Report of the statutory auditor on the financial statements

as of 31 December 2023 of

CRISPR Therapeutics AG, Zug

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To the General Meeting of
CRISPR Therapeutics AG, Zug

Basle, 21 February 2024

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 31 December 2023, 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 consolidated 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 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 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 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.

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 remuneration 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.

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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.

Furthermore, we confirm that the proposed carry forward of the accumulated losses 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

Simon Zogg
(Qualified Signature)
Licensed audit expert
(Auditor in charge)

Faidra Ekati Lygerou
(Qualified Signature)
Certified Auditor Accountant (Greece)

Enclosures
- Financial statements (balance sheet, statement of income, notes)
- Proposed appropriation of carry forward of the accumulated losses

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Income Statement
For the year ended 31 December

	Notes	2023 USD	2022 USD	2023 CHF	2022 CHF
Operating income					
Collaboration revenue		370,000,000	436,710	338,414,334	420,570
Total net revenue		370,000,000	436,710	338,414,334	420,570
Operating expenses					
Research and development		(210,615,870)	(196,794,310)	(192,636,296)	(189,521,120)
Operating expenses from subsidiaries		(314,253,247)	(395,653,252)	(287,426,495)	(381,030,568)
Personnel expenses		(1,271,851)	(1,147,785)	(1,163,277)	(1,105,364)
Other operating expenses		(18,879,340)	(31,370,748)	(17,267,674)	(30,211,337)
Total operating expenses		(545,020,308)	(624,966,095)	(498,493,742)	(601,868,389)
Total operating result		(175,020,308)	(624,529,385)	(160,079,408)	(601,447,819)
Financial income		49,017,455	18,360,389	44,832,998	17,681,820
Loss on investments		—	(180,113)	—	(173,456)
Financing expenses		(391,058)	(63,207)	(357,675)	(60,871)
Foreign exchange loss, net		(845,529)	(90,562)	(773,350)	(87,215)
Loss before and after taxes for the year		(127,239,440)	(606,502,878)	(116,377,435)	(584,087,541)

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

Balance Sheet
For the year ended 31 December

	Notes	2023 USD	2022 USD	2023 CHF	2022 CHF
Assets					
Current assets					
Cash and cash equivalents		17,561,118	36,485,744	14,950,307	34,024,051
Other receivables subsidiaries		3,673,673	3,625,604	3,127,508	3,380,984
Other current assets		200,524,084	662,402	170,712,169	617,710
Accrued but not-invoiced revenue		6,505,837	11,204,054	5,538,614	10,448,117
Prepaid expenses		3,292,493	5,201,587	2,802,998	4,850,636
Total current assets		231,557,205	57,179,391	197,131,596	53,321,498
Non-current assets					
Long term loan to subsidiary		1,675,000,000	1,906,914,392	1,425,977,750	1,778,254,878
Investments in shareholdings	1	12,405,516	12,905,516	10,561,188	12,034,781
Other long term assets		376,714	829,548	320,708	773,578
Intangible assets		—	1	—	1
Total non-current assets		1,687,782,230	1,920,649,457	1,436,859,646	1,791,063,238
Total Assets		1,919,339,435	1,977,828,848	1,633,991,242	1,844,384,736

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

Balance Sheet
For the year ended 31 December

	Notes	2023 USD	2022 USD	2023 CHF	2022 CHF
Liabilities					
Current liabilities					
Trade accounts payable		28,039,794	14,216,510	23,871,117	13,257,322
Current payables to subsidiaries		34,170,207	48,454,328	29,090,122	45,185,115
Other current non-interest bearing liabilities		4,834,564	299,976	4,115,809	279,736
Accrued expenses		19,116,273	40,389,846	16,274,257	37,664,743
Total current liabilities		86,160,838	103,360,660	73,351,305	96,386,916
Non-current liabilities					
Deferred revenue non-current		12,323,473	12,323,473	10,491,342	11,492,008
Other non-interest bearing non-current liabilities		—	4,833,329	—	4,507,224
Total non-current liabilities		12,323,473	17,156,802	10,491,342	15,999,232
Total liabilities		98,484,311	120,517,462	83,842,647	112,386,148
Equity					
Share capital		2,653,610	2,614,129	2,538,295	2,506,510
Legal capital reserves					
Capital contribution reserves	8	2,827,969,796	2,752,836,920	2,690,479,469	2,627,037,263
Other capital reserves		106,045,543	90,450,479	105,251,063	86,627,730
Total legal capital reserves		2,934,015,339	2,843,287,399	2,795,730,532	2,713,664,993
Revaluation adjustment		—	—	(194,307,831)	(46,723,522)
Loss carried forward		(988,378,358)	(381,875,480)	(937,248,716)	(353,161,175)
Net loss for the year		(127,239,440)	(606,502,878)	(116,377,435)	(584,087,541)
Accumulated losses		(1,115,617,798)	(988,378,358)	(1,053,626,151)	(937,248,716)
Treasury Shares	7	(196,027)	(211,784)	(186,250)	(200,677)
Total equity		1,820,855,124	1,857,311,386	1,550,148,595	1,731,998,588
Total liabilities and equity		1,919,339,435	1,977,828,848	1,633,991,242	1,844,384,736

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

Notes to the financial statements for the year ended
31 December 2023 and 2022

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 2023 and 2022, amounts shown on the balance sheet in CHF are indicative and have been converted from USD at an exchange rate of CHF 0.8513 to USD 1 and CHF 0.9325 to USD 1, respectively, which represents a conversion based on the Swiss tax spot rate as of 31 December 2023 and 2022, respectively. Amounts shown on the income statement for the years ended 31 December 2023 and 2022 have been converted from USD at an exchange rate of CHF 0.9146 to USD 1 and CHF 0.9630 to USD 1, respectively, which represents a conversion based on the Swiss tax average rate for 2023 and 2022, 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 at bank.

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 2,000.0 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), formerly CTX001, 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 Pharmaceutics, Inc. 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, 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, which is included in other current assets in the accompanying consolidated balance sheets as of 31 December, 2023.

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 will become effective in early February 2024.

In connection with entering into the Non-Ex License Agreement, the Company received a USD 100.0 million up front payment from Vertex. Under the Non-Ex License Agreement, the Company is eligible to receive milestone payments from Vertex of up to USD 230.0 million, in the aggregate and inclusive of a USD 70.0 million research milestone achieved in the second quarter of 2023. The milestones 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

	31.12.2023 USD	31.12.2022 USD	31.12.2023 CHF	31.12.2022 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	10,215,961	11,190,361
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	51,826	56,770
CTX Financing GmbH, Zug, CH, share capital CHF 20'000, share in capital and voting rights: 100%	344,637	344,637	293,400	321,385
StrideBio, LLC, Durham, USA, Series A 256,173 shares and voting rights: preferred stock	—	500,000	—	466,264
Total	**12,405,516**	**12,905,516**	**10,561,188**	**12,034,781**

Note 2.
Conditional/Authorized Capital
The Company has the following conditional capital reserved for future issuance:

	31.12.2023	31.12.2022
Number of shares		
Shares available for bonds and similar debt instruments	8,202,832	8,202,832
Shares available for employee benefit plans	20,989,313	20,799,332
Total	**29,192,145**	**29,002,164**

Furthermore, the Company runs at-the-market offerings (ATM) for which the Company has authorized capital CHF 1'179'509,25 available.

Note 3.
Share Ownership

The tables below represent stock option awards granted during the years ended 31 December 2023 and 2022 to members of the executive management team and the Board of Directors.

2023	Number of options granted	Grant date fair value (USD)	Grant date fair value (CHF)
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**

2022	Number of options granted	Grant date fair value (USD)	Grant date fair value (CHF)
Executive management team	352,780	12,972,819	12,493,365
Board members	108,000	4,935,882	4,753,460
Total	**460,780**	**17,908,701**	**17,246,825**

The tables below represent restricted share awards granted during the years ended 31 December 2023 and 2022 to members of the executive management team. No restricted share awards were granted to members of the Board of Directors.

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**

2022	Number of shares granted	Grant date fair value (USD)	Grant date fair value (CHF)
Executive management team	349,250	24,077,738	23,187,864
Total	**349,250**	**24,077,738**	**23,187,864**

Note 4.
Employees

	31.12.2023	31.12.2022
CRISPR Therapeutics AG	1	3
Total	**1**	**3**

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

As of 31 December 2023 and 2022, the Company had restricted cash under certain credit card arrangements of USD 71,314 (CHF 60,000) and USD 64,906 (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 336.3 million based on Swiss tax spot rate at 31 December 2023) 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, then the Company could owe 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. In 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. The Company deferred USD 80.9 million (CHF 68.0 million) and USD 36.1 million CHF 30.4) million of its share of costs incurred under the arrangement for the years ended 31 December 2023 and 2022, respectively, as spending on the CASGEVY program exceeded a specified amount. 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 2023 and 2022, no such deferred amounts have been recognized . Refer to Note 8 for further discussion on the Company's arrangements with Vertex..

Note 7.
Treasury shares (number of ordinary shares)

	31.12.2023	31.12.2022
Starting balance as of 1 January	5,025,897	5,038,262
ATM shares registered	—	—
ATM share sale	(458,547)	(12,365)
Treasury shares used for employee option exercises	(10,000)	—
Balance as of 31 December	**4,557,350**	**5,025,897**

Note 8.
Capital contribution reserve
As at 31 December 2023, CHF 479’856’173,11 (USD 490'760'879,86) were approved by the tax authorities. The reminder of CHF 2'210'623'295,89 (USD 2'337'208'916,14) is not yet approved.

Note 9.
Events after balance sheet date
On 13 February 2024, the Company entered into an investment agreement for the sale of approximately USD 280.0 million of its common shares to a group of institutional investors in a registered direct offering, at a price per share of USD 71.50. The financing is subject to customary closing conditions.

Proposed appropriation of the accumulated loss
The Board of Directors proposes that shareholders at the annual general meeting in 2023 approve the following appropriation:

	31.12.2023 USD	31.12.2022 USD	31.12.2023 CHF	31.12.2022 CHF
Balance brought forward from previous year	(988,378,358)	(381,875,480)	(937,248,716)	(353,161,175)
Net loss for the year	(127,239,440)	(606,502,878)	(116,377,435)	(584,087,541)
Total accumulated loss	(1,115,617,798)	(988,378,358)	(1,053,626,151)	(937,248,716)
Balance to be carried forward on this account	**(1,115,617,798)**	**(988,378,358)**	**(1,053,626,151)**	**(937,248,716)**