense, net, related to the CASGEVY program, respectively. Collaboration expense, net, during the three and nine months ended September 30, 2023 was net of \$6.2 million and \$11.5 million of reimbursements from Vertex related to the CASGEVY program, respectively. In the third quarter of 2023, the Company exercised its option to defer specified costs on the CASGEVY program in excess of \$110.3 million under the A&R Vertex JDCA.

## **7. Commitments and Contingencies**

### ***Leases***

Refer to Note 7 to the consolidated financial statements in the Company's 2023 Annual Report on Form 10-K filed with the SEC on February 21, 2024 for discussion of the Company's lease arrangements.

### ***Litigation***

In the ordinary course of business, the Company is from time to time involved in lawsuits, investigations, proceedings and threats of litigation related to, among other things, the Company's intellectual property estate (including certain in-licensed intellectual property), commercial arrangements and other matters. Such proceedings may include quasi-litigation, *inter partes* administrative proceedings in the U.S. Patent and Trademark Office and the European Patent Office involving the Company's intellectual property estate including certain in-licensed intellectual property. The outcome of any of the foregoing, regardless of the merits, is inherently uncertain. In addition, litigation and related matters are costly and may divert the attention of Company's management and other resources that would otherwise be engaged in other activities. If the Company is unable to prevail in any such proceedings, the Company's business, results of operations, liquidity and financial condition could be adversely affected.

### ***Letters of Credit***

As of September 30, 2024, the Company had restricted cash of \$11.5 million, representing letters of credit securing the Company's obligations under certain leased facilities. The letters of credit are secured by cash held in a restricted depository account and included in "Restricted cash" on the Company's condensed consolidated balance sheets as of September 30, 2024.

### ***Research, Manufacturing, License and Intellectual Property Agreements***

The Company has engaged several research institutions and companies to identify new delivery strategies and applications of the Company's gene editing technology. The Company is also a party to a number of license agreements which require significant upfront payments and may be required to make future royalty payments and potential milestone payments from time to time. In addition, the Company is also a party to intellectual property agreements, which require maintenance and milestone payments from time to time. Further, the Company is a party to a number of manufacturing agreements that require upfront payments for the future performance of services.

In association with these agreements, on a product-by-product basis, the counterparties are eligible to receive up to low eight-digit potential payments upon specified research, development and regulatory milestones. In addition, on a product-by-product basis, the counterparties are eligible to receive potential commercial milestone payments based on specified annual sales thresholds. The potential payments are low-single digit percentages of the specified annual sales thresholds. The counterparties are also eligible to receive low single-digit royalties on future net sales.

Under certain circumstances and if certain contingent future events occur, Vertex is eligible to receive up to \$395.0 million in potential specified research, development, regulatory and commercial milestones and tiered single-digit percentage royalties on future net sales related to a specified target under an amendment to the 2015 Collaboration Agreement (as such term is defined in Note 6 above). In addition, Vertex has the option to conduct research at its own cost in certain defined areas that, if beneficial to the CASGEVY program and ultimately achieves regulatory approval, could result in the Company owing Vertex certain milestone payments aggregating to high eight digits, subject to certain limitations on the profitability of the CASGEVY program.

Under the A&R Vertex JDCA, the Company has an option to defer specified costs on the CASGEVY program in excess of \$110.3 million for the years ended December 31, 2022, 2023 and 2024. Additionally, the Company is permitted, under certain specified circumstances as set forth in Amendment No. 1 to the A&R Vertex JDCA, to adjust the timing of and portion of the Company's share of costs it is permitted to defer under the agreement.

In the third quarter of 2024, the Company exercised its option to defer specified costs on the CASGEVY program in excess of the deferral limit under the A&R Vertex JDCA, as amended. As of September 30, 2024, the Company has deferred \$44.9 million of its share of costs incurred in 2024 under the A&R Vertex JDCA, as amended. The Company exercised its option to defer its share of costs incurred in 2022 and 2023 on the CASGEVY program in excess of the deferral limit under the A&R Vertex JDCA, as amended.

which resulted in a deferral of \$36.1 million and \$80.9 million, respectively. Any deferred amounts are only payable to Vertex as an offset against future profitability of the CASGEVY program and the amounts payable are capped at a specified maximum amount per year, subject to potential specified offsets. These deferred costs on the CASGEVY program will be accrued for when it is probable that a liability has been incurred and the amount can be reasonably estimated. As of September 30, 2024, no contingent payments have been accrued to date.

## 8. Share Capital

All of the Company's common shares are authorized under Swiss corporate law with a nominal value of 0.03 CHF per share. Though the nominal value of common shares is stated in Swiss francs, the Company continues to use U.S. dollars as its reporting currency for preparing the condensed consolidated financial statements.

As of September 30, 2024, the Company's share capital consists of 88,517,810 registered common shares with a nominal value of CHF 0.03 per share, 8,202,832 registered common shares reserved for potential issuance of bonds or similar instruments and 20,925,932 registered common shares reserved for the Company's employee equity incentive plans. In addition, the Board of Directors is authorized to conduct one or more increases of the share capital at any time until June 8, 2028, or the expiration of the capital band if earlier, up to an upper limit of CHF 3,100,452.06 by issuing a corresponding number of registered shares with a nominal value of CHF 0.03 each to be fully paid in. As of September 30, 2024, the number of shares that may be issued under the capital band is 14,830,592 registered common shares.

### Common Share Issuances

#### At-the-Market Offering

In August 2019, the Company entered into an Open Market Sale Agreement<sup>SM</sup> with Jefferies LLC, or Jefferies, under which the Company was able to offer and sell, from time to time at its sole discretion through Jefferies, as its sales agent, its common shares, or the August 2019 Sales Agreement.

In January 2021, in connection with the August 2019 Sales Agreement, the Company filed a prospectus supplement with the SEC to offer and sell, from time to time, common shares having aggregate gross proceeds of up to \$600.0 million. In August 2024, the Company filed a new prospectus supplement with the SEC, which replaced the previous prospectus supplements filed in January 2021 and July 2021, respectively, to offer and sell, from time to time, the common shares remaining under the original prospectus supplement and July 2021 prospectus supplement having aggregate gross proceeds of up to \$378.6 million, or, together with the January 2021 prospectus supplement and July 2021 prospectus supplement, the 2021 ATM.

As of September 30, 2024, the Company has issued and sold an aggregate of 1.6 million common shares under the 2021 ATM at an average price of \$134.76 per share for aggregate proceeds of \$218.4 million, which were net of equity issuance costs of \$2.9 million, excluding stamp taxes. As of September 30, 2024, common shares having aggregate gross proceeds up to \$378.6 million remain under the 2021 ATM.

#### Registered Direct Offering

In February 2024, the Company entered into an investment agreement for the sale of approximately \$280.0 million of its common shares to a group of institutional investors in a registered direct offering, at a price per share of \$71.50. The Company received net proceeds of \$279.0 million, excluding stamp taxes due of \$2.8 million.

## 9. Stock-based Compensation

During the three and nine months ended September 30, 2024 and 2023, the Company recognized the following stock-based compensation expense (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Research and development	\$ 11,949	\$ 11,287	\$ 36,542	\$ 36,285
General and administrative	9,594	8,681	28,078	26,323
Total	\$ 21,543	\$ 19,968	\$ 64,620	\$ 62,608

### Stock option activity

The following table summarizes stock option activity for the nine months ended September 30, 2024:

	Shares	Weighted-average exercise price per share
Outstanding at December 31, 2023	7,204,372	\$ 55.05
Granted	1,080,824	68.37
Exercised	(839,077)	33.92
Cancelled or forfeited	(392,917)	75.21
Outstanding at September 30, 2024	7,053,202	\$ 58.49
Exercisable at September 30, 2024	4,790,177	\$ 57.94
Vested and expected to vest at September 30, 2024	7,053,202	\$ 58.49

As of September 30, 2024, total unrecognized compensation expense related to stock options was \$79.2 million, which the Company expects to recognize over a remaining weighted-average period of 2.5 years.

### Restricted stock activity

The following table summarizes restricted stock activity for the nine months ended September 30, 2024:

	Shares	Weighted-Average Grant Date Fair Value
Unvested balance at December 31, 2023	1,781,415	\$ 61.00
Granted	718,944	70.18
Vested	(388,426)	71.24
Cancelled or forfeited	(183,949)	56.54
Unvested balance at September 30, 2024	1,927,984	\$ 62.78

As of September 30, 2024, total unrecognized compensation expense related to unvested restricted common shares was \$81.5 million, which the Company expects to recognize over a remaining weighted-average vesting period of 2.6 years.

## 10. Net Loss Per Share Attributable to Common Shareholders

Basic net loss per share is calculated by dividing net loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted-average number of common share equivalents outstanding for the period, including any dilutive effect from outstanding stock options and warrants using the treasury stock method. The Company's net loss is net loss attributable to common shareholders for all periods presented.

The following common stock equivalents were excluded from the calculation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Outstanding options	7,053,202	7,150,741	7,053,202	7,150,741
Unvested restricted common shares	1,927,984	1,574,340	1,927,984	1,574,340
ESPP	8,313	9,328	8,313	9,328
Total	8,989,499	8,734,409	8,989,499	8,734,409

## 11. Income Taxes

During the three and nine months ended September 30, 2024, the Company recorded an income tax provision of \$0.9 million and \$2.9 million, respectively, representing an effective tax rate of (1.0%) and (0.9%), respectively. During the three and nine months ended September 30, 2023, the Company recorded an income tax provision of \$0.4 million and \$2.7 million, respectively, representing an effective tax rate of (0.4%) and (1.1%), respectively. The income tax provision for the three and nine months ended September 30, 2024 is primarily attributable to the income generated by the Company's U.S. subsidiaries. The difference in the statutory tax rate and effective tax rate is primarily a result of the jurisdictional mix of earnings, research credits generated, and the valuation allowance recorded against certain deferred tax assets. The Company maintains a valuation allowance against certain deferred tax assets that are not more-likely-than-not realizable.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (i) our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and (ii) our audited consolidated financial statements and related notes and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission, or the SEC, on February 21, 2024. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and impact and potential impacts on our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including, without limitation, those factors set forth in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2023 and the "Risk Factors" section of subsequent Quarterly Reports on Form 10-Q, our actual results or timing of certain events could differ materially from the results or timing described in, or implied by, these forward-looking statements.

### Overview

We are a leading gene editing company focused on the development of CRISPR/Cas9-based therapeutics. CRISPR/Cas9 is a revolutionary technology for gene editing, the process of precisely altering specific sequences of genomic DNA. We aim to apply this technology to disrupt, delete, correct and insert genes to treat diseases and to engineer advanced cellular therapies. We have advanced this technology from discovery to an approved medicine with unparalleled speed, culminating in the landmark first approval of a CRISPR-based therapy, CASGEVY (exagamglogene autotemcel [exa-cel]), in 2023 with our collaborators at Vertex Pharmaceuticals Incorporated, or Vertex. We believe that the combination of our technology, research and development capabilities, and proven ability to execute may enable us to create an entirely new class of highly effective and potentially curative therapies for patients with both rare and common diseases for whom current biopharmaceutical approaches have had limited success.

We have established a portfolio of therapeutic programs spanning four core franchises: hemoglobinopathies, immuno-oncology and autoimmune, *in vivo* approaches and type 1 diabetes. Our most advanced program, CASGEVY, has received approval in the United States and other countries for the treatment of eligible patients with severe sickle cell disease, or SCD, or transfusion-dependent beta thalassemia, or TDT, two genetic disorders of hemoglobin, or hemoglobinopathies, with high unmet medical need. In addition, we have further research efforts on targeted conditioning and *in vivo* editing of hematopoietic stem cells that have the potential to expand the number of patients that could benefit significantly. We are also progressing multiple next-generation gene-edited cell therapy programs, including allogeneic chimeric antigen receptor T cell, or CAR T, candidates for the treatment of hematological and solid tumor cancers and autoimmune diseases. In addition, we are advancing a portfolio of programs leveraging *in vivo* editing for both common and rare diseases, starting with the treatment and prevention of cardiovascular disease. Further, we have multiple parallel efforts using allogeneic, gene-edited, hypimmune, stem cell-derived beta cells to address type 1 diabetes, or T1D, without the need for chronic immunosuppression.

### Hemoglobinopathies

#### CASGEVY

CASGEVY is a non-viral, *ex vivo* CRISPR/Cas9 gene-edited cell therapy, in which a patient's own hematopoietic stem and progenitor cells are edited at the erythroid specific enhancer region of the *BCL11A* gene through a precise double-strand break. This edit results in the production of high levels of fetal hemoglobin in red blood cells, which can compensate for the defective adult hemoglobin in patients with SCD and TDT. CASGEVY is the first therapy to emerge from our strategic partnership with Vertex and is being advanced under a joint development and commercialization agreement between us and Vertex and certain of its affiliates.

In 2023, CASGEVY became the first-ever approved CRISPR-based gene-editing therapy in the world. To date, CASGEVY has been approved in the United States, European Union, Great Britain, Canada, Switzerland, Kingdom of Saudi Arabia and Kingdom of Bahrain for the treatment of eligible patients 12 years and older with SCD or TDT. We and Vertex continue to investigate CASGEVY, including (1) three clinical trials designed to assess the safety and efficacy of a single dose of CASGEVY in patients 12 to 35 years of age with severe SCD and TDT, respectively, (2) two clinical trials in patients 5 to 11 years of age, one in severe SCD and a second in TDT, and (3) long-term follow-up clinical trials designed to follow participants for up to 15 years after CASGEVY infusion. CASGEVY safety data presented to date is generally consistent with an autologous stem cell transplant and myeloablative conditioning. Efficacy data presented to date support the profile of this therapy as a potential one-time functional cure for people with severe SCD and TDT.

#### Additional candidates

Building upon CASGEVY, we have next-generation efforts in targeted conditioning and *in vivo* editing of hematopoietic stem cells, either of which could broaden the number of patients that could benefit from our hemoglobinopathies product candidates.

## ***Immuno-Oncology and Autoimmune***

We believe CRISPR/Cas9 has the potential to create the next generation of CAR T cell therapies that may have a superior product profile and allow broader patient access compared to current autologous therapies. We are advancing several cell therapy programs for oncology and/or autoimmune indications, including two next-generation allogeneic CAR T programs, CTX112 targeting Cluster of Differentiation 19, or CD19, and CTX131 targeting Cluster of Differentiation 70, or CD70. These product candidates incorporate two novel gene edits—knock-out of Regnase-1 and knock-out of transforming growth factor-beta receptor type 2, or TGFBR2—designed to enhance CAR T potency and reduce CAR T exhaustion. Emerging pharmacology data, including pharmacokinetics, from ongoing clinical trials of CTX112 and CTX131, indicate that the novel potency gene edits lead to significantly higher CAR T cell expansion and functional persistence in patients compared to our first-generation candidates that did not incorporate these edits. In addition, the next-generation candidates exhibit increased manufacturing robustness, with a higher and more consistent number of CAR T cells produced per batch. We are producing CTX112 and CTX131 for clinical trials at our internal GMP manufacturing facility.

### *CD19 Candidates*

CTX112 is being developed for both oncology and autoimmune indications. It is being investigated in an ongoing clinical trial designed to assess the safety and efficacy of the candidate in adult patients with relapsed or refractory CD19-positive B-cell malignancies who have received at least two prior lines of therapy, as well as an ongoing clinical trial in adult patients with systemic lupus erythematosus. Early clinical studies conducted by third parties have shown that CD19-directed autologous CAR T therapy can produce long-lasting remissions in multiple autoimmune indications by deeply depleting B cells. Our first generation allogeneic CD19-directed CAR T program has demonstrated effective depletion of B cells in oncology settings, which supports the potential for CTX112 in autoimmune diseases.

### *CD70 Candidates*

CTX131 is being developed for both solid tumors and hematologic malignancies, including T cell lymphomas, or TCL. It is being investigated in ongoing clinical trials designed to assess the safety and efficacy of the candidate in adult patients with relapsed or refractory solid tumors, as well as in hematologic malignancies, including TCL. We believe allogeneic CAR T approaches for TCL may have greater potential to meet the unmet need in this patient population given the patients' own T cells are not suitable for autologous manufacturing.

### *Additional candidates*

Our CRISPR/Cas9 platform enables us to innovate continuously by incorporating incremental edits into next-generation products. We are advancing several additional investigational CAR T product candidates.

## ***In Vivo***

Our *in vivo* gene editing strategy focuses on gene disruption and whole gene correction – the two technologies required to address the vast majority of the most prevalent severe monogenic diseases as well as many common diseases. We have established a leading platform for *in vivo* gene editing and are rapidly advancing a broad portfolio of *in vivo* programs. Our first *in vivo* programs target the liver, taking advantage of validated lipid nanoparticle, or LNP, delivery technologies, and aim to treat diseases where we can produce a strong therapeutic effect by safely disrupting a gene with well-understood genetic association

### *Cardiovascular disease*

Our first two *in vivo* programs utilizing our proprietary LNP platform, CTX310 and CTX320, are directed towards validated therapeutic targets associated with cardiovascular disease. CTX310 is being investigated in an ongoing clinical trial targeting ANGPTL3 in patients with heterozygous familial hypercholesterolemia, homozygous familial hypercholesterolemia, mixed dyslipidemias, or severe hypertriglyceridemia. Natural loss-of-function mutations in ANGPTL3 are associated with reduced low-density lipoprotein, triglycerides and atherosclerotic cardiovascular disease risk without any negative impact on overall health. In addition, CTX320 is being investigated in an ongoing clinical trial targeting LPA, the gene encoding apo(a), a critical component of lipoprotein(a), or Lp(a), in patients with elevated Lp(a), which has shown to have an independent association with major adverse cardiovascular events. Up to 20% of the global population has elevated Lp(a) levels.

### *Additional candidates*

Building upon CTX310 and CTX320, we have a number of earlier stage investigational *in vivo* programs leveraging gene disruption in the liver for both rare and common diseases. In addition, we have programs focused on gene correction in the liver, including programs leveraging technologies developed by our CRISPR-X research team. Finally, we are pursuing additional delivery technologies, including further advancements to nanoparticle technology and adeno-associated virus, or AAV, vectors, for delivery to tissues beyond the liver, including hematopoietic stem cells.

## **Type 1 Diabetes**

We are developing gene-edited stem cell-derived therapies for the treatment of T1D. We believe our gene editing capabilities have the potential to enable a beta-cell replacement product candidate that may deliver durable benefit to patients without the need for long-term immunosuppression. We have three parallel efforts to achieve this goal. First, our most advanced product candidate, CTX211, is an allogeneic, gene-edited, hypimmune, stem cell derived product candidate in a device that is implanted into patients and intended to produce insulin in a glucose-dependent manner. This program, formerly known as VCTX211, originated from our collaboration with ViaCyte, Inc., or ViaCyte, a subsidiary of Vertex, and was developed by applying our gene editing technology to ViaCyte's proprietary stem cell capabilities. CTX211 is being investigated in an ongoing Phase 1/2 clinical trial designed to assess the safety, tolerability and efficacy of CTX211 in adult patients with T1D. Second, we have research efforts focused on a deviceless beta cell replacement approach consisting of unencapsulated beta cells derived from edited stem cells. Third, we have granted a non-exclusive license to certain of our CRISPR/Cas9 intellectual property to Vertex to accelerate Vertex's development of hypimmune cell therapies for T1D, for which we received \$170 million in upfront and milestone payments in 2023 and remain eligible to receive additional research and development milestones and royalties on future products.

## **CRISPR-X**

While we have made significant progress with our current portfolio of programs, we recognize that we need to continue to innovate to unlock the full power of gene editing and bring potentially transformative therapies to even more patients. We have a dedicated early-stage research team called CRISPR-X that focuses on innovating next-generation editing modalities. CRISPR-X is developing technologies to enable whole gene correction and insertion without requiring homology-directed repair or viral delivery of DNA, such as all-RNA gene correction, non-viral delivery of DNA and novel gene insertion techniques.

## **Partnerships**

Given the numerous potential therapeutic applications for CRISPR/Cas9, we have partnered strategically to broaden the indications we can pursue and accelerate development of programs by accessing specific technologies and/or disease-area expertise. We maintain broad partnerships to develop gene editing-based therapeutics in specific disease areas.

*Vertex.* We established our initial collaboration agreement in 2015 with Vertex, which focused on TDT, SCD, cystic fibrosis and select additional indications. In December 2017, we entered into a joint development and commercialization agreement with Vertex pursuant to which, among other things, we are co-developing and co-commercializing CASGEVY for TDT and SCD. In April 2021, we and Vertex amended and restated our existing joint development and commercialization agreement, pursuant to which, among other things, we will continue to develop and commercialize CASGEVY for TDT and SCD in partnership with Vertex. We also entered into a strategic collaboration and license agreement with Vertex in June 2019 for the development and commercialization of products for the treatment of Duchenne muscular dystrophy, or DMD, and myotonic dystrophy type 1, or DM1 and, in March 2023, we entered into a non-exclusive license agreement with Vertex for Vertex to utilize our gene editing technology in diabetes.

*ViaCyte.* We entered into a research and collaboration agreement in September 2018 with ViaCyte to pursue the discovery, development and commercialization of gene-edited allogeneic stem cell therapies for the treatment of diabetes, and in July 2021, we entered into a joint development and commercialization agreement with ViaCyte, or the ViaCyte JDCA. In connection with entering into the ViaCyte JDCA, our existing research collaboration agreement with ViaCyte expired in accordance with its terms. In the third quarter of 2022, Vertex announced it had acquired ViaCyte and ViaCyte's rights to jointly develop and commercialize product candidates and shared products for use in the treatment of diabetes type 1, diabetes type 2 and insulin dependent/requiring diabetes throughout the world, and in March 2023, we entered into an amendment to the ViaCyte JDCA pursuant to which, among other things, we adjusted certain rights and obligations of the parties thereunder. In December 2023, ViaCyte elected to opt-out of the collaboration with us for the co-development and co-commercialization of gene-edited stem cell therapies for the treatment of diabetes. Per the opt-out terms, once the opt-out is complete, the on-going collaboration assets will be wholly owned by us, subject to a royalty on future sales owed to ViaCyte. The opt-out became effective in early February 2024. The ViaCyte collaboration assets include CTX211 (formerly VCTX211), an allogeneic, gene-edited, hypimmune, stem cell derived product candidate in a device that is implanted into patients and intended to produce insulin in a glucose-dependent manner. A Phase 1 clinical trial for CTX211 for the treatment of T1D is ongoing.

*Bayer.* We entered into an option agreement in the fourth quarter of 2019 with Bayer pursuant to which Bayer has an option to co-develop and co-commercialize two products that we advance for the diagnosis, treatment, or prevention of certain autoimmune disorders, eye disorders, or hemophilia A disorders for a specified period of time, or, under certain circumstances, exclusively license such optioned products.

*Other Partnerships.* We have entered into a number of additional collaborations and license agreements to support and complement our hematopoietic stem cell, immuno-oncology and auto-immune, *in vivo* and T1D programs and platform, including agreements with: Nkarta, Inc. to develop and commercialize products leveraging donor-derived, gene-edited CAR-NK cells; Capsida Biotherapeutics, Inc. to develop *in vivo* gene editing therapies delivered with engineered AAV vectors; Roswell Park Comprehensive

Cancer Center to advance a gene-edited autologous CAR T program against a new target; MaxCyte, Inc. on *ex vivo* delivery for our hemoglobinopathy and immuno-oncology programs; CureVac AG on optimized mRNA constructs and manufacturing for certain *in vivo* programs; and KSQ Therapeutics, Inc. on intellectual property for our allogeneic immuno-oncology programs.

## **Financial Overview**

Since our inception in October 2013, we have devoted substantially all of our resources to our research and development efforts, identifying potential product candidates, undertaking drug discovery and preclinical development activities, building and protecting our intellectual property estate, establishing internal manufacturing capabilities, organizing and staffing our company, business planning, raising capital and providing general and administrative support for these operations. To date, we have primarily financed our operations through private placements of our preferred shares, common share issuances, convertible loans and license and collaboration agreements with strategic partners.

While we were in a net income position in certain previous years due to certain payments associated with our collaborations with Vertex, we have a history of recurring losses and expect to continue to incur losses for the foreseeable future. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase significantly as we continue our current research programs and development activities; seek to identify additional research programs and additional product candidates; conduct initial drug application supporting preclinical studies and initiate clinical trials for our product candidates; initiate preclinical testing and clinical trials for any other product candidates we identify and develop; seek regulatory approval for our product candidates; maintain, defend, protect and expand our intellectual property estate; further develop our gene editing platform; hire additional research, clinical and scientific personnel; incur facilities costs associated with such personnel growth; develop manufacturing infrastructure; and incur additional costs associated with operating as a public company.

### ***Revenue Recognition***

We have not generated any revenue to date from product sales and do not expect to do so in the near future. Revenue recognized for the three and nine months ended September 30, 2024 was not material. Revenue recognized for the nine months ended September 30, 2023 was \$170.0 million related to our receipt of an upfront payment from Vertex in connection with entering into agreements with Vertex and ViaCyte relating to the research, development, manufacture and commercialization of therapeutic products in the diabetes field in the first quarter of 2023, as well as revenue recognized in the second quarter of 2023 related to a research milestone achieved in the second quarter of 2023. There was no revenue recognized for the three months ended September 30, 2023. For additional information about our revenue recognition policy, see Note 2, "Summary of Significant Accounting Policies," in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024, as well as Note 6 of the notes to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

### ***Research and Development Expenses***

Research and development expenses consist primarily of costs incurred for our research activities, including our product discovery efforts and the development of our product candidates, which include:

- employee-related expenses, including salaries, benefits and equity-based compensation expense;
- costs of services performed by third parties that conduct research and development and preclinical and clinical activities on our behalf;
- costs of purchasing lab supplies and non-capital equipment used in our preclinical activities and in manufacturing preclinical and clinical study materials;
- consultant fees;
- facility costs, including rent, depreciation and maintenance expenses; and
- fees and other payments related to acquiring and maintaining licenses under our third-party licensing agreements.

Our external research and development expenses support our various preclinical and clinical programs, and, as such, we do not break down external research and development expenses further. Our internal research and development expenses consist of payroll and benefits expenses, facilities expense, and other indirect research and development expenses incurred in support of overall research and development activities and, as such, are not allocated to a specific development stage or therapeutic area. Research and development costs are expensed as incurred. Nonrefundable advance payments for research and development goods or services to be received in the future are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed. At this time, we cannot reasonably estimate or know the nature, timing or estimated costs of the efforts that will be necessary to complete the development of any product candidates we may identify and develop. This is due to the numerous risks and uncertainties associated with developing such product candidates, including the uncertainty of:



- successful completion of preclinical studies and IND-enabling studies;
- successful enrollment in, and completion of, clinical trials;
- receipt of marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and non-patent exclusivity;
- launching commercial sales of the product, if and when approved, whether alone or in collaboration with others;
- acceptance of the product, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies and treatment options;
- a continued acceptable safety profile following approval;
- enforcing and defending intellectual property and proprietary rights and claims; and
- achieving desirable medicinal properties for the intended indications.

A change in the outcome of any of these variables with respect to the development of any product candidates or the subsequent commercialization of any product candidates we may successfully develop could significantly change the costs, timing and viability associated with the development of that product candidate.

Research and development activities are central to our business model. We expect to continue to incur research and development costs consistent with research and development at companies of our size and stage of development, which may increase in the foreseeable future as our current development programs progress, new programs are added and we continue to prepare regulatory filings. These increases will likely include the costs related to the implementation and expansion of clinical trial sites and related patient enrollment, monitoring, program management and manufacturing expenses for current and future clinical trials.

#### ***General and Administrative Expenses***

General and administrative expenses consist primarily of employee related expenses, including salaries, benefits and equity-based compensation, for personnel in executive, finance, accounting, business development, human resources and other general and administrative functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to patent and corporate matters and fees for accounting and consulting services.

We expect to continue to incur general and administrative expenses consistent with general and administrative functions at research and development companies of our size and stage of development, which may increase in the future to support continued research and development activities, and potential commercialization of our product candidates. In addition, we anticipate ongoing expenses related to the reimbursements of third-party patent related expenses in connection with certain of our in-licensed intellectual property.

#### ***Collaboration Expense, Net***

Collaboration expense, net, consists of operating expense related to the CASGEVY program under our collaboration with Vertex. Under the A&R Vertex JDCA, we have an option to defer our portion of specified costs on the CASGEVY program in excess of \$110.3 million for the years ended December 31, 2022, 2023 and 2024. In the third quarter of 2024, we exercised our option to defer our portion of specified costs incurred in 2024 for the CASGEVY program in excess of \$110.3 million. Any deferred amounts are only payable to Vertex as an offset against future profitability of the CASGEVY program and the amounts payable are capped at a specified maximum amount per year. Additionally, we are permitted, under certain specified circumstances as set forth in Amendment No. 1 to the A&R Vertex JDCA, to adjust the timing of and portion of our share of costs we are permitted to defer under the agreement.

#### ***Other Income (Expense), Net***

Other income (expense), net consists primarily of interest income earned on investments.

## Results of Operations

Comparison of three months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Period to Period Change
	2024	2023	
<b>Revenue:</b>			
Collaboration revenue	\$ —	\$ —	\$ —
Grant revenue	602	—	602
Total revenue	602	—	602
<b>Operating expenses:</b>			
Research and development	82,160	90,698	(8,538)
General and administrative	17,419	18,291	(872)
Collaboration expense, net	11,153	23,422	(12,269)
Total operating expenses	110,732	132,411	(21,679)
Loss from operations	(110,130)	(132,411)	22,281
Other income, net	25,064	20,671	4,393
Loss before income taxes	(85,066)	(111,740)	26,674
Provision for income taxes	(876)	(412)	(464)
Net loss	\$ (85,942)	\$ (112,152)	\$ 26,210

### Collaboration Revenue

There was no collaboration revenue for the three months ended September 30, 2024 and 2023. Please refer to Note 6 of the notes to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further information.

### Research and Development Expenses

Research and development expenses were \$82.2 million for the three months ended September 30, 2024, compared to \$90.7 million for the three months ended September 30, 2023. The following table summarizes our research and development expenses for the three months ended September 30, 2024 and 2023, together with the changes in those items in dollars (in thousands):

	Three Months Ended September 30,		Period to Period Change
	2024	2023	
External research and development expenses	\$ 25,375	\$ 30,667	\$ (5,292)
Employee related expenses	18,443	20,016	(1,573)
Facility expenses	25,651	25,656	(5)
Stock-based compensation expenses	11,949	11,287	662
Other expenses	607	733	(126)
Sublicense and license fees	135	2,339	(2,204)
Total research and development expenses	\$ 82,160	\$ 90,698	\$ (8,538)

The decrease of approximately \$8.5 million was primarily attributable to \$5.3 million of decreased external research and development costs, primarily associated with a decrease in variable external research and manufacturing costs.

### General and Administrative Expenses

General and administrative expenses were \$17.4 million for the three months ended September 30, 2024, compared to general and administrative expenses of \$18.3 million for the three months ended September 30, 2023. The decrease was primarily associated with a decrease in consulting and professional services costs.

### Collaboration Expense, Net

Collaboration expense, net, was \$11.2 million for the three months ended September 30, 2024, compared to \$23.4 million for the three months ended September 30, 2023. In both the third quarter of 2024 and the third quarter of 2023, we exercised our option to defer specified costs on the CASGEVY program in excess of the \$110.3 million deferral limit under the A&R Vertex JDCA, as amended. The decrease of approximately \$12.3 million in collaboration expense, net, was primarily attributable to the timing of when we reached the deferral limit, as a result of increased commercial and manufacturing costs for CASGEVY when compared to the prior period. As of September 30, 2024, we have deferred \$44.9 million in 2024 under the A&R Vertex JDCA, as amended, compared to a deferral of \$23.4 million in 2023 as of September 30, 2023.

### Other Income, Net

Other income was \$25.1 million for the three months ended September 30, 2024, compared to \$20.7 million of income for the three months ended September 30, 2023. The increase of approximately \$4.4 million was primarily due to interest income earned on cash, cash equivalents and marketable securities for the three months ended September 30, 2024.

Comparison of nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,		Period to Period
	2024	2023	Change
<b>Revenue:</b>			
Collaboration revenue	\$ —	\$ 170,000	\$ (170,000)
Grant revenue	1,623	—	1,623
Total revenue	1,623	170,000	(168,377)
<b>Operating expenses:</b>			
Research and development	238,498	292,188	(53,690)
General and administrative	54,853	59,683	(4,830)
Collaboration expense, net	110,250	110,250	—
Total operating expenses	403,601	462,121	(58,520)
Loss from operations	(401,978)	(292,121)	(109,857)
Other income, net	75,924	51,819	24,105
Loss before income taxes	(326,054)	(240,302)	(85,752)
Provision for income taxes	(2,887)	(2,655)	(232)
Net loss	\$ (328,941)	\$ (242,957)	\$ (85,984)

### Collaboration Revenue

There was no collaboration revenue for the nine months ended September 30, 2024. Collaboration revenue for the nine months ended September 30, 2023 was \$170.0 million due to an upfront payment from Vertex in the first quarter of 2023, as well as revenue recognized in the second quarter of 2023 related to a research milestone which was achieved in the second quarter of 2023. Please refer to Note 6 of the notes to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further information.

### Research and Development Expenses

Research and development expenses were \$238.5 million for the nine months ended September 30, 2024, compared to \$292.2 million for the nine months ended September 30, 2023. The following table summarizes our research and development expenses for the nine months ended September 30, 2024 and 2023, together with the changes in those items in dollars (in thousands):

	Nine Months Ended September 30,		Period to Period
	2024	2023	Change
External research and development expenses	\$ 63,083	\$ 102,642	\$ (39,559)
Employee related expenses	58,015	63,576	(5,561)
Facility expenses	73,486	81,662	(8,176)
Stock-based compensation expenses	36,542	36,284	258
Other expenses	1,467	2,191	(724)
Sublicense and license fees	5,905	5,833	72
Total research and development expenses	\$ 238,498	\$ 292,188	\$ (53,690)

The decrease of approximately \$53.7 million was primarily attributable to the following:

- \$39.6 million of decreased external research and development costs, primarily associated with a decrease in variable external research and manufacturing costs;
- \$8.2 million of decreased facility-related expenses, primarily driven by lower laboratory-related costs; and
- \$5.6 million of decreased employee-related expenses.

### *General and Administrative Expenses*

General and administrative expenses were \$54.9 million for the nine months ended September 30, 2024, compared to general and administrative expenses of \$59.7 million for the nine months ended September 30, 2023. The decrease of approximately \$4.8 million was primarily attributable to decreased employee-related expenses and consulting and professional services-related expenses.

### *Collaboration Expense, Net*

Collaboration expense, net, was \$110.3 million for the nine months ended September 30, 2024 and 2023, which represents our share of costs for the CASGEVY program. In both the third quarter of 2024 and the third quarter of 2023, we exercised our option to defer specified costs on the CASGEVY program in excess of the \$110.3 million deferral limit under the A&R Vertex JDCA, as amended. As of September 30, 2024, we have deferred \$44.9 million in 2024 under the A&R Vertex JDCA, as amended, compared to a deferral of \$23.4 million in 2023 as of September 30, 2023. This increase in the deferral is a result of increased commercial and manufacturing costs for CASGEVY when compared to the prior period.

### *Other Income, Net*

Other income was \$75.9 million for the nine months ended September 30, 2024, compared to \$51.8 million of income for the nine months ended September 30, 2023. The increase of approximately \$24.1 million was primarily due to interest income earned on cash, cash equivalents and marketable securities for the nine months ended September 30, 2024.

## **Liquidity and Capital Resources**

We have predominantly incurred losses and cumulative negative cash flows from operations since our inception. As of September 30, 2024, we had \$1,935.6 million in cash, cash equivalents and marketable securities, of which approximately \$154.6 million was held outside of the United States, and an accumulated deficit of \$1,328.6 million. We anticipate that we will continue to incur losses for at least the next several years. We expect to continue to incur research and development costs and general and administrative expenses consistent with costs associated with research and development at companies of our size and stage of development, and, as a result, we will need additional capital to fund our operations, which we may raise through public or private equity or debt financings, strategic collaborations, or other sources.

In August 2019, we entered into the August 2019 Sales Agreement with Jefferies and filed our current prospectus supplement for \$378.6 million in August 2024. As of September 30, 2024, we have issued and sold an aggregate of 1.6 million common shares under the 2021 ATM at an average price of \$134.76 per share for aggregate proceeds of \$218.4 million, which were net of equity issuance costs of \$2.9 million, excluding stamp taxes.

In February 2024, the Company entered into an investment agreement for the sale of approximately \$280.0 million of its common shares to a group of institutional investors in a registered direct offering, at a price per share of \$71.50. The Company received net proceeds of \$279.0 million, excluding stamp taxes due of \$2.8 million.

### *Funding Requirements*

Our primary uses of capital are, and we expect will continue to be, research and development activities, manufacturing activities, compensation and related expenses, laboratory and related supplies, legal and other regulatory expenses, patent prosecution, filing, defense and intellectual property maintenance costs, and general overhead costs, including costs associated with operating as a public company. We expect to continue to incur operating expenses consistent with costs associated with research and development at companies of our size and stage of development, which may increase in the future to support continued research and development activities and potential commercialization of our product candidates.

Although we and our partner, Vertex, received marketing approval of CASGEVY in 2023 in certain jurisdictions, and have received subsequent approvals in 2024, most of our programs are still in early stages of development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development, manufacture and commercialization of any current or future product candidates, if approved, or whether, or when, we may achieve profitability. Until such time as we can generate substantial product revenues, if ever, we expect to finance our cash needs through a combination of equity financings, debt financings and payments received in connection with our collaboration agreements. We intend to consider opportunities to raise additional funds through the sale of equity or debt securities when market conditions are favorable to us to do so. However, the trading prices for our common shares and other biopharmaceutical companies have been highly volatile. As a result, we may face difficulties raising capital through sales of our common shares or such sales may be on unfavorable terms. In addition, a recession, depression or other sustained adverse market event, including resulting from the continued spread of the coronavirus or the recent failure of certain banks and financial institutions in the United States and globally, could materially and adversely affect our business and the value of our common shares. To the extent that we raise additional capital through the future sale of equity or debt securities, the ownership interests of our shareholders will be diluted, and the terms of these securities may include liquidation or other

preferences that adversely affect the rights of our existing shareholders. If we raise additional funds through collaboration arrangements in the future, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

### *Outlook*

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect our existing cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditures for at least the next 24 months without giving effect to any additional proceeds we may receive under our collaboration with Vertex and any other capital raising transactions we may complete. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Given our need for additional financing to support the long-term clinical development of our programs, we intend to consider additional financing opportunities when market terms are favorable to us.

Our ability to generate revenue and achieve profitability depends significantly on our success in many areas, including: developing our delivery technologies and our gene editing technology platform; selecting appropriate product candidates to develop; completing research and preclinical and clinical development of selected product candidates; obtaining regulatory approvals and marketing authorizations for product candidates for which we complete clinical trials; developing a sustainable and scalable manufacturing process for product candidates; launching and commercializing product candidates for which we obtain regulatory approvals and marketing authorizations, either directly or with a collaborator or distributor; obtaining market acceptance of our product candidates, either directly or with a collaborator or distributor, if approved, including for CASGEVY; addressing any competing technological and market developments; negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter; maintaining good relationships with our collaborators and licensors; maintaining, defending, protecting and expanding our estate of intellectual property rights, including patents, trade secrets and know-how; and attracting, hiring and retaining qualified personnel.

### **Cash Flows**

The following table provides information regarding our cash flows for each of the periods below (in thousands):

	<b>Nine Months Ended September 30,</b>		<b>Period to Period Change</b>
	<b>2024</b>	<b>2023</b>	
Net cash used in operating activities	\$ (92,743)	\$ (164,302)	\$ 71,559
Net cash (used in) provided by investing activities	(386,309)	456,100	(842,409)
Net cash provided by financing activities	315,108	23,725	291,383
Effect of exchange rate changes on cash	66	12	54
Net (decrease) increase in cash	<u>\$ (163,878)</u>	<u>\$ 315,535</u>	<u>\$ (479,413)</u>

#### *Operating Activities*

Net cash used in operating activities was \$92.7 million for the nine months ended September 30, 2024, compared to cash used in operating activities of \$164.3 million for the nine months ended September 30, 2023. The decrease in net cash used in operating activities was primarily driven by cash received from a milestone recognized as revenue in 2023, offset by increased net losses.

#### *Investing Activities*

Net cash used in investing activities for the nine months ended September 30, 2024 was \$386.3 million, compared to net cash provided by investing activities of \$456.1 million for the nine months ended September 30, 2023. The change to a net cash used in investing activities from a net cash provided by investing activities was primarily driven by a net increase in purchases of our marketable securities.

#### *Financing Activities*

Net cash provided by financing activities for the nine months ended September 30, 2024 was \$315.1 million, compared with \$23.7 million for the nine months ended September 30, 2023. Net cash provided by financing activities for the nine months ended September 30, 2024 primarily consisted of proceeds from the sale of approximately \$280.0 million of its common shares to a group of institutional investors in a registered direct offering, at a price per share of \$71.50.

## **Critical Accounting Policies and Significant Judgments and Estimates**

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with U.S. GAAP. We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as critical because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also would have been reasonable—could have been used. On an ongoing basis, we evaluate our estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and other market-specific or other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that our most critical accounting policies are those relating to revenue recognition and equity-based compensation, and there have been no changes to our accounting policies discussed in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024.

## **Recent Accounting Pronouncements**

Refer to Note 1 of the notes to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

## **Item 3. Qualitative and Quantitative Disclosures about Market Risk**

### *Interest Rate Sensitivity*

We are exposed to market risk related to changes in interest rates. As of September 30, 2024, we had cash, cash equivalents and marketable securities of \$1,935.6 million, primarily invested in U.S. treasury securities and government agency securities, corporate bonds, commercial paper and money market accounts invested in U.S. government agency securities. Due to the conservative nature of these instruments, we do not believe that we have a material exposure to interest rate risk. If interest rates were to increase or decrease by 1%, the fair value of our investment portfolio would increase or decrease by an immaterial amount.

### *Foreign Currency Exchange Rate Risk*

As a result of our foreign operations, we face exposure to movements in foreign currency exchange rates, primarily the Swiss Franc and British Pound, against the U.S. dollar. The current exposures arise primarily from cash, accounts payable and intercompany receivables and payables. Changes in foreign exchange rates affect our consolidated statement of operations and distort comparisons between periods. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions.

### *Inflation*

Inflation generally affects us by increasing our cost of labor, clinical trial and manufacturing costs. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the three and nine months ended September 30, 2024 and 2023.

**Item 4. Controls and Procedures.*****Management's Evaluation of our Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities and Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of September 30, 2024, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of September 30, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

***Changes in Internal Control over Financial Reporting***

During the quarter ended September 30, 2024, there were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Securities Exchange Act of 1934, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

In the ordinary course of business, we are from time to time involved in lawsuits, investigations, proceedings and threats of litigation related to, among other things, our intellectual property estate (including certain in-licensed intellectual property), commercial arrangements and other matters. Such proceedings may include quasi-litigation, *inter partes* administrative proceedings in the U.S. Patent and Trademark Office and the European Patent Office involving our intellectual property estate including certain in-licensed intellectual property. There are currently no claims or actions pending against us that, in the opinion of our management, are likely to have a material adverse effect on our business.

There have been no material developments with respect to the legal proceedings previously disclosed in “Item 3. Legal Proceedings” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on February 21, 2024.

### Item 1A. Risk Factors.

In addition to the risks described in our Annual Report on Form 10-K and any quarterly report on Form 10-Q, you should carefully consider the other information set forth in this Form 10-Q and the information in our other filings with the SEC, as they could materially affect our business, financial condition or future results of operations. There have been no material changes to the risk factors previously disclosed in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults Upon Senior Securities.

Not applicable.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

From time to time, our officers (as defined in Rule 16a-1(f)) and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as each such term is defined in Item 408 of Regulation S-K). During the three months ended September 30, 2024, none of our officers and directors adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement.

### Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth in the Exhibit Index below.

Exhibit Number	Description of Document
10.1*	<a href="#">Form of Indemnification Agreement</a>
31.1*	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1*+	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104*	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)



\* Filed herewith.

+ The certification attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of CRISPR Therapeutics AG under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CRISPR Therapeutics AG**

Dated: November 5, 2024

By: /s/ Samarth Kulkarni  
Samarth Kulkarni, Ph.D.  
Chief Executive Officer  
(Principal Executive Officer)

Dated: November 5, 2024

By: /s/ Raju Prasad  
Raju Prasad, Ph.D.  
Chief Financial Officer  
(Principal Financial Officer)

**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (“Agreement”) is made as of \_\_\_\_\_ by and between CRISPR Therapeutics AG, a Swiss stock corporation (the “Company”), and (“Indemnitee”).

**RECITALS**

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, Articles of Association (the “Articles”) require indemnification of the officers and directors of the Company;

WHEREAS, the Articles expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company’s shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, regardless of any amendment or revocation of the Articles, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Articles and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

[WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by [Name of Fund/Sponsor] which Indemnitee and [Name of Fund/Sponsor] intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided in this Agreement, with the Company’s acknowledgment and agreement to the foregoing being a material condition to Indemnitee’s willingness to serve or continue to serve on the Board.]

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to [continue to] serve as [a director and/or executive officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This

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Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

## Section 2. Definitions.

As used in this Agreement:

(a) “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, the “Exchange Act”), as in effect on the date of this Agreement; provided, however, that no Person who is a director or officer of the Company shall be deemed an Affiliate or an Associate of any other director or officer of the Company solely as a result of his or her position as director or officer of the Company.

(b) A Person shall be deemed the “Beneficial Owner” of, and shall be deemed to “Beneficially Own” and have “Beneficial Ownership” of, any securities:

- i. which such Person or any of such Person’s Affiliates or Associates, directly or indirectly, Beneficially Owns (as determined pursuant to Rule 13d-3 of the Rules under the Exchange Act, as in effect on the date of this Agreement);
  - ii. which such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has: (A) the legal, equitable or contractual right or obligation to acquire (whether directly or indirectly and whether exercisable immediately or only after the passage of time, compliance with regulatory requirements, satisfaction of one or more conditions (whether or not within the control of such Person) or otherwise) upon the exercise of any conversion rights, exchange rights, rights, warrants or options, or otherwise; (B) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing); or (C) the right to dispose of pursuant to any agreement, arrangement or understanding (whether or not in writing) (other than customary arrangements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities);
  - iii. which are Beneficially Owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person or any of such Person’s Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting or disposing of any securities of the Company; or
  - iv. that are the subject of a derivative transaction entered into by such Person or any of such Person’s Affiliates or Associates, including, for these purposes, any derivative security acquired by such Person or any of such Person’s Affiliates or Associates that gives such Person or any of such Person’s Affiliates or Associates the economic equivalent of ownership of an amount of securities due to the fact that the value of the derivative security is explicitly determined by reference to the price or value of such securities, or that provides such Person or any of such Person’s Affiliates or Associates an opportunity, directly or indirectly, to profit or to share in any profit derived from any change in the value of such securities, in any case without regard to whether (A) such derivative security conveys any voting rights in such securities to such Person or any of such Person’s Affiliates or Associates; (B) the derivative security is required to be, or capable of being, settled through delivery of such securities; or (C) such Person or any of such Person’s Affiliates or Associates may have entered into other transactions that hedge the economic effect of such derivative security;
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Notwithstanding the foregoing, no Person engaged in business as an underwriter of securities shall be deemed the Beneficial Owner of any securities acquired through such Person's participation as an underwriter in good faith in a firm commitment underwriting.

(c) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

- i. *Acquisition of Stock by Third Party.* Any Person is or becomes the Beneficial Owner (as defined above), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, provided that a Change in Control shall be deemed to have occurred if subsequent to such reduction such Person becomes the Beneficial Owner, directly or indirectly, of any additional securities of the Company conferring upon such Person any additional voting power;
- ii. *Change in Board of Directors.* During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(c)(i), 2(c)(iii) or 2(c)(iv)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;
- iii. *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or successor entity) more than 50% of the combined voting power of the voting securities of the surviving or successor entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving or successor entity;
- iv. *Liquidation.* The approval by the shareholders of the Company of a complete liquidation of the Company or by the Board and/or the shareholders of the Company of an agreement for the sale, lease, exchange or other transfer by the Company, in one or a series of related transactions, of all or substantially all of the Company's assets; and
- v. *Other Events.* There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act whether or not the Company is then subject to such reporting requirement.

(d) "Corporate Status" describes the status of a person as a current or former director of the Company or current or former director, manager, partner, officer, employee, agent or trustee of any other Enterprise which such person is or was serving at the request of the Company.

(e) "Disinterested Directors" shall mean those members of the Board who are not parties to an action, suit

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or proceeding in respect of which indemnification is sought.

(f) “Enforcement Expenses” shall include all reasonable attorneys’ fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with an action to enforce indemnification or advancement rights, or an appeal from such action. Expenses, however, shall not include fees, salaries, wages or benefits owed to Indemnitee.

(g) “Enterprise” shall mean any corporation (other than the Company), partnership, joint venture, trust, employee benefit plan, limited liability company, or other legal entity of which Indemnitee is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee.

(h) “Expenses” shall include all reasonable and actually incurred attorneys’ fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding. Expenses, however, shall not include amounts paid in settlement by Indemnitee, the amount of judgments or fines against Indemnitee or fees, salaries, wages or benefits owed to Indemnitee.

(i) “Independent Counsel” means a law firm, or a partner (or, if applicable, member or shareholder) of such a law firm, that is experienced in matters of Swiss law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company, any subsidiary of the Company, any Enterprise or Indemnitee in any matter material to any such party; or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(j) “Person” shall mean (i) an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, a business trust, a government or political subdivision, any unincorporated organization or any other association or entity including any successor (by merger or otherwise) thereof or thereto, and (ii) a “group” as that term is used for purposes of Section 13(d)(3) of the Exchange Act.

(k) The term “Proceeding” shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, regulatory or investigative nature, and whether formal or informal, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director of the Company or is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise or by reason of any action taken by Indemnitee or of any action taken on his or her part while acting as a director of the Company or while serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement; provided, however, that the term “Proceeding” shall not include any

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action, suit or arbitration, or part thereof, initiated by Indemnitee to enforce Indemnitee's rights under this Agreement as provided for in Section 12(a) of this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee to the extent set forth in this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties, excise taxes, and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee to the extent set forth in this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that Swiss courts shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as Swiss courts shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement and except as provided in Section 7, to the extent that Indemnitee is a party to or a participant in any Proceeding and is successful in such Proceeding or in defense of any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Reimbursement for Expenses of a Witness or in Response to a Subpoena. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee, by reason of his or her Corporate Status, (i) is a witness in any Proceeding to which Indemnitee is not a party and is not threatened to be made a party or (ii) receives a subpoena with respect to any Proceeding to which Indemnitee is not a party and is not threatened to be made a party, the Company shall reimburse Indemnitee for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement:

(a) to indemnify for amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such amounts under any insurance policy, contract, agreement or otherwise; provided that the foregoing shall not [(i)] apply to any

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personal or umbrella liability insurance maintained by Indemnitee[, or (ii) affect the rights of Indemnitee or the Fund Indemnitors as set forth in Section 13(c)];

(b) to indemnify for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act, as amended, or similar provisions of state statutory law or common law, or from the purchase or sale by Indemnitee of such securities in violation of Section 306 of the Sarbanes-Oxley Act of 2002;

(c) to indemnify Indemnitee in the event (i) that Indemnitee's actions or omissions have been finally and bindingly adjudged by a competent Swiss court to have been knowingly fraudulent or deliberately dishonest, or to constitute willful misconduct; (ii) that indemnification is expressly prohibited by Swiss law; (iii) that payment is actually made to Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnification clause, by law or agreement, except in respect of any indemnification exceeding the payment under such insurance, clause, by law or agreement; or (iv) that a final and binding decision by a Swiss court having jurisdiction in the matter shall determine that such indemnification is not lawful;

(d) to indemnify with respect to any Proceeding, or part thereof, brought by Indemnitee against the Company, any legal entity which it controls, any director or officer thereof or any third party, unless (i) the Board has consented to the initiation of such Proceeding or part thereof and (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; provided, however, that this Section 7(d) shall not apply to (A) counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee or (B) any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought as described in Section 12; or

(e) to provide any indemnification or advancement of expenses that is prohibited by applicable law (as such law exists at the time payment would otherwise be required pursuant to this Agreement).

Section 8. Advancement of Expenses. Subject to Section 9(b), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's (i) ability to repay the expenses, (ii) ultimate entitlement to indemnification under the other provisions of this Agreement, and (iii) entitlement to and availability of insurance coverage, including advancement, payment or reimbursement of defense costs, expenses or covered loss under the provisions of any applicable insurance policy (including, without limitation, whether such advancement, payment or reimbursement is withheld, conditioned or delayed by the insurer(s)). Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that Indemnitee undertakes to the fullest extent required by law to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein. Nothing in this Section 8 shall limit Indemnitee's right to advancement pursuant to Section 12(e) of this Agreement.

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Section 9. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor specifying the basis for the claim, the amounts for which Indemnitee is seeking payment under this Agreement, and all documentation related thereto as reasonably requested by the Company.

(b) In the event that the Company shall be obligated hereunder to provide indemnification for or make any advancement of Expenses with respect to any Proceeding, the Company shall be entitled to assume the defense of such Proceeding, or any claim, issue or matter therein, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld or delayed) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of such defense, (C) the Company shall not continue to retain such counsel to defend such Proceeding or (D) a Change in Control shall have occurred, then the fees and expenses actually and reasonably incurred by Indemnitee with respect to his or her separate counsel shall be Expenses hereunder.

(c) In the event that the Company does not assume the defense in a Proceeding pursuant to paragraph (b) above, then the Company will be entitled to participate in the Proceeding at its own expense.

(d) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). Without limiting the generality of the foregoing, the fact that an insurer under an applicable insurance policy delays or is unwilling to consent to such settlement or is or may be in breach of its obligations under such policy, or the fact that directors' and officers' liability insurance is otherwise unavailable or not maintained by the Company, may not be taken into account by the Company in determining whether to provide its consent. The Company shall not, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed), enter into any settlement which (i) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or any monetary damages for which Indemnitee is not wholly and actually indemnified hereunder or (ii) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or may be otherwise entitled to seek indemnification hereunder, does not include the full release of Indemnitee from all liability in respect of such Proceeding.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a), a determination, if such determination is required by applicable law, with respect to Indemnitee's entitlement to indemnification hereunder shall be made in the specific case by one of the following methods: (x) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board; or (y) if a Change in Control shall not have occurred: (i) by a majority vote of the Disinterested Directors, even though less than a quorum; (ii) by a committee of Disinterested Directors designated by a majority vote of the disinterested directors, even though less than a quorum; or (iii) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board. In the case that such determination is made by Independent Counsel, a copy of Independent Counsel's written opinion shall be delivered to Indemnitee and, if it is so determined that Indemnitee is entitled to

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indemnification, payment to Indemnitee shall be made within forty-five (45) days after such determination. Indemnitee shall cooperate with the Independent Counsel or the Company, as applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel or the Company, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company shall likewise cooperate with Indemnitee and Independent Counsel, if applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel and Indemnitee, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Company and reasonably necessary to such determination. Any out-of-pocket costs or expenses (including reasonable attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the Independent Counsel or the Company shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a), the Independent Counsel shall be selected by the Board if a Change in Control shall not have occurred or, if a Change in Control shall have occurred, by Indemnitee. Indemnitee or the Company, as the case may be, may, within ten (10) days after written notice of such selection, deliver to the Company or Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Swiss court has determined that such objection is without merit. If, within twenty (20) days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 9(a), and (ii) the final disposition of the Proceeding, including any appeal therein, no Independent Counsel shall have been selected without objection, either Indemnitee or the Company may petition the Swiss court for resolution of any objection which shall have been made by Indemnitee or the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate. The person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) Notwithstanding anything to the contrary contained in this Agreement, the determination of entitlement to indemnification under this Agreement shall be made without regard to the Indemnitee's entitlement to and availability of insurance coverage, including advancement, payment or reimbursement of defense costs, expenses or covered loss under the provisions of any applicable insurance policy (including, without limitation, whether such advancement, payment or reimbursement is withheld, conditioned or delayed by the insurer(s)).

#### Section 11. Presumptions and Effect of Certain Proceedings.

(a) To the extent permitted by applicable law, in making a determination with respect to entitlement to indemnification hereunder, it shall be presumed that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of

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this Agreement, and the Company shall have the burden of proof and the burden of persuasion by clear and convincing evidence to overcome that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) Indemnitee shall be deemed to have acted in good faith if Indemnitee's actions based on the records or books of account of the Company or any other Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, officers, agents or employees of the Company or any other Enterprise in the course of their duties, or on the advice of legal counsel for the Company or any other Enterprise or on information or records given or reports made to the Company or any other Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or any other Enterprise. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failure to act, of any director, manager, partner, officer, employee, agent or trustee of the Company, any subsidiary of the Company, or any Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 11(c) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

#### Section 12. Remedies of Indemnitee.

(a) Subject to Section 12(f), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification for which a determination is to be made other than by Independent Counsel, (iv) payment of indemnification or reimbursement of expenses is not made pursuant to Section 5 or 6 or the last sentence of Section 10(a) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) or (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by Swiss courts of his or her entitlement to such indemnification or advancement. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Swiss Rules of International Arbitration of the Swiss Arbitration Centre in force on the date on which the notice of arbitration is submitted in accordance with those rules and shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing time limitation shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek

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any such adjudication or award in arbitration. The seat of the arbitration shall be in Zurich, Switzerland. The arbitral proceedings shall be conducted in English.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against any and all Enforcement Expenses and, if requested by Indemnitee, shall (within thirty (30) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Enforcement Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought. Such written request for advancement shall include invoices received by Indemnitee in connection with such Enforcement Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

Section 13. Non-exclusivity; Survival of Rights; Insurance; [Primacy of Indemnification;] Subrogation.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Articles, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Swiss law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Articles and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now

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or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, managers, partners, officers, employees, agents or trustees of the Company or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, manager, partner, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Upon request of Indemnitee, the Company shall also promptly provide to Indemnitee: (i) copies of all of the Company's potentially applicable directors' and officers' liability insurance policies, (ii) copies of such notices delivered to the applicable insurers and (iii) copies of all subsequent communications and correspondence between the Company and such insurers regarding the Proceeding.

[(c) The Company hereby acknowledges that Indemnitee has or may have certain rights to indemnification, advancement of expenses and/or insurance provided by [Name of Fund/Sponsor] and certain of [its][their] affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Articles (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 13(c).]

(d) Except as provided in paragraph (c) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against any third party [(other than against the Fund Indemnitors)], who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) Except as provided in paragraph (c) above, the Company's obligation to provide indemnification or advancement hereunder to Indemnitee who is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement from such other Enterprise.

Section 14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as [a director and/or executive

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officer] of the Company or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. Except as provided above, the indemnification provided under this Agreement shall continue as to the Indemnitee even though the Indemnitee may have ceased to serve as [a director and/or executive officer] of the Company. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

#### Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as [a director and/or executive officer] of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as [a director and/or executive officer] of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Articles and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. No supplement, modification or amendment of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such supplement, modification or amendment.

Section 18. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification, reimbursement or advancement as provided hereunder. The failure of Indemnitee to so notify the Company or any delay in notification shall not relieve the Company of any obligation which it may have to Indemnitee under

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this Agreement or otherwise, unless, and then only to the extent that, the Company did not otherwise learn of the Proceeding and such delay is materially prejudicial to the Company's ability to defend such Proceeding or matter; and, provided, further, that notice will be deemed to have been given without any action on the part of Indemnitee in the event the Company is a party to the same Proceeding.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (iii) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (iv) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

CRISPR Therapeutics AG  
Baarerstrasse 14  
6300 Zug, Switzerland

with copy to:

c/o CRISPR Therapeutics, Inc.  
105 West First Street  
Boston, Massachusetts 02127  
Attention: James R. Kasinger

and

Walder Wyss Ltd.  
Seefeldstrasse 123  
P.O. Box  
8034 Zurich, Switzerland  
Attention: Alex Nikitine

or to any other address as may have been furnished to Indemnitee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee in connection with the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transactions.

Section 21. Internal Revenue Code Section 409A. The Company intends for this Agreement to comply with the Indemnification exception under Section 1.409A-1(b)(10) of the regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"), which provides that indemnification of, or the purchase of an insurance policy providing for payments of, all or part of the expenses incurred or damages paid or payable by Indemnitee with respect to a bona fide claim against Indemnitee or the

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Company do not provide for a deferral of compensation, subject to Section 409A of the Code, where such claim is based on actions or failures to act by Indemnitee in his or her capacity as a service provider of the Company. The parties intend that this Agreement be interpreted and construed with such intent.

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and all disputes including those concerning any statute of limitations, set-off claims, tort claims and interest claims, shall be governed by the substantive laws of Switzerland excluding its conflict of laws rules and international treaties. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in Zurich, Switzerland, and not in any other court in any other city or country, (ii) consent to submit to the exclusive jurisdiction of Swiss courts for purposes of any action or proceeding arising out of or in connection with this Agreement including regarding its conclusion, validity, binding effect, amendment, breach, termination or rescission, (iii) consent to service of process at the address set forth in Section 19 of this Agreement with the same legal force and validity as if served upon such party personally within the Switzerland, (iv) waive any objection to the laying of venue of any such action or proceeding in Swiss courts, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in Swiss courts has been brought in an improper or inconvenient forum.

Section 23. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Monetary Damages Insufficient/Specific Enforcement. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by Swiss courts, and the Company hereby waives any such requirement of a bond or undertaking.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

CRISPR THERAPEUTICS AG

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
[Name of Indemnitee]

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## CERTIFICATIONS

I, Samarth Kulkarni, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CRISPR Therapeutics AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

By: /s/ Samarth Kulkarni

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Samarth Kulkarni, Ph.D.  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATIONS

I, Raju Prasad, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CRISPR Therapeutics AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2024

By: /s/ Raju Prasad

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Raju Prasad, Ph.D.  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of CRISPR Therapeutics AG (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned officers of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

/s/ Samarth Kulkarni

Samarth Kulkarni, Ph.D.  
Chief Executive Officer  
(Principal Executive Officer)

November 5, 2024

/s/ Raju Prasad

Raju Prasad, Ph.D.  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

November 5, 2024

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