

Report of the statutory auditor on the financial statements

as of 31 December 2021 of

CRISPR Therapeutics AG, Zug

To the General Meeting of
CRISPR Therapeutics AG, Zug

Basle, 15 February 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of CRISPR Therapeutics AG, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Estimation of Variable Consideration for ongoing Collaboration Agreements

Risk	As discussed in Notes “Principles” and “Significant Events” to the financial statements, the Company has multiple ongoing collaboration agreements which include rights to future payments totaling up to \$2.2 billion as of 31 December 2021 that are payable upon the achievement of various developmental, regulatory and commercial milestones related to certain programs under development. These future payments represent variable consideration that is included in the transaction price for these collaboration agreements to the extent that the Company determines it is probable that a significant revenue reversal of cumulative revenue recognized under the contract will not occur. When the Company cannot conclude that it is probable that a significant revenue reversal of cumulative revenue under the contract will not occur, the Company constrains the related variable consideration resulting in its exclusion from the transaction price. The Company’s estimation of variable consideration to be constrained impacts the reported amounts of revenue and deferred revenue within the consolidated financial statements.
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In determining the portion of the transaction price to be constrained, management considers the probability and uncertainty of whether the related developmental, regulatory and commercial milestones will be achieved given the nature of clinical development and the stage of the underlying programs. This assessment is performed at each reporting period. In making this evaluation, management considers both internal and external information available including information from industry publications, the stage of development of the underlying programs and other relevant factors. Changes to the constraint of variable consideration can have a material effect on the amount of revenue recognized in the financial reporting period. As a result, auditing the accounting for the application of constraint to variable consideration required complex auditor judgement.

Our audit response

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's revenue recognition process. For example, we tested controls over management's estimation of the total transaction price for its collaboration agreements including those related to the application of constraint to variable consideration associated with future developmental, regulatory and commercial milestones.

To audit the Company's judgements related to the application of constraint to variable consideration, we performed audit procedures that included, among others, evaluating the Company's judgements related to the probability of achieving the related future developmental, regulatory and commercial milestones. To evaluate the Company's estimated probability of achieving developmental, regulatory and commercial milestones, we considered the nature of clinical development and the stage of development of the underlying programs in relation to relevant external data and compared the probabilities of achieving the milestones to current industry trends and available information from other guideline companies within the same industry and other relevant factors. We also discussed the probability of achieving the milestones in relation to each program's phase of development with the Company's research and development managers. Our audit procedures did not lead to any reservations regarding the estimation of Variable Consideration for ongoing Collaboration Agreements.

Revenue Recognition for Collaboration and Joint Development Agreement with Vertex Pharmaceuticals Incorporated

Risk

As discussed in Notes "Principles" and "Significant Events" to the financial statements, on 16 April 2021 the Company entered into an amendment to its joint development agreement with Vertex Pharmaceuticals Inc., referred to as the "A&R Vertex JDCA", which resulted in a payment of \$900 million and the recognition of \$900 million of revenue by the Company for the year ended 31 December 2021.

Accounting for the A&R Vertex JDCA required the Company to make certain significant judgements, including the determination of the standalone selling price of an identified performance obligation. The estimated standalone selling price for an identified performance obligation reflect management's assumptions regarding probability weighted projected discounted cash flows for an underlying collaboration development program. The estimated standalone selling price was sensitive to changes in certain assumptions within the discounted cash flow model such as the discount rate, and certain assumptions that form the basis of the forecasted cash flows (e.g., price per patient). In developing these assumptions, management considered both internal and external information available including information from other guideline companies within the same industry and other relevant factors. Changes to these assumptions can have a material

effect on the estimated standalone selling price of the performance obligation, impacting the amount and timing of revenue recognized. As a result, auditing the estimate of the standalone selling price for an identified performance obligation required especially complex auditor judgement.

Our audit response

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's revenue recognition process. For example, we tested controls over management's process to determine the significant assumptions described above with respect to the estimation of the standalone selling price of a performance obligation.

To audit the Company's revenue recognition related to the A&R Vertex JDCA, we performed audit procedures that included, among others, evaluating management's estimate of the standalone selling price of an identified performance obligation. For example, we evaluated the probability weighted projected discounted cash flow assumptions used by the Company in developing the estimated standalone selling price by comparing the significant assumptions described above to current industry trends using available information from other guideline companies within the same industry and other relevant factors. We also performed a sensitivity analysis of the significant assumptions to evaluate the impact that the change in the estimated standalone selling price of an identified performance obligation resulting from changes in the significant assumptions would have on the amount and timing of revenue recognized during the period. We involved our valuation professionals to assist in the assessment of the estimation methodology and the significant valuation assumptions used in determining the estimated standalone selling price of an identified performance obligation. Our audit procedures did not lead to any reservations regarding the accounting treatment of the revenue recognition for the Collaboration and Joint Development Agreement with Vertex Pharmaceuticals Incorporated.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Certified Auditor Accountant (Greece)

Enclosures

- ▶ Financial statements (balance sheet, income statement and notes)
- ▶ Proposal regarding the appropriation of available earnings

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Financial Statements

Income Statement for the years ended 31 December 2021 and 2020

Balance Sheet for the years ended 31 December 2021 and 2020

Notes to Financial Statements for the years ended 31 December 2021 and 2020.



Income Statement

For the year ended 31 December

		2021 USD	2020 USD	2021 ¹ CHF	2020 ² CHF
Operating income	Notes				
Collaboration revenue		913,081,567	542,576	843,084,734	483,338
Total net revenue		<u>913,081,567</u>	<u>542,576</u>	<u>843,084,734</u>	<u>483,338</u>
Operating expenses					
Research and development		(109,950,891)	(33,674,364)	(101,522,056)	(29,997,797)
Operating expenses from subsidiaries	10	(447,977,813)	(314,987,187)	(413,635,834)	(280,596,886)
Personnel expenses		(1,139,009)	(30,981,384)	(1,051,692)	(27,598,836)
Other operating expenses		(35,911,236)	(39,064,606)	(33,158,281)	(34,799,532)
Total operating expenses		<u>(594,978,949)</u>	<u>(418,707,541)</u>	<u>(549,367,863)</u>	<u>(372,993,052)</u>
Total operating result		<u>318,102,618</u>	<u>(418,164,965)</u>	<u>293,716,871</u>	<u>(372,509,714)</u>
Financial income	2	14,149,235	8,554,851	13,064,555	7,620,832
Gain/(loss) on investments		(1,222,822)	(858,267)	(1,129,081)	(764,561)
Financing expenses		(3,955,257)	(36,221,927)	(3,652,047)	(32,267,217)
Foreign exchange gain/(loss), net		(300,955)	(431,018)	(277,884)	(383,960)
Income/(Loss) before and after taxes for the year		<u>326,772,819</u>	<u>(447,121,326)</u>	<u>301,722,415</u>	<u>(398,304,620)</u>

The accompanying notes form an integral part of the financial statements.

¹ 2021 amounts shown in CHF are indicative and have been converted from USD at an exchange rate of CHF 0.92334 to USD 1 converted at Swiss tax spot rate of 31 December 2021.

² 2020 amounts shown in CHF are indicative and have been converted from USD at an exchange rate of CHF 0.89082 to USD 1 converted at Swiss tax spot rate of 31 December 2020.

Balance Sheet

For the year ended 31 December

		2021 USD	2020 USD	2021 ³ CHF	2020 ⁴ CHF
Assets	Notes				
Current assets					
Cash and cash equivalents		613,068,650	741,377,713	566,070,808	660,434,094
Other receivables subsidiaries		3,391,858	1,991,810	3,131,838	1,774,344
Other current assets	3	1,411,820	3,554,284	1,303,590	3,166,227
Accrued but not-invoiced revenue	4	8,513,774	10,910,994	7,861,108	9,719,732
Prepaid expenses	5	11,050,629	6,960,780	10,203,488	6,200,802
Total current assets		<u>637,436,732</u>	<u>764,795,581</u>	<u>588,570,832</u>	<u>681,295,199</u>
Non-current assets					
Long term loan to subsidiary	11	1,805,702,337	936,620,830	1,667,277,196	834,360,568
Investments in shareholdings	1	26,824,427	27,934,951	24,768,067	24,885,013
Fixed assets		1,339,306	370,708	1,236,635	330,234
Intangible assets		1	1	1	1
Total non-current assets		<u>1,833,866,071</u>	<u>964,926,490</u>	<u>1,693,281,898</u>	<u>859,575,816</u>
Total Assets		<u>2,471,302,803</u>	<u>1,729,722,071</u>	<u>2,281,852,730</u>	<u>1,540,871,015</u>

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Balance Sheet

For the year ended 31 December

		2021	2020	2021 ³	2020 ⁴
		USD	USD	CHF	CHF
Liabilities	Notes				
Current liabilities					
Trade accounts payable		4,356,189	2,598,702	4,022,243	2,314,976
Current payables to subsidiaries		27,437,485	32,492,850	25,334,128	28,945,281
Other current non-interest bearing liabilities	6	857,190	20,433,907	791,478	18,202,933
Accrued expenses	7	48,449,197	17,473,267	44,735,082	15,565,536
Deferred revenue current	9	—	417,105	—	371,565
Total current liabilities		<u>81,100,061</u>	<u>73,415,831</u>	<u>74,882,930</u>	<u>65,400,291</u>
Non-current liabilities					
Deferred revenue non-current	9	12,323,473	11,775,618	11,378,756	10,489,957
Other non-interest bearing non-current liabilities	8	4,853,932	6,566,236	4,481,830	5,849,334
Total non-current liabilities		<u>17,177,405</u>	<u>18,341,854</u>	<u>15,860,585</u>	<u>16,339,291</u>
Total liabilities		<u>98,277,466</u>	<u>91,757,685</u>	<u>90,743,515</u>	<u>81,739,582</u>
Equity					
Share capital		2,563,327	2,382,422	2,459,700	2,304,615
Legal capital reserves					
Capital contribution reserves	18	2,662,112,390	2,257,050,447	2,539,362,119	2,170,647,635
Other capital reserves		90,437,273	87,325,681	86,615,161	83,809,717
Total legal capital reserves		<u>2,752,549,663</u>	<u>2,344,376,128</u>	<u>2,625,977,280</u>	<u>2,254,457,352</u>
Revaluation adjustment		—	—	(83,965,911)	(142,610,223)
Voluntary retained earnings					
Loss carried forward		(708,648,299)	(261,526,973)	(654,883,590)	(256,578,970)
Net income/(loss) for the year		326,772,819	(447,121,326)	301,722,415	(398,304,620)
Accumulated losses		<u>(381,875,480)</u>	<u>(708,648,299)</u>	<u>(353,161,175)</u>	<u>(654,883,590)</u>
Treasury Shares	17	(212,174)	(145,865)	(200,677)	(136,721)
Total equity		<u>2,373,025,336</u>	<u>1,637,964,386</u>	<u>2,191,112,949</u>	<u>1,459,131,433</u>
Total liabilities and equity		<u>2,471,302,803</u>	<u>1,729,722,071</u>	<u>2,281,852,730</u>	<u>1,540,871,015</u>

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements for the year ended, 31 December 2021 and 2020

Principles

General

CRISPR Therapeutics AG headquarters are located at Baarerstrasse 14, CH-6300 Zug, the CRISPR Therapeutics AG financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) ("**Law**") for listed companies. The financial statements provide a true and fair view of the company's assets, financial position, and results of operations.

The significant accounting and valuation principles applied that are not prescribed by the Law are described below.

In accordance with the Law, the Company has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes, as well as a cash flow statement, because it has prepared its consolidated financial statements in accordance with a recognized accounting standard (US GAAP).

Conversion of foreign currency positions

The accounting records are maintained in United States dollars (USD). All monetary assets and liabilities recognized in foreign currencies are converted into United States dollars (USD) at the exchange rate as of the balance sheet date, with the exception for investments in subsidiaries, which are converted at historical rates.

Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, however, are deferred within accrued liabilities.

Revenue recognition

In general, the Company's research and collaboration agreements contain the following elements:

1. Upfront payments: Realization of upfront payments are allocated to the contractual obligations on a relative value basis.
2. Milestone payments: Realization of milestones (a Form of Variable Consideration) follows the method "the single most likely outcome of the contract" (milestones are recognized to the extent that it is "probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty underlying the variable consideration is resolved", the variable consideration "constraint").
3. Royalty income: Royalties are also considered another form of variable consideration. Royalties received in exchange for a license of Intellectual Property (IP) are recognized as revenue at the later of when the sale occurs or when the performance obligation to which the royalty relates has been satisfied.
4. Licenses of intellectual property: Licenses can be recognized under "right to access" or "right to use" the Company's Intellectual Property (IP). The determination of whether the license is a right to access IP or a right to use IP depends on its nature. "Functional IP" typically grants a right to use an entity's IP as it exists at a point in time and has significant standalone functionality. "Symbolic IP" provides the customer with a right to access the IP throughout the license period, and its utility is derived from the vendor's past or ongoing activities). Company's IP license agreements fall under functional IP.

Investments in subsidiaries and affiliated companies

Investments in shareholdings are recorded at acquisition cost less adjustments for impairment of value. The Company evaluates investments in subsidiaries for impairment annually and record an impairment loss when the carrying amount of such assets exceeds the fair value.

Financial assets

Financial assets are measured at acquisition costs less any adjustments for impairment.

Accounts receivable

Accounts receivable are reported at their nominal value less any impairments required for business reasons.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, short-term deposits, and certain investments in money market funds with an original maturity of six months or less. Such current assets are held at nominal value.

Liabilities

Liabilities are recognized at their nominal value.

Provisions Payables to subsidiaries and affiliated companies/Other liabilities

These liabilities are carried at nominal value.

Provisions

Provisions are recognized if there is an obligation based on an event that took place prior to the balance sheet date, the amount and/or due date of which is uncertain but capable of being estimated.

Significant events

Collaboration Agreements:

On 16 April 2021, the Company and Vertex agreed to amend and restate the JDA and entered into an Amended and Restated Joint Development and Commercialization Agreement, or the "A&R JDCA," 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 shall lead and have all decision making (i.e., control) in relation to the CTX001 program prospectively; (b) adjust the allocation of net profits and net losses between the parties with respect to CTX001 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 CTX001) that may be researched, developed, manufactured and commercialized on a worldwide basis under such agreement. The transaction contemplated by the A&R JDCA closed on 2 June 2021. The Company will provide certain specified transition services to Vertex in connection with the agreement.

In connection with the closing of the transaction contemplated by the A&R JDCA, the Company received a \$900.0 million up-front payment from Vertex. Additionally, the Company is eligible to receive a one-time \$200.0 million milestone payment upon receipt by Vertex of the first marketing approval of the initial product candidate from the U.S. Food and Drug Administration or the European Commission. With respect to CTX001 only, the net profits and net losses, as applicable, incurred under the A&R JDCA through 1 July 2021 in connection with the initial shared product (i.e., CTX001) were shared equally between the Company and Vertex, and beginning 1 July 2021, the net profits and net losses, as applicable, incurred under the A&R JDCA are allocated 40% to the Company and 60% to Vertex.

In June 2019, CRISPR Therapeutics AG entered into a separate strategic collaboration and license agreement (the "CRISPR DMD/DMI Agreement") with Vertex Pharmaceuticals INC, which became effective in July 2019. Pursuant to this agreement, Vertex received an exclusive worldwide license to CRISPR's existing and future intellectual property for Duchenne muscular dystrophy ("DMD") and myotonic dystrophy type 1 ("DMI"). The Company has the option to co-develop and co-commercialize all DMI products globally and forego the milestones and royalties associated with the DMI program.

In the fourth quarter of 2021, the Company successfully completed the work necessary to receive a second milestone of \$12.5 million in connection with a previous collaboration agreement, which was paid in December 2021.

Share Offerings:

Public Offerings:

In July 2020, the Company sold 7.4 million common shares through an underwritten public offering (inclusive of shares sold pursuant to the exercise of the underwriters' option to purchase additional shares) at a public offering price of \$70.00 per share for aggregate net proceeds of \$489.7 million, which were net of equity issuance costs of \$27.6 million. Additional equity issuance costs of \$4.9 million for stamp taxes were payable as of 31 December 2020.

At-the-Market Offerings

In December 2020, 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 \$350.0 million, or the 2020 ATM. During the year ended 31 December 2020, the Company issued and sold an aggregate of 1.8 million common shares under the 2020 ATM at an average price of \$169.57 per share for aggregate proceeds of \$298.0 million, which were net of equity issuance costs of \$4.5 million. Additional equity issuance costs for stamp taxes related to shares sold in 2020 related to the 2019 and 2020 ATM were \$4.9 million, of which \$4.0 million was payable as of 31 December 2020.

In January 2021, the Company issued and sold under the 2020 ATM an aggregate of 0.3 million common shares at an average price of \$162.46 per share with aggregate proceeds of \$46.7 million, which were net of equity issuance costs of \$0.7 million. An additional \$0.5 million of stamp taxes on this amount was paid in 2021.

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, or the 2021 ATM. As of 31 December 2021, the Company has issued and sold an aggregate of 1.1 million common shares under the 2021 ATM at an average price of \$169.82 per share for aggregate proceeds of \$177.8 million, which were net of equity issuance costs of \$2.4 million. An additional \$1.8 million of stamp taxes on this amount was paid in 2021.

Notes to the financial statements

Note 1.

Direct investments in shareholdings

	31.12.2021 USD	31.12.2020 USD	31.12.2021 ⁵ CHF	31.12.2020 ⁶ CHF
CRISPR Therapeutics Ltd. , London, GB Research and experimental development of biotechnology Share capital GBP 1, share in capital and voting rights: 100%	1	1	1	1
CRISPR Therapeutics Inc. , Cambridge, USA Research and experimental development of biotechnology Share capital USD 1, share in capital and voting rights: 100%	12,000,001	12,000,001	11,080,081	10,689,841
TRACR Hematology Ltd. , London, GB Research and experimental development of biotechnology Share capital EUR 10'000, share in capital and voting rights: 100%	60,877	60,877	56,210	54,230
CTX Financing GmbH , Zug, CH, share capital CHF 20'000, share in capital and voting rights: 100%	344,637	232,339	318,217	206,972
StrideBio, LLC , Durham, USA, Series A 256,173 shares and voting rights: preferred stock	500,000	500,000	461,670	445,410
Casebia Therapeutics LLP , London, GB Research and experimental development of biotechnology partnership: 99%	13,918,911	15,141,733	12,851,887	13,488,559
Total	<u>26,824,427</u>	<u>27,934,951</u>	<u>24,768,067</u>	<u>24,885,013</u>

⁵ 2021 amounts shown in CHF are indicative and have been converted from USD at an exchange rate of CHF 0.92334 to USD 1 converted at Swiss tax spot rate of 31 December 2021.

⁶ 2020 amounts shown in CHF are indicative and have been converted from USD at an exchange rate of CHF 0.89082 to USD 1 converted at Swiss tax spot rate of 31 December 2020.

Note 2.**Financial income**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Income from short-term investments	1,763,567	9,298,545	1,628,372	8,283,330
Unrealized loss from short-term investments	(1,273,193)	(3,481,129)	(1,175,590)	(3,101,059)
Realized gain on sale of treasury stock	188,602	1,152,418	174,143	1,026,597
Other interest income	716,087	—	661,192	—
Other interest revenues	4,044,177	—	3,734,151	—
Other interest expenses	(25,977)	(12,108)	(23,985)	(10,786)
Other financial expenses	(73,536)	(23,705)	(67,898)	(21,117)
Intercompany interest income	8,809,507	1,620,830	8,134,170	1,443,868
Total	14,149,235	8,554,851	13,064,555	7,620,832

Note 3.**Other current assets**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Blocked bank account balance	—	118,922	—	105,938
VAT Receivables	131,836	161,468	121,729	143,839
Social Security	(10,582)	8,178	(9,771)	7,285
Revenue receivable	152,335	—	140,657	—
Withholding tax receivable	617,248	3,254,491	569,930	2,899,166
Retainer for rent	11,224	11,224	10,364	9,999
Other assets transferred to Vertex	509,759	—	470,681	—
Total	1,411,820	3,554,284	1,303,590	3,166,227

Note 4.**Accrued but not-invoiced revenue**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Vertex Pharmaceuticals INC. unbilled expenses	152,987	143,598	141,259	127,920
Vertex Pharmaceuticals (Europe) Ltd. cost-share	8,360,787	10,767,396	7,719,849	9,591,812
Total	8,513,774	10,910,994	7,861,108	9,719,732

Note 5.**Prepaid expenses**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Prepaid manufacturing passthrough costs	599,208	2,394,989	553,273	2,133,505
Manufacturing rooms reservation fees	5,802,823	1,359,979	5,357,979	1,211,496
Project Initiation Fees and Deposit	—	37,500	—	33,406
Prepaid license fees	4,563,611	3,076,121	4,213,765	2,740,270
Insurance	84,986	92,191	78,471	82,125
Total	11,050,629	6,960,780	10,203,488	6,200,802

Note 6.**Other current liabilities**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Credit card payables	4,831	3,450	4,461	3,073
Social securities	76,559	3,044,037	70,690	2,711,689
Source tax payables	20,313	18,412	18,755	16,402
Capital and Stamp taxes	735,051	10,153,720	678,702	9,045,137
Research Obligation	20,436	7,214,288	18,869	6,426,632
Total	857,190	20,433,907	791,478	18,202,933

Note 7.**Accrued expenses**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Accrued research and development expenses	39,822,540	12,568,688	36,769,744	11,196,439
Accrued general and administrative expenses	1,561,494	417,166	1,441,790	371,620
Accrued payroll expenses	191,634	198,520	176,943	176,845
Accrued legal expenses	188,657	275,763	174,194	245,655
Accrued audit expenses	450,112	303,000	415,606	269,918
Accrued intellectual property expenses	6,119,922	3,625,524	5,650,769	3,229,689
Other accrued expenses	114,837	84,606	106,034	75,369
Total	48,449,197	17,473,267	44,735,082	15,565,536

Note 8.**Other non-current liabilities**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Accrued research and development expenses	4,853,932	6,566,236	4,481,830	5,849,334
Total	4,853,932	6,566,236	4,481,830	5,849,334

Note 9.**Deferred revenue current and non-current**

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Deferred revenue current				
Accrued revenue Vertex collaboration	—	417,105	—	371,565
Deferred revenue non-current				
Accrued revenue Vertex collaboration	12,323,473	11,775,618	11,378,756	10,489,957
Total	12,323,473	12,192,723	11,378,756	10,861,522

Deferred revenue of \$11.8 million as of 31 December 2020 represents the portion of the June 2019 upfront payments attributed to the performance obligation granting Vertex the option co-develop and co-commercialize a specified target. \$0.4 million of deferred revenue as of 31 December 2020 was recognized as revenue in 2021 as research services were performed. An additional \$0.5 million of the \$12.5 million milestone reached in the fourth quarter of 2021 was also deferred, which represents the portion of the milestone payment allocated to the performance obligation on a relative fair value basis.

Note 10.**Operating expenses from subsidiaries**

The Company's subsidiaries perform on behalf of the Company certain general and administrative, and research and development services. For the year ended 31 December 2021 the Company recognized USD 448 million and CHF 413.6 million, and for the year ended 31 December 2020 the Company recognized USD 315.0 million and CHF 280.6 million

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Crispr Therapeutics Inc.	444,381,400	312,731,524	410,315,122	278,587,496
Crispr Therapeutics Ltd.	2,842,529	2,218,169	2,624,621	1,975,989
CTX Financing GmbH	33,883	37,494	31,286	33,400
Casebia Therapeutics LLP	720,000	—	664,805	—
Total	447,977,813	314,987,187	413,635,834	280,596,886

Note 11.**Long term loan to subsidiary**

On 24 April 2020, CRISPR Therapeutics AG and CRISPR Therapeutics Inc. BOD authorized CRISPR Therapeutics AG to loan CRISPR Therapeutics Inc. up to \$500 million from time-time to time. Each advance is due on the third-year anniversary on the date of draw and bears interest at the US Applicable Federal Rates. Subsequently, on 16 December 2020, the Company amended the loan to increase the facility to \$1,000 million. CRISPR Therapeutics Inc. has drawn on \$936,620,830 as of 31 December 2020 at a weighted average interest rate of 0.50%.

On 4 June 2021, the Company amended the loan to increase the facility to \$2,000 million. CRISPR Therapeutics Inc. has drawn on \$1,800,000 as of 31 December 2021 at a weighted average interest rate of 0.73%. Total interests are \$ 805,702,337 as of 31 December 2021.

	31.12.2021	31.12.2020	31.12.2021 ⁵	31.12.2020 ⁶
	USD	USD	CHF	CHF
Long term loan to Crispr Therapeutics Inc.	1,805,702,337	936,620,830	1,667,277,196	834,360,568
Total	1,805,702,337	936,620,830	1,667,277,196	834,360,568

Note 12.**Conditional Capital**

The Company has the following conditional capital reserved for future issuance:

	31.12.2021	31.12.2020
Number of shares		
Shares available for bonds and similar debt instruments	4,919,700	4,919,700
Shares available for employee benefit plans	20,806,433	17,493,709
Total	25,726,133	22,413,409

Note 13.**Share Ownership****Significant Shareholders**

Significant shareholders that hold directly, or through their affiliates, the following beneficial interests in excess of 5 percent of issued share capital:

2021	Number of Shares	Percentage of issued share capital
ARK Investment Management LLC	9,087,868	12%
Nikko Asset Management Co., Ltd.	4,319,471	6%
Capital Research and Management Company	3,706,044	5%

2020	Number of Shares	Percentage of issued share capital
ARK Investment Management LLC	8,457,320	12%
Capital International Investors	7,519,803	11%
Nikko Asset Management Americas, Inc.	3,049,553	5%

All shares were converted into common shares on a 1-for-1 basis at IPO effectiveness. The holders are entitled to one vote for each common share held.

Shares and Share Options owned by Board Members

The total number of shares and share options owned by members of the Board of Directors, excluding Rodger Novak, is shown in the table below.

	31.12.2021	31.12.2020
Number of shares options		
Ali Behbahani	96,089	83,750
Bradley Bolzon	95,833	83,750
Simeon George	95,833	83,750
John Greene	53,333	28,750
Katherine High	45,833	23,750
Douglas Treco	22,833	5,000
Edward Fleming	4,167	—
Total	413,921	308,750

Pablo Cagnoni resigned from the Board of Directors in February 2020.

Douglas Treco joined the Board of Directors in June 2020.

Edward Fleming joined the Board of Directors in June 2021.

Shares and Share Options owned by Executive Management

In 2021, the executive management consisted of Samarth Kulkarni, PHD, Chief Executive Officer, Rodger Novak, MD, President and Director, Lawrence Klein, PHD, Chief Operating Officer, Tony Ho, Executive Vice President, Head of Research and Development, Brendan Smith, MBA, Chief Financial Officer and James Kasinger, JD, General Counsel & Corporate Secretary.

The total number of shares and share options owned by members of the executive management team as of 31 December 2021 and 2020 are shown in the tables below.

	31.12.2021	31.12.2020
Number of shares		
Samarth Kulkarni, CEO	279,085	176,322
Rodger Novak, Director and Founder	573,007	648,007
Lawrence Klein, CBO	22,325	—
Tony Ho, former Head R&D	52,526	33,964
James Kasinger, CLO	43,705	389
Michael Tomsicek, former CFO	31,616	410
Total	1,002,264	859,092
Number of shares options		
Samarth Kulkarni, CEO	1,092,787	921,079
Rodger Novak, Director and Founder	115,245	57,387
Lawrence Klein, CBO	79,183	128,879
Tony Ho, former Head R&D	409,195	300,246
James Kasinger, CLO	200,238	171,147
Michael Tomsicek, former CFO	144,601	184,772
Total	2,041,249	1,763,510

Dr. Brendan Smith was appointed as CFO on 14 October 2021. Dr. Smiths was awarded i) an inaugural, one-time grant of options to purchase 90,000 of the Company's common shares (the "Option Award") and ii) an inaugural, one-time grant of 15,000 restricted stock units corresponding to an equivalent number of the Company's common shares (the "RSU Award"). Twenty-five percent of the Option Award will vest on 14 October 2022, and the remaining seventy-five percent of the Option Award will vest ratably on a monthly basis over the following three years. Twenty-five percent of the RSU Award will vest on first, second, third and fourth anniversary of the grant date of such award, subject, in each case, to Mr. Smith's continued employment with CRISPR Therapeutics Inc., the Company or any other subsidiary of the Company.

Dr. Michael Tomsicek resigned as Chief Financial Officer in October 2021, but he was an employee until December 2021.

Dr. Tony Ho left CRISPR Therapeutics AG in December 2021.

The Company has granted the following option awards to its executive management team and Board members.

	Number of options granted	Grant date fair value (USD)	Grant date fair value (CHF) ⁵
2021			
Executive management team	378,788	27,883,780	25,746,209
Board members	85,000	6,398,786	5,908,255
Total	463,788	34,282,566	31,654,464
	Number of options granted	Grant date fair value (USD)	Grant date fair value (CHF) ⁶
2020			
Executive management team	425,997	14,206,720	12,655,630
Board members	105,000	3,814,545	3,398,073
Total	530,997	18,021,265	16,053,703

The Company has granted the following share awards to its executive management team and Board members.

	Number of shares granted	Grant date fair value (USD)	Grant date fair value (CHF) ⁵
2021			
Executive management team	90,000	11,521,500	10,638,262
Total	90,000	11,521,500	10,638,262
	Number of shares granted	Grant date fair value (USD)	Grant date fair value (CHF) ⁶
2020			
Executive management team	80,000	3,573,600	3,183,434
Total	80,000	3,573,600	3,183,434

Note 14.
Employees

	31.12.2021	31.12.2020
CRISPR Therapeutics AG	<u>2</u>	<u>3</u>
Total	2	3

Note 15.
Pledged asset (restricted cash for credit cards)

In 2020, USD 67,850.77 (CHF 60,000).
In 2021, USD 65,806.53 (CHF 60,000).

Note 16.
Contingent liabilities

	31.12.2021	31.12.2020	31.12.2021⁵	31.12.2020⁶
	USD	USD	CHF	CHF
Sponsoring commitments within 12 months	8,350,734	4,671,453	7,710,567	4,161,424
Sponsoring commitments after 12 months	5,993,000	2,370,000	5,533,577	2,111,243
Contractual annual license and patent assignment obligations	128,500	50,000	118,649	44,541
Total	14,472,234	7,091,453	13,362,793	6,317,208

Note 17.
Treasury shares (number of ordinary shares)

	31.12.2021	31.12.2020
Starting balance as of 1 January	2,906,383	1,480,955
ATM shares registered	3,500,000	5,500,000
ATM share sale	(1,353,121)	(4,074,572)
Treasury shares used for employee option exercises	(15,000)	—
Balance as of 31 December	5,038,262	2,906,383

Note 18.
Capital contribution reserve

As at 31 December 2021, CHF 479'856'173,11 were approved by the tax authorities. The remainder of CHF 2'059'505'945,26 is not approved yet.

Note 19.
Events after Balance-Sheet date

CRISPR Therapeutics AG at the date of this Financial Statement were issued had no adjusting or non-adjusting events after balance sheet date to disclose.

Proposed appropriation of the accumulated loss

The board of directors proposes that shareholders at the annual general meeting in 2022 approve the following appropriation:

	31.12.2021	31.12.2020	31.12.2021⁵	31.12.2020⁶
Balance brought forward from previous year	(708,648,299)	(261,526,973)	(654,883,590)	(256,578,970)
Net income/(loss) for the year	326,772,819	(447,121,326)	301,722,415	(398,304,620)
Total accumulated loss	(381,875,480)	(708,648,299)	(353,161,175)	(654,883,590)
Balance to be carried forward on this account	(381,875,480)	(708,648,299)	(353,161,175)	(654,883,590)