

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026

or

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 000-19319

Vertex Pharmaceuticals Incorporated

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of incorporation or organization)

04-3039129

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

50 Northern Avenue, Boston, Massachusetts

(Address of principal executive offices)

02210

(Zip Code)

Registrant's telephone number, including area code **(617) 341-6100**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 Par Value Per Share	VRTX	The Nasdaq Global Select 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 ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value \$0.01 per share	253,805,417	Outstanding at April 30, 2026
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VERTEX PHARMACEUTICALS INCORPORATED
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2026

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“Vertex,” “we,” “us,” and “our” as used in this Quarterly Report on Form 10-Q refer to Vertex Pharmaceuticals Incorporated, a Massachusetts corporation, and its subsidiaries.

“Vertex[®],” “KALYDECO[®],” “ORKAMBI[®],” “SYMDEKO[®],” “SYMKEVI[®],” “TRIKAFTA[®],” “KAFTRIO[®],” “CASGEVY[®],” “ALYFTREK[®],” and “JOURNAVX[®]” are registered trademarks of Vertex. Other brands, names and trademarks contained in this Quarterly Report on Form 10-Q are the property of their respective owners.

We use the brand name for our products when we refer to the product that has been approved and with respect to the indications on the approved label. Otherwise, including in discussions of our cystic fibrosis, sickle cell disease, beta thalassemia, and pain development programs, we refer to our product candidates by their scientific (or generic) name or VX developmental designation.

Part I. Financial Information
Item 1. Financial Statements

VERTEX PHARMACEUTICALS INCORPORATED
Condensed Consolidated Statements of Income
(unaudited; in millions, except per share amounts)

	Three Months Ended March 31,	
	2026	2025
Revenues:		
Product revenues, net	\$ 2,986.9	\$ 2,760.2
Other revenues	—	10.0
Total revenues	2,986.9	2,770.2
Costs and expenses:		
Cost of sales	392.8	363.0
Research and development expenses	961.6	979.7
Acquired in-process research and development expenses	0.5	19.8
Selling, general and administrative expenses	493.7	396.4
Intangible asset impairment charge	—	379.0
Change in fair value of contingent consideration	0.2	2.2
Total costs and expenses	1,848.8	2,140.1
Income from operations	1,138.1	630.1
Interest income, net	114.8	117.9
Other expense, net	—	(17.6)
Income before provision for income taxes	1,252.9	730.4
Provision for income taxes	221.5	84.1
Net income	<u>\$ 1,031.4</u>	<u>\$ 646.3</u>
Net income per common share:		
Basic	\$ 4.06	\$ 2.52
Diluted	\$ 4.02	\$ 2.49
Shares used in per share calculations:		
Basic	254.1	256.9
Diluted	256.3	259.5

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

VERTEX PHARMACEUTICALS INCORPORATED
Condensed Consolidated Statements of Comprehensive Income
(unaudited; in millions)

	Three Months Ended March 31,	
	2026	2025
Net income	\$ 1,031.4	\$ 646.3
Other comprehensive income (loss):		
Unrealized holding (losses) gains on available-for-sale debt securities, net of tax of \$8.8 and \$(4.6), respectively	(31.2)	16.5
Unrealized gains (losses) on foreign currency forward contracts, net of tax of \$(23.9) and \$25.6, respectively	84.9	(90.3)
Foreign currency translation adjustment	(13.0)	14.1
Total other comprehensive income (loss)	40.7	(59.7)
Comprehensive income	<u>\$ 1,072.1</u>	<u>\$ 586.6</u>

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

VERTEX PHARMACEUTICALS INCORPORATED
Condensed Consolidated Balance Sheets
(unaudited; in millions, except share and per share data)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,492.9	\$ 5,084.8
Marketable securities	1,753.8	1,523.3
Accounts receivable, net	1,996.1	2,052.8
Inventories	1,766.7	1,686.8
Prepaid expenses and other current assets	720.8	853.3
Total current assets	11,730.3	11,201.0
Property and equipment, net	1,608.4	1,520.3
Goodwill	1,088.0	1,088.0
Other intangible assets, net	418.5	424.2
Deferred tax assets	2,947.8	2,897.9
Operating lease assets	1,685.1	1,562.7
Long-term marketable securities	5,749.9	5,712.3
Other assets	1,256.4	1,236.6
Total assets	<u>\$ 26,484.4</u>	<u>\$ 25,643.0</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 489.3	\$ 461.7
Accrued expenses	2,984.2	2,971.2
Other current liabilities	407.1	428.3
Total current liabilities	3,880.6	3,861.2
Long-term operating lease liabilities	1,986.5	1,846.5
Other long-term liabilities	1,255.4	1,269.5
Total liabilities	<u>7,122.5</u>	<u>6,977.2</u>
Commitments and contingencies (Note L)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized, 254,163,953 and 253,991,224 shares issued and outstanding, respectively	2.5	2.5
Additional paid-in capital	4,743.2	5,119.2
Accumulated other comprehensive income (loss)	24.8	(15.9)
Retained earnings	14,591.4	13,560.0
Total shareholders' equity	<u>19,361.9</u>	<u>18,665.8</u>
Total liabilities and shareholders' equity	<u>\$ 26,484.4</u>	<u>\$ 25,643.0</u>

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

VERTEX PHARMACEUTICALS INCORPORATED
Condensed Consolidated Statements of Shareholders' Equity
(unaudited; in millions)

	Three Months Ended					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2024	256.9	\$ 2.6	\$ 6,672.4	\$ 127.8	\$ 9,606.8	\$ 16,409.6
Other comprehensive loss, net of tax	—	—	—	(59.7)	—	(59.7)
Net income	—	—	—	—	646.3	646.3
Repurchases of common stock	(0.9)	—	(416.9)	—	—	(416.9)
Common stock withheld for employee tax obligations	(0.6)	—	(270.5)	—	—	(270.5)
Issuance of common stock under benefit plans	1.6	—	18.5	—	—	18.5
Stock-based compensation expense	—	—	169.0	—	—	169.0
Balance at March 31, 2025	<u>257.0</u>	<u>\$ 2.6</u>	<u>\$ 6,172.5</u>	<u>\$ 68.1</u>	<u>\$ 10,253.1</u>	<u>\$ 16,496.3</u>
Balance at December 31, 2025	254.0	\$ 2.5	\$ 5,119.2	\$ (15.9)	\$ 13,560.0	\$ 18,665.8
Other comprehensive income, net of tax	—	—	—	40.7	—	40.7
Net income	—	—	—	—	1,031.4	1,031.4
Repurchases of common stock	(0.7)	—	(344.5)	—	—	(344.5)
Common stock withheld for employee tax obligations	(0.5)	—	(228.5)	—	—	(228.5)
Issuance of common stock under benefit plans	1.4	—	27.1	—	—	27.1
Stock-based compensation expense	—	—	169.9	—	—	169.9
Balance at March 31, 2026	<u>254.2</u>	<u>\$ 2.5</u>	<u>\$ 4,743.2</u>	<u>\$ 24.8</u>	<u>\$ 14,591.4</u>	<u>\$ 19,361.9</u>

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

VERTEX PHARMACEUTICALS INCORPORATED
Condensed Consolidated Statements of Cash Flows
(unaudited; in millions)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 1,031.4	\$ 646.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	166.4	166.1
Depreciation and amortization expense	55.9	48.4
Intangible asset impairment charge	—	379.0
Deferred income taxes	(65.3)	(191.6)
Other non-cash items, net	(5.0)	39.2
Changes in operating assets and liabilities:		
Accounts receivable	39.8	(169.6)
Inventories	(97.7)	(167.1)
Prepaid expenses and other assets	173.4	(28.1)
Accounts payable	35.6	26.2
Accrued expenses	70.5	48.1
Other liabilities	23.1	22.0
Net cash provided by operating activities	1,428.1	818.9
Cash flows from investing activities:		
Purchases of available-for-sale debt securities	(2,507.6)	(1,647.4)
Sales and maturities of available-for-sale debt securities	2,209.1	1,637.6
Purchases of property and equipment	(133.4)	(40.7)
Other investing activities	—	(5.3)
Net cash used in investing activities	(431.9)	(55.8)
Cash flows from financing activities:		
Issuances of common stock under benefit plans	27.0	16.7
Repurchases of common stock	(336.9)	(426.1)
Payments in connection with common stock withheld for employee tax obligations	(228.5)	(270.5)
Other financing activities	(0.4)	(0.5)
Net cash used in financing activities	(538.8)	(680.4)
Effect of changes in exchange rates on cash	(40.3)	30.5
Net increase in cash, cash equivalents and restricted cash	417.1	113.2
Cash, cash equivalents and restricted cash—beginning of period	5,087.8	4,572.2
Cash, cash equivalents and restricted cash—end of period	<u>\$ 5,504.9</u>	<u>\$ 4,685.4</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 82.3	\$ 184.4
Cash paid for interest	\$ 3.2	\$ 2.7

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

VERTEX PHARMACEUTICALS INCORPORATED
Notes to Condensed Consolidated Financial Statements (unaudited)

A. Basis of Presentation and Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and have been prepared by Vertex Pharmaceuticals Incorporated (“Vertex,” “we,” “us” or “our”) in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The condensed consolidated financial statements reflect the operations of Vertex and our wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated. We operate in one segment, pharmaceuticals.

Certain information and footnote disclosures normally included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the “2025 Annual Report on Form 10-K”) have been condensed or omitted. These interim financial statements, in the opinion of management, reflect all normal recurring adjustments necessary for a fair presentation of the financial position and results of income for the interim periods ended March 31, 2026 and 2025.

The results of operations for the interim period are not necessarily indicative of the results of operations to be expected for the full fiscal year. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2025, which are contained in our 2025 Annual Report on Form 10-K.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements, and the amounts of revenues and expenses during the reported periods. We base our estimates on historical experience and various other assumptions, including in certain circumstances future projections that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in reported results in the period in which they become known.

Recently Issued Accounting Standards

Disaggregation of Income Statement Expenses

In 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”), which requires public entities, among other items, to disclose in a tabular format, on an annual and interim basis, purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion for each income statement line item that contains those expenses. ASU 2024-03 becomes effective for the annual period starting on January 1, 2027 and interim periods starting on January 1, 2028. We are in the process of analyzing the impact that the adoption of ASU 2024-03 will have on our disclosures.

Internal-Use Software

In 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* (“ASU 2025-06”), which eliminates consideration of the software project development stages and replaces them with modernized recognition and measurement guidance designed to reflect current internal-use software development practices. ASU 2025-06 becomes effective for the annual and interim periods starting on January 1, 2028. We are in the process of analyzing the impact that the adoption of ASU 2025-06 will have on our consolidated financial statements and related disclosures.

Summary of Significant Accounting Policies

Our significant accounting policies are described in Note A, “Nature of Business and Accounting Policies,” in our 2025 Annual Report on Form 10-K.

B. Collaboration, License and Other Arrangements

Acquired In-Process Research and Development

We have entered into numerous business development agreements with third parties to collaborate on research, development and commercialization programs, license technologies, or acquire assets. Our “Acquired in-process research and

VERTEX PHARMACEUTICALS INCORPORATED
Notes to Condensed Consolidated Financial Statements (unaudited)

development expenses” (“AIPR&D”) included \$0.5 million and \$19.8 million in the three months ended March 31, 2026 and 2025, respectively, related to upfront, contingent milestone, or other payments pursuant to our business development transactions.

Our collaboration, licensing and asset acquisition agreements that had a significant impact on our financial statements for the three months ended March 31, 2026 and 2025 or were new or materially revised during the three months ended March 31, 2026, are described below. Additional agreements are described in Note B, “Collaboration, License and Other Arrangements,” of our 2025 Annual Report on Form 10-K.

In-license Agreements

CRISPR Therapeutics AG

We have a joint development and commercialization agreement (the “CRISPR JDCA”) with CRISPR Therapeutics AG and its affiliates (“CRISPR”). Pursuant to the CRISPR JDCA, we lead global development, manufacturing and commercialization of CASGEVY for the treatment of hemoglobinopathies, including treatments for severe sickle cell disease (“SCD”) and transfusion-dependent beta thalassemia, with support from CRISPR.

We share with CRISPR 40% of the net commercial profits or losses incurred with respect to CASGEVY, subject to certain adjustments, which is recorded to “Cost of sales.” The net commercial profits or losses equal the sum of the product revenues, cost of sales and selling, general and administrative expenses that we recognized during the applicable period related to the CRISPR JDCA. We also are reimbursed by CRISPR for its 40% share of the research and development activities conducted under the CRISPR JDCA, subject to certain adjustments, and we record this reimbursement from CRISPR as a credit within “Research and development expenses.”

In the first quarter of 2025, we recorded a \$12.5 million credit to AIPR&D from CRISPR, reflecting its share of our upfront payment paid to Orna Therapeutics in December 2024.

During the three months ended March 31, 2026 and 2025, the credits recognized in our condensed consolidated statements of income for CRISPR’s share of CRISPR JDCA activities were as follows:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
Cost of sales	\$ 23.1	\$ 36.2
Research and development expenses	\$ 16.1	\$ 16.0
Acquired in-process research and development expenses	\$ —	\$ 12.5

Cystic Fibrosis Foundation

In 2004, we entered into an agreement with the Cystic Fibrosis Foundation (the “CFF”), as successor in interest to the Cystic Fibrosis Foundation Therapeutics, Inc., to support research and development activities. Pursuant to the agreement, as amended, we have agreed to pay tiered royalties ranging from single digits to sub-teens on covered compounds first synthesized and/or tested during a research term on or before February 28, 2014, including ivacaftor, lumacaftor and tezacaftor, and royalties ranging from low-single digits to mid-single digits on net sales of certain compounds first synthesized and/or tested between March 1, 2014 and August 31, 2016, including elexacaftor. We do not have any royalty obligations on compounds first synthesized and tested on or after September 1, 2016. For combination products, such as ORKAMBI, SYMDEKO/SYMKEVI, TRIKAFTA/KAFTRIO, and ALYFTREK, sales are allocated equally to each of the active pharmaceutical ingredients in the combination product, and royalties are then paid for any royalty-bearing components included in the combination. We record expenses related to these royalty obligations to “Cost of sales.”

VERTEX PHARMACEUTICALS INCORPORATED
Notes to Condensed Consolidated Financial Statements (unaudited)

C. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per common share for the periods ended:

	Three Months Ended March 31,	
	2026	2025
	(in millions, except per share amounts)	
Net income	\$ 1,031.4	\$ 646.3
Basic weighted-average common shares outstanding	254.1	256.9
Effect of potentially dilutive securities:		
Restricted stock units (including performance-based restricted stock units ("PSUs"))	1.5	1.6
Stock options	0.7	1.0
Diluted weighted-average common shares outstanding	<u>256.3</u>	<u>259.5</u>
Basic net income per common share	\$ 4.06	\$ 2.52
Diluted net income per common share	\$ 4.02	\$ 2.49

During the three months ended March 31, 2026 and 2025, the number of anti-dilutive securities that were excluded from the computation of our diluted net income per common share was not significant.

VERTEX PHARMACEUTICALS INCORPORATED
Notes to Condensed Consolidated Financial Statements (unaudited)

D. Fair Value Measurements

The following table sets forth our financial assets and liabilities subject to fair value measurements by level within the fair value hierarchy, as described in Note A, “Nature of Business and Accounting Policies,” of our 2025 Annual Report on Form 10-K:

	As of March 31, 2026				As of December 31, 2025			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
(in millions)								
Financial instruments carried at fair value (asset positions):								
Cash equivalents	\$ 2,569.8	\$ 1,312.8	\$ 1,257.0	\$ —	\$ 2,779.1	\$ 1,770.7	\$ 1,008.4	\$ —
Marketable securities:								
Corporate equity securities	20.4	20.4	—	—	16.6	16.6	—	—
U.S. Treasury securities	1,744.8	1,744.8	—	—	1,864.9	1,864.9	—	—
U.S. government agency securities	208.2	—	208.2	—	262.4	—	262.4	—
Asset-backed securities	1,293.6	—	1,293.6	—	1,357.0	—	1,357.0	—
Certificates of deposit	36.6	—	36.6	—	26.2	—	26.2	—
Corporate debt securities	4,170.5	—	4,170.5	—	3,693.9	—	3,693.9	—
Commercial paper	29.6	—	29.6	—	14.6	—	14.6	—
Prepaid expenses and other current assets:								
Foreign currency forward contracts	36.1	—	36.1	—	6.2	—	6.2	—
Other assets:								
Foreign currency forward contracts	39.4	—	39.4	—	12.7	—	12.7	—
Total financial assets	<u>\$ 10,149.0</u>	<u>\$ 3,078.0</u>	<u>\$ 7,071.0</u>	<u>\$ —</u>	<u>\$ 10,033.6</u>	<u>\$ 3,652.2</u>	<u>\$ 6,381.4</u>	<u>\$ —</u>
Financial instruments carried at fair value (liability positions):								
Other current liabilities:								
Foreign currency forward contracts	\$ (50.1)	\$ —	\$ (50.1)	\$ —	\$ (79.4)	\$ —	\$ (79.4)	\$ —
Other long-term liabilities:								
Foreign currency forward contracts	(28.1)	—	(28.1)	—	(51.0)	—	(51.0)	—
Contingent consideration	(79.2)	—	—	(79.2)	(79.0)	—	—	(79.0)
Total financial liabilities	<u>\$ (157.4)</u>	<u>\$ —</u>	<u>\$ (78.2)</u>	<u>\$ (79.2)</u>	<u>\$ (209.4)</u>	<u>\$ —</u>	<u>\$ (130.4)</u>	<u>\$ (79.0)</u>

Please refer to Note E, “Marketable Securities and Equity Investments,” for the carrying amount and related unrealized gains (losses) by type of investment. Our cash equivalents primarily include money market funds, commercial paper, and time deposits.

Fair Value of Corporate Equity Securities

We classify our investments in publicly traded corporate equity securities as “Marketable securities” on our condensed consolidated balance sheets. Generally, our investments in the common stock of publicly traded companies are valued based on Level 1 inputs because they have readily determinable fair values.

Please refer to Note E, “Marketable Securities and Equity Investments,” for further information on these investments.

Fair Value of Contingent Consideration

Our Level 3 contingent consideration liabilities of \$79.2 million are related to \$678.3 million of development and regulatory milestones potentially payable to former equity holders of a privately-held company we acquired in 2019. We base our estimates of the probability of achieving the milestones relevant to the fair value of contingent payments on industry data attributable to gene therapies and our knowledge of the progress and viability of the associated Duchenne muscular dystrophy programs. The discount rates used in the valuation model for contingent payments, which were between 4.4% and 4.6% as of March 31, 2026, represent a measure of credit risk and market risk associated with settling the liabilities. Significant judgment is used in determining the appropriateness of these assumptions at each reporting period.

VERTEX PHARMACEUTICALS INCORPORATED
Notes to Condensed Consolidated Financial Statements (unaudited)

The following table represents a rollforward of the fair value of our contingent consideration liabilities:

	Three Months Ended March 31, 2026
	(in millions)
Balance at December 31, 2025	\$ 79.0
Increase in fair value of contingent payments	0.2
Balance at March 31, 2026	<u>\$ 79.2</u>

E. Marketable Securities and Equity Investments

A summary of our cash equivalents and marketable debt and equity securities, which are recorded at fair value, is shown below:

	As of March 31, 2026				As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in millions)							
Cash equivalents	\$ 2,569.8	\$ —	\$ —	\$ 2,569.8	\$ 2,779.1	\$ —	\$ —	\$ 2,779.1
Marketable securities:								
U.S. Treasury securities	1,744.9	2.8	(2.9)	1,744.8	1,852.9	12.1	(0.1)	1,864.9
U.S. government agency securities	207.8	0.6	(0.2)	208.2	261.2	1.2	—	262.4
Asset-backed securities	1,293.2	2.6	(2.2)	1,293.6	1,351.1	6.0	(0.1)	1,357.0
Certificates of deposit	36.6	—	—	36.6	26.2	—	—	26.2
Corporate debt securities	4,167.5	10.9	(7.9)	4,170.5	3,669.3	25.0	(0.4)	3,693.9
Commercial paper	29.6	—	—	29.6	14.6	—	—	14.6
Total marketable available-for-sale debt securities	7,479.6	16.9	(13.2)	7,483.3	7,175.3	44.3	(0.6)	7,219.0
Corporate equity securities	25.0	—	(4.6)	20.4	25.0	—	(8.4)	16.6
Total marketable securities	7,504.6	16.9	(17.8)	7,503.7	7,200.3	44.3	(9.0)	7,235.6
Total cash equivalents and marketable securities	<u>\$ 10,074.4</u>	<u>\$ 16.9</u>	<u>\$ (17.8)</u>	<u>\$ 10,073.5</u>	<u>\$ 9,979.4</u>	<u>\$ 44.3</u>	<u>\$ (9.0)</u>	<u>\$ 10,014.7</u>

Amounts in the table above at fair value were classified on our condensed consolidated balance sheets as follows:

	As of March 31, 2026	As of December 31, 2025
	(in millions)	
Cash and cash equivalents	\$ 2,569.8	\$ 2,779.1
Marketable securities	1,753.8	1,523.3
Long-term marketable securities	5,749.9	5,712.3
Total	<u>\$ 10,073.5</u>	<u>\$ 10,014.7</u>

Marketable available-for-sale debt securities by contractual maturity were as follows:

	As of March 31, 2026	As of December 31, 2025
	(in millions)	
Matures within one year	\$ 1,733.4	\$ 1,506.7
Matures after one year through five years	5,669.5	5,595.8
Matures after five years	80.4	116.5
Total	<u>\$ 7,483.3</u>	<u>\$ 7,219.0</u>

We did not record any allowances for credit losses to adjust the fair value of our marketable available-for-sale debt securities during the three months ended March 31, 2026 and 2025. Additionally, we did not record any realized gains or losses that were material to our condensed consolidated statements of income during the three months ended March 31, 2026 and 2025. As of March 31, 2026, we held marketable available-for-sale debt securities with a total fair value of \$3.4 billion that were in unrealized loss positions totaling \$13.2 million. Included in this amount were marketable available-for sale debt securities with a total fair value of \$8.4 million and total unrealized loss of \$0.1 million that had been in unrealized loss

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positions for greater than twelve months. We intend to hold these investments until maturity and do not expect to incur realized losses on these investments when they mature.

We record changes in the fair value of our investments in corporate equity securities to “Other expense, net” in our condensed consolidated statements of income. During the three months ended March 31, 2026 and 2025, our net unrealized gains (losses) on corporate equity securities with readily determinable fair values held at the conclusion of each period were as follows:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
Net unrealized gains (losses)	\$ 3.8	\$ (15.0)

As of March 31, 2026 and December 31, 2025, the carrying value of our equity investments without readily determinable fair values, which are recorded in “Other assets” on our condensed consolidated balance sheets was \$81.5 million.

F. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss) (“AOCI”) by component:

		Unrealized Holding Gains (Losses), Net of Tax		
	Foreign Currency Translation Adjustment	On Available- For-Sale Debt Securities	On Foreign Currency Forward Contracts	Total
	(in millions)			
Balance at December 31, 2025	\$ 37.2	\$ 34.0	\$ (87.1)	\$ (15.9)
Other comprehensive (loss) income before reclassifications	(13.0)	(29.3)	65.0	22.7
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1.9)	19.9	18.0
Net current period other comprehensive (loss) income	(13.0)	(31.2)	84.9	40.7
Balance at March 31, 2026	<u>\$ 24.2</u>	<u>\$ 2.8</u>	<u>\$ (2.2)</u>	<u>\$ 24.8</u>
Balance at December 31, 2024	\$ 9.7	\$ 7.1	\$ 111.0	\$ 127.8
Other comprehensive income before reclassifications	14.1	18.3	(71.5)	(39.1)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1.8)	(18.8)	(20.6)
Net current period other comprehensive income (loss)	14.1	16.5	(90.3)	(59.7)
Balance at March 31, 2025	<u>\$ 23.8</u>	<u>\$ 23.6</u>	<u>\$ 20.7</u>	<u>\$ 68.1</u>

G. Hedging

Foreign currency forward contracts - Designated as hedging instruments

We maintain a hedging program intended to mitigate the effect of changes in foreign exchange rates for a portion of our forecasted product revenues denominated in certain foreign currencies. The program includes foreign currency forward contracts that are designated as cash flow hedges under U.S. GAAP having contractual durations from one to 36 months. We recognize realized gains and losses for the effective portion of such contracts in “Product revenues, net” in our condensed consolidated statements of income in the same period that we recognize the product revenues that were impacted by the hedged foreign exchange rate changes.

We formally document the relationship between foreign currency forward contracts (hedging instruments) and forecasted product revenues (hedged items), as well as our risk management objective and strategy for undertaking various hedging activities, which includes matching all foreign currency forward contracts that are designated as cash flow hedges to

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forecasted transactions. Using regression analysis, we assess, both at the hedge's inception and on an ongoing basis, whether the foreign currency forward contracts are highly effective in offsetting changes in cash flows of hedged items on a prospective and retrospective basis. As of March 31, 2026, all hedges were determined to be highly effective.

We consider the impact of our counterparties' credit risk on the fair value of the foreign currency forward contracts. As of March 31, 2026 and December 31, 2025, credit risk did not change the fair value of our foreign currency forward contracts.

The following table summarizes the notional amount in U.S. dollars of our outstanding foreign currency forward contracts designated as cash flow hedges under U.S. GAAP:

	<u>As of March 31, 2026</u>	<u>As of December 31, 2025</u>
Foreign Currency	(in millions)	
Euro	\$ 4,112.0	\$ 4,677.9
Canadian dollar	445.2	516.1
British pound sterling	423.7	492.6
Australian dollar	231.5	267.5
Swiss franc	109.2	126.0
Total foreign currency forward contracts	<u>\$ 5,321.6</u>	<u>\$ 6,080.1</u>

Foreign currency forward contracts - Not designated as hedging instruments

We enter into foreign currency forward contracts, typically with contractual maturities of approximately one month, which are designed to mitigate the effect of changes in foreign exchange rates on monetary assets and liabilities, including intercompany balances. These contracts are not designated as hedging instruments under U.S. GAAP. We recognize realized gains and losses for such contracts in "Other expense, net" in our condensed consolidated statements of income each period. As of March 31, 2026 and December 31, 2025, the notional amount of our outstanding foreign currency forward contracts where hedge accounting under U.S. GAAP was not applied was \$868.0 million and \$612.6 million, respectively.

During the three months ended March 31, 2026 and 2025, we recognized the following related to foreign currency forward contracts in our condensed consolidated statements of income:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
<i>Designated as hedging instruments - Reclassified from AOCI</i>		
Product revenues, net	\$ (25.5)	\$ 24.1
<i>Not designated as hedging instruments</i>		
Other expense, net	\$ 2.9	\$ (1.2)
<i>Total reported in the Condensed Consolidated Statements of Income</i>		
Product revenues, net	\$ 2,986.9	\$ 2,760.2
Other expense, net	\$ —	\$ (17.6)

The following table summarizes the fair value of our outstanding foreign currency forward contracts designated as cash flow hedges under U.S. GAAP included on our condensed consolidated balance sheets:

As of March 31, 2026			
Assets		Liabilities	
Classification	Fair Value	Classification	Fair Value
(in millions)			
Prepaid expenses and other current assets	\$ 36.1	Other current liabilities	\$ (50.1)
Other assets	39.4	Other long-term liabilities	(28.1)
Total assets	<u>\$ 75.5</u>	Total liabilities	<u>\$ (78.2)</u>

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As of December 31, 2025			
Assets		Liabilities	
Classification	Fair Value	Classification	Fair Value
(in millions)			
Prepaid expenses and other current assets	\$ 6.2	Other current liabilities	\$ (79.4)
Other assets	12.7	Other long-term liabilities	(51.0)
Total assets	<u>\$ 18.9</u>	Total liabilities	<u>\$ (130.4)</u>

As of March 31, 2026, we expect the amounts that are related to foreign currency forward contracts designated as cash flow hedges under U.S. GAAP recorded in “Prepaid expenses and other current assets” and “Other current liabilities” to be reclassified to earnings within twelve months.

We present the fair value of our foreign currency forward contracts on a gross basis within our condensed consolidated balance sheets. The following table summarizes the potential effect of offsetting derivatives by type of financial instrument designated as cash flow hedges under U.S. GAAP on our condensed consolidated balance sheets:

As of March 31, 2026					
	Gross Amounts Recognized	Gross Amounts Offset	Gross Amounts Presented	Gross Amounts Not Offset	Legal Offset
(in millions)					
Foreign currency forward contracts					
Total assets	\$ 75.5	\$ —	\$ 75.5	\$ (75.5)	\$ —
Total liabilities	(78.2)	—	(78.2)	75.5	(2.7)

As of December 31, 2025					
	Gross Amounts Recognized	Gross Amounts Offset	Gross Amounts Presented	Gross Amounts Not Offset	Legal Offset
(in millions)					
Foreign currency forward contracts					
Total assets	\$ 18.9	\$ —	\$ 18.9	\$ (18.9)	\$ —
Total liabilities	(130.4)	—	(130.4)	18.9	(111.5)

H. Inventories

“Inventories” consisted of the following:

	As of March 31, 2026	As of December 31, 2025
(in millions)		
Raw materials	\$ 267.4	\$ 259.8
Work-in-process	1,243.4	1,196.9
Finished goods	255.9	230.1
Total	<u>\$ 1,766.7</u>	<u>\$ 1,686.8</u>

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I. Intangible Assets

“Other intangible assets, net” consisted of the following:

		As of March 31, 2026			As of December 31, 2025		
	Estimated Useful Lives	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(in millions, except useful lives)							
In-process research and development	Indefinite	\$ 224.6	\$ —	\$ 224.6	\$ 224.6	\$ —	\$ 224.6
Finite-lived intangible assets - marketed products	10 to 12 years	238.0	(47.1)	190.9	238.0	(42.1)	195.9
Finite-lived intangible assets - assembled workforce	3 years	7.7	(4.7)	3.0	7.7	(4.0)	3.7
Total other intangible assets, net		\$ 470.3	\$ (51.8)	\$ 418.5	\$ 470.3	\$ (46.1)	\$ 424.2

In March 2025, based on results from a Phase 1/2 clinical trial evaluating our VX-264 clinical program in patients with type 1 diabetes (“T1D”), we concluded that VX-264 will not be advancing further in clinical development. Based on this event, we performed an interim impairment test on the fair value of our VX-264 indefinite-lived in-process research and development asset that we acquired from Semma Therapeutics, Inc. in 2019. As a result, using the multi period earnings method of the income approach, we recorded a full intangible asset impairment charge of \$379.0 million in the first quarter of 2025. As of March 31, 2026, our remaining indefinite-lived in-process research and development assets were associated with our T1D program.

J. Stock-based Compensation Expense and Share Repurchase Programs

Stock-based compensation expense

During the three months ended March 31, 2026 and 2025, we recognized the following stock-based compensation expense:

	Three Months Ended March 31,	
	2026	2025
(in millions)		
Stock-based compensation expense by type of award:		
Restricted stock units (including PSUs)	\$ 166.5	\$ 163.4
ESPP share issuances	3.4	5.6
Stock-based compensation expense related to inventories	(3.5)	(2.9)
Total stock-based compensation expense included in “Total costs and expenses”	<u>\$ 166.4</u>	<u>\$ 166.1</u>
Stock-based compensation expense by line item:		
Cost of sales	\$ 3.2	\$ 2.6
Research and development expenses	101.7	100.1
Selling, general and administrative expenses	61.5	63.4
Total stock-based compensation expense included in “Total costs and expenses”	166.4	166.1
Income tax effect	(35.3)	(75.2)
Total stock-based compensation expense, net of tax	<u>\$ 131.1</u>	<u>\$ 90.9</u>

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Share repurchase program

In February 2023, our Board of Directors authorized a share repurchase program (the “2023 Share Repurchase Program”), pursuant to which we were authorized to repurchase up to \$3.0 billion of our common stock. As of September 30, 2025, we had repurchased the full amount authorized under the 2023 Share Repurchase Program.

In May 2025, our Board of Directors authorized an additional share repurchase program (the “2025 Share Repurchase Program”), pursuant to which we are authorized to repurchase up to \$4.0 billion of our common stock. The 2025 Share Repurchase Program does not have an expiration date and can be discontinued at any time.

During the three months ended March 31, 2026 and 2025, we repurchased 0.7 million and 0.9 million shares of our common stock under our share repurchase programs, respectively, for aggregate repurchases of \$344.5 million and \$416.9 million, respectively. As of March 31, 2026, we had \$3.0 billion remaining available under the 2025 Share Repurchase Program.

K. Income Taxes

We are subject to U.S. federal, state, and foreign income taxes. During the three months ended March 31, 2026 and 2025, we recorded the following provisions for income taxes and effective tax rates as compared to our income before provision for income taxes.

	Three Months Ended March 31,	
	2026	2025
	(in millions, except percentages)	
Income before provision for income taxes	\$ 1,252.9	\$ 730.4
Provision for income taxes	\$ 221.5	\$ 84.1
Effective tax rate	17.7 %	11.5 %

Our effective tax rates for the three months ended March 31, 2026 and 2025 were lower than the U.S. statutory rate primarily due to excess tax benefits related to stock-based compensation.

We have reviewed the tax positions taken, or to be taken, in our tax returns for all tax years currently open to examination by a taxing authority. As of March 31, 2026 and December 31, 2025, we had \$420.3 million and \$436.6 million, respectively, of net unrecognized tax benefits, which would affect our tax rate if recognized.

We file U.S. federal income tax returns and income tax returns in various state, local and foreign jurisdictions. We have various income tax audits ongoing at any time throughout the world. Except for jurisdictions where we have net operating losses or tax credit carryforwards, we are no longer subject to any tax assessment from tax authorities for years prior to 2014 in jurisdictions that have a material impact on our consolidated financial statements. Due to the nature of the adjustments from a settlement with the United Kingdom’s HM Revenue & Customs in 2023, we have asserted our rights under the U.S./U.K. Income Tax Convention pursuant to the mutual agreement procedures for the relief of double taxation for these matters.

In December 2022, European Union member states reached an agreement to implement the minimum tax component (“Pillar Two”) of the Organization for Economic Co-operation and Development’s (the “OECD’s”), global international tax reform initiative with effective dates of January 1, 2024 and 2025. On January 5, 2026, the OECD announced that a ‘side-by-side’ agreement was reached with member countries creating safe harbors to exempt U.S. multi-nationals from certain taxes under the Pillar Two regime by recognizing the U.S. tax system as a compatible domestic minimum tax regime. Our exposure to other countries’ minimum tax regimes was limited before these changes, but the side-by-side agreement allows for certainty as our structure may change in the future.

In July 2025, the U.S. enacted H.R.1, which includes significant provisions modifying the U.S. tax framework, including the ability for companies to immediately deduct research and development expenditures for 2025 and provisions for deducting previously capitalized amounts. H.R.1 does not have a material impact on our U.S. taxes for the first quarter of 2026, but we expect further guidance to be issued. We will review guidance when issued for impacts on future years and disclose any impacts if needed at that time. These legislative changes could have an impact on our future effective tax rates, tax liabilities, and cash taxes.

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L. Commitments and Contingencies

2022 Credit Facility

In July 2022, Vertex and certain of its subsidiaries entered into a \$500.0 million unsecured revolving facility (the “Credit Agreement”) with Bank of America, N.A., as administrative agent and the lenders referred to therein (the “Lenders”), which matures on July 1, 2027. The Credit Agreement was not drawn upon at closing and we have not drawn upon it to date. Amounts drawn pursuant to the Credit Agreement, if any, will be used for general corporate purposes. Subject to satisfaction of certain conditions, we may request that the borrowing capacity for the Credit Agreement be increased by an additional \$500.0 million. Additionally, the Credit Agreement provides a sublimit of \$100.0 million for letters of credit.

Any amounts borrowed under the Credit Agreement will bear interest, at our option, at either a base rate or a Secured Overnight Financing Rate (“SOFR”), in each case plus an applicable margin. Under the Credit Agreement, the applicable margins on base rate loans range from 0.000% to 0.500% and the applicable margins on SOFR loans range from 1.000% to 1.500%, in each case based on our consolidated leverage ratio (the ratio of our total consolidated funded indebtedness to our consolidated EBITDA for the most recently completed four fiscal quarter period).

Any amounts borrowed pursuant to the Credit Agreement are guaranteed by certain of our existing and future domestic subsidiaries, subject to certain exceptions.

The Credit Agreement contains customary representations and warranties and affirmative and negative covenants, including a financial covenant to maintain subject to certain limited exceptions, a consolidated leverage ratio of 3.50 to 1.00, subject to an increase to 4.00 to 1.00 following a material acquisition. As of March 31, 2026, we were in compliance with the covenants described above. The Credit Agreement also contains customary events of default. In the case of a continuing event of default, the administrative agent would be entitled to exercise various remedies, including the acceleration of amounts due under outstanding loans.

Direct costs related to the Credit Agreement are recorded over its term and are not material to our financial statements.

Guaranties and Indemnifications

As permitted under Massachusetts law, our Articles of Organization and By-laws provide that we will indemnify certain of our officers and directors for certain claims asserted against them in connection with their service as an officer or director. The maximum potential amount of future payments that we could be required to make under these indemnification provisions is unlimited. However, we have purchased directors’ and officers’ liability insurance policies that could reduce our monetary exposure and enable us to recover a portion of any future amounts paid. No indemnification claims currently are outstanding, and we believe the estimated fair value of these indemnification arrangements is minimal.

We customarily agree in the ordinary course of our business to indemnification provisions in agreements with clinical trial investigators and sites in our product development programs, sponsored research agreements with academic and not-for-profit institutions, various comparable agreements involving parties performing services for us, and our real estate leases. We also customarily agree to certain indemnification provisions in our drug discovery, development and commercialization collaboration agreements. With respect to our clinical trials and sponsored research agreements, these indemnification provisions typically apply to any claim asserted against the investigator or the investigator’s institution relating to personal injury or property damage, violations of law or certain breaches of our contractual obligations arising out of the research or clinical testing of our compounds or product candidates. With respect to lease agreements, the indemnification provisions typically apply to claims asserted against the landlord relating to personal injury or property damage caused by us, to violations of law by us or to certain breaches of our contractual obligations. The indemnification provisions appearing in our collaboration agreements are similar to those for the other agreements discussed above, but in addition provide some limited indemnification for our collaborator in the event of third-party claims alleging infringement of intellectual property rights. In each of the cases above, the indemnification obligation generally survives the termination of the agreement for some extended period, although we believe the obligation typically has the most relevance during the contract term and for a short period of time thereafter. The maximum potential amount of future payments that we could be required to make under these provisions is generally unlimited. We have purchased insurance policies covering personal injury, property damage and general liability that reduce our exposure for indemnification and would enable us in many cases to recover all or a portion of any future amounts paid. We have never paid any material amounts to defend lawsuits or settle claims related to these indemnification provisions. Accordingly, we believe the estimated fair value of these indemnification arrangements is minimal.

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Legal Matters and Other Contingencies

As described in Note B, “Collaboration, License and Other Arrangements,” we have an agreement with the CFF (the “CFF Agreement”) pursuant to which we owe third-party royalties payable on net sales of certain CF products, including ALYFTREK. Since inception, our ALYFTREK net product revenues total \$1.3 billion. Based on the CFF Agreement, our position is that the royalty burden associated with ALYFTREK is 4%. On October 10, 2025, Royalty Pharma plc (“RP”), the third party to whom the CFF assigned its rights (and the CFF, which remains a party to the CFF Agreement), initiated a confidential arbitration alleging the royalty burden on ALYFTREK is approximately 8%. RP is seeking a declaratory judgment regarding the royalty burden on ALYFTREK as well as alleged unpaid royalties and other alleged damages available under the CFF Agreement or applicable law, costs, expenses, attorneys’ fees, and interest. We believe RP’s position is contrary to the plain terms of the CFF Agreement and intend to vigorously defend our position under the CFF Agreement.

On a quarterly basis, we evaluate developments with claims, whether asserted or unasserted, and legal proceedings that could result in a loss contingency accrual, or an increase or decrease to a previously accrued loss contingency. There were no material loss contingencies accrued as of March 31, 2026 or December 31, 2025.

We also have certain contingent liabilities that arise in the ordinary course of our business activities. We accrue for such contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. Other than our contingent consideration liabilities discussed in Note D, “Fair Value Measurements,” there were no significant contingent liabilities accrued as of March 31, 2026 or December 31, 2025.

M. Segment Information

Revenues by Product

“Product revenues, net” consisted of the following:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
TRIKAFTA/KAFTRIO	\$ 2,354.7	\$ 2,535.5
ALYFTREK	424.4	53.9
Other CF product revenues ⁽¹⁾	135.9	155.3
Total CF product revenues, net	2,915.0	2,744.7
CASGEVY	42.9	14.2
JOURNAVX	29.0	1.3
Total product revenues, net	<u>\$ 2,986.9</u>	<u>\$ 2,760.2</u>

⁽¹⁾ Include KALYDECO, ORKAMBI, and SYMDEKO/SYMKEVI.

Revenues by Geographic Location

“Product revenues, net” are allocated based on the location of the customer. “Other revenues” are allocated based on the location of the Vertex entity associated with such revenues. Our “Total revenues” consisted of the following:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
United States	\$ 1,775.9	\$ 1,663.5
Outside of the United States		
Europe	950.0	826.6
Other	261.0	280.1
Total revenues outside of the United States	1,211.0	1,106.7
Total revenues	<u>\$ 2,986.9</u>	<u>\$ 2,770.2</u>

We did not have any “Other revenues” in the three months ended March 31, 2026. In the three months ended March 31, 2025, our “Other revenues” of \$10.0 million were attributed to the U.S.

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Significant Segment Expenses

Significant segment expenses are set forth in the following table:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
Total revenues	\$ 2,986.9	\$ 2,770.2
Costs and expenses:		
Cost of sales - products	160.2	130.6
Cost of sales - royalty	232.6	232.4
Research expenses	205.0	206.1
Development expenses	756.6	773.6
Acquired in-process research and development expenses	0.5	19.8
Selling and other commercial expenses	313.6	241.1
General and administrative expenses	180.1	155.3
Intangible asset impairment charge	—	379.0
Interest income, net	(114.8)	(117.9)
Other segment items ⁽¹⁾	0.2	19.8
Provision for income taxes	221.5	84.1
Net income	<u>\$ 1,031.4</u>	<u>\$ 646.3</u>

(1) Other segment items included in “Net income” primarily include changes in the fair value of contingent consideration and changes in the fair value of equity investments.

Additional Segment Information

During the three months ended March 31, 2026 and 2025, we recorded total depreciation and amortization expense of \$55.9 million and \$48.4 million, respectively.

N. Additional Balance Sheet & Cash Flow Information

Contract Liabilities

We had contract liabilities of \$218.7 million and \$171.8 million as of March 31, 2026 and December 31, 2025, respectively, primarily related to annual contracts with government-owned and supported customers in international markets that limit the amount of annual reimbursement we can receive for our CF products. Upon exceeding the annual reimbursement amount provided by the customer’s contract with us, our CF products are provided free of charge, which is a material right. These contracts include upfront payments and fees. If we estimate that we will exceed the annual reimbursement amount under a contract, we defer a portion of the consideration received for shipments made up to the annual reimbursement limit as a portion of “Other current liabilities.” Once the reimbursement limit has been reached, we recognize the deferred amount as revenue when we ship the free products. Our CF product revenue contracts include performance obligations that are one year or less.

Our contract liabilities at the end of each fiscal year relate to contracts with CF annual reimbursement limits in international markets in which the annual period associated with the contract is not the same as our fiscal year. In these markets, we recognize revenues related to performance obligations satisfied in previous years; however, these revenues do not relate to any performance obligations that were satisfied more than 12 months prior to the beginning of the current year.

Operating Lease Assets and Liabilities

In 2023, we entered into a strategic agreement with Lonza to support the manufacture of T1D cell therapy product candidates. As part of this agreement, we have partnered with Lonza to build a 130,000 square foot dedicated new facility in New Hampshire, which will be operated by Lonza (the “Lonza Facility”) and is an embedded lease for accounting purposes. The lease commencement for the Lonza Facility occurred during the first quarter of 2026, upon which we recorded a right-of-use asset and corresponding lease liability of \$95.8 million within each of “Operating lease assets” and “Long-term operating lease liabilities” on our condensed consolidated balance sheet. In accordance with our policy for embedded leases with

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contract manufacturing organizations, we account for the lease component separately from the variable non-lease components, which we expense as incurred. Payments will continue through the tenth anniversary of the Lonza Facility's regulatory approval for commercial production. The lease will automatically renew for additional one-year periods, unless either we or Lonza provides written notice of intent to not renew. We utilize the initial period as our lease term.

We obtained \$148.2 million and \$5.2 million of right-of-use operating lease assets in exchange for a similar amount of lease obligations, including the Lonza Facility amounts described above, during the three months ended March 31, 2026 and 2025, respectively. These represent non-cash operating activities associated with our condensed consolidated statement of cash flows.

Cash, Cash Equivalents and Restricted Cash Presented in Condensed Consolidated Statements of Cash Flows

The cash, cash equivalents and restricted cash at the beginning and ending of each period presented in our condensed consolidated statements of cash flows consisted of the following:

	Three Months Ended March 31,			
	2026		2025	
	Beginning of period	End of period	Beginning of period	End of period
	(in millions)			
Cash and cash equivalents	\$ 5,084.8	\$ 5,492.9	\$ 4,569.6	\$ 4,674.7
Prepaid expenses and other current assets	3.0	12.0	2.6	10.7
Cash, cash equivalents and restricted cash per condensed consolidated statement of cash flows	<u>\$ 5,087.8</u>	<u>\$ 5,504.9</u>	<u>\$ 4,572.2</u>	<u>\$ 4,685.4</u>

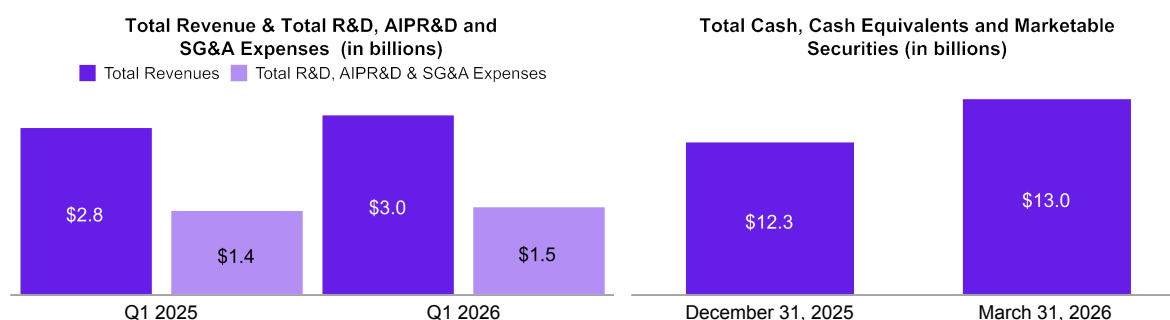
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

We are a global biotechnology company that invests in scientific innovation to create transformative medicines for people with serious diseases, with a focus on specialty markets. We have seven approved medicines: five that treat the underlying cause of cystic fibrosis (“CF”), a life-threatening genetic disease, one that treats severe sickle cell disease (“SCD”) and transfusion dependent beta thalassemia (“TDT”), life shortening inherited blood disorders, and one that treats moderate-to-severe acute pain. We are also preparing for the anticipated launch of povetacicept, a potential treatment for IgA nephropathy (“IgAN”). Our clinical-stage pipeline spans a range of programs targeting CF, SCD, beta thalassemia, neuropathic pain, type 1 diabetes, IgA nephropathy, primary membranous nephropathy and other autoimmune diseases and cytopenias, APOL1-mediated kidney disease, autosomal dominant polycystic kidney disease and myotonic dystrophy type 1, reflecting our commitment to addressing significant unmet medical needs globally.

Financial Highlights

<i>Total Revenues</i>	In the first quarter of 2026, our total revenues increased to \$3.0 billion as compared to \$2.8 billion in the first quarter of 2025, primarily due to continued performance of our CF therapies and growth from diversification into additional disease areas.
<i>Cost of Sales</i>	Our cost of sales as a percentage of our net product revenues was 13.2% in each of the first quarters of 2026 and 2025, as a result of a lower overall royalty rate for our CF medicines, offset by changes in product mix.
<i>Total R&D, AIPR&D and SG&A Expenses</i>	Our total research and development (“R&D”), acquired in-process research and development expenses (“AIPR&D”) and selling, general and administrative (“SG&A”) expenses increased to \$1.5 billion in the first quarter of 2026 as compared to \$1.4 billion in the first quarter of 2025, primarily due to increased investment to commercialize our new products.
<i>Cash</i>	Our total cash, cash equivalents and marketable securities increased to \$13.0 billion as of March 31, 2026 as compared to \$12.3 billion as of December 31, 2025, primarily due to cash flows provided by our operating activities partially offset by repurchases of our common stock.



Note: Charts above may not add due to rounding.

Business Updates

Marketed Products

Cystic Fibrosis

We expect that the number of people with CF taking our medicines will continue to grow through new approvals and reimbursement agreements, treatment of younger patients, increased survival and expansion into additional geographies. Recent and anticipated progress in activities expanding our CF business is included below:

- The U.S. Food and Drug Administration (the “FDA”) approved label extensions for ALYFTREK and TRIKAFTA, expanding availability of these medicines to approximately 95% of all people with CF in the United States (the “U.S.”). With these label extensions, approximately 800 people with CF in the U.S. are newly eligible for a medicine that treats the underlying cause of CF.

- We secured reimbursement agreements for ALYFTREK in Scotland, Spain, Sweden, Switzerland, New Zealand, Israel, and Finland, and we are working to secure access for eligible patients in additional countries.

Sickle Cell Disease and Beta Thalassemia

- In the first quarter of 2026, we recorded \$43 million of CASGEVY product revenues.
- We secured a pricing agreement for CASGEVY for eligible patients with SCD or TDT in Germany, and we are working through final implementation to provide long-term reimbursed access to patients at a sustainable price.
- We completed the regulatory submission in the U.S. for approval of CASGEVY in children with SCD or TDT five to less than twelve years of age. The FDA awarded a Commissioner's National Priority Voucher for this pediatric submission, indicating an accelerated timeline for review once the submission is accepted.

Acute Pain

- Since the launch of JOURNAVX in March 2025, more than 1 million prescriptions have been filled for JOURNAVX across the hospital and retail settings for a broad range of acute pain conditions. In the first quarter of 2026, more than 350,000 prescriptions were filled, and we recorded \$29 million of JOURNAVX product revenues.
- We have reached an agreement with a major pharmacy benefit manager for Medicare Part D coverage for JOURNAVX effective on May 1. This agreement adds approximately 10 million lives covered under Part D. Twenty-two states provide coverage for JOURNAVX via Medicaid. In total, approximately 240 million individuals have reimbursed access to JOURNAVX across a wide range of commercial and government payers.

Pipeline

We continue to advance a diversified pipeline of potentially transformative medicines for serious diseases utilizing a range of modalities. Recent and anticipated progress in activities supporting these efforts is included below:

Cystic Fibrosis

- Following positive results from the ALYFTREK clinical trial in children with CF two to five years of age, we expect to submit for global regulatory approvals in this age group in the first half of 2026. We continue to enroll and dose patients in the pivotal clinical trial evaluating ALYFTREK in children with CF one to less than two years of age.
- Following positive results from the TRIKAFTA clinical trial in children one to less than two years of age, we have begun submissions for global regulatory approvals in this age group.

Peripheral Neuropathic Pain

- We expect to complete enrollment in both Phase 3 clinical trials evaluating suzetrigine in diabetic peripheral neuropathy, a form of peripheral neuropathic pain, by the end of 2026.

IgA Nephropathy and Other B Cell-Mediated Diseases

- We are developing povetacept, a dual inhibitor of B cell activating factor ("BAFF") and a proliferation-inducing ligand ("APRIL") cytokines, for multiple diseases. Povetacept represents a potentially best-in-class approach to control B cell activity in IgAN.
- Following positive results from the RAINIER Phase 3 clinical trial evaluating povetacept in adults with IgAN, we completed in March the submission of the rolling biologics license application ("BLA") to the FDA for potential accelerated approval in the U.S. We are using a Priority Review Voucher and therefore expect the FDA review of this BLA to be expedited to six months from the date of the FDA's acceptance of the BLA.
- Povetacept represents a potentially best-in-class approach to control B cell activity in primary membranous nephropathy ("pMN"), another B cell-mediated disease. We completed enrollment in the Phase 2 portion of the Phase 2/3 OLYMPUS pivotal trial evaluating povetacept in people with pMN, and we initiated the Phase 3 portion of this clinical trial. Enrollment and dosing in this clinical trial are ongoing.

APOL1-Mediated Kidney Disease

- Inaxaplin is our small molecule for the treatment of APOL1-mediated kidney disease (“AMKD”). We completed enrollment in the interim analysis cohort of the global AMPLITUDE Phase 2/3 pivotal clinical trial evaluating inaxaplin. We expect to conduct the pre-planned interim analysis for potential accelerated approval once this cohort has been treated for 48 weeks. We expect to share data from the interim analysis in early 2027. We expect to complete full enrollment in the AMPLITUDE clinical trial in the second half of 2026.

Type 1 Diabetes

- Zimislecel is an allogeneic, stem cell-derived, fully differentiated, insulin-producing islet cell replacement therapy, using standard immunosuppression to protect the implanted cells. We have completed the internal manufacturing analysis for the Phase 1/2/3 clinical trial of zimislecel in people with type 1 diabetes (“T1D”), and we have resumed dosing in this clinical trial. Multiple people with T1D have been treated since the resumption of dosing. In 2026, we expect to provide updated timelines for trial completion.

Our Business Environment

In the first quarter of 2026, our total product revenues came primarily from the sale of our medicines for the treatment of CF. Our CF strategy involves continuing to develop and obtain approval and reimbursement for treatment regimens that will provide benefits to all people with CF and increasing the number of people with CF eligible and able to receive our medicines. Outside of CF, we continue to advance the commercialization of CASGEVY for the treatment of SCD and TDT, and JOURNAVX for the treatment of acute pain, and we are preparing for a potential launch of povetacicept for the treatment of IgAN. In addition, we are advancing our pipeline of product candidates for the treatment of serious diseases outside of CF, SCD, TDT and acute pain.

Our strategy is to combine transformative advances in the understanding of causal human biology and the science of therapeutics to discover and develop innovative medicines. This approach includes advancing multiple compounds or therapies from each program, spanning multiple modalities, into early clinical trials to obtain patient data that can inform selection of the most promising therapies for later-stage development, as well as to inform discovery and development efforts. We aim to serially innovate in our disease areas of interest and follow our first-in-class therapies with potential best-in-class candidates to provide durable clinical and commercial success.

In pursuit of new product candidates and therapies in specialty markets, we invest in research and development. We believe that pursuing research in diverse areas allows us to balance the risks inherent in product development and may provide product candidates that will form our pipeline in future years. To supplement our internal research programs, we acquire technologies and programs and collaborate with biopharmaceutical and technology companies, leading academic research institutions, government laboratories, foundations and other organizations, as needed, to advance research in our areas of therapeutic interest and to access technologies needed to execute on our strategy.

Discovery and development of a new pharmaceutical or biological product is a difficult and lengthy process that requires significant financial resources along with extensive technical and regulatory expertise. Across the industry, most potential drug or biological products never progress into development, and most products that advance into development never receive marketing approval. Our investments in product candidates are subject to considerable risks. We closely monitor our research and development activities, and frequently evaluate our pipeline programs in light of new data and scientific, business and commercial insights, with the objective of balancing risk and potential. This process can result in rapid changes in focus and priorities as new information becomes available and as we gain additional understanding of our ongoing programs and potential new programs, as well as those of our competitors. In addition, our product candidates must satisfy rigorous standards of safety and efficacy before they can be approved for sale by regulatory authorities. Our analysis of data obtained from nonclinical and clinical activities is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval.

Our business also requires ensuring appropriate manufacturing and supply of our products. As we advance our product candidates through clinical development toward commercialization and market and sell our approved products, we build and maintain our supply chain and quality assurance resources. We rely on a global network of third parties, including some in China, and our internal capabilities to manufacture and distribute our products for commercial sale and post-approval clinical trials and to manufacture and distribute our product candidates for clinical trials. In addition to establishing supply chains for each newly approved product, we adapt our supply chain for existing products to include additional formulations or to increase scale of production for existing products as needed. The processes for biological and cell and genetic therapies can be more complex than those required for small molecule drugs and require additional investments in different systems,

equipment, facilities and expertise. We are focused on ensuring the stability of the supply chains for our current products, as well as for our pipeline programs.

Sales of our products depend, to a large degree, on the extent to which our products are reimbursed by third-party payors, such as government health programs, commercial insurance and managed health care organizations. Reimbursement for our products, including our potential pipeline therapies, cannot be assured and may take significant periods of time to obtain. We dedicate substantial management and other resources to obtain and maintain appropriate levels of reimbursement for our products from third-party payors, including governmental organizations in the U.S. and ex-U.S. markets. In the U.S., we work with government and commercial payors to obtain and maintain appropriate levels of reimbursement for our medicines. In ex-U.S. markets, we seek government reimbursement for our medicines on a country-by-country or region-by-region, as required. This is necessary for each new medicine, as well as for label expansions for our current medicines. We expect to continue to focus significant resources to expand and maintain reimbursement for our CF medicines, CASGEVY, JOURNAVX, and, ultimately, our pipeline therapies, in U.S. and ex-U.S. markets.

Strategic Transactions

Acquisitions

As part of our business strategy, we seek to license or acquire technologies, products, product candidates and businesses that are aligned with our corporate and research and development strategies and complement and advance our ongoing research and development efforts. We have acquired multiple biotechnology companies over the last several years and expect to continue to identify and evaluate such opportunities. The accounting for these acquisitions can vary significantly based on whether we conclude the transactions represent business combinations or asset acquisitions. In 2024, we acquired Alpine Immune Sciences, Inc. (“Alpine”) and its lead molecule, povetacicept, for approximately \$5.0 billion. Povetacicept, has shown potential to treat multiple diseases or conditions and become a pipeline-in-a-product. We accounted for the Alpine transaction as an asset acquisition because povetacicept represented substantially all of the fair value of the gross assets that we acquired. As a result, \$4.4 billion of the fair value attributed to povetacicept was expensed as AIPR&D in 2024.

Collaboration and In-Licensing Arrangements

We enter into arrangements with third parties, including collaboration and licensing arrangements, for the development, manufacture and commercialization of products, product candidates and other technologies that have the potential to complement our ongoing research and development efforts.

Over the last several years, we entered into collaboration agreements with a number of companies, including CRISPR Therapeutics AG (“CRISPR”) and Entrada Therapeutics, Inc. (“Entrada”).

Generally, when we in-license a technology or product candidate, we make upfront payments to the collaborator, assume the costs of the program and/or agree to make contingent payments, which could consist of milestone, royalty and option payments. Most of these collaboration payments are expensed as AIPR&D because they were primarily attributable to acquired in-process research and development for which there was no alternative future use. However, depending on many factors, including the structure of the collaboration, the stage of development of the acquired technology, the significance of the in-licensed product candidate to the collaborator’s operations and the other activities in which our collaborators are engaged, the accounting for these transactions can vary significantly. We expect to continue to identify and evaluate collaboration and licensing opportunities that may be similar to or different from the collaborations and licenses that we have engaged in previously.

Acquired In-Process Research and Development Expenses

In the first quarter of 2026 and 2025, our AIPR&D included \$0.5 million and \$19.8 million, respectively, related to upfront, contingent milestone, or other payments pursuant to our business development transactions, including the asset acquisitions, collaborations, and licenses of third-party technologies described above. Please refer to Note B, “Collaboration, License and Other Arrangements,” for further information regarding our asset acquisitions, collaborations and in-license agreements.

Out-licensing Arrangements

We also have out-licensed certain development programs to collaborators who are leading the development or commercialization of these programs, either globally or within certain geographic regions.

In January 2025 and June 2025, we entered into agreements with Zai Lab Limited (“Zai”) and Ono Pharmaceuticals Co., Ltd (“Ono”), respectively, for the development and commercialization of povetacicept in various Asian markets. Zai licensed povetacicept for mainland China, Hong Kong SAR, Macau SAR, Taiwan region and Singapore, while Ono licensed povetacicept for Japan and South Korea. Zai and Ono will help advance povetacicept clinical trials, and will be responsible for obtaining marketing authorizations and commercialization activities, if povetacicept becomes an approved product, in their licensed territories. We are eligible to receive certain future milestone payments and tiered royalties on future net sales of povetacicept in these regions.

RESULTS OF OPERATIONS

Total Revenues

	Three Months Ended March 31,		
	2026	2025	Change
	(in millions, except percentages)		
TRIKAFTA/KAFTRIO	\$ 2,354.7	\$ 2,535.5	(7)%
ALYFTREK	424.4	53.9	687%
Other CF product revenues ⁽¹⁾	135.9	155.3	(12)%
Total CF product revenues, net	2,915.0	2,744.7	6%
CASGEVY	42.9	14.2	202%
JOURNAVX	29.0	1.3	**
Product revenues, net	2,986.9	2,760.2	8%
Other revenues	—	10.0	**
Total revenues	\$ 2,986.9	\$ 2,770.2	8%

⁽¹⁾ Include KALYDECO, ORKAMBI and SYMDEKO/SYMKEVI.

** Not meaningful

Product Revenues, Net

In the first quarter of 2026, our net product revenues increased by \$226.7 million, or 8%, as compared to the first quarter of 2025, primarily due to continued performance of our CF therapies and growth from diversification into additional disease areas.

Other Revenues

Other revenues were \$10.0 million in the first quarter of 2025, related to an upfront payment received from our collaboration agreement with Zai.

Revenues by Geographic Location

Our total revenues from the U.S. and from ex-U.S. markets were as follows:

	Three Months Ended March 31,		
	2026	2025	Change
	(in millions, except percentages)		
United States	\$ 1,775.9	\$ 1,663.5	7%
ex-U.S.	1,211.0	1,106.7	9%
Total revenues	\$ 2,986.9	\$ 2,770.2	8%

In the first quarter of 2026, our U.S. total revenues increased 7%, as compared to the first quarter of 2025, due to continued strong patient demand, including from new initiations of ALYFTREK, and higher realized net prices in CF, and contributions from CASGEVY and JOURNAVX. In the first quarter of 2026, our ex-U.S. total revenues increased 9%, as compared to the first quarter of 2025, primarily due to strong CF performance across multiple geographies, including ALYFTREK uptake, increased CASGEVY product revenues, and a favorable impact from foreign exchange.

Operating Costs and Expenses

	Three Months Ended March 31,		
	2026	2025	Change
	(in millions, except percentages)		
Cost of sales	\$ 392.8	\$ 363.0	8%
Research and development expenses	961.6	979.7	(2)%
Acquired in-process research and development expenses	0.5	19.8	**
Selling, general and administrative expenses	493.7	396.4	25%
Intangible asset impairment charge	—	379.0	**
Change in fair value of contingent consideration	0.2	2.2	**
Total costs and expenses	<u>\$ 1,848.8</u>	<u>\$ 2,140.1</u>	(14)%

** Not meaningful

Cost of Sales

Our cost of sales primarily consists of third-party royalties payable on net sales of our CF products as well as the cost of producing inventories. Our cost of sales as a percentage of our net product revenues was 13.2% in each of the first quarters of 2026 and 2025, as a result of a lower overall royalty rate for our CF medicines, offset by changes in product mix.

Pursuant to our agreement (the “CFF Agreement”) with the Cystic Fibrosis Foundation (the “CFF”), our tiered third-party royalties on sales of ALYFTREK, TRIKAFTA/KAFTRIO, SYMDEKO/SYMKEVI, KALYDECO, and ORKAMBI, calculated as a percentage of net sales, range from the single digits to the sub-teens, with lower royalties on sales of ALYFTREK and TRIKAFTA/KAFTRIO than for our other products. The royalty burden associated with TRIKAFTA/KAFTRIO is 9.33%, and our position is that the royalty burden associated with ALYFTREK is 4%. On October 10, 2025, Royalty Pharma plc (“RP”), the third party to whom the CFF assigned its rights (and the CFF, which remains a party to the CFF Agreement), initiated a confidential arbitration alleging the royalty burden on ALYFTREK is approximately 8%. RP is seeking a declaratory judgment regarding the royalty burden on ALYFTREK as well as alleged unpaid royalties and other alleged damages available under the CFF Agreement or applicable law, costs, expenses, attorneys’ fees, and interest. We believe RP’s position is contrary to the plain terms of the CFF Agreement and intend to vigorously defend our position under the CFF Agreement.

Research and Development Expenses

	Three Months Ended March 31,		
	2026	2025	Change
	(in millions, except percentages)		
Research expenses	\$ 205.0	\$ 206.1	(1)%
Development expenses	756.6	773.6	(2)%
Total research and development expenses	<u>\$ 961.6</u>	<u>\$ 979.7</u>	(2)%

Research Expenses

	Three Months Ended March 31,		
	2026	2025	Change
(in millions, except percentages)			
Research Expenses:			
Salary and benefits	\$ 55.2	\$ 53.1	4%
Stock-based compensation expense	21.2	22.3	(5)%
Outsourced services and other direct expenses	66.6	73.1	(9)%
Infrastructure costs	62.0	57.6	8%
Total research expenses	<u>\$ 205.0</u>	<u>\$ 206.1</u>	(1)%

Our research expenses include investment in our pipeline, including our cell and genetic therapy capabilities, which has increased our salary and benefits and infrastructure costs in the first quarter of 2026 as compared to the first quarter of 2025. We expect to continue to invest in our research programs with a focus on creating transformative medicines for serious diseases.

Development Expenses

	Three Months Ended March 31,		
	2026	2025	Change
(in millions, except percentages)			
Development Expenses:			
Salary and benefits	\$ 212.6	\$ 195.9	9%
Stock-based compensation expense	80.5	77.8	3%
Outsourced services and other direct expenses	326.2	379.7	(14)%
Infrastructure costs	137.3	120.2	14%
Total development expenses	<u>\$ 756.6</u>	<u>\$ 773.6</u>	(2)%

As we have advanced our pipeline of transformative medicines, we have invested in internal headcount and infrastructure to support multiple mid- and late-stage clinical development programs, including our povetacicept, T1D, peripheral neuropathic pain and AMKD programs. We expect to continue to invest in these programs, launch new products and advance our pipeline going forward. Our outsourced services and other direct expenses were lower as compared to the first quarter of 2025 due to the discontinuation of certain clinical programs during 2025.

Our research and development expenses include internal and external costs incurred for research and development of our products and product candidates. We assign external costs of services provided to us by clinical research organizations and other outsourced research by individual program. Our internal costs include salary and benefits, stock-based compensation expense, laboratory supplies and other direct expenses and infrastructure costs, the majority of which are not assigned to individual products or product candidates. Our stock-based compensation expenses, including those recorded as research and development expenses, have historically fluctuated and are expected to continue to fluctuate from one period to another primarily due to changes in the probability of achieving milestones associated with our performance-based awards.

Acquired In-Process Research and Development Expenses

	Three Months Ended March 31,		
	2026	2025	Change
(in millions, except percentages)			
Acquired in-process research and development expenses	\$ 0.5	\$ 19.8	**

** Not meaningful

AIPR&D in the first quarters of 2026 and 2025 included various upfront and milestone payments related to our collaboration and in-licensing arrangements. Our AIPR&D has historically fluctuated, and is expected to continue to fluctuate, from one period to another due to upfront, contingent milestone, and other payments pursuant to our existing and

future business development transactions, including collaborations, licenses of third-party technologies, and asset acquisitions.

Selling, General and Administrative Expenses

	Three Months Ended March 31,		
	2026	2025	Change
	(in millions, except percentages)		
Selling, general and administrative expenses	\$ 493.7	\$ 396.4	25%

Selling, general and administrative expenses increased by 25% in the first quarter of 2026, as compared to the first quarter of 2025, primarily due to increased internal headcount and commercial investment to support JOURNAVX and povetacicept in IgAN.

Intangible Asset Impairment Charge

In the first quarter of 2025, based on results from a Phase 1/2 clinical trial evaluating our VX-264 clinical program in patients with T1D, we concluded that VX-264 will not be advancing further in clinical development. Based on this event, we performed an interim impairment test on the fair value of our VX-264 indefinite-lived in-process research and development asset. As a result, we recorded a full intangible asset impairment charge of \$379.0 million associated with VX-264 in the first quarter of 2025.

Non-Operating Income (Expense), Net

Interest Income, Net

Our net interest income of \$114.8 million in the first quarter of 2026 was similar to \$117.9 million of net interest income in the first quarter of 2025. Our future net interest income is primarily dependent on the amount of, and prevailing market interest rates on our outstanding cash, cash equivalents and available-for-sale debt securities.

Other Income (Expense), Net

Other income (expense), net was \$0.0 million in the first quarter of 2026 and net expenses of \$17.6 million in the first quarter of 2025. Our other income (expense), net primarily relates to net unrealized and realized losses resulting from changes in the fair value of certain of our strategic equity investments and net foreign currency exchange losses.

Income Taxes

Our effective tax rate fluctuates from period to period due to the global nature of our operations. The factors that most significantly impact our effective tax rate include changes in tax laws, excess tax benefits related to stock-based compensation, variability in the amount and allocation of our taxable earnings among multiple jurisdictions, the amount and characterization of our research and development expenses, the levels of certain deductions and credits, adjustments to the value of our uncertain tax positions, acquisitions and third-party collaboration and licensing transactions.

In July 2025, the U.S. enacted H.R.1, which includes significant provisions modifying the U.S. tax framework, including the ability for companies to immediately deduct research and development expenditures for 2025 and provisions for deducting previously capitalized amounts. H.R.1 does not have a material impact on our U.S. taxes for the first quarter of 2026, but we expect further guidance to be issued. We will review guidance when issued for impacts on future years and disclose any impacts if needed at that time. These legislative changes could have an impact on our future effective tax rates, tax liabilities, and cash taxes.

Our effective tax rates of 17.7% and 11.5% in the first quarter of 2026 and 2025, respectively, were lower than the U.S. statutory rate primarily due to excess tax benefits related to stock-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the components of our financial condition as of March 31, 2026 and December 31, 2025:

	<u>As of March 31, 2026</u>	<u>As of December 31, 2025</u>	<u>Change</u>
	(in millions, except percentages)		
Cash, cash equivalents and marketable securities:			
Cash and cash equivalents	\$ 5,492.9	\$ 5,084.8	
Marketable securities	1,753.8	1,523.3	
Long-term marketable securities	5,749.9	5,712.3	
Total cash, cash equivalents and marketable securities	<u>\$ 12,996.6</u>	<u>\$ 12,320.4</u>	5%
Working Capital:			
Total current assets	\$ 11,730.3	\$ 11,201.0	5%
Total current liabilities	<u>(3,880.6)</u>	<u>(3,861.2)</u>	1%
Total working capital	<u>\$ 7,849.7</u>	<u>\$ 7,339.8</u>	7%

Working Capital

As of March 31, 2026, total working capital was \$7.8 billion, which represented an increase of \$509.9 million, or 7%, compared to December 31, 2025, primarily due to increased cash, cash equivalents and marketable securities resulting from our growing portfolio of products, partially offset by tax accruals and payments.

Cash Flows

	<u>Three Months Ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ 1,428.1	\$ 818.9
Investing activities	\$ (431.9)	\$ (55.8)
Financing activities	\$ (538.8)	\$ (680.4)

Operating Activities

Cash provided by operating activities increased to \$1.4 billion in the first quarter of 2026, as compared to \$818.9 million in the first quarter of 2025, primarily due to the timing of tax payments and increased accounts receivable during the first quarter of 2025 resulting from our product launches.

Investing Activities

Cash used in investing activities was \$431.9 million in the first quarter of 2026, primarily related to net purchases of available-for-sale debt securities. Cash used in investing activities was \$55.8 million in the first quarter of 2025, primarily related to purchases of property and equipment.

Financing Activities

Cash used in financing activities were \$538.8 million and \$680.4 million in the first quarter of 2026 and 2025, respectively. Our financing activities in each of these periods were primarily related to repurchases of our common stock pursuant to our share repurchase programs and payments in connection with common stock withheld for employee tax obligations.

Sources and Uses of Liquidity

We intend to rely on our existing cash, cash equivalents and current marketable securities together with our operating profitability as our primary source of liquidity. We expect that cash flows from our product sales together with our cash, cash equivalents and current marketable securities will be sufficient to fund our operations for at least the next twelve months. The adequacy of our available funds to meet our future operating and capital requirements will depend on many factors, including our future sales of currently marketed products, and the potential introduction of one or more new product candidates to the market, our business development activities, and the number, breadth and cost of our research and development programs.

Credit Facilities & Financing Strategy

We may borrow up to a total of \$500.0 million pursuant to a revolving credit facility that we entered into in July 2022 and could repay and reborrow amounts under this revolving credit agreement without penalty. Subject to certain conditions, we could request that the borrowing capacity be increased by an additional \$500.0 million, for a total of \$1.0 billion. Negative covenants in our credit agreement could prohibit or limit our ability to access this source of liquidity. As of March 31, 2026, the facility was undrawn, and we were in compliance with these covenants.

We may also raise additional capital by borrowing under credit agreements, through public offerings or private placements of our securities, or securing new collaborative agreements or other methods of financing. We will continue to manage our capital structure and will consider all financing opportunities, whenever they may occur, that could strengthen our long-term liquidity profile. There can be no assurance that any such financing opportunities will be available on acceptable terms, if at all.

Future Capital Requirements

We have significant future capital requirements, including:

- Expected operating expenses to conduct research and development activities, manufacture and commercialize our existing and future products, and to operate our organization.
- Cash that we pay for income taxes.
- Royalties we pay related to sales of our CF products.
- Facility, operating and finance lease obligations.
- Firm purchase obligations related to our supply and manufacturing processes.

In addition, other potential significant future capital requirements may include:

- We have entered into certain agreements with third parties that include the funding of certain research, development, manufacturing and commercialization efforts. Certain of our transactions, including collaborations, licensing arrangements, and asset acquisitions, include the potential for future milestone and royalty payments by us upon the achievement of pre-established developmental and regulatory targets and/or commercial targets. Other transactions include the potential for future lease-related expenses and other costs. Our obligation to fund these research and development and commercialization efforts and to pay these potential milestones, expenses and royalties is contingent upon continued involvement in the programs and/or the lack of any adverse events that could cause their discontinuance. We may enter into additional agreements, including acquisitions, collaborations, licensing arrangements and equity investments, which require additional capital.
- To the extent we borrow amounts under our existing credit agreement, we would be required to repay any outstanding principal amounts in July 2027.
- As of March 31, 2026, we had \$3.0 billion remaining available under the share repurchase program that our Board of Directors authorized in May 2025. The program does not have an expiration date and can be discontinued at any time. We expect to fund the program through a combination of cash on hand and cash generated by operations.

There have not been any material changes to our future capital requirements disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the Securities and Exchange Commission, or SEC, on February 13, 2026.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements prepared in accordance with generally accepted accounting principles in the U.S. The preparation of these financial statements requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. These items are monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are reflected in reported results for the period in which the change occurs. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from our estimates if past experience or other assumptions do not turn out to be substantially accurate. During the three months ended March 31, 2026, there were no material changes to our critical accounting policies as reported in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 13, 2026.

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, please refer to Note A, “Basis of Presentation and Accounting Policies.”

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information required by this item is incorporated by reference from the discussion in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” of our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 13, 2026.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management (under the supervision and with the participation of our chief executive officer and chief financial officer), after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q, has concluded that, based on such evaluation, as of March 31, 2026 our disclosure controls and procedures were effective and designed to provide reasonable assurance that the information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Controls Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) occurred during the three months ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

Other than as described in Part I—Note L, “Commitments and Contingencies,” to our condensed consolidated financial statements, we are not currently subject to any material legal proceedings.

Item 1A. Risk Factors

The information presented below supplements the risk factors set forth in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 13, 2026. There have been no material changes from the risk factors previously disclosed in the Annual Report on Form 10-K.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and, in particular, our Management’s Discussion and Analysis of Financial Condition and Results of Operations set forth in Part I, Item 2, contain a number of forward-looking statements. Forward-looking statements are not purely historical and may be accompanied by words such as “anticipates,” “may,” “forecasts,” “expects,” “intends,” “plans,” “potentially,” “believes,” “seeks,” “estimates,” and other words and terms of similar meaning. Such statements may relate to:

- our financial performance, including revenues, costs and expenses, taxes, and other gains and losses;
- product development, including our development timelines, timing of data from our ongoing and planned clinical trials, regulatory authority filings and other submissions for our therapies, including the potential to file for accelerated approvals, and communications with regulatory authorities;
- our ability to continue to grow our CF business by increasing the number of people with CF eligible and able to receive our medicines through new approvals, label extensions and reimbursement agreements, treatment of younger patients, increased survival, and expansion into additional geographies;
- our ability to continue to launch, commercialize and market our products and our ability to obtain label expansions for existing therapies, including the anticipated launch of povetacept for the treatment of IgAN;
- our ability to obtain and maintain adequate coverage, pricing, and reimbursement from third-party payors for our products;
- the data that will be generated by ongoing and planned clinical trials, preclinical and nonclinical studies, and the ability to use that data to advance compounds, continue development or support regulatory filings, or accelerate regulatory approval, including our expectations regarding the FDA’s review of the BLA for povetacept on an expedited basis of six months from the date of FDA acceptance of the BLA;
- our plans to continue investing in our research and development programs, including anticipated timelines for our programs, and our strategy to develop our pipeline programs, alone or with third party-collaborators;
- our ability to use our research programs to identify and develop new product candidates to address serious diseases and significant unmet medical needs;
- our beliefs regarding the approximate patient populations for the disease areas on which we focus;
- plans for and prospects of our business development activities, including the potential benefits and therapeutic scope of our collaborations, our ability to integrate and continue operations of acquired businesses, and our ability to successfully capitalize on these opportunities;
- the establishment, development and maintenance of collaborative relationships, including potential milestone payments or other obligations, and other potential business development activities, including the identification of potential collaborative partners or acquisition targets;
- our plans to build and maintain our global supply chains and manufacturing infrastructure and capabilities, including for biologics, cell and gene therapies;
- our ability to expand and protect our intellectual property portfolio and otherwise maintain exclusive rights to products;
- our expectations or beliefs regarding any legal proceedings in which we are involved, including any litigation, arbitration or other similar proceedings involving our products, product candidates or activities;
- potential fluctuations in foreign currency exchange rates and the effectiveness of our foreign currency management program;

- our expectations regarding cash generated by operations, our cash balance and expected generation and net interest income;
- our expectations regarding our provision for or benefit from income taxes and the utilization of our deferred tax assets; and
- our liquidity and our expectations regarding the possibility of raising additional capital.

Forward-looking statements are subject to certain risks, uncertainties, or other factors that are difficult to predict and could cause actual events or results to differ materially from those indicated in any such statements. These risks, uncertainties, and other factors include, but are not limited to, those described in our “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 13, 2026, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

Any such forward-looking statements are made on the basis of our views and assumptions as of the date of the filing and are not estimates of future performance. Except as required by law, we undertake no obligation to publicly update any forward-looking statements. The reader is cautioned not to place undue reliance on any such statements.

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

Issuer Repurchases of Equity Securities

In May 2025, our Board of Directors authorized a share repurchase program (our “Share Repurchase Program”), pursuant to which we were authorized to repurchase up to \$4.0 billion of our common stock. The Share Repurchase Program does not have an expiration date and can be discontinued at any time.

The table set forth below shows repurchases of securities by us during the three months ended March 31, 2026 under our Share Repurchase Program.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (1)
January 1, 2026 to January 31, 2026	257,009	\$ 460.37	257,009	\$ 3,263,144,316
February 1, 2026 to February 28, 2026	210,126	\$ 474.46	210,126	\$ 3,163,447,298
March 1, 2026 to March 31, 2026	274,000	\$ 461.53	274,000	\$ 3,036,987,553
Total	<u>741,135</u>	\$ 464.79	<u>741,135</u>	\$ 3,036,987,553

- (1) Under our Share Repurchase Program, we are authorized to purchase shares from time to time through open market or privately negotiated transactions. Such purchases may be pursuant to Rule 10b5-1 plans or other means as determined by our management and in accordance with the requirements of the Securities and Exchange Commission.

Item 5. Other Information

Rule 10b5-1 Trading Plans

Our policy governing transactions in our securities by our directors, officers, and employees permits our officers, directors and employees to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (each a “Trading Plan”). In the first quarter of 2026, none of our directors or officers adopted or terminated a Trading Plan.

Item 6. Exhibits

Exhibit Number	Exhibit Description
31.1	Certification of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
101.DEF	XBRL Taxonomy Extension Definition
104	Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

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.

Vertex Pharmaceuticals Incorporated

May 5, 2026

By: _____ /s/ Charles F. Wagner, Jr.

Charles F. Wagner, Jr.

*Executive Vice President, Chief Operating & Financial Officer
(principal financial officer and
duly authorized officer)*

CERTIFICATION

I, Reshma Kewalramani, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vertex Pharmaceuticals Incorporated;
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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2026

/s/ Reshma Kewalramani

Reshma Kewalramani
Chief Executive Officer and President

CERTIFICATION

I, Charles F. Wagner, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vertex Pharmaceuticals Incorporated;
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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2026

/s/ Charles F. Wagner, Jr.

Charles F. Wagner, Jr.

Executive Vice President and Chief Operating & Financial Officer

SECTION 906 CEO/CFO CERTIFICATION

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 Vertex Pharmaceuticals Incorporated, a Massachusetts corporation (the “Company”), does hereby certify, to such officer’s knowledge, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2026 (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.

Date: May 5, 2026

/s/ Reshma Kewalramani

Reshma Kewalramani

Chief Executive Officer and President

Date: May 5, 2026

/s/ Charles F. Wagner, Jr.

Charles F. Wagner, Jr.

Executive Vice President and Chief Operating & Financial Officer
