

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-39536

Taysha Gene Therapies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

3000 Pegasus Park Drive Ste 1430

Dallas, Texas

(Address of principal executive offices)

84-3199512

(I.R.S. Employer
Identification No.)

75247

(Zip Code)

Registrant's telephone number, including area code: (214) 612-0000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.00001 per share	TSHA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 12, 2024, the registrant had 204,943,306 shares of common stock, \$0.00001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Taysha Gene Therapies, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 172,743	\$ 143,940
Restricted cash	449	449
Prepaid expenses and other current assets	3,278	3,479
Assets held for sale	2,000	2,000
Total current assets	178,470	149,868
Restricted cash	2,151	2,151
Property, plant and equipment, net	10,513	10,826
Operating lease right-of-use assets	8,971	9,582
Other non-current assets	288	304
Total assets	\$ 200,393	\$ 172,731
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,718	\$ 6,366
Accrued expenses and other current liabilities	11,875	12,284
Deferred revenue	13,583	18,106
Total current liabilities	34,176	36,756
Term loan, net	37,835	40,508
Operating lease liability, net of current portion	18,134	18,953
Other non-current liabilities	1,380	1,577
Total liabilities	91,525	97,794
Commitments and contingencies - Note 13		
Stockholders' equity		
Preferred stock, \$0.00001 par value per share; 10,000,000 shares authorized and no shares issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Common stock, \$0.00001 par value per share; 400,000,000 shares authorized and 201,381,450 and 186,960,193 issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	2	2
Additional paid-in capital	664,457	587,942
Accumulated other comprehensive income	2,405	—
Accumulated deficit	(557,996)	(513,007)
Total stockholders' equity	108,868	74,937
Total liabilities and stockholders' equity	\$ 200,393	\$ 172,731

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Taysha Gene Therapies, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 1,112	\$ 2,395	\$ 4,523	\$ 7,101
Operating expenses:				
Research and development	15,073	19,791	35,730	32,305
General and administrative	7,338	5,988	14,422	14,739
Total operating expenses	22,411	25,779	50,152	47,044
Loss from operations	(21,299)	(23,384)	(45,629)	(39,943)
Other income (expense):				
Change in fair value of warrant liability	195	—	(142)	—
Change in fair value of term loan	(1,279)	—	(2,332)	—
Interest income	1,440	223	3,133	542
Interest expense	(27)	(1,440)	(56)	(2,814)
Other (expense) income	42	3	37	(5)
Total other income (expense), net	371	(1,214)	640	(2,277)
Net loss	\$ (20,928)	\$ (24,598)	\$ (44,989)	\$ (42,220)
Net loss per common share, basic and diluted	\$ (0.09)	\$ (0.38)	\$ (0.19)	\$ (0.66)
Weighted average common shares outstanding, basic and diluted	232,821,553	64,244,531	232,035,448	63,755,435

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Taysha Gene Therapies, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(in thousands, except share and per share data)
(Unaudited)

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net loss	\$ (20,928)	\$ (24,598)	\$ (44,989)	\$ (42,220)
Other comprehensive income:				
Change in fair value of terms loan attributable to instrument specific credit risk	2,656	—	2,405	—
Comprehensive loss	<u>\$ (18,272)</u>	<u>\$ (24,598)</u>	<u>\$ (42,584)</u>	<u>\$ (42,220)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Taysha Gene Therapies, Inc.
Condensed Consolidated Statements of Stockholders' (Deficit) Equity
(in thousands, except share data)
(Unaudited)

For the Three Months Ended June 30, 2024

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Other	Stockholders'
			Capital		Comprehensive	Deficit
					Loss	
Balance as of March 31, 2024	187,018,275	\$ 2	\$ 591,166	\$ (537,068)	\$ (251)	\$ 53,849
Stock-based compensation	—	—	3,332	—	—	3,332
Issuance of common stock and pre-funded warrants upon closing of underwritten public offering, net of underwriting discounts and commissions, and other offering costs of \$5,024	14,361,113	—	69,957	—	—	69,957
Issuance of common stock upon exercise of stock options, net	2,062	—	2	—	—	2
Loss on instrument-specific credit risk	—	—	—	—	2,656	2,656
Net loss	—	—	—	(20,928)	—	(20,928)
Balance as of June 30, 2024	201,381,450	\$ 2	\$ 664,457	\$ (557,996)	\$ 2,405	\$ 108,868

For the Three Months Ended June 30, 2023

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Other	Stockholders'
			Capital		Comprehensive	Equity
					Loss	
Balance as of March 31, 2023	63,473,349	\$ 1	\$ 404,114	\$ (419,063)	\$ —	\$ (14,948)
Stock-based compensation	—	—	2,222	—	—	2,222
Issuance of common stock in private placement, net of offering costs of \$ 40	705,218	—	210	—	—	210
Issuance of common stock upon vesting and settlement of restricted stock units	254,070	—	—	—	—	—
Net loss	—	—	—	(24,598)	—	(24,598)
Balance as of June 30, 2023	64,432,637	\$ 1	\$ 406,546	\$ (443,661)	\$ —	\$ (37,114)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Taysha Gene Therapies, Inc.
Condensed Consolidated Statements of Stockholders' (Deficit) Equity
(in thousands, except share data)
(Unaudited)

For the Six Months Ended June 30, 2024

	Common Stock		Additional	Accumulated	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Paid-in Capital			
Balance as of December 31, 2023	186,960,193	\$ 2	\$ 587,942	\$ (513,007)	\$ —	\$ 74,937
Stock-based compensation	—	—	6,530	—	—	6,530
Issuance of common stock and pre-funded warrants upon closing of underwritten public offering, net of underwriting discounts and commissions, and other offering costs of \$5,024	14,361,113	—	69,957	—	—	69,957
Issuance of common stock upon vesting and settlement of restricted stock units	11,282	—	—	—	—	—
Issuance of common stock under ESPP	46,800	—	26	—	—	26
Issuance of common stock upon exercise of stock options	2,062	—	2	—	—	2
Gain on instrument-specific credit risk	—	—	—	—	2,405	2,405
Net loss	—	—	—	(44,989)	—	(44,989)
Balance as of June 30, 2024	201,381,450	\$ 2	\$ 664,457	\$ (557,996)	\$ 2,405	\$ 108,868

For the Six Months Ended June 30, 2023

	Common Stock		Additional	Accumulated	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount	Paid-in Capital			
Balance as of December 31, 2022	63,207,507	\$ 1	\$ 402,389	\$ (401,441)	\$ —	\$ 949
Stock-based compensation	—	—	3,897	—	—	3,897
Issuance of common stock in private placement, net of offering costs of \$ 40	705,218	—	210	—	—	210
Issuance of common stock upon vesting and settlement of restricted stock units, net	483,992	—	—	—	—	—
Issuance of common stock under ESPP	35,920	—	50	—	—	50
Net loss	—	—	—	(42,220)	—	(42,220)
Balance as of June 30, 2023	64,432,637	\$ 1	\$ 406,546	\$ (443,661)	\$ —	\$ (37,114)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Taysha Gene Therapies, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	For the Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (44,989)	\$ (42,220)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	647	674
Stock-based compensation	6,530	3,897
Research and development license expense	—	3,500
Change in fair value of warrant liability	142	—
Non-cash change in fair value of term loan	(268)	—
Non-cash lease expense	619	603
Other	1	387
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	129	509
Accounts payable	2,365	2,123
Accrued expenses and other liabilities	(1,955)	(1,324)
Deferred revenue	(4,523)	(7,101)
Net cash used in operating activities	<u>(41,302)</u>	<u>(38,952)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(341)	(3,852)
Net cash used in investing activities	<u>(341)</u>	<u>(3,852)</u>
Cash flows from financing activities		
Debt issuance costs for term loan	(18)	—
Proceeds from issuance of common stock and pre-funded warrants from underwritten public offering, net of underwriting discounts and sales commissions and other offering costs	70,481	—
Proceeds from issuance of common stock from private placement	—	500
Payment of offering costs	—	(387)
Proceeds from common stock issuances under ESPP	26	50
Other	(43)	(156)
Net cash provided by financing activities	<u>70,446</u>	<u>7</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	28,803	(42,797)
Cash, cash equivalents and restricted cash at the beginning of the period	146,540	90,517
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 175,343</u>	<u>\$ 47,720</u>
Cash and cash equivalents	172,743	45,083
Restricted cash	2,600	2,637
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 175,343</u>	<u>\$ 47,720</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,655	\$ 2,399
Supplemental disclosure of noncash investing and financing activities:		
Issuance of warrants in connection with private placement	—	252
Research and development license not yet paid	—	3,500
Offering costs not yet paid	445	—

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Note 1—Organization and Description of Business Operations

Taysha Gene Therapies, Inc. (the “Company” or “Taysha”) was originally formed under the laws of the State of Texas on September 20, 2019. Taysha converted to a Delaware corporation on February 13, 2020, which had no impact to the Company’s par value or issued and authorized capital structure.

Taysha is a clinical-stage biotechnology company focused on advancing AAV-based gene therapies for severe monogenic diseases of the central nervous system.

Sales Agreement

On October 5, 2021, the Company entered into a Sales Agreement (the “Sales Agreement”) with SVB Securities LLC (f/k/a SVB Leerink LLC) and Wells Fargo Securities, LLC (collectively, the “Sales Agents”), pursuant to which the Company may issue and sell, from time to time in its sole discretion, shares of its common stock having an aggregate offering price of up to \$150.0 million through the Sales Agents. In March 2022, the Company amended the Sales Agreement to, among other things, include Goldman Sachs & Co. LLC as an additional Sales Agent. The Sales Agents may sell common stock by any method permitted by law deemed to be an “at-the-market offering” as defined in Rule 415(a)(4) of the Securities Act, including sales made directly on or through the Nasdaq Global Select Market or any other existing trade market for the common stock, in negotiated transactions at market prices prevailing at the time of sale or at prices related to prevailing market prices, or any other method permitted by law. The Sales Agents are entitled to receive 3.0% of the gross sales price per share of common stock sold under the Sales Agreement. In April 2022, the Company sold 2,000,000 shares of common stock under the Sales Agreement and received \$11.6 million in net proceeds. No other shares of common stock have been issued and sold pursuant to the Sales Agreement as of June 30, 2024.

Liquidity and Capital Resources

The Company has incurred operating losses since inception and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. Losses are expected to continue as the Company continues to invest in its research and development activities. As of June 30, 2024, the Company had an accumulated deficit of \$558.0 million. The Company expects to continue to incur significant expenses and operating losses for the foreseeable future.

On June 26, 2024, the Company entered into an underwriting agreement (the “June 2024 Underwriting Agreement”) with Jefferies LLC and Goldman Sachs & Co. LLC, as representatives of the several underwriters set forth therein (collectively, the “Underwriters”), to issue and sell 14,361,113 shares of the Company’s common stock and, in lieu of common stock to certain investors, pre-funded warrants to purchase 18,972,221 shares of its common stock in an underwritten public offering (the “June 2024 Offering”), pursuant to an effective shelf registration statement on Form S-3 and a related prospectus and prospectus supplement. The offering price to the public was \$2.25 per share of common stock and \$2.249 per pre-funded warrant, which was the price to the public of each share of common stock sold in the June 2024 Offering minus the \$0.001 exercise price per pre-funded warrant. The Underwriters purchased the shares and the pre-funded warrants from the Company pursuant to the June 2024 Underwriting Agreement at a price of \$2.115 per share and \$2.114 per pre-funded warrant, respectively. See Note 10 for additional information. The initial closing of the June 2024 Offering occurred on June 27, 2024. In addition, the Company granted the Underwriters an option to purchase, for a period of 30 days, up to an additional 5,000,000 shares of common stock. On July 9, 2024, the Underwriters exercised their option to purchase an additional 3,235,000 shares of common stock. The total net proceeds from the June 2024 Offering were approximately \$76.8 million, including the proceeds from the Underwriter’s option, after deducting underwriting discounts and commissions and offering expenses. See Note 16 for additional information.

Future capital requirements will depend on many factors, including the timing and extent of spending on research and development and the market acceptance of the Company’s products. The Company will need to obtain additional financing in order to complete clinical studies and launch and commercialize any product candidates for which it receives regulatory approval. There can be no assurance that such financing will be available or will be on terms acceptable to the Company. As of June 30, 2024, the Company had cash and cash equivalents of \$172.7 million, which the Company believes will be sufficient to fund its planned operations for a period of at least twelve months from the date of issuance of these unaudited condensed consolidated financial statements. The Company has based this estimate on assumptions that may prove to be wrong, and its operating plan may change as a result of many factors currently unknown to it. As a result, the Company could deplete its capital resources sooner than it currently expects. The Company expects to finance its future cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances or licensing arrangements. If the Company is unable to obtain funding, the Company would be forced to delay, reduce or eliminate some or all of its research and development programs, preclinical and clinical testing or commercialization efforts, which could adversely affect its business prospects.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X and are consistent in all material respects with those included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (“SEC”) on March 19, 2024 (the “2023 Annual Report”). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. The condensed consolidated balance sheet as of December 31, 2023 is derived from audited financial statements, however, it does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes in the Company’s 2023 Annual Report.

Principles of Consolidation

The accompanying interim condensed consolidated financial statements include the accounts of Taysha and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The most significant estimates and assumptions in the Company’s financial statements relate to the determination of the fair value of the common stock prior to the initial public offering (“IPO”) (as an input into stock-based compensation), estimating manufacturing accruals and accrued or prepaid research and development expenses, the measurement of impairment of long-lived assets, the valuation of the Trinity Term Loans that are carried at fair value and the allocation of consideration received in connection with the Astellas Transactions (as defined below). These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially from these estimates. To the extent there are material differences between the estimates and actual results, the Company’s future results of operations will be affected.

Significant Accounting Policies

There have been no changes in the Company’s significant accounting policies as disclosed in Note 2 to the audited consolidated financial statements included in the 2023 Annual Report.

Recently Adopted Accounting Pronouncements

There have been no significant changes in recently adopted accounting pronouncements from those disclosed in the section titled “Financial Statements and Supplementary Data” included in the 2023 Annual Report.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting – Improvements to Reportable Segment Disclosures*, to improve segment disclosure requirements under ASC 280, Segment Reporting, through enhancing disclosures about significant segment expenses. The guidance requires entities to provide significant segment expenses that are regularly provided to the chief operating decision maker and other segment expenses included in each reported measure of segment profitability. The ASU also enhances interim segment reporting requirements by aligning interim disclosures with information that must be disclosed annually in accordance with ASC 280. The guidance is effective for annual periods beginning after December 15, 2023, and interim periods

beginning after December 15, 2024, applied retrospectively with early adoption permitted. The Company is still evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

Note 3—Fair Value Measurements

The Company's financial instruments that are measured at fair value on a recurring basis consist of money market funds, the Trinity Term Loans, a success fee derivative liability and certain of the Company's warrant liabilities.

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the level of the fair value hierarchy used to determine such fair values (in thousands):

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents – money market funds	\$ 172,103	\$ 172,103	\$ —	\$ —
Total assets	\$ 172,103	\$ 172,103	\$ —	\$ —
Liabilities:				
Trinity Term Loans	\$ 37,835	\$ —	\$ —	\$ 37,835
Success Fee Derivative liability	800	—	—	800
SSI Warrant liability	596	—	—	596
Total liabilities	\$ 39,231	\$ —	\$ —	\$ 39,231

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents – money market funds	\$ 142,425	\$ 142,425	\$ —	\$ —
Total assets	\$ 142,425	\$ 142,425	\$ —	\$ —
Liabilities:				
Trinity Term Loans	\$ 40,508	\$ —	\$ —	\$ 40,508
Success Fee Derivative liability	800	—	—	800
SSI Warrant liability	454	—	—	454
Total liabilities	\$ 41,762	\$ —	\$ —	\$ 41,762

The Company classifies its money market funds, which are valued based on quoted market prices in an active market with no valuation adjustment, as Level 1 assets within the fair value hierarchy.

The Company's Trinity Term Loans and Success Fee liability are classified as Level 3 measurements under the fair value hierarchy as the fair values were determined based on significant inputs not observable in the market. The fair values were determined utilizing a probability-weighted income approach, including variables for the timing of a success event and other probability estimates. See Note 7 for additional information on the Trinity Term Loans and Success Fee.

The Company's SSI Warrant liability is classified as Level 3 measurements under the fair value hierarchy as the fair values were determined based on significant inputs not observable in the market. The fair values were determined using the Black-Scholes-Merton option pricing model to determine the fair value of the SSI Warrants (as defined below). See Note 10 for additional information on the SSI Warrants.

Note 4—Balance Sheet Components

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Prepaid research and development	\$ 1,502	\$ 1,412
Prepaid clinical trial	674	802
Deferred offering costs	601	681
Prepaid insurance	165	292
Prepaid bonus	130	—
Other	206	292
Total prepaid expenses and other current assets	<u>\$ 3,278</u>	<u>\$ 3,479</u>

Property, plant and equipment, net consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Leasehold improvements	\$ 2,117	\$ 2,117
Laboratory equipment	3,008	2,868
Computer equipment	1,271	1,133
Furniture and fixtures	864	864
Construction in progress	6,882	6,823
	<u>14,142</u>	<u>13,805</u>
Accumulated depreciation	(3,629)	(2,979)
Property, plant and equipment, net	<u>\$ 10,513</u>	<u>\$ 10,826</u>

Property, plant and equipment, net includes \$0.8 million and \$1.0 million of assets capitalized as finance leases as of June 30, 2024 and December 31, 2023, respectively.

Depreciation expense was \$0.3 million and \$0.4 million for the three months ended June 30, 2024 and 2023, respectively. Depreciation expense was \$0.6 million and \$0.7 million for the six months ended June 30, 2024 and 2023, respectively.

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Accrued research and development	\$ 2,613	\$ 3,467
Accrued compensation	2,885	3,423
Accrued clinical trial	2,178	1,851
Lease liabilities, current portion	1,754	1,646
Accrued professional and consulting fees	1,072	330
Warrant liability	596	454
Accrued severance	—	390
Other	777	723
Total accrued expenses and other current liabilities	<u>\$ 11,875</u>	<u>\$ 12,284</u>

Note 5— Leases

The Company leases certain office, laboratory, and manufacturing space.

Dallas Lease

On January 11, 2021, the Company entered into a lease agreement (the “Dallas Lease”) with Pegasus Park, LLC, a Delaware limited liability company (the “Dallas Landlord”), pursuant to which the Company leases approximately 15,000 square feet of office space at 3000 Pegasus Park Drive, Dallas, Texas 75247 (the “Office Space”).

The Dallas Lease commenced on May 27, 2021, and has a term of approximately ten years. The Company has an option to extend the term of the Dallas Lease for one additional period of five years.

The Dallas Landlord has the right to terminate the Dallas Lease, or the Company's right to possess the Office Space without terminating the Dallas Lease, upon specified events of default, including the Company's failure to pay rent in a timely manner and upon the occurrence of certain events of insolvency with respect to the Company.

Dallas Lease Expansion

On December 14, 2021, the Company amended the Dallas Lease (the "Dallas Lease Amendment") with the Dallas Landlord, pursuant to which the Company leases approximately 18,000 square feet of office space adjacent to the Office Space at 3000 Pegasus Park Drive, Dallas, Texas 75247 (the "Expansion Premises").

The Dallas Lease Amendment commenced on July 1, 2022, and has a term of approximately ten years.

The Company is obligated to pay operating costs and utilities applicable to the Expansion Premises. Total future minimum lease payments under the Dallas Lease Amendment over the initial 10 year term are approximately \$6.0 million. The Company is responsible for costs of constructing interior improvements within the Expansion Premises that exceed a \$40.00 per rentable square foot construction allowance provided by the Dallas Landlord.

The Company has a right of first refusal with respect to certain additional office space on the 15th floor at 3000 Pegasus Park Drive, Dallas, Texas 75247 before the Dallas Landlord accepts any offer for such space.

Durham Lease

On December 17, 2020, the Company entered into a lease agreement (the "Durham Lease") with Patriot Park Partners II, LLC, a Delaware limited liability company (the "Durham Landlord"), pursuant to which the Company agreed to lease approximately 187,500 square feet of a manufacturing facility located at 5 National Way, Durham, North Carolina (the "Facility"). The Durham Lease commenced on April 1, 2021 and is expected to have a term of approximately fifteen years and six months. The Company has two options to extend the term of the Durham Lease, each for a period of an additional five years.

The Company was not required to provide a security deposit in connection with its entry into the Durham Lease. The Company was responsible for constructing interior improvements within the Facility. The Company was required to place \$2.6 million in an escrow account which was to be released when the improvements were substantially complete. In December 2023, the Company entered into an agreement with the landlord whereby the Company agreed to remove specified leasehold improvements which will be funded by the escrowed funds. The escrow funds are recorded as restricted cash on the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 with \$0.5 million recorded in current assets and \$2.1 million in noncurrent assets. The Durham Landlord has the right to terminate the Durham Lease upon specified events of default, including the Company's failure to pay rent in a timely manner and upon the occurrence of certain events of insolvency with respect to the Company.

Summary of all lease costs recognized under ASC 842

The following table summarizes the lease costs recognized under ASC 842 and other information pertaining to the Company's operating leases for the three and six months ended June 30, 2024 and 2023 (in thousands):

	<u>Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 675	\$ 708	\$ 1,321	\$ 1,360
Variable lease cost	198	243	396	486
Total lease cost	<u>\$ 873</u>	<u>\$ 951</u>	<u>\$ 1,717</u>	<u>\$ 1,846</u>

Supplemental information related to the remaining lease term and discount rate are as follows:

	June 30, 2024	December 31, 2023
Weighted average remaining lease term (in years) – Finance leases	2.38	2.88
Weighted average remaining lease term (in years) – Operating leases	10.36	10.75
Weighted average discount rate – Finance leases	10.53 %	10.52 %
Weighted average discount rate – Operating leases	7.82 %	7.80 %

Supplemental cash flow information related to the Company’s operating leases are as follows (in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Operating cash flows for operating leases	\$ 1,391	\$ 1,631

As of June 30, 2024, future minimum commitments under ASC 842 under the Company’s operating and finance leases were as follows (in thousands):

Year Ending December 31,	Operating	Finance
2024	\$ 1,423	\$ 227
2025	2,910	454
2026	2,485	399
2027	2,577	—
2028	2,673	—
Thereafter	17,045	—
Total lease payments	29,113	1,080
Less: imputed interest	(9,596)	(129)
Total lease liabilities	\$ 19,517	\$ 951
Lease liabilities, current	1,383	371
Lease liabilities, non-current	18,134	580
Total lease liabilities	\$ 19,517	\$ 951

Note 6—Astellas Agreements

On October 21, 2022 (the “Effective Date”), the Company entered into the Option Agreement (the “Option Agreement”) with Astellas Gene Therapies, Inc. (f/k/a Audentes Therapeutics, Inc. (d/b/a Astellas Gene Therapy)) (“Astellas”), pursuant to which the Company granted to Astellas an exclusive option to obtain an exclusive, worldwide, royalty and milestone-bearing right and license (A) to research, develop, make, have made, use, sell, offer for sale, have sold, import, export and otherwise exploit, or, collectively, exploit, the product known, as of the Effective Date, as TSHA-120 (the “120 GAN Product”), and any backup products with respect thereto for use in the treatment of Giant Axonal Neuropathy (“GAN”) or any other gene therapy product for use in the treatment of GAN that is controlled by Taysha or any of its affiliates or with respect to which the Company or any of its affiliates controls intellectual property rights covering the exploitation thereof (a “GAN Product”) and (B) under any intellectual property rights controlled by Taysha or any of its affiliates with respect to such exploitation (the “GAN Option”). Subject to certain extensions, the GAN Option was exercisable from the Effective Date through a specified period of time following Astellas’ receipt of (i) the formal minutes from the Type B end-of-Phase 2 meeting between Taysha and the FDA in response to the Company’s meeting request sent to the FDA on September 19, 2022 for the 120 GAN Product (the “Type B end-of-Phase 2 Meeting”), (ii) all written feedback from the FDA with respect to the Type B end-of-Phase 2 Meeting, and (iii) all briefing documents sent by Taysha to the FDA with respect to the Type B end-of-Phase 2 Meeting. In September 2023, Astellas provided written notice of its decision not to exercise the GAN Option.

Under the Option Agreement, the Company also granted to Astellas an exclusive option to obtain an exclusive, worldwide, royalty and milestone-bearing right and license (A) to exploit any Rett Product (as defined below), and (B) under any intellectual property rights controlled by Taysha or any of its affiliates with respect to such exploitation (the “Rett Option,” and together with the GAN Option, each, an “Option”). Subject to certain extensions, the Rett Option is exercisable from the Effective Date through a specified period of time following Astellas’ receipt of (i) certain clinical data from the female pediatric trial and (ii) certain specified

data with respect to TSHA-102, such period, the Rett Option Period, related to (i) the product known, as of the Effective Date, as TSHA-102 and any backup products with respect thereto for use in the treatment of Rett syndrome, and (ii) any other gene therapy product for use in the treatment of Rett syndrome that is controlled by Taysha or any of its affiliates or with respect to which the Company or any of its affiliates controls intellectual property rights covering the exploitation thereof (a “Rett Product”).

The parties have agreed that, if Astellas exercises an Option, the parties will, for a specified period, negotiate a license agreement in good faith on the terms and conditions outlined in the Option Agreement, including payments by Astellas of a to be determined upfront payment, certain to be determined milestone payments, and certain to be determined royalties on net sales of GAN Products and/or Rett Products, as applicable.

During the Rett Option Period, the Company has agreed to (A) not solicit or encourage any inquiries, offers or proposals for, or that could reasonably be expected to lead to, a Change of Control (as defined in the Option Agreement), or (B) otherwise initiate a process for a potential Change of Control, in each case, without first notifying Astellas and offering Astellas the opportunity to submit an offer or proposal to the Company for a transaction that would result in a Change of Control. If Astellas fails or declines to submit any such offer within a specified period after the receipt of such notice, the Company will have the ability to solicit third party bids for a Change of Control transaction. If Astellas delivers an offer to the Company for a transaction that would result in a Change of Control, the Company and Astellas will attempt to negotiate in good faith the potential terms and conditions for such potential transaction that would result in a Change of Control for a specified period, which period may be shortened or extended by mutual agreement.

As partial consideration for the rights granted to Astellas under the Option Agreement, Astellas paid the Company an upfront payment of \$20.0 million (the “Upfront Payment”). Astellas or any of its affiliates shall have the right, in its or their discretion and upon written notice to the Company, to offset the amount of the Upfront Payment (in whole or in part, until the full amount of the Upfront Payment has been offset) against (a) any payment(s) owed to Taysha or any of its affiliates (or to any third party on behalf of the Company) under or in connection with any license agreement entered into with respect to any GAN Product or Rett Product, including, any upfront payment, milestone payment or royalties owed to Taysha or any of its affiliates (or to any third party on behalf of the Company) under or in connection with any such license agreement or (b) any amount owed to Taysha or any of its affiliates in connection with a Change of Control transaction with Astellas or any of its affiliates. As further consideration for the rights granted to Astellas under the Option Agreement, the Company and Astellas also entered into the Astellas Securities Purchase Agreement (as defined below).

Astellas Securities Purchase Agreement

On October 21, 2022, the Company entered into a securities purchase agreement with Astellas (the “Astellas Securities Purchase Agreement”), pursuant to which the Company agreed to issue and sell to Astellas in a private placement (the “Astellas Private Placement”), an aggregate of 7,266,342 shares (the “Astellas Private Placement Shares”), of its common stock, for aggregate gross proceeds of \$30.0 million. The Astellas Private Placement closed on October 24, 2022. Pursuant to the Securities Purchase Agreement, in connection with the Astellas Private Placement, Astellas has the right to designate one individual to attend all meetings of the Board in a non-voting observer capacity. The Company also granted Astellas certain registration rights with respect to the Astellas Private Placement Shares.

Accounting Treatment

In October 2022, upon closing of the Astellas Private Placement and transferring the 7,266,342 shares to Astellas, the Company recorded the issuance of shares at fair value. Fair value of the shares transferred to Astellas was calculated in accordance with ASC 820, *Fair Value Measurement* by analyzing the Company’s stock price for a short period of time prior to and after the transaction date as traded on the NASDAQ. The NASDAQ trading data is considered an active market and a Level 1 measurement under ASC 820. The fair value was determined to be approximately \$13.95 million or \$1.92 per share. The \$16.1 million difference between the \$30.0 million paid by Astellas and the fair market value of shares issued was allocated to the transaction price of the Option Agreement.

The Company determined that the Option Agreement falls within the scope of ASC 606, *Revenue from Contracts with Customers* as the development of TSHA-102 for the treatment of Rett Syndrome and TSHA-120 for the treatment of GAN are considered ordinary activities for the Company. In accordance with ASC 606, the Company evaluated the Option Agreement and identified three separate performance obligations: (1) option to obtain licensing right to GAN, (2) option to obtain licensing right to Rett and (3) performance of research and development activities in the Rett development plan. The transaction price is determined to be \$36.1 million which is comprised of the \$20.0 million Upfront Payment and the \$16.1 million allocated from the Private Placement.

To determine the standalone selling price (“SSP”) of the Rett and GAN options, which the Company concluded to be material rights, the Company utilized the probability-weighted expected return (“PWERM”) method. The PWERM method contemplates the probability and timing of an option exercise. At contract inception, the Company estimated that the probability of exercise was 50% for each of the GAN and Rett options. The SSP of the Rett research and development activities was estimated using an expected cost-plus margin approach. The standalone selling prices of the material rights and Rett research and development activities were then used to proportionately allocate the \$36.1 million transaction price to the three performance obligations. The \$36.1 million transaction price was recorded as deferred revenue on the condensed consolidated balance sheet at the inception of the Astellas Transactions.

The following table summarizes the allocation of the transaction price to the three performance obligations at contract inception (amounts in thousands):

	Transaction Price Allocation	
Option to obtain license for Rett	\$	5,485
Option to obtain license for GAN		2,317
Rett research and development activities		28,257
Total	\$	36,059

Revenue allocated to the material rights will be recognized at a point in time when each option period expires or when a decision is made by Astellas to exercise or not exercise each option. Revenue from the Rett research and development activities will be recognized as activities are performed using an input method, according to the costs incurred as related to the total costs expected to be incurred to satisfy the performance obligation. The transfer of control occurs over this time period and is a reliable measure of progress towards satisfying the performance obligation.

During the six months ended June 30, 2024, the Company determined that the total estimated costs to be incurred to satisfy the performance obligation associated with Rett research and development activities had increased from the cost estimate used for the year ended December 31, 2023, and the three months ended March 31, 2024. The cumulative impact of this change would have resulted in a \$1.1 million decrease related to revenue previously recognized based on prior cost estimates.

The Company recognized revenue of \$1.1 million and \$2.4 million from Rett research and development activities for the three months ended June 30, 2024 and 2023, respectively. The Company recognized revenue of \$4.5 million and \$7.1 million from Rett research and development activities for the six months ended June 30, 2024 and 2023, respectively.

The Company had \$13.6 million of deferred revenue on the condensed consolidated balance sheet as of June 30, 2024 comprised of \$5.5 million for the Rett Option and \$8.1 million of Rett research and development activities. The Company had \$18.1 million of deferred revenue on the condensed consolidated balance sheet as of December 31, 2023 comprised of \$5.5 million for the Rett Option and \$12.6 million of Rett research and development activities. The GAN option revenue was recognized in September 2023 when Astellas provided written notice of its decision not to exercise the GAN Option.

Note 7 – Term Loans

Loan with Trinity Capital

On November 13, 2023 (the “Trinity Closing Date”), the Company entered into a Loan and Security Agreement (the “Trinity Term Loan Agreement”), by and among the Company, the lenders party thereto from time to time (the “Trinity Lenders”) and Trinity Capital Inc., as administrative agent and collateral agent for the Trinity Lenders (“Trinity”). The Trinity Term Loan Agreement provides for, on the Trinity Closing Date, \$40.0 million aggregate principal amount of term loans (collectively, the “Trinity Term Loans”). The Company drew the Trinity Term Loans in full on the Trinity Closing Date.

The interest rate applicable to the Trinity Term Loans is the greater of (a) the Wall Street Journal (“WSJ”) Prime Rate plus 4.50% or (b) 12.75% per annum. The Trinity Term Loans are interest only from the Trinity Closing Date through 36 months from the Trinity Closing Date, which may be extended to 48 months from the Trinity Closing Date upon the satisfaction of certain milestones set forth in the Trinity Term Loan Agreement, after which the Company is required to pay equal monthly installments of principal

through November 13, 2028 (the "Maturity Date"). As of June 30, 2024, \$40.0 million was outstanding on the Term Loan, recorded as Term Loan, net on the condensed consolidated balance sheet.

Future principal debt payments on the Trinity Term Loan Agreement as of June 30, 2024 are as follows (in thousands):

<i>Year Ending December 31,</i>	
2024	\$ —
2025	—
2026	—
2027	18,709
2028	21,291
Total principal payments	<u>\$ 40,000</u>

The Trinity Term Loans may be prepaid in full (i) from the Trinity Closing Date through November 13, 2024, with payment of a 3.00% prepayment premium, (ii) from November 13, 2024 through November 13, 2025, with payment of a 2.00% prepayment premium, and (iii) from November 13, 2025 through, but excluding, the Maturity Date, with payment of a 1.00% prepayment premium. On the Trinity Closing Date, the Company paid to Trinity a commitment fee of 1.00% of the original principal amount of the Trinity Term Loans. Upon repayment in full of the Trinity Term Loans, the Company will pay to Trinity an end of term payment equal to 5.00% of the original principal amount of the Trinity Term Loans.

The obligations under the Trinity Term Loan Agreement are secured by a perfected security interest in all of the Company's assets except for certain customarily excluded property pursuant to the terms of the Trinity Term Loan Agreement. There are no financial covenants and no warrants associated with the Trinity Term Loan Agreement. The Trinity Term Loan Agreement contains various covenants that limit the Company's ability to engage in specified types of transactions without the consent of Trinity and the Trinity Lenders which include, among others, incurring or assuming certain debt; merging, consolidating or acquiring all or substantially all of the capital stock or property of another entity; changing the nature of the Company's business; changing the Company's organizational structure or type; licensing, transferring or disposing of certain assets; granting certain types of liens on the Company's assets; making certain investments; and paying cash dividends. As of June 30, 2024, the Company is in compliance with all covenants of the Trinity Term Loans.

The Trinity Term Loan Agreement also contains customary representations and warranties, and also includes customary events of default, including payment default, breach of covenants, change of control, and material adverse effects. Upon the occurrence of an event of default, a default interest rate of an additional 5.00% per annum may be applied to the outstanding loan balances, and the Trinity Lenders may declare all outstanding obligations immediately due and payable and exercise all of its rights and remedies as set forth in the Trinity Term Loan Agreement and under applicable law.

The proceeds of the Trinity Term Loans were used to repay the Company's obligations under the Term Loan Agreement (as defined below) with Silicon Valley Bank in full. The Term Loan Agreement with Silicon Valley Bank was terminated concurrently with entry into the Trinity Term Loan Agreement.

The Company assessed the terms and features of the Trinity Term Loans and determined that the Company was eligible to elect the fair value option under ASC 825, *Financial Instruments*. The Trinity Term Loans contain various embedded features and the election of the fair value option allowed the Company to bypass analysis of potential embedded derivatives and further analysis of bifurcation of any recognized financial liabilities. Under the fair value option, the financial liability is initially measured at its fair value on the issue date and subsequently remeasured at estimated fair value on a recurring basis at each reporting date. Changes in the fair value of the Trinity Term Loans, which include accrued interest, if any, are recorded as a component of other expense (income) in the condensed consolidated statements of operations. The Company has not elected to present interest expense separately from changes in fair value and therefore will not present interest expense associated with the Trinity Term Loans. Any changes in fair value caused by instrument-specific credit risk are presented separately in other comprehensive income or loss if material. Under the fair value option, debt issuance costs are expensed as incurred. The Company incurred \$0.9 million of debt issuance costs, which were recorded within general and administrative expense in the consolidated statements of operations for the year ended December 31, 2023.

In connection with the Trinity Term Loans, the Company entered into a Success Fee Agreement with Trinity which specifies the terms regarding a fee in the amount of 10% of the principal amount of the funded Trinity Term Loans (the "Success Fee"). The Success Fee is payable upon the achievement of certain corporate development value-inflection milestones. The Success Fee survives the termination of the Trinity Term Loans and expires on the earlier of ten years, or payment in full in cash of the Success Fee. The Company determined that the Success Fee represents a freestanding financial instrument and should be accounted for as a derivative

liability under ASC 815 and recorded a liability within other non-current liabilities on the consolidated balance sheet, at fair value on the Trinity Closing Date and will be marked-to-market at the end of each reporting period with gains and losses recognized as a component of other income (expense) in the condensed consolidated statements of operations.

The proceeds from the Trinity Term Loans were allocated to the Success Fee and Trinity Term Loans based on their respective fair values on the Trinity Closing Date. The fair values were determined utilizing a probability-weighted income approach, including variables for the timing of a success event and other probability estimates.

The Company determined the fair value of the Trinity Term Loans and the Success Fee using a probability-weighted income approach and recorded the loan at fair value of \$39.2 million and the Success Fee liability at fair value of \$0.8 million in the condensed consolidated balance sheet at issuance. The Company calculated the discounted cash flows of the Trinity Term Loans using a discount rate of 15.68% and adjusted for the probability of various repayment scenarios. The Company calculated the discounted cash flows of the Success Fee liability, using a discount rate of 15.68% then adjusted for the probability of achievement of certain corporate development value-inflection milestones.

The Company remeasured the fair value of the Trinity Term Loans and Success Fee as of June 30, 2024 using a probability-weighted income approach. The Company calculated discounted cash flows of the Trinity Term Loans using a discount rate of 18.22% and adjusted for the probability of various repayment scenarios. The Company calculated the discounted cash flows of the Success Fee liability, using a discount rate of 18.22% then adjusted for the probability of achievement of certain corporate development value-inflection milestones.

The following table reconciles the change in fair value of the Trinity Term Loans during the six months ended June 30, 2024 (in thousands):

Trinity Term Loans

Beginning fair value balance at January 1, 2024	\$	40,508
Principal payments		—
Change in fair value reported in statements of operations		(268)
Change in fair value reported in comprehensive loss		(2,405)
Ending fair value balance as of June 30, 2024	\$	<u>37,835</u>

During the three and six months ended June 30, 2024, the Company recorded \$1.3 million and \$2.6 million, respectively, of interest expense within change in fair value of term loans, all of which was paid as of June 30, 2024.

The following table reconciles the change in fair value of the Success Fee liability during the six months ended June 30, 2024 (in thousands):

Success Fee

Beginning fair value balance at January 1, 2024	\$	800
Change in fair value of Success Fee		—
Ending fair value balance as of June 30, 2024	\$	<u>800</u>

Loan with Silicon Valley Bank

On August 12, 2021 (the “SVB Closing Date”), the Company entered into a Loan and Security Agreement (the “Term Loan Agreement”), by and among the Company, the lenders party thereto from time to time (the “Lenders”) and Silicon Valley Bank, as administrative agent and collateral agent for the Lenders (“Agent”). The Term Loan Agreement provided for (i) on the SVB Closing Date, \$40.0 million aggregate principal amount of term loans available through December 31, 2021, (ii) from January 1, 2022 until September 30, 2022, an additional \$20.0 million term loan facility available at the Company’s option upon having three distinct and active clinical stage programs, determined at the discretion of the Agent, at the time of draw, (iii) from October 1, 2022 until March 31, 2023, an additional \$20.0 million term loan facility available at the Company’s option upon having three distinct and active clinical stage programs, determined at the discretion of the Agent, at the time of draw and (iv) from April 1, 2023 until December 31, 2023, an additional \$20.0 million term loan facility available upon approval by the Agent and the Lenders (collectively, the “Term Loans”). The Company drew \$30.0 million in term loans on the SVB Closing Date and \$10.0 million in term loans in December 2021. The Company did not draw on the two additional \$20.0 million tranches prior to expiration on September 30, 2022 and March 31,

2023. The Term Loan Agreement with Silicon Valley Bank was terminated concurrently with entry into the Trinity Term Loan Agreement in November 2023.

The interest rate applicable to the Term Loans was the greater of (a) the WSJ Prime Rate plus 3.75% or (b) 7.00% per annum. The Term Loans were interest only from the SVB Closing Date through August 31, 2024, after which the Company was required to pay equal monthly installments of principal through August 1, 2026, the maturity date.

The Term Loans could have been prepaid in full through August 12, 2023, with payment of a 1.00% prepayment premium, after which they could be prepaid in full with no prepayment premium. An additional final payment of 7.50% of the amount of Terms Loans advanced by the Lenders (“Exit Fee”) was due upon prepayment or repayment of the Term Loans in full. The Exit Fee of \$3.0 million was recorded as debt discount. The debt discount was being accreted using the effective interest method over the term of the Term Loans within interest expense in the condensed consolidated statements of operations.

The obligations under the Term Loan Agreement were secured by a perfected security interest in all of the Company’s assets except for intellectual property and certain other customarily excluded property pursuant to the terms of the Term Loan Agreement.

Upon termination of the Term Loan Agreement with Silicon Valley Bank, the Company made a prepayment of \$43.2 million to satisfy the Company’s principal and interest obligations and related fees under the Term Loan Agreement. The payoff amount paid by the Company in connection with the Term Loans included payment of the Exit Fee of \$3.0 million and accrued interest of \$0.2 million. In connection with the repayment of the Term Loans, the remaining balance of debt discount of \$1.4 million was recognized as a component of other income (expense) in the condensed consolidated statements of operations for the year ended December 31, 2023.

During the three and six months ended June 30, 2023, the Company recognized interest expense related to the Term Loan of \$1.4 million and \$2.7 million, respectively.

Note 8—Research, Collaboration and License Agreements

UT Southwestern Agreement

On November 19, 2019, the Company entered into a research, collaboration and license agreement (“UT Southwestern Agreement”) with the Board of Regents of the University of Texas System on behalf of The University of Texas Southwestern Medical Center (“UT Southwestern”). Under the UT Southwestern Agreement, UT Southwestern is primarily responsible for preclinical development activities with respect to licensed products for use in certain specified indications (up to investigational new drug application-enabling studies), and the Company is responsible for all subsequent clinical development and commercialization activities with respect to the licensed products. UT Southwestern will conduct such preclinical activities for a two-year period under mutually agreed upon sponsored research agreements that were entered into beginning in April 2020. During the initial research phase, the Company has the right to expand the scope of specified indications under the UT Southwestern Agreement.

In connection with the UT Southwestern Agreement, the Company obtained an exclusive, worldwide, royalty-free license under certain patent rights of UT Southwestern and a non-exclusive, worldwide, royalty-free license under certain know-how of UT Southwestern, in each case to make, have made, use, sell, offer for sale and import licensed products for use in certain specified indications. Additionally, the Company obtained a non-exclusive, worldwide, royalty-free license under certain patents and know-how of UT Southwestern for use in all human uses, with a right of first refusal to obtain an exclusive license under certain of such patent rights and an option to negotiate an exclusive license under other of such patent rights. The Company is required to use commercially reasonable efforts to develop, obtain regulatory approval for, and commercialize at least one licensed product.

On April 2, 2020, the Company amended the UT Southwestern Agreement to include the addition of another licensed product and certain indications, and a right of first refusal to the Company over certain patient dosing patents. No additional consideration was transferred in connection with this amendment. In March 2022, the Company and UT Southwestern mutually agreed to revise the payment schedules and current performance expectations of the current sponsored research agreements under the UT Southwestern Agreement and defer payments by fifteen months. In December 2023, the Company and UT Southwestern mutually agreed to terminate specific sponsored research agreements.

The UT Southwestern Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last valid claim of a licensed patent in such country for such licensed product. After the initial research term, the Company may terminate the agreement, on an indication-by-indication and licensed product-by-licensed product basis, at any time upon specified written notice to UT Southwestern. Either party may terminate the agreement upon an uncured material breach of the

agreement or insolvency of the other party. In December 2023, the Company transferred rights to specific indications back to UT Southwestern.

In November 2019, as partial consideration for the license rights granted under the UT Southwestern Agreement, the Company issued 2,179,000 shares of its common stock, or 20% of its then outstanding fully-diluted common stock, to UT Southwestern. The Company does not have any future milestone or royalty obligations to UT Southwestern under the UT Southwestern Agreement other than costs related to maintenance of patents.

Queen's Agreement

On February 21, 2020, the Company entered into a license agreement (the "Queen's Agreement") with Queen's University at Kingston ("Queen's") to obtain the exclusive perpetual, royalty-bearing license, with the right to sublicense through multiple tiers, under certain patent rights and know-how of Queen's, including certain improvements to such patent rights and know-how, to develop products in any field which use one or more valid claims of the patents licensed under the Queen's Agreement (the "Licensed Patents"), or the technology, information and intellectual property related to the patents licensed under the Queen's Agreement (together with the Licensed Patents, the "Licensed Products"), and to make, have made, use, sell, offer for sale, import and export Licensed Products and otherwise exploit such patents and know-how for use in certain specified indications. In exchange for the rights granted to the Company, the Company made a cash payment of \$3.0 million in April 2020 which was recorded within research and development expenses in the consolidated statements of operations since the acquired license does not have an alternative future use. The Company is obligated to make aggregate cash payments of up to \$10.0 million upon the completion of a combination of regulatory milestones and up to \$10.0 million upon the completion of a combination of commercial milestones. In further consideration of the rights granted, beginning with the Company's first commercial sale of the Licensed Products, the Company will also pay an annual earned royalty in the low single digits on net sales of Licensed Products, subject to certain customary reductions, and a percentage of non-royalty sublicensing revenue ranging in the low double digits. Royalties are payable, on a Licensed Products-by-Licensed Products and a country-by-country basis, until expiration of the last valid claim of a Licensed Patent covering such Licensed Products in such country and the expiration of any regulatory exclusivity for such Licensed Products in such country.

In January 2024, the Company transferred rights back to Queen's for the Licensed Patents. No additional milestone payments were made in connection with the Queen's Agreement during the six months ended June 30, 2024.

Abeona CLN1 Agreements

In August 2020, the Company entered into license and inventory purchase agreements with Abeona Therapeutics Inc. ("Abeona") for worldwide exclusive rights to certain intellectual property rights and know-how relating to the research, development and manufacture of ABO-202, an AAV-based gene therapy for CLN1 disease (also known as infantile Batten disease). Under the terms of the agreements, the Company made initial cash payments to Abeona of \$3.0 million for the license fee and \$4.0 million for purchase of clinical materials and reimbursement for previously incurred development costs in October 2020. In exchange for the license rights, the Company recorded an aggregate of \$7.0 million within research and development expenses in the consolidated statements of operations for the year ended December 31, 2020 since the acquired license or acquired inventory do not have an alternative future use. The Company is obligated to make up to \$26.0 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed CLN1 product. The Company will also pay an annual earned royalty in the high single digits on net sales of any licensed CLN1 products. The license agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. The Company may terminate the license agreement for convenience upon specified prior written notice to Abeona.

In December 2021, a regulatory milestone was triggered in connection with this agreement and therefore the Company recorded \$3.0 million within research and development expenses in the consolidated statements of operations for the year ended December 31, 2021. The milestone fee was paid in January 2022 and classified as an investing cash outflow in the condensed consolidated statements of cash flows. No additional milestone payments were triggered in connection with this agreement during the six months ended June 30, 2024.

Abeona Rett Agreement

On October 29, 2020, the Company entered into a license agreement (the "Abeona Rett Agreement") with Abeona pursuant to which the Company obtained an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses under certain patents, know-how and materials originally developed by the University of North Carolina at Chapel Hill, the University of Edinburgh and Abeona to research, develop, manufacture, have manufactured, use, and commercialize licensed products for gene therapy and the use of related transgenes for Rett syndrome.

Subject to certain obligations of Abeona, the Company is required to use commercially reasonable efforts to develop at least one licensed product and commercialize at least one licensed product in the United States.

In connection with the Abeona Rett Agreement, the Company paid Abeona a one-time upfront license fee of \$3.0 million which was recorded in research and development expenses in the consolidated statements of operations for the year ended December 31, 2020 since the acquired license does not have an alternative future use. The Company is obligated to pay Abeona up to \$26.5 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed Rett product and high single-digit royalties on net sales of licensed Rett products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the latest of the expiration or revocation or complete rejection of the last licensed patent covering such licensed product in the country where the licensed product is sold, the loss of market exclusivity in such country where the product is sold, or, if no licensed product exists in such country and no market exclusivity exists in such country, ten years from first commercial sale of such licensed product in such country.

The Abeona Rett Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. The Company may terminate the agreement for convenience upon specified prior written notice to Abeona.

In March 2022, the Company's clinical trial application, ("CTA") filing for TSHA-102 for the treatment of Rett Syndrome was approved by Health Canada and therefore triggered a regulatory milestone payment in connection with this agreement. The Company recorded \$1.0 million within research and development expenses and classified the payment as an investing cash outflow in the consolidated statements of cash flows. In May 2023, the Company dosed the first patient with TSHA-102 in the Phase 1/2 REVEAL trial evaluating the safety and preliminary efficacy of TSHA-102 in adult patients with Rett syndrome and therefore triggered a milestone payment in connection with the Abeona Rett Agreement. The Company recorded \$3.5 million within research and development expenses in the condensed consolidated statements of operations for the year ended December 31, 2023. This milestone fee was paid in August 2023 and classified as an investing cash outflow in the consolidated statements of cash flows for the year ended December 31, 2023. No additional milestone payments were made or triggered in connection with this agreement during the six months ended June 30, 2024.

TSHA-120 for the treatment of GAN

In March 2021, the Company acquired the exclusive worldwide rights to a clinical-stage AAV9 gene therapy program (developed by the Company as TSHA-120) for the treatment of GAN pursuant to a license agreement (the "GAN License Agreement") with Hannah's Hope Fund for Giant Axonal Neuropathy, Inc. ("HHF"). In connection with the GAN License Agreement, the Company also obtained rights to collaborate with the National Institute of Neurological Disorders and Stroke ("NINDS") on a clinical trial for TSHA-120, an intrathecally dosed AAV9 gene therapy for the treatment of GAN.

Under the terms of the GAN License Agreement, in exchange for granting the Company the exclusive worldwide rights to TSHA-120, HHF received an upfront payment of \$5.5 million. No additional milestone payments were made or triggered in connection with the GAN License Agreement during the six months ended June 30, 2024. In January 2024, the Company initiated the return of the FDA Investigational New Drug application and transfer of the investigational clinical trial material for TSHA-120 in GAN to NINDS, enabling an opportunity for continued clinical evaluation of TSHA-120 in GAN after the Company discontinued development of TSHA-120 in GAN in September 2023. In January 2024, the Company gave notice of termination of the GAN License Agreement, and such termination became effective in July 2024 when all licensed rights under the GAN License Agreement reverted to HHF.

License Agreement for CLN7

In March 2022, the Company entered into a license agreement with UT Southwestern (the "CLN7 Agreement") pursuant to which the Company obtained an exclusive worldwide, royalty-bearing license with right to grant sublicenses to develop, manufacture, use, and commercialize licensed products for gene therapy for CLN7, a form of Batten Disease. In connection with the CLN7 Agreement, the Company paid a one-time upfront license fee of \$0.3 million. The Company recorded the upfront license fee in research and development expense in the condensed consolidated statements of operations since the acquired license does not have an alternative future use. The Company is obligated to pay UT Southwestern up to \$7.7 million in regulatory-related milestones and up to \$7.5 million in sales-related milestones, as well as a low, single-digit royalty on net sales upon commercialization of the product.

No additional milestone payments were made or triggered in connection with this agreement during the six months ended June 30, 2024.

Note 9—Stock-Based Compensation

On July 1, 2020, the Company’s board of directors approved the 2020 Equity Incentive Plan (“Previous Plan”) which permitted the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards (“RSAs”), restricted stock units (“RSUs”) and other stock-based awards to employees, directors, officers and consultants. As of September 16, 2020, the approval date of the New Plan (as defined below), no additional awards will be granted under the Previous Plan. The terms of the Previous Plan will continue to govern the terms of outstanding equity awards that were granted prior to approval of the New Plan.

On September 16, 2020, the Company’s stockholders approved the 2020 Stock Incentive Plan (“New Plan”), which became effective upon the execution of the underwriting agreement in connection with the IPO. The number of shares of common stock reserved for issuance under the New Plan automatically increases on January 1 of each year, for a period of ten years, from January 1, 2021, continuing through January 1, 2030, by 5% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the Company’s board of directors. Pursuant to this provision, on January 1, 2024, the Company increased the number of shares of common stock reserved for issuance under the New Plan by 9,348,009 shares.

Furthermore, on September 16, 2020, the Company’s stockholders approved the Employee Stock Purchase Plan (“ESPP”), which became effective upon the execution of the underwriting agreement in connection with the IPO. The maximum number of shares of common stock that may be issued under the ESPP will not exceed 362,000 shares of common stock, plus the number of shares of common stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the IPO and ending on (and including) January 1, 2030, in an amount equal to the lesser of (i) one percent (1.0%) of the total number of shares of capital stock outstanding on December 31st of the preceding calendar year, and (ii) 724,000 shares of common stock. No shares were added to the ESPP in 2021. Pursuant to this provision, on January 1, 2023 and 2024, the Company increased the number of shares of common stock reserved for issuance under the ESPP by 632,075 and 724,000 respectively. The Company has issued an aggregate of 188,193 shares of common stock under the ESPP as of June 30, 2024.

On December 15, 2023, the Company’s board of directors adopted the Taysha Gene Therapies, Inc. 2023 Inducement Plan (the “Inducement Plan”). The Inducement Plan was adopted without stockholder approval pursuant to Nasdaq Listing Rule 5635(c)(4). The Board reserved 4,000,000 shares of the Company’s common stock for issuance under the Inducement Plan.

The only persons eligible to receive grants of Inducement Awards (as defined below) under the Inducement Plan are individuals who satisfy the standards for inducement grants under Nasdaq Listing Rule 5635(c)(4). The Inducement Plan will be administered by the Board and the Company’s Compensation Committee. Inducement Awards may only be granted by: (i) the Compensation Committee, provided such committee is comprised solely of “independent directors” (as defined by Nasdaq Listing Rule 5605(a)(2)) or (ii) a majority of the Company’s “independent directors.” An “Inducement Award” means any right to receive the Company’s common stock, cash or other property granted under the Inducement Plan (including nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards, performance cash awards or other stock-based awards).

The number of shares available for grant under the Company’s incentive plans were as follows:

	New Plan	Inducement Plan	Total
Available for grant - January 1, 2024	3,162,725	4,000,000	7,162,725
Plan adjustments and amendments	9,348,009	—	9,348,009
Grants	(11,905,262)	(1,812,700)	(13,717,962)
Forfeitures	298,646	311,000	609,646
Available for grant - June 30, 2024	904,118	2,498,300	3,402,418

Stock Options

For the three months ended June 30, 2024, 1,421,760 shares of common stock under the New Plan and the Inducement Plan were awarded with a weighted-average grant date fair value per share of \$2.25. The stock options vest over four years and have a ten-year contractual term. For the six months ended June 30, 2024, 9,220,821 shares of common stock under the New Plan and the

Inducement Plan were awarded with a weighted-average grant date fair value per share of \$1.49. The stock options vest over one to four years and have a ten-year contractual term.

The following weighted-average assumptions were used to estimate the fair value of time-based vesting stock options that were granted during the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Risk-free interest rate	4.55 %	3.72 %	4.04 %	3.61 %
Expected dividend yield	—	—	—	—
Expected term (in years)	5.9	5.8	6.1	5.9
Expected volatility	89 %	81 %	89 %	81 %

The following table summarizes time-based vesting stock option activity, during the six months ended June 30, 2024:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2024	5,960,922	\$ 5.75	8.7	\$ 1,960
Options granted	9,220,821	1.96		
Exercised	(2,062)	1.18		
Options cancelled or forfeited	(534,893)	2.29		
Options expired	(68,701)	17.17		
Outstanding at June 30, 2024	14,576,087	\$ 3.43	9.0	\$ 6,866
Options exercisable at June 30, 2024	2,667,407	\$ 9.05	7.9	\$ 1,024

The aggregate intrinsic value in the above table is calculated as the difference between the fair value of the Company's common stock at the respective reporting date and the exercise price of the stock options. As of June 30, 2024, the total unrecognized compensation related to unvested stock option awards granted was \$16.9 million, which the Company expects to recognize over a weighted-average period of approximately 2.7 years.

Performance Stock Options

In February 2023, the Company issued options to purchase 70,235 shares of common stock to employees under the New Plan that contain performance-based vesting conditions, subject to continued employment through each anniversary and achievement of the performance conditions. The grant date fair value of these awards was not material. As of June 30, 2024, 58,346 of the shares subject to the performance-based options were vested and outstanding. No performance-based stock options were exercised during the period.

In May 2023, the Company issued options to purchase 2,166,653 shares of common stock to employees under the New Plan that contain both service and performance-based vesting conditions (the "Original Options"), with a weighted average grant date fair value per share of \$0.50. These Original Options were expected to vest over a 3.6 year term if a combination of clinical, regulatory and financing performance conditions were achieved. No compensation expense was recognized in 2023 related to the Original Options as achievement of the performance conditions was not considered probable. The following weighted-average assumptions were used to estimate the fair value of the options granted in February 2023 and the Original Options that were granted in May 2023:

Risk-free interest rate	4.02 %
Expected dividend yield	—
Expected term (in years)	6.0
Expected volatility	81 %

In December 2023, the Company modified all of the Original Options to amend the clinical and regulatory performance conditions and decreased the number of options granted to 1,516,655 (the "Modified Options"). The Company accounted for the changes in award terms as a modification in accordance with ASC 718, *Compensation - Stock Compensation*. Total compensation cost

is equal to the modification date fair value. The Modified Options have a grant date fair value per share of \$1.28. The following assumptions were used to estimate the fair value of the Modified Options:

Risk-free interest rate	3.90%
Expected dividend yield	—
Expected term (in years)	5.8
Expected volatility	88%

The Modified Options will vest over 3.0 years. The Company recognized stock-based compensation expense of \$0.3 million and \$0.6 million for the three and six months ended June 30, 2024, respectively, related to the Modified Options. As of June 30, 2024, the total unrecognized compensation expense related to the Modified Options was \$1.3 million, which the Company expects to recognize over a weighted average period of approximately 1.7 years using the accelerated attribution method. As of June 30, 2024, 1,516,655 of the Modified Options were outstanding. No Modified Options vested or were exercised during the period.

Market-based Stock Options

In February 2023, the Company issued options to purchase 70,233 shares of common stock to employees under the New Plan that contain a market-based vesting condition, subject to continued employment through each anniversary and achievement of the market condition. The grant date fair value of the stock options that contain market-based vesting conditions was not material. As of December 31, 2023, the market condition was not met and all 70,233 shares were forfeited.

Restricted Stock Units

For the six months ended June 30, 2024, the Company issued 4,497,141 RSUs to employees under the New Plan. The RSUs are subject to a service-based vesting condition. The service-based RSUs vest in equal annual installments over a four-year period. The Company at any time may accelerate the vesting of the RSUs. Such shares are not accounted for as outstanding until they vest.

The Company's default tax withholding method for RSUs granted prior to 2023 is the sell-to-cover method, in which shares with a market value equivalent to the tax withholding obligation are sold on behalf of the holder of the RSUs upon vesting and settlement to cover the tax withholding liability and the cash proceeds from such sales are remitted by the Company to taxing authorities. For RSUs granted in 2023, the Company's tax withholding policy allows the RSU holder to choose to either pay cash to the Company for the tax withholding obligation or elect the net withholding method, in which shares with a market equivalent to the tax withholding obligation are withheld and the net shares are issued to the RSU holder.

The Company's RSU activity for the six months ended June 30, 2024 was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Nonvested at January 1, 2024	375,044	\$ 6.63
Restricted units granted	4,497,141	1.83
Vested	(240,250)	4.96
Cancelled or forfeited	—	—
Nonvested at June 30, 2024	4,631,935	\$ 2.06

As of June 30, 2024, there were 222,216 vested and unsettled RSU awards with a weighted average grant date fair value of \$5.25 per share.

As of June 30, 2024, the total unrecognized compensation cost related to the unvested RSU's was \$7.6 million which is expected to be amortized on a straight-line basis over a weighted-average period of approximately 3.2 years.

Performance and Market-based Restricted Stock Units

In February 2023, the Company issued 81,233 RSUs to employees under the New Plan that contain a combination of performance and market-based vesting conditions, subject to continued employment through each anniversary and achievement of market and performance conditions. The grant date fair value of the RSUs that contain performance and market-based vesting conditions was not material. As of December 31, 2023, 46,562 of the RSUs were forfeited and 34,671 RSUs vested and were settled.

No RSUs that contain performance or market-based vesting conditions were granted or outstanding during the six months ended June 30, 2024.

Employee Stock Purchase Plan

In February 2022, the Company’s board of directors authorized the first offering under the ESPP. Under the ESPP, eligible employees may purchase shares of Taysha common stock through payroll deductions at a price equal to 85% of the lower of the fair market values of the stock as of the beginning or the end of six-month offering periods. An employee’s payroll deductions under the ESPP are limited to 15% of the employee’s compensation and employees may not purchase more than 1,800 shares of Taysha common stock during any offering period. During the six months ended June 30, 2024 and 2023, stock-based compensation expense related to the ESPP was not material.

The following table summarizes the total stock-based compensation expense for the stock options, ESPP, RSAs and RSUs recorded in the condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Research and development expense	\$ 1,330	\$ 1,082	\$ 2,604	\$ 819
General and administrative expense	2,002	1,140	3,926	3,078
Total	\$ 3,332	\$ 2,222	\$ 6,530	\$ 3,897

Note 10—Warrants

Pre-Funded Warrants

Pre-Funded Warrants Issued in August 2023

On August 14, 2023, the Company entered into a Securities Purchase Agreement (the “August 2023 Purchase Agreement”) with certain institutional and other accredited investors (the “Purchasers”), pursuant to which the Company agreed to sell and issue to the Purchasers in a private placement transaction (the “August 2023 Private Placement”) (i) 122,412,376 shares (the “PIPE Shares”) of the Company’s common stock, and (ii) with respect to certain Purchasers, pre-funded warrants to purchase 44,250,978 shares of the Company’s common stock (the “2023 Pre-Funded Warrants”) in lieu of shares of the Company’s common stock. The purchase price per share of common stock was \$0.90 per share (the “PIPE Purchase Price”), and the purchase price for the 2023 Pre-Funded Warrants was the PIPE Purchase Price minus \$0.001 per Pre-Funded Warrant.

The 2023 Pre-Funded Warrants have a per share exercise price of \$0.001, subject to proportional adjustments in the event of stock splits or combinations or similar events. The Pre-Funded Warrants will not expire until exercised in full. The 2023 Pre-Funded Warrants may not be exercised if the aggregate number of shares of common stock beneficially owned by the holder thereof immediately following such exercise would exceed a specified beneficial ownership limitation; provided, however, that a holder may increase or decrease the beneficial ownership limitation by giving 61 days’ notice to the Company, but not to any percentage in excess of 19.99%. The exercise of the 2023 Pre-Funded Warrants was also contingent upon receipt of stockholder approval of an increase in the authorized shares of the Company’s common stock (the “Stockholder Approval”), which the Company obtained at a special meeting of stockholders held on November 15, 2023.

The closing of the August 2023 Private Placement occurred on August 16, 2023 (the “PIPE Closing”). The total gross proceeds to the Company at the PIPE Closing were \$150.0 million, and after deducting placement agent commissions and offering expenses payable by the Company, net proceeds were \$140.3 million. The Company used the with-and-without method to allocate the total gross proceeds by first allocating the portion of the proceeds equal to the fair value of the 2023 Pre-Funded Warrants on the PIPE Closing date with the remaining proceeds allocated to the PIPE Shares on a residual basis.

The Company concluded that at the closing of the August 2023 Private Placement in August 2023, the 2023 Pre-Funded Warrants did not meet the criteria for equity classification under the guidance of ASC 815 as the Company did not have sufficient authorized and unissued shares to satisfy the warrants if exercised. The Company recorded the 2023 Pre-Funded Warrants as liabilities at their fair value. This liability is subject to remeasurement at each balance sheet date and any change in fair value is recognized in the Company’s consolidated statements of operations. The Company incurred \$9.7 million of placement agent commissions and other issuance costs in connection with the August 2023 Private Placement. The placement agent commissions and other issuance costs were allocated between the PIPE Shares and the 2023 Pre-Funded Warrants on a systematic basis. The Company allocated \$7.1 million to the PIPE Shares which was recorded as a deduction to additional paid-in capital. The remaining \$2.6 million allocated to the 2023 Pre-Funded Warrants were recorded within general and administrative expense in the consolidated statements of operations for the year ended December 31, 2023. The issuance costs allocated to the 2023 Pre-Funded Warrants have been added back to net loss

when deriving cash flows used in operations, and have been classified as a financing cash outflow in the consolidated statements of cash flows for the year ended December 31, 2023.

The Company measured the fair value of the PIPE Shares and 2023 Pre-Funded Warrants based on the \$0.90 per share Purchase Price. The Company used the relative fair value method to allocate the net proceeds received from the sales of the PIPE Shares and the 2023 Pre-Funded Warrants on the consolidated balance sheet as follows (in thousands):

	Purchase Price Allocation	
PIPE Shares	\$	110,127
2023 Pre-Funded Warrants		39,826
Total	\$	149,953

The Company remeasured the fair value of the 2023 Pre-Funded Warrants using the closing price of the Company's common stock on the Nasdaq Global Market as of November 15, 2023 of \$1.68 per common share upon receipt of Stockholder Approval. The Company recorded a fair value adjustment of \$34.5 million in the consolidated statements of operations for the year ended December 31, 2023 and the warrant liability of \$74.3 million was reclassified into equity as an increase to additional paid-in capital upon receipt of Stockholder Approval.

Pre-Funded Warrants Issued in June 2024

On June 26, 2024, the Company entered into the June 2024 Underwriting Agreement with the Underwriters to issue and sell 14,361,113 shares of common stock, and, in lieu of common stock to certain investors, pre-funded warrants to purchase 18,972,221 shares of common stock (the "June 2024 Pre-Funded Warrants") in the June 2024 Offering. The offering price to the public was \$2.25 per share of common stock and \$2.249 per June 2024 Pre-Funded Warrant, which was the price to the public of each share of common stock sold in the June 2024 Offering, minus the \$0.001 exercise price per June 2024 Pre-Funded Warrant. The Underwriters agreed to purchase the shares and the June 2024 Pre-Funded Warrants from the Company pursuant to the June 2024 Underwriting Agreement at a price of \$2.115 per share and \$2.114 per June 2024 Pre-Funded Warrant, respectively. The initial closing of the June 2024 Offering occurred on June 27, 2024; no additional June 2024 Pre-Funded Warrants were sold upon the exercise of the Underwriters' option in July 2024.

Each June 2024 Pre-Funded Warrant has an initial exercise price per share of \$0.001, subject to certain adjustments. The June 2024 Pre-Funded Warrants may be exercised at any time until exercised in full, except that a holder will not be entitled to exercise any portion of any pre-funded warrant, which, upon giving effect to such exercise would cause (i) the aggregate number of shares of the Company's common stock beneficially owned by the holder (together with its affiliates) to exceed 4.99% or 9.99%, as the case may be, of the number of shares of the Company's common stock outstanding immediately prior to or after giving effect to the exercise, or (ii) the combined voting power of the Company's securities beneficially owned by the holder (together with its affiliates) to exceed 4.99% or 9.99%, as the case may be, of the combined voting power of all of the Company's securities then outstanding immediately prior to or after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the pre-funded warrants, subject to such holder's rights under the June 2024 Pre-Funded Warrant to increase or decrease such percentage to another percentage not in excess of 19.99% upon at least 61 days' prior notice from such holder to the Company.

The Company concluded that the June 2024 Pre-Funded Warrants meet the criteria for equity classification at issuance and were recorded as a component of stockholders' equity within additional paid-in capital. The June 2024 Pre-funded Warrants are equity classified because they (i) are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, (ii) are immediately exercisable, (iii) do not embody an obligation for the Company to repurchase its shares, (iv) permit the holders to receive a fixed number of shares of common stock upon exercise, (v) are indexed to the Company's common stock and (vi) meet the equity classification criteria. In addition, such pre-funded warrants do not provide any guarantee of value or return.

SSI Warrants

In April 2023, the Company entered into a securities purchase agreement (the "SSI Securities Purchase Agreement"), with two affiliates of SSI Strategy Holdings LLC ("SSI"), named therein (the "SSI Investors") pursuant to which the Company agreed to issue and sell to the SSI Investors in a private placement (the "SSI Private Placement"), 705,218 shares of its common stock (the "SSI Shares") and warrants (the "SSI Warrants") to purchase an aggregate of 525,000 shares of the Company's common stock (the "Warrant Shares"). SSI provides certain consulting services to the Company. Each SSI Warrant has an exercise price of \$0.7090 per Warrant Share, which was the closing price of the Company's common stock on the Nasdaq Global Market on April 4, 2023 and expire ten years after issuance. The SSI Warrants issued in the SSI Private Placement provide that the holder of the SSI Warrants will not have the right to exercise any portion of its SSI Warrants until the achievement of certain clinical and regulatory milestones related to the Company's clinical programs. The SSI Private Placement closed on April 5, 2023. Gross proceeds of the SSI Private Placement were \$0.5 million.

The Company concluded that the SSI Warrants do not meet the criteria for equity classification under the guidance of ASC 815 due to settlement provisions that permit the holder to receive a variable number of shares in the event of a specified fundamental transaction as well as provisions that permit the holder to participate in dividends. As the SSI Warrants do not meet the criteria for equity classification, the Company recorded the warrants as liabilities at their fair value. This liability is subject to remeasurement at each balance sheet date until the warrants are exercised or expire, and any change in fair value is recognized in the Company's condensed consolidated statements of operations.

The Company determined the fair value of the SSI Warrants at issuance was \$0.3 million using the Black-Scholes-Merton option pricing model. The following assumptions were used to estimate the fair value of the warrants at issuance:

Risk-free interest rate		3.46 %
Expected dividend yield		—
Expected term (in years)		5.2
Expected volatility		81 %
Market value of common stock (per share)	\$	0.71

The fair value adjustment as of June 30, 2024 was \$0.1 million using the Black-Scholes-Merton option pricing model. As of June 30, 2024, 316,667 of the SSI Warrants have vested and are exercisable. No warrants were exercised during the period.

The Company estimated the fair value of the SSI Warrant liability using the following assumptions as of June 30, 2024:

Risk-free interest rate		4.43 %
Expected dividend yield		—
Expected term (in years)		4.4
Expected volatility		88 %
Market value of common stock (per share)	\$	2.24

The following table summarizes changes in the Company's warrant liability during the six months ended June 30, 2024 (in thousands):

	Warrant Liability	
Balance at January 1, 2024	\$	454
Change in fair value		142
Balance at June 30, 2024	\$	<u>596</u>

Note 11—Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Since the Company had a net loss in all periods presented, basic and diluted net loss per common share are the same.

In August 2023, the Company issued liability-classified the 2023 Pre-Funded Warrants with a nominal exercise price of \$0.001 per share, which were subsequently reclassified into equity in November 2023 after conditions for exercise were met. In June 2024, the Company issued the June 2024 Pre-Funded Warrants with a nominal exercise price of \$0.001 per share. See Note 10 for more information. In accordance with ASC 260, Earnings Per Share, shares issuable for little to no cash consideration should be included in the number of outstanding shares used to calculate basic loss per share as long as all conditions necessary for exercise are met. The 2023 Pre-Funded Warrants and the June 2024 Pre-Funded Warrants are therefore included as outstanding shares as of June 30, 2024 to calculate the weighted average number of shares outstanding to calculate basic loss per share.

The following table represents the calculation of basic and diluted net loss per common share (in thousands, except share and per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (20,928)	\$ (24,598)	\$ (44,989)	\$ (42,220)
Weighted-average shares of common stock outstanding used to compute net loss per common share, basic and diluted	232,821,553	64,244,531	232,035,448	63,755,435
Net loss per common share, basic and diluted	\$ (0.09)	\$ (0.38)	\$ (0.19)	\$ (0.66)

The following common stock equivalents outstanding as of June 30, 2024 and 2023 were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive:

	June 30, 2024	June 30, 2023
Unvested RSUs	4,631,935	492,497
Stock options	16,151,088	8,251,952
SSI Warrants	316,667	525,000
Total	21,099,690	9,269,449

Note 12—Income Taxes

Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. There is no provision for income taxes because the Company has incurred operating losses and capitalized certain items for income tax purposes since its inception and maintains a full valuation allowance against its net deferred tax assets. The reported amount of income tax expense for the period differs from the amount that would result from applying the federal statutory tax rate to net loss before taxes primarily because of the change in valuation allowance.

As of June 30, 2024, there were no material changes to either the nature or the amounts of the uncertain tax positions previously determined for the year ended December 31, 2023.

Note 13—Commitments and Contingencies

Litigation

From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities. The Company records a liability when a particular contingency is probable and estimable.

In January 2024 and April 2024, the Company was named a nominal defendant in two putative stockholder derivative actions filed by stockholders of the Company in the Court of Chancery of the State of Delaware. Shortly after filing suit, the plaintiff in the second-filed action voluntarily dismissed his lawsuit and filed a substantially similar action except with fewer named defendants. The complaints assert claims relating to the Company's August 2023 Private Placement against (i) certain of the Company's current and former directors and officers for breach of fiduciary duty and unjust enrichment; and (ii) against certain participants in the Company's August 2023 Private Placement for aiding and abetting breach of fiduciary duty and unjust enrichment. The complaints seek an unspecified award of damages in the Company's favor, plus pre-judgment and post-judgment interest, and an award to the plaintiffs for the costs and disbursement of the action, including fees for their attorneys, experts, and accountants. In May 2024, the Court consolidated the two actions and set a briefing schedule for motions for appointment of a leadership structure (the "Lead Plaintiff Motions"). The Lead Plaintiff Motions have been fully briefed, and the Court has set a hearing for the Lead Plaintiff Motions for September 5, 2024. The Company has not recorded a liability related to these lawsuits because, at this time, the Company is unable to reasonably estimate possible losses or gains or determine whether an unfavorable outcome is either probable or remote.

Commitments

In the normal course of business, the Company enters into contracts that contain a variety of indemnifications with its directors, officers, employees, licensors, suppliers and service providers. The Company's maximum exposure under these

arrangements is unknown at June 30, 2024. The Company does not anticipate recognizing any significant losses relating to these arrangements.

Note 14 – Strategic Reprioritization

In March 2022, the Company implemented changes to the Company’s organizational structure as well as a broader operational cost reduction plan to enable the Company to focus on specific clinical-stage programs for GAN and Rett syndrome. Substantially all other research and development activities have been paused to increase operational efficiency.

In connection with prioritization of programs, the Company reduced headcount by approximately 35% across all functions in March 2022. In accordance with ASC 420, *Exit and Disposal Activities*, the Company recorded one-time severance and termination-related costs of \$2.6 million in the condensed consolidated statements of operations for the three months ended March 31, 2022, primarily within research and development expenses. In December 2022 and throughout the first quarter of 2023, the Company further reduced headcount and recorded additional one-time severance and termination related costs of \$2.7 million within research and development and general and administrative expenses.

Payment of these costs are complete as of June 30, 2024. The amount of accrued severance recorded as of June 30, 2024 is as follows (amounts in thousands):

	Accrued Severance	
Accrued severance as of January 1, 2024	\$	390
Severance recorded		—
Severance paid		(390)
Accrued severance as of June 30, 2024	\$	—

Note 15 – Retirement Plan

In July 2021, the Company adopted a 401(k) retirement savings plan that provides retirement benefits to all full-time employees. Eligible employees may contribute a percentage of their annual compensation, subject to Internal Revenue Service limitations. The Company contributed \$0.1 million to the 401(k) retirement savings plan for each of the three months ended June 30, 2024 and 2023. The Company contributed \$0.3 million and \$0.2 million to the 401(k) retirement savings plan for the six months ended June 30, 2024 and 2023, respectively.

Note 16 – Subsequent Events

On June 26, 2024, the Company entered into the June 2024 Underwriting Agreement with the Underwriters to issue and sell 14,361,113 shares of common stock and pre-funded warrants to purchase 18,972,221 shares of its common stock in the June 2024 Offering pursuant to an effective shelf registration statement on Form S-3 and a related prospectus and prospectus supplement. The Underwriters purchased the shares and the pre-funded warrants from the Company pursuant to the June 2024 Underwriting Agreement at a price of \$2.115 per share and \$2.114 per pre-funded warrant, respectively. The closing of the June 2024 Offering occurred on June 27, 2027. See Note 1 for additional information. On July 9, 2024, the Underwriters exercised their option to purchase an additional 3,235,000 shares of common stock pursuant to the June 2024 Underwriting Agreement. The Company received additional net proceeds of \$6.8 million after deducting underwriting discounts and commissions.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended December 31, 2023 and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the year ended December 31, 2023, or Annual Report, filed with the Securities and Exchange Commission, or the SEC, on March 19, 2024. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to “we,” “us,” and “our” refer to Taysha Gene Therapies, Inc. together with its consolidated subsidiaries.

Forward-Looking Statements

The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the “safe harbor” created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, “Risk Factors” in our Annual Report. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.

Note Regarding Trademarks

All brand names or trademarks appearing in this report are the property of their respective holders. Unless the context requires otherwise, references in this report to the “Company,” “we,” “us,” and “our” refer to Taysha Gene Therapies, Inc.

Overview

We are a clinical-stage biotechnology company focused on advancing AAV-based gene therapies for the treatment of severe monogenic diseases of the central nervous system, or CNS. Our lead clinical program TSHA-102 is in development for the treatment of Rett syndrome, a rare neurodevelopmental disorder with no approved disease-modifying therapies that address the genetic root cause of the disease. With a singular focus on developing transformative medicines, we aim to address severe unmet medical needs and dramatically improve the lives of patients and their caregivers. Our management team has proven experience in gene therapy development and commercialization. We leverage this experience, our manufacturing process and a clinically and commercially proven AAV9 capsid in an effort to rapidly translate treatments from bench to bedside.

We are evaluating TSHA-102 in the REVEAL Phase 1/2 adolescent and adult trial, which is a first-in-human, open-label, randomized, dose-escalation and dose-expansion study evaluating the safety and preliminary efficacy of TSHA-102 in adolescent and adult females aged 12 years and older with Rett syndrome due to MECP2 loss-of-function mutation. The trial is taking place in Canada and the United States. We dosed the first two adult patients with Rett syndrome in 2023, and cohort 1 is considered complete. We expect to report an update on safety and efficacy data from cohort 1 in the first half of 2025. The Independent Data Monitoring Committee, or IDMC, approved our request to proceed to earlier dose escalation in the adolescent and adult trial, enabling early advancement to cohort 2 (high dose cohort of 1×10^{15} total vg). The first patient in cohort 2 was dosed in the second quarter of 2024, and following review of the initial 42-day safety data, the IDMC approved dosing of the second patient in cohort 2 of the adolescent and adult trial. The second patient in cohort 2 has been enrolled, and dosing is expected in the third quarter of 2024. TSHA-102 was generally well tolerated, with no serious adverse events, or SAEs, or dose-limiting toxicities, or DLTs, as of the initial six-week assessment in the first patient treated in cohort two of the adolescent and adult trial. We expect to report safety and efficacy data from cohort 2 in the first half of 2025.

We are also evaluating TSHA-102 in the REVEAL Phase 1/2 pediatric trial, which is an open-label, randomized, dose-escalation and dose-expansion study evaluating the safety and preliminary efficacy of TSHA-102 in pediatric females with Rett syndrome due to MECP2 loss-of-function mutation. The trial is taking place in the United States and the United Kingdom. In August 2024, we announced that Health Canada authorized the CTA for TSHA-102 in pediatric patients with Rett syndrome, enabling expansion of the ongoing REVEAL Phase 1/2 pediatric trial into Canada. In late 2023 and early 2024, we dosed the first two pediatric

patients, and cohort 1 is considered complete. We expect to report an update on safety and efficacy data from cohort 1 in the first half of 2025. In February 2024, the IDMC approved our request to proceed to earlier dose escalation in the REVEAL pediatric trial, enabling earlier advancement to cohort 2. The first patient in cohort 2 has been enrolled, and dosing is expected in the third quarter of 2024. We expect to report safety and efficacy data from cohort 2 in the first half of 2025.

We have received orphan drug designation and rare pediatric disease designation from the United States Food and Drug Administration, or FDA, and orphan drug designation from the European Commission for TSHA-102 for the treatment of Rett syndrome. We also received Fast Track Designation from the FDA for TSHA-102 for the treatment of Rett syndrome. We also received Clinical Trial Authorization, or CTA, clearance from the United Kingdom's Medicines and Healthcare Products Regulatory Agency, or U.K. MHRA, in early 2024 for pediatric patients with Rett syndrome. In February 2024, we received Innovative Licensing and Access Pathway, or ILAP, designation for TSHA-102 from the U.K. MHRA. The ILAP aims to facilitate patient access to novel treatments by accelerating time to market through opportunities for enhanced engagements with U.K. regulatory authorities and other stakeholders. In April 2024, the FDA granted Regenerative Medicine Advanced Therapy, or RMAT, designation for TSHA-102 in Rett syndrome. RMAT designation followed the FDA's review of available safety and efficacy data from the first three patients with Rett syndrome dosed with the low dose of TSHA-102 (5.7×10^{14} total vg) across the REVEAL Phase 1/2 adolescent and adult trial and the REVEAL Phase 1/2 pediatric trial. RMAT designation was designed to expedite the development and review of regenerative medicine therapies. A regenerative medicine therapy is eligible for RMAT designation if it is intended to treat, modify, reverse or cure a serious condition, and preliminary clinical evidence indicates the therapy has the potential to address unmet medical needs for such condition. Sponsor companies receiving RMAT designation can benefit from increased interactions with the FDA involving senior managers, with the goal of expediting drug development.

We have a limited operating history. Since our inception, our operations have focused on organizing and staffing our company, business planning, raising capital and entering into collaboration agreements for conducting preclinical and clinical development activities for our product candidates. Our lead product candidate is still in the clinical stage. We do not have any product candidates approved for sale and have not generated any revenue from product sales. Through June 30, 2024, we have funded our operations primarily through: (i) the sale of equity, raising an aggregate of \$671.0 million of gross proceeds from our initial public offering, or the IPO, sales of common stock pursuant to our Sales Agreement (as defined below), our October 2022 follow-on offering, our 2023 private placement and our June 2024 Follow-On Offering (as defined below); (ii) pre-IPO private placements of our convertible preferred stock; (iii) our Term Loan Agreement (as defined below) and subsequently the Trinity Term Loan Agreement (as defined below); and (iv) the Astellas Transactions (as defined below).

On November 13, 2023, or the Trinity Closing Date, we entered into a Loan and Security Agreement, or the Trinity Term Loan Agreement, by and among us, the lenders party thereto from time to time, or the Trinity Lenders, and Trinity Capital Inc., as administrative agent and collateral agent for the Trinity Lenders, or Trinity. The Trinity Term Loan Agreement provided for, on the Trinity Closing Date, \$40.0 million aggregate principal amount of term loans, or, collectively, the Trinity Term Loans. We drew the Trinity Term Loans in full on the Trinity Closing Date. The proceeds of the Trinity Term Loans were used to repay our obligations under the Loan and Security Agreement, or the Term Loan Agreement, with the lenders party thereto from time to time, or the Lenders and Silicon Valley Bank, as administrative agent and collateral agent for the Lenders, or the Agent, in full. The Term Loan Agreement with Silicon Valley Bank was terminated concurrently with entry into the Trinity Term Loan Agreement.

Since our inception, we have incurred significant operating losses. Our net losses were \$45.0 million for the six months ended June 30, 2024 and \$42.2 million for the six months ended June 30, 2023. As of June 30, 2024, we had an accumulated deficit of \$558.0 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- continue to advance the clinical development of our product candidates and, if we determine to do so in the future, reprioritize the advancement of our preclinical and discovery programs;
- conduct our ongoing clinical trials of TSHA-102 and any other future product candidates that we advance;
- seek regulatory approval for any product candidates that successfully complete clinical trials;
- continue to develop our gene therapy product candidate pipeline;
- scale up our clinical and regulatory capabilities;
- work with CMOs to manufacture current Good Manufacturing Practice, or GMP material for clinical trials or potential commercial sales;
- establish a commercialization infrastructure and scale up internal and external manufacturing and distribution capabilities to commercialize any product candidates for which we may obtain regulatory approval;

- adapt our regulatory compliance efforts to incorporate requirements applicable to marketed products;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, manufacturing quality control, regulatory, manufacturing and scientific and administrative personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- incur additional legal, accounting and other expenses in operating as a public company.

Our Pipeline

We are focused on discovering, developing and commercializing gene therapies for the treatment of monogenic diseases of the CNS, in both rare and large patient populations. Our primary focus is advancing our lead TSHA-102 clinical program in Rett syndrome, while our pipeline of CNS programs offers the potential for additional development opportunities in the future. The stage of development of our Rett syndrome program, including the progress in our ongoing clinical trials, is represented in the below table:



As of the date of this report, we have deprioritized the company-sponsored evaluation of certain clinical-stage programs, including TSHA-105 for SLC13A5, TSHA-118 for CLN1 and TSHA-121 for CLN7, and are seeking external strategic options to potentially enable further development of these programs. In September 2023, we announced that we discontinued the development of our TSHA-120 program in the evaluation for the treatment of GAN. In January 2024, we initiated the transfer of the FDA Investigational New Drug, or IND, application and investigational clinical trial material for TSHA-120 in GAN to clinical trial collaborator the National Institute of Neurological Disorders and Stroke, enabling the opportunity for continued clinical evaluation of TSHA-120 in GAN by third parties. In July 2024, we terminated our license agreement with Hannah’s Hope Fund for Giant Axonal Neuropathy, Inc., or HHF, relating to TSHA-120 and all rights to TSHA-120 reverted to HHF.

TSHA-102 for Rett Syndrome

TSHA-102 is a self-complementary intrathecally delivered AAV9 gene transfer therapy in clinical evaluation for Rett syndrome, a rare progressive neurodevelopmental disorder caused by mutations in the X-linked MECP2 gene encoding methyl CpG-binding protein 2, or MeCP2, which is essential for regulating neuronal and synaptic function in the brain. The disorder is characterized by loss of communication and hand function, slowing and/or regression of development, motor and respiratory impairment, seizures, intellectual disabilities and shortened life expectancy. Rett syndrome progression is divided into four key stages, beginning with early onset stagnation at 6 to 18 months of age followed by rapid regression, plateau and late motor deterioration. Rett syndrome primarily occurs in females and is one of the most common genetic causes of severe intellectual disability.

Designed as a one-time treatment, TSHA-102 aims to address the genetic root cause of the disease by delivering a functional form of MECP2 to cells in the CNS. The vector is delivered directly to the cerebrospinal fluid via intrathecal administration, which facilitates optimal biodistribution and cell transduction within key regions of the CNS. Because of the risks associated with both under- and over-expression of MeCP2, we have combined high-throughput microRNA, or miRNA, profiling and genome mining to create miRNA-Responsive Auto-Regulatory Element, or miRARE, our novel miRNA target panel. The miRARE element includes binding sites for endogenous miRNA, which are responsive to MeCP2 levels to prevent overexpression. By utilizing the miRARE technology, TSHA-102 is designed to mediate levels of MeCP2 in the CNS on a cell-by-cell basis without risk of overexpression. By increasing MECP2 levels in MECP2 deficient cells and maintaining healthy levels of MECP2 output of healthy cells, TSHA-102 has demonstrated the ability to produce and maintain safe transgene expression levels in the CNS. (Sinnott, SE, et al. Engineered microRNA-based regulatory element permits safe high-dose miniMECP2 gene therapy in Rett mice. *Brain*. 2021 awab182.)

Currently, there are no approved disease-modifying therapies that treat the genetic root cause of Rett syndrome, and there is a significant unmet medical need. According to the Rett Syndrome Research Trust, Rett syndrome affects more than 350,000 patients worldwide. The estimated addressable patient population with typical Rett syndrome caused by a pathogenic/likely pathogenic MECP2 mutation is between 15,000 and 20,000 patients in the United States, European Union and United Kingdom.

Phase 1/2 REVEAL Clinical Trials

We currently are conducting two Phase 1/2 clinical trials for TSHA-102: an adolescent/adult study in the United States and Canada and a pediatric study in the United States. In addition, approval has been granted to expand the pediatric study into the United Kingdom and Canada. The trials are described below:

Study	Primary Study Objectives	Study Population	TSHA-102 Single IT Dosing Regimen	Active Geographies
REVEAL Phase 1/2 Adolescent and Adult Trial	To assess the safety, tolerability, and preliminary efficacy of TSHA-102 as a single lumbar IT administration	Adolescent and adult females with Rett syndrome, ≥ 12 years old	Part A: Cohort 1: 5.7×10^{14} vg IT Cohort 2: 1.0×10^{15} vg IT Part B: Dose Expansion with MTD or MAD	Canada, US
REVEAL Phase 1/2 Pediatric Trial	To assess the safety, tolerability, and preliminary efficacy of TSHA-102 as a single lumbar IT administration	Pediatric females with Rett syndrome Part A: 5-8 years old Part B: 3-8 years old	Part A: Cohort 1: 5.7×10^{14} vg IT Cohort 2: 1.0×10^{15} vg IT Part B: Dose Expansion with MTD or MAD in two age cohorts	US, UK, Canada

IT – Intrathecal; MTD – Maximum Tolerated Dose; MAD – Maximum Administered Dose.

We dosed the first adult patient with Rett syndrome in cohort 1 in May 2023. The second adult patient in cohort 1 was dosed in September 2023. We dosed the first pediatric patient with Rett syndrome in cohort 1 in the Phase 1/2 REVEAL pediatric trial in December 2023, and the second pediatric patient in cohort 1 was dosed in the first quarter of 2024. In early 2024, we announced that the U.K. MHRA authorized the CTA for TSHA-102 in pediatric patients with Rett syndrome, enabling expansion of our ongoing pediatric trial into the United Kingdom. In February 2024, we announced the expansion of the ongoing REVEAL Phase 1/2 adolescent and adult trial in Canada into the United States following submission of the adolescent and adult trial protocol to the FDA. In August 2024, we announced that Health Canada authorized the CTA for TSHA-102 in pediatric patients with Rett syndrome, enabling expansion of the ongoing REVEAL Phase 1/2 pediatric trial in the United States and United Kingdom into Canada.

Cohort 1, which evaluates the low dose of TSHA-102 of 5.7×10^{14} total vg, is considered complete for both REVEAL trials. Two adult patients have been dosed in cohort 1 in the REVEAL adolescent and adult trial, and TSHA-102 was generally well-tolerated with no SAEs, related to TSHA-102 or DLTs as of the 52-week assessment post-treatment for patient one and 36-week assessment post-treatment for patient two. Following review of available clinical data from the first two adult patients and first pediatric patient showing that TSHA-102 was generally well-tolerated, and in light of the potential for improved benefit at the higher dose (1×10^{15} total vg), in February 2024, the IDMC, approved our request to proceed to earlier dose escalation in the adolescent and adult trial, enabling earlier advancement to cohort 2 evaluating the 1×10^{15} total vg dose. The first patient in cohort 2 of the adolescent and adult trial was dosed in the second quarter of 2024. TSHA-102 was generally well tolerated, with no serious adverse events, or SAEs, or dose-limiting toxicities, or DLTs, as of the initial six-week assessment in the first patient treated in cohort two of the adolescent and adult trial. Following review of the initial six-week safety data from the first patient dosed in cohort 2 of the adolescent and adult trial, the IDMC approved dosing of the second patient in cohort 2 of the adolescent and adult trial. The second patient in cohort 2 has been enrolled, and dosing is expected in the third quarter of 2024.

Additionally, two pediatric patients have been dosed in cohort 1 in the REVEAL pediatric trial, and TSHA-102 was generally well-tolerated with no SAEs related to TSHA-102 or DLTs as of the 22-week assessment post-treatment for patient one and 11-week assessment post-treatment for patient two. As of the 11-week assessment post-treatment for the second pediatric patient, there were two SAEs reported that were not deemed treatment related. Both were related to underlying disease and one was also attributed to immunosuppression, and both have resolved. In May 2024, the IDMC approved our request to proceed to earlier dose escalation in the

REVEAL pediatric trial, enabling earlier advancement to cohort 2 evaluating the 1×10^{15} total vg dose, with dosing to occur following IDMC review of the 42-day safety data from the first patient treated with the high dose of TSHA-102 in the adolescent and adult trial. Following review of the initial six-week safety data from the first patient dosed in cohort 2 of the adolescent and adult trial, the IDMC approved the Company to proceed with dosing the first patient in cohort 2 of the pediatric trial. The first pediatric patient in cohort 2 has been enrolled, and we expect to dose the patient in the third quarter of 2024. We expect to report safety and efficacy data from cohort 2 and an update on safety and efficacy data from cohort 1 of both the adolescent and adult trial and the pediatric trial in the first half of 2025.

The maximum tolerated dose, or MTD, or maximum administered dose, or MAD, established in Part A will be administered during dose expansion in Part B. Data from Part A will be assessed by regulatory agencies and the IDMC to determine key elements of Part B of the study, including efficacy endpoints, study duration and the MTD or MAD.

TSHA-102 REVEAL Adolescent / Adult Clinical Trial Safety and Efficacy Summary

Efficacy endpoints include patient assessments performed by clinicians, including the Clinical Global Impressions Scale – Improvement, or CGI-I, the Clinical Global Impressions Scale – Severity, or CGI-S, Rett Syndrome Hand Function Scale, or RSHFS, and Revised Motor Behavior Assessment, or R-MBA. Additional efficacy endpoints also include patient assessments by caregivers, including Parental Global Impressions Improvement, or PGI-I, the Rett Syndrome Behavior Questionnaire, or RSBQ, and seizure diaries.

Overview of Cohort 1 Patients and Results

The first adult patient, a 20-year-old female at the time of dosing, has the most advanced stage of Rett syndrome, Stage IV, with a genetic change consisting of a large deletion within the MECP2 gene that is known to cause Rett syndrome. This patient's phenotypic manifestation is severe. She lost the ability to walk, stand, and sit without support by age eight (non-ambulatory, wheelchair bound, limited movements of her lower extremities), lost fine motor and hand function by age six (unable to grasp and hold objects of any size, with essentially no function in non-dominant hand) and speak around age six (non-verbal, minimal vocalizations). She experienced frequent apnea and hyperventilation episodes by age three and has a history of seizures since the age of five. Per the Principal Investigator, or PI, the first adult patient's baseline reported seizure frequency was approximately two to four seizures per year.

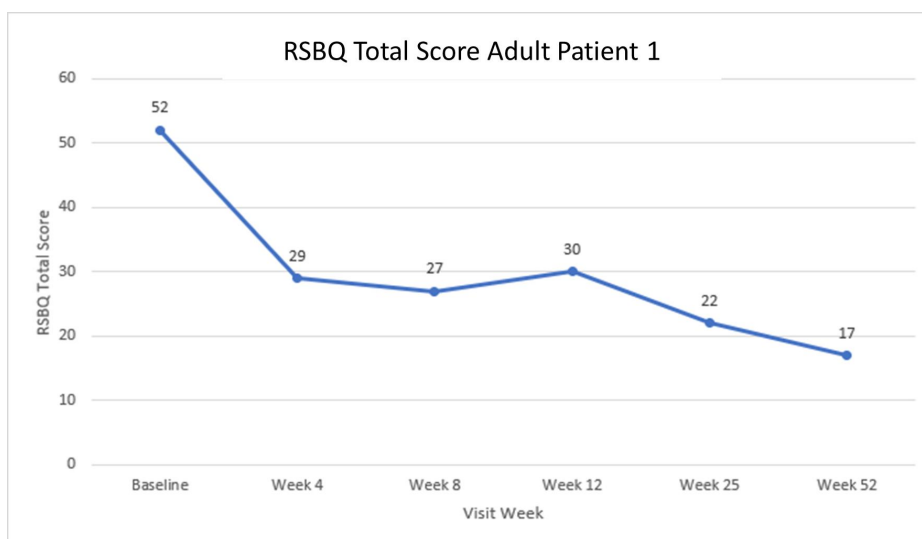
In the first adult patient, TSHA-102 was generally well-tolerated with no SAEs related to TSHA-102 or DLTs as of the 52-week assessment post-treatment. Per the protocol, prophylactic immunosuppressant therapy began seven days prior to TSHA-102 administration. The first adult patient's steroid taper was completed by week 36, and her sirolimus taper was completed by week 43. At week 52 post-treatment, the first adult patient demonstrated sustained and new improvements across multiple clinical domains compared to baseline after the completion of her immunosuppression taper. Specifically, the PI reported that the patient sustained improvements in motor function, with the gained ability to kick her legs against gravity and sit unassisted for the first time in over a decade, and sustained improvements in fine motor and hand function with gained function in her non-dominant hand. Additionally, she could open her hands, dissociate her fingers, scratch her nose and touch a screen through week 52 post-treatment. The PI reported sustained improvements in communication and socialization at week 52 post-treatment as the patient was more alert and socially interactive, with increased communication using vocalizations. Caregivers reported an enhanced ability to use an eye-gaze driven communication device at week 25, which she had not expressed interest in before treatment. The first adult patient also demonstrated sustained improvements in autonomic function at week 52 post-treatment, including improved breathing patterns with infrequent hyperventilation and fewer breath holding spells compared to before treatment, normalized sleep/night-time behaviors with the ability to sleep through the night for the first time in 20 years, and improved circulation with the patient's hands and feet restored to normal temperature and color (whereas before treatment, her hands and feet were usually cold and blue). The PI also reported that the first patient's seizures were overall well-controlled through week 52 following treatment at lower levels of anti-seizure medication, relative to baseline, and the patient no longer experienced unprovoked seizures. The PI's clinical observations are supported by clinical, caregiver and video evidence.

The second adult patient, a 21-year-old female at the time of dosing, has the most advanced stage of Rett syndrome, Stage IV, with a missense mutation in the MECP2 gene, which has been reported to cause Rett syndrome. This patient's phenotypic manifestation is milder than the first adult patient. Prior to treatment, she had partial loss of ambulation (able to walk/stand without support, but she had impaired gait and balance that developed at age 18) and impaired fine motor and hand function (significant stereotypies (repetitive, purposeless hand movements and a diagnostic hallmark of Rett syndrome) that emerged by age three, and she mostly held her hands firmly together, with weak ability to reach and grasp objects). She has been mostly nonverbal since the age of two and experienced frequent hyperventilation episodes by age three. She had a history of seizures since the age of 10. Per the PI, the second adult patient's baseline reported seizure frequency was approximately two to four seizures per week.

In the second adult patient, TSHA-102 was generally well-tolerated with no SAEs related to TSHA-102 or DLTs as of the 36-week assessment post-treatment. The PI reported that the second adult patient demonstrated sustained and new improvements across multiple clinical domains compared to baseline following completion of her steroid taper at week 25 post-treatment. Her sirolimus taper was completed by week 31. She sustained improvements in fine motor skills, with a reduction in hand stereotypies for the first time since regression at age three. Before treatment, the patient mostly held her hands firmly together, and post-treatment, she displays less forceful hand wringing and more open and relaxed hands. The second patient also sustained improvements in communication and socialization through week 25, including increased response to spoken words and eye contact compared to baseline. The PI also reported sustained improvements in autonomic function, with improvements in breathing dysrhythmia, including hyperventilation and reduced apneic spells, and circulation at week 25 post-treatment, evident by the restoration of the patient's hands and feet to normal temperature and color compared to the cold and blue appearance before treatment. Additionally, the second adult patient demonstrated new improvements in gross motor skills at week 25 post-treatment, with improved posture and stability. Notably, she also demonstrated pronounced improvements in seizure frequency at week 25, with a significant reduction in seizures at 25% lower levels of anti-seizure medication, relative to the baseline seizure frequency of two to four seizures per week. Following treatment with TSHA-102, the second patient had a single seizure event, with eight and a half months reported seizure free as of week 36 post-treatment.

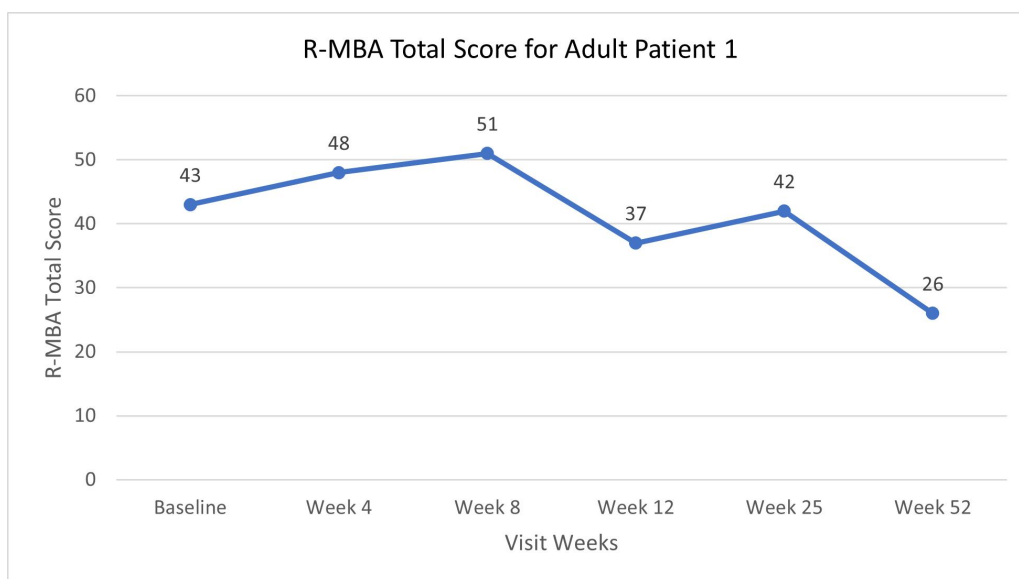
Adult Patient 1 Efficacy Data (Cohort 1)

The first adult patient showed clinically significant improvement in CGI-S from a score of six (severely ill) at baseline to a score of five (markedly ill) in this measure four weeks post-TSHA-102 administration, which was sustained through week 52 post-treatment. Similarly, the patient demonstrated sustained improvement in CGI-I post-TSHA-102 administration with a score of three (minimally improved) at week 52 and new improvement in PGI-I with a score of one (considerably better) as of the week 52 assessment post-TSHA-102 administration. The first adult patient demonstrated continued improvement in RSBQ Total Score at week 52 post-TSHA-102 administration as depicted in the graph below.



A 35-point improvement was reported in RSBQ Total Score at week 52 compared to baseline, which was driven by improvements in hand behaviors, general mood, breathing, repetitive face movements, body rocking and expressionless face, nighttime behaviors and fear and anxiety.

The first adult patient demonstrated continued improvement in R-MBA Total Score at week 52 post-TSHA-102 administration as depicted in the graph below.



A 17-point improvement was reported in R-MBA Total Score at week 52 compared to baseline, which was driven by improvements in motor dysfunction, functional skills, social skills and respiratory behaviors.

Per the seizure diary and caregiver reports, the first adult patient demonstrated stable seizure events relative to baseline through week 52 post-treatment, based on caregiver-reported medical history, and seizures are confined to periods where phenytoin level declines to <50 mmol/L (previously <100 mmol/L). The first adult patient had been on phenytoin as antiepileptic therapy prior to treatment, which she has continued following TSHA-102. Prior to treatment and per the patient's medical history, she required phenytoin levels of >100 $\mu\text{mol/L}$ to control her seizures. The first adult patient had seizures prior to TSHA-102 administration on day -8 and day -7, and post-administration she had seizures on days 45-49 and day 82 associated with lower than target phenytoin levels. Specifically, the seizures on days 45-49 corresponded with a phenytoin level of 45.9 $\mu\text{mol/L}$, and the seizure on day 82 corresponded with a phenytoin level of 35.9 $\mu\text{mol/L}$.

Loss of hand function is a hallmark characteristic of Rett syndrome and a key area of concern for caregivers. It impacts a patient's ability to communicate and impedes daily activities, which ultimately limits independence. The RSHFS is a scale designed to evaluate hand function in patients with Rett syndrome. Hand function is evaluated by an experienced independent physical therapist with expertise in evaluating hand function in patients with Rett syndrome. Sessions are videotaped in which the patient's caregiver offers the patient both large (e.g. a toy, cup, or spoon) and small (e.g. a grape or small piece of sandwich) objects so that she may demonstrate her ability to grasp, pick up, and hold the objects. The independent physical therapist then codes the demonstrated hand function in each video at the demonstrated level of hand function, ranging from no active grasping of any objects to independent grasping and function.

The first adult patient showed an improvement in the RSHFS at 25 weeks post-TSHA-102 administration as depicted in the tables below. As of week 25 following treatment, the first adult patient was using her non-dominant hand for some basic grasping whereas before treatment, she was not able to grasp at all. As of the week 25 assessment, her dominant hand function improved from baseline with the demonstrated ability to grasp two different objects (spoon and toy) rather than just one object (spoon). These clinical

observations reported by the independent physical therapist are supported by video evidence. The RSHFS for week 52 was not completed as of the cutoff date.

Dominant Hand			Non-Dominant Hand		
Visit	Best Level for Large Object	Number of Objects Grasped	Visit	Best Level for Large Object	Number of Objects Grasped
Baseline	3	1	Baseline	NA*	0
Week 8	2	2	Week 8	1	0
Week 10	3	2	Week 10	2	2
Week 11	3	2	Week 11	3	2
Week 25	3	2	Week 25	2	1

*RSHFS for patient 1's non-dominant hand was not assessed at baseline

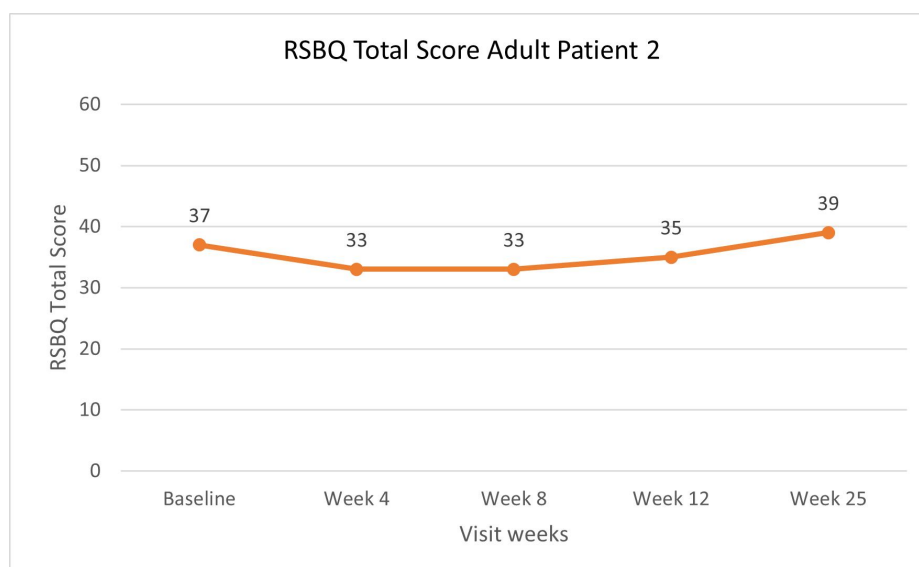
Best Level Scoring Criteria:	
Level	Description
1	No Active Grasping
2	Assisted to Grasp (hold 2 seconds)
3	Hold (at least 2 seconds)
4	Independent Grasp (pick up and hold)

Adult Patient 2 Efficacy Data (Cohort 1)

While the two adult patients dosed in cohort 1 in our REVEAL trial both have the most advanced stage of Rett syndrome, Stage IV, they possess different genetic backgrounds and mutation types, which manifest in different phenotypes and clinical severity.

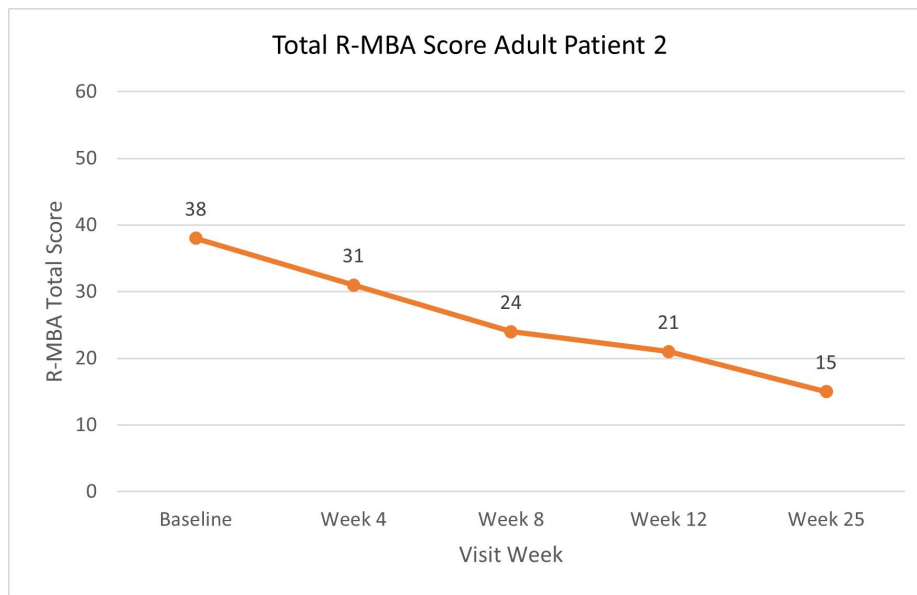
While there was no change at week 25 post-TSHA-102 administration in the second adult patient's CGI-S baseline score of four (moderately ill), her CGI-I and PGI-I scores showed sustained improvement at week 25 (score of three, minimally improved and a little better, respectively) post-TSHA-102 administration.

An increase in RSBQ Total Score was reported at week 25 post-TSHA-102 administration as depicted in the graph below.



A two-point increase was reported in the RSBQ Total Score at week 25 compared to baseline. Improvements in RSBQ were reported by caregivers in breathing and general mood. However, there was an increase in hand behaviors and fear and anxiety compared to baseline, impacting the total score.

The second adult patient demonstrated continued improvement in the R-MBA Total Score at week 25 post-TSHA-102 administration as depicted in the graph below.



A 23-point improvement was reported in the R-MBA Total Score at week 25 compared to baseline. Improvements were reported in all domains, including social skills, respiratory behaviors, seizures, functional skills, motor dysfunction, aberrant behavior, and truncal rocking and stereotypic hand movements.

Per the seizure diary and caregiver reports, the second adult patient demonstrated significantly reduced seizure events relative to baseline through 36 weeks post-treatment at 25% lower levels of anti-seizure medication, based on caregiver-reported medical history. Pre-treatment, the second adult patient had approximately two to four seizures per week, and there has been a significant reduction in seizures post-treatment with TSHA-102 as of the 36-week visit. Post-treatment, the second adult patient had a single seizure event on day 13. The seizure was an unknown type, with motor manifestations and lasted less than one minute duration. The patient has been seizure-free for eight and a half months as of the week 36 post-treatment time point.

Hand function in the dominant hand for the second adult patient is challenging to interpret due to inconsistency in the video recording. At the week 25 post-treatment assessment, the second adult patient’s dominant hand received a hand function score of four, an independent grasp (pick up and hold) and was able to grasp two objects. There was no change reported in the patient’s non-dominant hand score at week 25 compared to baseline. However, the rater reported that the patient displayed nice opening of her non-dominant hand and the ability to grasp three objects weakly (hold for about one second). These clinical observations reported by the independent physical therapist are supported by video evidence.

Dominant Hand		
Visit	Best Level for Large Object	Number of Objects Grasped
Baseline*	NE	0
Week 4*	NE	0
Week 8	4	3
Week 12*	NE	1
Week 25	4	2

Non-Dominant Hand		
Visit	Best Level for Large Object	Number of Objects Grasped
Baseline*	1	0
Week 4*	1	0
Week 8	1	0
Week 12*	1	0
Week 25	1	0

Best Level Scoring Criteria:

Level	Description
1	No Active Grasping
2	Assisted to Grasp (hold 2 seconds)
3	Hold (at least 2 seconds)
4	Independent Grasp (pick up and hold)

*Video evaluation at baseline, week 4 and week 12 – due to inadequate initial caregiver training and inconsistency by caregiver when recording video assessment, the assessment was not conducted as defined in the guidelines. Therefore the data may not be accurately represented.

TSHA-102 REVEAL Phase 1/2 Pediatric Trial Safety and Efficacy Summary

Efficacy endpoints include patient assessments performed by clinicians, including CGI-I, CGI-S, R-MBA and Adapted Mullen Scales for Early Learning, or MSEL-A. Additional efficacy endpoints also include patient assessments by caregivers, including PGI-I, RSBQ and seizure diaries.

Overview of Cohort 1 Patients and Results

The first pediatric patient, a six-year-old female at the time of dosing, has Stage III Rett syndrome, with a deletion within her *MECP2* gene that manifests as a moderate phenotype. The patient's severity is evident by her clinical presentation at baseline. Prior to treatment, the patient was non-ambulatory (unable to walk without assistance), with impaired gross motor function (could sit unassisted for only up to 30 seconds and stand with support by age three) and impaired fine motor and hand function (lost the ability to use eating utensils at one and half years old and lost pincer grasp by age two). The patient could hold an object for a maximum of 12 seconds at baseline based on medical records and video evidence. She has been mostly non-verbal since the age of one (could use her eye-gaze driven communication device and speak three words inconsistently at baseline). The first pediatric patient experienced breath holding spells and had a history of seizures since three years old. Per the PI, the patient's baseline reported seizure frequency was approximately one seizure every three months.

In the first pediatric patient, TSHA-102 was generally well-tolerated with no SAEs related to TSHA-102 or DLTs as of the 22-week assessment post-treatment. The PI reported significant challenges with adverse events, or AEs, due to the immunosuppressive regimen. As of 12 weeks post-treatment, the PI reported improvements across multiple clinical domains and early evidence of developmental gains, compared to baseline, including fine and gross motor skills, with improved hand function and grasping. The first pediatric patient demonstrated the ability to hold an object in her hand for up to three minutes while moving her arm (compared to baseline where she could hold an object for up to 12 seconds, but would drop objects when she moved her arm), and improved truncal stability and balance with the gained ability to move her leg on her own to better take a step with assistance for the first time and the ability to sit unassisted for one minute (compared to 30 seconds at baseline). In addition, the first pediatric patient showed improvement in oral motor and autonomic function, with improved swallowing and oral intake relative to the use of a gastrostomy tube for feeding at week 12 post-treatment. Importantly, we believe this indicates that TSHA-102 impacts both motor and autonomic function in a coordinated manner to further improve functional capabilities for patients with Rett syndrome impacting activities of daily living. The PI also observed improvements in the patient's communication and socialization, with enhanced use of an eye-gaze driven communication device, including the use of new words, and the gained ability to string multiple words together and identify object functions for the first time. The patient also gained new skills in visual reception and receptive language, including the ability to identify an object from memory, follow two unrelated commands and identify the function of objects and action words, which she was unable to do pre-treatment. Further, the first pediatric patient showed improvements in autonomic function with improved breathing patterns at week 12. The PI observed that the first pediatric patient had stable seizure events as of 22 weeks post-treatment, relative to baseline.

The second pediatric patient, a seven-year-old female at the time of dosing, has Stage III Rett syndrome, with a missense mutation in the *MECP2* gene that manifests as a milder phenotype as compared to the first pediatric patient, which is reflected in her clinical presentation at baseline as well as her baseline scores across multiple efficacy measures. Prior to treatment, the second patient was ambulatory (could stand and walk independently but developed a mildly apraxic gait at one and half years old, impacting her gait and balance), with impaired fine motor and hand function by age one (could reach, swipe and transfer objects between hands at baseline, but her ability to reach and grasp objects was weak). The patient has been non-verbal since she was one year old (could use her eye-gaze driven communication device at baseline), and she experienced frequent hyperventilation by the age of four and had a history of seizures since the age of three. Per the PI, the patient's baseline reported seizure frequency was approximately two to four seizures daily.

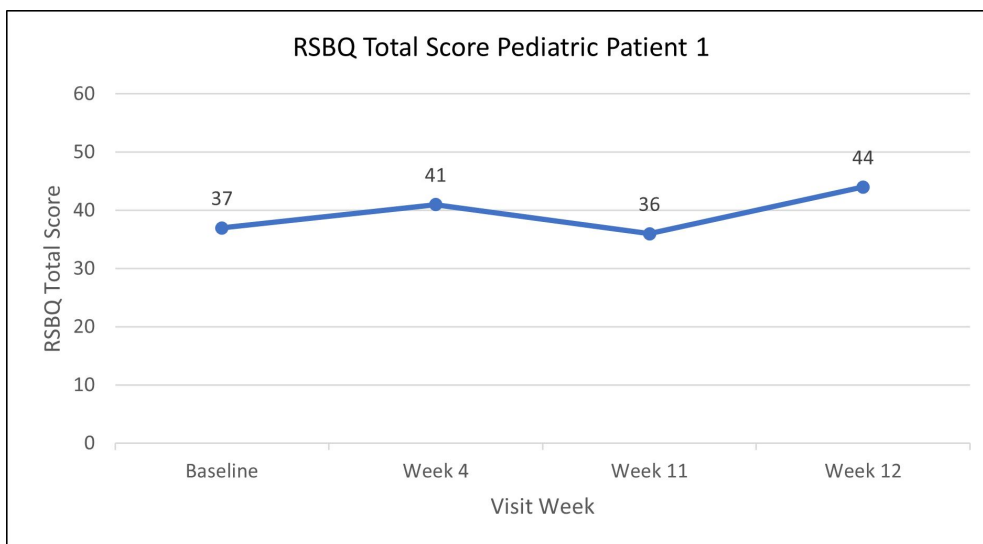
In the second pediatric patient, TSHA-102 was generally well-tolerated with no SAEs related to TSHA-102 or DLTs as of the 11-week assessment post-treatment. As of the 11-week assessment post-treatment for the second pediatric patient, there were two SAEs reported that were not deemed treatment related. Both were related to underlying disease, and one was also attributed to immunosuppression. Both events have resolved. The PI reported significant challenges with AEs due to the patient's immunosuppressive regimen. As of eight weeks post-treatment, the PI observed improvements across multiple clinical domains compared to baseline and early evidence of developmental gains in the second pediatric patient. Specifically, following treatment, the patient showed improvements in fine and gross motor skills, with improved hand function and the ability to reach more quickly, as well as improved gait, speed and stability when walking, with new skills gained that were lost pre-treatment, including the ability to stand up from a chair and walk up a stair. The PI also observed improvements in the patient's communication and socialization, including improved social interest and eye contact. The second pediatric patient also showed improvements in autonomic function, including improved breathing patterns with less hyperventilation and breath holding episodes. The second pediatric patient also had an increase in days reported seizure-free since dosing as of week 11 post-treatment, which was one of the most severe aspects of disease

impacting the patient and her caregivers' quality of life prior to treatment (although, a new anti-seizure medication was added to the regimen at week four, which has been maintained through week 11).

Pediatric Patient 1 Efficacy Data (Cohort 1)

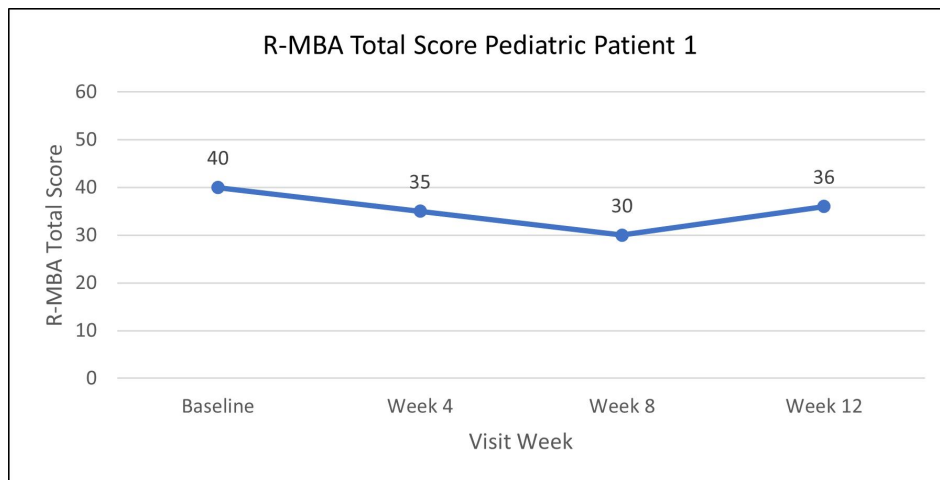
There was no change at week 12 post-TSHA-102 administration in the first pediatric patient's CGI-S baseline score of five (markedly ill). The patient demonstrated an improvement in CGI-I and PGI-I at week four post-treatment with a score of three (minimally improved and a little better, respectively), which was sustained through week 12.

An increase in RSBQ Total Score was reported at week 12 post-TSHA-102 administration compared to baseline as depicted in the graph below.



A seven-point increase was reported in RSBQ Total Score at week 12 compared to baseline. The first pediatric patient demonstrated an improvement in hand behaviors and fear and anxiety compared to baseline. However, the patient's observed increase in mood changes, body rocking and expressionless face, nighttime behavior, and repetitive face movements also impacted the RSBQ Total Score. These increased behaviors are attributed to impacts of the immunosuppression regimen on the patient, per the PI.

The first pediatric patient demonstrated an improvement in R-MBA Total Score at week 12 post-TSHA-102 administration compared to baseline as depicted in the graph below.



*Pediatric patient one's R-MBA week eight assessment was collected week 11.

A four-point improvement was reported in R-MBA Total Score at week 12 compared to baseline, which was driven by an improvement in respiratory behavior, aberrant behavior and motor dysfunction.

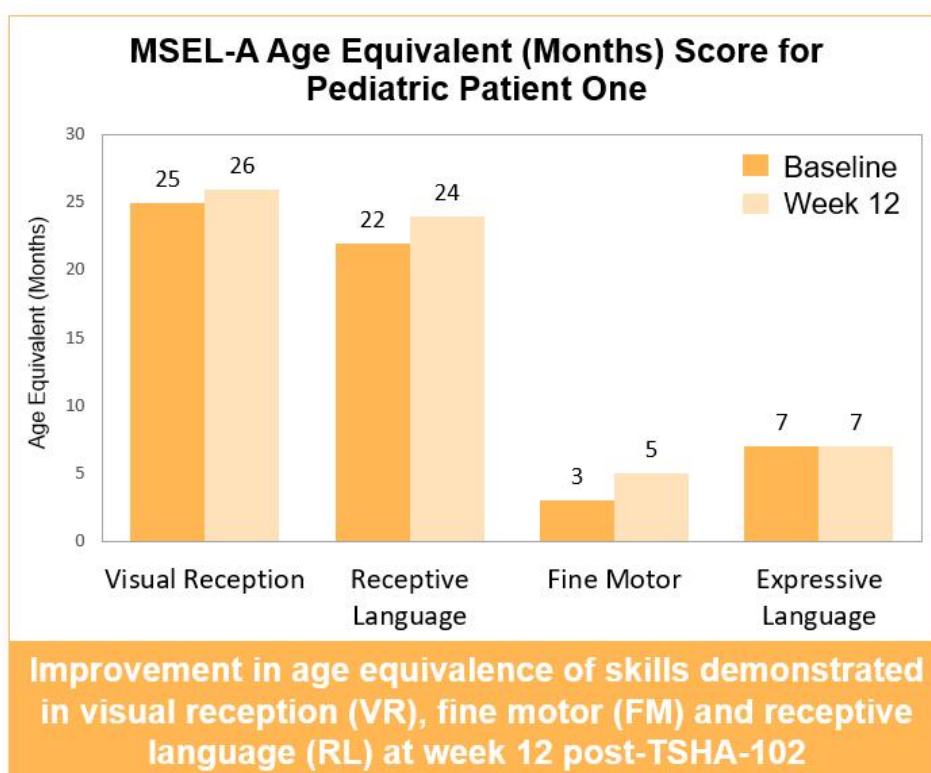
Per the seizure diary and caregiver reports, the first pediatric patient demonstrated stable seizure events relative to baseline through 22 weeks post-treatment, based on caregiver-reported medical history. Pre-treatment, the patient had approximately one seizure every three months. Following treatment, the patient had three seizure episodes. The patient has been seizure-free as of week nine following treatment through week 22.

The MSEL-A is a standardized cognitive developmental assessment adapted for use in patients with Rett syndrome. The MSEL-A functionally evaluates skills compared to developmental milestones across four subscales, including visual reception - which is one's ability to visually interpret the surrounding environment, receptive language - one's ability to comprehend spoken language, fine motor - one's ability to use their hands to manipulate an object and communicate, and expressive language - one's ability to produce language and communication. The MSEL-A is administered by a trained psychologist or psychometrician, and the scores are reviewed by a certified, central rater.

The assessment evaluates where patients with Rett syndrome fall on a developmental curve compared to standard developmental milestones. For each domain assessed, the patient's developmental age equivalence is calculated based on standardized developmental norms.

At week 12 following treatment with TSHA-102, which is the first post-treatment assessment of the MSEL-A, the first pediatric patient showed an improvement in the age equivalence of skills she was able to demonstrate across multiple domains

compared to baseline, including visual reception, receptive language and fine motor, with new developmental gains demonstrated, as depicted in the below graph.



Before treatment, the patient was able to identify objects from a picture, resulting in an age equivalent baseline score of 25 months for visual reception. At week 12 post-treatment, she gained the ability to identify an object from memory based on three choices, resulting in an improvement in the age equivalent score of 26 months at week 12. Additionally, before treatment, the patient was able to follow one unrelated command and comprehend questions from a picture, resulting in an age equivalent baseline score of 22 months for receptive language.

Post-treatment, she gained the ability to follow two unrelated commands and identify the function of objects and action words, such as eating, sleeping, or washing, resulting in an improvement in her age equivalent score of 24 months at week 12. Further, the patient lost her ability to grasp at age two and displayed limited hand function at baseline, resulting in an age equivalent baseline score of three months for fine motor. At week 12 post-treatment, she gained the ability to use a refined thumb grasp, resulting in an improvement in the age equivalent score of five months as noted in the below chart. There was no change in the expressive language score at week 12.

The patient was not able to demonstrate these skills before treatment per the MSEL-A baseline assessment, medical history, and caregiver reports. These developmental gains suggest clinically meaningful improvements for the patient as she has generalized these newly gained skills beyond demonstrating them during the MSEL-A assessment. Specifically, per the PI and administering psychometrician, the patient used her eye-gaze driven communication device to identify object functions while using the device at home, and she held an object for up to three minutes at week 12 compared to up to 12 seconds pre-treatment, which supports her grasping improvements captured on the MSEL-A.

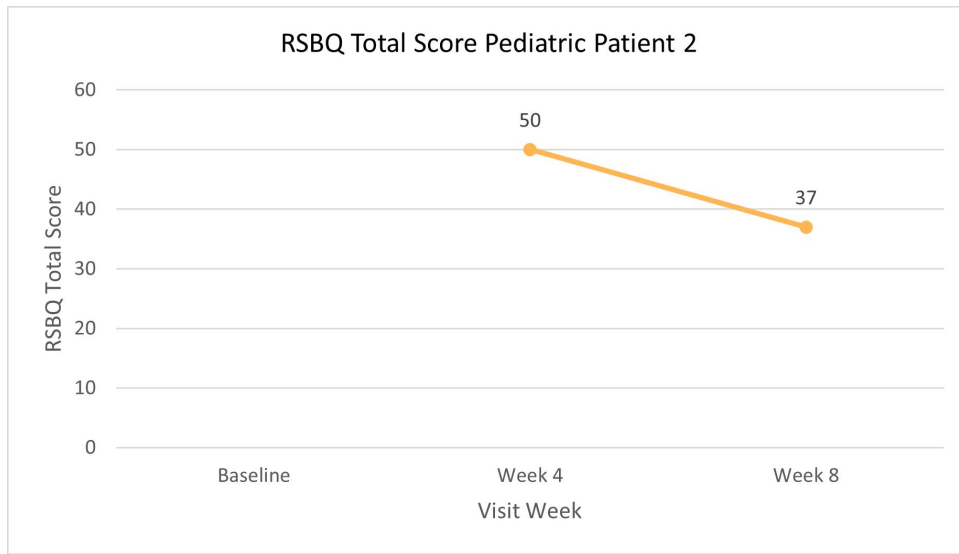
Pediatric Patient 2 Efficacy Data (Cohort 1)

The two pediatric patients dosed to date in our REVEAL trial possess different genetic backgrounds and mutation types, which manifest in different phenotypes and clinical severity.

There was no change at week eight post-TSHA-102-administration in the second pediatric patient's CGI-S score of four (moderately ill) at baseline. The patient demonstrated an improvement in CGI-I and PGI-I of three (minimally improved and a little

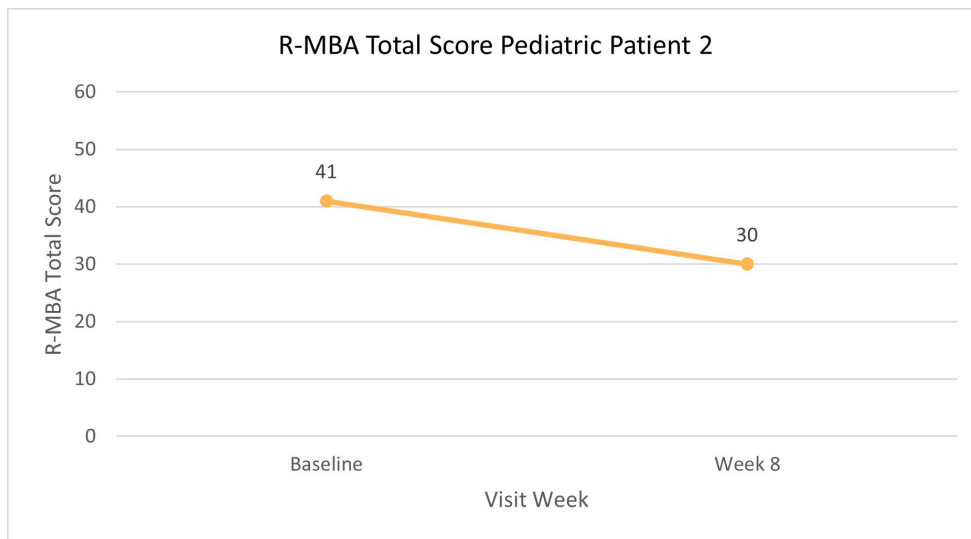
better, respectively) at week four. At week eight, the patient demonstrated continued improvement in CGI-I and PGI-I, with a CGI-I score of two (much improved) and a PGI-I score of two (much better).

The second pediatric patient demonstrated an improvement in RSBQ Total Score eight weeks post-TSHA-102 administration compared to the week four assessment as depicted in the graph below. RSBQ was not assessed at baseline.



At week eight, the second pediatric patient demonstrated a 13-point improvement in RSBQ Total Score, compared to week four, which was driven by improvements in breathing, repetitive face movements, nighttime behaviors, and fear and anxiety.

The second pediatric patient demonstrated an improvement in R-MBA Total Score at week eight post-TSHA-102 administration compared to baseline as depicted in the graph below.



At week eight, the second pediatric patient demonstrated an 11-point improvement in R-MBA Total Score. The most notable improvements were reported in respiratory behaviors, seizures and truncal rocking.

Per the seizure diary and caregiver reports, the second pediatric patient had an increase in days reported seizure-free since dosing through 11 weeks post-treatment, based on caregiver-reported medical history. Pre-treatment, the patient had approximately two to four seizures per day, with a medical history of seizure disorder including prior hospitalizations for seizure control since the age

of three. Two weeks post-TSHA-102, the patient demonstrated a reduction in seizure frequency, with several days reported seizure-free. The patient experienced an episode of seizures during the week four post-treatment assessment, resulting in hospitalization, which was deemed unrelated to TSHA-102 and due to underlying disease, a concurrent urinary tract infection and Propofol sedation for protocol requirement MRI. Although her seizures improved prior to discharge, a new anti-seizure medication was added to the patient's regimen at week four, which she has maintained through week 11 post-treatment. The second pediatric patient had an increase in days reported seizure-free post-treatment since dosing through week 11.

Deprioritized Programs

We have previously deprioritized the evaluation of our clinical product candidates TSHA-105 for SLC13A5, TSHA-118 for CLN1 and TSHA-121 for CLN7. Although we are not currently evaluating the potential of TSHA-105, TSHA-118 and TSHA-121, we may again evaluate any of these in the future as a product candidate as a component of our pipeline expansion plans, or pursue partnerships to advance these programs.

TSHA-118 for CLN1 Disease

CLN1 disease (one of the forms of Batten disease), a lysosomal storage disorder, is a progressive, fatal neurodegenerative disease with early childhood onset that has an estimated incidence of approximately 1 in 138,000 live births worldwide. The estimated prevalence of CLN1 disease is 1,000 patients in the United States and European Union. CLN1 disease is caused by loss-of-function mutations in the CLN1 gene that encodes the enzyme palmitoyl-protein thioesterase-1, a small glycoprotein involved in the degradation of certain lipid-modified proteins. Loss of function mutations in the CLN1 gene causes accumulation of these lipid-modified proteins in cells, eventually leading to aggregation, neuronal cellular dysfunction and ultimately neuronal cell death.

In the infantile-onset form of CLN1 disease, clinical symptoms appear between six to 24 months and include rapid deterioration of speech and motor function, refractory epilepsy, ataxia and visual failure. Infantile-onset CLN1 patients are typically poorly responsive by five years of age and remain noncommunicative until their death, which usually occurs by seven years of age. Late-infantile-onset CLN1 disease begins between two to four years of age with initial visual and cognitive decline followed by the development of ataxia and myoclonus, or quick, involuntary muscle jerks. Juvenile-onset CLN1 disease patients present between the ages of five to ten years old, with vision loss as a first symptom followed by cognitive decline, seizures and motor decline. Approximately 60% of the children diagnosed with CLN1 disease in the United States present with early-onset infantile forms, with the remaining 40% experiencing later-onset childhood forms.

All currently available therapeutic approaches for patients with CLN1 disease are targeted towards the treatment of symptoms, and no disease-modifying therapies have been approved. Gene therapy has shown promise in correcting forms of neuronal ceroid lipofuscinoses diseases that involve mutations in soluble enzymes, in part, due to cross-correction of neighboring non-transduced cells.

We believe that the introduction of a functional *CLN1* gene using an AAV9 vector delivered intrathecally to the CNS offers the potential of a disease-modifying therapeutic approach for this disease. TSHA-118 is a self-complementary AAV9 viral vector that expresses human codon-optimized CLN1 complementary deoxyribonucleic acid under control of the chicken β -actin hybrid promoter. We acquired exclusive worldwide rights to certain intellectual property rights and know-how relating to the research, development and manufacture of TSHA-118 (formerly ABO-202) in August 2020 pursuant to a license agreement with Abeona Therapeutics Inc., or Abeona.

TSHA-118 has been granted orphan drug designation, rare pediatric disease designation and fast track designation from the FDA and orphan drug designation from the European Medicines Agency for the treatment of CLN1 disease.

There is currently an open IND for the CLN1 program. We submitted a CTA filing for TSHA-118 which was approved by Health Canada in 2021. Clinical trial material has been manufactured and released and is now ready for use in a clinical trial setting. We provided investigational clinical trial material for TSHA-118 in CLN1 to support an individual-patient investigator-initiated IND request from RUSH University Medical Center for the treatment of a patient with CLN1 disease.

TSHA-105 for SLC13A5 Deficiency

TSHA-105 is a gene replacement therapy in development for the treatment of SLC13A5 deficiency, a rare autosomal recessive epileptic encephalopathy characterized by the onset of seizures within the first few days of life. SLC13A5 deficiency is caused by bi-allelic loss-of function mutations in the SLC13A5 gene, which codes for a sodium dependent citrate transporter, or NaCT, that is largely expressed in the brain and liver. To date, all tested mutations result in no or a greatly reduced amount of citrate in the cells. Diminished NaCT function leads to loss of neuronal uptake of citrate and other metabolites such as succinate that are critical to brain energy metabolism and function. Affected children have impairments in gross motor function and speech production

with relative preservation of fine motor skills and receptive speech. Currently, there are no approved therapies for SLC13A5 deficiency, and treatment is largely to address symptoms. The estimated prevalence of SLC13A5 deficiency is 1,900 patients in the United States and European Union.

TSHA-105 is constructed from a codon-optimized human SLC13A5 gene packaged in a self-complementary AAV9 capsid.

We have received orphan drug designation and rare pediatric disease designation from the FDA and orphan drug designation from the European Commission for TSHA-105 for the treatment of epilepsy caused by SLC13A5 deficiency. Clinical trial material has been manufactured and released and is now ready for use in a clinical trial setting.

Other Programs

We have a pipeline of early-stage gene therapy programs targeting CNS diseases that we may progress in the future or advance through potential partnerships.

TSHA-113 for Tauopathies

We are developing TSHA-113 for the treatment of tauopathies. Tauopathies comprise a large subset of neurodegenerative diseases involving the aggregation of microtubule associated protein tau, or MAPT, protein into neurofibrillary or gliofibrillary tangles in the human brain. These include MAPT-associated frontotemporal dementia, or FTD, progressive supranuclear palsy, or PSP, corticobasal degeneration, or CD, and Alzheimer's disease. There are an estimated 11,000 patients in United States and Europe affected by MAPT mediated FTD and 2,000 to 2,500 are affected with MAPT-mediated PSP. and CD, and Alzheimer's disease affects an estimated 6.2 million Americans and 7.8 million Europeans.

Intrathecal delivery of an antisense oligonucleotide, or ASO, targeting Tau mRNA by Biogen/Ionis in a Phase 1 study demonstrated durable, robust, time and dose dependent lowering of tau protein and phospho-tau in cerebrospinal fluid of Alzheimer's disease patients. Buoyed by these results, in August 2022, Biogen started a Phase 2 trial in people with mild cognitive impairment or mild dementia due to Alzheimer's disease. This ASO target validation paved the way for other approaches targeting intercellular tau mRNA (reduce tau protein production), for treating Tauopathies.

Unlike an ASO treatment, which would require repeat lifelong administration, we are developing a one-time treatment for Tauopathies. TSHA-113 is an AAV9 capsid that packages a tau-specific miRNA and is delivered in the cerebrospinal fluid for the treatment of tauopathies. This miRNA targets all six isoforms of tau mRNA.

We tested the efficacy of TSHA-113 in PS19 mice, a validated mouse model for tauopathies. These mice express human MAPT, and they exhibit significant tau pathology, neurodegeneration, loss of body weight and progressive hind-limb paralysis around nine to 12 months of age. We tested efficacy of our treatment by delivering TSHA-113 to PS19 mice at three months, six months and nine months of age via intracisterna magna injection. We found that the tau mRNA and protein levels were significantly reduced by TSHA-113 treatment. Consistently, the tau seeding assay showed reduced levels of pathological tau in brains from PS19 mice treated with TSHA-113. In addition, TSHA-113 treatment was able to rescue the survival rate, loss in body weight, and the hind limb clasping phenotype in the PS19 mice when treated at three months, six months and nine months of age. Taken together, these results demonstrate that a one-time, vectorized delivery of a tau-specific miRNA is a promising approach for treatment for tauopathies. Ongoing and future work is focused on optimal dose determination for IND-enabling studies.

TSHA-106 for Angelman syndrome

We are developing TSHA-106 for the treatment of Angelman syndrome, a neurodevelopmental disorder caused by a maternal deficiency of the UBE3A gene. Angelman syndrome is characterized by profound developmental delay, ataxia and gait disturbance, sleep disorder, seizures, heightened anxiety, aggression and severe speech impairments. Angelman syndrome affects approximately one per 12,000 to 20,000 patients worldwide.

Angelman syndrome is an imprinting disorder in which the maternal gene is deficient and the paternal copy of UBE3A is intact but silenced by a long non-coding RNA, UBE3A antisense transcript, or UBE3A-ATS. Delivery of an ASO targeting UBE3A-ATS showed promising results in ameliorating Angelman syndrome symptoms in a transgenic mouse model.

We have in-licensed a novel gene replacement therapy from University of North Carolina. This novel construct is designed to express two isoforms of UBE3A mRNA from the same codon optimized transgene cassette and could potentially be a one-time treatment for the disease. The unique design feature allows short and long hUBE3A isoforms expression at a near-endogenous 3:1 (short/long) ratio, a feature that could help to support optimal therapeutic outcomes. Additionally, this construct uses human Synapsin 1 promoter, to limit UBE3A expression primarily in neurons, the primary therapeutic target for treating Angelman syndrome.

In a published study, this dual isoform expressing cassette was packaged into PHP.B capsids and administered by intracerebroventricular injections in neonatal mice models. This treatment significantly improved motor learning and innate behaviors in Angelman syndrome mice (PMID: 34676830). It rendered Angelman syndrome mice resilient to epileptogenesis and associated hippocampal neuropathologies induced by seizure kindling. These results demonstrated the feasibility, tolerability, and therapeutic potential for dual-isoform hUBE3A gene transfer in the treatment of AS in mice.

To advance these findings into translatable interventions, our collaborators packaged the dual isoform expressing cassette into AAV9 capsids and undertook animal proof of concept studies. Overall, these results are highly consistent with the published data describing neonatal ICV delivery of a similar dose of the PHP.B/hUBE3Aopt vector (PMID: 34676830) and support continued development. Ongoing and future work is focused on optimal dose and route of administration determination for IND enabling studies.

There are an estimated 55,000 patients with Angelman syndrome in the United States and Europe.

TSHA-114 for Fragile X Syndrome

We are developing TSHA-114 for the treatment of Fragile X syndrome, the most common single gene cause of autism and cognitive impairment, affecting about one in 6,000 individuals worldwide. Fragile X syndrome is diagnosed around three years of age and characterized by anxiety, aggression, hyperactivity, attention deficits and sleep and communication disruption.

Fragile X syndrome is caused by a pathological expansion of a CGG triplet repeat in the 5' untranslated region of the FMR1 gene. Expansion of the triplet above the normal 5–55 repeats to 200 or more causes hypermethylation of the gene promoter, and shutdown of transcription and translation of the encoded protein, fragile X mental retardation protein, or FMRP. The expanded repeat also induces formation of RNA: DNA heteroduplexes that induces epigenetic gene silencing. Although most patients with Fragile X syndrome do not express FMRP, some individuals with the full mutation produce low amounts of the protein (less than 10% of normal levels). FMRP expression in unaffected persons varies greatly from person to person. Current pharmacotherapeutic treatments for Fragile X syndrome are solely directed towards symptom relief.

We conducted proof of concept studies in animal models of Fragile X (Fmr1 KO) with TSHA-114. No significant adverse effects were observed in behavioral, serological or pathohistological markers up to 12 months after intrathecal administration of TSHA-114 in wild-type mice. TSHA-114 treated FMRKO showed widespread FMRP expression was observed throughout brain post administration. TSHA-114 treated FMRKO mice showed robust suppression of audiogenic seizures and normalization of fear conditioning behavior. In addition, assessment of circadian locomotor activity revealed restoration of hyperactivity and sleep. Assessment of transgene expression and behavioral responses in individual mice demonstrated correlations between the level of FMRP expression and potential drug efficacy.

The results from the study support continued development. Ongoing and future work is focused on optimal dose and route of administration determination for IND enabling studies.

There are an estimated 75,000 patients with Fragile X syndrome in the United States and Europe.

License Agreements

Research, Collaboration and License Agreement with The University of Texas Southwestern Medical Center

In November 2019, we entered into a research, collaboration and license agreement, or the UT Southwestern Agreement, with The Board of Regents of the University of Texas System on behalf of The University of Texas Southwestern Medical Center, or UT Southwestern, as amended in April 2020.

In connection with the UT Southwestern Agreement, we obtained an exclusive, worldwide, royalty-free license under certain patent rights of UT Southwestern and a non-exclusive, worldwide, royalty-free license under certain know-how of UT Southwestern, in each case to make, have made, use, sell, offer for sale and import licensed products for use in certain specified indications. Additionally, we obtained a non-exclusive, worldwide, royalty-free license under certain patents and know-how of UT Southwestern for use in all human uses, with a right of first refusal to obtain an exclusive license under certain of such patent rights and an option to negotiate an exclusive license under other of such patent rights. We are required to use commercially reasonable efforts to develop, obtain regulatory approval for, and commercialize at least one licensed product.

On April 2, 2020, we amended the UT Southwestern Agreement to include the addition of another licensed product and certain indications, and a right of first refusal to us over certain patient dosing patents. No additional consideration was transferred in connection with this amendment. In March 2022, we and UT Southwestern mutually agreed to revise the payment schedules and

current performance expectations of the current sponsored research agreements under the UT Southwestern Agreement and defer payments by fifteen months. In December 2023, we and UT Southwestern mutually agreed to terminate specific sponsored research agreements. There are no outstanding payments due for these terminated programs as of June 30, 2024.

In connection with the UT Southwestern Agreement, we issued to UT Southwestern 2,179,000 shares of our common stock. We do not have any future milestone or royalty obligations to UT Southwestern under the UT Southwestern Agreement, other than costs related to the maintenance of patents.

The UT Southwestern Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last valid claim of a licensed patent in such country for such licensed product. After the initial research term, we may terminate the agreement, on an indication-by-indication and licensed product-by-licensed product basis, at any time upon specified written notice to UT Southwestern. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. In December 2023, we transferred rights to specific indications back to UT Southwestern.

License Agreement with Abeona (CLN1 Disease)

In August 2020, we entered into a license agreement, or the Abeona CLN1 Agreement, with Abeona Therapeutics Inc., or Abeona. In connection with the Abeona CLN1 Agreement, we obtained an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses under certain patents, know-how and materials originally developed by the University of North Carolina at Chapel Hill and Abeona to research, develop, manufacture, have manufactured, use, and commercialize licensed products for gene therapy for the prevention, treatment, or diagnosis of CLN1 Disease (one of the forms of Batten disease) in humans.

Subject to certain obligations of Abeona, we are obligated to use commercially reasonable efforts to develop at least one product and commercialize at least one product in the United States.

In connection with the license grant, we paid Abeona a one-time upfront license fee of \$3.0 million during fiscal year 2020. We are obligated to pay Abeona up to \$26.0 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed product and high single-digit royalties on net sales of licensed products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the latest of the expiration or revocation or complete rejection of the last licensed patent covering such licensed product in the country where the licensed product is sold, the loss of market exclusivity in such country where the product is sold, or, if no licensed product exists in such country and no market exclusivity exists in such country, ten years from first commercial sale of such licensed product in such country. In addition, concurrent with the Abeona CLN1 Agreement, we entered into a purchase and reimbursement agreement with Abeona, pursuant to which we purchased specified inventory from Abeona and reimbursed Abeona for certain research and development costs previously incurred for total consideration of \$4.0 million paid in fiscal year 2020.

In December 2021, our CTA filing for TSHA-118 for the treatment of CLN1 disease was approved by Health Canada and therefore triggered a \$3.0 million regulatory milestone payment in connection with the Abeona CLN1 Agreement. No additional milestone payments were made or triggered during the six months ended June 30, 2024.

The Abeona CLN1 Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product in such country. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. We may terminate the agreement for convenience upon specified prior written notice to Abeona.

License Agreement with Abeona (Rett Syndrome)

In October 2020, we entered into a license agreement, or the Abeona Rett Agreement, with Abeona pursuant to which we obtained an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses under certain patents, know-how and materials originally developed by the University of North Carolina at Chapel Hill, the University of Edinburgh and Abeona to research, develop, manufacture, have manufactured, use, and commercialize licensed products for gene therapy and the use of related transgenes for Rett syndrome.

Subject to certain obligations of Abeona, we are required to use commercially reasonable efforts to develop at least one licensed product and commercialize at least one licensed product in the United States.

In connection with the Abeona Rett Agreement, we paid Abeona a one-time upfront license fee of \$3.0 million during fiscal year 2020. We are obligated to pay Abeona up to \$26.5 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed product and high single-digit royalties on net sales of licensed products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the latest of the expiration or revocation or complete rejection

of the last licensed patent covering such licensed product in the country where the licensed product is sold, the loss of market exclusivity in such country where the product is sold, or, if no licensed product exists in such country and no market exclusivity exists in such country, ten years from first commercial sale of such licensed product in such country.

In March 2022, our CTA filing for TSHA-102 for the treatment of Rett Syndrome was approved by Health Canada and therefore triggered a regulatory milestone payment of \$1.0 million in connection with the Rett Agreement. In May 2023, we dosed the first patient with TSHA-102 in the Phase 1/2 REVEAL trial evaluating the safety and preliminary efficacy of TSHA-102 in adult patients with Rett syndrome and therefore triggered a milestone payment of \$3.5 million in connection with the Rett Agreement, which was paid in August 2023. No additional milestone payments were made during the six months ended June 30, 2024.

The Abeona Rett Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product in such country. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. We may terminate the agreement for convenience upon specified prior written notice to Abeona.

Option Agreement with Astellas

On October 21, 2022, or the Effective Date, we entered into an Option Agreement, or the Option Agreement, with Astellas Gene Therapies, Inc. (f/k/a Audentes Therapeutics, Inc. (d/b/a Astellas Gene Therapy)), or Astellas.

TSHA-120 Giant Axonal Neuropathy

Under the Option Agreement, we granted to Astellas an exclusive option to obtain an exclusive, worldwide, royalty and milestone-bearing right and license (A) to research, develop, make, have made, use, sell, offer for sale, have sold, import, export and otherwise exploit, or, collectively, Exploit or the Exploitation, the product known, as of the Effective Date, as TSHA-120, or the 120 GAN Product, and any backup products with respect thereto for use in the treatment of GAN or any other gene therapy product for use in the treatment of GAN that is controlled by us or any of our affiliates or with respect to which we or any of our affiliates controls intellectual property rights covering the Exploitation thereof, or a GAN Product, and (B) under any intellectual property rights controlled by us or any of our affiliates with respect to such Exploitation, or the GAN Option. Subject to certain extensions, the GAN Option was exercisable from the Effective Date through a specified period of time following Astellas' receipt of (i) the formal minutes from the Type B end-of-Phase 2 meeting between us and the United States Food and Drug Administration ("FDA") in response to our meeting request sent to the FDA on September 19, 2022 for the 120 GAN Product, (ii) all written feedback from the FDA with respect to the Type B end-of-Phase 2 Meeting, and (iii) all briefing documents sent by us to the FDA with respect to the Type B end-of-Phase 2 Meeting. Following the receipt of Type C meeting feedback from the FDA regarding a registrational path for TSHA-120 in September 2023, Astellas elected not to exercise the GAN Option, and we recognized revenue related to this expiration during the third quarter of 2023.

TSHA-102 Rett Syndrome

Under the Option Agreement, we also granted to Astellas an exclusive option to obtain an exclusive, worldwide, royalty and milestone-bearing right and license (A) to Exploit any Rett Product (as defined below), and (B) under any intellectual property rights controlled by us or any of our affiliates with respect to such Exploitation, or the Rett Option. Subject to certain extensions, the Rett Option is exercisable from the Effective Date through a specified period of time following Astellas' receipt of (1) certain clinical data from the female pediatric trial and (2) certain specified data with respect to TSHA-102, or the Rett Option Period and together with the GAN Option, each, an Option, related to (i) the product known, as of the Effective Date, as TSHA-102 and any backup products with respect thereto for use in the treatment of Rett syndrome, and (ii) any other gene therapy product for use in the treatment of Rett syndrome that is controlled by us or any of our affiliates or with respect to which we or any of our affiliates controls intellectual property rights covering the Exploitation thereof, or a Rett Product.

The parties have agreed that, if Astellas exercises an Option, the parties will, for a specified period, negotiate a license agreement in good faith on the terms and conditions outlined in the Option Agreement, including payments by Astellas of a to-be-determined upfront payment, certain to-be-determined milestone payments, and certain to-be-determined royalties on net sales of GAN Products and/or Rett Products, as applicable.

Components of Results of Operations

Revenue

Revenue for the six months ended June 30, 2024 was derived from the Astellas Transactions. We recognize revenue as research and development activities related to our Rett program are performed. Revenue related to the material rights associated with

the Rett Option and the GAN Option must be recognized at a point in time when the options are exercised or the option period expires. In September 2023, Astellas elected not to exercise the GAN Option, therefore we recognized revenue related to the GAN Option during the year ended December 31, 2023.

To date, we have not recognized any revenue from product sales, and we do not expect to generate any revenue from the sale of products, if approved, in the foreseeable future. If our development efforts for our product candidates are successful and result in regulatory approval, or license agreements with third parties, we may generate revenue in the future from product sales. However, there can be no assurance as to when we will generate such revenue, if at all.

Operating Expenses

Research and Development Expenses

Research and development expenses primarily consist of clinical and preclinical development of our product candidates and discovery efforts, including conducting preclinical studies, manufacturing development efforts, preparing for and conducting clinical trials and activities related to regulatory filings for our product candidates. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received. Costs incurred in obtaining technology licenses through asset acquisitions are charged to research and development expense if the licensed technology has not reached technological feasibility and has no alternative future use. Research and development expenses include or could include:

- employee-related expenses, including salaries, bonuses, benefits, stock-based compensation, severance costs and other related costs for those employees involved in research and development efforts;
- license maintenance fees and milestone fees incurred in connection with various license agreements;
- external research and development expenses incurred under agreements with consultants, contract research organizations, or CROs, investigative sites and consultants to conduct our preclinical studies;
- costs related to manufacturing material for our preclinical studies and clinical trials, including fees paid to contract manufacturing organizations, or CMOs;
- laboratory supplies and research materials;
- costs related to compliance with regulatory requirements; and
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent, maintenance of facilities, insurance and equipment.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We reduced our research and development and general and administrative spend from 2022 to 2023 but have increased and expect to continue to increase our research and development expenses with respect to the Rett clinical trials for the foreseeable future as we continue the development of TSHA-102 and manufacturing processes and conduct discovery and research activities for our preclinical programs. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to each product candidate's commercial potential. We will need to raise substantial additional capital in the future. Our clinical development costs are expected to increase significantly as we commence clinical trials. Our future expenses may vary significantly each period based on factors such as:

- expenses incurred to conduct preclinical studies required to advance our product candidates into clinical development;
- per patient trial costs, including based on the number of doses that patients received;
- the number of patients who enroll in each trial;
- the number of trials required for approval;
- the number of sites included in the trials;

- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the phase of development of the product candidate;
- third-party contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- the ability to manufacture our product candidates;
- regulators or institutional review boards requiring that we or our investigators suspend or terminate clinical development for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks; and
- the efficacy and safety profile of our product candidates.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and administrative functions, including stock-based compensation, severance costs, travel expenses and recruiting expenses. Other general and administrative expenses include professional fees for legal, consulting, accounting and audit and tax-related services and insurance costs.

We anticipate that certain of our general and administrative expenses will decrease in the future as a result of the reductions in our headcount in 2022 and 2023 to support our infrastructure and focus on our Rett program. We also anticipate that our general and administrative expenses may increase in the future as a result of payments for accounting, audit, legal, consulting services, costs associated with maintaining compliance with Nasdaq listing rules and SEC requirements, director and officer liability insurance, investor and public relations activities and other expenses associated with operating as a public company to support planned future Rett program development.

Other Income (Expense)

Other income (expense) consists primarily of dividends earned from our money market fund and interest income on our cash and cash equivalents, interest expense on borrowings under the Trinity Term Loan, and non-cash changes in the fair value of our outstanding warrant liability and the Trinity Term Loan.

Results of Operations

Results of Operations for the Three Months ended June 30, 2024 and 2023

The following table summarizes our results of operations for the three months ended June 30, 2024 and 2023 (in thousands):

	For the Three Months Ended June 30,	
	2024	2023
Revenue	\$ 1,112	\$ 2,395
Operating expenses:		
Research and development	15,073	19,791
General and administrative	7,338	5,988
Total operating expenses	22,411	25,779
Loss from operations	(21,299)	(23,384)
Other income (expense):		
Change in fair value of warrant liability	195	—
Change in fair value of term loan	(1,279)	—
Interest income	1,440	223
Interest expense	(27)	(1,440)
Other expense	42	3
Total other income (expense), net	371	(1,214)
Net loss	\$ (20,928)	\$ (24,598)

Revenue

Revenue related to the Astellas Transactions was \$1.1 million for the three months ended June 30, 2024, compared to \$2.4 million for the three months ended June 30, 2023. The revenue recorded is the result of Rett research and development activities performed during the respective three month periods ended June 30, 2024 and June 30, 2023.

Research and Development Expenses

Research and development expenses were \$15.1 million for the three months ended June 30, 2024, compared to \$19.8 million for the three months ended June 30, 2023. The \$4.7 million decrease was primarily due to a milestone fee payable to Abeona during the three months ended June 30, 2023, following the dosing of the first adult patient in the TSHA-102 Phase 1/2 REVEAL trial.

General and Administrative Expenses

General and administrative expenses were \$7.3 million for the three months ended June 30, 2024, compared to \$6.0 million for the three months ended June 30, 2023. The increase of \$1.3 million was primarily due to \$0.9 million of higher stock-based compensation expenses and \$0.4 million of higher consulting, professional fees and other expenses.

Other Income (Expense)

Change in fair value of warrant liability

Change in fair value of warrant liability was a non-cash expense totaling \$0.2 million for the three months ended June 30, 2024 related to the SSI Warrants.

Change in fair value of term loan

We elected the fair value option for the Trinity Term Loan and changes to fair value, other than changes that were directly attributed to instrument-specific credit risk, were recorded as a component of other income (expense). The change in fair value was \$1.3 million for the three months ended June 30, 2024.

Interest Income

Interest income was \$1.4 million for the three months ended June 30, 2024 compared to \$0.2 million for the three months ended June 30, 2023. The increase in income was primarily attributed to dividends earned from our money market fund and interest earned on our savings account following the investment of proceeds raised in our August 2023 Private Placement.

Interest Expense

Interest expense was less than \$0.1 million for the three months ended June 30, 2024, compared to \$1.4 million for the three months ended June 30, 2023. The decrease of approximately \$1.3 million was primarily attributed to interest expense incurred under the SVB Term Loan Agreement for the three months ended June 30, 2023.

Results of Operations

Results of Operations for the Six Months ended June 30, 2024 and 2023

The following table summarizes our results of operations for the six months ended June 30, 2024 and 2023 (in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Revenue	\$ 4,523	\$ 7,101
Operating expenses:		
Research and development	35,730	32,305
General and administrative	14,422	14,739
Total operating expenses	50,152	47,044
Loss from operations	(45,629)	(39,943)
Other income (expense):		
Change in fair value of warrant liability	(142)	—
Change in fair value of term loan	(2,332)	—
Interest income	3,133	542
Interest expense	(56)	(2,814)
Other (expense) income	37	(5)
Total other income (expense), net	640	(2,277)
Net loss	\$ (44,989)	\$ (42,220)

Revenue

Revenue related to the Astellas Transactions was \$4.5 million for the six months ended June 30, 2024, compared to \$7.1 million for the six months ended June 30, 2023. The revenue recorded was the result of Rett research and development activities performed during the respective six months ended June 30, 2024 and 2023.

Research and Development Expenses

Research and development expenses were \$35.7 million for the six months ended June 30, 2024, compared to \$32.3 million for the six months ended June 30, 2023. The \$3.4 million increase was primarily driven by an \$8.2 million increase in GMP batch activities during the six months ended June 30, 2024, which is representative of the intended commercial manufacturing process for TSHA-102 in Rett syndrome. This increase was partially offset by a milestone fee payable to Abeona during the three months ended June 30, 2023 after the dosing of the first adult patient in the TSHA-102 Phase 1/2 REVEAL clinical trial and lower other research and development expenses for the six months ended June 30, 2024.

General and Administrative Expenses

General and administrative expenses were \$14.4 million for the six months ended June 30, 2024, compared to \$14.7 million for the six months ended June 30, 2023. The decrease of \$0.3 million was due to reduced compensation expense as a result of lower headcount and reduced consulting and professional fees.

Other Income (Expense)

Change in fair value of warrant liability

Change in fair value of warrant liability was a non-cash expense totaling \$0.1 million for the six months ended June 30, 2024 related to the SSI Warrants.

Change in fair value of term loan

We elected the fair value option for the Trinity Term Loan and changes to fair value, other than changes that are directly attributed to instrument-specific credit risk, were recorded as a component of other income (expense). The change in fair value was \$2.3 million for the six months ended June 30, 2024.

Interest Income

Interest income was \$3.1 million for the six months ended June 30, 2024 compared to \$0.5 million for the six months ended June 30, 2023. The increase in income was primarily attributed to dividends earned from our money market fund and interest earned on our savings account following the investment of proceeds raised in our August 2023 Private Placement.

Interest Expense

Interest expense was \$0.1 million for the six months ended June 30, 2024, compared to \$2.8 million for the six months ended June 30, 2023. The decrease of approximately \$2.7 million was primarily attributed to interest expense incurred under the SVB Term Loan Agreement for the six months ended June 30, 2023.

Liquidity and Capital Resources

Overview

Since our inception, we have not generated any revenue from product sales and have incurred significant operating losses. As of June 30, 2024, we had cash and cash equivalents of \$172.7 million. We have funded our operations primarily through equity financings, raising an aggregate of \$671.0 million in gross proceeds from equity financings, including from pre-IPO private placements of convertible preferred stock, our IPO, and subsequent sales of common stock in public and private securities offerings, our term loans and the Astellas Transactions.

On the Trinity Closing Date, we entered into the Trinity Term Loan Agreement, by and among us, the Trinity Lenders, and Trinity. The Trinity Term Loan Agreement provided for, on the Trinity Closing Date, \$40.0 million aggregate principal amount of term loans, or, collectively, the Trinity Term Loans. We drew the Trinity Term Loans in full on the Trinity Closing Date. The interest rate applicable to the Trinity Term Loans is the greater of (a) the Wall Street Journal Prime Rate plus 4.50% or (b) 12.75% per annum. The Trinity Term Loans are interest only from the Trinity Closing Date through 36 months from the Trinity Closing Date, which may be extended to 48 months from the Trinity Closing Date upon the satisfaction of certain milestones set forth in the Trinity Term Loan Agreement, after which we are required to pay equal monthly installments of principal through November 13, 2028, or the Maturity Date. The Trinity Term Loans may be prepaid in full (i) from the Trinity Closing Date through November 13, 2024, with payment of a 3.00% prepayment premium, (ii) from November 13, 2024 through November 13, 2025, with payment of a 2.00% prepayment premium, and (iii) from November 13, 2025 through, but excluding, the Maturity Date, with payment of a 1.00% prepayment premium. On the Trinity Closing Date, we paid Trinity a commitment fee of 1.00% of the original principal amount of the Trinity Term Loans. Upon repayment in full of the Trinity Term Loans, we will pay Trinity an end of term payment equal to 5.00% of the original principal amount of the Trinity Term Loans.

The obligations under the Trinity Term Loan Agreement are secured by a perfected security interest in all of our assets except for certain customarily excluded property pursuant to the terms of the Trinity Term Loan Agreement. There are no financial covenants and no warrants associated with the Trinity Term Loan Agreement. The Trinity Term Loan Agreement contains various covenants that limit our ability to engage in specified types of transactions without the consent of Trinity and the Trinity Lenders which include, among others, incurring or assuming certain debt; merging, consolidating or acquiring all or substantially all of the capital stock or property of another entity; changing the nature of our business; changing our organizational structure or type; licensing, transferring or disposing of certain assets; granting certain types of liens on our assets; making certain investments; and paying cash dividends. The Trinity Term Loan Agreement also contains customary representations and warranties, and also includes customary events of default, including payment default, breach of covenants, change of control, and material adverse effects. Upon the occurrence of an event of default, a default interest rate of an additional 5.00% per annum may be applied to the outstanding loan balances, and the Trinity Lenders may declare all outstanding obligations immediately due and payable and exercise all of its rights and remedies as set forth in the Trinity Term Loan Agreement and under applicable law. The proceeds of the Trinity Term Loans were used to repay our

obligations under the Term Loan Agreement with Silicon Valley Bank in full. The Term Loan Agreement with Silicon Valley Bank was terminated concurrently with entry into the Trinity Term Loan Agreement.

On October 5, 2021, we filed a shelf registration statement on Form S-3 with the SEC in relation to the registration of common stock, preferred stock, debt securities, warrants and units or any combination thereof up to a total aggregate offering price of \$350.0 million. We also simultaneously entered into a Sales Agreement, or the Sales Agreement with SVB Leerink LLC and Wells Fargo Securities, LLC, or the Sales Agents, pursuant to which we may issue and sell, from time to time at our discretion, shares of our common stock having an aggregate offering price of up to \$150.0 million through the Sales Agents. In March 2022, we amended the Sales Agreement to, among other things, include Goldman Sachs & Co. LLC as an additional Sales Agent. In April 2022, we sold 2,000,000 shares of common stock pursuant to the Sales Agreement and received net proceeds of \$11.6 million. No other shares of common stock have been issued and sold pursuant to the Sales Agreement as of June 30, 2024.

On October 21, 2022, we entered into the Option Agreement with Astellas granting Astellas an exclusive option to obtain exclusive, worldwide, royalty and milestone-bearing rights and licenses related to TSHA-120 and TSHA-102. As partial consideration for the rights granted to Astellas under the Option Agreement, Astellas paid us a one-time payment in the amount of \$20.0 million, or the Upfront Payment, in November 2022.

Also on October 21, 2022, we entered into a securities Purchase Agreement with Astellas, or the Astellas Securities Purchase Agreement, and together with the Option Agreement, the Astellas Transactions, pursuant to which we agreed to issue and sell to Astellas in a private placement, or the Astellas Private Placement, an aggregate of 7,266,342 shares of our common stock, or the Astellas Private Placement Shares, for aggregate proceeds of approximately \$30.0 million. The Astellas Private Placement closed on October 24, 2022. Pursuant to the Astellas Securities Purchase Agreement, in connection with the Astellas Private Placement, Astellas has the right to designate one individual to attend all meetings of the Board in a non-voting observer capacity. We also granted Astellas certain registration rights with respect to the Astellas Private Placement Shares.

In October 2022, we closed an underwritten offering of 14,000,000 shares of our common stock. The shares of common stock were sold at a price of \$1.88 per share, resulting in total net proceeds of \$26.0 million, after deducting underwriting discounts and commissions, and offering expenses. In November 2022, the underwriter exercised its option to purchase an additional 765,226 shares of our common stock and we received net proceeds of \$1.4 million after deducting underwriting discounts and commissions. In April 2023, we entered into a securities purchase agreement, or the SSI Securities Purchase Agreement, with two affiliates of SSI Strategy Holdings LLC, or SSI, named therein, or the SSI Investors, pursuant to which we agreed to issue and sell to the SSI Investors in a private placement, or the SSI Private Placement, 705,218 shares of our common stock, or the SSI Shares, and warrants, or the SSI Warrants, to purchase an aggregate of 525,000 shares of our common stock, or the Warrant Shares. SSI provides certain consulting services to us. Each SSI Warrant has an exercise price of \$0.7090 per Warrant Share, which was the closing price of our common stock on the Nasdaq Global Market on April 4, 2023. The SSI Warrants issued in the SSI Private Placement provide that the holder of the SSI Warrants will not have the right to exercise any portion of its SSI Warrants until the achievement of certain clinical and regulatory milestones related to our clinical programs. The SSI Private Placement closed on April 5, 2023. Gross proceeds of the SSI Private Placement were \$0.5 million.

On August 14, 2023, we entered into a securities purchase agreement, or the August 2023 Securities Purchase Agreement, with certain institutional and other accredited investors, or the Purchasers, pursuant to which we agreed to sell and issue to the Purchasers in a private placement transaction, or the August 2023 Private Placement, that closed on August 16, 2023: (i) 122,412,376 shares of our common stock and (ii) with respect to certain Purchasers, pre-funded warrants, or the Pre-Funded Warrants, to purchase 44,250,978 shares of common stock in lieu of shares of common stock. The closing of the August 2023 Private Placement, or the PIPE Closing, occurred on August 16, 2023. The total gross proceeds to us at the PIPE Closing were \$150.0 million, and after deducting placement agent commissions and offering expenses payable by us, net proceeds were \$140.3 million.

On June 26, 2024, we entered into an underwriting agreement, or the June 2024 Underwriting Agreement, with Jefferies LLC and Goldman Sachs & Co. LLC, as representatives of the several underwriters set forth therein, or, collectively, the Underwriters, to issue and sell 14,361,113 shares of our common stock and pre-funded warrants to purchase 18,972,221 shares of our common stock, or the June 2024 Pre-Funded Warrants in the June 2024 Offering pursuant to an effective shelf registration statement on Form S-3 and a related prospectus and prospectus supplement. The offering price to the public was \$2.25 per share of common stock and \$2.249 per June 2024 Pre-Funded Warrant, which is the price to the public of each share of common stock sold in the June 2024 Offering, minus the \$0.001 exercise price per June 2024 Pre-Funded Warrant. The Underwriters purchased the shares and the June 2024 Pre-Funded Warrants from us pursuant to the June 2024 Underwriting Agreement at a price of \$2.115 per share and \$2.114 per pre-funded warrant, respectively. The initial closing of the June 2024 Offering occurred on June 27, 2024 and we received net proceeds of \$70.0 million, after deducting underwriting discounts and commissions and offering expenses. In addition, we granted the Underwriters an option to purchase, for a period of 30 days, up to an additional 5,000,000 shares of our common stock. On July 9, 2024, the Underwriters exercised their option to purchase an additional 3,235,000 shares of common stock and we received additional net

proceeds of \$6.8 million, after deducting underwriting discounts and commissions and offering expenses. The total net proceeds received from the June 2024 Offering were \$76.8 million after deducting underwriting discounts, commissions and other offering expenses payable by us.

Funding Requirements

To date, we have not generated any revenues from the commercial sale of approved drug products, and we do not expect to generate substantial revenue for at least the next few years. If we fail to complete the development of our product candidates in a timely manner or fail to obtain their regulatory approval, our ability to generate future revenue will be compromised. We do not know when, or if, we will generate any revenue from our product candidates, and we do not expect to generate significant revenue unless and until we obtain regulatory approval of, and commercialize, our product candidates. We reduced spending in 2023, and anticipate such reductions will continue in 2024, as a result of our decision to discontinue development of our GAN clinical program. We have increased and expect to continue to increase our research and development expenses, particularly with respect to the Rett clinical trials, for the foreseeable future as we continue the development of our product candidates and manufacturing processes and conduct discovery and research activities for our preclinical programs. If we obtain approval for any of our product candidates, we expect to incur significant commercialization expenses related to sales, marketing, manufacturing and distribution. We anticipate that we will need substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

As of June 30, 2024, our material cash requirements consisted of \$30.2 million in total lease payments under our noncancelable leases for equipment, laboratory space and office space. These leases are described in further detail in Note 5 to our unaudited condensed consolidated financial statements located in “Part I – Financial Information, Item 1. Financial Statements” in this Quarterly Report on Form 10-Q. Our most significant purchase commitments consist of approximately \$9.5 million in cancellable purchase obligations to our CROs and other clinical trial vendors.

We believe that our existing cash and cash equivalents will enable us to fund our operating expenses and capital requirements into the fourth quarter of 2026. We will require additional capital to fund the research and development of our product candidates, to fund our manufacturing activities, to fund precommercial activities of our programs and for working capital and general corporate purposes. The assessment of our ability to meet our future obligations is inherently judgmental, subjective and susceptible to change.

Because of the numerous risks and uncertainties associated with research, development and commercialization of biological products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, progress, costs and results of discovery, preclinical development, laboratory testing and clinical trials for TSHA-102 and any current and future product candidates that we advance;
- our ability to access sufficient additional capital on a timely basis and on favorable terms;
- the extent to which we develop, in-license or acquire other product candidates and technologies in our gene therapy product candidate pipeline;
- the costs and timing of process development and manufacturing scale-up activities associated with our product candidates and other programs as we advance them through preclinical and clinical development;
- the number and development requirements of product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidates;
- our headcount growth and associated costs as we expand our research and development capabilities and establish a commercial infrastructure;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales, and distribution, for any of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the costs incurred in defending ourselves in any legal proceedings that we may be subject to;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval; and

- the costs of operating as a public company.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of product candidates that we do not expect to be commercially available in the near term, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the terms of these equity securities or this debt may restrict our ability to operate. The Trinity Term Loan Agreement contains negative covenants, including, among other things, restrictions on indebtedness, liens investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions. Any future additional debt financing and equity financing, if available, may involve agreements that include covenants limiting and restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, entering into profit-sharing or other arrangements or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us.

Cash Flows

The following table shows a summary of our cash flows for the six months ended June 30, 2024 and 2023 (in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Net cash used in operating activities	\$ (41,302)	\$ (38,952)
Net cash used in investing activities	(341)	(3,852)
Net cash provided by financing activities	70,446	7
Net change in cash, cash equivalents and restricted cash	<u>\$ 28,803</u>	<u>\$ (42,797)</u>

Operating Activities

For the six months ended June 30, 2024, our net cash used in operating activities of \$41.3 million primarily consisted of a net loss of \$45.0 million, primarily attributable to our spending on research and development expenses. The net loss of \$45.0 million was partially offset by adjustments for non-cash items, primarily stock-based compensation expense of \$6.5 million and other non-cash items of \$1.1 million, net. Additional cash used in operating assets and liabilities of \$4.0 million was primarily attributable to a decrease in deferred revenue of \$4.5 million, partially offset by an increase in accounts payable of \$2.4 million.

For the six months ended June 30, 2023, our net cash used in operating activities of \$39.0 million primarily consisted of a net loss of \$42.2 million, primarily attributable to our spending on research and development expenses. The net loss of \$42.2 million was partially offset by \$9.0 million of adjustments for non-cash items, primarily stock-based compensation expense of \$3.9 million and the \$3.5 million milestone license fee to Abeona related to the dosing of the first adult patient in the TSHA-102 Phase 1/2 REVEAL trial. Additional cash used in operating activities of \$7.1 million was due to a decrease in deferred revenue.

Investing Activities

During the six months ended June 30, 2024, investing activities used \$0.3 million of cash primarily attributable to the purchase of lab equipment. During the six months ended June 30, 2023, investing activities used \$3.9 million of cash primarily attributable to capital expenditures related to the close out of our in-house manufacturing facility project.

Financing Activities

During the six months ended June 30, 2024, financing activities provided \$70.4 million of cash, which is primarily attributable to the closing of the June 2024 Offering. During the six months ended June 30, 2023, financing activities provided less than \$0.1 million of cash, which is primarily attributable to the proceeds from the SSI Strategy Private Placement, partially offset by the payment of shelf registration costs and other financing transactions.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of expenses during the reporting period. A description of our significant accounting policies is included in our Annual Report. Please read the unaudited condensed consolidated financial statements in conjunction with our audited financial statements and accompanying notes in our Annual Report.

Our critical accounting policies that require significant judgments and estimates are more fully described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates” in our Annual Report and in Note 2 to our audited consolidated financial statements contained in our Annual Report. There have been no significant changes to our critical accounting policies that require significant judgments and estimates from those disclosed in our Annual Report.

Recent Accounting Pronouncements

See Note 2 to our unaudited condensed consolidated financial statements located in “Part I – Financial Information, Item 1. Financial Statements” in this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements applicable to our condensed consolidated financial statements.

Emerging Growth Company and Smaller Reporting Company Status

In April 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

In addition, as an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- an exception from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended;
- reduced disclosure about our executive compensation arrangements in our periodic reports, proxy statements and registration statements;
- exemptions from the requirements of holding non-binding advisory votes on executive compensation or golden parachute arrangements; and
- an exemption from compliance with the requirements of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor’s report on financial statements.

We may take advantage of these provisions until we no longer qualify as an emerging growth company. We will cease to qualify as an emerging growth company on the date that is the earliest of: (i) December 31, 2025, (ii) the last day of the fiscal year in which we have more than \$1.235 billion in total annual gross revenues, (iii) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, or (iv) the date on which we have issued more than \$1.0 billion of non-convertible debt over the prior three-year period. We may choose to take advantage of some but not all of these reduced reporting burdens. We have taken advantage of certain reduced reporting requirements in this Quarterly Report on Form 10-Q and our other filings with the SEC. Accordingly, the information contained herein may be different than you might obtain from other public companies in which you hold equity interests.

We are also a “smaller reporting company,” meaning that the market value of our shares held by non-affiliates is less than \$700 million and our annual revenue was less than \$100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than \$250 million or (ii) our annual revenue was less than \$100 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than \$700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, we may choose to present only the two most recent fiscal years of audited

financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Quarterly Report on Form 10-Q was (a) reported within the time periods specified by SEC rules and regulations, and (b) communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding any required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Internal Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In January 2024 and April 2024, the Company was named a nominal defendant in two putative stockholder derivative actions filed by stockholders of the Company in the Court of Chancery of the State of Delaware. Shortly after filing suit, the plaintiff in the second-filed action voluntarily dismissed his lawsuit and filed a substantially similar action except with fewer named defendants. The complaints assert claims relating to the Company's August 2023 Private Placement against (i) certain of the Company's current and former directors and officers for breach of fiduciary duty and unjust enrichment; and (ii) against certain participants in the Company's August 2023 Private Placement for aiding and abetting breach of fiduciary duty and unjust enrichment. The complaints seek an unspecified award of damages in the Company's favor, plus pre-judgment and post-judgment interest, and an award to the plaintiffs for the costs and disbursement of the action, including fees for their attorneys, experts, and accountants. In May 2024, the Court consolidated the two actions and set a briefing schedule for motions for appointment of a leadership structure (the "Lead Plaintiff Motions"). The Lead Plaintiff Motions have been fully briefed, and the Court has set a hearing for the Lead Plaintiff Motions for September 5, 2024. The Company has not recorded a liability related to these lawsuits because, at this time, the Company is unable to reasonably estimate possible losses or gains or determine whether an unfavorable outcome is either probable or remote.

From time to time, we may be involved in additional legal or regulatory proceedings. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors described in Part I, Item 1A. "Risk Factors" of our Annual Report for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on March 19, 2024. Other than as described below, there have been no material changes to the risk factors described in that report.

Risks Related to the Development of our Product Candidates

Interim "top-line" and preliminary results from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim top-line or preliminary results from our clinical trials. Interim results from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or top-line results also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. For example, in June 2024, we announced initial clinical data from the first two pediatric patients and interim clinical data from the first two adult patients treated in the Phase 1/2 REVEAL trials of TSHA-102. However, those observations may not endure or be repeated in subsequently dosed patients or any age or disease severity, including patients receiving higher doses of TSHA-102 in either the adolescent/adult or pediatric trial. Initial clinical observations also may not translate into success on primary endpoints of the REVEAL trial. Differences between preliminary or interim data and final data could significantly harm our business prospects and may cause the trading price of our common stock to fluctuate significantly.

Risks Related to Legal and Regulatory Compliance Matters

We are subject to legal proceedings and claims from time to time that may seek material damages or otherwise may have a material adverse effect on our business. The costs we incur in defending ourselves or associated with settling any of these proceedings, as well as a material final judgment or decree against us, could materially adversely affect our financial condition.

We are subject to legal proceedings and claims from time to time that may seek material damages or otherwise may have a material adverse effect on our business. For example, in January 2024 and April 2024, we were named a nominal defendant in a shareholder derivative lawsuits against certain of our current and former directors in the Court of Chancery of the State of Delaware. These lawsuits seek unspecified monetary damages, disgorgement of profits, and reasonable costs and expenses, including attorneys' fees, and other relief. See "Item 3-Legal Proceedings" and "Part II, Item 8, Note 13—Commitments and Contingencies" in our Annual Report and "Part I, Item 2, Note 13—Commitments and Contingencies" in this Quarterly Report on Form 10-Q for more information. Due to the inherent uncertainties in legal proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. This or any future litigation, regardless of the merits of any such proceeding, could harm our reputation and result in substantial costs and diversion of management's attention and resources, which could adversely impact our business. Although we have directors' and

officers' liability insurance, it provides for a substantial retention of liability and is subject to limitations and may not cover a significant portion, or any, of the expenses or liabilities we may incur or be subject to in connection with these lawsuits or other litigation to which we are party. The costs we incur in defending ourselves or associated with settling such proceedings, as well as a material final judgment or decree against us, that are not covered by our directors' and officers' liability insurance could materially adversely affect our financial condition. In addition, additional lawsuits may be filed, the conclusion of which in a manner adverse to us and for which we incur substantial costs or damages not covered by our directors' and officers' liability insurance could have a material adverse effect on our financial condition and business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Recent Sales of Unregistered Equity Securities

None.

(b) Use of Proceeds

None.

(c) Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits listed on the Exhibit Index are either filed or furnished with this report or incorporated herein by reference.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39536), filed with the Securities and Exchange Commission on September 29, 2020).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 to the Company's Current Report on Form 8-K (File No. 001-39536), filed with the Securities and Exchange Commission on September 29, 2020).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39536), filed with the Securities and Exchange Commission on November 15, 2023).
4.1*	Description of the Company's Common Stock.
4.2	Form of Pre-Funded Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-39536), filed with the Securities and Exchange Commission on June 26, 2024).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2#	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Taysha Gene Therapies, Inc.

Date: August 12, 2024

By: _____
Sean Nolan
Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2024

By: _____
Kamran Alam
Chief Financial Officer
(Principal Financial and Accounting Officer)

DESCRIPTION OF TAYSHA GENE THERAPIES, INC. COMMON STOCK

The following description of the common stock of Taysha Gene Therapies, Inc., or the Company, and certain provisions of the Company's amended and restated certificate of incorporation, or the certificate, the certificate of amendment to the certificate, or the amendment, and together with the certificate, the amended and restated certificate, and amended and restated bylaws, or restated bylaws, are summaries. These summaries are qualified in the entirety by reference to the provisions of the Delaware General Corporation Law and the complete text of the certificate, the amendment and the restated bylaws, which are incorporated by reference as Exhibits 3.1, 3.3 and 3.2, respectively, of the Company's Annual Report on Form 10-K to which this description is also an exhibit.

General

The amended and restated certificate authorizes the Company to issue up to 400,000,000 shares of common stock, \$0.00001 par value per share, and 10,000,000 shares of preferred stock, \$0.00001 par value per share, all of which shares of preferred stock are undesignated. The Company's board of directors may establish the rights and preferences of the preferred stock from time to time.

Common Stock***Voting Rights***

Each holder of the Company's common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. The affirmative vote of holders of at least 66 $\frac{2}{3}$ % of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, is required to amend certain provisions of the amended and restated certificate, including provisions relating to amending the Company's restated bylaws, the classified board, the size of the Company's board, removal of directors, director liability, vacancies on the Company's board, special meetings, stockholder notices, actions by written consent and exclusive forum.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of the Company's common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

Liquidation

In the event of the Company's liquidation, dissolution or winding up, holders of the Company's common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Rights and Preferences

Holders of the Company's common stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of the Company's common stock are subject to, and may be adversely affected by, the right of the holders of shares of any series of preferred stock that the Company's board of directors may designate in the future.

Anti-Takeover Provisions

Section 203 of the Delaware General Corporation Law

The Company is subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include the following:

- any merger or consolidation involving the corporation or any direct or indirect majority-owned subsidiary of the corporation and the interested stockholder;
 - any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder (in one transaction or a series of transactions);
 - subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation or by any direct or indirect majority-owned subsidiary of the corporation of any stock of the corporation or of such subsidiary to the interested stockholder;
 - any transaction involving the corporation or any direct or indirect majority-owned subsidiary of the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
 - the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.
-

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

The amended and restated certificate provides for the Company’s board of directors to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of the Company’s stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because the Company’s stockholders do not have cumulative voting rights, stockholders holding a majority of the shares of the Company’s common stock outstanding will be able to elect all of the Company’s directors. The amended and restated certificate and restated bylaws provide that directors may be removed by the stockholders only for cause upon the vote of 66 $\frac{2}{3}$ % or more of the Company’s outstanding common stock. Furthermore, the authorized number of directors may be changed only by resolution of the board of directors, and vacancies and newly created directorships on the board of directors may, except as otherwise required by law or determined by the board, only be filled by a majority vote of the directors then serving on the board, even though less than a quorum.

The amended and restated certificate and restated bylaws also provide that all stockholder actions must be effected at a duly called meeting of stockholders and will eliminate the right of stockholders to act by written consent without a meeting. The restated bylaws provide that only the Company’s Chairman of the board, Chief Executive Officer or the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors may call a special meeting of stockholders.

The restated bylaws also provide that stockholders seeking to present proposals before a meeting of stockholders to nominate candidates for election as directors at a meeting of stockholders must provide timely advance notice in writing, and will specify requirements as to the form and content of a stockholder’s notice.

The amended and restated certificate and restated bylaws provide that the stockholders cannot amend many of the provisions described above except by a vote of 66 $\frac{2}{3}$ % or more of the Company’s outstanding common stock.

The amended and restated certificates gives the Company’s board of directors the authority, without further action by the Company’s stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in control.

The combination of these provisions will make it more difficult for the Company’s existing stockholders to replace the Company’s board of directors as well as for another party to obtain control of the Company by replacing the Company’s board of directors. Since the Company’s board of directors has the power to retain and discharge the Company’s officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for the Company’s board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company.

These provisions are intended to enhance the likelihood of continued stability in the composition of the Company’s board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce the Company’s vulnerability to

hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for the Company's shares and may have the effect of delaying changes in the Company's control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of the Company's stock that could result from actual or rumored takeover attempts. The Company believes that the benefits of these provisions, including increased protection of the Company's potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company's company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Choice of Forum

The Company's amended and restated certificate provides that the Court of Chancery of the state of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on the Company's behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against the Company arising pursuant to the DGCL, the Company's amended and restated certificate or the Company's restated bylaws;
- any claim or cause of action seeking to interpret, apply, enforce or determine the validity of the Company's amended and restated certificate or the Company's restated bylaws;
- any claim or cause of action as to which the DGCL confers jurisdiction on the Court of Chancery of the state of Delaware; or
- any action asserting a claim against the Company that is governed by the internal affairs doctrine.

The provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or to claims for which the federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, the Company's amended and restated certificate also provides that unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Although the Company's amended and restated certificate contains the choice of forum provision described above, it is possible that a court could rule that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for the Company's common stock is Equiniti Trust Company, LLC (f/k/a American Stock Transfer & Trust Company, LLC), with offices at 55 Challenger Road, Ridgefield Park, NJ 07660.

Listing

The Company's common stock is listed on the Nasdaq Global Select Market under the trading symbol "TSHA."

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Nolan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Taysha Gene Therapies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in exchange act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2024

By:

/s/ Sean Nolan

Sean Nolan
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Sean Nolan, Chief Executive Officer of Taysha Gene Therapies, Inc. (the "Company") hereby certifies that, to the best of his knowledge:

- (1) The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2024, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
- (2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2024

By: _____
/s/ Sean Nolan
Sean Nolan
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Kamran Alam, Chief Financial Officer of Taysha Gene Therapies, Inc. (the “Company”) hereby certifies that, to the best of his knowledge:

- (1) The Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2024, to which this Certification is attached as Exhibit 32.2 (the “Periodic Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
- (2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2024

By: _____
/s/ Kamran Alam
Kamran Alam
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
