

To the General Meeting of
CRISPR Therapeutics AG, Zug

Basle, February 11, 2025

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of CRISPR Therapeutics AG (the Company), which comprise the balance sheet as at December 31, 2024 the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

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 the 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 responsibilities for the audit of the financial statements" 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.

Estimation of Variable Consideration for ongoing Collaboration Agreements

Risk As disclosed in the Notes under “Principles” and “Significant Events” to the financial statements, the Company has multiple ongoing collaboration agreements which include rights to future payments 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 financial statements.

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 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 assessed the reasonableness of the probabilities of achieving the milestones through inspection of observable third-party information. We also discussed the probability of

achieving the milestones in relation to each program's phase of development with the personnel involved in oversight of the Company's collaborations. Our audit procedures did not lead to any reservations regarding the estimation of Variable Consideration for Ongoing Collaboration Agreements.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the section 3.1.1 to 4 in the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



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

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposed appropriation of the accumulated loss of the Board of Directors 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)

Licensed audit expert

Enclosures

- ▶ Financial statements (balance sheet, income statement, notes to the financial statements)
- ▶ Proposed appropriation of the accumulated loss

Income Statement

For the year ended 31 December

	Notes	2024 USD	2023 USD	2024 CHF	2023 CHF
Operating income					
Collaboration revenue		35,000,000	370,000,000	31,053,050	338,414,334
Total net revenue		<u>35,000,000</u>	<u>370,000,000</u>	<u>31,053,050</u>	<u>338,414,334</u>
Operating expenses					
Research and development		(159,565,960)	(210,615,870)	(141,571,707)	(192,636,296)
Operating expenses from subsidiaries		(304,666,111)	(314,253,247)	(270,308,914)	(287,426,495)
Personnel expenses		(5,315,099)	(1,271,851)	(4,715,715)	(1,163,277)
Other operating expenses		(17,889,243)	(18,879,340)	(15,871,872)	(17,267,674)
Total operating expenses		<u>(487,436,413)</u>	<u>(545,020,308)</u>	<u>(432,468,208)</u>	<u>(498,493,742)</u>
Total operating result		<u>(452,436,413)</u>	<u>(175,020,308)</u>	<u>(401,415,158)</u>	<u>(160,079,408)</u>
Financial income					
Financial income		78,434,724	49,017,455	69,589,641	44,832,998
Financial expenses					
Financing expenses		(292,346)	(391,058)	(259,378)	(357,675)
Foreign exchange loss, net		37,968	(845,529)	33,686	(773,350)
Loss before and after taxes for the year		<u>(374,256,067)</u>	<u>(127,239,440)</u>	<u>(332,051,209)</u>	<u>(116,377,435)</u>

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

Balance Sheet

For the year ended 31 December

	Notes	2024 USD	2023 USD	2024 CHF	2023 CHF
Assets					
Current assets					
Cash and cash equivalents		11,774,711	17,561,118	10,737,713	14,950,307
Investments		66,531,937	—	60,672,468	—
Other receivables subsidiaries		3,457,294	3,673,673	3,152,810	3,127,508
Other current assets		26,533,433	200,524,084	24,196,634	170,712,169
Accrued but not-invoiced revenue		2,083,221	6,505,837	1,899,752	5,538,614
Prepaid expenses		975,193	3,292,493	889,307	2,802,998
Total current assets		111,355,789	231,557,205	101,548,684	197,131,596
Non-current assets					
Long term loan to subsidiary		1,765,049,290	1,675,000,000	1,609,601,399	1,425,977,750
Investments in shareholdings	1	25,290,130	12,405,516	23,062,829	10,561,188
Other long term assets		1,345,937	376,714	1,227,400	320,708
Total non-current assets		1,791,685,357	1,687,782,230	1,633,891,628	1,436,859,646
Total Assets		1,903,041,146	1,919,339,435	1,735,440,312	1,633,991,242

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

Balance Sheet

For the year ended 31 December

	Notes	2024 USD	2023 USD	2024 CHF	2023 CHF
Liabilities					
Current liabilities					
Trade accounts payable		7,078,984	28,039,794	6,455,538	23,871,117
Current payables to subsidiaries		22,315,602	34,170,207	20,350,267	29,090,122
Other current non-interest bearing liabilities		11,385,260	4,834,564	10,382,560	4,115,809
Accrued expenses		14,483,671	19,116,273	13,208,094	16,274,257
Total current liabilities		55,263,517	86,160,838	50,396,459	73,351,305
Non-current liabilities					
Deferred revenue non-current		12,323,473	12,323,473	11,238,145	10,491,342
Other non-current liabilities		2,717,841	—	2,478,480	—
Total non-current liabilities		15,041,314	12,323,473	13,716,625	10,491,342
Total liabilities		70,304,831	98,484,311	64,113,084	83,842,647
Equity					
Share capital		2,845,245	2,653,610	2,697,177	2,538,295
Legal capital reserves					
Capital contribution reserves	8	3,207,525,507	2,827,969,796	3,015,006,074	2,690,479,469
Other capital reserves		112,422,245	106,045,543	124,879,541	105,251,063
Total legal capital reserves		3,319,947,752	2,934,015,339	3,139,885,615	2,795,730,532
Revaluation adjustment		—	—	(85,403,757)	(194,307,831)
Loss carried forward		(1,115,617,798)	(988,378,358)	(1,053,626,151)	(937,248,716)
Net loss for the year		(374,256,067)	(127,239,440)	(332,051,209)	(116,377,435)
Accumulated losses		(1,489,873,865)	(1,115,617,798)	(1,385,677,360)	(1,053,626,151)
Treasury Shares	7	(182,817)	(196,027)	(174,447)	(186,250)
Total equity		1,832,736,315	1,820,855,124	1,671,327,228	1,550,148,595
Total liabilities and equity		1,903,041,146	1,919,339,435	1,735,440,312	1,633,991,242

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

Notes to the financial statements for the year ended 31 December 2024 and 2023

Principles

General

CRISPR Therapeutics AG ("the Company"), headquarters are located at Baarerstrasse 14, CH-6300 Zug, and 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").

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 accounting principles generally accepted in the United States of America, or U.S. GAAP.

Foreign currency

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

In the financial statements for the years ended 31 December 2024 and 2023, amounts shown on the balance sheet in CHF are indicative and have been converted from USD at an exchange rate of CHF 0.9119 to USD 1 and CHF 0.8513 to USD 1, respectively, which represents a conversion based on the Swiss tax spot rate as of 31 December 2024 and 2023, respectively. Amounts shown on the income statement for the years ended 31 December 2024 and 2023 have been converted from USD at an exchange rate of CHF 0.8872 to USD 1 and CHF 0.9146 to USD 1, respectively, which represents a conversion based on the Swiss tax average rate for 2024 and 2023, respectively.

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 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 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 IP: The Company's IP license agreements fall under "Functional IP" which typically grant a right to use an entity's IP as it exists at a point in time and has significant standalone functionality.

Cash and cash equivalents

Cash and cash equivalents include cash held at banking institutions which can be used to fund current operations.

Investments

Investments in marketable securities. As of 31 December 2024, all investments are measured at cost and classified as current assets on the balance sheet, as these marketable securities are available to be converted into cash to fund current operations.

Receivables and other current assets

Receivables and other current assets are reported at their nominal value less any impairments.

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 records an impairment loss when the carrying amount of such assets exceeds the fair value.

Deferred Revenue

Deferred revenue primarily relate to contracts where we have received payment, but we have not yet satisfied the related performance obligations.

Long term loan to subsidiary

Long term loan to subsidiary relates to loan from CRISPR Therapeutics AG to CRISPR Therapeutics Inc. for a facility of up to USD 1,990.0 million. Each advance is due on the third-year anniversary on the date of draw and bears interest at the US Applicable Federal Rates. The Company recognizes an intercompany loan receivable based on the remaining interests on the amount drawn as of period end.

Liabilities

Liabilities are recognized at their nominal value.

Significant events

Collaboration Agreements

For purposes of this note, CASGEVY (exagamglogene autotemcel, or exa-cel) is referred to as "CASGEVY".

2015 collaboration

In 2015, the Company entered into a strategic collaboration, option and license agreement, or the 2015 Collaboration Agreement, with 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 a strategic collaboration and license agreement from 2019 for the development and commercialization of products for the treatment of Duchenne muscular dystrophy and myotonic dystrophy Type 1. 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 USD 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 USD 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 USD 200.0 million milestone payment to the Company.

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 USD 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 USD 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.

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 on-going collaboration assets will now be 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 in 2023, the Company received a USD 100.0 million up front payment from Vertex and subsequently received a USD 70.0 million research milestone achieved in the second quarter of 2023. In 2024, the Company received a USD 10.0 million research milestone achieved in the fourth quarter of 2024 and recorded a receivable of USD 25.0 million as of December 31, 2024 related to an additional research milestone achieved under the Non-Ex License Agreement in the fourth quarter of 2024. The Company is eligible to receive additional milestone payments under the Non-Ex License Agreement of USD 125.0 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.

Notes to the financial statements

Note 1.

Direct investments in shareholdings

	Share capital	Voting rights
CRISPR Therapeutics Ltd. , London, GB Research and experimental development of biotechnology	GBP 1	100 %
CRISPR Therapeutics Inc. , Cambridge, USA Research and experimental development of biotechnology	USD 1	100 %
TRACR Hematology Ltd. , London, GB Research and experimental development of biotechnology	EUR 10'000	100 %
CTX Financing GmbH , Zug, CH	CHF 20'000	100 %

Note 2.

Conditional Capital / Capital Band

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

	31.12.2024	31.12.2023
Number of shares		
Shares available for bonds and similar debt instruments	8,202,832	8,202,832
Shares available for employee benefit plans	20,925,932	20,989,313
Total	29,128,764	29,192,145

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 31 December, 2024, the number of shares that may be issued under the capital band is 14,830,592 registered common shares.

Note 3.

Share Ownership

The tables below represent stock option awards granted during the years ended 31 December 2024 and 2023 to members of the executive management team and the Board of Directors.

	Number of options granted	Grant date fair value (USD)	Grant date fair value (CHF)
2024			
Executive management team	407,833	15,633,509	13,870,569
Board members	130,000	4,139,980	3,701,417
Total	537,833	19,773,489	17,571,986

	Number of options granted	Grant date fair value (USD)	Grant date fair value (CHF)
2023			
Executive management team	472,286	12,968,254	11,040,264
Board members	91,000	3,377,920	2,875,725
Total	563,286	16,346,174	13,915,989

The tables below represent restricted share awards granted during the years ended 31 December 2024 and 2023 to members of the executive management team. No restricted share awards were granted to members of the Board of Directors.

	Number of shares granted	Grant date fair value (USD)	Grant date fair value (CHF)
2024			
Executive management team	648,750	35,598,325	31,584,021
Total	648,750	35,598,325	31,584,021

2023	Number of shares granted	Grant date fair value (USD)	Grant date fair value (CHF)
Executive management team	192,340	8,424,295	7,171,855
Total	192,340	8,424,295	7,171,855

**Note 4.
Employees**

	31.12.2024	31.12.2023
CRISPR Therapeutics AG	1	1
Total	1	1

**Note 5.
Pledged asset (restricted cash for credit cards)**

As of 31 December 2024 and 2023, the Company had restricted cash under certain credit card arrangements of USD 0 (CHF 0) and USD 71,314 (CHF 60,000), respectively.

**Note 6.
Contingent liabilities**

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 USD 395.0 million (CHF 360.2 million based on Swiss tax spot rate at 31 December 2024) 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. Vertex also has the option to conduct research at their 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 USD 110.3 million for the years ended 31 December 2022, 2023 and 2024. The USD 110.3 million for 2023 does not include amounts attributable to our share of certain costs arising from a license agreement between Vertex and a third party, which we agreed to pay to Vertex upon the occurrence of an event specified in Amendment No. 1 to the A&R Vertex JDCA.

In 2024, 2023 and 2022, the Company exercised its option to defer specified costs on the CASGEVY program in excess of the deferral limit under A&R Vertex JDCA, as amended, resulting in deferred costs of USD 103.0 million (CHF 93.9 million), USD 36.1 million (CHF 30.4 million) and USD 80.9 million (CHF 68.0 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. These deferred costs on the CASGEVY program will be recognized by us when recoverability of such deferred amounts by Vertex is probable and the amount can be reasonably estimated. As of 31 December, 2024, no contingent payments have been accrued to date. Further discussion on the Company's arrangements with Vertex can be found in "Collaboration Agreements" within "Principles" section above.

Note 7.**Treasury shares (number of ordinary shares)**

	31.12.2024	31.12.2023
Starting balance as of 1 January	4,557,350	5,025,897
ATM shares registered	—	—
ATM share sale	(393,439)	(458,547)
Treasury shares used for employee option exercises	—	(10,000)
Balance as of 31 December	4,163,911	4,557,350

In August 2019, the Company entered into an Open Market Sale AgreementSM 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 U.S. Securities and Exchange Commission, or SEC, to offer and sell, from time to time, common shares having aggregate gross proceeds of up to USD 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 USD 378.6 million, or, together with the January 2021 prospectus supplement and July 2021 prospectus supplement, the 2021 ATM.

In 2024, the Company issued and sold 0.4 million common shares under the 2021 ATM at an average price of USD 55.81 per share for aggregate proceeds of USD 21.7 million, which were net of equity issuance costs of USD 0.3 million. An additional USD 0.2 million of stamp taxes related to this amount was paid in 2024.

Note 8.**Capital contribution reserve**

As of 31 December 2024, CHF 2'609'278'069.00 (USD 2'861'270'129.00) were approved by the tax authorities. The remainder of CHF 405'728'069.00 (USD 444'911'418.00) is not yet approved.

Note 9.**Events after balance sheet date**

There were no subsequent events after the balance sheet date.

Proposed appropriation of the accumulated loss

The Board of Directors proposes that shareholders at the annual general meeting to be held in 2025 approve the following appropriation:

	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	USD	USD	CHF	CHF
Balance brought forward from previous year	(1,115,617,798)	(988,378,358)	(1,053,626,151)	(937,248,716)
Net loss for the year	(374,256,067)	(127,239,440)	(332,051,209)	(116,377,435)
Total accumulated loss	<u>(1,489,873,865)</u>	<u>(1,115,617,798)</u>	<u>(1,385,677,360)</u>	<u>(1,053,626,151)</u>
Balance to be carried forward on this account	<u>(1,489,873,865)</u>	<u>(1,115,617,798)</u>	<u>(1,385,677,360)</u>	<u>(1,053,626,151)</u>