

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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, 2020

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: 001-37627

WAVE LIFE SCIENCES LTD.

(Exact name of registrant as specified in its charter)

Singapore

(State or other jurisdiction of incorporation or organization)

7 Straits View #12-00, Marina One East Tower

Singapore

(Address of principal executive offices)

Not applicable

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

018936

(Zip Code)

+65 6236 3388

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
\$0 Par Value Ordinary Shares	WVE	The Nasdaq Global Market

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

The number of outstanding ordinary shares of the registrant as of August 1, 2020 was 36,453,971.

WAVE LIFE SCIENCES LTD.
QUARTERLY REPORT ON FORM 10-Q
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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that relate to future events or to our future operations or financial performance. Any forward-looking statement involves known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statement. In some cases, forward-looking statements are identified by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “future,” “goals,” “intend,” “likely,” “may,” “might,” “ongoing,” “objective,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “strategy,” “target,” “will” and “would” or the negative of these terms, or other comparable terminology intended to identify statements about the future, although not all forward-looking statements contain these identifying words. Forward-looking statements include statements, other than statements of historical fact, about, among other things: our ability to fund our future operations; our financial position, revenues, costs, expenses, uses of cash and capital requirements; our need for additional financing or the period for which our existing cash resources will be sufficient to meet our operating requirements; the success, progress, number, scope, cost, duration, timing or results of our research and development activities, preclinical studies and clinical trials, including the timing for initiation or completion of or availability of results from any preclinical studies and clinical trials or for submission, review or approval of any regulatory filing; the timing of, and our ability to, obtain and maintain regulatory approvals for any of our product candidates; the potential benefits that may be derived from any of our product candidates; our strategies, prospects, plans, goals, expectations, forecasts or objectives; the success of our collaborations with third parties; any payment that our collaboration partners may make to us; our ability to identify and develop new product candidates; our intellectual property position; our commercialization, marketing and manufacturing capabilities and strategy; our ability to develop sales and marketing capabilities; our estimates regarding future expenses and needs for additional financing; our ability to identify, recruit and retain key personnel; our financial performance; developments and projections relating to our competitors in the industry; our liquidity and working capital requirements; the expected impact of new accounting standards; and our expectations regarding the impact of COVID-19 on our research and development activities, preclinical studies and clinical trials, supply of drug product, and our workforce.

Although we believe that we have a reasonable basis for each forward-looking statement contained in this report, we caution you that these statements are based on our estimates or projections of the future that are subject to known and unknown risks and uncertainties and other important factors that may cause our actual results, level of activity, performance or achievements expressed or implied by any forward-looking statement to differ. These risks, uncertainties and other factors include, among other things, our critical accounting policies and: the ability of our preclinical studies to produce data sufficient to support the filing of global clinical trial applications and the timing thereof; our ability to continue to build and maintain the company infrastructure and personnel needed to achieve our goals; the clinical results and timing of our programs, which may not support further development of our product candidates; actions of regulatory agencies, which may affect the initiation, timing and progress of clinical trials; our effectiveness in managing current and future clinical trials and regulatory processes; the success of our platform in identifying viable candidates; the continued development and acceptance of nucleic acid therapeutics as a class of drugs; our ability to demonstrate the therapeutic benefits of our stereopure candidates in clinical trials, including our ability to develop candidates across multiple therapeutic modalities; our ability to obtain, maintain and protect intellectual property; our ability to enforce our patents against infringers and defend our patent portfolio against challenges from third parties; our ability to fund our operations and to raise additional capital as needed; competition from others developing therapies for similar uses; the severity and duration of the COVID-19 pandemic; the COVID-19 pandemic may negatively impact the conduct of, and the timing of enrollment, completion and reporting with respect to, our clinical trials; any other impacts on our business as a result of or related to the COVID-19 pandemic, as well as other risks and uncertainties under the caption “Risk Factors” contained in this Quarterly Report on Form 10-Q and in other filings we make with the Securities and Exchange Commission.

Each forward-looking statement contained in this report is based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. As a result of these factors, we cannot assure you that the forward-looking statements in this report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, these statements should not be regarded as representations or warranties by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. We caution you not to place undue reliance on any forward-looking statement.

In addition, any forward-looking statement in this report represents our views only as of the date of this report and should not be relied upon as representing our views as of any subsequent date. We anticipate that subsequent events and developments may cause our views to change. Although we may elect to update these forward-looking statements publicly at some point in the future, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

The Wave Life Sciences Ltd. and Wave Life Sciences Pte. Ltd. names, the Wave Life Sciences mark, PRISM and the other registered and pending trademarks, trade names and service marks of Wave Life Sciences Ltd. appearing in this Form 10-Q are the property of Wave Life Sciences Ltd. This Form 10-Q also contains additional trade names, trademarks and service marks belonging to Wave Life Sciences Ltd. and to other companies. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties. Solely for convenience, the trademarks and trade names in this Form 10-Q are referred to without the ® and ™ symbols, but such reference should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**WAVE LIFE SCIENCES LTD.
UNAUDITED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 94,054	\$ 147,161
Current portion of accounts receivable	30,000	20,000
Prepaid expenses	6,452	9,626
Other current assets	16,328	8,689
Total current assets	146,834	185,476
Long-term assets:		
Accounts receivable, net of current portion	—	30,000
Property and equipment, net	33,096	36,368
Operating lease right-of-use assets	17,201	18,101
Restricted cash	3,650	3,647
Other assets	3,170	10,658
Total long-term assets	57,117	98,774
Total assets	\$ 203,951	\$ 284,250
Liabilities, Series A preferred shares and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 13,910	\$ 9,073
Accrued expenses and other current liabilities	8,220	16,185
Current portion of deferred revenue	84,849	89,652
Current portion of operating lease liability	3,473	3,243
Total current liabilities	110,452	118,153
Long-term liabilities:		
Deferred revenue, net of current portion	61,081	63,466
Operating lease liability, net of current portion	27,513	29,304
Other liabilities	1,520	1,721
Total long-term liabilities	\$ 90,114	\$ 94,491
Total liabilities	\$ 200,566	\$ 212,644
Series A preferred shares, no par value; 3,901,348 shares issued and outstanding at June 30, 2020 and December 31, 2019	\$ 7,874	\$ 7,874
Shareholders' equity:		
Ordinary shares, no par value; 35,732,154 and 34,340,690 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	\$ 551,543	\$ 539,547
Additional paid-in capital	65,070	57,277
Accumulated other comprehensive income	278	267
Accumulated deficit	(621,380)	(533,359)
Total shareholders' equity	\$ (4,489)	\$ 63,732
Total liabilities, Series A preferred shares and shareholders' equity	\$ 203,951	\$ 284,250

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

WAVE LIFE SCIENCES LTD.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	\$ 3,027	\$ 7,628	\$ 7,188	\$ 10,654
Operating expenses:				
Research and development	31,478	41,605	72,636	81,718
General and administrative	10,205	11,640	23,201	22,541
Total operating expenses	41,683	53,245	95,837	104,259
Loss from operations	(38,656)	(45,617)	(88,649)	(93,605)
Other income (expense), net:				
Dividend income	135	1,544	520	2,968
Interest income (expense), net	(2)	8	1	19
Other income (expense), net	(2,005)	2,123	107	4,476
Total other income (expense), net	(1,872)	3,675	628	7,463
Loss before income taxes	(40,528)	(41,942)	(88,021)	(86,142)
Income tax provision	—	—	—	—
Net loss	\$ (40,528)	\$ (41,942)	\$ (88,021)	\$ (86,142)
Net loss per share attributable to ordinary shareholders—basic and diluted	\$ (1.15)	\$ (1.22)	\$ (2.53)	\$ (2.58)
Weighted-average ordinary shares used in computing net loss per share attributable to ordinary shareholders—basic and diluted	35,212,291	34,260,298	34,836,898	33,433,322
Other comprehensive income (loss):				
Net loss	\$ (40,528)	\$ (41,942)	\$ (88,021)	\$ (86,142)
Foreign currency translation	5	30	11	127
Comprehensive loss	\$ (40,523)	\$ (41,912)	\$ (88,010)	\$ (86,015)

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

WAVE LIFE SCIENCES LTD.

UNAUDITED CONSOLIDATED STATEMENTS OF SERIES A PREFERRED SHARES AND SHAREHOLDERS' EQUITY

(In thousands, except share amounts)

	Series A Preferred Shares		Ordinary Shares		Additional Paid-In-Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	3,901,348	\$ 7,874	29,472,197	\$ 375,148	\$ 37,768	\$ 153	\$ (339,721)	\$ 73,348
Issuance of ordinary shares, net of offering costs	—	—	4,542,500	161,785	—	—	—	161,785
Share-based compensation	—	—	—	—	4,345	—	—	4,345
Vesting of RSUs	—	—	110,187	—	—	—	—	—
Option exercises	—	—	130,522	1,481	—	—	—	1,481
Other comprehensive income	—	—	—	—	—	97	—	97
Net loss	—	—	—	—	—	—	(44,200)	(44,200)
Balance at March 31, 2019	<u>3,901,348</u>	<u>\$ 7,874</u>	<u>34,255,406</u>	<u>\$ 538,414</u>	<u>\$ 42,113</u>	<u>\$ 250</u>	<u>\$ (383,921)</u>	<u>\$ 196,856</u>
Issuance of ordinary shares	—	—	—	7	—	—	—	7
Share-based compensation	—	—	—	—	5,157	—	—	5,157
Option exercises	—	—	10,854	116	—	—	—	116
Other comprehensive income	—	—	—	—	—	30	—	30
Net loss	—	—	—	—	—	—	(41,942)	(41,942)
Balance at June 30, 2019	<u>3,901,348</u>	<u>\$ 7,874</u>	<u>34,266,260</u>	<u>\$ 538,537</u>	<u>\$ 47,270</u>	<u>\$ 280</u>	<u>\$ (425,863)</u>	<u>\$ 160,224</u>

WAVE LIFE SCIENCES LTD.

UNAUDITED CONSOLIDATED STATEMENTS OF SERIES A PREFERRED SHARES AND SHAREHOLDERS' EQUITY CONTINUED

(In thousands, except share amounts)

	Series A Preferred Shares		Ordinary Shares		Additional Paid-In-Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	3,901,348	\$ 7,874	34,340,690	\$ 539,547	\$ 57,277	\$ 267	\$ (533,359)	\$ 63,732
Issuance of ordinary shares pursuant to the at-the-market equity program, net	—	—	59,690	604	—	—	—	604
Share-based compensation	—	—	—	—	3,999	—	—	3,999
Vesting of RSUs	—	—	198,202	—	—	—	—	—
Option exercises	—	—	3,000	10	—	—	—	10
Other comprehensive income	—	—	—	—	—	6	—	6
Net loss	—	—	—	—	—	—	(47,493)	(47,493)
Balance at March 31, 2020	<u>3,901,348</u>	<u>\$ 7,874</u>	<u>34,601,582</u>	<u>\$ 540,161</u>	<u>\$ 61,276</u>	<u>\$ 273</u>	<u>\$ (580,852)</u>	<u>\$ 20,858</u>
Issuance of ordinary shares pursuant to the at-the-market equity program, net	—	—	1,123,156	11,372	—	—	—	11,372
Share-based compensation	—	—	—	—	3,794	—	—	3,794
Vesting of RSUs	—	—	3,569	—	—	—	—	—
Option exercises	—	—	3,847	10	—	—	—	10
Other comprehensive income	—	—	—	—	—	5	—	5
Net loss	—	—	—	—	—	—	(40,528)	(40,528)
Balance at June 30, 2020	<u>3,901,348</u>	<u>\$ 7,874</u>	<u>35,732,154</u>	<u>\$ 551,543</u>	<u>\$ 65,070</u>	<u>\$ 278</u>	<u>\$ (621,380)</u>	<u>\$ (4,489)</u>

The accompanying notes are an integral part of the consolidated financial statements.

WAVE LIFE SCIENCES LTD.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (88,021)	\$ (86,142)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of right-of-use assets	900	776
Depreciation of property and equipment	4,063	3,637
Share-based compensation expense	7,793	9,502
Changes in operating assets and liabilities:		
Accounts receivable	20,000	10,000
Prepaid expenses	3,174	(1,315)
Other assets	(151)	(3,451)
Accounts payable	4,762	(960)
Accrued expenses and other current liabilities	(7,965)	(3,104)
Deferred revenue	(7,188)	(10,654)
Operating lease liabilities	(1,561)	(1,354)
Other non-current liabilities	(201)	(245)
Net cash used in operating activities	(64,395)	(83,310)
Cash flows from investing activities		
Purchases of property and equipment	(716)	(2,107)
Net cash used in investing activities	(716)	(2,107)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net of offering costs	—	161,792
Proceeds from issuance of ordinary shares pursuant to the at-the-market equity program, net	11,976	—
Proceeds from the exercise of share options	20	1,597
Net cash provided by financing activities	11,996	163,389
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	11	127
Net increase (decrease) in cash, cash equivalents and restricted cash	(53,104)	78,099
Cash, cash equivalents and restricted cash, beginning of period	150,808	178,444
Cash, cash equivalents and restricted cash, end of period	\$ 97,704	\$ 256,543
Supplemental disclosure of cash flow information:		

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

1. THE COMPANY

Organization

Wave Life Sciences Ltd. (together with its subsidiaries, “Wave” or the “Company”) is a clinical-stage genetic medicines company committed to delivering life-changing treatments for people battling devastating diseases. PRISM, Wave’s proprietary discovery and drug development platform, enables Wave to target genetically defined diseases with stereopure oligonucleotides across multiple therapeutic modalities.

The Company was incorporated in Singapore on July 23, 2012 and has its principal U.S. office in Cambridge, Massachusetts. The Company was incorporated with the purpose of combining two commonly held companies, Wave Life Sciences USA, Inc. (“Wave USA”), a Delaware corporation (formerly Ontorii, Inc.), and Wave Life Sciences Japan, Inc. (“Wave Japan”), a company organized under the laws of Japan (formerly Chiralgen., Ltd.), which occurred on September 13, 2012. On May 31, 2016, Wave Life Sciences Ireland Limited (“Wave Ireland”) was formed as a wholly-owned subsidiary of Wave Life Sciences Ltd. On April 3, 2017, Wave Life Sciences UK Limited (“Wave UK”) was formed as a wholly-owned subsidiary of Wave Life Sciences Ltd.

The Company’s primary activities since inception have been developing PRISM to design, develop and commercialize oligonucleotide therapeutics, advancing the Company’s neurology business, building the Company’s research and development activities in ophthalmology and hepatic, advancing programs into the clinic, furthering clinical development of such clinical-stage programs, building the Company’s intellectual property, and assuring adequate capital to support these activities.

Liquidity

Since its inception, the Company has not generated any product revenue and has incurred recurring net losses. To date, the Company has primarily funded its operations through private placements of debt and equity securities, public offerings of its ordinary shares and collaborations with third parties. Until the Company can generate significant revenue from product sales, if ever, the Company expects to continue to finance operations through a combination of public or private equity or debt financings or other sources, which may include collaborations with third parties. Adequate additional financing may not be available to the Company on acceptable terms, or at all. The inability to raise capital as and when needed would have a negative impact on the Company’s financial condition and ability to pursue its business strategy.

As of June 30, 2020, the Company had cash and cash equivalents of \$94.1 million. The Company expects that its existing cash and cash equivalents, together with expected and committed cash from its existing collaboration, will be sufficient to fund its operations for at least the next twelve months. The Company has based this expectation on assumptions that may prove to be incorrect, and the Company may use its available capital resources sooner than it currently expects. If the Company’s anticipated operating results are not achieved in future periods, planned expenditures may need to be further reduced in order to extend the time period over which the then-available resources would be able to fund the Company’s operations. In addition, the Company may elect to raise additional funds before it needs them if the conditions for raising capital are favorable due to market conditions or strategic considerations, even if the Company expects it has sufficient funds for its current or future operating plans.

Risks and Uncertainties

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, protection of proprietary technology, maintaining internal manufacturing capabilities, dependence on key personnel, compliance with government regulations and the need to obtain additional financing. The Company’s therapeutic programs will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization of any product candidates. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance-reporting capabilities. There can be no assurance that the Company’s research and development efforts will be successful, that adequate protection for the Company’s intellectual property will be obtained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if the Company’s product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies.

COVID-19 Global Pandemic

In December 2019, a novel strain of coronavirus was first identified in Wuhan, Hubei Province, China. Since that time, multiple other countries throughout the world and their economies have been effectively shut down and significantly affected by the spread of the virus. To date, responsive measures such as social distancing, work-from-home policies, travel bans and quarantines have been implemented in many countries throughout the world.

The Company is closely monitoring developments related to COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. In response to this global pandemic, the Company has concentrated its efforts on the health and safety of its employees and patients, while maintaining business continuity and honoring its commitment to deliver life-changing treatments for people battling devastating diseases.

The COVID-19 global pandemic is evolving rapidly and its impact on the Company is highly uncertain and subject to change. The Company does not yet know the full extent of potential delays or long-term impacts on its business, its clinical trials, healthcare systems or the global economy. These impacts are highly uncertain and cannot be predicted with confidence, such as the geographic spread or resurgence of the disease, the duration of the outbreak, travel restrictions and actions to contain the outbreak or treat its impact, such as social distancing and quarantines or lock-downs, business closures or business disruptions and the effectiveness of actions taken to contain and treat the disease. These effects may materially adversely affect the Company's business, financial condition, results of operations, and prospects.

Basis of Presentation

The Company has prepared the accompanying consolidated financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") and in U.S. dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies described in the Company's audited financial statements as of and for the year ended December 31, 2019, and the notes thereto, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission ("SEC") on March 2, 2020, as amended (the "2019 Annual Report on Form 10-K"), have had no material changes during the three and six months ended June 30, 2020.

Unaudited Interim Financial Data

The accompanying interim consolidated balance sheet as of June 30, 2020, the related interim consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2020 and 2019, the consolidated statements of Series A preferred shares and shareholders' equity for the three months ended March 31, and June 30, 2020 and 2019, the consolidated statements of cash flows for the six months ended June 30, 2020 and 2019, and the related interim information contained within the notes to the consolidated financial statements have been prepared in accordance with the rules and regulations of the SEC for interim financial information. Accordingly, they do not include all of the information and the notes required by U.S. GAAP for complete financial statements. The financial data and other information disclosed in these notes related to the three and six months ended June 30, 2020 and 2019 are unaudited. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company's financial position and results of operations for the three and six months ended June 30, 2020 and 2019. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2020 or any other interim period or future year or period.

Principles of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

The Company has reclassified certain prior period financial statement amounts to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.

Recently Issued Accounting Pronouncements

The recently issued accounting pronouncements described in the Company's audited financial statements as of and for the year ended December 31, 2019, and the notes thereto, which are included in the 2019 Annual Report on Form 10-K, have had no material changes during the six months ended June 30, 2020.

3. OTHER CURRENT ASSETS

Other current assets consist of the following:

	June 30, 2020	(in thousands)		December 31, 2019
Refundable tax credits receivable	\$ 16,225	\$		8,205
Dividend income receivable	30			200
Other current assets	73			284
Total other current assets	\$ 16,328	\$		8,689

During the period ended June 30, 2020, the Company reduced the refundable tax credits it expects to receive based on the results of Her Majesty's Revenue and Customs' ("HMRC") audit of Wave UK's 2017 refundable tax credit claim in the United Kingdom. The change in estimate related to the refundable tax credit for the periods 2017 through 2019 resulted in a decrease in the current portion of the refundable tax credits receivable and other expense of \$2.5 million for the period ended June 30, 2020.

4. SHARE-BASED COMPENSATION

The Wave Life Sciences Ltd. 2014 Equity Incentive Plan, as amended (the "2014 Plan"), authorizes the board of directors or a committee of the board of directors to, among other things, grant non-qualified share options, restricted awards, which includes restricted shares, time-based restricted share units ("RSUs") and performance-based restricted share units ("PSUs") to eligible employees and directors of the Company. Options generally vest over periods of one to four years, and any options that are forfeited or cancelled are available to be granted again. The contractual life of options is generally five or ten years from the grant date. RSUs generally vest over a period of one to four years. PSUs vest upon the achievement of certain milestones. Any RSUs or PSUs that are forfeited are available to be granted again. In May 2020, the compensation committee of the board of directors granted 50,000 options to an employee outside of the 2014 Plan as an inducement material to entering into employment with the Company, in accordance with Nasdaq Listing Rule 5635(c)(4). During the six months ended June 30, 2020, the Company granted 793,260 options, including the 50,000 options granted outside the 2014 plan, and 16,875 RSUs to employees.

As of June 30, 2020, 1,147,670 ordinary shares remained available for future grant under the 2014 Plan.

Employee Share Purchase Plan

At the 2019 Annual General Meeting, the Company's board of directors and the Company's shareholders approved the 2019 Employee Share Purchase Plan ("ESPP"). As of June 30, 2020, there were 1,000,000 ordinary shares available for issuance under the ESPP. The ESPP allows all full-time and certain part-time employees to purchase the Company's ordinary shares at a discount to fair market value. Eligible employees may enroll in a six-month offering period beginning every January 15th and July 15th. Shares are purchased at a price equal to 85% of the lower of the fair market value of the Company's ordinary shares on the first business day or the last business day of an offering period. Eligible employees who elected to participate in the ESPP were able to participate in the ESPP for the first time beginning on January 15, 2020. During the six months ended June 30, 2020, no shares had yet been issued under the ESPP and the earliest that shares would be issued under the ESPP is July 14, 2020.

5. COLLABORATION AGREEMENTS

Pfizer Collaboration and Equity Agreements

In May 2016, the Company entered into a Research, License and Option Agreement (as amended in November 2017, the "Pfizer Collaboration Agreement") with Pfizer Inc. ("Pfizer"). Pursuant to the terms of the Pfizer Collaboration Agreement, the Company and Pfizer agreed to collaborate on the discovery, development and commercialization of stereopure oligonucleotide therapeutics for up to five programs (the "Pfizer Programs"), each directed at a genetically-defined hepatic target selected by Pfizer (the "Pfizer Collaboration"). The Company received \$10.0 million as an upfront license fee under the Pfizer Collaboration Agreement. Subject to option exercises by Pfizer, the Company had the potential to earn research, development and commercial milestone payments, plus royalties, tiered up to low double-digits, on sales of any products that may result from the Pfizer Collaboration. None of the payments under the Pfizer Collaboration Agreement are refundable.

Simultaneously with the entry into the Pfizer Collaboration Agreement, the Company entered into a Share Purchase Agreement (the “Pfizer Equity Agreement,” and together with the Pfizer Collaboration Agreement, the “Pfizer Agreements”) with C.P. Pharmaceuticals International C.V., an affiliate of Pfizer (the “Pfizer Affiliate”). Pursuant to the terms of the Pfizer Equity Agreement, the Pfizer Affiliate purchased 1,875,000 of the Company’s ordinary shares (the “Shares”) at a purchase price of \$16.00 per share, for an aggregate purchase price of \$30.0 million. The Company did not incur any material costs in connection with the issuance of the Shares.

Under the Pfizer Collaboration Agreement, the parties agreed to collaborate during a four-year research term, which ended in May 2020. During the research term, the Company was responsible to use its commercially reasonable efforts to advance up to five programs through to the selection of clinical candidates. At that stage, Pfizer could elect to license any of these Pfizer Programs exclusively and obtain exclusive rights to undertake the clinical development of the resulting clinical candidates into products and the potential commercialization of any such products thereafter. In addition, the Company received a non-exclusive, royalty-bearing sublicensable license to use Pfizer’s hepatic targeting technology in any of the Company’s own hepatic programs that are outside the scope of the Pfizer Collaboration (the “Wave Programs”). If the Company used this technology on the Wave Programs, Pfizer would have been eligible to receive potential development and commercial milestone payments from the Company. Pfizer was also eligible to receive tiered royalties on sales of any products that include Pfizer’s hepatic targeting technology. The Company did not utilize Pfizer’s hepatic targeting technology in any of its own hepatic programs that are outside of the scope of the Pfizer Collaboration Agreement.

The stated term of the Pfizer Collaboration Agreement commenced on May 5, 2016 and terminated on the date of the last to expire payment obligation with respect to each Pfizer Program and, with respect to each Wave Program, expired on a program-by-program basis accordingly. Pfizer could terminate its rights related to a Pfizer Program under the Pfizer Collaboration Agreement at its own convenience upon 90 days’ notice to the Company. The Company could also terminate its rights related to a Wave Program at its own convenience upon 90 days’ notice to Pfizer. The Pfizer Collaboration Agreement could also be terminated by either party in the event of an uncured material breach of the Pfizer Collaboration Agreement by the other party.

Pfizer nominated two hepatic targets upon entry into the Pfizer Collaboration in May 2016. The Pfizer Collaboration Agreement provided Pfizer with options to nominate up to three additional programs by making nomination milestone payments. Pfizer nominated the third, fourth and fifth hepatic targets in August 2016, March 2018 and April 2018, respectively.

The Pfizer Collaboration was managed by a joint steering committee in which both parties were represented equally, which oversaw the scientific progression of each Pfizer Program up to the clinical candidate stage. During the four-year research term and for a period of two years thereafter, the Company agreed to work exclusively with Pfizer with respect to using any of the Company’s stereopure oligonucleotide technology that was specific for the applicable hepatic target which is the basis of any Pfizer Program. Within a specified period after receiving a data package for a candidate under each nominated program, Pfizer could exercise an option to obtain a license to develop, manufacture and commercialize the program candidate by paying an exercise price per program.

The Company assessed this arrangement in accordance with ASC 606 and concluded that the contract counterparty, Pfizer, was a customer. The Company identified the following promises under the arrangement: (1) the non-exclusive, royalty-free research and development license; (2) the research and development services for Programs 1 and 2; (3) the program nomination options for Programs 3, 4 and 5; (4) the research and development services associated with Programs 3, 4 and 5; (5) the options to obtain a license to develop, manufacture and commercialize Programs 1 and 2; and (6) the options to obtain a license to develop, manufacture and commercialize Programs 3, 4 and 5. The research and development services for each of Programs 1 and 2 were determined to not be distinct from the research and development license and should be combined into a single performance obligation for each program. The promises under the Pfizer Collaboration Agreement relate primarily to the research and development required by the Company for each of the programs nominated by Pfizer.

Additionally, the Company determined that the program nomination options for Programs 3, 4 and 5 were priced at a discount and, as such, provide material rights to Pfizer, representing three separate performance obligations. The research and development services associated with Programs 3, 4 and 5 and the options to obtain a license to develop, manufacture and commercialize Programs 3, 4 and 5 were subject to Pfizer’s exercise of the program nomination options for such programs and therefore did not represent performance obligations at the outset of the arrangement. The options to obtain a license to develop, manufacture and commercialize Programs 1 and 2 did not represent material rights; as such, they were not representative of performance obligations at the outset of the arrangement. Based on these assessments, the Company identified five performance obligations in the Pfizer Collaboration Agreement: (1) research and development services and license for Program 1; (2) research and development services and license for Program 2; (3) material right provided for the option to nominate Program 3; (4) material right provided for the option to nominate Program 4; and (5) material right provided for the option to nominate Program 5.

At the outset of the arrangement, the transaction price included only the \$10.0 million up-front consideration received. The Company determined that the Pfizer Collaboration Agreement did not contain a significant financing component. The program nomination option exercise fees for research and development services associated with Programs 3, 4 and 5 that could be received are excluded from the transaction price until each customer option was exercised. The potential milestone payments were excluded from the transaction price, as all milestone amounts were fully constrained at the inception of the Pfizer Collaboration Agreement. The exercise fees for the options to obtain a license to develop, manufacture and commercialize Programs 3, 4 and 5 that could be received are excluded from the transaction price until each customer option was exercised. The Company reevaluated the transaction price at the

end of each reporting period and as uncertain events were resolved or other changes in circumstances occurred, and, if necessary, adjusted its estimate of the transaction price.

During the year ended December 31, 2017, it became probable that a significant reversal of cumulative revenue would not occur for a developmental milestone under the Pfizer Collaboration Agreement. At such time, the associated consideration was added to the estimated transaction price and allocated to the existing performance obligations, and the Company recognized a cumulative catch-up to revenue for this developmental milestone, representing the amount that would have been recognized had the milestone payment been included in the transaction price from the outset of the arrangement. The remainder was recognized in the same manner as the remaining, unrecognized transaction price over the remaining period until each performance obligation was satisfied.

Revenue associated with the performance obligations relating to Programs 1 and 2 was recognized as revenue as the research and development services were provided using an input method, according to the full-time employee (“FTE”) hours incurred on each program and the FTE hours expected to be incurred in the future to satisfy the performance obligation. The transfer of control occurred over time and, in management’s judgment, this input method was the best measure of progress towards satisfying the performance obligation. The amount allocated to the three material rights was recognized as the underlying research and development services were provided commencing from the date that Pfizer exercised each respective option, or immediately as each option expired unexercised. The amounts received that had not yet been recognized as revenue were recorded in deferred revenue on the Company’s consolidated balance sheet. As of June 30, 2020, there was no remaining deferred revenue related to the Pfizer Collaboration Agreement.

Pfizer nominated the third, fourth and fifth hepatic targets in August 2016, March 2018 and April 2018, respectively. Upon each exercise, the Company allocated the transaction price amount allocated to the material right at inception of the arrangement plus the program nomination option exercise fee paid by Pfizer at the time of exercising the option to a new performance obligation, which was recognized as revenue as the research and development services were provided using the same method as the performance obligations relating to Programs 1 and 2.

The research term for the Pfizer Collaboration Agreement ended in May 2020. Through June 30, 2020, the Company had recognized revenue of \$18.5 million as collaboration revenue in the Company’s consolidated statements of operations and comprehensive loss under the Pfizer Collaboration Agreement. During the three and six months ended June 30, 2020, the Company recognized revenue of approximately \$0.2 million and \$1.5 million, respectively, in the Company’s consolidated statements of operations and comprehensive loss under the Pfizer Collaboration Agreement. During the three and six months ended June 30, 2019, the Company recognized revenue of approximately \$4.1 million and \$4.6 million, respectively, in the Company’s consolidated statements of operations and comprehensive loss under the Pfizer Collaboration Agreement.

Takeda Collaboration and Equity Agreements

In February 2018, Wave USA and Wave UK entered into a global strategic collaboration (the “Takeda Collaboration”) with Takeda Pharmaceutical Company Limited (“Takeda”), pursuant to which Wave USA, Wave UK and Takeda agreed to collaborate on the research, development and commercialization of oligonucleotide therapeutics for disorders of the Central Nervous System (“CNS”). The Takeda Collaboration provides Wave with at least \$230.0 million in committed cash and Takeda with the option to co-develop and co-commercialize Wave’s CNS development programs in (1) Huntington’s disease (“HD”); (2) amyotrophic lateral sclerosis (“ALS”) and frontotemporal dementia (“FTD”); and (3) Wave’s discovery-stage program targeting *ATXN3* for the treatment of spinocerebellar ataxia 3 (“SCA3”) (collectively, “Category 1 Programs”). In addition, Takeda will have the right to exclusively license multiple preclinical programs for CNS disorders, including Alzheimer’s disease and Parkinson’s disease (collectively, “Category 2 Programs”). In April 2018, the Takeda Collaboration became effective and Takeda paid Wave \$110.0 million as an upfront payment. Takeda also agreed to fund Wave’s research and preclinical activities in the amount of \$60.0 million during the four-year research term and to reimburse Wave for any collaboration-budgeted research and preclinical expenses incurred by Wave that exceed that amount.

Simultaneously with Wave USA and Wave UK’s entry into the collaboration and license agreement with Takeda (the “Takeda Collaboration Agreement”), the Company entered into a share purchase agreement with Takeda (the “Takeda Equity Agreement,” and together with the Takeda Collaboration Agreement, the “Takeda Agreements”) pursuant to which it agreed to sell to Takeda 1,096,892 of its ordinary shares at a purchase price of \$54.70 per share. In April 2018, the Company closed the Takeda Equity Agreement and received aggregate cash proceeds of \$60.0 million. The Company did not incur any material costs in connection with the issuance of shares.

With respect to Category 1 Programs, Wave will be responsible for researching and developing products and companion diagnostics for Category 1 Programs through completion of the first proof of mechanism study for such products. Takeda will have an exclusive option for each target and all associated products and companion diagnostics for such target, which it may exercise at any time through completion of the proof of mechanism study. If Takeda exercises this option, Wave will receive an opt-in payment and will lead manufacturing and joint clinical co-development activities and Takeda will lead joint co-commercial activities in the United States and all commercial activities outside of the United States. Global costs and potential profits will be shared 50:50 and Wave will

be eligible to receive development and commercial milestone payments. In addition to its 50% profit share, Wave is eligible to receive option exercise fees and development and commercial milestone payments for each of the Category 1 Programs.

With respect to Category 2 Programs, Wave has granted Takeda the right to exclusively license multiple preclinical programs during a four-year research term (subject to limited extension for programs that were initiated prior to the expiration of the research term, in accordance with the Takeda Collaboration Agreement) (“Category 2 Research Term”). During that term, the parties may collaborate on preclinical programs for up to six targets at any one time. Wave will be responsible for researching and preclinically developing products and companion diagnostics directed to the agreed upon targets through completion of Investigational New Drug application (“IND”)-enabling studies in the first major market country. Thereafter, Takeda will have an exclusive worldwide license to develop and commercialize products and companion diagnostics directed to such targets, subject to Wave’s retained rights to lead manufacturing activities for products directed to such targets. Takeda will fund Wave’s research and preclinical activities in the amount of \$60.0 million during the research term and will reimburse Wave for any collaboration-budgeted research and preclinical expenses incurred by Wave that exceed that amount. Wave is also eligible to receive tiered high single-digit to mid-teen royalties on Takeda’s global commercial sales of products from each Category 2 Program.

Under the Takeda Collaboration Agreement, each party grants to the other party specific intellectual property licenses to enable the other party to perform its obligations and exercise its rights under the Takeda Collaboration Agreement, including license grants to enable each party to conduct research, development and commercialization activities pursuant to the terms of the Takeda Collaboration Agreement.

The term of the Takeda Collaboration Agreement commenced on April 2, 2018 and, unless terminated earlier, will continue until the date on which: (i) with respect to each Category 1 Program target for which Takeda does not exercise its option, the expiration or termination of the development program with respect to such target; (ii) with respect to each Category 1 Program target for which Takeda exercises its option, the date on which neither party is researching, developing or manufacturing any products or companion diagnostics directed to such target; or (iii) with respect to each Category 2 Program target, the date on which royalties are no longer payable with respect to products directed to such target.

Takeda may terminate the Takeda Collaboration Agreement for convenience on 180 days’ notice, in its entirety or on a target-by-target basis. Subject to certain exceptions, each party has the right to terminate the Takeda Collaboration Agreement on a target-by-target basis if the other party, or a third party related to such party, challenges the patentability, enforceability or validity of any patents within the licensed technology that cover any product or companion diagnostic that is subject to the Takeda Collaboration Agreement. In the event of any material breach of the Takeda Collaboration Agreement by a party, subject to cure rights, the other party may terminate the Takeda Collaboration Agreement in its entirety if the breach relates to all targets or on a target-by-target basis if the breach relates to a specific target. In the event that Takeda and its affiliates cease development, manufacturing and commercialization activities with respect to compounds or products subject to the Takeda Collaboration Agreement and directed to a particular target, Wave may terminate the Takeda Collaboration Agreement with respect to such target. Either party may terminate the Takeda Collaboration Agreement for the other party’s insolvency. In certain termination circumstances, Wave would receive a license from Takeda to continue researching, developing and manufacturing certain products, and companion diagnostics.

The Takeda Collaboration is managed by a joint steering committee (“JSC”) in which both parties are represented equally. The JSC is tasked with overseeing the scientific progression of each Category 1 Program and the Category 2 Programs.

The Company assessed this arrangement in accordance with ASC 606 and concluded that the contract counterparty, Takeda, is a customer for Category 1 Programs prior to Takeda exercising its option, and for Category 2 Programs during the Category 2 Research Term. The Company identified the following material promises under the arrangement: (1) the non-exclusive, royalty-free research and development license for each Category 1 Program; (2) the research and development services for each Category 1 Program through completion of the first proof of mechanism study; (3) the exclusive option to license, co-develop and co-commercialize each Category 1 Program; (4) the right to exclusively license the Category 2 Programs; and (5) the research and preclinical development services of the Category 2 Programs through completion of IND-enabling studies. The research and development services for each Category 1 Program were determined to not be distinct from the research and development license and should therefore be combined into a single performance obligation for each Category 1 Program. The research and preclinical development services for the Category 2 Programs were determined to not be distinct from the exclusive licenses for the Category 2 Programs and should therefore be combined into a single performance obligation.

Additionally, the Company determined that the exclusive option for each Category 1 Program was priced at a discount, and, as such, provide material rights to Takeda, representing three separate performance obligations. Based on these assessments, the Company identified seven performance obligations in the Takeda Collaboration Agreement: (1) research and development services through completion of the first proof of mechanism and non-exclusive research and development license for HD; (2) research and development services through completion of the first proof of mechanism and non-exclusive research and development license for ALS and FTD; (3) research and development services through completion of the first proof of mechanism and non-exclusive research and development license for SCA3; (4) the material right provided for the exclusive option to license, co-develop and co-commercialize HD; (5) the material right provided for the exclusive option to license, co-develop and co-commercialize ALS and FTD; (6) the

material right provided for the exclusive option to license, co-develop and co-commercialize SCA3; and (7) the research and preclinical development services and right to exclusively license the Category 2 Programs.

At the outset of the arrangement, the transaction price included the \$110.0 million upfront consideration received and the \$60.0 million of committed research and preclinical funding for the Category 2 Programs. The Company determined that the Takeda Collaboration Agreement did not contain a significant financing component. The option exercise fees to license, co-develop and co-commercialize each Category 1 Program that may be received are excluded from the transaction price until each customer option is exercised. The potential milestone payments were excluded from the transaction price, as all milestone amounts were fully constrained at the inception of the Takeda Collaboration Agreement. The Company will reevaluate the transaction price at the end of each reporting period and as uncertain events are resolved or other changes in circumstances occur, if necessary, will adjust its estimate of the transaction price.

The Company allocated the transaction price to the performance obligations on a relative standalone selling price basis. For the performance obligations associated with the research and development services through completion of the first proof of mechanism and non-exclusive research and development license for HD; the research and development services through completion of the first proof of mechanism and non-exclusive research and development license for ALS and FTD; the research and development services through completion of the first proof of mechanism and non-exclusive research and development license for SCA3; and the research and preclinical development services and right to exclusively license the Category 2 Programs, the Company determined the standalone selling price using estimates of the costs to perform the research and development services, including expected internal and external costs for services and supplies, adjusted to reflect a profit margin. The total estimated cost of the research and development services reflected the nature of the services to be performed and the Company's best estimate of the length of time required to perform the services. For the performance obligations associated with the material right provided for the exclusive option to license, co-develop and co-commercialize HD; the material right provided for the exclusive option to license, co-develop and co-commercialize ALS and FTD; and the material right provided for the exclusive option to license, co-develop and co-commercialize SCA3, the Company estimated the standalone fair value of the option to license each Category 1 Program utilizing an adjusted market assessment approach, and determined that any standalone fair value in excess of the amounts to be paid by Takeda associated with each option represented a material right.

Revenue associated with the research and development services for each Category 1 Program performance obligation is being recognized as the research and development services are provided using an input method, according to the costs incurred on each Category 1 Program and the total costs expected to be incurred to satisfy each Category 1 Program performance obligation. Revenue associated with the research and preclinical development services for the Category 2 Programs performance obligation is being recognized as the research and preclinical development services are provided using an input method, according to the costs incurred on Category 2 Programs and the total costs expected to be incurred to satisfy the performance obligation. The transfer of control for these performance obligations occurs over time and, in management's judgment, this input method is the best measure of progress towards satisfying the performance obligations. The amount allocated to the material right for each Category 1 Program option will be recognized on the date that Takeda exercises each respective option, or immediately as each option expires unexercised. The amounts received that have not yet been recognized as revenue are recorded in deferred revenue on the Company's consolidated balance sheet.

Through June 30, 2020, the Company had recognized revenue of approximately \$24.1 million as collaboration revenue in the Company's consolidated statements of operations and comprehensive loss under the Takeda Collaboration Agreement. During the three and six months ended June 30, 2020, the Company recognized revenue of \$2.8 million and \$5.7 million, respectively, in the Company's consolidated statements of operations and comprehensive loss under the Takeda Collaboration Agreement. During the three and six months ended June 30, 2019, the Company recognized revenue of \$3.6 million and \$6.0 million, respectively, in the Company's consolidated statements of operations and comprehensive loss under the Takeda Collaboration Agreement. The aggregate amount of the transaction price allocated to the Company's unsatisfied and partially unsatisfied performance obligations and recorded in deferred revenue at June 30, 2020 is \$146.0 million, of which \$84.9 million is included in current liabilities. The Company expects to recognize revenue for the portion of the deferred revenue that relates to the research and development services for each Category 1 Program and the Category 2 Programs as costs are incurred, over the remaining research term. The Company expects to recognize revenue for the portion of the deferred revenue that relates to the material right for each Category 1 Program option upon Takeda's exercise of such option, or immediately as each option expires unexercised. The aggregate amount of the transaction price included in accounts receivable at June 30, 2020 is \$30.0 million, of which all is included in the current portion of accounts receivable.

6. NET LOSS PER ORDINARY SHARE

The Company applies the two-class method to calculate its basic and diluted net loss per share attributable to ordinary shareholders, as its Series A preferred shares are participating securities. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to ordinary shareholders.

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted-average number of ordinary shares.

The Company's potentially dilutive shares, which include outstanding share options to purchase ordinary shares, RSUs, PSUs and Series A preferred shares, are considered to be ordinary share equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive.

The following ordinary share equivalents, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net loss per share attributable to ordinary shareholders for the periods indicated because including them would have had an anti-dilutive effect:

	<u>As of June 30,</u>	
	<u>2020</u>	<u>2019</u>
Options to purchase ordinary shares	4,161,671	3,794,682
RSUs and PSUs	1,204,308	1,673,696
Series A preferred shares	3,901,348	3,901,348

Additionally, for the periods presented, the two-class method does not impact the net loss per ordinary share as the Company was in a net loss position for each of the periods presented and holders of Series A preferred shares do not participate in losses.

7. INCOME TAXES

During the three and six months ended June 30, 2020 and 2019, the Company recorded no income tax provision.

The Company maintained a full valuation allowance for the three and six months ended June 30, 2020 and 2019 in all jurisdictions due to uncertainty regarding future taxable income.

The Company's reserves related to taxes and its accounting for uncertain tax positions are based on a determination of whether and how much of a tax benefit taken by the Company in its tax filings or positions is more-likely-than-not to be realized following resolution of any potential contingencies present related to the tax benefit.

8. GEOGRAPHIC DATA

Substantially all of the Company's long-lived assets were located in the United States as of June 30, 2020 and December 31, 2019.

9. RELATED PARTIES

The Company had the following related party transaction for the periods presented in the accompanying consolidated financial statements:

- In 2012, the Company entered into a consulting agreement for scientific advisory services with Dr. Gregory L. Verdine, one of the Company's founders and a member of the Company's board of directors. The consulting agreement does not have a specific term and may be terminated by either party upon 14 days' prior written notice. Pursuant to the consulting agreement, the Company pays Dr. Verdine approximately \$13 thousand per month, plus reimbursement for certain expenses.

10. FEBRUARY 2020 COST REDUCTION PLAN

On February 6, 2020, the Company implemented a plan to reduce operating costs and better align its workforce with the needs of its business following the Company's December 16, 2019 announcement of its decision to discontinue the suvodirsen program for patients with Duchenne muscular dystrophy ("DMD"). Under this cost reduction plan, the Company reduced its workforce by approximately 22%. The Company incurred a one-time restructuring charge of approximately \$3.4 million, of which \$2.5 million was included in research and development expenses and \$0.9 million was included in general and administrative expenses in the Company's consolidated statements of operations and comprehensive loss, including employee severance, benefits and related termination costs, during the six months ended June 30, 2020.

During the three and six months ended June 30, 2020, the Company paid approximately \$0.7 million and \$2.8 million of these restructuring expenses, respectively. The remaining payments of \$0.6 million will be paid through March 31, 2021.

	<u>Accrued Restructuring Expenses at March 31, 2020</u>	<u>Adjustments</u>	<u>Less: Payments</u>	<u>Accrued Restructuring Expenses at June 30, 2020</u>
		(in thousands)		
Severance, benefits and related costs due to workforce reduction	\$ 1,289	\$ (20)	\$ (689)	\$ 580
Total	<u>\$ 1,289</u>	<u>\$ (20)</u>	<u>\$ (689)</u>	<u>\$ 580</u>

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 financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission ("SEC") on March 2, 2020, as amended (the "2019 Annual Report on Form 10-K"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Quarterly Report on Form 10-Q, our actual results could differ materially from the results described in, or implied by, these forward-looking statements.

COVID-19 Business Update

We are closely monitoring developments related to COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. In response to this global pandemic, we have concentrated our efforts on the health and safety of our employees and patients, while maintaining business continuity and honoring our commitment to deliver life-changing treatments for people battling devastating diseases.

We implemented business continuity plans in March 2020 designed to address the impact and potential impact of COVID-19 on our operations. Effective March 12, 2020, we implemented measures to mitigate the spread of COVID-19 and contribute to the ongoing public health effort to reduce the spread of the virus. We formed a COVID-19 Response Team to maintain business continuity while safeguarding employee and patient health. We also mandated a work-from-home policy for most employees and set up additional processes to work from home effectively, including measures to bolster our cybersecurity. Since early June 2020, we have been able to increase the number of employees working onsite, as well as expand the amount and type of manufacturing and lab-based activities being conducted onsite.

Our manufacturing operations and lab-based activities continue with social-distancing and updated protocols for accessing our facilities. As a biopharmaceutical research and development company, we are deemed to provide essential services under the "stay at home" advisory that was issued by the Governor of Massachusetts on March 23, 2020. While we continue to conduct R&D activities, including our ongoing clinical trials, the COVID-19 pandemic has impacted, and may continue to impact, certain of our early-stage discovery efforts and clinical trials. We are working with our clinical investigators, R&D vendors, and supply chain vendors to continually assess and take steps to mitigate the potential impact of COVID-19 on our manufacturing operations and R&D activities.

We will continue to closely monitor the COVID-19 situation as we evolve our business continuity plans. Given the global economic slowdown and the other risks and uncertainties associated with COVID-19, our business, financial condition, results of operations, and prospects could be materially adversely affected. For additional information, see "Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q.

Overview

We are a clinical-stage genetic medicines company committed to delivering life-changing treatments for people battling devastating diseases. Using PRISM, our proprietary discovery and drug development platform that enables the precise design, optimization and production of novel stereopure oligonucleotides, we aspire to develop best in class medicines for genetically defined diseases with a high degree of unmet need.

Nucleic acid therapeutics, including oligonucleotides, are a growing and innovative class of drugs comprised of a sequence of nucleotides that are linked together by a backbone of chemical bonds. We are initially developing oligonucleotides that target the ribonucleic acid ("RNA") to either reduce the expression of disease-promoting proteins or transform the production of dysfunctional mutant proteins into the production of functional proteins. RNA is a critical molecule that can adopt complex three-dimensional structures and affect various cellular functions. By intervening at the RNA level, we have the potential to address diseases that have historically been difficult to treat with small molecules or biologics. The mechanisms that we are currently using to target RNA with our oligonucleotides include RNase H-mediated RNA degradation, Ago2-mediated RNA interference ("RNAi"), exon-skipping, and ADAR (adenosine deaminases acting on RNA)-mediated RNA editing. Oligonucleotides have additional advantages as a therapeutic class including the ability to target multiple tissue types, often without the need for a delivery vehicle, and the ability to modulate the frequency of dosing to ensure broad distribution within tissues. Oligonucleotides also have well-established manufacturing processes and validated test methods based on decades of improvements.

The oligonucleotides we are developing with PRISM are stereopure. A stereopure oligonucleotide is comprised of molecules with atoms precisely arranged in three-dimensional orientations at each linkage. We believe that controlling the stereochemistry of each backbone position will optimize the pharmacological profile of our oligonucleotides by maximizing the potential therapeutic benefit while minimizing the potential for side effects and safety risks. The stereopure oligonucleotides we are developing differ from the mixture-based oligonucleotides currently on the market or in development by others. Our preclinical studies have demonstrated that our stereopure oligonucleotides may achieve superior pharmacological properties compared with mixture-based oligonucleotides. Through our work in developing stereopure oligonucleotides, we have created and continue to evolve PRISM, our proprietary discovery and drug development platform.

PRISM enables us to target genetically defined diseases with stereopure oligonucleotides across multiple therapeutic modalities. PRISM combines our unique ability to construct stereopure oligonucleotides with a deep understanding of how the interplay among oligonucleotide sequence, chemistry and backbone stereochemistry impacts key pharmacological properties. By exploring these interactions through iterative analysis of *in vitro* and *in vivo* outcomes and artificial intelligence-driven predictive modeling, we continue to define design principles that we deploy across programs to rapidly develop and manufacture clinical candidates that meet pre-defined product profiles.

Our lead clinical development programs are focused in genetic diseases within neurology. Our most advanced stereopure therapeutic candidates in development, WVE-120101 and WVE-120102, are designed to selectively target mutant huntingtin (“mHTT”) and spare wild-type, or healthy, huntingtin (“wtHTT”) for the treatment of Huntington’s disease (“HD”). WVE-120101 and WVE-120102 are currently being studied in two Phase 1b/2a clinical trials, PRECISION-HD1 and PRECISION-HD2. Our next neurology programs approaching clinical development include our mHTT SNP3 program for the treatment of HD and our C9orf72 program for the treatment of amyotrophic lateral sclerosis (“ALS”) and frontotemporal dementia (“FTD”). We are also pursuing additional central nervous system (“CNS”) programs in collaboration with Takeda Pharmaceutical Company Limited (“Takeda”), including spinocerebellar ataxia 3 (“SCA3”). We are advancing discovery research in ADAR-mediated RNA-editing applications, including neurological and hepatic diseases. In addition, outside of neurology, we are advancing discovery research in ophthalmologic disorders, specifically inherited retinal diseases. In further support of our pipeline, we continue to invest in PRISM to potentially develop the next generation of stereopure oligonucleotides. We have also established and continue to enhance our internal current good manufacturing practices (“cGMP”) manufacturing capabilities to increase control and visibility of our drug substance supply chain.

Our Current Programs

THERAPEUTIC AREA	TARGET	DISCOVERY	PRECLINICAL	CLINICAL	ESTIMATED U.S. PREVALENCE*	PARTNER
NEUROLOGY						
Huntington's disease	WVE-120101 mHTT SNP1	Phase 1b/2a and OLE			~10,000 / ~35,000	Takeda 50:50 option
	WVE-120102 mHTT SNP2	Phase 1b/2a and OLE			~10,000 / ~35,000	Takeda 50:50 option
	mHTT SNP3				~8,000 / ~30,000	Takeda 50:50 option
ALS and FTD	C9orf72				~1,800 (ALS) ~7,000 (FTD)	Takeda 50:50 option
SCA3	ATXN3				~4,500	Takeda 50:50 option
CNS diseases	Multiple†					Takeda milestones & royalties
ADAR editing	Multiple					100% global
HEPATIC						
ADAR editing	Undisclosed					100% global
OPHTHALMOLOGY						
Retinal diseases	USH2A and RhoP23H					100% global

*Estimates of U.S. prevalence and addressable population by target based on publicly available data and are approximate; for Huntington's disease, numbers approximate manifest and pre-manifest populations, respectively.
†During a four-year term, Wave and Takeda may collaborate on up to six preclinical targets at any one time.
ALS: Amyotrophic lateral sclerosis; FTD: Frontotemporal dementia; SCA3: Spinocerebellar ataxia 3 CNS: Central nervous system; OLE: Open-label extension

Additional details regarding our programs are set forth below.

Neurology

Huntington's Disease ("HD"): HD is a rare hereditary neurodegenerative disease that results in early death and for which there is no cure. HD is caused by a mutation (i.e., an expanded CAG triplet repeat) in the HTT gene, which results in production of mutant HTT ("mHTT") protein. In HD patients, there is a progressive loss of neurons in the brain leading to cognitive, psychiatric and motor disabilities. HD patients still possess wild-type (healthy) HTT ("wtHTT") protein, which is important for neuronal function and there is increasing evidence that wtHTT may be neuroprotective in an adult brain. Additionally, a dominant gain of function in mHTT protein and a concurrent loss of function of wtHTT protein may be important components of the pathophysiology of HD. Accordingly, suppression of wtHTT may have detrimental long-term consequences. Absence of wtHTT protein has been shown to be embryonically lethal in mice. In October 2019, at our Analyst and Investor Research Day, key opinion leaders in HD research presented data suggesting that wtHTT is neuroprotective in an adult brain; transport of key neurotrophic factors such as brain-derived neurotrophic factor ("BDNF") are regulated by wtHTT levels; and HD may be caused by a dominant gain of function in mutant HTT and a loss of function of wtHTT protein. Further, the relative proportion of wtHTT to mHTT is critical based on evidence that suggests an increased amount of wtHTT relative to mHTT may result in slower disease progression (measured by age-at-onset). Also, HD patients that lack wtHTT all together have significantly more severe disease, as measured by disease progression after symptom onset.

Our HD Portfolio: In HD, we are currently advancing two clinical programs and one preclinical program. WVE-120101 and WVE-120102 are our clinical programs, where each is a distinct stereopure antisense oligonucleotide designed to selectively target a single nucleotide polymorphism ("SNP") associated with the disease-causing mutant huntingtin (mHTT) mRNA transcript within the *HTT* gene: rs362307 ("mHTT SNP1") and rs362331 ("mHTT SNP2"), respectively. Our third program in HD, which we refer to as our "mHTT SNP3" program, is also a stereopure antisense oligonucleotide designed to selectively target an undisclosed SNP on the mHTT mRNA transcript. Our mHTT SNP3 program is currently in the preclinical stage. Approximately 50% of the HD population carries SNP1 or SNP2 and, with overlap, up to 70% of the HD population carries either SNP1, SNP2 or both. Approximately 40% of the HD population carries SNP3 and, with overlap, up to 80% of the HD population carries at least one of SNP1, SNP2 and/or SNP3. Targeting mRNA transcript with these SNPs allows us to lower the mutant allele transcript, while leaving the healthy transcript relatively intact. The healthy transcript is required to produce healthy HTT protein which is important for neuronal function. We commonly refer to this method (or approach) as "allele selective targeting." SNPs are naturally occurring variations within a given genetic sequence and in certain instances can be used to distinguish between two related copies of a gene where only one is associated with the expression of a disease-causing protein. Our allele selective approach may also enable us to address the pre-manifest, or

asymptomatic, HD patient population in the future. We have shown that by targeting mHTT SNP1 and mHTT SNP2 in preclinical *in vitro* studies, the production of disease-causing proteins associated with HD can be selectively reduced. In addition, we have shown that by targeting mHTT SNP3 in preclinical *in vitro* studies, our SNP3 compound selectively reduces the expression of the mutant HTT.

SNP phasing technology: To verify that HD patients have at least one of the SNPs that we are targeting on the mutant allele, we investigated multiple technologies that could provide highly accurate results and rapid turnaround. We conducted a prospective observational study of the frequency of SNP1 and SNP2 in patients with HD, which confirmed the feasibility of rapidly and prospectively identifying SNP1 and / or SNP2 in association with the mHTT allele in patients with HD. This study was published in *Neurology Genetics* in May 2020 and the manuscript is titled “Genotyping single nucleotide polymorphisms for allele-selective therapy in Huntington’s disease.” In 2019, we entered into an agreement with Asuragen, Inc. (“Asuragen”), a molecular diagnostics company, for the development and potential commercialization of companion diagnostics for our investigational WVE-120101 and WVE-120102 allele-selective therapeutic programs in HD. We recently expanded our agreement with Asuragen to enable us to use their scalable SNP phasing technology in our upcoming clinical trial for HD patients carrying SNP3.

Phase 1b/2a Clinical Trials: PRECISION-HD is a global clinical program consisting of the PRECISION-HD1 and PRECISION-HD2 clinical trials. PRECISION-HD1 and PRECISION-HD2 are two parallel, multicenter, double-blind, randomized, placebo-controlled Phase 1b/2a clinical trials evaluating WVE-120101 and WVE-120102, respectively, administered intrathecally, consisting of single-ascending dose and multiple-ascending dose portions. The primary objective of these two trials is to assess the safety and tolerability of intrathecal doses of WVE-120101 and WVE-120102, respectively, in early manifest HD patients. Additional objectives include measurement of total HTT protein and mutant HTT protein, and exploratory pharmacokinetic, pharmacodynamic, clinical and MRI endpoints. Each trial is designed with five multi-dose cohorts (2, 4, 8, 16, and 32 mg), each with 12 patients that have Stage I or Stage II HD, ages 25-65, who have screened positively for the presence of SNP1 or SNP2. Outside of the United States, we are conducting both the single-ascending dose and multiple-ascending dose portions of the PRECISION-HD1 and PRECISION-HD2 trials. In the United States, we received approvals to proceed with the single-dose portions of both trials. However, the FDA indicated to us that we cannot progress to the multiple-ascending dose portions of these trials in the United States unless we conduct an additional preclinical study and present the resulting data to the FDA for its review. For the single-dose portion of the PRECISION-HD1 trial in the United States, escalation to our highest proposed doses is subject to the FDA’s review and approval of additional monitoring plans. WVE-120101 and WVE-120102 have been granted orphan drug designation for the treatment of HD by the FDA. In response to the global COVID-19 pandemic, we have taken, and will continue to take, actions to minimize disruptions to our PRECISION-HD clinical trials, including, among other actions, more frequent communications with our trial sites to monitor the impact of the evolving pandemic. As a result of the COVID-19 pandemic, our clinical trial sites have faced continued restrictions. If global restrictions continue or worsen, the ability to evaluate patients in both of the PRECISION-HD trials as planned may be further impacted.

PRECISION-HD2 trial: In December 2019, we announced initial clinical data from our ongoing PRECISION-HD2 trial. In an analysis comparing all patients treated with multiple intrathecal doses of WVE-120102 to placebo, a statistically significant reduction of 12.4% ($p < 0.05$) in mHTT protein was observed in cerebrospinal fluid (“CSF”). An analysis to assess a dose response across the initial four treatment groups (2, 4, 8, or 16 mg) suggested a statistically significant response in mHTT reduction at the highest doses tested ($p = 0.03$). WVE-120102 was generally safe and well tolerated across all cohorts. These topline data supported the addition of higher dose cohorts, and we initiated the 32 mg cohort in January 2020. We expect to deliver clinical data from the 32 mg cohort in the first quarter of 2021.

PRECISION-HD1 trial: We initiated the 32 mg cohort of the PRECISION-HD1 trial in March 2020. We expect to deliver topline clinical data from the five multi-dose cohorts (2, 4, 8, 16, 32 mg) of the PRECISION-HD1 trial in the first quarter of 2021.

Open-label Extensions of PRECISION-HD1 and PRECISION-HD2: In October 2019, we initiated an OLE of the PRECISION-HD2 trial outside of the United States for patients who participated in that trial. In February 2020, we initiated an OLE of the PRECISION-HD1 trial outside of the United States for patients who participated in that trial. We expect to report data from the OLE trials in the first quarter of 2021.

mHTT SNP3 Program in HD: We expect to initiate clinical development of our mHTT SNP3 program with the submission of a clinical trial application (“CTA”) in the fourth quarter of 2020.

ALS and FTD: In amyotrophic lateral sclerosis (“ALS”) and frontotemporal dementia (“FTD”), we are advancing our C9orf72 program, which is designed to selectively target the transcripts containing the hexanucleotide repeat expansion (G4C2) in the C9orf72 gene. Our C9orf72 program is designed to minimize the impact on normal C9orf72 protein in patients, thereby reducing potential on-target risk. The G4C2 expansion in the C9orf72 gene is the most common cause of familial ALS and FTD and is a strong genetic risk factor for non-inherited (sporadic) forms of ALS and FTD. We expect to initiate clinical development of our C9orf72 program with the submission of a CTA in the fourth quarter of 2020.

SCA3: In spinocerebellar ataxia 3 (“SCA3”), we are continuing to advance our program targeting ATXN3. SCA3 is a rare, hereditary (autosomal dominant), progressive, neurodegenerative disorder that is caused by a CAG-repeat expansion in the ATXN3 gene.

Additional CNS Disorders: We are collaborating with Takeda to advance genetically defined targets for the treatment of other CNS disorders, including Alzheimer’s disease, Parkinson’s disease, and others. Under the terms of the agreement, we may collaborate with

Takeda on up to six preclinical programs at any one time, during a four-year term. Takeda is entitled to exclusively license multiple preclinical programs from us during the term.

ADAR Editing Applications in Neurology: We are also advancing a novel RNA-editing platform capability using endogenous ADAR (adenosine deaminases acting on RNA) enzymes via free uptake (non-viral, no nanoparticles) of A-to-I base editing oligonucleotides for the potential treatment of neurological diseases.

Ophthalmology

We are designing and advancing stereopure oligonucleotides for the potential treatment of rare, inherited eye diseases. Our preclinical data demonstrate that a single intravitreal injection of stereopure oligonucleotide in the eye of non-human primates (“NHPs”) resulted in greater than 95% knockdown of a target RNA in the retina for at least four months. Based on these data, we are working to design candidates that could achieve a therapeutic effect with only two doses per year. We are focused on advancing two preclinical programs: Usher syndrome type 2A (“USH2A”) and retinitis pigmentosa due to a P23H mutation in the RHO gene (“RhoP23H”). In October 2019, we presented *in vitro* and *ex vivo* preclinical data on our USH2A program, which is designed to promote USH2A exon 13 skipping, and we presented *in vitro* data on our RhoP23H program, which is designed to selectively silence RhoP23H transcripts.

Hepatic

In May 2020, we announced the first *in vivo* data from our novel RNA-editing platform, which demonstrated successful RNA editing of ACTB (Beta-actin) mRNA in NHPs via endogenous ADARs using stereopure GalNAc-conjugated oligonucleotides. In this proof-of-concept study, our oligonucleotides demonstrated up to 50% A to I (G) editing of ACTB mRNA in the liver of NHPs two-days post-last dose. To our knowledge, these are the first publicly available data that demonstrate successful RNA editing *in vivo* in NHPs. We expect to announce our first RNA-editing program in 2020.

Financial Operations Overview

We have never been profitable, and since our inception, we have incurred significant operating losses. Our net loss was \$88.0 million and \$86.1 million in the six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and December 31, 2019, we had an accumulated deficit of \$621.4 million and \$533.4 million, respectively. We expect to incur significant expenses and operating losses for the foreseeable future.

Revenue

We have not generated any product revenue since our inception and do not expect to generate any revenue from the sale of products for the foreseeable future. Our revenue during the three and six months ended June 30, 2020 and 2019 represents revenue earned under our two revenue-generating collaboration agreements: the Pfizer Collaboration Agreement (as defined in Note 5 in the notes to the unaudited consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q (“Note 5”)), which was entered into in May 2016 and ended in May 2020, and the Takeda Collaboration Agreement (as defined in Note 5), which became effective in April 2018.

Operating Expenses

Our operating expenses since inception have consisted primarily of research and development costs and general and administrative costs.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of our product candidates, which include:

- compensation-related expenses, including employee salaries, bonuses, share-based compensation expense and other related benefits expenses for personnel in our research and development organization;
- expenses incurred under agreements with third parties, including contract research organizations (“CROs”) that conduct research, preclinical and clinical activities on our behalf, as well as contract manufacturing organizations (“CMOs”) that manufacture drug product for use in our preclinical studies and clinical trials;
- expenses incurred related to our internal manufacturing of drug substance for use in our preclinical studies and clinical trials;
- expenses related to compliance with regulatory requirements;

- expenses related to third-party consultants;
- research and development supplies and services expenses; and
- facility-related expenses, including rent, maintenance and other general operating expenses.

We recognize research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our financial statements as prepaid or accrued expenses.

Our primary research and development focus since inception has been the development of our proprietary discovery and drug development platform, PRISM. We are using PRISM to design, develop and commercialize a broad pipeline of nucleic acid therapeutic candidates.

Our research and development expenses consist primarily of expenses related to our CROs, CMOs, consultants, other external vendors and fees paid to global regulatory agencies to conduct our clinical trials, in addition to compensation-related expenses, internal manufacturing expenses, facility-related expenses and other general operating expenses. These expenses are incurred in connection with research and development efforts and our preclinical studies and clinical trials. We track certain external expenses on a program-by-program basis. However, we do not allocate compensation-related expenses, internal manufacturing expenses, equipment repairs and maintenance expense, facility-related expenses or other operating expenses to specific programs. These expenses, which are not allocated on a program-by-program basis, are included in the “PRISM and other research and development expenses” category along with other external expenses related to our discovery and development programs, as well as platform development and identification of potential drug discovery candidates.

The table below summarizes our research and development expenses incurred for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
DMD programs	\$ 1,558	\$ 12,560	\$ 6,068	\$ 25,008
HD programs	8,114	4,879	15,627	8,317
ALS and FTD programs	2,624	644	4,662	1,370
PRISM and other research and development expenses (1)	19,182	23,522	46,279	47,023
Total research and development expenses	\$ 31,478	\$ 41,605	\$ 72,636	\$ 81,718

- (1) Includes discovery and development programs, identification of potential drug discovery candidates, compensation-related expenses, internal manufacturing expenses, equipment repairs and maintenance expense, facility-related expenses and other operating expenses, which are not allocated to specific programs.

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 expect to continue to incur significant research and development expenses in the foreseeable future as we continue to manage our existing clinical trials, initiate additional clinical trials for certain product candidates, pursue later stages of clinical development for certain product candidates, maintain our manufacturing capabilities and continue to discover and develop additional product candidates in multiple therapeutic areas.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation-related expenses, including salaries, bonuses, share-based compensation and other related benefits costs for personnel in our executive, finance, corporate, legal and administrative functions, as well as compensation-related expenses for our board of directors. General and administrative expenses also include legal fees; expenses associated with being a public company; professional fees for accounting, auditing, tax and consulting services; insurance costs; travel expenses; other operating costs; and facility-related expenses.

Other Income (Expense), Net

Other income (expense), net consists primarily of refundable tax credits from tax authorities and dividend income earned on cash and cash equivalents balances. We recognize refundable tax credits when there is reasonable assurance that we will comply with the requirements of the refundable tax credit and that the refundable tax credit will be received.

Income Taxes

We are a Singapore multi-national company subject to taxation in the United States and various other jurisdictions.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of our financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, costs and expenses and related disclosures.

Our significant accounting policies, judgments and estimates are described in Note 2 in the notes to the audited consolidated financial statements included in the 2019 Annual Report on Form 10-K, as well as in Note 2 in the notes to the unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q. We believe that our revenue recognition policy, particularly (a) assessing the number of performance obligations; (b) determining the transaction price; (c) allocating the transaction price to the performance obligations in the contract; and (d) determining the pattern over which performance obligations are satisfied, including estimates to complete performance obligations, and the assumptions and estimates used in our analysis of contracts with CROs and CMOs to estimate the contract expense, involve a greater degree of judgment, and therefore we consider them to be our critical accounting policies. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions.

Results of Operations

Comparison of the three months ended June 30, 2020 and 2019

	Three Months Ended June 30,		Change
	2020	2019	
Revenue	\$ 3,027	\$ 7,628	\$ (4,601)
Operating expenses:			
Research and development	31,478	41,605	(10,127)
General and administrative	10,205	11,640	(1,435)
Total operating expenses	41,683	53,245	(11,562)
Loss from operations	(38,656)	(45,617)	6,961
Other income (expense), net	(1,872)	3,675	(5,547)
Loss before income taxes	(40,528)	(41,942)	1,414
Income tax provision	—	—	—
Net loss	\$ (40,528)	\$ (41,942)	\$ 1,414

Revenue

Revenue of approximately \$3.0 million and \$7.6 million was earned under the Pfizer Collaboration Agreement and the Takeda Collaboration Agreement for the three months ended June 30, 2020 and 2019, respectively. The \$4.6 million decrease in revenue is primarily due to a decrease in research and development services under the Pfizer Collaboration Agreement as the research term ended in May 2020.

Research and Development Expenses

	Three Months Ended June 30,		Change
	2020	2019	
DMD programs	\$ 1,558	\$ 12,560	\$ (11,002)
HD programs	8,114	4,879	3,235
ALS and FTD programs	2,624	644	1,980
PRISM and other research and development expenses (1)	19,182	23,522	(4,340)
Total research and development expenses	\$ 31,478	\$ 41,605	\$ (10,127)

- (1) Includes discovery and development programs, identification of potential drug discovery candidates, compensation-related expenses, internal manufacturing expenses, equipment repairs and maintenance expense, facility-related expenses and other operating expenses, which are not allocated to specific programs.

Research and development expenses were \$31.5 million for the three months ended June 30, 2020, compared to \$41.6 million for the three months ended June 30, 2019. The decrease of approximately \$10.1 million was due to the following:

- a decrease of \$11.0 million in external expenses related to our DMD programs, including suvodirsen, due to our December 2019 decision to discontinue the suvodirsen program;
- an increase of \$3.2 million in external expenses related to our HD programs, including costs related to our Phase 1b/2a clinical trials, PRECISION-HD1 and PRECISION-HD2, and our mHTT SNP3 program;
- an increase of \$2.0 million in external expenses related to our ALS and FTD programs; and
- a decrease of \$4.3 million in internal and external research and development expenses that are not allocated on a program-by-program basis and are related to other discovery and development programs, including PRISM and the identification of potential drug discovery candidates, primarily due to a decrease in supplies and services and a decrease in employee headcount due to the February 2020 reduction in workforce.

General and Administrative Expenses

General and administrative expenses were \$10.2 million for the three months ended June 30, 2020, as compared to \$11.6 million for the three months ended June 30, 2019. The decrease of \$1.4 million was mainly driven by the decrease in compensation-related expenses due to the February 2020 reduction in workforce.

Other Income (Expense), Net

Other expense, net for the three months ended June 30, 2020 was \$1.9 million. During the three months ended June 30, 2020, we reduced the amount of refundable tax credits we expect to receive based on the results of Her Majesty's Revenue and Customs' ("HMRC") audit of Wave UK's 2017 refundable tax credit claim in the United Kingdom. The change in estimate related to the refundable tax credit for the periods 2017 through the first quarter of 2020 resulted in a decrease in income of \$3.1 million, which was partially offset by an additional period of income related to the refundable tax credit for the three months ended June 30, 2020.

Other income, net for the three months ended June 30, 2019 was \$3.7 million, which consists primarily of estimated refundable tax credits and dividend income earned on cash and cash equivalents.

Income Tax Provision

During the three months ended June 30, 2020 and 2019, we recorded no income tax provision. We maintained a full valuation allowance for the three months ended June 30, 2020 and 2019 in all jurisdictions due to uncertainty regarding future taxable income.

Comparison of the six months ended June 30, 2020 and 2019

	Six Months Ended June 30,		Change
	2020	2019	
	(in thousands)		
Revenue	\$ 7,188	\$ 10,654	\$ (3,466)
Operating expenses:			
Research and development	72,636	81,718	(9,082)
General and administrative	23,201	22,541	660
Total operating expenses	<u>95,837</u>	<u>104,259</u>	<u>(8,422)</u>
Loss from operations	(88,649)	(93,605)	4,956
Other income (expense), net	628	7,463	(6,835)
Loss before income taxes	(88,021)	(86,142)	(1,879)
Income tax provision	—	—	—
Net loss	<u>\$ (88,021)</u>	<u>\$ (86,142)</u>	<u>\$ (1,879)</u>

Revenue

Revenue of approximately \$7.2 million and \$10.7 million was earned under the Pfizer Collaboration Agreement and the Takeda Collaboration Agreement for the six months ended June 30, 2020 and 2019, respectively. The \$3.5 million decrease in revenue is primarily due to a decrease in research and development services under the Pfizer Collaboration Agreement as the research term ended in May 2020.

Research and Development Expenses

	Six Months Ended June 30,		Change
	2020	2019	
	(in thousands)		
DMD programs	\$ 6,068	\$ 25,008	\$ (18,940)
HD programs	15,627	8,317	7,310
ALS and FTD programs	4,662	1,370	3,292
PRISM and other research and development expenses (1)	46,279	47,023	(744)
Total research and development expenses	<u>\$ 72,636</u>	<u>\$ 81,718</u>	<u>\$ (9,082)</u>

- (1) Includes discovery and development programs, identification of potential drug discovery candidates, compensation-related expenses, internal manufacturing expenses, equipment repairs and maintenance expense, facility-related expenses and other operating expenses, which are not allocated to specific programs.

Research and development expenses were \$72.6 million for the six months ended June 30, 2020, compared to \$81.7 million for the six months ended June 30, 2019. The decrease of approximately \$9.1 million was due to the following:

- a decrease of \$18.9 million in external expenses related to our DMD programs, including suvodirsen, due to our December 2019 decision to discontinue the suvodirsen program;
- an increase of \$7.3 million in external expenses related to our HD programs, including costs related to our Phase 1b/2a clinical trials, PRECISION-HD1 and PRECISION-HD2, and our mHTT SNP3 program;
- an increase of \$3.3 million in external expenses related to our ALS and FTD programs; and
- a decrease of \$0.7 million in internal and external research and development expenses that are not allocated on a program-by-program basis and are related to other discovery and development programs, including PRISM and the identification of potential drug discovery candidates, primarily due to decreases in supplies and services.

General and Administrative Expenses

General and administrative expenses were \$23.2 million for the six months ended June 30, 2020, as compared to \$22.5 million for the six months ended June 30, 2019. The increase of \$0.7 million was mainly driven by compensation-related costs, including employee severance, benefits and related termination costs due to the February 2020 reduction in workforce.

Other Income (Expense), Net

Other income, net for the six months ended June 30, 2020 and 2019 was \$0.6 million and \$7.5 million, respectively. During the six months ended June 30, 2020, we reduced the amount of refundable tax credits we expect to receive based on the results of HMRC's audit of Wave UK's 2017 refundable tax credit claim in the United Kingdom. The change in estimate related to the refundable tax credit for the periods 2017 through the first quarter of 2020 resulted in a decrease in income of \$3.1 million, which was partially offset by an additional period of income related to the refundable tax credit for the six months ended June 30, 2020.

Income Tax Provision

During the three and six months ended June 30, 2020 and 2019, we recorded no income tax provision. We maintained a full valuation allowance for the six months ended June 30, 2020 and 2019 in all jurisdictions due to uncertainty regarding future taxable income.

Liquidity and Capital Resources

Since our inception, we have not generated any product revenue and have incurred recurring net losses. To date, we have primarily funded our operations through private placements of debt and equity securities, public offerings of our ordinary shares and collaborations with third parties. Through June 30, 2020, we have received an aggregate of approximately \$667.0 million in net proceeds from these transactions. We received \$89.3 million in net proceeds from private placements of our debt and equity securities, \$100.4 million in net proceeds from our initial public offering, \$40.0 million under the Pfizer Agreements (as defined in Note 5), including \$10.0 million as an upfront payment under the Pfizer Collaboration Agreement and \$30.0 million in the form of an equity investment, \$93.5 million in net proceeds from our April 2017 follow-on underwritten public offering, \$170.0 million in upfront payments under the Takeda Agreements (as defined in Note 5), including \$110.0 million as an upfront payment under the Takeda Collaboration Agreement (as defined in Note 5) and \$60.0 million in the form of an equity investment, \$161.8 million in net proceeds from our January 2019 follow-on underwritten public offering, and \$12.0 million in net proceeds from our at-the-market equity program.

As of June 30, 2020, we had cash and cash equivalents totaling \$94.1 million, an accumulated deficit of \$621.4 million and restricted cash of \$3.7 million for our leased premises in Cambridge, Massachusetts and Lexington, Massachusetts.

We expect that our existing cash and cash equivalents, together with expected and committed cash from our existing collaboration, will be sufficient to fund our operations for at least the next twelve months. We have based this expectation on assumptions that may prove to be incorrect, and we may use our available capital resources sooner than we currently expect. In addition, we may elect to raise additional funds before we need them if the conditions for raising capital are favorable due to market conditions or strategic considerations, even if we expect we have sufficient funds for our current or future operating plans.

Until we can generate significant revenue from product sales, if ever, we expect to continue to finance our operations through a combination of public or private equity or debt financings or other sources, which may include collaborations with third parties.

In May 2019, we filed a shelf registration statement on Form S-3ASR with the SEC pursuant to which we registered for sale an indeterminate amount of any combination of our ordinary shares, debt securities, warrants, rights and/or units from time to time and at prices and on terms that we may determine. Our shelf registration statement on Form S-3ASR also includes a prospectus covering up to an aggregate of \$250.0 million in ordinary shares that we may issue and sell from time to time, through Jefferies LLC acting as our sales agent, pursuant to the open market sales agreement that we entered into with Jefferies LLC in May 2019, as amended in March 2020, for our “at-the-market” equity program. Since we no longer qualified as a “well-known seasoned issuer” at the time of the filing of our 2019 Annual Report on Form 10-K, we amended the shelf registration statement to register for sale up to \$500.0 million of any combination of our ordinary shares, debt securities, warrants, rights and/or units from time to time and at prices and on terms that we may determine, including the up to \$250.0 million in ordinary shares that we may issue and sell from time to time pursuant to our “at-the-market” equity program. During the six months ended June 30, 2020, we sold approximately 1,183,000 ordinary shares under our at-the-market equity program for aggregate net proceeds of approximately \$12.0 million. As of August 9, 2020, we have sold an aggregate of approximately 2,050,000 ordinary shares under our at-the-market equity program, resulting in aggregate gross proceeds of approximately \$20.7 million, thereby leaving approximately \$479.3 million in securities available for sale under the shelf registration statement, including \$229.3 million in ordinary shares available for sale under the at-the-market equity program.

Adequate additional financing may not be available to us on acceptable terms, or at all. Raising capital in the current economic environment, particularly in light of the economic downturn and ongoing uncertainty related to the COVID-19 pandemic, may be challenging. Our inability to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. We will need to generate significant revenue to achieve profitability, and we may never do so.

Cash Flows

The following table summarizes our cash flow activity:

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Net cash used in operating activities	\$ (64,395)	\$ (83,310)
Net cash used in investing activities	(716)	(2,107)
Net cash provided by financing activities	11,996	163,389
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	11	127
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ (53,104)</u>	<u>\$ 78,099</u>

Operating Activities

During the six months ended June 30, 2020, operating activities used \$64.4 million of cash, primarily due to our net loss of \$88.0 million, offset by a \$20.0 million decrease in accounts receivable.

During the six months ended June 30, 2019, operating activities used approximately \$83.3 million of cash, primarily due to our net loss of \$86.1 million.

Investing Activities

During the six months ended June 30, 2020, investing activities used \$0.7 million of cash, related to purchases of property and equipment.

During the six months ended June 30, 2019, investing activities used \$2.1 million of cash, related to purchases of property and equipment.

Financing Activities

During the six months ended June 30, 2020, net cash provided by financing activities was \$12.0 million, which was primarily due to the net proceeds from sales of ordinary shares under our at-the-market equity program.

During the six months ended June 30, 2019, net cash provided by financing activities was \$163.4 million, which was due to the \$161.8 million in net proceeds from our January 2019 follow-on underwritten public offering and approximately \$1.6 million in proceeds from the exercise of share options.

Funding Requirements

We expect to continue to incur significant expenses in connection with our ongoing research and development activities and our internal cGMP manufacturing activities. Furthermore, we anticipate that our expenses will continue to vary if and as we:

- continue to conduct our clinical trials evaluating our product candidates in patients;
- conduct research and preclinical development of discovery targets and advance additional programs into clinical development;
- file clinical trial applications with global regulatory agencies and conduct clinical trials for our programs;
- make strategic investments in continuing to innovate our research and development platform, PRISM, and in optimizing our manufacturing processes and formulations;
- maintain our manufacturing capabilities through our internal facility and our CMOs;
- maintain our intellectual property portfolio and consider the acquisition of complementary intellectual property;
- seek and obtain regulatory approvals for our product candidates; and
- respond to the impacts of the COVID-19 global pandemic on our business.

We may experience delays or encounter issues with any of the above, including but not limited to failed studies, complex results, safety issues or other regulatory challenges.

Because of the numerous risks and uncertainties associated with the development of drug candidates and because the extent to which we may enter into collaborations with third parties for development of product candidates is unknown, we are unable to estimate the amounts of future capital outlays and operating expenses associated with completing the research and development for our therapeutic programs. Our future capital requirements for our therapeutic programs will depend on many factors, including:

- the progress, results and costs of conducting research and continued preclinical and clinical development for our therapeutic programs and future potential pipeline candidates;
- the number and characteristics of product candidates and programs that we pursue;
- the cost of manufacturing our product candidates;
- whether and to what extent milestone events are achieved under our collaboration with Takeda;
- the costs, timing and outcome of regulatory review of our product candidates;
- our ability to obtain marketing approval for our product candidates;
- the impacts of the COVID-19 global pandemic on our business;
- the costs and timing of future commercialization activities, including manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- market acceptance of our product candidates, to the extent any are approved for commercial sale, and the revenue, if any, received from commercial sales 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 effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products and technologies, including entering into licensing or collaboration arrangements for product candidates.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes 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 product revenue, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if ever. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives.

Adequate additional funds may not be available to us on acceptable terms when we need them, or at all. We do not currently have any committed external source of funds, except for committed funds and possible future payments from Takeda under the Takeda Collaboration Agreement. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our existing shareholders will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of our shareholders. Additional debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends and may require the issuance of warrants, which could potentially dilute our shareholders' ownership interests.

If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Commitments" in our 2019 Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) as of June 30, 2020 that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Recently Issued Accounting Pronouncements

The recently issued accounting pronouncements described in the Company's audited financial statements as of and for the year ended December 31, 2019, and the notes thereto, which are included in the 2019 Annual Report on Form 10-K, have had no material changes during the six months ended June 30, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign exchange rates, as well as, to a lesser extent, inflation and capital market risk.

Interest Rate Risk

We are exposed to interest rate risk in the ordinary course of our business. Our cash and cash equivalents are held in readily available checking and money market accounts.

Foreign Currency Exchange Rate Risk

Due to our operations outside of the United States, we are exposed to market risk related to changes in foreign currency exchange rates. Historically, we have not hedged our foreign currency exposure. For the three and six months ended June 30, 2020 and 2019, changes in foreign currency exchange rates did not have a material impact on our business, financial condition, results of operations or cash flows.

Inflation Risk

We do not believe that inflation had a material effect on our business, financial condition, results of operations or cash flows for the three and six months ended June 30, 2020 and 2019.

Capital Market Risk

We currently have no product revenues and depend on funds raised through other sources. One possible source of funding is through further equity offerings. Our ability to raise funds in this manner depends upon capital market forces affecting our share price, including impacts on the capital markets resulting from the COVID-19 pandemic.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2020, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under the caption “Risk Factors” that appear in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 2, 2020, as amended (the “2019 Annual Report on Form 10-K”), and in Item 1A of our Quarterly Report on Form 10-Q for the period ended March 31, 2020, which was filed with the Securities and Exchange Commission on May 11, 2020 (the “March 31 Quarterly Report on Form 10-Q”). There have been no material changes from the risk factors previously disclosed in the 2019 Annual Report on Form 10-K and in the March 31 Quarterly Report on Form 10-Q.

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

Recent Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the three months ended June 30, 2020.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Filed with this Report</u>	<u>Incorporated by Reference herein from Form or Schedule</u>	<u>Filing Date</u>	<u>SEC File/Reg. Number</u>
10.1+	Employment Agreement, as amended and restated, between the Registrant and Paul B. Bolno, dated as of May 8, 2020	X			
10.2+	Employment Agreement, as amended and restated, between the Registrant and Chandra Vargeese, dated as of May 8, 2020	X			
10.3+	Form of Inducement Non-qualified Share Option Agreement	X			
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer	X			
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer	X			
32*	Section 1350 Certifications of Principal Executive Officer and Principal Financial Officer	X			
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its Inline XBRL tags are embedded within the Inline XBRL document.	X			
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X			
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)	X			

(*) The certifications attached as Exhibit 32 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Wave Life Sciences Ltd. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such Form 10-Q), irrespective of any general incorporation language contained in such filing.

(+) Indicates management contract or compensatory plan or arrangement.

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.

WAVE LIFE SCIENCES LTD.

Date: August 10, 2020

By: /s/ Paul B. Bolno, M.D., MBA
Paul B. Bolno, M.D., MBA
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 10, 2020

By: /s/ David G. Gaiero
David G. Gaiero
Interim Chief Financial Officer (Principal Financial Officer and
Principal Accounting Officer)

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the “Agreement”), made and entered into as of May 8, 2020, by and between Wave Life Sciences USA, Inc., a Delaware corporation (“Company”) and a wholly owned subsidiary of Wave Life Sciences Ltd., a Singapore corporation (the “Parent Company”), and Paul Bolno (“Executive”).

WHEREAS, Company wishes to continue to employ Executive as President and Chief Executive Officer;

WHEREAS, Executive represents that Executive possesses the necessary skills to perform the duties of this position and that Executive has no obligation to any other person or entity which would prevent, limit or interfere with Executive’s ability to do so;

WHEREAS, Executive and Company desire to enter into an amended and restated Employment Agreement, which, except as specifically set forth herein, supersedes and replaces the current employment arrangement dated as of December 12, 2013, between Executive and Company (the “Prior Employment Agreement”), to assure the harmonious performance of the affairs of Company.

NOW, THEREFORE, in consideration of the mutual promises, terms, provisions, and conditions contained herein, the parties agree as follows:

1. Roles and Duties.

(a) **Executive Role.** Subject to the terms and conditions of this Agreement, Company shall employ Executive as its President and Chief Executive Officer reporting to Company’s Board of Directors. Executive accepts such employment upon the terms and conditions set forth herein, and agrees to perform to the best of Executive’s ability the duties normally associated with such position and as determined by Company in its sole discretion. During Executive’s employment, Executive shall devote all of Executive’s business time and energies to the business and affairs of Company, provided that nothing contained in this Agreement shall prevent or limit Executive’s right to manage Executive’s personal investments on Executive’s own personal time, including, without limitation the right to make passive investments in the securities of: (a) any entity which Executive does not control, directly or indirectly, and which does not compete with Company or the Parent Company, or (b) any publicly held entity so long as Executive’s aggregate direct and indirect interest does not exceed two percent (2%) of the issued and outstanding securities of any class of securities of such publicly held entity. Nothing contained herein shall prevent any family member of Executive from contracting with, being employed by or obtaining an ownership interest in any entity, whether or not such entity competes with the Company or the Parent Company; provided, however, that such contract, employment, or ownership interest does not extend to or involve Executive. In addition, nothing in this Agreement shall require Executive to transfer, sell or otherwise divest himself of any investments Executive or Executive’s family members hold as of the date hereof. During Executive’s employment, Executive shall not engage in any other non-Company related business activities of any nature whatsoever (including board memberships) without the Company’s prior written consent, which consent shall not be unreasonably withheld. In addition, and so long as such activities do not interfere with Executive’s performance of Executive’s duties hereunder (including Executive’s full devotion of business time and energies to the business and affairs of Company, as described above), Executive also may participate in civic, charitable and professional activities, but shall not serve in any official capacity, including as a member of a board, without the prior written consent of the Company.

2. Term of Employment.

(a) **Term.** Subject to the terms hereof, Executive’s employment hereunder shall commence as of the date hereof and shall continue until terminated hereunder by either party.

(b) **Termination.** Notwithstanding anything else contained in this Agreement, Executive’s employment hereunder shall terminate upon the earliest to occur of the following:

- (i) **Death.** Immediately upon Executive’s death;
- (ii) **Termination by Company.**

(A) If because of Executive’s Disability (as defined below in Section 2(c)), written notice by Company to Executive that Executive’s employment is being terminated as a result of Executive’s Disability, which termination shall be effective on the date of such notice or such later date as specified in writing by Company;

(B) If for Cause (as defined below in Section 2(d)), written notice by Company to Executive that Executive's employment is being terminated for Cause, which termination shall be effective on the date of such notice or such later date as specified in writing by Company (subject to any applicable "cure" rights as provided in Section 2(d) below);

(C) If by Company for reasons other than under Sections 2(b)(ii)(A) or (B), written notice by Company to Executive that Executive's employment is being terminated, which termination shall be effective immediately after the date of such notice or such later date as specified in writing by Company.

(iii) Termination by Executive.

(A) If for Good Reason (as defined below in Section 2(e)), written notice by Executive to Company that Executive is terminating Executive's employment for Good Reason and that sets forth the factual basis supporting the alleged Good Reason, which termination shall be effective thirty (30) days after the date of such notice; provided that if Company has cured the circumstances giving rise to the Good Reason, then such termination shall not be effective; or

(B) If without Good Reason, written notice by Executive to Company that Executive is terminating Executive's employment, which termination shall be effective at least thirty (30) days after the date of such notice.

Notwithstanding anything in this Section 2(b), Company may at any point terminate Executive's employment for Cause prior to the effective date of any other termination contemplated hereunder.

(c) Definition of "Disability". For purposes of this Agreement, "Disability" shall mean Executive's incapacity or inability to perform Executive's duties and responsibilities as contemplated herein for one hundred twenty (120) days or more (cumulative or consecutive) within any rolling twelve (12) month period, because Executive's physical or mental health has become so impaired as to make it impossible or impractical for Executive to perform the duties and responsibilities contemplated hereunder. Determination of Executive's physical or mental health shall be determined by Company after consultation with a medical expert appointed by mutual agreement between Company and Executive who has examined Executive. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) Definition of "Cause". As used herein, "Cause" shall include: (i) Executive's willful engagement in dishonesty, illegal conduct or gross misconduct, which is, in each case, materially injurious to the Company or any affiliate; (ii) Executive's significant insubordination; (iii) Executive's substantial malfeasance or nonfeasance of duty; (iv) Executive's repeated failure, inability or refusal to perform his duties hereunder in a manner that is materially injurious to the Company or any affiliate (other than by reason of Executive's Disability); (v) Executive's unauthorized disclosure of confidential information; (vi) Executive's embezzlement, misappropriation or fraud, whether or not related Executive's employment with the Company; or (vii) Executive's breach of a material provision of any employment, non-disclosure, invention assignment, non-competition, or similar agreement between Executive and Company; provided that "Cause" shall not be deemed to have occurred pursuant to subsections (ii), (iii) or (iv) hereof unless Executive has first received written notice specifying in reasonable detail the particulars of such grounds and that Company intends to terminate Executive's employment hereunder for such grounds, and if such grounds are reasonably capable of being cured within thirty (30) days, Executive has failed to cure such grounds within a period of thirty (30) days from the date of such notice (the "Cure Period"). During any such Cure Period, and in connection with Executive's ability to cure a for Cause termination as specifically set forth herein, Executive shall have an opportunity to make a presentation to the Company's Board of Directors in response to the asserted grounds for Cause termination. "Cause" is not limited to events which have occurred prior to the termination of Executive's service to Company, nor is it necessary that Company's finding of "Cause" occur prior to such termination. If Company determines, subsequent to Executive's termination of service but only after the notice, related process and Cure Period described above have been exhausted (if the applicable "Cause" sub-section is invoked), that either prior or subsequent to Executive's termination, Executive engaged in conduct which would constitute "Cause," then Executive shall be deemed to have been terminated for "Cause" and he shall have no right to any benefit or compensation under this Agreement, including, without limitation, any payments or benefits under Section 4(c) or Section 4(d) hereof (as applicable).

(e) Definition of "Good Reason". As used herein, a "Good Reason" shall mean the occurrence of any of the following events without Executive's written consent: (i) relocation of Executive's principal business location to a location more than fifty (50) miles from Executive's then-current business location; (ii) a material diminution in Executive's duties, authority or responsibilities; (iii) a material reduction in the Executive's Base Salary (other than as a result of a broad based reduction of salary similarly affecting other Company executives having comparable rank, authority and seniority); or (iv) any material breach of this Agreement by the Company; provided that (A) Executive provides Company with written notice that Executive intends to terminate Executive's employment hereunder for one of the grounds set forth in this Section 2(e) within thirty (30) days of such ground occurring, (B) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of

such written notice, and (C) Executive terminates Executive's employment within sixty-five days from the date that Good Reason first occurs. For purposes of clarification, the above-listed conditions shall apply separately to each occurrence of Good Reason and failure to adhere to such conditions in the event of Good Reason shall not disqualify Executive from asserting Good Reason for any subsequent occurrence of Good Reason. For purposes of this Agreement, "Good Reason" shall be interpreted in a manner, and limited to the extent necessary, so that it shall not cause adverse tax consequences for either party with respect to Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code") and any successor statute, regulation and guidance thereto.

3. Compensation.

(a) Base Salary. Company shall pay Executive a base salary (the "Base Salary") at the annual rate of \$578,977. The Base Salary shall be payable in substantially equal periodic installments in accordance with Company's payroll practices as in effect from time to time. Company shall deduct from each such installment all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates. The Base Salary will be reviewed annually and may be increased.

(b) Annual Performance Bonus. Executive shall be eligible to receive an annual cash bonus (the "Annual Performance Bonus"), with the target amount of such Annual Performance Bonus equal to sixty-five percent (65%) of Executive's Base Salary in the year to which the Annual Performance Bonus relates, provided that the actual amount of the Annual Performance Bonus may be greater or less than such target amount. The Annual Performance Bonus shall be based on both corporate and individual performance objectives to be established by the Board of Directors of the Parent Company or an appropriate committee thereof by no later than March 1st of the applicable bonus year (the "Performance Objectives"). Whether and to what extent the Performance Objectives have been achieved and the amount of any Annual Performance Bonus payable hereunder shall be determined by the Board of Directors of the Parent Company (or an appropriate committee thereof) in its sole and absolute discretion. Executive must be employed by Company on the date on which the Annual Performance Bonus is paid in order to be eligible for, and to be deemed as having earned, such Annual Performance Bonus. The Company shall deduct from the Annual Performance Bonus all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates.

(c) Equity. Executive may be eligible to receive equity awards under the applicable equity incentive plan of the Parent Company then in effect, as determined by the Board of Directors of the Parent Company or an appropriate committee thereof.

(d) Open Time Off. Executive is eligible to take paid time off for vacation and personal reasons in accordance with Company's Open Time Off policies as in effect from time to time. The guideline for such time off is 3-4 weeks per calendar year. This guideline excludes time off for illness, company-paid holidays, year-end shutdown and emergencies. Time off is to be scheduled to minimize disruption to Company's operations, pursuant to the terms and conditions of Company Open Time Off policy and practices as applied to senior executives of the Company. Time off is not earned or accrued, therefore there are no rollover of days from year to year, nor is payment made for unused time off upon separation from employment.

(e) Fringe Benefits. Executive shall be entitled to participate in all benefit/welfare plans, long-term incentive programs, and other fringe benefits provided to Company senior executives at comparable levels. The terms of any such programs and benefits will be governed by the applicable plan documents and Company policies in effect from time to time. Executive understands that, except when prohibited by applicable law, Company's benefit plans and fringe benefits may be changed, replaced, terminated, modified or amended by Company from time to time in its sole discretion.

(f) Reimbursement of Expenses. Company shall reimburse Executive for all ordinary and reasonable out-of-pocket business expenses incurred by Executive in furtherance of Company's business in accordance with Company's policies with respect thereto as in effect from time to time. Executive must submit any request for reimbursement no later than thirty (30) days following the date that such business expense is incurred. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year; (iii) the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

(g) Indemnification. Executive shall be entitled to indemnification with respect to Executive's services provided hereunder pursuant to applicable law, the terms and conditions of Company's organizational and governing documents, Company's directors and officers ("D&O") liability insurance policy, and Company's standard indemnification agreement for directors and officers as executed by Company and Executive.

4. Payments Upon Termination.

(a) Definition of Accrued Obligations. For purposes of this Agreement, “Accrued Obligations” means: (i) the portion of Executive’s Base Salary that has accrued prior to any termination of Executive’s employment with Company and has not yet been paid; and (ii) the amount of any expenses properly incurred by Executive on behalf of Company prior to any such termination and not yet reimbursed. Executive’s entitlement to any other compensation or benefit under any plan of Company shall be governed by and determined in accordance with the terms of such plans, except as otherwise specified in this Agreement.

(b) Termination by Company for Cause, or by Executive Without Good Reason, or as a Result of Executive’s Disability or Death. If Executive’s employment hereunder is terminated by Company for Cause, by Executive without Good Reason, or as a result of Executive’s Disability or Death, then Company shall pay the Accrued Obligations to Executive on or before the time required by applicable law following the effective date of such termination and shall have no further obligations to Executive.

(c) Termination by Company Without Cause or by Executive For Good Reason. In the event that Executive’s employment is terminated by Company without Cause or Executive terminates Executive’s employment for Good Reason, then, in addition to the Accrued Obligations, Executive shall receive the following, subject to the terms and conditions described in Section 4(e) (including Executive’s execution of a release of claims):

(i) Severance Payments. Continuation of payments in an amount equal to (x) Executive’s then-current Base Salary for a period of eighteen (18) months, and (y) an amount equal to the target Annual Performance Bonus to which Executive may have been entitled for the year in which Executive’s employment terminates, prorated to reflect that portion of the year in which Executive was employed, less all customary and required taxes and employment-related deductions, which amounts shall be paid over time in accordance with Company’s normal payroll practices (provided such payments shall be made at least monthly), commencing on the first payroll date following the date on which the release of claims required by Section 4(e) becomes effective and non-revocable, but not after seventy (70) days following the effective date of termination from employment; provided, that if the 70th day falls in the calendar year following the year during which the termination or separation from service occurred, then the payments will commence in such subsequent calendar year; provided further that if such payments commence in such subsequent year, the first such payment shall be a lump sum in an amount equal to the payments that would have come due since Employee’s separation from service.

(ii) Benefits Payments. Upon completion of appropriate forms and subject to applicable terms and conditions under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”), the Company shall continue to pay its share of the costs for Employee’s coverage under the Company’s group health insurance plan, until the earlier to occur of eighteen (18) months following Executive’s termination date or the date Executive begins employment with another employer; provided that such Company-paid premiums may be recorded as additional income pursuant to Section 6041 of the Code and not entitled to any tax qualified treatment to the extent necessary to comply with or avoid the discriminatory treatment prohibited by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 or Section 105(h) of the Code. Executive shall bear full responsibility for applying for COBRA continuation coverage and Company shall have no obligation to provide Executive such coverage if Executive fails to elect COBRA benefits in a timely fashion.

Payment of the above described severance payments and benefits are expressly conditioned on Executive’s execution without revocation of the release of claims under Section 4(e) and return of Company property under Section 6. In the event that Executive is eligible for the severance payments and benefits under this Section 4(c), Executive shall not be eligible for and shall not receive any of the severance payments and benefits as provided in Section 4(d).

(d) Termination by Company Without Cause or by Executive For Good Reason Following a Change of Control. In the event that a Change of Control (as defined below) occurs and within a period of one (1) year following the Change of Control, either Executive’s employment is terminated by Company without Cause, or Executive terminates Executive’s employment for Good Reason, then, in addition to the Accrued Obligations, Executive shall receive the following, subject to the terms and conditions described in Section 4(e) (including Executive’s execution of a release of claims):

(i) Lump Sum Severance Payment. Payment of a lump sum amount equal to eighteen (18) months of Executive’s then-current Base Salary, less all customary and required taxes and employment-related deductions, paid on the first payroll date following the date on which the release of claims required by Section 4(e) becomes effective and non-revocable, but not after seventy (70) days following the effective date of termination from employment.

(ii) Separation Bonus. Payment of a separation bonus in an amount equal to the target Annual Performance Bonus to which Executive may have been entitled for the year in which Executive’s employment terminates less all customary and required taxes and employment-related deductions, paid on the first payroll date following the date on which

the release of claims required by Section 4(e) becomes effective and non-revocable, but not after seventy (70) days following the effective date of termination from employment.

(iii) **Benefit Payments.** Upon completion of appropriate forms and subject to applicable terms and conditions under the COBRA, the Company shall continue to pay its share of the costs for Employee's coverage under the Company's group health insurance plan, until the earlier to occur of eighteen (18) months following Executive's termination date or the date Executive begins employment with another employer; provided that such Company-paid premiums may be recorded as additional income pursuant to Section 6041 of the Code and not entitled to any tax qualified treatment to the extent necessary to comply with or avoid the discriminatory treatment prohibited by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 or Section 105(h) of the Code. Executive shall bear full responsibility for applying for COBRA continuation coverage and Company shall have no obligation to provide Executive such coverage if Executive fails to elect COBRA benefits in a timely fashion.

Payment of the above described severance payments and benefits are expressly conditioned on Executive's execution without revocation of the release of claims under Section 4(e) and return of Company property under Section 6. In the event that Executive is eligible for the severance payments and benefits under this Section 4(d), Executive shall not be eligible for and shall not receive any of the severance payments and benefits as provided in Section 4(c).

As used herein, a "Change of Control" shall mean (A) a merger or consolidation of the Parent Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Parent Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) more than 50% of the total voting power represented by the voting securities of the Parent Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the sale or disposition by the Parent Company of all or substantially all of the Parent Company's assets in a transaction requiring shareholder approval; or (C) the transfer, sale or disposition by the Parent Company of 50% or more of its interest in Company.

(e) **Execution of Release of Claims.** Company shall not be obligated to pay Executive any of the severance payments or benefits described in this Section 4 unless and until Executive has executed (without revocation) a timely release of claims in a form acceptable to Company, which shall include a general release of claims against Company and Parent Company (including its and their affiliated entities, and its and their officers, directors, employees and others associated with such entities), a reaffirmation of Executive's covenants under the terms of the Agreement to Protect Confidential Information, Inventions and Business (as referenced in Section 5 below), as well as standard and reasonable terms regarding items such as mutual non-disparagement, confidentiality, cooperation and the like (the "Release Agreement"). The Release Agreement must be provided to Executive within fifteen (15) days following Executive's separation from service, and signed by Executive and returned to Company no later than sixty (60) days following Executive's separation from service (the "Review Period"). If Executive fails or refuses to return the Release Agreement within the Review Period, Executive's severance payments and benefits hereunder shall be forfeited.

(f) **No Other Payments or Benefits Owed.** The payments and benefits set forth in this Section 4 shall be the sole amounts owing to Executive upon termination of Executive's employment for the reasons set forth above and Executive shall not be eligible for any other payments or other forms of compensation or benefits. The payments and benefits set forth in Section 4 shall be the sole remedy, if any, available to Executive in the event that Executive brings any claim against Company relating to the termination of Executive's employment under this Agreement.

5. **Prohibited Competition, Solicitation, and Non-Disclosure.**

(a) Executive expressly acknowledges that: (i) there are competitive and proprietary aspects of the business of Company and its affiliates; (ii) during the course of Executive's employment, Company and/or its affiliates shall furnish, disclose or make available to Executive confidential and proprietary information and may provide Executive with unique and specialized training; (iii) such Confidential Information and training have been developed and shall be developed by Company and/or its affiliates through the expenditure of substantial time, effort and money, and could be used by Executive to compete with Company and/or its affiliates; and (iv) in the course of Executive's employment, Executive shall be introduced to customers and others with important relationships to Company and/or its affiliates, and any and all "goodwill" created through such introductions belongs exclusively to Company and its affiliates, including, but not limited to, any goodwill created as a result of direct or indirect contacts or relationships between Executive and any customers of Company and its affiliates. In light of the foregoing acknowledgements, Executive hereby (x) acknowledges that Executive previously executed and agrees to abide by the terms and conditions set forth in the Company's Agreement to Protect Confidential Information, Inventions and Business (attached hereto as Exhibit A) and the Company's Confidentiality and Information Systems Usage Agreement (attached hereto as Exhibit B), (y) reaffirms Executive's obligations under the terms of the previously executed Agreement to Protect Confidential Information, Inventions and Business and Confidentiality and Information Systems Usage Agreement, and (z) acknowledges and agrees that nothing herein shall impact or affect the continued

validity of the previously executed Agreement to Protect Confidential Information, Inventions and Business and Confidentiality and Information Systems Usage Agreement.

(b) Executive hereby acknowledges and agrees that in consideration for Executive's non-competition covenant as set forth in Agreement to Protect Confidential Information, Inventions and Business, the Company is providing the Executive with eligibility to receive the certain severance payments and benefits under the conditions set forth in Section 4 hereof. Executive further acknowledges and agrees that the aforementioned consideration is fair and reasonable consideration independent of the Executive's employment with the Company for purposes of Executive's non-competition covenant.

(c) Executive hereby expressly acknowledges and agrees that if Executive breaches any of the terms and/or conditions set forth in the Agreement to Protect Confidential Information, Inventions and Business following a termination of Executive's employment either by Company without Cause or by Executive for Good Reason, then, in addition to the relief described in the Agreement to Protect Confidential Information, Inventions and Business, (i) Company shall cease providing the Executive with any further payments under Section 4(c) or 4(d) (as applicable) as of the date of such breach, (ii) Company shall not be obligated to provide Executive with, and Executive shall not be eligible or otherwise entitled to receive, any further payments or benefits from Company, (iii) Company's obligation to provide Executive with any further such payments or benefits shall be null and void, and of no further force or effect, and (iv) Company shall be entitled to recover, and Executive shall be obligated to repay to Company, any payments and the value of any benefits previously provided to Executive by Company under Section 4(c) or 4(d) (as applicable) prior to the date of Executive's breach of the Agreement to Protect Confidential Information, Inventions and Business.

6. Property and Records. Upon the termination of Executive's employment hereunder for any reason or for no reason, or if Company otherwise requests, Executive shall: (a) return to Company all tangible business information and copies thereof (regardless how such Confidential Information or copies are maintained), and (b) deliver to Company any property of Company which may be in Executive's possession, including, but not limited to, Blackberry-type devices, smart phones, laptops, cell phones, products, materials, memoranda, notes, records, reports or other documents or photocopies of the same.

7. Code Sections 409A and 280G.

(a) In the event that the payments or benefits set forth in Section 4 of this Agreement constitute "non-qualified deferred compensation" subject to Section 409A, then the following conditions apply to such payments or benefits:

(i) Any termination of Executive's employment triggering payment of benefits under Section 4 must constitute a "separation from service" under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h) before distribution of such benefits can commence. To the extent that the termination of Executive's employment does not constitute a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h) (as the result of further services that are reasonably anticipated to be provided by Executive to Company at the time Executive's employment terminates), any such payments under Section 4 that constitute deferred compensation under Section 409A shall be delayed until after the date of a subsequent event constituting a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h). For purposes of clarification, this Section 7(a) shall not cause any forfeiture of benefits on Executive's part, but shall only act as a delay until such time as a "separation from service" occurs.

(ii) Notwithstanding any other provision with respect to the timing of payments under Section 4 if, at the time of Executive's termination, Executive is deemed to be a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), then limited only to the extent necessary to comply with the requirements of Section 409A, any payments to which Executive may become entitled under Section 4 which are subject to Section 409A (and not otherwise exempt from its application) shall be withheld until the first (1st) business day of the seventh (7th) month following the termination of Executive's employment, at which time Executive shall be paid an aggregate amount equal to the accumulated, but unpaid, payments otherwise due to Executive under the terms of Section 4.

(b) It is intended that each installment of the payments and benefits provided under Section 4 of this Agreement shall be treated as a separate "payment" for purposes of Section 409A. Neither Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(c) Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted and at all times administered in a manner that avoids the inclusion of compensation in income under Section 409A, or the payment of increased taxes, excise taxes or other penalties under Section 409A. The parties intend this Agreement to be in compliance with Section 409A. Executive acknowledges and agrees that Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement, including but not limited to consequences related to Section 409A.

(d) If any payment or benefit Executive would receive under this Agreement, when combined with any other payment or benefit Executive receives pursuant to a Change of Control (for purposes of this section, a "Payment") would: (i) constitute a "parachute payment" within the meaning of Section 280G the Code; and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either: (A) the full amount of such Payment; or (B) such lesser amount (with cash payments being reduced before stock option compensation) as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local employments taxes, income taxes, and the Excise Tax, results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax.

8. General.

(a) Notices. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt.

Notices to Executive shall be sent to the last known address in Company's records or such other address as Executive may specify in writing.

Notices to Company shall be sent to:

Wave Life Sciences USA, Inc.
733 Concord Avenue
Cambridge, MA 02138
Tel: (617) 949-2900
Attn: Chairman of the Board

With a copy to:

Wave Life Sciences USA, Inc.
733 Concord Avenue
Cambridge, MA 02138
Tel: (617) 949-2900
Attn: General Counsel

(b) Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(c) Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(d) Assignment. Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of Company's business or that aspect of Company's business in which Executive is principally involved. Executive may not assign Executive's rights and obligations under this Agreement without the prior written consent of Company.

(e) Governing Law/Dispute Resolution. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof. Any legal action or proceeding with respect to this Agreement shall be brought in the courts of the Commonwealth of Massachusetts or of the United States of America for the District of Massachusetts. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts.

(f) Jury Waiver. ANY, ACTION, DEMAND, CLAIM, OR COUNTERCLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE RESOLVED BY A JUDGE ALONE AND EACH OF COMPANY AND EXECUTIVE WAIVES ANY RIGHT TO A JURY TRIAL THEREOF.

(g) Headings and Captions. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(h) Entire Agreement. This Agreement, together with the other agreements specifically referenced herein and the Exhibits attached hereto, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof, including, but not limited to, the Prior Employment Agreement. Notwithstanding the foregoing, nothing herein shall impact, affect, supersede, change, or modify the terms of the Agreement to Protect Confidential Information, Inventions and Business and/or the Confidentiality and Information Systems Usage Agreement that Exeutive previously executed with Company. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For all purposes a signature by fax shall be treated as an original.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

PAUL BOLNO

WAVE LIFE SCIENCES USA, INC.

/s/ Paul B. Bolno
Signature
Address: [Address]

By: /s/ Linda Rockett
Name: /s/ Linda Rockett, Esq.
Title: SVP, General Counsel

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (the “Agreement”), made and entered into as of May 8, 2020, by and between Wave Life Sciences USA, Inc., a Delaware corporation (“Company”) and a wholly owned subsidiary of Wave Life Sciences Ltd., a Singapore corporation (the “Parent Company”), and Chandra Vargeese (“Executive”).

WHEREAS, Company wishes to employ Executive as its Chief Technology Officer;

WHEREAS, Executive represents that Executive possesses the necessary skills to perform the duties of this position and that Executive has no obligation to any other person or entity which would prevent, limit or interfere with Executive’s ability to do so;

WHEREAS, Executive and Company desire to enter into an Employment Agreement, which, except as specifically set forth herein, supersedes and replaces the current employment arrangement dated as of July 2, 2014, between Executive and Company (the “Prior Employment Agreement”), to assure the harmonious performance of the affairs of Company.

NOW, THEREFORE, in consideration of the mutual promises, terms, provisions, and conditions contained herein, the parties agree as follows:

1. Roles and Duties.

(a) Executive Role. Subject to the terms and conditions of this Agreement, Company shall employ Executive as its Chief Technology Officer reporting to Company’s President and Chief Executive Officer. Executive accepts such employment upon the terms and conditions set forth herein, and agrees to perform to the best of Executive’s ability the duties normally associated with such position and as determined by Company in its sole discretion. During Executive’s employment, Executive shall devote all of Executive’s business time and energies to the business and affairs of Company, provided that nothing contained in this Agreement shall prevent or limit Executive’s right to manage Executive’s personal investments on Executive’s own personal time, including, without limitation the right to make passive investments in the securities of: (a) any entity which Executive does not control, directly or indirectly, and which does not compete with Company or the Parent Company, or (b) any publicly held entity so long as Executive’s aggregate direct and indirect interest does not exceed two percent (2%) of the issued and outstanding securities of any class of securities of such publicly held entity. Nothing contained herein shall prevent any family member of Executive from contracting with, being employed by or obtaining an ownership interest in any entity, whether or not such entity competes with the Company or the Parent Company; provided, however, that such contract, employment, or ownership interest does not extend to or involve Executive. In addition, nothing in this Agreement shall require Executive to transfer, sell or otherwise divest himself of any investments Executive or Executive’s family members hold as of the date hereof. During Executive’s employment, Executive shall not engage in any other non-Company related business activities of any nature whatsoever (including board memberships) without the Company’s prior written consent, which consent shall not be unreasonably withheld. In addition, and so long as such activities do not interfere with Executive’s performance of Executive’s duties hereunder (including Executive’s full devotion of business time and energies to the business and affairs of Company, as described above), Executive also may participate in civic, charitable and professional activities, but shall not serve in any official capacity, including as a member of a board, without the prior written consent of the Company.

2. Term of Employment.

(a) Term. Subject to the terms hereof, Executive’s employment hereunder shall commence as of the date hereof and shall continue until terminated hereunder by either party.

(b) Termination. Notwithstanding anything else contained in this Agreement, Executive’s employment hereunder shall terminate upon the earliest to occur of the following:

(i) Death. Immediately upon Executive’s death;

(ii) Termination by Company.

(A) If because of Executive’s Disability (as defined below in Section 2(c)), written notice by Company to Executive that Executive’s employment is being terminated as a result of Executive’s Disability, which termination shall be effective on the date of such notice or such later date as specified in writing by Company;

(B) If for Cause (as defined below in Section 2(d)), written notice by Company to Executive that Executive’s employment is being terminated for Cause, which termination shall be effective on the date of such notice or such later date as specified in writing by Company (subject to any applicable “cure” rights as provided in Section 2(d) below);

(C) If by Company for reasons other than under Sections 2(b)(ii)(A) or (B), written notice by Company to Executive that Executive's employment is being terminated, which termination shall be effective immediately after the date of such notice or such later date as specified in writing by Company.

(iii) Termination by Executive.

(A) If for Good Reason (as defined below in Section 2(e)), written notice by Executive to Company that Executive is terminating Executive's employment for Good Reason and that sets forth the factual basis supporting the alleged Good Reason, which termination shall be effective thirty (30) days after the date of such notice; provided that if Company has cured the circumstances giving rise to the Good Reason, then such termination shall not be effective; or

(B) If without Good Reason, written notice by Executive to Company that Executive is terminating Executive's employment, which termination shall be effective at least thirty (30) days after the date of such notice.

Notwithstanding anything in this Section 2(b), Company may at any point terminate Executive's employment for Cause prior to the effective date of any other termination contemplated hereunder.

(c) Definition of "Disability". For purposes of this Agreement, "Disability" shall mean Executive's incapacity or inability to perform Executive's duties and responsibilities as contemplated herein for one hundred twenty (120) days or more (cumulative or consecutive) within any rolling twelve (12) month period, because Executive's physical or mental health has become so impaired as to make it impossible or impractical for Executive to perform the duties and responsibilities contemplated hereunder. Determination of Executive's physical or mental health shall be determined by Company after consultation with a medical expert appointed by mutual agreement between Company and Executive who has examined Executive. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) Definition of "Cause". As used herein, "Cause" shall include: (i) Executive's willful engagement in dishonesty, illegal conduct or gross misconduct, which is, in each case, materially injurious to the Company or any affiliate; (ii) Executive's significant insubordination; (iii) Executive's substantial malfeasance or nonfeasance of duty; (iv) Executive's repeated failure, inability or refusal to perform his duties hereunder in a manner that is materially injurious to the Company or any affiliate (other than by reason of Executive's Disability); (v) Executive's unauthorized disclosure of confidential information; (vi) Executive's embezzlement, misappropriation or fraud, whether or not related Executive's employment with the Company; or (vii) Executive's breach of a material provision of any employment, non-disclosure, invention assignment, non-competition, or similar agreement between Executive and Company; provided that "Cause" shall not be deemed to have occurred pursuant to subsections (ii), (iii) or (iv) hereof unless Executive has first received written notice specifying in reasonable detail the particulars of such grounds and that Company intends to terminate Executive's employment hereunder for such grounds, and if such grounds are reasonably capable of being cured within thirty (30) days, Executive has failed to cure such grounds within a period of thirty (30) days from the date of such notice (the "Cure Period"). During any such Cure Period, and in connection with Executive's ability to cure a for Cause termination as specifically set forth herein, Executive shall have an opportunity to make a presentation to the Company's Board of Directors in response to the asserted grounds for Cause termination. "Cause" is not limited to events which have occurred prior to the termination of Executive's service to Company, nor is it necessary that Company's finding of "Cause" occur prior to such termination. If Company determines, subsequent to Executive's termination of service but only after the notice, related process and Cure Period described above have been exhausted (if the applicable "Cause" sub-section is invoked), that either prior or subsequent to Executive's termination, Executive engaged in conduct which would constitute "Cause," then Executive shall be deemed to have been terminated for "Cause" and he shall have no right to any benefit or compensation under this Agreement, including, without limitation, any payments or benefits under Section 4(c) or Section 4(d) hereof (as applicable).

(e) Definition of "Good Reason". As used herein, a "Good Reason" shall mean the occurrence of any of the following events without Executive's written consent: (i) relocation of Executive's principal business location to a location more than fifty (50) miles from Executive's then-current business location; (ii) a material diminution in Executive's duties, authority or responsibilities; (iii) a material reduction in the Executive's Base Salary (other than as a result of a broad based reduction of salary similarly affecting other Company executives having comparable rank, authority and seniority); or (iv) any material breach of this Agreement by the Company; provided that (A) Executive provides Company with written notice that Executive intends to terminate Executive's employment hereunder for one of the grounds set forth in this Section 2(e) within thirty (30) days of such ground occurring, (B) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) Executive terminates Executive's employment within sixty-five days from the date that Good Reason first occurs. For purposes of clarification, the above-listed conditions shall apply separately to each occurrence of Good Reason and failure to adhere to such conditions in the event of Good Reason shall not disqualify Executive from asserting Good Reason for any subsequent occurrence of Good Reason. For purposes of this Agreement, "Good Reason" shall be interpreted in a manner, and limited to the extent necessary, so that it shall not cause adverse tax consequences for either party with respect to Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code") and any successor statute, regulation and guidance thereto.

3. **Compensation.**

(a) **Base Salary.** Company shall pay Executive a base salary (the “Base Salary”) at the annual rate of \$434,520. The Base Salary shall be payable in substantially equal periodic installments in accordance with Company’s payroll practices as in effect from time to time. Company shall deduct from each such installment all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates. The Base Salary will be reviewed annually and may be increased.

(b) **Annual Performance Bonus.** Executive shall be eligible to receive an annual cash bonus (the “Annual Performance Bonus”), with the target amount of such Annual Performance Bonus equal to forty percent (40%) of Executive’s Base Salary in the year to which the Annual Performance Bonus relates, provided that the actual amount of the Annual Performance Bonus may be greater or less than such target amount. The Annual Performance Bonus shall be based on both corporate and individual performance objectives to be established by the Board of Directors of the Parent Company or an appropriate committee thereof by no later than March 1st of the applicable bonus year (the “Performance Objectives”). Whether and to what extent the Performance Objectives have been achieved and the amount of any Annual Performance Bonus payable hereunder shall be determined by the Board of Directors of the Parent Company (or an appropriate committee thereof) in its sole and absolute discretion. Executive must be employed by Company on the date on which the Annual Performance Bonus is paid in order to be eligible for, and to be deemed as having earned, such Annual Performance Bonus. The Company shall deduct from the Annual Performance Bonus all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates.

(c) **Equity.** Executive may be eligible to receive equity awards under the applicable equity incentive plan of the Parent Company then in effect, as determined by the Board of Directors of the Parent Company or an appropriate committee thereof.

(d) **Open Time Off.** Executive is eligible to take paid time off for vacation and personal reasons in accordance with Company’s Open Time Off policies as in effect from time to time. The guideline for such time off is 3-4 weeks per calendar year. This guideline excludes time off for illness, company-paid holidays, year-end shutdown and emergencies. Time off is to be scheduled to minimize disruption to Company’s operations, pursuant to the terms and conditions of Company Open Time Off policy and practices as applied to senior executives of the Company. Time off is not earned or accrued, therefore there are no rollover of days from year to year, nor is payment made for unused time off upon separation from employment.

(e) **Fringe Benefits.** Executive shall be entitled to participate in all benefit/welfare plans, long-term incentive programs, and other fringe benefits provided to Company senior executives at comparable levels. The terms of any such programs and benefits will be governed by the applicable plan documents and Company policies in effect from time to time. Executive understands that, except when prohibited by applicable law, Company’s benefit plans and fringe benefits may be changed, replaced, terminated, modified or amended by Company from time to time in its sole discretion.

(f) **Reimbursement of Expenses.** Company shall reimburse Executive for all ordinary and reasonable out-of-pocket business expenses incurred by Executive in furtherance of Company’s business in accordance with Company’s policies with respect thereto as in effect from time to time. Executive must submit any request for reimbursement no later than thirty (30) days following the date that such business expense is incurred. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive’s lifetime (or during a shorter period of time specified in this Agreement); (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year; (iii) the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

(g) **Indemnification.** Executive shall be entitled to indemnification with respect to Executive’s services provided hereunder pursuant to applicable law, the terms and conditions of Company’s organizational and governing documents, Company’s directors and officers (“D&O”) liability insurance policy, and Company’s standard indemnification agreement for directors and officers as executed by Company and Executive.

4. **Payments Upon Termination.**

(a) **Definition of Accrued Obligations.** For purposes of this Agreement, “Accrued Obligations” means: (i) the portion of Executive’s Base Salary that has accrued prior to any termination of Executive’s employment with Company and has not yet been paid; and (ii) the amount of any expenses properly incurred by Executive on behalf of Company prior to any such termination and not yet reimbursed. Executive’s entitlement to any other compensation or benefit under any plan of Company shall be governed by and determined in accordance with the terms of such plans, except as otherwise specified in this Agreement.

(b) **Termination by Company for Cause, or by Executive Without Good Reason, or as a Result of Executive’s Disability or Death.** If Executive’s employment hereunder is terminated by Company for Cause, by Executive without Good Reason, or as a result of Executive’s Disability or Death, then Company shall pay the Accrued Obligations to Executive on or before the time required by applicable law following the effective date of such termination and shall have no further obligations to Executive.

(c) Termination by Company Without Cause or by Executive For Good Reason. In the event that Executive's employment is terminated by Company without Cause or Executive terminates Executive's employment for Good Reason, then, in addition to the Accrued Obligations, Executive shall receive the following, subject to the terms and conditions described in Section 4(e) (including Executive's execution of a release of claims):

(i) Severance Payments. Continuation of payments in an amount equal to (x) Executive's then-current Base Salary for a period of twelve (12) months, and (y) an amount equal to the target Annual Performance Bonus to which Executive may have been entitled for the year in which Executive's employment terminates, prorated to reflect that portion of the year in which Executive was employed, less all customary and required taxes and employment-related deductions, which amounts shall be paid over time in accordance with Company's normal payroll practices (provided such payments shall be made at least monthly), commencing on the first payroll date following the date on which the release of claims required by Section 4(e) becomes effective and non-revocable, but not after seventy (70) days following the effective date of termination from employment; provided, that if the 70th day falls in the calendar year following the year during which the termination or separation from service occurred, then the payments will commence in such subsequent calendar year; provided further that if such payments commence in such subsequent year, the first such payment shall be a lump sum in an amount equal to the payments that would have come due since Employee's separation from service.

(ii) Benefits Payments. Upon completion of appropriate forms and subject to applicable terms and conditions under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall continue to pay its share of the costs for Employee's coverage under the Company's group health insurance plan, until the earlier to occur of twelve (12) months following Executive's termination date or the date Executive begins employment with another employer; provided that such Company-paid premiums may be recorded as additional income pursuant to Section 6041 of the Code and not entitled to any tax qualified treatment to the extent necessary to comply with or avoid the discriminatory treatment prohibited by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 or Section 105(h) of the Code. Executive shall bear full responsibility for applying for COBRA continuation coverage and Company shall have no obligation to provide Executive such coverage if Executive fails to elect COBRA benefits in a timely fashion.

Payment of the above described severance payments and benefits are expressly conditioned on Executive's execution without revocation of the release of claims under Section 4(e) and return of Company property under Section 6. In the event that Executive is eligible for the severance payments and benefits under this Section 4(c), Executive shall not be eligible for and shall not receive any of the severance payments and benefits as provided in Section 4(d).

(d) Termination by Company Without Cause or by Executive For Good Reason Following a Change of Control. In the event that a Change of Control (as defined below) occurs and within a period of one (1) year following the Change of Control, either Executive's employment is terminated by Company without Cause, or Executive terminates Executive's employment for Good Reason, then, in addition to the Accrued Obligations, Executive shall receive the following, subject to the terms and conditions described in Section 4(e) (including Executive's execution of a release of claims):

(i) Lump Sum Severance Payment. Payment of a lump sum amount equal to twelve (12) months of Executive's then-current Base Salary, less all customary and required taxes and employment-related deductions, paid on the first payroll date following the date on which the release of claims required by Section 4(e) becomes effective and non-revocable, but not after seventy (70) days following the effective date of termination from employment.

(ii) Separation Bonus. Payment of a separation bonus in an amount equal to the target Annual Performance Bonus to which Executive may have been entitled for the year in which Executive's employment terminates less all customary and required taxes and employment-related deductions, paid on the first payroll date following the date on which the release of claims required by Section 4(e) becomes effective and non-revocable, but not after seventy (70) days following the effective date of termination from employment.

(iii) Benefit Payments. Upon completion of appropriate forms and subject to applicable terms and conditions under the COBRA, the Company shall continue to pay its share of the costs for Employee's coverage under the Company's group health insurance plan, until the earlier to occur of twelve (12) months following Executive's termination date or the date Executive begins employment with another employer; provided that such Company-paid premiums may be recorded as additional income pursuant to Section 6041 of the Code and not entitled to any tax qualified treatment to the extent necessary to comply with or avoid the discriminatory treatment prohibited by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 or Section 105(h) of the Code. Executive shall bear full responsibility for applying for COBRA continuation coverage and Company shall have no obligation to provide Executive such coverage if Executive fails to elect COBRA benefits in a timely fashion.

Payment of the above described severance payments and benefits are expressly conditioned on Executive's execution without revocation of the release of claims under Section 4(e) and return of Company property under Section 6. In the event that Executive is eligible for the severance payments and benefits under this Section 4(d), Executive shall not be eligible for and shall not receive any of the severance payments and benefits as provided in Section 4(c).

As used herein, a "Change of Control" shall mean (A) a merger or consolidation of the Parent Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Parent Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) more than 50% of the total voting power represented by the voting securities of the Parent Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the sale or disposition by the Parent Company of all or substantially all of the Parent Company's assets in a transaction requiring shareholder approval; or (C) the transfer, sale or disposition by the Parent Company of 50% or more of its interest in Company.

(e) **Execution of Release of Claims.** Company shall not be obligated to pay Executive any of the severance payments or benefits described in this Section 4 unless and until Executive has executed (without revocation) a timely release of claims in a form acceptable to Company, which shall include a general release of claims against Company and Parent Company (including its and their affiliated entities, and its and their officers, directors, employees and others associated with such entities), a reaffirmation of Executive's covenants under the terms of the Agreement to Protect Confidential Information, Inventions and Business (as referenced in Section 5 below), as well as standard and reasonable terms regarding items such as mutual non-disparagement, confidentiality, cooperation and the like (the "Release Agreement"). The Release Agreement must be provided to Executive within fifteen (15) days following Executive's separation from service, and signed by Executive and returned to Company no later than sixty (60) days following Executive's separation from service (the "Review Period"). If Executive fails or refuses to return the Release Agreement within the Review Period, Executive's severance payments and benefits hereunder shall be forfeited.

(f) **No Other Payments or Benefits Owed.** The payments and benefits set forth in this Section 4 shall be the sole amounts owing to Executive upon termination of Executive's employment for the reasons set forth above and Executive shall not be eligible for any other payments or other forms of compensation or benefits. The payments and benefits set forth in Section 4 shall be the sole remedy, if any, available to Executive in the event that Executive brings any claim against Company relating to the termination of Executive's employment under this Agreement.

5. Prohibited Competition, Solicitation, and Non-Disclosure.

(a) Executive expressly acknowledges that: (i) there are competitive and proprietary aspects of the business of Company and its affiliates; (ii) during the course of Executive's employment, Company and/or its affiliates shall furnish, disclose or make available to Executive confidential and proprietary information and may provide Executive with unique and specialized training; (iii) such Confidential Information and training have been developed and shall be developed by Company and/or its affiliates through the expenditure of substantial time, effort and money, and could be used by Executive to compete with Company and/or its affiliates; and (iv) in the course of Executive's employment, Executive shall be introduced to customers and others with important relationships to Company and/or its affiliates, and any and all "goodwill" created through such introductions belongs exclusively to Company and its affiliates, including, but not limited to, any goodwill created as a result of direct or indirect contacts or relationships between Executive and any customers of Company and its affiliates. In light of the foregoing acknowledgements, Executive hereby (x) acknowledges that Executive previously executed and agrees to abide by the terms and conditions set forth in the Company's Agreement to Protect Confidential Information, Inventions and Business (attached hereto as Exhibit A) and the Company's Confidentiality and Information Systems Usage Agreement (attached hereto as Exhibit B), (y) reaffirms Executive's obligations under the terms of the previously executed Agreement to Protect Confidential Information, Inventions and Business and Confidentiality and Information Systems Usage Agreement, and (z) acknowledges and agrees that nothing herein shall impact or affect the continued validity of the previously executed Agreement to Protect Confidential Information, Inventions and Business and Confidentiality and Information Systems Usage Agreement.

(b) Executive hereby acknowledges and agrees that in consideration for Executive's non-competition covenant as set forth in Agreement to Protect Confidential Information, Inventions and Business, the Company is providing the Executive with eligibility to receive the certain severance payments and benefits under the conditions set forth in Section 4 hereof. Executive further acknowledges and agrees that the aforementioned consideration is fair and reasonable consideration independent of the Executive's employment with the Company for purposes of Executive's non-competition covenant.

(c) Executive hereby expressly acknowledges and agrees that if Executive breaches any of the terms and/or conditions set forth in the Agreement to Protect Confidential Information, Inventions and Business following a termination of Executive's employment either by Company without Cause or by Executive for Good Reason, then, in addition to the relief described in the Agreement to Protect Confidential Information, Inventions and Business, (i) Company shall cease providing the Executive with any further payments under Section 4(c) or 4(d) (as applicable) as of the date of such breach, (ii) Company shall not be obligated to provide Executive with, and Executive shall not be eligible or otherwise entitled to receive, any further payments or benefits from Company, (iii) Company's obligation to provide Executive with any further such payments or benefits shall be null and void, and of no further force or effect, and (iv) Company shall be entitled to recover, and Executive shall be obligated to repay to Company, any payments and the value of any benefits previously provided to Executive by Company under Section 4(c) or 4(d) (as applicable) prior to the date of Executive's breach of the Agreement to Protect Confidential Information, Inventions and Business.

6. Property and Records. Upon the termination of Executive's employment hereunder for any reason or for no reason, or if Company otherwise requests, Executive shall: (a) return to Company all tangible business information and copies thereof (regardless how such Confidential Information or copies are maintained), and (b) deliver to Company any property of Company which may be in Executive's possession, including, but not limited to, Blackberry-type devices, smart phones, laptops, cell phones, products, materials, memoranda, notes, records, reports or other documents or photocopies of the same.

7. Code Sections 409A and 280G.

(a) In the event that the payments or benefits set forth in Section 4 of this Agreement constitute "non-qualified deferred compensation" subject to Section 409A, then the following conditions apply to such payments or benefits:

(i) Any termination of Executive's employment triggering payment of benefits under Section 4 must constitute a "separation from service" under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h) before distribution of such benefits can commence. To the extent that the termination of Executive's employment does not constitute a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h) (as the result of further services that are reasonably anticipated to be provided by Executive to Company at the time Executive's employment terminates), any such payments under Section 4 that constitute deferred compensation under Section 409A shall be delayed until after the date of a subsequent event constituting a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h). For purposes of clarification, this Section 7(a) shall not cause any forfeiture of benefits on Executive's part, but shall only act as a delay until such time as a "separation from service" occurs.

(ii) Notwithstanding any other provision with respect to the timing of payments under Section 4 if, at the time of Executive's termination, Executive is deemed to be a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), then limited only to the extent necessary to comply with the requirements of Section 409A, any payments to which Executive may become entitled under Section 4 which are subject to Section 409A (and not otherwise exempt from its application) shall be withheld until the first (1st) business day of the seventh (7th) month following the termination of Executive's employment, at which time Executive shall be paid an aggregate amount equal to the accumulated, but unpaid, payments otherwise due to Executive under the terms of Section 4.

(b) It is intended that each installment of the payments and benefits provided under Section 4 of this Agreement shall be treated as a separate "payment" for purposes of Section 409A. Neither Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(c) Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted and at all times administered in a manner that avoids the inclusion of compensation in income under Section 409A, or the payment of increased taxes, excise taxes or other penalties under Section 409A. The parties intend this Agreement to be in compliance with Section 409A. Executive acknowledges and agrees that Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement, including but not limited to consequences related to Section 409A.

(d) If any payment or benefit Executive would receive under this Agreement, when combined with any other payment or benefit Executive receives pursuant to a Change of Control (for purposes of this section, a "Payment") would: (i) constitute a "parachute payment" within the meaning of Section 280G the Code; and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either: (A) the full amount of such Payment; or (B) such lesser amount (with cash payments being reduced before stock option compensation) as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes, and the Excise Tax, results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax.

8. **General.**

(a) **Notices.** Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt.

Notices to Executive shall be sent to the last known address in Company's records or such other address as Executive may specify in writing.

Notices to Company shall be sent to:

Wave Life Sciences USA, Inc.
733 Concord Avenue
Cambridge, MA 02138
Tel: (617) 949-2900
Attn: Chief Executive Officer

With a copy to:

Wave Life Sciences USA, Inc.
733 Concord Avenue
Cambridge, MA 02138
Tel: (617) 949-2900
Attn: General Counsel

(b) **Modifications and Amendments.** The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(c) **Waivers and Consents.** The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(d) **Assignment.** Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of Company's business or that aspect of Company's business in which Executive is principally involved. Executive may not assign Executive's rights and obligations under this Agreement without the prior written consent of Company.

(e) **Governing Law/Dispute Resolution.** This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof. Any legal action or proceeding with respect to this Agreement shall be brought in the courts of the Commonwealth of Massachusetts or of the United States of America for the District of Massachusetts. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts.

(f) **Jury Waiver.** ANY, ACTION, DEMAND, CLAIM, OR COUNTERCLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE RESOLVED BY A JUDGE ALONE AND EACH OF COMPANY AND EXECUTIVE WAIVES ANY RIGHT TO A JURY TRIAL THEREOF.

(g) **Headings and Captions.** The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(h) **Entire Agreement.** This Agreement, together with the other agreements specifically referenced herein and the Exhibits attached hereto, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof, including, but not limited to, the Prior Employment Agreement. Notwithstanding the foregoing, nothing herein shall impact, affect, supersede, change, or modify the terms of the Agreement to Protect Confidential Information, Inventions and Business and/or the Confidentiality and Information Systems Usage Agreement that Executive previously executed with Company. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For all purposes a signature by fax shall be treated as an original.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CHANDRA VARGESE

/s/ ChandraVargeese
Signature
Address: [Address]

WAVE LIFE SCIENCES USA, INC.

By: /s/ Linda Rockett
Name: Linda Rockett, Esq.
Title: SVP, General Counsel

WAVE LIFE SCIENCES LTD.
(the "Company")
Nasdaq Inducement Non-qualified Share Option Grant Notice and
Nasdaq Inducement Non-qualified Share Option Agreement

- A. Name of Participant: _____
- B. Grant Date: _____
- C. Expiration Date: 10-year anniversary of the Grant Date
- D. Maximum Number of Ordinary Shares for which this Option is exercisable: _____
- E. Exercise (purchase) Price per Ordinary Share: _____
- F. Vesting Start Date: _____
- G. Vesting Schedule: _____

This Option shall become vested and exercisable with respect to the number of Ordinary Shares set forth below provided that at all times the Participant is providing Continuous Service:

25% of the Ordinary Shares subject to this Option shall vest upon the first anniversary of the Vesting Start Date; and in equal parts of 6.25% on a quarterly basis thereafter, until the fourth anniversary of the Vesting Start Date.

Notwithstanding the foregoing, in the event the Company consummates a Change of Control and on or within one year following the Change of Control the Participant is terminated by the Company other than for Cause (including in the event of death or Disability) or the Participant resigns from the Company for Good Reason (the "Termination Date"), the Option to the extent outstanding and unvested shall on the Termination Date become immediately vested and exercisable with respect to 100% of the Ordinary Shares subject to the Option. However, in the event of a Change of Control where the Option is not assumed or substituted in accordance with Section 7.2 of the Nasdaq Inducement Non-qualified Share Option Agreement attached hereto, the Option shall become immediately vested and exercisable with respect to 100% of the Ordinary Shares subject to the Option in connection with the Change of Control.

Change of Control shall mean (I) if the Participant is a party to an employment or other service agreement with the Company or its Affiliates and such agreement provides for a definition of Change of Control, the definition contained therein; or (II) if no such agreement exists that defines Change of Control: (A) a merger or consolidation of the Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) more than 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the sale or disposition by the Company of all or substantially all of the Company's assets in a transaction requiring shareholder approval.

Good Reason shall mean (A) if the Participant is a party to an employment or other service agreement with the Company or its Affiliates and such agreement provides for a definition of Good Reason, the definition contained therein; or (B) if no such agreement exists that defines Good Reason: (i) relocation of the Participant's principal business location to a

location more than fifty (50) miles from the Participant's then-current business location; (ii) a material diminution in the Participant's duties, authority or responsibilities; or (iii) a material reduction in the Participant's Base Salary (other than as a result of a broad based reduction of salary similarly affecting other Company employees having comparable rank, authority and seniority); provided that (a) the Participant provides the Company with written notice that the Participant intends to terminate his or her employment hereunder for one of the grounds set forth above within thirty (30) days of such ground occurring, (b) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (c) the Participant terminates his or her employment within sixty-five days from the date that Good Reason first occurs.

The Company and the Participant acknowledge receipt of this Nasdaq Inducement Non-qualified Share Option Grant Notice and agree to the terms of the Nasdaq Inducement Non-qualified Share Option Agreement attached hereto and incorporated by reference herein, and the terms of this Option Grant as set forth above.

Wave Life Sciences Ltd.

By: _____
Title: Authorized Signatory

Participant

By: _____
Name:

**NASDAQ INDUCEMENT NON-QUALIFIED SHARE OPTION AGREEMENT –
INCORPORATED TERMS AND CONDITIONS**

This Nasdaq Inducement Non-qualified Share Option Agreement (this “Agreement”) is made and entered into as of the Grant Date by and between Wave Life Sciences Ltd., a company incorporated in Singapore (the “Company”), and the “Participant” whose name appears on the Nasdaq Inducement Non-qualified Share Option Grant Notice.

1. Grant of Option.

1.1 Grant; Type of Option. The Company hereby grants to the Participant an option (the “Option”) to purchase (subscribe for) the total number of Ordinary Shares of the Company equal to the number of Ordinary Shares set forth on the Nasdaq Inducement Non-qualified Share Option Grant Notice, at the Exercise Price per Ordinary Share set forth on the Nasdaq Inducement Non-qualified Share Option Grant Notice, subject to adjustment, as provided in Section 7.1 hereof, in the event of a stock split, reverse stock split or other events affecting the holders of Ordinary Shares after the date hereof (the “Exercise Price”). The Option is being granted as an inducement material to the Participant’s entering into employment with the Company under NASDAQ Listing Rule 5635(c)(4). The Option is intended to be a Non-qualified Share Option.

1.2 Consideration and Conditions. The grant of the Option is made in consideration of the services to be rendered by the Participant to the Company and is subject to the terms and conditions contained herein.

1.3 Definitions. Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Agreement, have the following meanings:

“Affiliate” means a corporation or other entity that, directly or through one or more intermediaries, controls, is controlled by or is under common control with, the Company.

“Applicable Laws” means the requirements related to or implicated by this Agreement under (i) applicable laws of the Republic of Singapore, including but not limited to, the Singaporean Equity Remuneration Incentive Scheme and the Income Tax Act of Singapore; (ii) applicable laws of the United States, including but not limited to, United States federal and state securities laws and the Code; (iii) applicable laws of Japan, including but not limited to, the Financial Instruments and Exchange Act of Japan; (iv) any stock exchange or quotation system on which the Ordinary Shares are listed or quoted; and (v) the applicable laws of any foreign country or jurisdiction where the Option was granted.

“Board” means the Board of Directors of the Company, as constituted at any time.

“Cause” means: (a) if the Participant is a party to an employment agreement with the Company or its Affiliates and such agreement provides for a definition of Cause, the definition contained therein; or (b) if no such agreement exists, or if such agreement does not define Cause: (i) the commission of, or plea of guilty or no contest to, a felony or a crime involving fraud, embezzlement or any other act of moral turpitude or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (ii) conduct that results in or is reasonably likely to result in harm to the reputation or business of the Company or any of its Affiliates; (iii) gross negligence or willful misconduct with respect to the Company or an Affiliate; (iv) material breach of any employment, consulting, advisory, nondisclosure, non-solicitation, non-competition or similar agreement with the Company or its Affiliates; or (v) material violation of state or federal securities laws. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to whether the Participant has been discharged for Cause.

“Code” means the U.S. Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder.

“Committee” means a committee of one or more members of the Board to which the Board has delegated power to act.

“Consultant” means any individual who is engaged by the Company or any Affiliate to render consulting or advisory services.

“Continuous Service” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Consultant or Director, is not interrupted or terminated. The Participant’s Continuous Service shall not be deemed to have terminated merely because of: (a) a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the Participant's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing, in either case, except to the extent inconsistent with Applicable Laws.

“Corporate Transaction” means the merger, consolidation or other reorganization of the Company, or a successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

“Director” means a member of the Board.

“Disability” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment. The determination of whether the Participant has a Disability shall be determined under procedures established by the Committee. The Committee may rely on any determination that the Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which the Participant participates.

“Employee” means any person, including an Officer or Director, employed by the Company or an Affiliate.

“Fair Market Value” means, as of any date, the value of an Ordinary Share as determined below. If an Ordinary Share is listed on any established stock exchange or a national market system, including without limitation, the New York Stock Exchange or the NASDAQ Stock Market, the Fair Market Value shall be the closing price of an Ordinary Share (or if no sales were reported the closing price on the date immediately preceding such date) as quoted on such exchange or system on the day of determination, as reported in the *Wall Street Journal*. In the absence of an established market for an Ordinary Share, the Fair Market Value shall be determined in good faith by the Committee and such determination shall be conclusive and binding on all persons.

“Non-qualified Share Option” means an Option that by its terms does not qualify or is not intended to qualify as an incentive stock option under Section 422 of the Code.

“Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

“Ordinary Shares” means ordinary shares in the capital of the Company, or such other securities of the Company as may be designated by the Committee from time to time in substitution thereof.

“Permitted Transferee” means the following if prior approval is obtained from the Committee in its sole and absolute discretion: (a) a member of the Participant's immediate family (child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships), any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant's) control the management of assets; and any other entity in which these persons (or the Participant's) own more than 50% of the voting interests; and (b) such other transferees as may be permitted by the Committee in its sole discretion and in compliance with Applicable Laws.

2. Exercise Period; Vesting.

2.1 Vesting Schedule. The Option will become vested and exercisable as set forth on the Nasdaq Inducement Non-qualified Share Option Grant Notice.

2.2 Unvested Option. The unvested portion of the Option will not be exercisable on or after the Participant's termination of Continuous Service.

2.3 Expiration. The Option will expire on the Expiration Date set forth on the Nasdaq Inducement Non-qualified Share Option Grant Notice, or earlier as provided in this Agreement.

3. Termination of Continuous Service.

3.1 Termination for Reasons Other Than Cause, Death, Disability. If the Participant's Continuous Service is terminated for any reason other than Cause, death or Disability, the Participant may exercise the vested portion of the Option, but only within such period of time ending on the earlier of: (a) the date three months following the termination of the Participant's Continuous Service; or (b) the Expiration Date.

3.2 Termination for Cause. If the Participant's Continuous Service is terminated for Cause, the Option (whether vested or unvested) shall immediately terminate and cease to be exercisable.

3.3 Termination Due to Disability. If the Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise the vested portion of the Option, but only within such period of time ending on the earlier of: (a) the date 12 months following the Participant's termination of Continuous Service; or (b) the Expiration Date.

3.4 Termination Due to Death. If the Participant's Continuous Service terminates as a result of the Participant's death, or the Participant dies within a period following termination of the Participant's Continuous Service during which the vested portion of the Option remains exercisable, the vested portion of the Option may be exercised by the Participant's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by the person designated to exercise the Option upon the Participant's death, but only within the time period ending on the earlier of: (a) the date 12 months following the Participant's termination of Continuous Service; or (b) the Expiration Date.

4. Manner of Exercise.

4.1 Election to Exercise. To exercise the Option, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) must deliver to the Company a notice of intent to exercise in the manner designated by the Board or the Committee. If someone other than the Participant exercises the Option, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the Option.

4.2 Payment of Exercise Price. The entire Exercise Price of the Option shall be payable in full at the time of exercise. The Exercise Price shall be paid, to the extent permitted by Applicable Laws, either (a) in cash or by certified or bank check at the time the Option is exercised; (b) in accordance with a cashless exercise program established with a securities brokerage firm; or (c) in the discretion of the Committee, upon such terms as the Committee shall approve, by reduction in the number of Ordinary Shares otherwise deliverable upon exercise of such Option with a Fair Market Value equal to the aggregate Option Exercise Price at the time of exercise; or (d) in any other form of legal consideration that may be acceptable to the Committee.

4.3 Withholding. Prior to the issuance of shares upon the exercise of the Option, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable foreign, federal, state and local withholding obligations of the Company. The Participant may satisfy any foreign, federal, state or local tax withholding obligation relating to the exercise of the Option by any of the following means:

(a) tendering a cash payment; or

(b) authorizing the Company to withhold Ordinary Shares from the Ordinary Shares otherwise issuable to the Participant as a result of the exercise of the Option; *provided, however*, that no Ordinary Shares are withheld with a value exceeding the minimum amount of tax required to be withheld by Applicable Laws.

The Company has the right to withhold from any compensation paid to a Participant.

4.4 Issuance of Shares. Provided that the exercise notice and payment are in compliance with this Agreement and in form and substance satisfactory to the Company, the Company shall issue the Ordinary Shares registered in the name of the Participant, the Participant's authorized assignee, or the Participant's legal representative, which shall be evidenced by share certificates representing the shares with the appropriate legends affixed thereto, appropriate entry on the books of the Company or of a duly authorized transfer agent, or other appropriate means as determined by the Company. No fractional Ordinary Shares shall be issued or delivered pursuant to this Agreement. The Committee shall determine whether any fractional shares should be rounded, forfeited or otherwise eliminated.

5. No Right to Continued Employment; No Rights as Shareholder. This Agreement shall not confer upon the Participant any right to be retained in any position, as an Employee, Consultant or Director of the Company or its Affiliates. Further, nothing in this Agreement shall be construed to limit the discretion of the Company to terminate the Participant's Continuous Service at any time, with or without Cause. The Participant shall not have any rights as a shareholder with respect to any Ordinary Shares subject to the Option prior to the date of exercise of the Option, and no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions of other rights for which the record date is prior to the date such Ordinary Shares are issued, except as provided in Section 7.1 hereof.

6. Transferability. The Option is not transferable by the Participant other than to a designated beneficiary upon the Participant's death or by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by Applicable Laws, and otherwise shall be exercisable during the Participant's lifetime only by him or her unless the Board allows transfer to a Permitted Transferee. No assignment or transfer of the Option, or the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except to a designated beneficiary, upon death, by will or the laws of descent or distribution) will vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Option will terminate and become of no further effect.

7. Corporate Transactions and Adjustments.

7.1 Adjustments Upon Changes in Shares. In the event of changes in the outstanding Ordinary Shares or in the capital structure of the Company by reason of any share or extraordinary cash dividend, share split, reverse share split, an extraordinary corporate transaction such as any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization occurring after the Grant Date, the Exercise Price and the maximum number of Ordinary Shares subject to the Option will be equitably adjusted or substituted, as to the number, price or kind of an Ordinary Share to the extent necessary to preserve the economic intent of the Option. In the case of adjustments made pursuant to this Section 7.1, unless the Committee specifically determines that such adjustment is in the best interests of the Company or its Affiliates, the Committee shall ensure that any adjustments under this Section 7.1 will not constitute a modification of the Option within the meaning of Section 409A of the Code. The Company shall give the Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

7.2 Effect of a Corporate Transaction. The obligations of the Company under this Agreement shall be binding upon any successor corporation or organization resulting from a Corporate Transaction. In the event of a Corporate Transaction, the Board may take one or more of the following actions with respect to the Option: (i) make appropriate provision for the continuation of the Option by substituting on an equitable basis for the Ordinary Shares then subject to the Option either the consideration payable with respect to the outstanding Ordinary Shares in connection with the Corporate Transaction or securities of any successor or acquiring entity; (ii) require that the Participant surrender the Option in exchange for a payment by the Company, in cash or Ordinary Shares as determined by the Board, in an amount equal to the amount by which the then Fair Market Value of the Ordinary Shares subject to the vested portion of the Option exceeds the Exercise Price; or (iii) after giving the Participant an opportunity to exercise, to the extent vested, the Option, terminate the unexercised Option at such time as the Board deems appropriate. Such surrender or termination shall take place as of the date of the Corporate Transaction or such other date as the Board may specify.

8. Tax Liability and Withholding. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or exercise of the Option or the subsequent sale of any shares acquired on exercise; and (b) does not commit to structure the Option to reduce or eliminate the Participant's liability for Tax-Related Items.

9. Compliance with Law. The exercise of the Option and the issuance and transfer of Ordinary Shares shall be subject to compliance by the Company and the Participant with all Applicable Laws. No Ordinary Shares shall be issued pursuant to this Option unless and until any then Applicable Laws have been fully complied with to the satisfaction of the Company and its counsel. The Participant understands that the Company is under no obligation to register the Ordinary Shares with the U.S. Securities and Exchange Commission, any state securities commission or any stock exchange or under any other Applicable Laws to effect such compliance.

10. Governing Law. This Agreement will be construed and interpreted in accordance with the applicable laws of the Republic of Singapore and any other Applicable Laws, without giving effect to the conflict of law principles thereof. For the purpose of litigating any dispute that arises under this Agreement, if the Participant is a tax resident of the United States the parties hereby consent to exclusive jurisdiction in the Commonwealth of Massachusetts and agree that such litigation shall be conducted in the state courts of Middlesex County, Massachusetts or the federal courts of the United States for the District of Massachusetts and if the Participant is a resident of any other country the parties consent to the exclusive jurisdiction in the country in which such Participant resides.
11. Lock-Up Agreement. The Participant agrees that in the event the Company proposes to offer for sale to the public any of its equity securities and such Participant is requested by the Company and any underwriter engaged by the Company in connection with such offering to sign an agreement restricting the sale or other transfer of shares, then it will promptly sign such agreement and will not transfer, whether in privately negotiated transactions or to the public in open market transactions or otherwise, any Ordinary Shares or other securities of the Company held by the Participant during such period as is determined by the Company and the underwriters, not to exceed 180 days following the closing of the offering, plus such additional period of time as may be required to comply with NASD Rule 2711 or similar rules thereto (such period, the "Lock-Up Period"). Such agreement shall be in writing and in form and substance reasonably satisfactory to the Company and such underwriter and pursuant to customary and prevailing terms and conditions. Notwithstanding whether the Participant has signed such an agreement, the Company may impose stop-transfer instructions with respect to the Ordinary Shares or other securities of the Company subject to the foregoing restrictions until the end of the Lock-Up Period.
12. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.
13. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Agreement may be transferred by will or the laws of descent or distribution.
14. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.
15. No Right to Future Grants. The grant of the Option in this Agreement does not create any contractual right or other right to receive any Options or other awards in the future. Future awards, if any, will be at the sole discretion of the Company.
16. Amendment. The Committee has the right to amend, alter, suspend, discontinue or cancel the Option and this Agreement, prospectively or retroactively; *provided, that*, no such amendment shall adversely affect the Participant's material rights under this Agreement unless (a) the Company requests the consent of the Participant; and (b) the Participant consents in writing.
17. No Impact on Other Benefits. The value of the Participant's Option is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.
18. Clawback. Notwithstanding anything to the contrary contained in this Agreement, the Company may recover from the Participant any compensation received from the Option (whether or not vested or settled) or cause the Participant to forfeit the Option (whether or not vested) in the event that the Company's Clawback Policy then in effect is triggered.
19. Data Privacy. By entering into this Agreement, the Participant: (i) authorizes the Company and each Affiliate, and any agent of the Company or any Affiliate administering this Agreement or providing recordkeeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant and administration of the Option; and (ii) authorizes the Company and each Affiliate to store and transmit such information in electronic form for the purposes set forth in this Agreement.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

21. Acceptance. The Participant hereby acknowledges receipt of this Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the Option subject to all of the terms and conditions of this Agreement. The Participant acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the underlying shares and that the Participant should consult a tax advisor prior to such exercise or disposition.

23. Contracts (Rights of Third Parties) Act. Except as provided in this Agreement, no person other than the Company (or its subsidiaries) or a Participant shall have any right to enforce any provision of this Agreement by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).

CERTIFICATIONS UNDER SECTION 302

I, Paul B. Bolno, M.D., MBA, certify that:

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

August 10, 2020

By: /s/ Paul B. Bolno, M.D., MBA
Paul B. Bolno, M.D., MBA
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS UNDER SECTION 302

I, David G. Gaiero, certify that:

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

August 10, 2020

By: /s/ David G. Gaiero
David G. Gaiero
Interim Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Wave Life Sciences Ltd. (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Quarterly Report for the quarter ended June 30, 2020 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 10, 2020

/s/ Paul B. Bolno, M.D., MBA

Paul B. Bolno, M.D., MBA
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 10, 2020

/s/ David G. Gaiero

David G. Gaiero
Interim Chief Financial Officer
(Principal Financial Officer)