

**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, 2025

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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, 2025, the registrant had 272,794,885 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, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 312,761	\$ 139,036
Restricted cash	449	449
Prepaid expenses and other current assets	3,054	2,645
Total current assets	316,264	142,130
Restricted cash	2,151	2,151
Property, plant and equipment, net	6,957	7,485
Operating lease right-of-use assets	7,773	8,381
Other non-current assets	186	217
<b>Total assets</b>	<b>\$ 333,331</b>	<b>\$ 160,364</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7,713	\$ 3,592
Accrued expenses and other current liabilities	12,151	12,862
Deferred revenue	5,485	9,773
Total current liabilities	25,349	26,227
Term loan, net	41,051	43,942
Operating lease liability, net of current portion	16,808	17,361
Other non-current liabilities	1,396	1,309
Total liabilities	84,604	88,839
<b>Commitments and contingencies - Note 13</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$0.00001 par value per share; 10,000,000 shares authorized and no shares issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Common stock, \$0.00001 par value per share; 700,000,000 shares authorized and 272,730,060 issued and outstanding as of June 30, 2025 and 400,000,000 shares authorized and 204,943,306 issued and outstanding as of December 31, 2024	3	2
Additional paid-in capital	900,139	677,859
Accumulated other comprehensive loss	(699)	(4,031)
Accumulated deficit	(650,716)	(602,305)
Total stockholders' equity	248,727	71,525
<b>Total liabilities and stockholders' equity</b>	<b>\$ 333,331</b>	<b>\$ 160,364</b>

*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,	
	2025	2024	2025	2024
<b>Revenue</b>	\$ 1,986	\$ 1,112	\$ 4,288	\$ 4,523
<b>Operating expenses:</b>				
Research and development	20,141	15,073	35,706	35,730
General and administrative	8,598	7,338	16,756	14,422
Total operating expenses	28,739	22,411	52,462	50,152
<b>Loss from operations</b>	(26,753)	(21,299)	(48,174)	(45,629)
<b>Other (expense) income:</b>				
Change in fair value of warrant liability	(273)	195	(171)	(142)
Change in fair value of term loan	(1,461)	(1,279)	(2,991)	(2,332)
Interest income	1,859	1,440	3,185	3,133
Interest expense	(17)	(27)	(36)	(56)
Other (expense) income	(237)	42	(224)	37
Total other (expense) income, net	(129)	371	(237)	640
<b>Net loss</b>	\$ (26,882)	\$ (20,928)	\$ (48,411)	\$ (44,989)
Net loss per common share, basic and diluted	\$ (0.09)	\$ (0.09)	\$ (0.17)	\$ (0.19)
Weighted average common shares outstanding, basic and diluted	297,988,978	232,821,553	283,726,888	232,035,448

*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>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Net loss</b>	\$ (26,882)	\$ (20,928)	\$ (48,411)	\$ (44,989)
<b>Other comprehensive income (loss):</b>				
Change in fair value of term loan attributable to instrument specific credit risk	1,587	2,656	3,332	2,405
<b>Comprehensive loss</b>	<u>\$ (25,295)</u>	<u>\$ (18,272)</u>	<u>\$ (45,079)</u>	<u>\$ (42,584)</u>

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

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

**For the Three Months Ended June 30, 2025**

	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Loss	Equity
<b>Balance as of March 31, 2025</b>	<b>205,054,570</b>	<b>\$ 2</b>	<b>\$ 681,177</b>	<b>\$ (623,834)</b>	<b>\$ (2,286)</b>	<b>\$ 55,059</b>
Stock-based compensation	—	—	3,190	—	—	3,190
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 \$14,323	57,777,777	1	215,651	—	—	215,652
Issuance of common stock upon exercise of pre-funded warrants	9,607,145	—	—	—	—	—
Issuance of common stock upon exercise of stock options, net	93,688	—	121	—	—	121
Issuance of common stock upon vesting and settlement of restricted stock units, net	196,880	—	—	—	—	—
Gain on instrument-specific credit risk	—	—	—	—	1,587	1,587
Net loss	—	—	—	(26,882)	—	(26,882)
<b>Balance as of June 30, 2025</b>	<b>272,730,060</b>	<b>\$ 3</b>	<b>\$ 900,139</b>	<b>\$ (650,716)</b>	<b>\$ (699)</b>	<b>\$ 248,727</b>

**For the Three Months Ended June 30, 2024**

	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Loss	Equity
<b>Balance as of March 31, 2024</b>	<b>187,018,275</b>	<b>\$ 2</b>	<b>\$ 591,166</b>	<b>\$ (537,068)</b>	<b>\$ (251)</b>	<b>\$ 53,849</b>
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 vesting and settlement of restricted stock units, net	2,062	—	2	—	—	2
Gain on instrument-specific credit risk	—	—	—	—	2,656	2,656
Net loss	—	—	—	(20,928)	—	(20,928)
<b>Balance as of June 30, 2024</b>	<b>201,381,450</b>	<b>\$ 2</b>	<b>\$ 664,457</b>	<b>\$ (557,996)</b>	<b>\$ 2,405</b>	<b>\$ 108,868</b>

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

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

**For the Six Months Ended June 30, 2025**

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Other Comprehensive Loss	Stockholders' Equity
<b>Balance as of December 31, 2024</b>	<b>204,943,306</b>	<b>\$ 2</b>	<b>\$ 677,859</b>	<b>\$ (602,305)</b>	<b>\$ (4,031)</b>	<b>\$ 71,525</b>
Stock-based compensation	—	—	6,484	—	—	6,484
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 \$14,323	57,777,777	1	215,651	—	—	215,652
Issuance of common stock upon exercise of pre-funded warrants	9,607,145	—	—	—	—	—
Issuance of common stock upon vesting and settlement of restricted stock units, net	249,818	—	(51)	—	—	(51)
Issuance of stock upon exercise of stock options	93,688	—	121	—	—	121
Issuance of common stock under ESPP	58,326	—	75	—	—	75
Gain on instrument-specific credit risk	—	—	—	—	3,332	3,332
Net loss	—	—	—	(48,411)	—	(48,411)
<b>Balance as of June 30, 2025</b>	<b>272,730,060</b>	<b>\$ 3</b>	<b>\$ 900,139</b>	<b>\$ (650,716)</b>	<b>\$ (699)</b>	<b>\$ 248,727</b>

**For the Six Months Ended June 30, 2024**

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Other Comprehensive Loss	Stockholders' Equity
<b>Balance as of December 31, 2023</b>	<b>186,960,193</b>	<b>\$ 2</b>	<b>\$ 587,942</b>	<b>\$ (513,007)</b>	<b>\$ —</b>	<b>\$ 74,937</b>
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, net	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)
<b>Balance as of June 30, 2024</b>	<b>201,381,450</b>	<b>\$ 2</b>	<b>\$ 664,457</b>	<b>\$ (557,996)</b>	<b>\$ 2,405</b>	<b>\$ 108,868</b>

*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,	
	2025	2024
<b>Cash flows from operating activities</b>		
Net loss	\$ (48,411)	\$ (44,989)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	560	647
Stock-based compensation	6,484	6,530
Change in fair value of warrant liability	171	142
Non-cash change in fair value of term loan	441	(268)
Non-cash lease expense	647	619
Other	236	1
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(570)	129
Accounts payable	3,921	2,365
Accrued expenses and other liabilities	(1,393)	(1,955)
Deferred revenue	(4,288)	(4,523)
<b>Net cash used in operating activities</b>	<b>(42,202)</b>	<b>(41,302)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(380)	(341)
Other	71	—
<b>Net cash used in investing activities</b>	<b>(309)</b>	<b>(341)</b>
<b>Cash flows from financing activities</b>		
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	216,170	70,481
Debt issuance costs for term loan	—	(18)
Payment of shelf registration costs	(47)	—
Proceeds from common stock issuances under ESPP	75	26
Other	38	(43)
<b>Net cash provided by financing activities</b>	<b>216,236</b>	<b>70,446</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>173,725</b>	<b>28,803</b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>141,636</b>	<b>146,540</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 315,361</b>	<b>\$ 175,343</b>
Cash and cash equivalents	312,761	172,743
Restricted cash	2,600	2,600
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 315,361</b>	<b>\$ 175,343</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 2,586	\$ 2,655
<b>Supplemental disclosure of noncash investing and financing activities:</b>		
Offering costs not yet paid	411	445

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

**Taysha Gene Therapies, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**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 (the “ATM”), 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, 2025.

On December 13, 2024, the Company filed a new shelf registration statement on Form S-3 following the expiration of its prior registration statement, 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 \$300.0 million, including up to \$100.0 million shares of common stock that may be offered and sold pursuant to the Sales Agreement.

On May 28, 2025, the Company notified the Sales Agents that it was suspending and terminating the prospectus (the “ATM Prospectus”) related to up to \$100.0 million of the Company’s common stock issuable pursuant to the Sales Agreement. The Company will not make any sales of its securities pursuant to the Sales Agreement unless and until a new prospectus, prospectus supplement or a new registration statement is filed. Other than the termination of the ATM Prospectus, the Sales Agreement remains in full force and effect.

***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, 2025, the Company had an accumulated deficit of \$650.7 million. The Company expects to continue to incur significant expenses and operating losses for the foreseeable future.

On May 28, 2025, the Company entered into an underwriting agreement (the “May 2025 Underwriting Agreement”) with Jefferies LLC, BofA Securities, Inc., Piper Sandler & Co. and Barclays Capital Inc, as representatives of the several underwriters set forth therein (collectively, the “Underwriters”), to issue and sell 46,868,687 shares of the Company’s common stock and, in lieu of common stock to certain investors, pre-funded warrants to purchase 25,858,586 shares of its common stock in an underwritten public offering (the “May 2025 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 \$2.75 per share of common stock and \$2.749 per pre-funded warrant, which was the price to the public of each share of common stock sold in the May 2025 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 May 2025 Underwriting Agreement at a price of \$2.585 per share and \$2.584 per pre-funded warrant, respectively. See Note 10 for additional information. The initial closing of the May 2025 Offering occurred on May 30, 2025. In addition, the Company granted the Underwriters an option to purchase, for a period of 30 days, up to an additional 10,909,090 shares of common stock, which the Underwriters exercised in full on June 6, 2025. The total net proceeds from the May 2025 Offering were approximately \$215.6 million, including the proceeds from the Underwriter’s option, after deducting underwriting discounts and commissions and offering expenses.

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, 2025, the Company had cash and cash equivalents of \$312.8 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, 2024, filed with the Securities and Exchange Commission ("SEC") on February 26, 2025 (the "2024 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, 2024 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 2024 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 2024 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 2024 Annual Report.

### Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*, to improve expense disclosure requirements under ASC 220, *Income Statement - Reporting Comprehensive Income*, through enhancing disclosures about significant segment expenses. The guidance requires entities to provide additional disclosure about specific expenses by requiring entities to disaggregate, in a tabular presentation, each relevant expense caption on the face of the income statement that includes any of the following natural expenses (1) purchases of inventory, (2) employees compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion and amortization recognized as part of oil - and gas - producing activities or other types of depletion expenses. The tabular disclosure would also include certain other expenses, when applicable. The ASU also enhances interim segment reporting requirements by aligning interim disclosures with information that must be disclosed annually in accordance with ASC 220. The guidance is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, applied either prospectively or retrospectively with early adoption permitted. The Company is still evaluating the impact this ASU will have on its 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, 2025			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents – money market funds	\$ 309,291	\$ 309,291	\$ —	\$ —
<b>Total assets</b>	<b>\$ 309,291</b>	<b>\$ 309,291</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities:</b>				
Trinity Term Loans	\$ 41,051	\$ —	\$ —	\$ 41,051
Success Fee Derivative liability	1,229	—	—	1,229
SSI Warrant liability	609	—	—	609
<b>Total liabilities</b>	<b>\$ 42,889</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 42,889</b>

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents – money market funds	\$ 138,308	\$ 138,308	\$ —	\$ —
<b>Total assets</b>	<b>\$ 138,308</b>	<b>\$ 138,308</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities:</b>				
Trinity Term Loans	\$ 43,942	\$ —	\$ —	\$ 43,942
Success Fee Derivative liability	930	—	—	930
SSI Warrant liability	438	—	—	438
<b>Total liabilities</b>	<b>\$ 45,310</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 45,310</b>

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, 2025	December 31, 2024
Prepaid clinical trial	\$ 254	\$ 1,112
Prepaid research and development	1,869	841
Prepaid insurance	241	249
Deferred offering costs	33	135
Other	657	308
Total prepaid expenses and other current assets	<u>\$ 3,054</u>	<u>\$ 2,645</u>

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

	June 30, 2025	December 31, 2024
Leasehold improvements	\$ 2,117	\$ 2,117
Laboratory equipment	3,163	3,130
Computer equipment	699	707
Furniture and fixtures	853	864
Construction in progress	4,224	4,251
	11,056	11,069
Accumulated depreciation	(4,099)	(3,584)
Property, plant and equipment, net	<u>\$ 6,957</u>	<u>\$ 7,485</u>

Property, plant and equipment, net includes \$0.5 million and \$0.7 million of assets capitalized as finance leases as of June 30, 2025 and December 31, 2024, respectively. During the three and six months ended June 30, 2025, the Company sold equipment with a book value of zero and recorded a gain on the disposal of \$0.1 million.

Depreciation expense was \$0.3 million for each of the three months ended June 30, 2025 and 2024. Depreciation expense was \$0.6 million for each of the six months ended June 30, 2025 and 2024.

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

	June 30, 2025	December 31, 2024
Accrued compensation	\$ 4,095	\$ 5,242
Accrued clinical trial	1,876	1,907
Lease liabilities, current portion	1,738	1,877
Accrued research and development	1,720	1,714
Accrued professional and consulting fees	1,313	725
Warrant liability	609	438
Accrued property, plant and equipment	—	207
Other	800	752
Total accrued expenses and other current liabilities	<u>\$ 12,151</u>	<u>\$ 12,862</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 15<sup>th</sup> 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, 2025 and December 31, 2024 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 months ended June 30, 2025 and 2024 (in thousands):

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating lease cost	\$ 666	\$ 675	\$ 1,335	\$ 1,321
Variable lease cost	402	198	741	396
Total lease cost	<u>\$ 1,068</u>	<u>\$ 873</u>	<u>\$ 2,076</u>	<u>\$ 1,717</u>

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

	June 30, 2025	December 31, 2024
Weighted average remaining lease term (in years) – Finance leases	1.39	1.88
Weighted average remaining lease term (in years) – Operating leases	9.61	9.98
Weighted average discount rate – Finance leases	10.54%	10.54%
Weighted average discount rate – Operating leases	7.86%	7.84%

As of June 30, 2025, 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
2025	1,474	227
2026	2,485	399
2027	2,577	—
2028	2,673	—
2029	2,779	—
Thereafter	14,284	—
Total lease payments	26,272	626
Less: imputed interest	(8,138)	(47)
Total lease liabilities	\$ 18,134	\$ 579
Lease liabilities, current	1,326	412
Lease liabilities, non-current	16,808	167
Total lease liabilities	\$ 18,134	\$ 579

#### 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”). 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 data package the “Rett Data Package” and 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 Company delivered the Rett Data Package to Astellas in mid-2025. Under the Option Agreement, Astellas must decide whether to exercise the Rett Option within 90 days after Astellas’ receipt of the Rett Data Package.

The parties have agreed that, if Astellas exercises the Rett 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 Rett Products.

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 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. 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 Astellas 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):

	<b>Transaction Price Allocation</b>	
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.

The Company recognized revenue of \$2.0 million and \$1.1 million from Rett research and development activities for the three months ended June 30, 2025 and 2024, respectively. The Company recognized revenue of \$4.3 million and \$4.5 million from Rett research and development activities for the six months ended June 30, 2025 and 2024, respectively.

The Company had \$5.5 million of deferred revenue on the condensed consolidated balance sheet as of June 30, 2025 comprised of \$5.5 million for the Rett Option. The Company had \$9.8 million of deferred revenue on the condensed consolidated balance sheets as of December 31, 2024 comprised of \$5.5 million for the Rett Option and \$4.3 million of Rett research and development activities.

## **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, 2025, \$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, 2025 are as follows (in thousands):

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

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, 2025, the Company is in compliance with all covenants of the Trinity Term Loans.

The Trinity Term Loan Agreement 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 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, 2025 using a probability-weighted income approach. The Company calculated discounted cash flows of the Trinity Term Loans using a discount rate of 14.74% 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 14.74% 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, 2025 (in thousands):

**Trinity Term Loans**

Beginning fair value balance as of January 1, 2025	\$	43,942
Principal payments		—
Change in fair value reported in statements of operations		441
Change in fair value reported in comprehensive loss		(3,332)
Ending fair value balance as of June 30, 2025	\$	<u>41,051</u>

The following table reconciles the change in fair value of the Trinity Term Loans during the three months ended June 30, 2025 (in thousands):

**Trinity Term Loans**

Beginning fair value balance as of April 1, 2025	\$	42,453
Principal payments		—
Change in fair value reported in statements of operations		185
Change in fair value reported in comprehensive loss		(1,587)
Ending fair value balance as of June 30, 2025	\$	<u>41,051</u>

During the three and six months ended June 30, 2025, 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, 2025. 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, 2025 (in thousands):

**Success Fee**

Beginning fair value balance as of January 1, 2025	\$	930
Change in fair value of Success Fee		299
Ending fair value balance as of June 30, 2025	\$	<u>1,229</u>

The following table reconciles the change in fair value of the Success Fee liability during the three months ended June 30, 2025 (in thousands):

**Success Fee**

Beginning fair value balance as of April 1, 2025	\$	925
Change in fair value of Success Fee		304
Ending fair value balance as of June 30, 2025	\$	<u>1,229</u>

On August 7, 2025, the Company entered into the New Trinity Term Loan Agreement (as defined below) and terminated the existing Trinity Term Loan Agreement, as described in more detail in Note 16.

**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 patent 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 and March 2025, 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.

#### ***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 consolidated statements of cash flows. No additional milestone payments were triggered in connection with this agreement during the six months ended June 30, 2025.

#### ***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, 2025.

#### **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, 2025, the Company increased the number of shares of common stock reserved for issuance under the New Plan by 10,247,165 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. Pursuant to this provision, on January 1, 2025 the Company increased the number of shares of common stock reserved for issuance under the ESPP by 724,000. The Company has issued an aggregate of 293,689 shares of common stock under the ESPP as of June 30, 2025.

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. On December 12, 2024, the Company reserved an additional 2,000,000 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, 2025	701,430	2,999,700	3,701,130
Plan adjustments and amendments	10,247,165	—	10,247,165
Grants	(10,194,976)	(2,295,000)	(12,489,976)
Forfeitures	980,593	1,024,450	2,005,043
Available for grant - June 30, 2025	<u>1,734,212</u>	<u>1,729,150</u>	<u>3,463,362</u>

### Stock Options

For the three months ended June 30, 2025, a total of 1,720,984 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 \$1.54. For the six months ended June 30, 2025, a total of 9,158,984 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 \$1.42. 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, 2025 and 2024:

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025		Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
Risk-free interest rate	4.03%	4.55%	4.33%	4.04%	4.03%	4.55%	4.33%	4.04%
Expected dividend yield	—	—	—	—	—	—	—	—
Expected term (in years)	5.9	5.9	6.0	6.1	5.9	5.9	6.0	6.1
Expected volatility	89%	89%	89%	89%	89%	89%	89%	89%

The following table summarizes time-based vesting stock option activity during the six months ended June 30, 2025:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding at January 1, 2025	16,220,605	\$ 3.29	8.7	\$ 1,967
Options granted	9,158,984	1.86		
Exercised	(80,228)	1.39		
Options cancelled or forfeited	(1,542,657)	2.00		
Options expired	(69,793)	1.71		
Outstanding at June 30, 2025	<u>23,686,911</u>	<u>\$ 2.83</u>	<u>8.6</u>	<u>\$ 11,796</u>
Options exercisable at June 30, 2025	<u>7,372,805</u>	<u>\$ 4.85</u>	<u>7.7</u>	<u>\$ 3,915</u>

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, 2025, the total unrecognized compensation related to unvested stock option awards granted was \$22.2 million, which the Company expects to recognize over a weighted-average period of approximately 2.8 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. During the six months ended June 30, 2025, 1,065 performance-based stock options were exercised. As of June 30, 2025, 57,281 of the shares subject to the performance-based options were vested and outstanding.

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 \$0.1 million and \$0.3 million for the three and six months ended June 30, 2025, respectively, related to the Modified Options. As of June 30, 2025, the total unrecognized compensation expense related to the Modified Options was \$0.5 million, which the Company expects to recognize over a weighted average period of approximately 1.2 years using the accelerated attribution method. During the six months ended June 30, 2025, 12,395 of the Modified Options were exercised. As of June 30, 2025, 1,504,260 of the Modified Options were outstanding, of which 493,157 were vested. No Modified Options vested during the six months ended June 30, 2025.

### **Restricted Stock Units**

For the six months ended June 30, 2025, the Company issued 3,330,992 RSUs under the New Plan. The RSUs are subject to a service-based vesting condition. The service-based RSUs vest over a period of one to four year years. 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. For RSUs granted in 2024 and later, 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 to elect 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.

The Company's RSU activity for the six months ended June 30, 2025 was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Nonvested at January 1, 2025	4,549,154	\$ 1.82
Restricted units granted	3,330,992	1.91
Vested	(1,246,218)	1.94
Cancelled or forfeited	(362,750)	2.40
Nonvested at June 30, 2025	<u>6,271,178</u>	<u>\$ 1.81</u>

As of June 30, 2025, there were 1,049,338 vested and unsettled RSU awards with a weighted average grant date fair value of \$1.71 per share.

As of June 30, 2025, the total unrecognized compensation cost related to the unvested RSU's was \$9.8 million which is expected to be amortized on a straight-line basis over a weighted-average period of approximately 2.9 years.

### **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 each of the three and six months ended June 30, 2025 and 2024, 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 and RSUs recorded in the condensed consolidated statements of operations for the three and six months ended June 30, 2025 and 2024 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Research and development expense	\$ 1,458	\$ 1,330	\$ 2,882	\$ 2,604
General and administrative expense	1,732	2,002	3,602	3,926
Total	<u>\$ 3,190</u>	<u>\$ 3,332</u>	<u>\$ 6,484</u>	<u>\$ 6,530</u>

### **Note 10—Warrants**

#### **Pre-Funded Warrants**

##### *Pre-Funded Warrants Issued in May 2025*

On May 28, 2025, the Company entered into the May 2025 Underwriting Agreement with the Underwriters to issue and sell 46,868,687 shares of common stock, and, in lieu of common stock to certain investors, pre-funded warrants to purchase 25,858,586 shares of common stock (the "May 2025 Pre-Funded Warrants") in the May 2025 Offering. The offering price to the public was \$2.75 per share of common stock and \$2.749 per May 2025 Pre-Funded Warrant, which was the price to the public of each share of common stock sold in the May 2025 Offering, minus the \$0.001 exercise price per May 2025 Pre-Funded Warrant. The Underwriters agreed to purchase the shares and the May 2025 Pre-Funded Warrants from the Company pursuant to the May 2025 Underwriting Agreement at a price of \$2.585 per share and \$2.584 per May 2025 Pre-Funded Warrant, respectively. The initial closing of the May 2025 Offering occurred on May 30, 2025; no additional May 2025 Pre-Funded Warrants were sold upon the exercise of the Underwriters' option in June 2025.

Each May 2025 Pre-Funded Warrant has an initial exercise price per share of \$0.001, subject to certain adjustments. The May 2025 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 May 2025 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 May 2025 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 May 2025 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.

#### *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.

#### *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 2023 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 2023 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 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.

In April 2025, 9,615,000 of the 2023 Pre-Funded Warrants were exercised on a cashless basis in exchange for 9,607,145 shares of common stock.

### 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, 2025 was \$0.2 million using the Black-Scholes-Merton option pricing model. As of June 30, 2025, 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, 2025:

Risk-free interest rate	3.68%
Expected dividend yield	—
Expected term (in years)	3.9
Expected volatility	91%
Market value of common stock (per share)	\$ 2.31

The following table summarizes changes in the Company’s warrant liability during the six months ended June 30, 2025 (in thousands):

	Warrant Liability	
Balance at January 1, 2025	\$	438
Change in fair value		171
Balance at June 30, 2025	\$	<u>609</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 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, the June 2024 Pre-Funded Warrants and the May 2025 Pre-Funded Warrants are therefore included as outstanding shares as of June 30, 2025 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 for the three and six months ended June 30, 2025 and 2024, respectively (in thousands, except share and per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (26,882)	\$ (20,928)	\$ (48,411)	\$ (44,989)
Weighted-average shares of common stock outstanding used to compute net loss per common share, basic and diluted	297,988,978	232,821,553	283,726,888	232,035,448
Net loss per common share, basic and diluted	\$ (0.09)	\$ (0.09)	\$ (0.17)	\$ (0.19)

The following common stock equivalents outstanding as of June 30, 2025 and 2024 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, 2025	June 30, 2024
Unvested RSUs	6,271,178	4,631,935
Stock options	25,248,452	16,151,088
SSI Warrants	316,667	316,667
Total	31,836,297	21,099,690

#### 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, 2025, 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, 2024.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the United States. The OBBBA includes significant changes, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to certain aspects of the international tax framework and the restoration of favorable tax treatment for certain business expense provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company is currently assessing its impact on its consolidated financial statements.

#### 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. The lawsuits have since been consolidated and a lead plaintiff has been appointed. In October 2024, the lead plaintiff filed an amended complaint asserting 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) 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 and experts. The board of directors of the Company has formed a special litigation committee to investigate the claims and allegations in the amended complaint. On January 27, 2025, the court entered an order staying the litigation until June 30, 2025, while the special litigation committee conducts its investigation. On April 30, 2025, the court extended the stay until September 30, 2025. 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.

In connection with an investigation captioned In the Matter of Taysha Gene Therapies, Inc. (D-04192), Taysha and certain of its officers and directors received subpoenas in late 2024 from the United States Securities and Exchange Commission ("SEC") for materials relating to Taysha's August 2023 PIPE and certain public offerings. Production of materials in response to the subpoenas was completed in April 2025. The SEC investigation is neither a determination that the Company or any individuals have violated any law nor a charge of any wrongdoing.

### ***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, 2025. The Company does not anticipate recognizing any significant losses relating to these arrangements.

### **Note 14 – 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, 2025 and 2024. The Company contributed \$0.3 million to the 401(k) retirement savings plan for each of the six months ended June 30, 2025 and 2024.

### **Note 15 – Segment Information**

The Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM"). The CODM allocates resources and makes operating decisions based on financial information presented on a consolidated basis. The CODM does not evaluate profitability below the level of the consolidated company. Accordingly, the Company has determined that it has a single reportable segment and operating segment structure. The Company views its operations and manages its business as a single operating segment, the gene therapy segment, which is the business of developing AAV-based gene therapies for the treatment of severe monogenic diseases of the central nervous system.

The gene therapy segment derives revenue solely from the Astellas Agreements (see Note 6). The accounting policies of the gene therapy segment are the same as those described in the summary of significant accounting policies.

The CODM reviews significant segment expenses including direct program expenses and compensation expenses as part of the assessment of segment profit and loss. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table presents significant segment expenses for the three and six months ended June 30, 2025 and 2024 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 1,986	\$ 1,112	\$ 4,288	\$ 4,523
Less:				
Research and development program expense				
Program expense	8,373	5,288	12,371	15,486
Consultants and contractors expense	3,263	3,246	6,472	8,094
Compensation expense	10,850	9,142	22,120	17,424
Other segment expense <sup>(a)</sup>	6,382	4,364	11,736	8,508
<b>Consolidated net loss</b>	<b>\$ (26,882)</b>	<b>\$ (20,928)</b>	<b>\$ (48,411)</b>	<b>\$ (44,989)</b>

(a) Other segment expense included in consolidated net loss includes interest income, depreciation, insurance, travel, software and subscription services, legal, professional and consulting expense, rent and facilities expense, other general and administrative expense, impairment of long-lived assets, change in fair value of term loan, change in fair value of warrant liability and other expense.

#### Note 16 – Subsequent Events

On August 7, 2025 (the “Trinity Refinance Date”), the Company entered into a Loan and Security Agreement (the “New Trinity Term Loan Agreement”), by and among the Company, the lenders party thereto from time to time (the “New Trinity Lenders”) and Trinity Capital Inc., as administrative agent and collateral agent for the New Trinity Lenders (“Trinity”). The New Trinity Term Loan Agreement provides for (i) on the Trinity Refinance Date, \$50.0 million aggregate principal amount of term loans (“Tranche A”), (ii) from the Trinity Refinance Date until March 31, 2028 an additional \$25.0 million term loan facility contingent on delivering evidence satisfactory to Trinity that the Company has submitted a biologics license application (“BLA”) to the FDA for TSHA-102 in Rett Syndrome (“Tranche B”), (iii) from the Trinity Refinance Date until March 31, 2029, an additional \$25.0 million term loan facility contingent on delivering evidence satisfactory to Trinity that the Company has received BLA approval from the FDA for TSHA-102 in Rett Syndrome (collectively, the “New Trinity Term Loans”). The Company drew \$50.0 million in term loans on the Trinity Refinance Date. The existing Trinity Term Loan Agreement was terminated and the existing Trinity Term Loans were repaid concurrently with entry into the New Trinity Term Loan Agreement and the draw of Tranche A.

The interest rate applicable to the New Trinity Term Loans is the greater of (a) the WSJ Prime Rate plus 4.00% or (b) 11.50% per annum. The New Trinity Term Loans are interest only from the Trinity Refinance Date through 48 months from the Trinity Refinance Date, which may be extended to 60 months from the Trinity Refinance Date upon the satisfaction of certain milestones set forth in the New Trinity Term Loan Agreement, after which the Company is required to pay equal monthly installments of principal through August 1, 2030 (the “New Maturity Date”).

On the Trinity Refinance Date, the Company paid a commitment fee of \$100,000 to Trinity. Upon any future draw of New Trinity Term Loans, the Company is required to pay an additional commitment fee of 1.00% of the aggregate principal amount of such New Trinity Term Loans.

The New Trinity Term Loans may be prepaid in full (i) from the Trinity Refinance Date through August 7, 2026, with payment of a 3.00% prepayment premium, (ii) from August 8, 2026 through August 7, 2027, with payment of a 2.00% prepayment premium, and (iii) from August 8, 2027 through, but excluding, the New Maturity Date, with payment of a 1.00% prepayment premium. Upon repayment in full of the New 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 New Trinity Term Loans.

In connection with the New Trinity Term Loan Agreement, the Company entered into a Success Fee Agreement with Trinity which specifies the terms regarding a fee in the amount of \$500,000 plus 5% of the principal amount of the funded New Trinity Term Loans under Tranche B (the “New Success Fee”). The New Success Fee is payable upon the achievement of certain corporate development value-inflection milestones. The New Success Fee survives the termination of the New Trinity Term Loans and expires on the earlier of ten years from the Trinity Refinance Date, or payment in full in cash of the New Success Fee.

The obligations under the New 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 New Trinity Term Loan Agreement. There are no financial or minimum cash balance covenants and no warrants associated with the New Trinity Term Loan Agreement. The New 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 New 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.

The New Trinity Term Loan Agreement contains customary representations and warranties, affirmative and negative covenants and 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 New Trinity Lenders may declare all outstanding obligations immediately due and payable and exercise all of its rights and remedies as set forth in the New Trinity Term Loan Agreement and under applicable law.

## 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, 2024 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, 2024, or Annual Report, filed with the Securities and Exchange Commission, or the SEC, on February 26, 2025. 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 for the treatment of females with Rett syndrome in our REVEAL clinical trials. The clinical trials are divided into two parts – Part A and Part B.

Part A includes 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 as a single lumbar intrathecal administration 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. A total of six participants aged 15 to 21 years were treated with TSHA-102 in this study, and enrollment for this trial is complete. Part A also includes the REVEAL Phase 1/2 Pediatric 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 as a single lumbar intrathecal administration in pediatric females aged 5 to 8 years with Rett syndrome due to *MECP2* loss-of-function mutation. The trial is taking place in the United States, Canada and the United Kingdom. A total of six participants aged 6 to 8 years were treated with TSHA-102 in this study, and enrollment for this trial is also complete.

We have completed dosing of the 12 patients in Part A of both REVEAL trials, which includes eight patients in cohort two (high dose,  $1 \times 10^{15}$  total vg) and four patients in cohort one (low dose,  $5.7 \times 10^{14}$  total vg). As of the August 4, 2025 data cutoff, TSHA-102 continues to be generally well tolerated with no treatment-related serious adverse events, or SAEs, or dose-limiting toxicities, or DLTs, in the 12 patients dosed in Part A of the REVEAL trials. We plan to report new supplemental REVEAL Part A clinical data in the fourth quarter of 2025.

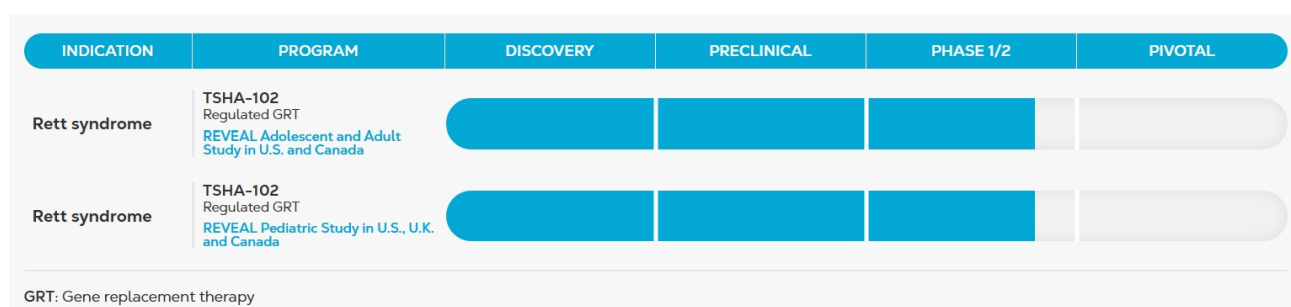
Part B is the pivotal phase of the trial, which includes the REVEAL Part B pivotal trial, a single-arm, open-label study evaluating the efficacy and safety of TSHA-102 in females with Rett syndrome, with each patient serving as their own control. Each participant will receive a single administration of the high dose ( $1 \times 10^{15}$  total vg) of TSHA-102 delivered by lumbar intrathecal injection. The study will enroll 15 females aged 6 to <22 years in the developmental plateau population of Rett syndrome; these patients have an exceedingly low likelihood (0% to <6.7%) of gaining new or regaining developmental milestones that were lost after a defined number of years, based on our analysis of the NIH-funded International Rett Syndrome Foundation’s natural history study data. The primary endpoint will assess response rate, defined as the percentage of patients who gain or regain  $\geq$  one developmental milestone from a list of 28 defined milestones across the core functional domains of communication, fine motor and gross motor, following TSHA-102. We have commenced site activation for the REVEAL pivotal trial evaluating TSHA-102, and patient enrollment is expected to begin in the fourth quarter of 2025.

We are also planning a safety-focused study evaluating the safety and preliminary efficacy of TSHA-102 in the pre-developmental plateau population (aged 2 to <6 years) of females with Rett syndrome, who are in ongoing development. With the goal of enabling treatment across a broad population of patients with Rett syndrome, efficacy data will be extrapolated from the REVEAL pivotal trial evaluating TSHA-102 in the developmental plateau population.

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 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 following 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 ( $5.7 \times 10^{14}$  total vg) across the REVEAL Phase 1/2 Adolescent and Adult trial and the REVEAL Phase 1/2 Pediatric trial.

## 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 table below:



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, 2025, we have funded our operations primarily through: (i) the sale of equity, raising an aggregate of \$901.0 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, our June 2024 Offering (as defined below) and our May 2025 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.

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. On August 7, 2025, we entered into the New Trinity Term Loan Agreement (as defined below) with the New Trinity Lenders (as defined below). We drew \$50.0 million in term loans on the Trinity Refinance Date (as defined below). The existing Trinity Term Loan Agreement with the Trinity Lenders was terminated and the existing Trinity Term Loans were repaid in full concurrently with entry into the New Trinity Term Loans. See “—Recent Developments”.

Since our inception, we have incurred significant operating losses. Our net losses were \$48.4 million for the six months ended June 30, 2025. As of June 30, 2025, we had an accumulated deficit of \$650.7 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 current and 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 contract manufacturing organizations, or CMOs, for the manufacture of current Good Manufacturing Practice, or cGMP, 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.

#### *Clinical and Regulatory Update on TSHA-102*

On May 28, 2025, we announced new clinical data from Part A of the REVEAL Phase 1/2 Adolescent/Adult and Pediatric trials evaluating TSHA-102 in Rett syndrome, as well as key elements of the planned REVEAL pivotal Part B trial design for TSHA-102 following written alignment from the FDA. The alignment reached with the FDA was supported by our analysis of the longitudinal Rett syndrome natural history study, or NHS, data from the International Rett Syndrome Foundation, or IRSF, as well as clinical data from the ongoing REVEAL Phase 1/2 trials. Subsequently, on August 12, 2025, we announced that we commenced site activation activities for the REVEAL pivotal part B trial in accordance with previously aligned upon key design elements, following receipt of a No Objection Letter, or NOL, from Health Canada and feedback from the FDA. As a result, we anticipate beginning patient enrollment for the pivotal trial in the fourth quarter of 2025.

#### *Natural History Study*

The NHS dataset from the IRSF contains data from approximately 1,100 females with confirmed Rett syndrome diagnosis and has up to 14 years of follow-up data. The NHS captures longitudinal data examining the gain, loss, and regain of developmental milestones across core functional domains of Rett syndrome: communication, fine motor function and gross motor function. According to independent third-party caregiver research, these functional skills and activities of daily living are highly important to caregivers of girls with Rett syndrome.

We leveraged a cohort of approximately 1,100 females with up to 14 years of follow up that met our REVEAL trial criteria to

develop age- and time-based cumulative incidence curves that demonstrate the incidence of gaining a new milestone or regaining a milestone that was previously lost. The cumulative incidence models demonstrated distinct age- and time-based trends in developmental milestone acquisition that strengthened our understanding of the longitudinal disease progression in Rett syndrome, substantiated the disease-modifying potential of TSHA-102 and informed our discussions with the FDA on the proposed pivotal trial design for TSHA-102.

The NHS cumulative incidence models demonstrated that patients of six years of age or greater have reached a developmental plateau, with an exceedingly low (ranging from 0% to <6.7%) likelihood of gaining new developmental milestones and regaining developmental milestones that were lost after a defined number of years. We leveraged these findings to establish the developmental plateau population of patients who are six or more years of age.

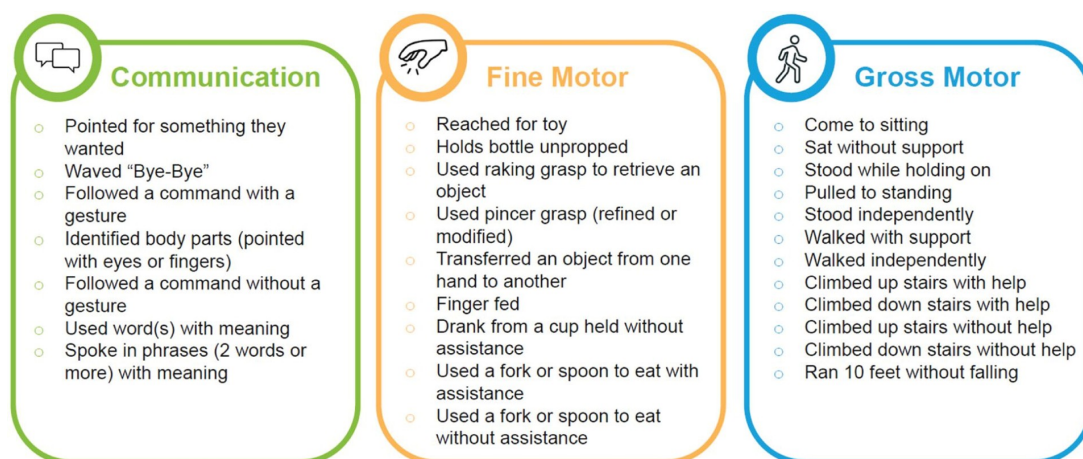
These models of developmental milestone NHS data informed our discussion with the FDA on our proposed pivotal trial design for TSHA-102. We believe the NHS models provide a data-driven, objective approach to assessing clinically meaningful functional gains in a single-arm trial.

### Regulatory Update and Pivotal Part B Trial Design

On May 28, 2025, we announced that we obtained written alignment from the FDA on key elements of our pivotal Part B REVEAL clinical trial design, following formal discussions enabled by the Regenerative Medicine Advanced Therapy, or RMAT, mechanism. Per guidance from the FDA, we submitted our IND application amendment to the FDA and CTA amendment to Health Canada in the second quarter of 2025. Taysha commenced site activation activities for the REVEAL pivotal trial in accordance with previously aligned upon key design elements, following receipt of a NOL from Health Canada and feedback from the FDA. We anticipate beginning patient enrollment for the REVEAL pivotal trial in the fourth quarter of 2025.

The REVEAL pivotal trial is a single-arm, open-label trial that will enroll 15 females aged 6 to <22 years who are in the developmental plateau population of Rett syndrome. Each patient will serve as their own control, and the primary endpoint will assess response rate, defined as the percentage of patients who gain or regain  $\geq$  one developmental milestone from a list of 28 defined milestones across the core functional domains of communication, fine motor and gross motor, following TSHA-102. Standardized milestone assessments will be administered and captured on video at pre- and post-treatment timepoints. Video-evidenced determination of milestone gain/regain will be determined by independent, blinded central raters based on prespecified definitions of achievement for each milestone.

The following 28 developmental milestones are being evaluated in the REVEAL pivotal Part B trial as part of the primary endpoint. These 28 developmental milestones from the NHS dataset were selected based on our caregiver research that demonstrated these milestones would reflect meaningful functional gains and are closely linked to activities of daily living, and based on our cumulative incidence models of the NHS data that demonstrated these milestones have a 0% to <6.7% likelihood of being achieved in the untreated population of females with Rett syndrome aged six years and older. The 28 developmental milestones are depicted in the chart below:



Key secondary endpoints in the REVEAL pivotal trial include the average number of total developmental milestones gained or regained per patient following TSHA-102, as well as clinician-assessed outcome measures, including the Revised Motor Behavior Assessment, or R-MBA, and Clinician Global Impression – Improvement, or CGI-I. We plan to perform a 12-month primary analysis

and a 6-month interim analysis.

We also obtained written alignment from the FDA on an extrapolation approach in a separate safety-focused study, which is planned in addition to the REVEAL pivotal trial. The study will evaluate the safety and preliminary efficacy of TSHA-102 in females aged 2 to <6 years who are in the pre-developmental plateau population of Rett syndrome. Efficacy will be extrapolated from the REVEAL pivotal trial. This approach is intended to enable access across a broad population of patients with Rett syndrome.

*Clinical Data from Part A of Ongoing REVEAL Phase 1/2 Adolescent/Adult and Pediatric Trials*

The clinical trial efficacy data is based on the May 19, 2025, data cutoff, and included a total of 10 females with Rett syndrome (high dose, N=6; low dose, N=4) aged 6-21 years at dosing treated with the high dose ( $1 \times 10^{15}$  total vg) or low dose ( $5.7 \times 10^{14}$  total vg) of TSHA-102. In both clinical trials, 100% of the pediatric, adolescent and adult patients gained or regained one or more defined developmental milestone across the core functional domains of communication, fine motor function, and gross motor function post-TSHA-102 administration, with an approximately 0% likelihood of being achieved without treatment based on natural history data. The developmental milestone gains and regains were determined by multiple independent, central raters, who evaluated functional skills through video evidence at baseline and post-treatment, against predefined binary criteria.

Milestones achieved post TSHA-102 treatment for all 10 patients are depicted in the chart below:

	Cohort 1: Low Dose 5.7x10 <sup>14</sup> total vg				Cohort 2: High Dose 1x10 <sup>15</sup> total vg					
AGE AT DOSING (YEARS)	20	21	6	7	15	21	16	8	6	7
POST-TREATMENT FOLLOW UP	18 mos.	18 mos.	12 mos.	12 mos.	9 mos.	9 mos.	6 mos.	6 mos.	6 mos.	3 mos.
	Developmental Milestone Gained Post-TSHA-102				Developmental Milestone Gained Post-TSHA-102					

Developmental milestone gains and regains were assessed by multiple independent central raters, who evaluated functional skills through video evidence at baseline and post-treatment, applying predefined binary criteria.

A total of 22 developmental milestones were achieved across the 10 patients. Developmental milestones were achieved early post-TSHA-102 administration, with new gains/regains demonstrated over time. The high dose cohort achieved a 100% responder rate 25% faster than the low dose cohort, supporting the accelerated functional benefit observed with the high dose.

A summary of the developmental milestones that were gained or regained in the REVEAL trials across the core functional domains of Rett syndrome post-TSHA-102 treatment is summarized in the chart below:

**Communication**

- Spoke in phrases (2 words or more) with meaning
- Used word(s) with meaning
- Followed a command without a gesture
- Followed a command with a gesture
- Pointed for something they wanted
- Identified body parts

Enable expression of needs, preferences, emotions, and foster social connections

**Fine Motor**

- Holds bottle unpropped
- Finger fed
- Reached for a toy
- Transferred an object from one hand to another

Reflect self-care skills and purposeful hand use that enable independence

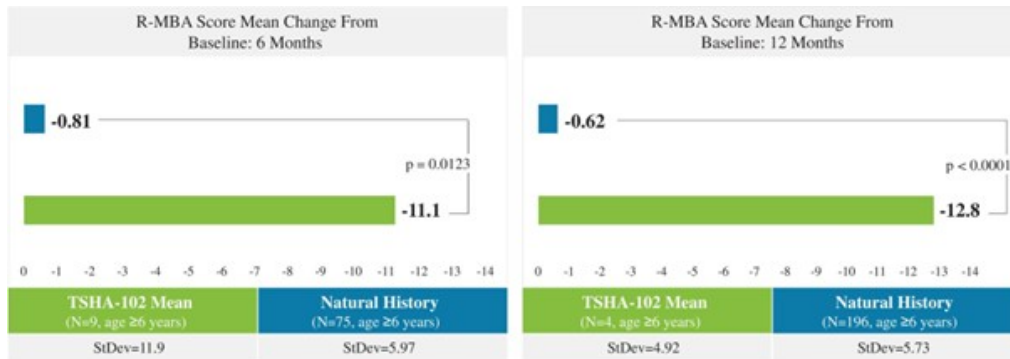
**Gross Motor**

- Walked with support
- Stood while holding on
- Pulled to standing
- Sat without support

Enhance mobility and independence, and reduce the physical burden of caregiving

The high dose cohort consistently outperformed the low dose cohort in Part A of the REVEAL trials across multiple outcome measures. Specifically, improvements were observed across multiple clinician-assessed outcome measures, including R-MBA, and CGI-I, which corroborated the developmental milestone gains/regains demonstrated post-TSHA-102.

Patients demonstrated a statistically significant mean R-MBA score improvement post-TSHA-102 administration compared to natural history data at both six- and 12-months post-treatment. The improvement in R-MBA score at six- and 12-months post-treatment is depicted in the graphs below:



TSHA-102 also demonstrated early global improvement, with dose-dependent effects deepening over time, in CGI-I. The high dose cohort consistently outperformed the low dose cohort in CGI-I at the comparable time points of three months, six months and nine months post-treatment. The CGI-I score improvement for both cohorts are summarized in the below table:

	3 months	6 months	9 months	12 months	18 months
<b>Low Dose: Average CGI-I Score</b>	<b>3.0</b> (N=4)	<b>2.3</b> (N=4)	<b>3.0</b> (N=2)	<b>3.3</b> (N=4)	<b>2.0</b> (N=2)
<b>High Dose: Average CGI-I Score</b>	<b>2.7</b> (N=6)	<b>2.0</b> (N=5)	<b>1.0</b> (N=2)		

Time Post TSHA-102: 3 months — 6 months — 9 months — 12 months — 18 months

The high dose cohort continually outperformed the low dose cohort across key outcome measures six months post-treatment, with dose-dependent effects deepening over time at nine months or greater post-treatment. A summary of the dose-dependent effects is depicted in the chart below:

Endpoint		Low Dose Cohort	High Dose Cohort	Dose-dependent Response?
Developmental Milestones	Responder Rate (%)	100% by 12 months	100% by 9 months	✓
	Responder Rate at 6 Months (%)	75%	83%	
R-MBA <sup>1</sup>	Patients with R-MBA Improvement (%) at latest visit	100%	100%	✓
	Mean Score Improvement at 6 Months	-9.8	-12.2	
	Mean Score Improvement at ≥9 Months	-11.5	-18.0	
CGI-I	Patients with CGI-I Improvement (%) at latest visit	75%	100%	✓
	Mean CGI-I Score at 6 Months	2.3	2.0	
	Mean CGI-I Score at ≥9 Months	2.8	1.0	
CGI-S	Patients with CGI-S Improvement (%) at latest visit	25%	33%	✓

R-MBA mean score change post-TSHA-102 is relative to baseline; lower score=improvement from baseline

In both the high dose and low dose cohorts of the TSHA-102 REVEAL clinical trials, TSHA-102 was generally well tolerated with no treatment-related serious adverse events, or SAEs, or dose limiting toxicities, or DLTs, as of the August 4, 2025 data cutoff for 12 patients aged 6-21 years (high dose, N=8; low dose, N=4).

Detailed safety data from the May 20, 2025 data cutoff for 12 patients aged 6-21 years (high dose, N=8; low dose, N=4) are detailed below. The treatment-emergent adverse events, or AEs, related to TSHA-102 were mild to moderate in severity. In addition, seizures have generally been well controlled following TSHA-102 administration. The number of adverse events across 12 pediatric, adolescent and adult patients is summarized in the table below:

Number of Events Across 12 Pediatric, Adolescent and Adult Patients Dosed in Part A of REVEAL Phase 1/2 Trials						
	Low Dose 5.7x10 <sup>14</sup> vg (N=4)		High Dose 1x10 <sup>15</sup> vg (N=8)		Total (N=12)	
	N	E	N	E	N	E
TEAE Related to TSHA-102:	4	[10]	5	[14]	9	[24]
Serious TEAE Unrelated to TSHA-102:	2	[7]	4	[6]	6	[13]
Serious TEAE Related to TSHA-102:	0	0	0	0	0	0

\*Includes the following: hepatic enzyme increased, hypertransaminasemia, transaminases increased, and liver function test increased

- All treatment emergent adverse events, or TEAEs, related to TSHA-102 were mild-moderate in severity, with the most common being elevated liver enzymes\* (N=4, 33%), pyrexia (N=3, 25%), lethargy (N=2, 17%), and elevated levels of neurofilament light protein in cerebrospinal fluid, (clinically insignificant) (N=2, 17%)
- Expected transaminase elevations observed
  - Majority experience mild elevations <2x upper limit of normal (ULN)
  - Acute excursions (>5x ULN) less common, clinically asymptomatic and steroid treatment-responsive
- Seizures have generally been well controlled following TSHA-102

## 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, 2025.

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 and March 2025, 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, 2025.

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, 2025.

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 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, such data package the "Rett Data Package" and 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 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. We delivered the Rett Data Package to Astellas in mid-2025. Under the Option Agreement, Astellas must decide whether to exercise the Rett Option within 90 days after Astellas' receipt of the Rett Data Package.

The parties have agreed that, if Astellas exercises the Rett 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 Rett Products.

### **Recent Developments**

On August 7, 2025, or the Trinity Refinance Date, we entered into a Loan and Security Agreement, or the New Trinity Term Loan Agreement, by and among us, the lenders party thereto from time to time, or the New Trinity Lenders, and Trinity Capital Inc., as administrative agent and collateral agent for the New Trinity Lenders, or Trinity. The New Trinity Term Loan Agreement provides for (i) on the Trinity Refinance Date, \$50.0 million aggregate principal amount of term loans, or Tranche A (ii) from the Trinity Refinance Date until March 31, 2028 an additional \$25.0 million term loan facility contingent on delivering evidence satisfactory to Trinity that we have submitted a biologics license application, or BLA, acceptance to the FDA for TSHA-102 in Rett Syndrome, or Tranche B, (iii) from the Trinity Refinance Date until March 31, 2029, an additional \$25.0 million term loan facility contingent on delivering evidence satisfactory to Trinity that we have received BLA approval from the FDA for TSHA-102 in Rett Syndrome (collectively, the "New Trinity Term Loans"). We drew \$50.0 million in term loans on the Trinity Refinance Date. The existing

Trinity Term Loan Agreement was terminated and the existing Trinity Term Loans were repaid concurrently with entry into the New Trinity Term Loan Agreement and the draw of Tranche A.

The interest rate applicable to the New Trinity Term Loans is the greater of (a) the WSJ Prime Rate plus 4.00% or (b) 11.50% per annum. The New Trinity Term Loans are interest only from the Trinity Refinance Date through 48 months from the Trinity Refinance Date, which may be extended to 60 months from the Trinity Refinance Date upon the satisfaction of certain milestones set forth in the New Trinity Term Loan Agreement, after which we are required to pay equal monthly installments of principal through August 1, 2030, or the New Maturity Date.

On the Trinity Refinance Date, we paid a commitment fee of \$100,000 to Trinity. Upon any future draw of New Trinity Term Loans, we are required to pay an additional commitment fee of 1.00% of the aggregate principal amount of such New Trinity Term Loans.

The New Trinity Term Loans may be prepaid in full (i) from the Trinity Refinance Date through August 7, 2026, with payment of a 3.00% prepayment premium, (ii) from August 8, 2026 through August 7, 2027, with payment of a 2.00% prepayment premium, and (iii) from August 8, 2027 through, but excluding, the New Maturity Date, with payment of a 1.00% prepayment premium. Upon repayment in full of the New Trinity Term Loans, we will pay to Trinity an end of term payment equal to 5.00% of the original principal amount of the New Trinity Term Loans.

In connection with the New Trinity Term Loan Agreement, we entered into a Success Fee Agreement with Trinity which specifies the terms regarding a fee in the amount of \$500,000 plus 5% of the principal amount of the funded New Trinity Term Loans under Tranche B, or the New Success Fee. The New Success Fee is payable upon the achievement of certain corporate development value-inflection milestones. The New Success Fee survives the termination of the New Trinity Term Loans and expires on the earlier of ten years from the Trinity Refinance Date, or payment in full in cash of the New Success Fee.

The obligations under the New 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 New Trinity Term Loan Agreement. There are no financial covenants and no warrants associated with the New Trinity Term Loan Agreement. The New 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 New 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 New Trinity Term Loan Agreement contains customary representations and warranties, affirmative and negative covenants and 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 New Trinity Lenders may declare all outstanding obligations immediately due and payable and exercise all of its rights and remedies as set forth in the New Trinity Term Loan Agreement and under applicable law.

## **Components of Results of Operations**

### ***Revenue***

Revenue for the six months ended June 30, 2025 and 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 must be recognized at a point in time when the option is exercised or the option period expires.

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 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 have increased, and expect to continue to increase for the foreseeable future, our research and development spend with respect to the Rett clinical trials 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 of our CMOs 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 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, 2025 and 2024**

The following table summarizes our results of operations for the three months ended June 30, 2025 and 2024 (in thousands):

	<b>For the Three Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue</b>	\$ 1,986	\$ 1,112
<b>Operating expenses:</b>		
Research and development	20,141	15,073
General and administrative	8,598	7,338
Total operating expenses	<u>28,739</u>	<u>22,411</u>
<b>Loss from operations</b>	<u>(26,753)</u>	<u>(21,299)</u>
<b>Other income (expense):</b>		
Change in fair value of warrant liability	(273)	195
Change in fair value of term loan	(1,461)	(1,279)
Interest income	1,859	1,440
Interest expense	(17)	(27)
Other (expense) income	(237)	42
Total other income (expense), net	<u>(129)</u>	<u>371</u>
<b>Net loss</b>	<u>\$ (26,882)</u>	<u>\$ (20,928)</u>

### **Revenue**

Revenue related to the Astellas Transactions was \$2.0 million for the three months ended June 30, 2025, compared to \$1.1 million for the three months ended June 30, 2024. The revenue recorded is the result of Rett research and development activities performed during the respective three month periods ended June 30, 2025 and 2024.

### **Research and Development Expenses**

Research and development expenses were \$20.1 million for the three months ended June 30, 2025, compared to \$15.1 million for the three months ended June 30, 2024. The \$5.0 million increase was primarily driven by BLA-enabling process performance qualification manufacturing initiatives, clinical trial activities and higher compensation expenses during the three months ended June 30, 2025.

### **General and Administrative Expenses**

General and administrative expenses were \$8.6 million for the three months ended June 30, 2025, compared to \$7.3 million for the three months ended June 30, 2024. The increase of \$1.3 million was primarily due increases in legal 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 \$0.3 million for the three months ended June 30, 2025 related to the SSI Warrants (as defined below). Change in fair value of warrant liability was a non-cash gain totaling \$0.2 million for the three months ended June 30, 2024 due to the increase in the fair value of the common stock underlying 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 \$1.5 million of expense for the three months ended June 30, 2025 compared to \$1.3 million of expense for the three months ended June 30, 2024.

#### *Interest Income*

Interest income was \$1.9 million for the three months ended June 30, 2025 compared to \$1.4 million for the three months ended June 30, 2024. The increase in income was attributable to higher dividends earned from our money market fund and higher interest earned on our savings account due to the May 2025 financing proceeds.

### **Results of Operations for the Six Months ended June 30, 2025 and 2024**

The following table summarizes our results of operations for the six months ended June 30, 2025 and 2024 (in thousands):

	For the Six Months Ended June 30,	
	2025	2024
<b>Revenue</b>	\$ 4,288	\$ 4,523
<b>Operating expenses:</b>		
Research and development	35,706	35,730
General and administrative	16,756	14,422
Total operating expenses	52,462	50,152
<b>Loss from operations</b>	(48,174)	(45,629)
<b>Other (expense) income:</b>		
Change in fair value of warrant liability	(171)	(142)
Change in fair value of term loan	(2,991)	(2,332)
Interest income	3,185	3,133
Interest expense	(36)	(56)
Other (expense) income	(224)	37
Total other (expense) income, net	(237)	640
<b>Net loss</b>	\$ (48,411)	\$ (44,989)

#### **Revenue**

Revenue related to the Astellas Transactions was \$4.3 million for the six months ended June 30, 2025, compared to \$4.5 million for the three months ended June 30, 2024. The revenue recorded is the result of Rett research and development activities performed during the respective six month periods ended June 30, 2025 and 2024.

#### **Research and Development Expenses**

Research and development expenses were \$35.7 million for each of the six months ended June 30, 2025 and 2024, respectively. Compensation expenses increased during the six months ended June 30, 2025 as a result of higher research and development headcount. Clinical trial expenses also increased during the six months ended June 30, 2025 due to ongoing clinical trial efforts in the Rett REVEAL adult and pediatric studies. The increases in compensation and clinical trial expenses for the six months ended June 30, 2025 were offset by lower GMP manufacturing expenses and other research and development expenses as compared to the six months ended June 30, 2024.

### ***General and Administrative Expenses***

General and administrative expenses were \$16.8 million for the six months ended June 30, 2025, compared to \$14.4 million for the six months ended June 30, 2024. The increase of \$2.4 million was primarily due to increases in legal and professional fees.

### ***Other Income (Expense)***

#### *Change in fair value of warrant liability*

Change in fair value of warrant liability was a non-cash loss totaling \$0.2 million for the six months ended June 30, 2025 related to the SSI Warrants (as defined below). Change in fair value of warrant liability was a non-cash loss totaling \$0.1 million for the six months ended June 30, 2024.

#### *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 \$3.0 million of expense for the six months ended June 30, 2025 compared to \$2.3 million of expense for the six months ended June 30, 2024.

#### *Interest Income*

Interest income was \$3.2 million for the six months ended June 30, 2025 compared to \$3.1 million for the six months ended June 30, 2024. The increase in income was attributable higher dividends earned from our money market fund and higher interest earned on our savings account due to the May 2025 financing proceeds.

## **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, 2025, we had cash and cash equivalents of \$312.8 million. We have funded our operations primarily through equity financings, raising an aggregate of \$901.0 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. The Trinity Term Loan Agreement provided for, on the Trinity Closing Date, \$40.0 million aggregate principal amount of 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 were interest only from the Trinity Closing Date through 36 months from the Trinity Closing Date, which could have been 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 could have been 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.

On August 7, 2025, we entered into the New Trinity Term Loan Agreement. Pursuant to the terms of the New Trinity Term Loan Agreement, on the Trinity Refinance Date, we repaid our existing Trinity Term Loans concurrently with entry into the New Trinity Term Loan Agreement and the \$50.0 million draw of Tranche A. The New Trinity Term Loans are interest only from the Trinity Refinance Date through 48 months from the Trinity Refinance Date, which may be extended to 60 months from the Trinity Refinance Date upon the satisfaction of certain milestones set forth in the New Trinity Term Loan Agreement, after which we are required to pay equal monthly installments of principal through August 1, 2030, or the New Maturity Date. See “— Recent Developments.”

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, 2025. On December 13, 2024, we filed a new shelf registration statement on Form S-3 following the expiration of our prior registration statement, 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 \$300.0 million, including up to \$100.0 million shares of common stock that may be offered and sold pursuant to the Sales Agreement. On May 28, 2025, we notified the Sales Agents that we were suspending and terminating the prospectus, or the ATM Prospectus, related to up to \$100.0 million of our common stock issuable pursuant to the Sales Agreement. We will not make any sales of our securities pursuant to the Sales Agreement unless and until a new prospectus, prospectus supplement or a new registration statement is filed. Other than the termination of the ATM Prospectus, the Sales Agreement remains in full force and effect.

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.

On October 26, 2022, we entered into an Underwriting Agreement to issue and sell 14,000,000 shares of our common stock, par value \$0.00001 per share, in an underwritten public offering pursuant to effective registration statement on Form S-3 and a related prospectus and prospectus supplement, or the Underwriting Agreement. The offering price to the public was \$2.00 per share and the Underwriter purchased the shares from us pursuant to the Underwriting Agreement at a price of \$1.88 per share. In addition, we granted the Underwriter an option to purchase, for a period of 30 days, up to an additional 2,100,000 shares of our common stock. The Follow-on Offering closed on October 31, 2022 and we received net proceeds of \$26.0 million after deducting underwriting discounts, commissions and offering expenses. On November 10, 2022, the Underwriter exercised their 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 2023 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, pursuant to an effective shelf registration statement on Form S-3 and a related prospectus and prospectus supplement, or 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 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 \$6.7 million, after deducting underwriting discounts and commissions and offering expenses. The total net proceeds received from the June 2024 Offering were \$76.7 million after deducting underwriting discounts, commissions and other offering expenses payable by us.

On May 28, 2025, we entered into an underwriting agreement, or the May 2025 Underwriting Agreement, with Jefferies LLC, BofA Securities, Inc., Piper Sandler & Co. and Barclays Capital Inc., as representatives of the several underwriters set forth therein, or, collectively, the Underwriters, to issue and sell 46,868,687 shares of our common stock and pre-funded warrants to purchase 25,858,586 shares of our common stock, or the May 2025 Pre-Funded Warrants, pursuant to an effective shelf registration statement on Form S-3 and a related prospectus and prospectus supplement, or the May 2025 Offering. The offering price to the public was \$2.75 per share of common stock and \$2.749 per May 2025 Pre-Funded Warrant, which is the price to the public of each share of common stock sold in the May 2025 Offering, minus the \$0.001 exercise price per May 2025 Pre-Funded Warrant. The Underwriters purchased the shares and the May 2025 Pre-Funded Warrants from us pursuant to the May 2025 Underwriting Agreement at a price of \$2.585 per share and \$2.584 per pre-funded warrant, respectively. The initial closing of the May 2025 Offering occurred on May 30, 2025. In addition, we granted the Underwriters an option to purchase, for a period of 30 days, up to an additional 10,909,090 shares of our common stock, which the Underwriters exercised in full on June 6, 2025. The total net proceeds received from the May 2025 Offering were \$215.6 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 have increased and expect to continue to increase our research and development and general and administrative 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, 2025, our material cash requirements consisted of \$26.9 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 \$19.5 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 2028. 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, 2025 and 2024 (in thousands):

	<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Net cash used in operating activities	\$ (42,202)	\$ (41,302)
Net cash used in investing activities	(309)	(341)
Net cash provided by financing activities	216,236	70,446
Net change in cash, cash equivalents and restricted cash	<u>\$ 173,725</u>	<u>\$ 28,803</u>

### **Operating Activities**

For the six months ended June 30, 2025, our net cash used in operating activities of \$42.2 million primarily consisted of a net loss of \$48.4 million, primarily attributable to our spending on research and development expenses. The net loss of \$48.4 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 \$2.1 million, net. Additional cash used in operating assets and liabilities of \$2.3 million was primarily attributable to a decrease in deferred revenue of \$4.3 million, partially offset by an increase in accounts payable of \$3.9 million.

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.

### ***Investing Activities***

During the six months ended June 30, 2025, investing activities used \$0.3 million of cash primarily attributable to the purchase of lab equipment and computer equipment.

During the six months ended June 30, 2024, investing activities used \$0.3 million of cash primarily attributable to the purchase of lab equipment.

### ***Financing Activities***

During the six months ended June 30, 2025, financing activities provided \$216.2 million of cash, which is primarily attributable to the closing of the May 2025 Offering.

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.

### **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, 2025, 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. The lawsuits have since been consolidated and a lead plaintiff has been appointed. In October 2024, the lead plaintiff filed an amended complaint asserting 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) 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 and experts. The board of directors of the Company has formed a special litigation committee to investigate the claims and allegations in the amended complaint. On January 27, 2025, the court entered an order staying the litigation until June 30, 2025, while the special litigation committee conducts its investigation. On April 30, 2025, the court extended the stay until September 30, 2025. 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.

In connection with an investigation captioned In the Matter of Taysha Gene Therapies, Inc. (D-04192), Taysha and certain of its officers and directors received subpoenas in late 2024 from the United States Securities and Exchange Commission ("SEC") for materials relating to Taysha's August 2023 PIPE and certain public offerings. Production of materials in response to the subpoenas was completed in April 2025. The SEC investigation is neither a determination that the Company or any individuals have violated any law nor a charge of any wrongdoing.

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, 2024, filed with the Securities and Exchange Commission on February 26, 2025.

#### 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 May 2025, we announced clinical data from adult/adolescent and pediatric patients treated in the Phase 1/2 REVEAL trials of TSHA-102. However, those observations may not endure as patients continue their follow-up visits as part of the 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.

Further, others, including regulatory authorities, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the approvability or commercialization of the particular product candidate or product and our business in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular drug, product candidate or our business. If the top-line data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for and commercialize any of our product candidates, our business, operating results, prospects or financial condition may be harmed.

***We are substantially dependent on the success of our lead product candidate, TSHA-102. There is no guarantee that we will be able to successfully develop and commercialize TSHA-102. If we are unable to complete development of, obtain regulatory approval for and commercialize TSHA-102 in one or more indications and in a timely manner, our business, financial condition, results of operations and prospects will be significantly harmed.***

We are substantially dependent on the success of our lead product candidate, TSHA-102, which is currently our sole product candidate in clinical development. We are still developing TSHA-102 and it cannot be marketed or sold in the United States or in foreign markets until regulatory approval has been obtained from the FDA or applicable foreign regulatory agencies. The process of obtaining regulatory approval is expensive and time consuming. The FDA and foreign regulatory authorities may never approve TSHA-102 for sale and marketing, and even if TSHA-102 is ultimately approved, regulatory approval may be delayed or limited in the United States or in other jurisdictions. Even if we are authorized to sell and market TSHA-102 in one or more markets, there is no assurance that we will be able to successfully market TSHA-102 or that TSHA-102 will achieve market acceptance sufficient to generate profits. If we are unable to successfully develop and commercialize TSHA-102 due to failure to obtain regulatory approval for TSHA-102, to successfully market TSHA-102, to generate profits from the sale of TSHA-102, or due to other risk factors outlined in this report, it would have material adverse effects on our business, financial condition, and results of operations.

In October 2022, we entered into the Option Agreement, pursuant to which we granted the Rett Option to Astellas. Subject to certain limited extensions, Astellas may exercise the Rett Option through the Rett Option Period, following Astellas' receipt of the Rett Data Package. We delivered the Rett Data Package to Astellas in mid-2025. Under the Option Agreement, Astellas must decide whether to exercise the Rett Option within 90 days after Astellas' receipt of the Rett Data Package, which would then trigger a good faith negotiation period. Under the Option Agreement, we also granted to Astellas certain rights with respect to a change of control of our company during the Rett Option Period. These rights include, but are not limited to, a right of first offer in the event that we receive an offer or proposal from a third party that would result in a change of control, and we have 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, 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 us 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, we will have the ability to solicit third party bids for a change of control transaction. In addition, we have agreed that if, during the Rett Option Period, Astellas submits an offer for a transaction that would result in a change of control of our company, we will negotiate with Astellas in good faith the potential terms and conditions of such a transaction for 45 days. If we are unable to mutually agree on such terms, such right of first offer will expire.

Because we are substantially dependent on TSHA-102, which is our sole product candidate in clinical development, we believe that if Astellas exercises the Rett Option, such exclusive license of TSHA-102 would constitute a sale of substantially all of the assets of our company, which would result in a change of control requiring stockholder approval. It is possible that Astellas will not exercise the Rett Option. If Astellas does exercise the Rett Option, Astellas may not agree with our assessment that the exercise of the Rett Option for the exclusive license of TSHA-102 would result in a change of control, and we cannot predict whether or how the parties would resolve such dispute. While it is inherently difficult to assess the potential outcome of any such dispute, we may be exposed to additional risks as a result, including, but not limited to, reputational harm and litigation, and we can provide no assurances that we will prevail in any such litigation. If Astellas exercises the Rett option and it were determined that such exclusive license does not constitute a sale of substantially all of the assets of our company, and the exercise of the Rett Option is not an offer that would result in a change of control, under the Option Agreement, the parties are obligated to negotiate the terms of the license agreement in good faith for a period of 130 days. If the parties are unable to mutually agree on such terms within 120 days, the terms of such license agreement may, at Astellas' discretion, be determined by "baseball arbitration," wherein each party is required to submit a proposed final license agreement to the arbitrators, and the arbitrators are required to select one of the proposed license agreements without modification. Given our substantial reliance on TSHA-102, if we enter into a license agreement for TSHA-102 and we are unable to develop other product candidates at that time, it could have a material adverse effect on our business, financial condition, results of operations and prospects, including, but not limited to, the potential cessation of our operations or the need to begin development of any of our preclinical programs.

***We have not yet completed testing of any product candidate in clinical trials. Success in preclinical studies or earlier clinical trials, including our Phase 1/2 REVEAL trials of TSHA-102, may not be indicative of results in future clinical trials, or provide support for the submission of a marketing application.***

Success in preclinical testing and early clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the efficacy and safety of a product candidate. Preclinical tests and Phase 1 and Phase 2 clinical trials are primarily designed to test safety, to study pharmacokinetics and pharmacodynamics and to understand the side effects of product candidates at various doses and schedules. Success in preclinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. For example, we may be unable to identify suitable animal disease models for our product candidates, which could delay or frustrate our ability to proceed into clinical

trials or obtain marketing approval. Our product candidates, including TSHA-102, may fail to show the desired safety and efficacy in clinical development despite positive results in preclinical studies or having successfully advanced through initial clinical trials. Any such outcome would cause us to cease development of TSHA-102, which is currently our only product candidate in clinical development. Our Phase 1/2 clinical trials of TSHA-102 involve small patient populations and duration of treatment has been relatively short. Because of the small sample sizes, the results of these trials may not be indicative of results of future clinical trials. Further, although other gene therapy clinical trials conducted by others also utilized AAV9 vectors, these trials should not be relied upon as evidence that our planned clinical trials will succeed.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in preclinical testing and earlier-stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, we may experience regulatory delays or rejections as a result of many factors, including changes in regulatory policy during the period of our product candidate development. Any such delays could negatively impact our business, financial condition, results of operations and prospects.

***As an organization, we have never conducted pivotal clinical trials, and may be unable to do so for any product candidates we may develop, including TSHA-102.***

We will need to successfully complete our ongoing and planned clinical trials, including pivotal clinical trials, in order to obtain FDA and comparable foreign regulatory approval to market our product candidates. Carrying out later-stage clinical trials and the submission of a successful biologics license application, or BLA, and comparable foreign application is a complicated process. As an organization, we have initiated Phase 1/2 clinical trials, have not previously conducted any later stage or pivotal clinical trials, but have limited experience in preparing, submitting and prosecuting regulatory filings and have not previously submitted a BLA or comparable foreign application for any product candidate.

In addition, we have had limited interactions with the FDA and comparable foreign regulatory authorities and cannot be certain how many additional clinical trials of TSHA-102 will be required or how such trials should be designed. Although we have received feedback from the FDA on the design of Part B of our clinical trial of TSHA-102, there is no assurance that our trial design will be sufficient for FDA approval. Consequently, we may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to BLA submission or comparable foreign application and approval of TSHA-102. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of TSHA-102. Failure to commence or complete, or delays in, our planned clinical trials, could prevent us from or delay us in commercializing TSHA-102.

#### **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 stockholder derivative lawsuits asserting claims against certain of our current and former directors, among others, in the Court of Chancery of the State of Delaware. These lawsuits, which have since been consolidated, seek, among other relief, a declaration that certain defendants were unjustly enriched, unspecified monetary damages, disgorgement of certain alleged profits received by defendants, and reasonable costs and expenses, including attorneys' fees, and other relief. We have not recorded a liability related to these lawsuits because, at this time, we are unable to reasonably estimate possible losses or gains or determine whether an unfavorable outcome is either probable or remote. Our board of directors has formed a special litigation committee to investigate the claims and allegations in the amended complaint, which is ongoing. In connection with an investigation captioned In the Matter of Taysha Gene Therapies, Inc. (D-04192), we and certain of our officers and directors received subpoenas in late 2024 from the SEC for materials relating to our August 2023 PIPE and certain public offerings. The SEC investigation is neither a determination that the Company or any individuals have violated any law nor a charge of any wrongdoing. See "Item 3-Legal Proceedings" and "Part II, Item 8, Note 13-Commitments and Contingencies" in the 2024 Form 10-K for more information and "Part I, Item 2, Note 13-Commitments and Contingencies" in our First Quarter 2025 Form 10-Q for more information about each of these matters.

Due to the inherent uncertainties in legal proceedings, we cannot accurately predict the duration, scope or 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.

***Healthcare legislative or regulatory reform measures may have a negative impact on our business and results of operations.***

In the United States and some foreign jurisdictions, there have been, and continue to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of product candidates, restrict or regulate post-approval activities, and affect our ability to profitably sell any product candidates for which we obtain marketing approval.

Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. For example, The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively the ACA, substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry.

There have been judicial, congressional, and executive branch challenges to certain aspects of the ACA, including efforts to repeal or replace certain aspects of the ACA. For example, on August 16, 2022, the Inflation Reduction Act of 2022, or the IRA, was signed into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and creating a new manufacturer discount program. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. It is also unclear how any additional healthcare reform measures of the second Trump administration will impact the ACA and our business.

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of 2% per fiscal year pursuant to the Budget Control Act of 2011, which began in 2013, and due to subsequent legislative amendments to the statute, will remain in effect until 2032, unless additional congressional action is taken. These laws may result in additional reductions in Medicare and other healthcare funding, which could have an adverse effect on customers for our product candidates, if approved, and, accordingly, our financial operations. Additionally, on March 11, 2021, the American Rescue Plan Act of 2021 was signed into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, effective January 1, 2024.

Additionally, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several recent Presidential executive orders, congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. At the federal level, the IRA, among other things, (i) directs Health and Human Services, or HHS, to negotiate the price of certain high-expenditure, single-source biologics that have been on the market for at least 11 years covered under Medicare, or the Medicare Drug Price Negotiation Program, and subject drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" for such drugs and biologics under the law, and (ii) imposes rebates with respect to certain drugs and biologics covered under Medicare Part B or Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. These provisions began to take effect progressively starting in fiscal year 2023. On August 15, 2024, HHS announced the agreed-upon price of the first ten drugs that were subject to price negotiations, although the Medicare Drug Price Negotiation Program is currently subject to legal challenges. On January 17, 2025, HHS selected fifteen additional products covered under Part D for price negotiation in 2025. Each year thereafter more Part B and Part D products will become subject to the Medicare Drug Price Negotiation Program. Further, on December 7, 2023, an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act was announced. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that these and other healthcare reform measures that may be adopted in the future may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved drug. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our drugs. The current Trump administration is pursuing policies to reduce regulations and expenditures across government including at HHS, the FDA, Centers for Medicare & Medicaid Services and related agencies. These actions, presently directed by executive orders or memoranda from the Office of Management and Budget, may propose policy changes that create additional uncertainty for our business. These actions include, for example, directives to reduce agency workforce, program cuts, rescinding a Biden administration executive order tasking the Center for Medicare & Medicaid Innovation to consider new payment and healthcare models to limit drug spending and eliminating the Biden administration's executive order that directed HHS to establishing an AI task force and developing a strategic plan, directing HHS to lower prescription drug costs for Medicare through a variety of initiatives, including by improving upon the Medicare Drug Price Negotiation Program, and directing certain federal agencies to enforce existing law regarding hospital and plan price transparency and by standardizing prices across hospitals and health plans. Additionally, in its June 2024 decision in *Loper Bright Enterprises v. Raimondo*, the U.S. Supreme Court overturned the longstanding *Chevron* doctrine, under which courts were required to give deference to regulatory agencies' reasonable interpretations of ambiguous federal statutes. The *Loper Bright* decision could result in additional legal challenges to current regulations and guidance issued by federal agencies applicable to our operations, including those issued by the FDA.

In addition, FDA and comparable foreign regulatory regulations and guidance may be revised or reinterpreted by the FDA or the comparable foreign regulatory in ways that may significantly affect our business and our products. Any new regulations or guidance, or revisions or reinterpretations of existing regulations or guidance, may impose additional costs or lengthen FDA review times for TSHA-102 or any future product candidates. We cannot determine how changes in regulations, statutes, policies, or interpretations when and if issued, enacted or adopted, may affect our business in the future. Such changes could, among other things, require:

- additional clinical trials to be conducted prior to obtaining approval;
- changes to manufacturing methods;
- recalls, replacements, or discontinuance of one or more of our products; and
- additional recordkeeping.

For instance, the regulatory landscape related to clinical trials in the European Union recently evolved. The EU Clinical Trials Regulation, or CTR, which was adopted in April 2014 and repeals the EU Clinical Trials Directive, became applicable on January 31, 2022. The CTR allows sponsors to make a single submission to both the competent authority and an ethics committee in each EU Member State, leading to a single decision for each EU Member State. The assessment procedure for the authorization of clinical trials has been harmonized as well, including a joint assessment by all EU Member States concerned, and a separate assessment by each EU Member State with respect to specific requirements related to its own territory, including ethics rules. Each EU Member State's decision is communicated to the sponsor via the centralized EU portal. Once the clinical trial is approved, clinical study development may proceed. The CTR foresees a three-year transition period. The extent to which ongoing and new clinical trials will be governed by the CTR varies. For clinical trials in relation to which application for approval was made on the basis of the Clinical Trials Directive before January 31, 2023, the Clinical Trials Directive continued to apply on a transitional basis until January 31, 2025, by which date all ongoing trials under the Clinical Trials Directive became subject to the provisions of the CTR and all new trials since January 31, 2023 have been subject to the CTR. Compliance with the CTR requirements by us and our third-party service providers, such as CROs, may impact our developments plans.

In addition, on April 26, 2023, the European Commission adopted a proposal for a new Directive and Regulation to revise the existing pharmaceutical legislation. The proposed revisions remain to be agreed and adopted by the European Council. Moreover, on December 1, 2024, a new European Commission took office. The proposal could, therefore, still be subject to revisions. If adopted in the form proposed, the recent European Commission proposals to revise the existing EU laws governing authorization of medicinal products may result in a decrease in data and market exclusivity opportunities for our product candidates in the European Union and make them open to generic or biosimilar competition earlier than is currently the case with a related reduction in reimbursement status.

If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, our development plans may be impacted.

Such changes would likely require substantial time and impose significant costs, or could reduce the potential commercial value of TSHA-102 or other product candidates, and could materially harm our business and our financial results. In addition, delays

in receipt of or failure to receive regulatory clearances or approvals for any other products would harm our business, financial condition, and results of operations.

**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.**

**Rule 10b5-1 Plan Elections**

Sukumar Nagendran, our President and Head of Research and Development and a member of our board of directors, adopted a prearranged stock trading plan on June 11, 2025. The trading plan provides for the potential exercise and sale of up to 800,000 shares of our common stock, subject to certain price limitations set forth in the plan. The trading plan expires on September 9, 2026, unless terminated sooner in accordance with its terms. This trading plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and our policies regarding insider transactions.

**New Trinity Term Loans**

On August 7, 2025, we entered into the New Trinity Term Loan Agreement, by and among us, the New Trinity Lenders, and Trinity, as administrative agent and collateral agent for the New Trinity Lenders. The New Trinity Term Loan Agreement provides for (i) on the Trinity Refinance Date, \$50.0 million aggregate principal amount of term loans (“Tranche A”), (ii) from the Trinity Refinance Date until March 31, 2028, an additional \$25.0 million term loan facility contingent on delivering evidence satisfactory to Trinity that we have submitted a BLA to the FDA for TSHA-102 in Rett Syndrome (“Tranche B”), (iii) from the Trinity Refinance Date until March 31, 2029, an additional \$25.0 million term loan facility contingent on delivering evidence satisfactory to Trinity that we have received BLA approval from the FDA of TSHA-102 in Rett Syndrome (collectively, the “New Trinity Term Loans”). We drew \$50.0 million in term loans on the Trinity Refinance Date. The existing Trinity Term Loan Agreement was terminated and the existing Trinity Term Loans were repaid concurrently with entry into the New Trinity Term Loan Agreement and the draw of Tranche A.

The interest rate applicable to the New Trinity Term Loans is the greater of (a) the WSJ Prime Rate plus 4.00% or (b) 11.50% per annum. The New Trinity Term Loans are interest only from the Trinity Refinance Date through 48 months from the Trinity Refinance Date, which may be extended to 60 months from the Trinity Refinance Date upon the satisfaction of certain milestones set forth in the New Trinity Term Loan Agreement, after which we are required to pay equal monthly installments of principal through August 1, 2030, or the New Maturity Date.

On the Trinity Refinance Date, we paid a commitment fee of \$100,000 to Trinity. Upon any future draw of New Trinity Term Loans, we are required to pay an additional commitment fee of 1.00% of the aggregate principal amount of such New Trinity Term Loans.

The New Trinity Term Loans may be prepaid in full (i) from the Trinity Refinance Date through August 7, 2026, with payment of a 3.00% prepayment premium, (ii) from August 8, 2026 through August 7, 2027, with payment of a 2.00% prepayment

premium, and (iii) from August 8, 2027 through, but excluding, the New Maturity Date, with payment of a 1.00% prepayment premium. Upon repayment in full of the New Trinity Term Loans, we will pay Trinity an end of term payment equal to 5.00% of the original principal amount of the New Trinity Term Loans.

In connection with the New Trinity Term Loan Agreement, we entered into a Success Fee Agreement with Trinity which specifies the terms regarding a fee in the amount of \$500,000 plus 5% of the principal amount of the funded New Trinity Term Loans under Tranche B (the "New Success Fee"). The New Success Fee is payable upon the achievement of certain corporate development value-inflection milestones. The New Success Fee survives the termination of the New Trinity Term Loans and expires on the earlier of ten years from the Trinity Refinance Date, or payment in full in cash of the New Success Fee.

The obligations under the New 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 New Trinity Term Loan Agreement. There are no financial covenants and no warrants associated with the New Trinity Term Loan Agreement. The New 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 New 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 New Trinity Term Loan Agreement contains customary representations and warranties, affirmative and negative covenants, and 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 New Trinity Lenders may declare all outstanding obligations immediately due and payable and exercise all of their rights and remedies as set forth in the New Trinity Term Loan Agreement and under applicable law.

The foregoing description of the New Trinity Term Loan Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the New Trinity Term Loan Agreement, a copy of which is to be filed as an exhibit to our next periodic report filed with the SEC.

#### **Termination of Existing Trinity Term Loan Agreement**

On August 7, 2025, in connection with the closing of the New Trinity Term Loan Agreement, existing Trinity Term Loan Agreement with the Trinity Lenders was terminated and the existing Trinity Term Loans were repaid in full. For a description of the existing Trinity Term Loan Agreement see Note 7 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.

## Item 6. Exhibits.

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

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">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).</a>
3.2	<a href="#">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).</a>
3.3	<a href="#">Certificate of Amendment to the 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 November 15, 2023).</a>
3.4	<a href="#">Certificate of amendment to the 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 June 3, 2025).</a>
4.1	<a href="#">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 May 29, 2025).</a>
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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.</a>
32.1#	<a href="#">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.</a>
32.2#	<a href="#">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.</a>
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, 2025

By: \_\_\_\_\_  
/s/ Sean Nolan  
**Sean Nolan**  
**Chief Executive Officer**  
*(Principal Executive Officer)*

Date: August 12, 2025

By: \_\_\_\_\_  
/s/ Kamran Alam  
**Kamran Alam**  
**Chief Financial Officer**  
*(Principal Financial and Accounting 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, 2025, 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, 2025

By: \_\_\_\_\_  
/s/ Sean Nolan  
**Sean Nolan**  
**Chief Executive Officer**  
*(Principal Executive Officer)*

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