

**REGISTERED NUMBER: OC404297 (England and Wales)**

**Group Report of the Members and  
Consolidated Financial Statements  
for the Year Ended  
31 December 2019  
for  
Casebia Therapeutics Limited Liability  
Partnership**

**Kirk Rice LLP  
Accountants and Registered Auditors  
The Courtyard  
High Street  
Ascot  
Berkshire  
SL5 7HP**

**WEDNESDAY**



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**29/06/2022**

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**COMPANIES HOUSE**

**Casebia Therapeutics Limited Liability  
Partnership**

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for the Year Ended 31 December 2019**

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**Casebia Therapeutics Limited Liability  
Partnership**

**General Information  
for the Year Ended 31 December 2019**

**DESIGNATED MEMBERS:** CRISPR Therapeutics AG  
CRISPR Therapeutics Inc.

**REGISTERED OFFICE:** The Old Bakehouse  
Course Road  
Ascot  
Berkshire  
SL5 7HL

**REGISTERED NUMBER:** OC404297 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:** Graham Jennings

**AUDITORS:** Kirk Rice LLP  
Accountants and Registered Auditors  
The Courtyard  
High Street  
Ascot  
Berkshire  
SL5 7HP

**Casebia Therapeutics Limited Liability  
Partnership**

**Report of the Members  
for the Year Ended 31 December 2019**

The members present their report with the consolidated financial statements of Casebia Therapeutics Limited Liability Partnership ("the LLP" or "Casebia") and its subsidiary (together the "group") for the year ended 31 December 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the LLP in the year under review was that of holding a 100% share of Casebia Therapeutics LLC ("the LLC").

The principal activity of the LLC in the year under review was that of the development of gene-editing therapies.

**REVIEW OF BUSINESS**

Casebia originated as a joint venture between CRISPR Therapeutics AG ("CRISPR AG") and Bayer Healthcare LLC ("Bayer") focused on discovering, developing and commercialising CRISPR/cas9 gene-editing therapeutics to treat the genetic causes of bleeding disorders, autoimmune diseases, blindness, hearing loss, heart disease and certain metabolic diseases. Subsequent to the dissolution of the joint venture, Casebia operates as a wholly owned subsidiary of CRISPR AG and CRISPR Therapeutics Inc ("CRISPR Inc"). The current operations are primarily focused on winding down the remaining contracts of the entity.

**DESIGNATED MEMBERS**

The designated members during the year under review and up to the date of signature were:

CRISPR Therapeutics AG  
CRISPR Therapeutics Inc.

CRISPR Therapeutics Inc. were appointed on 13 December 2019.

Bayer Healthcare LLC were a member during the year, but resigned on 13 December 2019.

**RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS**

The profit for the year before members' remuneration and profit shares was \$26,793,414 (2018 - \$98,433,539 loss). The split between the old members was 50:50 up to 13 December; for the remaining period, there was a split of 99:1 between the new members. There is no distribution to members currently due to the losses brought forward.

**MEMBERS' INTERESTS**

CRISPR AG has a 99% equity interest in the LLP and CRISPR Inc has a 1% equity interest in the LLP as at 31 December 2019.

**MEMBERS' DRAWINGS**

Currently the members have not made any drawings during the period. This is due to the cash requirements of the business taking priority over the cash needs of the members.

After the allocation of members' remuneration charged as an expense, the profit or loss for the financial period may be determined. The members approve the financial statements and any distribution. Any profit or loss is then allocated equally to each member to their current accounts.

**GOING CONCERN**

As of 31 December 2019, the LLP had total consolidated cash of \$42.1 million (2018: \$32.2 million), of which \$40.9 million (2018: \$31.0 million) was unrestricted.

The LLP has received a letter of support from CRISPR Therapeutics AG confirming their financial support to the LLP to meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements for the year ended 31 December 2019.

Accordingly, the financial statements of the LLP for the year ended 31 December 2019 have been prepared on a going concern basis.

**Casebia Therapeutics Limited Liability  
Partnership**

**Report of the Members  
for the Year Ended 31 December 2019**

**STATEMENT OF MEMBERS' RESPONSIBILITIES**

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under legislation applicable to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

**AUDITORS**

The auditors, Kirk Rice LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE MEMBERS:**

*Brendan Smith*

.....  
Brendan Smith  
On behalf of  
CRISPR Therapeutics AG - Designated Member  
and CRISPR Therapeutics Inc - Designated Member

Date: 23/06/2022 .....

**Report of the Independent Auditors to the Members of  
Casebia Therapeutics Limited Liability  
Partnership**

**Opinion**

We have audited the financial statements of Casebia Therapeutics Limited Liability Partnership and its subsidiaries ( 'the Group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, the Consolidated Other Comprehensive Income, the Consolidated Statement of Financial Position, the Partnership Statement of Financial Position, the Consolidated Reconciliation of Members' Interests, the Partnership Reconciliation of Members' Interest, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Report of the Independent Auditors to the Members of  
Casebia Therapeutics Limited Liability  
Partnership**

**Responsibilities of members**

As explained more fully in the Statement of Members' Responsibilities set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 ISAs (UK) 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 the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Graham Jennings*

Graham Jennings (Senior Statutory Auditor)  
For and on behalf of Kirk Rice LLP  
Statutory Auditor  
The Courtyard  
High Street  
Ascot  
Berkshire  
SL5 7HP

Date: 24/06/2022  
Date: .....

**Casebia Therapeutics Limited Liability  
Partnership**

**Consolidated Income Statement  
for the Year Ended 31 December 2019**

		31.12.19	31.12.18 as restated
	Notes	\$	\$
<b>TURNOVER</b>		-	-
Administrative expenses		<u>53,814,762</u>	<u>99,319,789</u>
		(53,814,762)	(99,319,789)
Other operating income		<u>1,709,477</u>	-
<b>OPERATING LOSS</b>	4	(52,105,285)	(99,319,789)
Exceptional items	5	<u>77,416,398</u>	-
		25,311,113	(99,319,789)
Interest receivable and similar income		<u>1,482,301</u>	<u>886,250</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<u>26,793,414</u>	(98,433,539)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		26,793,414	(98,433,539)
Members' remuneration charged as an expense/income	6	<u>(26,793,414)</u>	<u>98,433,539</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		-	-

All amounts relate to continuing activities

The notes form part of these financial statements



**Casebia Therapeutics Limited Liability  
Partnership**

**Consolidated Other Comprehensive Income  
for the Year Ended 31 December 2019**

	31.12.19	31.12.18 as restated
	\$	\$
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>	-	-
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>-</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership (Registered number: OC404297)**

**Consolidated Statement of Financial Position  
31 December 2019**

	Notes	31.12.19 \$	31.12.18 \$
<b>FIXED ASSETS</b>			
Intangible fixed assets	12	-	-
Tangible fixed assets	13	-	10,434,729
		-	10,434,729
<b>CURRENT ASSETS</b>			
Debtors	15	33,860,533	171,045,729
Cash at bank	16	42,100,609	32,239,552
		75,961,142	203,285,281
<b>LESS: CREDITORS</b>			
Amounts falling due within one year	17	27,997,199	8,735,180
<b>NET CURRENT ASSETS</b>		47,963,943	194,550,101
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		47,963,943	204,984,830
<b>LESS: CREDITORS</b>			
Amounts falling due after more than one year	18	7,846	3,157,337
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		47,956,097	201,827,493
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>		-	-
<b>MEMBERS' OTHER INTERESTS</b>			
Capital accounts		47,956,097	201,827,493
		47,956,097	201,827,493
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members		-	-
Members' other interests		47,956,097	201,827,493
Amounts due from members	15	(31,445,016)	(168,964,697)
		16,511,081	32,862,796

The financial statements were approved by the members of the LLP on 23/06/2022 and were signed by:

*Brendan Smith*

.....  
Brendan Smith  
On behalf of  
CRISPR Therapeutics AG - Designated member  
and CRISPR Therapeutics Inc - Designated member

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership (Registered number: OC404297)**

**Partnership Statement of Financial Position  
31 December 2019**

	Notes	31.12.19 \$	31.12.18 as restated \$
<b>FIXED ASSETS</b>			
Intangible fixed assets	12	-	-
Tangible fixed assets	13	-	-
Fixed asset investments	14	<u>100</u>	<u>100</u>
		100	100
<b>CURRENT ASSETS</b>			
Debtors	15	188,100,000	210,471,678
Cash at bank	16	<u>-</u>	<u>-</u>
		188,100,000	210,471,678
<b>LESS: CREDITORS</b>			
Amounts falling due within one year	17	<u>146,000,501</u>	<u>15,000,100</u>
<b>NET CURRENT ASSETS</b>		<u>42,099,499</u>	<u>195,471,578</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		42,099,599	195,471,678
<b>LESS: CREDITORS</b>			
Amounts falling due after more than 1 year	18	<u>-</u>	<u>-</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>42,099,599</u>	<u>195,471,678</u>
<b>MEMBERS' OTHER INTERESTS</b>			
Capital accounts		<u>42,099,599</u>	<u>195,471,678</u>
		<u>42,099,599</u>	<u>195,471,678</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Members' other interests		42,099,599	195,471,678
Amounts due to/from members	17	<u>121,611,572</u>	<u>(71,371,678)</u>
		<u>163,711,171</u>	<u>124,100,000</u>

Casebia Therapeutics LLP has taken advantage of Section 408 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 not to present the LLP's own Income Statement. The LLP's profit for the financial period available for discretionary division among members was \$nil.

The financial statements were approved by the members of the LLP on 23/06/2022 and were signed by:

*Brendan Smith*

.....  
Brendan Smith  
On behalf of  
CRISPR Therapeutics AG - Designated member  
and CRISPR Therapeutics Inc - Designated member

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Consolidated Reconciliation of Members' Interests  
for the Year Ended 31 December 2019**

	EQUITY		
	Members' other interests		Total
	Members' capital (classified as equity)	Other reserves	
	\$	\$	\$
Balance at 1 January 2019	201,827,493	-	201,827,493
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-
Members' interests after profit for the year	201,827,493	-	201,827,493
Introduced by members	80,018,400	-	80,018,400
Drawings	(41,000,000)	-	(41,000,000)
Write-off amounts due to previous member	(192,889,796)	-	(192,889,796)
Balance at 31 December 2019	<u>47,956,097</u>	<u>-</u>	<u>47,956,097</u>

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors	
	Other amounts	Total
	\$	\$
Amount due to members	-	
Amount due from members	(168,964,697)	
Balance at 1 January 2019	(168,964,697)	32,862,796
Members' remuneration charged as an expense, including employment and retirement benefit costs	26,793,414	26,793,414
Profit for the financial year available for discretionary division among members	-	-
Members' interests after profit for the year	(142,171,283)	59,656,210
Introduced by members	-	80,018,401
Drawings	-	(41,000,000)
Write-off amounts due to previous member	<u>110,726,265</u>	<u>(82,163,530)</u>
Amount due to members	-	
Amount due from members	<u>(31,445,016)</u>	
Balance at 31 December 2019	<u>(31,445,016)</u>	<u>16,511,081</u>

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Consolidated Reconciliation of Members' Interests - continued  
for the Year Ended 31 December 2019**

	EQUITY		
	Members' capital (classified as equity) \$	Members' other interests Other reserves \$	Total \$
Balance at 1 January 2018	143,552,962	-	143,552,962
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-
Members' interests after profit for the year	143,552,962	-	143,552,962
Introduced by members	<u>58,274,531</u>	-	<u>58,274,531</u>
Balance at 31 December 2018	<u>201,827,493</u>	-	<u>201,827,493</u>
	DEBT	TOTAL MEMBERS' INTERESTS	
	Loans and other debts due to members less any amounts due from members in debtors Other amounts \$	Total \$	
Amount due to members	-		
Amount due from members	<u>(70,531,160)</u>		
Balance at 1 January 2018	(70,531,160)	73,021,802	
Members' remuneration charged as an expense, including employment and retirement benefit costs	(98,433,537)	(98,433,537)	
Loss for the financial year available for discretionary division among members	-	-	
Members' interests after profit for the year	(168,964,697)	(25,411,735)	
Introduced by members	<u>-</u>	<u>58,274,531</u>	
Amount due to members	-		
Amount due from members	<u>(168,964,697)</u>		
Balance at 31 December 2018	<u>(168,964,697)</u>	<u>32,862,796</u>	

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Partnership Reconciliation of Members' Interests  
for the Year Ended 31 December 2019**

	EQUITY		
	Members' other interests		
	Partnership Members' Capital (classified as equity) \$	Partnership Other reserves \$	Partnership Total \$
Balance at 1 January 2019	195,471,678	-	195,471,678
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit/(loss) for the financial year available for discretionary division among members	-	-	-
Re-allocation from debt	-	-	-
Members' interests after loss for the year	195,471,678	-	195,471,678
Introduced by members	80,627,921	-	80,627,921
Drawings	(41,000,000)	-	(41,000,000)
Write-off amounts due to previous member	(193,000,000)	-	(193,000,000)
Balance at 31 December 2019	<u>42,099,599</u>	<u>-</u>	<u>42,099,599</u>

	DEBT	TOTAL
	Loans and other debts due to members less any amounts due from members in debtors Other amounts \$	MEMBERS' INTERESTS Total \$
Amount due to members	-	
Amount due from members	(71,371,678)	
Balance at 1 January 2019	(71,371,678)	124,100,000
Members' remuneration charged as an expense, including employment and retirement benefit costs	157,289,472	157,289,472
Profit for the financial year available for discretionary division among members	-	-
Re-allocation to equity	-	-
Members' interests after profit for the year	85,917,794	281,389,472
Introduced by members	-	80,627,921
Drawings	-	(41,000,000)
Write-off amounts due to previous member	<u>35,693,778</u>	<u>(157,306,222)</u>
Amount due to members	-	
Amount due from members	<u>121,611,572</u>	
Balance at 31 December 2019	<u>121,611,572</u>	<u>163,711,171</u>

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Partnership Reconciliation of Members' Interests - continued  
for the Year Ended 31 December 2019**

	EQUITY		
	Members' other interests		
	Partnership Members' Capital (classified as equity) \$	Partnership Other reserves \$	Partnership Total \$
Balance at 1 January 2018	141,471,678	-	141,471,678
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit/(loss) for the financial year available for discretionary division among members	-	-	-
Members' interests after loss for the year	141,471,678	-	141,471,678
Introduced by members	<u>54,000,000</u>	<u>-</u>	<u>54,000,000</u>
Balance at 31 December 2018	<u>195,471,678</u>	<u>-</u>	<u>195,471,678</u>

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors Other amounts \$	Total \$
Amount due to members	-	
Amount due from members	<u>(25,574,852)</u>	
Balance at 1 January 2018	(25,574,852)	115,896,826
Members' remuneration charged as an expense, including employment and retirement benefit costs	(45,796,826)	(45,796,826)
Loss for the financial year available for discretionary division among members	-	-
Members' interests after loss for the year	(71,371,678)	70,100,000
Introduced by members	<u>-</u>	<u>54,000,000</u>
Amount due to members	-	
Amount due from members	<u>(71,371,678)</u>	
Balance at 31 December 2018	<u>(71,371,678)</u>	<u>124,100,000</u>

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2019**

	Notes	31.12.19 \$	31.12.18 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(61,676,450)</u>	<u>(47,474,046)</u>
Net cash from operating activities		<u>(61,676,450)</u>	<u>(47,474,046)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(2,745,438)
Sale of tangible fixed assets		10,894,206	-
Interest received		<u>1,482,301</u>	<u>886,250</u>
Net cash from investing activities		<u>12,376,507</u>	<u>(1,859,188)</u>
<b>Cash flows from financing activities</b>			
<b>Transactions with members and former members</b>			
Contributions by members		<u>59,161,000</u>	<u>54,000,000</u>
Net cash from financing activities		<u>59,161,000</u>	<u>54,000,000</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>9,861,057</u>	<u>4,666,766</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>32,239,552</u>	<u>27,572,786</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>42,100,609</u></u>	<u><u>32,239,552</u></u>

The notes form part of these financial statements



**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2019**

**1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR  
DISCRETIONARY DIVISION AMONG MEMBERS TO CASH GENERATED FROM OPERATIONS**

	31.12.19	31.12.18 as restated
	\$	\$
Profit for the financial year available for discretionary division among members	-	-
Members' remuneration charged as an expense	26,793,414	(98,433,539)
Amortisation and depreciation charges	2,440,179	16,384,801
Impairment of intangible fixed assets	-	31,522,491
Write-off amounts due to previous member	(82,163,530)	-
Profit on disposal of fixed assets	(459,477)	-
Equity-based compensation expense	5,466,922	4,274,531
Gain on lease disposal	(3,626,161)	-
Finance income	<u>(1,482,301)</u>	<u>(886,250)</u>
	(53,030,954)	(47,137,966)
Increase in trade and other debtors	(334,385)	(109,675)
Increase/(decrease) in trade and other creditors	<u>(8,311,111)</u>	<u>(226,405)</u>
<b>Cash generated from operations</b>	<u><b>(61,676,450)</b></u>	<u><b>(47,474,046)</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2019**

	31.12.19	1.1.19
	\$	\$
Cash and cash equivalents	<u>42,100,609</u>	<u>32,239,552</u>

**Year ended 31 December 2018**

	31.12.18	1.1.18
	\$	\$
Cash and cash equivalents	<u>32,239,552</u>	<u>27,572,786</u>

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2019**

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.19 \$	Cash flow \$	At 31.12.19
<b>Net cash</b>			
Cash at bank	<u>32,239,552</u>	<u>9,861,057</u>	<u>42,100,609</u>
<b>Net funds</b>	<u><u>32,239,552</u></u>	<u><u>9,861,057</u></u>	<u><u>42,100,609</u></u>

The notes form part of these financial statements

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**1. STATUTORY INFORMATION**

Casebia Therapeutics Limited Liability Partnership is registered in England and Wales. The LLP's registered number and registered office address can be found on the General Information page. The principal place of business of the group is 610 Main Street, Cambridge, MA 02139, USA.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in US dollars (USD) as that is the functional currency of the group companies and also the members.

**Going concern**

As of 31 December 2019, the LLP had total consolidated cash of \$42.1 million (2018: \$32.2 million), of which \$40.9 million (2018: \$31.0 million) was unrestricted.

The LLP has received a letter of support from CRISPR Therapeutics AG confirming their financial support to the LLP to meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements for the year ended 31 December 2019. Accordingly, the financial statements of the LLP for the year ended 31 December 2019 have been prepared on a going concern basis.

**Preparation of consolidated financial statements**

The accounts have been consolidated and include the accounts of Casebia Therapeutics LLP and its subsidiary Casebia Therapeutics LLC, a limited liability company incorporated in the USA, for which it controls 100%.

All inter-company balances, transactions, income and expenses are eliminated in full on consolidation. The company has taken advantage of s408 and not included its own Income statement.

**Significant judgements and estimates**

The management believe that there are no significant judgements or estimates during the year.

**Intangible fixed assets**

On 15 March 2016, Casebia Therapeutics LLP acquired IP from CRISPR Therapeutics AG valued at \$71,371,678. In accordance with UK GAAP and with reference to the partnership agreement, the asset has been amortised in a straight line over 5 years.

From 13 December 2019, the members consider that the Intellectual property (IP) held within Intangible assets has a value of nil and therefore has carried out a full impairment of IP as at 31 December 2019.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- over the unexpired term of the lease
Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES (continued)**

**Operating leases**

Casebia Therapeutics LLP leases office and laboratory facilities under non-cancellable operating lease agreements. The lease agreements contain free or escalating rent payment provisions. Casebia recognises rent expense under such leases on a straight-line basis over the term of the lease with the difference between the expense and the payments recorded as deferred rent on the consolidated balance sheet. Amounts received from lessors are accounted for as lease incentives, which are amortised as a reduction of rent expense over the term of the lease. Amounts received from lessees under sub-leases equal amounts owed under Casebia's original lease and are recognised on a straight-line basis as a reduction of rent expense over the term of the sublease. Lease renewal periods are considered on a lease-by-lease basis in determining the lease term.

**Equity-based compensation expense**

Certain former employees of Casebia Therapeutics LLP ("Casebia") have been granted options to purchase CRISPR Therapeutics AG ("CRISPR") shares. CRISPR expenses the cost of the stock options granted to employees of Casebia as incurred. Concurrently, Casebia will also recognise the same cost of the stock options as an expense and capital contribution from CRISPR.

CRISPR accounts for stock options issued to non-employees by periodically remeasuring them and income or expense is recognised over their vesting terms. Compensation cost related to awards with service-based vesting schedules is recognised using the straight-line method. CRISPR estimates the fair value of stock options using the Black-Scholes option pricing model.

The Black-Scholes option pricing model requires the input of certain subjective assumptions, including (i) the expected share price volatility, (ii) the calculation of expected term of the award, (iii) the risk-free interest rate and (iv) the expected dividend yield. Due to the lack of sufficient public market data for the trading of CRISPR's Common Shares and a lack of CRISPR-specific historical and implied volatility data, CRISPR has based its estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. The historical volatility is calculated based on a period of time commensurate with the expected term assumption. The group of representative companies have characteristics similar to CRISPR, including stage of product development and focus on the life science industry. For options granted to non-employees, CRISPR utilises the contractual term of the arrangement as the basis for the expected term assumption. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. CRISPR uses an assumed dividend yield of zero as CRISPR has never paid dividends and has no current plans to pay any dividends on its Common Shares.

Casebia measured CRISPR equity-based compensation awards granted to non-employees at fair value as the awards vest and recognises the resulting value as compensation expense at each financial reporting period.

**Patent costs**

Costs to secure and prosecute patent application and other legal costs related to the protection of Casebia's intellectual property are expensed as incurred.

**Fair value of financial instruments**

Casebia Therapeutics LLP's ("Casebia") financial instruments consist of accounts payable and accrued expenses. Casebia is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values.

The fair value of the CRISPR Therapeutics AG's ("CRISPR") license was calculated based on the consideration paid and the fair value of CRISPR's 50% interest in Casebia as of February 12, 2016, which was determined utilising discounted cash flows based on reasonable estimates and assumptions of cash flows expected from Casebia. This was based on unobservable inputs that were supported by little or no market activity. The value of the intellectual property contributed by CRISPR was determined to be \$36.4 million.

The carrying amount of accounts payable and accrued expenses as reporting in the consolidated balance sheet as of 31 December 2019 approximate fair value due to the short-term duration of these instruments.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**3. EMPLOYEE INFORMATION**

	31.12.19	31.12.18
	\$	\$
Wages and salaries	13,511,302	17,036,768
Social security costs	873,025	826,482
Pension costs	<u>376,013</u>	<u>335,538</u>
	<u><u>14,760,340</u></u>	<u><u>18,198,788</u></u>

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Research and development	64	49
General and Administrative	<u>17</u>	<u>18</u>
	<u><u>81</u></u>	<u><u>67</u></u>

**4. OPERATING LOSS**

The operating loss is stated after charging:

	31.12.19	31.12.18
	\$	\$
Other operating lease	-	1,850,578
Depreciation - owned assets	2,440,179	2,110,466
Impairment losses for Intangible fixed assets	-	31,522,491
Profit on sale of tangible fixed assets	459,477	-
Audit fees	20,674	115,811
Patents and licences amortisation	<u>-</u>	<u>14,274,336</u>

**5. EXCEPTIONAL ITEMS**

	31.12.19	31.12.18
	\$	\$
Write-off amounts due to previous member	82,163,530	-
Cost of fundamental reorganisation	<u>(4,747,132)</u>	<u>-</u>
	<u><u>77,416,398</u></u>	<u><u>-</u></u>

**6. INFORMATION IN RELATION TO MEMBERS**

	31.12.19	31.12.18
	\$	\$
Members' remuneration charged as an expense	<u>-</u>	<u>-</u>

There is a profit of \$26,793,414 (2018: \$98,433,539 loss), which is divided 50:50 between CRISPR AG and BAYER up to 13 December 2019 and then 99:1 between CRISPR AG and CRISPR Inc. after 13 December 2019.

**7. JOINT VENTURE AGREEMENT**

On December 19, 2015, CRISPR Therapeutics AG ("CRISPR") and Bayer HealthCare LLC ("Bayer Healthcare") entered into an agreement to establish Casebia Therapeutics LLP ("Casebia") with the purpose of researching the development of new therapeutics to cure blood disorders, blindness and congenital heart disease. On February 12, 2016, CRISPR and Bayer HealthCare completed the formation of Casebia, a limited liability partnership incorporated in England & Wales. Bayer HealthCare and CRISPR each received a 50% interest in the entity in exchange for their contributions to the entity. CRISPR contributed \$0.1 million in cash and licensed its proprietary CRISPR/Cas9 gene editing technology and intellectual property for selected disease indications. Bayer HealthCare also contributed its protein engineering expertise and relevant disease know-how.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**7. JOINT VENTURE AGREEMENT (continued)**

Bayer HealthCare was committed to provide up to \$300.0 million in research and development funding to Casebia over the first five years, subject to certain conditions, the first \$45.0 million of which was contributed upon formation in the first quarter of 2016 and an additional \$60.0 million of which was contributed in January 2017, following the December 2016 receipt of consents necessary from patent holders of CRISPR's intellectual property. Under the joint venture agreement, CRISPR had no obligation to provide any additional funding and CRISPR's ownership interest was not diluted from future contributions from Bayer. The activities of Casebia were controlled by a Management Board under the joint control of CRISPR and Bayer HealthCare.

CRISPR and Bayer HealthCare also provided to Casebia compensated services through separate agreements. Under the JV Agreement, Casebia paid CRISPR \$35.0 million in exchange for a worldwide, exclusive license to commercialise CRISPR's CRISPR/Cas9 technology specifically for the indications designated by Casebia. In March 2016, Casebia paid a non-refundable up-front payment of \$20.0 million as a technology access fee. The remaining \$15.0 million was paid on December 22, 2016 following delivery of the consents necessary from patent holders of CRISPR's intellectual property. There are no milestone, royalty or other payments due to CRISPR under this aspect of the agreement.

The fair value of the license was calculated to be \$71.4 million based on the consideration paid and the fair value of the 50% interest in Casebia, which was determined utilising discounted cash flows based on reasonable estimates and assumptions of cash flows expected from Casebia. As Casebia only paid \$35.0 million in cash to acquire the license, the remaining \$36.4 million of fair value received was accounted for as contributed capital from CRISPR. Casebia has accounted for the acquisition in accordance FRS102 and amortised it over its expected useful life.

On or about 20 September 2019, the Management Board ("the Board") of Casebia commenced a strategic restructuring in connection with a capital preservation plan that had been adopted by the board of directors on 14 August 2019. This plan included the following components: (i) with respect to reducing internal spend, beginning on or about 20 September 2019 (a) the employment contracts of 26 employees of Casebia were terminated, (b) 10 employees of Casebia were retained on a transition basis, (c) 43 employees of Casebia were retained and offered employment opportunities at CRISPR Therapeutics AG and (d) the employment of the company's leadership was terminated in the third quarter of 2019 and (ii) with respect to reducing external spend, the company took certain actions with the company's material suppliers and partners (e.g. reducing spend with certain suppliers and/or terminating agreements and/or commitments with certain suppliers).

On December 13, 2019, Casebia, Bayer and CRISPR entered into a series of transactions by which, among other things, CRISPR acquired 100% of the partnership interests in Casebia ("Retirement Agreement"), CRISPR and Bayer terminated their joint venture ("Joint Venture Termination Agreement"), and CRISPR and Bayer entered into a new option agreement (the "2019 Option Agreement"). Collectively, these agreements are referred to as the "2019 Casebia Agreements."

In connection with the Retirement Agreement, Casebia retired Bayer's outstanding partnership interests in exchange for up to \$22.0 million returned from Casebia operating cash less certain interim operating expenses of \$6.0 million, and CRISPR acquired 100% of the partnership interests in Casebia. Further, a wholly-owned subsidiary of CRISPR simultaneously acquired a 1% partnership interest in Casebia in exchange for a capital contribution in an amount equal to 1% of the fair market value of Casebia. Accordingly, after effecting the Retirement, CRISPR and its wholly-owned subsidiary own 100% of the partnership interests in Casebia. The completion of the Retirement occurred simultaneously with the signing of the Retirement Agreement.

In addition, in connection with entering into the Retirement Agreement and the Joint Venture Termination Agreement, CRISPR and Bayer also entered into the 2019 Option Agreement, under which, among other things, CRISPR AG committed to invest \$25.0 million in certain research and development activities. As the research commitment is born by CRISPR AG, Casebia recorded a payable to partner for the same amount.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**8. EQUITY BASED COMPENSATION**

Certain employees of Casebia Therapeutics LLP ("Casebia") have been granted options to purchase CRISPR Therapeutics AG ("CRISPR") common stock. Terms of the equity awards, including vesting requirements, are determined by CRISPR's Board of Directors, subject to the provisions of CRISPR's stock option plans. Options granted by CRISPR typically vest over four years and have a contractual life of ten years. CRISPR expenses the cost of the stock options granted to employees of Casebia as incurred. CRISPR accounts for these by determining the value of such options, which are periodically remeasured and recognised by CRISPR over their vesting terms. Concurrently, Casebia will also recognise the same cost of the stock options as expense and a capital contribution from CRISPR. Compensation cost related to awards with service-based vesting schedules is recognised using the straight-line method.

**Equity-based Compensation Expense**

Total equity-based compensation expense is recognised for stock options granted to employees and has been reported in Casebia's consolidated statement of operations as follows:

	Year ended 31 December 2019:	Year ended 31 December 2018:
	\$	\$
Research and development	469,849	1,175,031
General and administrative	2,119,214	3,099,500
Restructuring	2,877,859	-
Total	<u>5,466,922</u>	<u>4,274,531</u>

During the year-ended 31 December 2019, in connection with the 2019 Casebia Agreements, the Company reduced its workforce by approximately 63 employees, including key executives. This resulted in modifications to certain share-based payment awards. As a result of the modification, the Company recorded share-based compensation expense of approximately \$2.9 million to restructuring expenses for the year ended 31 December 2019. The incremental compensation cost is the excess of the fair value of the medication in excess of the fair value of the original award immediately prior to the modification.

**Stock Option Awards**

The following table summarises stock option activity for CRISPR stock options granted to employees of Casebia:

	Stock options	Weighted- average exercise price	Weighted-average remaining contract term (years)	Aggregate intrinsic value
	\$	\$	\$	\$
Outstanding at 31 Dec'18	280,413	20.42	8.2	2,473,472
Granted	-	-	-	-
Exercised	(273,122)	20.40	-	-
Cancelled or forfeited	(7,291)	21.17	-	-
Outstanding at 31 Dec'19	-	-	-	-
Exercisable at 31 Dec'19	-	-	-	-
Vested or expected to vest at 31 December 2019	-	-	-	-

The total intrinsic value (the amount by which the fair market value exceeding the exercise price) of stock options exercised for the year ended 31 December 2019 was \$8.3 million.

CRISPR estimates the fair value of each stock award on the grant date using the Black-Scholes option-pricing model. No awards were granted to employees of Casebia during the year.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**9. INCENTIVE COMPENSATION PLANS**

**Aspire 2.0 Plan**

Certain Casebia executives are eligible to participate in Casebia's Aspire 2.0 long-term incentive plan. Beginning in 2017, on 1 January of each year, participating employees receive an award based on a percentage of their salary in virtual shares of Bayer AG. These awards vest three years after the date of the grant. Upon vesting of the awards, participants receive a cash payout based on the trading price of Bayer Ag's stock for the last 30 days of the vesting period, including dividends. As part of the 2019 Casebia Transaction, the Aspire 2.0 long-term incentive plan was terminated, and no amounts were paid as none of the shares were vested. Total expense recognised for the life of the Aspire 2.1 long-term incentive plan was adjusted accordingly, resulting in a reduction of restructuring charges of \$1.0 million in 2019.

**Casebia Liquidity Event Plan**

During 2017, Casebia established a Liquidity Event Plan for its employees under which participants are eligible to receive a cash award in the event Casebia experiences a change in control, as defined, or an Initial Public Offering, under certain conditions. The cash awards would be paid out over an 18-month period, or immediately if the participant's position is eliminated due to the Liquidity Event. Casebia did not recognise an expense for awards under this plan as a Liquidity Event was not deemed probable. In December 2019, the Board concluded that the Retirement Agreement and Joint Venture Termination Agreement did not qualify as liquidity events under the Liquidity Event Plan and, as such, the Liquidity Event Plan was terminated.

**Casebia Long-term Incentive Plan**

During 2017, Casebia established a Long-term Incentive Plan for its employees under which participants are eligible to receive a cash award upon the achievement of certain clinical and regulatory milestones. Casebia will recognise an expense for awards under this plan as the relevant milestones are deemed probable. As part of the 2019 Casebia Transaction, the Long-term Incentive Plan was terminated.

**10. TAXATION**

Casebia Therapeutics LLP is not liable to income taxes; instead its earnings and losses are included in the income tax returns of the members.

**11. BENEFIT SCHEMES**

Casebia Therapeutics LLP ("Casebia") maintains a defined contribution scheme (401(k) plan (the "Plan")) in which substantially all of its permanent employees are eligible to participate. Employee contributions are voluntary and are determined on an individual basis, limited by the maximum amounts allowable under tax regulations. The Company makes matching contributions of 100% of the first 3% and 50% of the next 2% of employees' contributions to the Plan. Casebia recorded employer contribution expense in the year of \$376,013 (2018: \$335,538).



**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**12. INTANGIBLE FIXED ASSETS**

	Group Intellectual Property \$
<b>COST</b>	
At 1 January 2019	71,371,678
Disposals	<u>(71,371,678)</u>
At 31 December 2019	<u>-</u>
<b>AMORTISATION AND IMPAIRMENT</b>	
At 1 January 2019	71,371,678
Eliminated on disposal	<u>(71,371,678)</u>
At 31 December 2019	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

	Partnership Intellectual Property \$
<b>COST</b>	
At 1 January 2019	71,371,678
Disposals	<u>(71,371,678)</u>
At 31 December 2019	<u>-</u>
<b>AMORTISATION AND IMPAIRMENT</b>	
At 1 January 2019	71,371,678
Eliminated on disposal	<u>(71,371,678)</u>
At 31 December 2019	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

The members consider that the Intellectual property (IP) held within Intangible assets from 13 December 2019 has a value of nil and therefore has carried out a full impairment of IP as at 31 December 2018.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**13. TANGIBLE FIXED ASSETS**

	Group Short leasehold \$	Group Plant and machinery \$	Group Fixtures and fittings \$	Group Computer equipment \$	Group Totals \$
<b>COST</b>					
At 1 January 2019	7,796,416	4,770,267	735,642	258,114	13,560,439
Disposals	<u>(7,796,416)</u>	<u>(4,770,267)</u>	<u>(735,642)</u>	<u>(258,114)</u>	<u>(13,560,439)</u>
At 31 December 2019	-	-	-	-	-
<b>DEPRECIATION</b>					
At 1 January 2019	1,852,297	951,342	219,055	103,016	3,125,710
Charge for the year	1,130,795	1,071,673	149,627	88,084	2,440,179
Eliminated on disposal	<u>(2,983,092)</u>	<u>(2,023,015)</u>	<u>(368,682)</u>	<u>(191,100)</u>	<u>(5,565,889)</u>
At 31 December 2019	-	-	-	-	-
<b>NET BOOK VALUE</b>					
At 31 December 2019	-	-	-	-	-
At 31 December 2018	<u>5,944,119</u>	<u>3,818,925</u>	<u>516,587</u>	<u>155,098</u>	<u>10,434,729</u>

The Partnership held no tangible fixed assets as at 31 December 2019 and 31 December 2018.

**14. FIXED ASSET INVESTMENTS**

	Partnership share of subsidiary undertaking \$
<b>COST</b>	
At 1 January 2019 and 31 December 2019	<u>100</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>100</u>
At 31 December 2018	<u>100</u>

Casebia Therapeutics LLP has 100% control of its subsidiary undertaking, Casebia Therapeutics LLC.

Casebia Therapeutics Limited Liability Company ("the LLC") is registered in Delaware. The LLC's registered number is 5954303 and registered office is 610 Main Street, Cambridge, MA 02139, USA.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**15. DEBTORS**

	Group 31.12.19 \$	Group 31.12.18 \$
Amounts falling due within one year:		
Amounts due from members	31,445,016	168,964,697
Other debtors	53,637	60,301
Due from Partners	1,003,088	57,969
Prepayments	<u>930,667</u>	<u>1,930,940</u>
	33,432,408	171,013,907
Amounts falling due after more than one year:		
Prepayments and accrued income	<u>428,125</u>	<u>31,822</u>
Aggregate amounts	<u>33,860,533</u>	<u>171,045,729</u>
	Partnership 31.12.19 \$	Partnership 31.12.18 as restated \$
Amounts due from members	-	71,371,678
Amounts due from Casebia Therapeutics LLC	<u>188,100,000</u>	<u>139,100,000</u>
	<u>188,100,000</u>	<u>210,471,678</u>

**16. CASH AT BANK**

Casebia considers all highly liquid investments with maturities of 90 days or less from the purchase date, to be cash equivalents. As at 31 December 2019, Casebia held \$40.9 million (2018: \$31.0 million) in cash and cash equivalents, consisting of cash and money market funds. All cash was held in depository accounts and is reported at fair value.

In April 2016, Casebia entered into a \$1.2 million letter of credit to secure its obligations under its sublease. The letter of credit is secured by cash held in a restricted depository account. The amount held as at 31 December 2019 was \$1,225,800 (2018: \$1,225,800) and has been included within Cash at Bank.

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 31.12.19 \$	Group 31.12.18 \$
Trade creditors	-	794,386
Other creditors	100	-
Due to Partners	25,339,752	1,286,240
Accrued expenses	2,650,994	6,095,363
Deferred rent	<u>6,353</u>	<u>559,191</u>
	<u>27,997,199</u>	<u>8,735,180</u>
	Partnership 31.12.19 \$	Partnership 31.12.18 \$
Other creditors	16,750	-
Amounts due to members	121,611,572	-
Amounts due to Casebia Therapeutics LLC	<u>24,372,179</u>	<u>15,000,100</u>
	<u>146,000,501</u>	<u>15,000,100</u>

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group 31.12.19	Group 31.12.18
	\$	\$
Deferred rent	<u>7,846</u>	<u>3,157,337</u>

The Partnership had no creditors falling due after more than one year.

**19. LEASING AGREEMENTS**

In August 2016, Casebia Therapeutics LLP ("Casebia") entered into an agreement with Pfizer Inc. to sublease 32,688 square feet of office and laboratory space in Cambridge, MA. The sublease commenced in October 2016, expires in March 2024 and includes a tenant improvement allowance of \$5.4 million. Casebia has the option to extend the term of the sublease by five years.

In May 2017, Casebia entered into an agreement to sublease 5,184 square feet of Casebia's office space in Cambridge, MA to Bayer HealthCare at a monthly rent per square foot equal to Casebia's monthly rent per square foot due to Pfizer. The sub-sublease was effective in May 2017 and expires in March 2024.

In April 2017, Casebia entered into an agreement with Bayer HealthCare to sublease 7,036 square feet of office and laboratory space in San Francisco, CA. The sublease was effective in January 2017 and expires in December 2019. Casebia has the option to extend the term of the sublease by one year. In September 2017, Casebia entered into an amendment to increase the square footage under the sublease to 7,191, effective October 2017. In October 2018, Casebia entered into an amendment to increase the square footage under the lease to 7,437, effective May 2018. In December 2018, Casebia exercised its option to extend the term of the Bayer Sublease by one year to December 2020.

In December 2019, Casebia became a wholly-owned subsidiary of CRISPR. In connection therewith, Casebia assigned both the Pfizer Sublease and the Bayer Sub-Sublease to CRISPR. Additionally, Casebia and Bayer HealthCare agreed to extend the Bayer Sublease to 30 June 2021. Future minimum payments for non-cancellable leases are as followed:

	Obligations, net of sublease income
Year Ending 31 December:	\$
2020	487,572
2021	243,786
Thereafter	-
Total	<u><u>731,358</u></u>

Total rent expense for the years ended 31 December 2019 and 2018 was \$1,967,769 and \$1,951,326, respectively (net of sublease income of \$426,110 and \$426,110, respectively).

**20. RELATED PARTY DISCLOSURES**

Prior to the 2019 Casebia Transaction, CRISPR provided certain general & administrative and research & development services, as detailed below. CRISPR and Casebia also share equally in certain in-licence fees with third parties.

**Casebia Therapeutics Limited Liability  
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**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**20. RELATED PARTY DISCLOSURES (continued)**

Prior to the 2019 Casebia Transaction, Casebia incurred certain pre-clinical costs on CRISPR's behalf, of which \$1.0 million was included in Due from Partners in the accompanying balance sheet as at 31 December 2019. Additionally, as part of the 2019 Casebia Transaction, Bayer agreed to leave \$25.0 million of cash in Casebia in exchange for a commitment from CRISPR AG to fund research and development costs for Casebia programs. As the \$25.0 million commitment is an obligation of CRISPR AG, but the cash remained at Casebia at 31 December 2019, this amount was included in Due to Partners as a distribution owed to CRISPR AG in the accompanying balance sheet as at 31 December 2019.

Total related party expenses have been reported in Casebia's consolidated financial statements, as follows:

	Year ended 31 December 2019:	Year ended 31 December 2018:
<b>General and Administrative (G&amp;A):</b>		
Bayer HealthCare and affiliates:	\$	\$
Rent, net of sublease income	66,437	5,464
Total Bayer	66,437	5,464
Total G&A	66,437	5,464
<b>Research and Development (R&amp;D):</b>		
Bayer HealthCare and affiliates:	\$	\$
Research services	3,864,462	4,297,795
Rent, net of sublease income	220,372	24,458
Total Bayer	4,084,834	4,322,253
CRISPR:	\$	\$
Research services	480,257	2,303,364
In-licence cost sharing	66,667	861,326
Total CRISPR	546,924	3,164,690
Total R&D	4,631,758	7,486,943
<b>Equity:</b>		
CRISPR:	\$	\$
Amounts to buy into the partnership	161,000	-
Amounts paid for fixed assets	9,871,049	-
Total CRISPR	10,032,049	-
Total Equity	10,032,049	-

**21. RESEARCH AGREEMENTS**

**Non-executive licence agreement with Applied StemCells Inc.**

On 5 March 2019, the Company entered into a non-exclusive license agreement (the "License Agreement") with Applied StemCells, Inc. ("ASC"). As part of the License Agreement, Casebia granted ASC a non-exclusive, royalty-bearing license to use the Company's CRISPR-Cas-9 technology for a certain specified application in order to commercialise gene editing products for use in the field of hemophilia. Rights under the License Agreement are also subject to the terms of an existing in-licence agreement with CRISPR Therapeutics AG and subsidiaries.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**21. RESEARCH AGREEMENTS (continued)**

In connection with the License Agreement, the Company received payment for a non-refundable upfront license fee of \$1.25 million. The Company may receive up to \$0.6 million in future license payments for additional indications, \$3.4 million of potential future clinical milestone payments, \$3.8 million of potential future regulatory milestone payments, as well as low single digit royalty payments on net sales of covered products.

**Seattle Children's Research Institute**

In September 2017, Casebia entered into exclusive license and research collaboration agreements with Seattle Children's Research Institute ("SCRI") to explore new methods to treat and prevent autoimmune disease using CRISPR/Cas9 gene-edited regulatory T cells ("Tregs") – a type of white blood cell that controls and modulates the body's immune response. Under the terms of the collaboration agreement, Casebia would receive worldwide rights to develop and commercialize specific intellectual property related to the collaboration, and Casebia would reimburse SCRI for its research costs incurred.

In exchange for the license, Casebia made a nonrefundable, up-front payment of \$650,000 to SCRI. The Company was also liable for potential annual maintenance fees of up to \$350,000 per year, as well as potential milestone and royalty payments. During 2018, Casebia recorded expense of \$50,000 related to the achievement of one milestone. Casebia has recorded no expense related to royalties to date under this agreement.

On 12 December 2019, the Company entered into a settlement and termination agreement with SCRI whereby the exclusive license agreement, collaboration agreement and patent payment agreement were terminated. In connection therewith, the Company agreed to pay SCRI \$600,000, as well as patent expenses of approximately \$60,000, all of which were accrued as at 31 December 2019.

Casebia recorded a total of \$4,980,873 of research and development expenses under the collaboration agreement during the year ended 31 December 2019.

**Other Agreements**

Prior to the 2019 Casebia Agreements, Casebia was a party to a number of research and license agreements, which required upfront payments, future royalty payments and potential milestone payments from time to time, which could be significant. Casebia recorded expense of \$6.1 million during the year ended 31 December 2019 related to these agreements.

Casebia was also a party to a number of research and manufacturing agreements that required upfront payments for the future performance of services. The Company made upfront payments and recorded \$0.8 million as prepaid expenses and \$0.4 million in other non-current assets in the consolidated balance sheet as at 31 December 2019 related to these agreements. The Company will amortise the prepaid balance as services are performed.

**22. RESTRUCTURING**

On or about 20 September 2019, Casebia commenced a strategic restructuring in connection with a capital preservation plan that had been adopted by the board of directors on 14 August 2019 ("the 2019 Capital Preservation Plan"). The 2019 Capital Preservation Plan included the following components: (i) with respect to reducing internal spend, beginning on or about 20 September 2019 (a) the employment contracts of 26 employees of Casebia were terminated, (b) 10 employees of Casebia were retained on a transition basis, (c) 43 employees of Casebia were retained and offered employment opportunities at CRISPR Therapeutics AG and (d) the employment of the company's leadership was terminated in the third quarter of 2019 and (ii) with respect to reducing external spend, the company took certain actions with the company's material suppliers and partners (e.g. reducing spend with certain suppliers and/or terminating agreements and/or commitments with certain suppliers). These activities were completed in 2019 and, as a result, restructuring costs were fully expensed in 2019.

**Casebia Therapeutics Limited Liability  
Partnership**

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**22. RESTRUCTURING (continued)**

The following presents the type of costs associated with the restructuring and restructuring-related charges. These costs are presented in the restructuring line item within our accompanying consolidated statement of operations.

Restructuring costs:	\$
Termination costs	8,721,532
Benefit from lease disposal	(3,626,161)
Benefit from termination of long-term incentive plan (1)	(1,009,454)
Other (2)	<u>661,215</u>
Total	<u><u>4,747,132</u></u>

(1) Refer to Note 9: Aspire 2.0 Plan

(2) Consists of costs associated with contract cancellations.

As at 31 December 2019, \$2,241,541 (2018: nil) was accrued for Restructuring costs, which related to Termination costs of \$1,580,327 and Other costs of \$661,215, which consisted of costs associated with contract cancellations.

**23. CORRECTION OF PRIOR PERIOD ERROR**

The comparative figures have been restated to show the profits/losses arising for the year ended 31 December 2018 charged to the Statement of Financial Position to reflect their automatic division between the members. The profits/losses are therefore now shown within amounts due to/from members rather than members' other interests. Total members' interests remain unchanged.