CRISPR Therapeutics Reports Fourth Quarter and Full Year 2016 Financial Results and Provides Business Update

March 10, 2017

On track to file CTA for lead program in Beta-thalassemia in 2017. Strong financial position to support development of pipeline and fund operations.

BASEL, Switzerland and CAMBRIDGE, Mass., March 10, 2017 (GLOBE NEWSWIRE) -- CRISPR Therapeutics, (NASDAQ:CRSP), a biopharmaceutical company focused on creating transformative gene-based medicines for serious diseases, today reported financial results for the three months and full year-ended December 31, 2016 and provided a business update.

"2016 was a year of tremendous growth for CRISPR Therapeutics, with the successful IPO in October certainly being a highlight," said Dr. Rodger Novak, CEO of CRISPR Therapeutics. "It is very rewarding to see the significant achievements accompanied by a rapid maturation of the company since the founding of CRISPR in late 2013. The skill and dedication of our employees is remarkable and constitutes a key basis for delivering on the promise of CRISPR/Cas9 gene editing to create transformative gene-based medicines for serious human diseases."

Recent Highlights and Outlook

- **Significant progress on our lead program.** CRISPR Therapeutics is on track to file its clinical trial authorization (CTA) in Europe by year-end 2017 for its lead therapeutic product to treat beta-thalassemia. The preclinical program, including the manufacturing process, has been vetted and approved by the Paul-Ehrlich Institute in Germany, and by the United Kingdom's health regulatory authority (MHRA). CRISPR's gene editing approach is designed to re-create the genetic variants that are associated with hereditary persistence of fetal hemoglobin (HPFH), which has been shown to significantly reduce morbidity in patients with both beta-thalassemia and sickle cell disease. In two presentations at the 58th American Society of Hematology (ASH) Annual Meeting in December, 2016, CRISPR demonstrated that CRISPR/Cas9 gene editing can re-create the genetics of naturally occurring HPFH with high efficiency and no detectable off target editing, in human hematopoietic stem cells, leading to high expression levels of protective fetal hemoglobin.

- **Expansion of *ex vivo* platform to other disease areas.** CRISPR Therapeutics is continuing to expand its *ex vivo* gene editing platform and manufacturing expertise to other diseases such as Hurler Syndrome and Severe Combined Immuno-deficiency Syndrome (SCID). A special focus is being given to immuno-oncology, where we have established a separate business unit with its own dedicated scientific leadership. We have established the ability to both disrupt and insert multiple genes in T-cells, enabling the generation of allogeneic products targeted to various tumor types, including solid tumors.

- **Platform improvement and delivery technologies to support *in vivo* applications.** CRISPR Therapeutics together with Casebia Therapeutics (our joint venture with Bayer) is continuing to make substantial investments in technology improvements in support of our research and development programs, we are pursuing both viral and non-viral delivery technologies enabling *in vivo* applications of CRISPR/Cas9 technology. We have optimized lipid nanoparticle delivery to achieve high level of gene disruption and elimination of protein expression in animal models at therapeutically relevant doses.

- **Successfully completed multiple financings.** In June 2016, CRISPR Therapeutics received $36.3 million of net proceeds from the issuance of Series B preferred stock bringing the total amount of net proceeds received from Series B financings to approximately $140.0 million, including amounts raised under convertible loans subsequently converted to Series B preferred stock. In October 2016, CRISPR raised additional net proceeds of $54.1 million from an Initial Public Offering (IPO) of its common shares, and $35.0 million from a concurrent private placement with Bayer.

- **Entered into global agreement on foundational intellectual property for CRISPR/Cas9 gene editing technology.** In December 2016, CRISPR Therapeutics, Intellia Therapeutics, Caribou Biosciences, ERS Genomics and their licensors entered into a global cross-consent and invention management agreement for the foundational intellectual property covering CRISPR/Cas9 gene editing technology. The agreement reflects our commitment to maintain and coordinate the prosecution, defense, and enforcement of the CRISPR/Cas9 foundational patent portfolio to protect the ongoing development efforts associated with CRISPR's product candidates as well those being developed by our partners and licensees.

- **Continued organization build.** In January 2017, CRISPR Therapeutics opened its new office space in Cambridge, MA, which will host employees of both CRISPR and Casebia Therapeutics, our joint venture with Bayer. CRISPR is continuing to attract key talent across all critical functions, including research and development, manufacturing, finance and legal. We have grown rapidly since the IPO and currently have greater than 100 full-time employees.

Fourth Quarter and Full Year 2016 Financial Results (U.S. GAAP)

As of December 31, 2016, CRISPR Therapeutics had $315.5 million in cash as compared to $156.0 million in cash as of December 31, 2015. Based on its current operating plan, CRISPR expects that its existing cash resources will enable it to fund operating expenses and capital expenditure requirements for at least the next two years.

Three Months Ended December 31, 2016
CRISPR Therapeutics reported net income of $17.1 million in the three months ended December 31, 2016 as compared to a net loss of $12.3 million for the three months ended December 31, 2015. The increase in net income of $29.4 million was primarily a result of an increase in loss from operations of $13.1 million and a loss from equity method investment of $35.8 million offset by other income recognized in connection with the formation of a joint venture with Bayer of $78.6 million.

Research and development expenses were $15.6 million for the three months ended December 31, 2016 as compared to $6.2 million for the three months ended December 31, 2015. The increase in research and development expenses for the fourth quarter was primarily driven by increased spending on costs used to advance CRISPR's pre-clinical and drug discovery activities, in addition to increased salary and related benefits costs due to the increase in employee headcount.

General and administrative expenses were $12.1 million for the three months ended December 31, 2016 as compared to $6.2 million for the three months ended December 31, 2015. The increase in general and administrative expenses in the fourth quarter was primarily due to an increase in employee related costs to support our overall growth, including stock-based compensation expense, intellectual property costs incurred to prosecute our patents and costs related to an interference proceeding with respect to our in-licensed intellectual property.

The Year Ended December 31, 2016
CRISPR Therapeutics reported a net loss of $23.2 million for the year ended December 31, 2016 as compared to $25.8 million for the year ended December 31, 2015. The decrease in the net loss of $2.6 million was primarily a result of an increase in loss from operations of $42.4 million and a loss from equity method investment of $36.5 million offset by an increase in other income of $82.0 million primarily related to the formation of the joint venture with Bayer.

Research and development expenses for the year ended December 31, 2016 were $42.2 million as compared to $12.6 million for the year ended December 31, 2015. The increase in research and development expenses for the full year was primarily driven by increased spending on costs used to advance CRISPR's pre-clinical and drug discovery activities, as well as increased salary and related benefits costs due to the increase in employee headcount.

General and administrative expenses were $31.1 million for the year ended December 31, 2016 as compared to $13.4 million for the year ended December 31, 2015. The increase in general and administrative expenses in the full year was primarily due to an increase in employee related costs to support our overall growth, including stock-based compensation expense, intellectual property costs incurred to prosecute our patents and costs related to an interference proceeding with respect to our in-licensed intellectual property.

About CRISPR Therapeutics

CRISPR Therapeutics is a leading gene-editing company focused on developing transformative gene-based medicines for serious diseases using its proprietary CRISPR/Cas9 gene-editing platform. CRISPR/Cas9 is a revolutionary technology that allows for precise, directed changes to genomic DNA. CRISPR's multi-disciplinary team of world-class researchers and drug developers is working to translate this technology into breakthrough human therapeutics in a number of serious diseases. Additionally, CRISPR Therapeutics has established strategic collaborations with Bayer and Vertex Pharmaceuticals to develop CRISPR-based therapeutics in diseases with high unmet need. The foundational CRISPR/Cas9 patent estate for human therapeutic use was licensed from the company's scientific founder Emmanuelle Charpentier, Ph.D. CRISPR Therapeutics is headquartered in Basel, Switzerland with its R&D operations based in Cambridge, Massachusetts. For more information, please visit www.crisprtx.com.

CRISPR Forward-Looking Statement

Certain statements set forth in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, but not limited to, statements concerning: the therapeutic value, development, and commercial potential of CRISPR/Cas-9 gene editing technologies and therapies and the intellectual property protection of our technology and therapies. You are cautioned that forward-looking statements are inherently uncertain. Although the company believes that such statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations, the forward-looking statements are neither promises nor guarantees and they are necessarily subject to a high degree of uncertainty and risk. Actual performance and results may differ materially from those projected or suggested in the forward-looking statements due to various risks and uncertainties. These risks and uncertainties include, among others: uncertainties regarding the intellectual property protection for our technology and intellectual property belonging to third parties; uncertainties inherent in the initiation and conduct of preclinical and clinical studies for the company's product candidates; availability and timing of results from preclinical and clinical studies; whether results from a preclinical study or clinical trial will be predictive of future results in connection with future trials or use; expectations for regulatory approvals to conduct trials or to market products; and those risks and uncertainties described under the heading "Risk Factors" in the company's most recent annual report on Form 10-K, and in any other subsequent filings made by the company with the U.S. Securities and Exchange Commission (SEC), which are available on the SEC's website at www.sec.gov. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The information contained in this press release is provided by the company as of the date hereof, and, except as required by law, the company disclaims any intention or responsibility for updating or revising any forward-looking information contained in this press release.

CRISPR Therapeutics AG

Consolidated Statements of Operations

In thousands except share data and per share data

(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Collaborative revenue	$ 2,344	$ 247	$ 5,164	$ 247
Operating expenses:				
Research and development	15,572	6,174	42,238	12,573
General and administrative	12,082	6,239	31,056	13,403
Total operating expenses	27,654	12,413	73,294	25,976
Loss from operations	(25,310)	(12,166)	(68,130)	(25,729)
Other income (expense), net	78,654	(50)	70,462	(92)
Loss from equity method investment	(35,846)	-	(36,532)	-
Gain on extinguishment of convertible loan	-	-	11,482	-
Net income (loss) before income taxes	17,498	(12,216)	(22,718)	(25,821)
Provision for income taxes	(400)	(70)	(484)	(7)
Net income (loss)	17,098	(12,286)	(23,202)	(25,828)
Loss attributable to noncontrolling interest	1	16	25	325
Dividends attributable to Redeemable Convertible Preferred Stock	(763)	-	-	-
Net income allocated to participating securities	(2,299)	-	-	-
Net income (loss) attributable to common stockholders	$ 14,037	$ (12,270)	$ (23,177)	$ (25,503)
Net income (loss) per share attributable to common shareholders:				
Basic	$ 0.43	$ (2.22)	$ (1.89)	$ (5.06)
Diluted	$ 0.40	$ (2.22)	$ (1.89)	$ (5.06)
Weighted-average common shares outstanding used in net income (loss) per share attributable to common shareholders:				
Basic	32,987,335	5,528,079	12,257,483	5,037,404
Diluted	34,989,218	5,528,079	12,257,483	5,037,404

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Consolidated Balance Sheets Data

in thousands

(unaudited)

	As of December 31,	
	2016	2015
Cash	$ 315,520	$ 155,961
Working capital	298,190	146,685
Total assets	344,962	159,423
Redeemable convertible preferred shares	-	64,521
Total shareholders' equity (deficit)	232,846	(29,124)

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