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DELTA REPORT

10-Q

ADAP - ADAPTIMMUNE THERAPEUTICS

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	739
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CHANGES	225
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DELETIONS	282
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ADDITIONS	232
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**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 **June** **September** 30, 2023

OR

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

For the transition period from to

Commission File Number 001-37368

ADAPTIMMUNE THERAPEUTICS PLC

(Exact name of Registrant as specified in its charter)

England and Wales

(State or other jurisdiction of incorporation or organization)

Not Applicable

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

60 Jubilee Avenue, Milton Park

Abingdon, Oxfordshire OX14 4RX

United Kingdom

(Address of principal executive offices)

(44) 1235 430000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
American Depositary Shares, each representing 6 Ordinary Shares, par value £0.001 per share	ADAP	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" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☐

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 standard provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of August 7, 2023 November 7, 2023, the number of outstanding ordinary shares par value £0.001 per share of the Registrant is 1,357,031,946. 1,362,729,582.

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In this Quarterly Report on Form 10-Q ("Quarterly Report"), "Adaptimmune," the "Group," the "Company," "we," "us" and "our" refer to Adaptimmune Therapeutics plc and its consolidated subsidiaries, except where the context otherwise requires.

Information Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" or the negative of these words or other comparable terminology.

Any forward-looking statements in this Quarterly Report reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those discussed in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on March 6, 2023, those discussed in the section titled "Risk Factors" included under Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended **March 31, 2023** **June 30, 2023**, filed with the SEC on **May 12, 2023** **August 9, 2023** and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report also contains estimates, projections and other information concerning our industry, our business, and the markets for certain diseases, including data regarding the estimated size of those markets, and the incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by third parties, industry, medical and general publications, government data and similar sources.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

ADAPTIMMUNE THERAPEUTICS PLC
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Assets				
Current assets				
Cash and cash equivalents	\$ 76,969	\$ 108,033	\$ 90,059	\$ 108,033
Marketable securities - available-for-sale debt securities	127,738	96,572	71,669	96,572
Accounts receivable, net of allowance for expected credit losses of \$0 and \$0	2,970	7,435	789	7,435
Other current assets and prepaid expenses	54,094	43,330	56,851	43,330
Total current assets	261,771	255,370	219,368	255,370
Restricted cash	3,231	1,569	3,013	1,569
Operating lease right-of-use assets, net of accumulated amortization of \$11,258 and \$9,470	22,027	18,019		
Property, plant and equipment, net of accumulated depreciation of \$40,635 and \$38,588	55,492	53,516		
Intangible assets, net of accumulated amortization of \$5,003 and \$4,676	463	442		
Operating lease right-of-use assets, net of accumulated amortization of \$11,930 and \$9,470			21,302	18,019
Property, plant and equipment, net of accumulated depreciation of \$42,543 and \$38,588			52,571	53,516
Intangible assets, net of accumulated amortization of \$5,008 and \$4,676			384	442
Total assets	\$ 342,984	\$ 328,916	\$ 296,638	\$ 328,916
Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	\$ 14,713	\$ 4,753	\$ 13,922	\$ 4,753
Operating lease liabilities, current	4,752	2,728	5,081	2,728
Accrued expenses and other current liabilities	25,242	31,215	26,831	31,215
Restructuring provision	—	2,285	—	2,285
Deferred revenue, current	31,418	23,520	29,312	23,520
Total current liabilities	76,125	64,501	75,146	64,501
Operating lease liabilities, non-current	21,590	20,349	20,520	20,349
Deferred revenue, non-current	117,257	160,892	111,487	160,892
Other liabilities, non-current	1,361	1,296	1,356	1,296
Total liabilities	216,333	247,038	208,509	247,038
Stockholders' equity				
Common stock - Ordinary shares par value £0.001, 1,702,760,280 authorized and 1,351,828,044 issued and outstanding (2022: 1,282,773,750 authorized and 987,109,890 issued and outstanding)	1,851	1,399		
Common stock - Ordinary shares par value £0.001, 1,702,760,280 authorized and 1,361,595,036 issued and outstanding (2022: 1,282,773,750 authorized and 987,109,890 issued and outstanding)			1,863	1,399
Additional paid in capital	1,057,547	990,656	1,061,420	990,656
Accumulated other comprehensive loss	(3,092)	(875)		
Accumulated other comprehensive gain/(loss)			102	(875)

Accumulated deficit	(929,655)	(909,302)	(975,256)	(909,302)
Total stockholders' equity	126,651	81,878	88,129	81,878
Total liabilities and stockholders' equity	\$ 342,984	\$ 328,916	\$ 296,638	\$ 328,916

See accompanying notes to unaudited condensed consolidated financial statements.

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ADAPTIMMUNE THERAPEUTICS PLC
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,		Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	\$ 5,130	\$ 5,538	\$ 52,731	\$ 9,113	\$ 7,319	\$ 7,007	\$ 60,050	\$ 16,120
Operating expenses								
Research and development	(29,965)	(34,740)	(55,513)	(71,492)	(37,788)	(33,182)	(93,301)	(104,674)
General and administrative	(20,073)	(14,550)	(40,470)	(31,354)	(16,164)	(16,815)	(56,634)	(48,169)
Total operating expenses	(50,038)	(49,290)	(95,983)	(102,846)	(53,952)	(49,997)	(149,935)	(152,843)
Operating loss	(44,908)	(43,752)	(43,252)	(93,733)	(46,633)	(42,990)	(89,885)	(136,723)
Interest income	1,543	357	2,219	695	2,149	324	4,368	1,019
Gain on bargain purchase	22,155	—	22,155	—	(106)	—	22,049	—
Other income (expense), net	501	(655)	(170)	(643)	(324)	1,644	(494)	1,001
Loss before income tax expense	(20,709)	(44,050)	(19,048)	(93,681)	(44,914)	(41,022)	(63,962)	(134,703)
Income tax expense	(680)	(470)	(1,305)	(1,104)	(687)	(399)	(1,992)	(1,503)
Net loss attributable to ordinary shareholders	\$ (21,389)	\$ (44,520)	\$ (20,353)	\$ (94,785)	\$ (45,601)	\$ (41,421)	\$ (65,954)	\$ (136,206)
Net loss per ordinary share								
Basic and diluted	\$ (0.02)	\$ (0.05)	\$ (0.02)	\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.06)	\$ (0.14)
Weighted average shares outstanding:								
Basic and diluted	1,108,166,960	962,794,072	1,050,071,434	951,474,546	1,357,849,656	980,791,114	1,153,791,567	961,354,122

See accompanying notes to unaudited condensed consolidated financial statements.

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ADAPTIMMUNE THERAPEUTICS PLC
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/LOSS
(In thousands)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (21,389)	\$ (44,520)	\$ (20,353)	\$ (94,785)
Other comprehensive (loss)/income, net of tax				
Foreign currency translation adjustments, net of tax of \$0, and \$0	(12,281)	47,694	(29,190)	64,486
Foreign currency gains (losses) on intercompany loan of a long-term investment nature, net of tax of \$0, and \$0	10,590	(39,108)	26,116	(52,916)
Unrealized holding gains (losses) on available-for-sale debt securities, net of tax of \$0, and \$0	385	(316)	857	(1,471)
Total comprehensive loss for the period	\$ (22,695)	\$ (36,250)	\$ (22,570)	\$ (84,686)
	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (45,601)	\$ (41,421)	\$ (65,954)	\$ (136,206)
Other comprehensive (loss)/income, net of tax				
Foreign currency translation adjustments, net of tax of \$0, and \$0	24,359	58,011	(4,830)	122,496
Foreign currency gains (losses) on intercompany loan of a long-term investment nature, net of tax of \$0, and \$0	(21,321)	(50,489)	4,794	(103,404)
Unrealized holding gains (losses) on available-for-sale debt securities, net of tax of \$0, and \$0	69	204	926	(1,267)
Reclassification adjustment for gains on available-for-sale debt securities included in net loss, net of tax of \$0, and \$0	87	—	87	—
Total comprehensive loss for the period	\$ (42,407)	\$ (33,695)	\$ (64,977)	\$ (118,381)

See accompanying notes to unaudited condensed consolidated financial statements.

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ADAPTIMMUNE THERAPEUTICS PLC

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
(In thousands, except share data)

	Common stock	Common stock	Additional paid in capital	Accumulated other comprehensive (loss) / gain	Accumulated deficit	Total stockholders' equity
Balance as of January 1, 2023	987,109,890	\$ 1,399	\$ 990,656	\$ (875)	\$ (909,302)	\$ 81,878
Net profit	—	—	—	—	1,036	1,036
Other comprehensive loss	—	—	—	(910)	—	(910)
Issuance of shares upon exercise of stock options	6,035,574	7	1	—	—	8
Issuance of shares upon completion of public offering, net of issuance costs	554,496	1	187	—	—	188
Share-based compensation expense	—	—	1,676	—	—	1,676
Balance as of March 31, 2023	993,699,960	\$ 1,407	\$ 992,520	\$ (1,785)	\$ (908,266)	\$ 83,876
Net loss	—	—	—	—	(21,389)	(21,389)
Other comprehensive loss	—	—	—	(1,307)	—	(1,307)
Issuance of shares upon exercise of stock options	698,778	1	13	—	—	14
Issuance of shares upon acquisition of TCR2	357,429,306	443	60,320	—	—	60,763
Share-based compensation expense	—	—	4,694	—	—	4,694
Balance as of June 30, 2023	1,351,828,044	\$ 1,851	\$ 1,057,547	\$ (3,092)	\$ (929,655)	\$ 126,651

	Common stock	Common stock	Additional paid in capital	Accumulated other comprehensive (loss) / gain	Accumulated deficit	Total stockholders' equity
Balance as of January 1, 2023	987,109,890	\$ 1,399	\$ 990,656	\$ (875)	\$ (909,302)	\$ 81,878
Net profit	—	—	—	—	1,036	1,036
Other comprehensive loss	—	—	—	(910)	—	(910)
Issuance of shares upon exercise of stock options	6,035,574	7	1	—	—	8
Issue of shares under At The Market sales agreement, net of commission and expenses	554,496	1	187	—	—	188
Share-based compensation expense	—	—	1,676	—	—	1,676
Balance as of March 31, 2023	993,699,960	\$ 1,407	\$ 992,520	\$ (1,785)	\$ (908,266)	\$ 83,876
Net loss	—	—	—	—	(21,389)	(21,389)
Other comprehensive loss	—	—	—	(1,307)	—	(1,307)
Issuance of shares upon exercise of stock options	698,778	1	13	—	—	14
Issuance of shares upon acquisition of TCR2	357,429,306	443	60,320	—	—	60,763
Share-based compensation expense	—	—	4,694	—	—	4,694
Balance as of June 30, 2023	1,351,828,044	\$ 1,851	\$ 1,057,547	\$ (3,092)	\$ (929,655)	\$ 126,651
Net loss	—	—	—	—	(45,601)	(45,601)
Other comprehensive gain	—	—	—	3,194	—	3,194
Issuance of shares upon exercise of stock options	6,466,992	9	152	—	—	161
Issue of shares under At The Market sales agreement, net of commission and expenses	3,300,000	3	432	—	—	435
Share-based compensation expense	—	—	3,289	—	—	3,289
Balance as of September 30, 2023	1,361,595,036	\$ 1,863	\$ 1,061,420	\$ 102	\$ (975,256)	\$ 88,129

See accompanying notes to unaudited condensed consolidated financial statements.

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ADAPTIMMUNE THERAPEUTICS PLC
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
(In thousands, except share data)

	Common stock	Common stock	Additional paid in capital	Accumulated other comprehensive (loss) / gain	Accumulated deficit	Total stockholders' equity
Balance as of January 1, 2022	937,547,934	\$ 1,337	\$ 959,611	\$ (11,142)	\$ (743,846)	\$ 205,960
Net loss	—	—	—	—	(50,265)	(50,265)
Other comprehensive gain	—	—	—	1,829	—	1,829
Issuance of shares upon exercise of stock options	3,318,072	5	30	—	—	35
Share-based compensation expense	—	—	5,586	—	—	5,586
Balance as of March 31, 2022	940,866,006	\$ 1,342	\$ 965,227	\$ (9,313)	\$ (794,111)	\$ 163,145
Net loss	—	—	—	—	(44,520)	(44,520)
Other comprehensive gain	—	—	—	8,270	—	8,270
Issuance of shares upon exercise of stock options	759,336	1	—	—	—	1
Issuance of shares under At The Market sales agreement, net of commission and expenses	35,134,182	44	9,932	—	—	9,976
Share-based compensation expense	—	—	5,045	—	—	5,045
Balance as of June 30, 2022	976,759,524	\$ 1,387	\$ 980,204	\$ (1,043)	\$ (838,631)	\$ 141,917

	Common stock	Common stock	Additional paid in capital	Accumulated other comprehensive (loss) / gain	Accumulated deficit	Total stockholders' equity
Balance as of January 1, 2022	937,547,934	\$ 1,337	\$ 959,611	\$ (11,142)	\$ (743,846)	\$ 205,960
Net loss	—	—	—	—	(50,265)	(50,265)
Other comprehensive gain	—	—	—	1,829	—	1,829
Issuance of shares upon exercise of stock options	3,318,072	5	30	—	—	35
Share-based compensation expense	—	—	5,586	—	—	5,586
Balance as of March 31, 2022	940,866,006	\$ 1,342	\$ 965,227	\$ (9,313)	\$ (794,111)	\$ 163,145
Net loss	—	—	—	—	(44,520)	(44,520)
Other comprehensive gain	—	—	—	8,270	—	8,270
Issuance of shares upon exercise of stock options	759,336	1	—	—	—	1

Issuance of shares under At The Market sales agreement,						
net of commission and expenses	35,134,182	44	9,932	—	—	9,976
Share-based compensation expense	—	—	5,045	—	—	5,045
Balance as of June 30, 2022	976,759,524	\$ 1,387	\$ 980,204	\$ (1,043)	\$ (838,631)	\$ 141,917
Net loss	—	—	—	—	(41,421)	(41,421)
Issuance of shares upon exercise of stock options	1,005,558	1	5	—	—	6
Issuance of shares under At The Market sales agreement,						
net of commission and expenses	4,954,854	6	1,440			1,446
Other comprehensive gain	—	—	—	7,726	—	7,726
Share-based compensation expense	—	—	3,663	—	—	3,663
Balance as of September 30, 2022	982,719,936	\$ 1,394	\$ 985,312	\$ 6,683	\$ (880,052)	\$ 113,337

See accompanying notes to unaudited condensed consolidated financial statements.

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ADAPTIMMUNE THERAPEUTICS PLC
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six months ended June 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flows from operating activities				
Net loss	\$ (20,353)	\$ (94,785)	\$ (65,954)	\$(136,206)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>				
Depreciation	3,824	2,728	6,647	4,009
Amortization	253	419	322	629
Gain on bargain purchase	(22,155)	—	(22,049)	—
Share-based compensation expense	5,513	10,631	8,692	14,294
Unrealized foreign exchange losses/(gains)	377	(108)	709	(2,501)
(Accretion)/amortization on available-for-sale debt securities	(633)	1,636	(1,595)	2,165
Other	663	585	253	765
<i>Changes in operating assets and liabilities:</i>				
Decrease/(increase) in receivables and other operating assets	1,971	(22,898)		
Increase in receivables and other operating assets			(709)	(29,778)
(Decrease)/increase in payables and other current liabilities	(8,801)	12,898	(7,792)	15,200
Decrease in deferred revenue	(41,704)	(6,758)	(44,728)	(12,388)
Net cash used in operating activities	(81,045)	(95,652)	(126,204)	(143,811)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(3,565)	(16,074)	(3,854)	(26,081)
Acquisition of intangible assets	(199)	—	(199)	(231)
Acquired upon acquisition of TCR2 Therapeutics Inc.	45,264	—		
Cash from acquisition of TCR2 Therapeutics Inc.			45,264	—
Maturity or redemption of marketable securities	76,119	97,605	139,243	136,694

Investment in marketable securities	(67,121)	(42,197)	(73,026)	(42,197)
Other	537	—	913	—
Net cash provided by investing activities	51,035	39,334	108,341	68,185
Cash flows from financing activities				
Proceeds from issuance of common stock from offerings, net of commissions and issuance costs	188	9,976	623	11,422
Proceeds from exercise of stock options	22	36	183	42
Net cash provided by financing activities	210	10,012	806	11,464
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	398	(5,836)	527	(6,791)
Net decrease in cash, cash equivalents and restricted cash	(29,402)	(52,142)	(16,530)	(70,953)
Cash, cash equivalents and restricted cash at start of period	109,602	151,666	109,602	151,666
Cash, cash equivalents and restricted cash at end of period	\$ 80,200	\$ 99,524	\$ 93,072	\$ 80,713

See accompanying notes to unaudited condensed consolidated financial statements.

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ADAPTIMMUNE THERAPEUTICS PLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — General

Adaptimmune Therapeutics plc is registered in England and Wales. Its registered office is 60 Jubilee Avenue, Milton Park, Abingdon, Oxfordshire, OX14 4RX, United Kingdom. Adaptimmune Therapeutics plc and its subsidiaries (collectively “Adaptimmune” or the “Company”) is a clinical-stage biopharmaceutical company primarily focused on providing novel cell therapies to people with cancer. We are a leader in the development of T-cell therapies for solid tumors. The Company's proprietary platform enables it to identify cancer targets, find and develop cell therapy candidates active against those targets and produce therapeutic candidates for administration to patients.

The Company is subject to a number of risks similar to other biopharmaceutical companies in the early stage of clinical development including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical programs or clinical programs, the need to obtain marketing approval for its cell therapies, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of its cell therapies, the need to develop a reliable commercial manufacturing process, the need to commercialize any cell therapies that may be approved for marketing, and protection of proprietary technology. If the Company does not successfully commercialize any of its cell therapies, it will be unable to generate product revenue or achieve profitability. The Company had an accumulated deficit of \$929,655,000 \$975,256,000 as of June 30, 2023 September 30, 2023.

Note 2 — Summary of Significant Accounting Policies

(a) Basis of presentation

The condensed consolidated financial statements of Adaptimmune Therapeutics plc and its subsidiaries and other financial information included in this Quarterly Report are unaudited and have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and are presented in U.S. dollars. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated on consolidation.

The unaudited condensed consolidated financial statements presented in this Quarterly Report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K filed with the SEC on March 6, 2023 (the “Annual Report”).

The balance sheet as of December 31, 2022 was derived from audited consolidated financial statements included in the Company's Annual Report but does not include all disclosures required by U.S. GAAP. The Company's significant accounting policies are described in Note 2 to those consolidated financial statements.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from these interim financial statements. However, these interim financial statements include all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary to fairly state the results of the interim period. The interim results are not necessarily indicative of results to be expected for the full year.

(b) Use of estimates in interim financial statements

The preparation of interim financial statements, in conformity with U.S. GAAP and SEC regulations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are made in various areas, including in relation to valuation allowances relating to deferred tax assets, revenue recognition, the fair value of assets acquired, liabilities assumed and consideration transferred in business combinations, and estimation of the incremental borrowing rate for operating leases. If actual results differ from the Company's estimates, or to the extent these estimates are adjusted in future periods, the Company's results of operations could either benefit from, or be adversely affected by, any such change in estimate.

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(c) Fair value measurements

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. The fair value hierarchy prioritizes valuation inputs based on the observable nature of those inputs. The hierarchy defines three levels of valuation inputs:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability

The carrying amounts of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments. The fair value of marketable securities, which are measured at fair value on a recurring basis is detailed in Note 6, Fair value measurements.

(d) Significant concentrations of credit risk

The Company held cash and cash equivalents of \$76,969,000, \$90,059,000, marketable securities of \$127,738,000, \$71,669,000 and restricted cash of \$3,231,000, \$3,013,000 as of June 30, 2023, September 30, 2023. The cash and cash equivalents and restricted cash are held with multiple banks and the Company monitors the credit rating of those banks. The Company maintains cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation in the United States and the U.K. Government Financial Services Compensation Scheme in the United Kingdom. The Company's investment policy limits investments to certain types of instruments, such as money market instruments, corporate debt securities and commercial paper, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio.

The Company had two customers during the three months ended June 30, 2023, September 30, 2023 which are Genentech and GSK, and three during the six months ended, June 30, 2023, September 30, 2023, which also includes Astellas. There were accounts receivable of \$2,970,000, \$789,000 as of June 30, 2023, September 30, 2023 and \$7,435,000 as of December 31, 2022. The Company has been transacting with Genentech since 2021, Astellas since 2020 and GSK since 2014, during which time no credit losses have been recognized. As of June 30, 2023, September 30, 2023, no allowance for expected credit losses is recognized on the basis that the possibility of credit losses arising on its receivables as of June 30, 2023, September 30, 2023 is considered to be remote.

Management analyses current and past due accounts and determines if an allowance for credit losses is required based on collection experience, credit worthiness of customers and other relevant information. The process of estimating the uncollectible accounts involves assumptions and judgments and the ultimate amounts of uncollectible accounts receivable could be in excess of the amounts provided.

(e) New accounting pronouncements

Adopted in the current period

Measurement of credit losses on financial instruments

In June 2016, the FASB issued ASU 2016-13 - Financial Instruments - Credit losses, which replaces the incurred loss impairment methodology for financial instruments in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company adopted the guidance in the fiscal year beginning January 1, 2023. The guidance must be adopted using a modified-retrospective approach and a prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. There was no material impact from the adoption of the guidance on the Company's Consolidated financial statements.

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Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

In October 2021, the FASB issued ASU 2021-08 – Business Combinations (Topic 805)- Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in and inconsistency related to the following: (1) recognition of an acquired contract liability and (2) payment terms and their effect on subsequent revenue recognized by the acquirer. The amendments in this ASU resolve this inconsistency by requiring that an entity (acquirer) recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606, in contrast to current GAAP which requires that assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities, are measured at fair value as of the acquisition date. The Company adopted the guidance in the fiscal year beginning January 1, 2023. The amendments in this ASU should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Adoption of the new standard had no impact on the Company's Consolidated financial statements upon transition. There was also no impact from adopting this standard on the acquisition accounting for TCR2 Therapeutics Inc. as no contracts with customers were assumed as a result of the business combination.

(f) Business combinations

The Company determines whether a transaction or other event is a business combination by determining whether the assets acquired and liabilities assumed constitute a business. Business combinations are accounted for by applying the acquisition method as set out by ASC 805 *Business combinations*. The acquisition method of accounting requires the acquirer to recognize and measure all identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at their acquisition-date fair values, with certain exceptions for specific items.

For leases acquired in a business combination in which the acquiree is a lessee, the acquirer shall measure the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease of the acquirer at the acquisition date. The right-of-use asset shall be measured at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms. For leases in which the acquired entity is a lessee, the Company has elected not to recognize assets or liabilities at the acquisition date for leases that, at the acquisition date, have a remaining lease term of 12 months or less.

Goodwill is measured as the excess of the consideration transferred in the business combination over the net acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If instead the net acquisition date amounts of the identifiable assets acquired and the liabilities assumed exceeds the consideration transferred, a gain on bargain purchase is recognized in the Consolidated Statement of Operations. The consideration transferred in a business combination is measured as the sum of the fair values of the assets transferred by the acquiring entity, the liabilities incurred by the acquiring entity to former owners of the acquired entity, and the equity interests issued by the acquiring entity.

The results of operations of businesses acquired by the Company are included in the Company's Consolidated Statement of Operations as of the respective acquisition date.

Where the acquiring entity exchanges its share-based payment awards for awards held by grantees of the acquiree, such exchanges are treated as a modification of share-based payment awards and are referred to as replacement awards. The replacement awards are measured as of the acquisition date and the portion of the fair-value-based measure of the replacement award that is attributable to pre-combination vesting is considered part of the consideration transferred. For awards with service-based vesting conditions only, the amount attributable to pre-combination vesting is the fair-value-based measure of the acquiree award multiplied by the ratio of the employee's pre-combination service period to the greater of the total service period of the original service period of the acquiree award.

Acquisition-related costs, including advisory, legal and other professional fees and administrative fees are expensed as incurred except for the costs of issuing equity securities, which are recognized as a reduction to the amounts recognized in the Statement of Changes in Equity for the respective equity issuance.

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Note 3 — Revenue

The Company had two revenue-generating contracts with customers in the three months ended September 30, 2023 and three in the six nine months ended June 30, 2023, September 30, 2023, compared to three in the three and six nine months ended June 30, 2022, September 30, 2022: a collaboration agreement with Astellas that was terminated as of March 6, 2023, a strategic collaboration and license agreement with Genentech and a termination and transfer agreement with GSK that was effective on April 6, 2023. The original collaboration and license agreement with GSK was terminated in 2022.

Revenue comprises the following categories (in thousands):

	Three months ended		Six months ended		Three months ended		Nine months ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Development revenue	\$ 5,130	\$ 5,538	\$ 52,731	\$ 9,113	\$ 7,319	\$ 7,007	\$60,050	\$16,120
	\$ 5,130	\$ 5,538	\$ 52,731	\$ 9,113	\$ 7,319	\$ 7,007	\$60,050	\$16,120

Deferred revenue decreased by \$35,737,000 \$43,613,000 from \$184,412,000 at December 31, 2022 to \$148,675,000 \$140,799,000 at June 30, 2023 September 30, 2023 primarily due to revenue recognized during the quarter but quarter. This was partially offset by a payments of \$9,613,000 payment and \$3,727,000 from GSK in the second and third quarters of 2023, respectively, and a \$5,890,000 \$1,143,000 increase caused by the change in the exchange rate between pound sterling and the U.S. dollar from £1.00 to \$1.21 at December 31, 2022 to £1.00 to \$1.26 \$1.22 at June 30, 2023 September 30, 2023.

As of December 31, 2022, there was deferred revenue of \$184,412,000 of which \$52,046,000 \$59,375,000 was recognized as revenue in the six nine months ended June 30, 2023 September 30, 2023.

The aggregate amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreements as of June 30, 2023 September 30, 2023 was \$318,107,000 \$305,197,000.

The Genentech Collaboration and License Agreement

The amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the Genentech agreement as of June 30, 2023 September 30, 2023 was \$280,250,000 \$268,588,000. Of this amount \$171,816,000 \$164,158,000 is allocated to the research services and rights granted for the initial 'off-the-shelf' collaboration targets, \$89,098,000 \$85,435,000 is allocated to the research services and rights granted for the

personalized therapies, ~~\$13,052,000~~ ~~\$12,821,000~~ is allocated to the material rights to designate the additional 'off-the-shelf' collaboration targets, ~~\$5,027,000~~ ~~\$4,939,000~~ is allocated to the material right for the first option to extend the research term and ~~\$1,257,000~~ ~~\$1,235,000~~ is allocated to the material right for the option to extend the research term a second time.

The Company expects to satisfy the performance obligations relating to the initial 'off-the-shelf' collaboration targets and the personalized therapies as development progresses and recognizes revenue based on an estimate of the percentage of completion of the project determined based on the costs incurred on the project as a percentage of the total expected costs. The Company expects to satisfy the performance obligations relating to the material rights to designate additional 'off-the-shelf' collaboration targets from the point that the options are exercised and then as development progresses, in line with the initial 'off-the-shelf' collaboration targets, or at the point in time that the rights expire. The Company expects to satisfy the performance obligations relating to the material rights to extend the research term from the point that the options are exercised and then over the period of the extension, or at the point in time that the rights expire.

The Astellas Collaboration Agreement

The Company and Universal Cells mutually agreed to terminate the Astellas Collaboration Agreement as of March 6, 2023 (the "Termination Date"). In connection with the termination, all licenses and sublicenses granted to either party pursuant to the Collaboration Agreement ceased as of the Termination Date. There were no termination penalties in connection with the ~~termination~~ ~~termination~~; however the Company is still entitled to receive reimbursement for research and development work performed up to and including a period of 30 days after the Termination Date.

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The Company originally satisfied the performance obligations relating to the three co-development targets as development progresses and recognized revenue based on an estimate of the percentage of completion of the project determined based on the costs incurred on the project as a percentage of the total expected costs. The Company originally determined that the performance obligations relating to the two independent Astellas targets would be recognized at a point-in-time, upon commencement of the licenses in the event of nomination of the target, since they were right-to-use licenses.

The termination was accounted for as a contract modification on a cumulative catch-up basis. No performance obligations were identified as a result of the modification as there were no further goods or services to be provided by the Company and the modification resulted in the remaining unsatisfied and partially satisfied performance obligations under the collaboration becoming fully satisfied. The aggregate transaction price of the contract modification was \$42,365,000 which included the remaining deferred income that had not been recognized as revenue as of the date of the modification and variable consideration from the remaining reimbursement income to be billed under the collaboration at the end of the 30 day period after the Effective Date. The transaction price of the modification was recognized in full in March 2023 and there is no remaining transaction price allocated to performance obligations that are unsatisfied or partially satisfied under, no remaining deferred income relating to, the agreement as of ~~June 30, 2023~~ ~~September 30, 2023~~ and no revenue was recognized in the three months ended ~~June 30, 2023~~ ~~September 30, 2023~~.

The GSK Collaboration and License Agreement

The GSK Collaboration and License Agreement consisted of multiple performance obligations, including the development of a third target, which was the only performance obligation for which revenue was recognized in 2022.

The collaboration was terminated by GSK in October 2022 (effective December 23, 2022). A further amendment to the collaboration agreement was entered into on December 19, 2022 for the deletion of certain provisions relating to GSK's post termination manufacturing and supply obligations and payment of ~~£5,000,000~~ ~~£5,000,000~~ by GSK to Adaptimmune. The aggregate transaction price of the contract modification was \$6,500,000, which was recognized as revenue on the date of the modification. No revenue was recognized in relation to the GSK Collaboration and License Agreement in 2023.

The GSK Termination and Transfer Agreement

On April 6, 2023, the Company and GSK entered into a Termination and Transfer Agreement (the "Termination and Transfer Agreement") regarding the return of rights and materials comprised within the PRAME and NY-ESO cell therapy programs. The parties will work collaboratively to ensure continuity for patients in ongoing lete-cel clinical trials forming part of the NY-ESO cell therapy program.

As part of the agreement, sponsorship and responsibility for the ongoing IGYTE and long-term follow-up (“LTFU”) trials relating to the NY-ESO cell therapy program will transfer to Adaptimmune. In return for this, Adaptimmune received an upfront payment of £7.5 million in June 2023 following the signing of the agreement and further a milestone payment of £3 million in September 2023. Further milestone payments totalling £22.5 million £19.5 million will be due in relation to successive stages of transfer of the trials.

The Company determined that GSK is a customer and has accounted for the agreement under ASC 606 Revenue from contracts Contracts with customers Customers. The agreement is accounted for as a separate contract from the original GSK Collaboration and License Agreement. The Company has identified the following performance obligations under the agreement: (i) to take over sponsorship for the IGYTE trial and (ii) to take over sponsorship for the LTFU trial.

The aggregate transaction price at inception of the agreement was \$37,335,000 comprising the total £30,000,000 upfront and milestone payments. No value was ascribed to non-cash consideration and there was no variable consideration identified. The aggregate transaction price is allocated to the performance obligations depending on the relative standalone selling price of the performance obligations. In determining the best estimate of the relative standalone selling price, the Company considered the internal pricing objectives it used in negotiating the contract, together with internal data regarding the expected costs and a standard margin on those costs, for completing the trials. The amount of the transaction price allocated to the performance obligation is recognized as or when the Company satisfies the performance obligation.

The Company expects to satisfy the IGYTE performance obligation as sponsorship of the active trials that make up the IGYTE trial transfers, based on the number of patients transferring to the Company in each trial. The Company considers that this

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depicts the progress of the transfer of sponsorship of the IGYTE trial to the Company, as each individual trial comprising IGYTE transferred represents the transfer of a portion of the sponsorship for IGYTE.

The Company expects to satisfy the LTFU performance obligation as sponsorship of the trials that make up the LTFU trial transfers, including trials for potential future patients transferring to the LTFU trial from the IGYTE trial, based on the number of active and potential patients transferring in each trial. The Company considers that this depicts the progress of the transfer of sponsorship of the LTFU trial to the Company, as each individual trial comprising LTFU transferred represents the transfer of a portion of sponsorship for the LTFU trial and the sponsorship of patients transferring from IGYTE in future is part of the promise to take on the overall LTFU trial.

No revenue was recognized for the agreement in the three and six nine months ended June 30, 2023 September 30, 2023. The amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreement as of June 30, 2023 September 30, 2023 was \$37,857,000, \$36,609,000, of which \$21,200,000 \$20,501,000 is allocated to the IGYTE performance obligation and \$16,657,000 \$16,108,000 is allocated to the LTFU performance obligation.

Note 4 — Loss per share

The following tables reconcile the numerator and denominator in the basic and diluted loss per share computation (in thousands):

	Three months ended		Six months ended		Three months ended		Nine months ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Numerator for basic and diluted loss per share								

Net loss attributable to ordinary shareholders	\$ (21,389)	\$ (44,520)	\$ (20,353)	\$ (94,785)	\$(45,601)	\$(41,421)	\$(65,954)	\$(136,206)
Net loss attributable to ordinary shareholders used for basic and diluted loss per share	\$ (21,389)	\$ (44,520)	\$ (20,353)	\$ (94,785)	\$(45,601)	\$(41,421)	\$(65,954)	\$(136,206)

	Three months ended		Six months ended		Three months ended		Nine months ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Denominator for basic loss per share - Weighted average shares outstanding	1,108,166,960	962,794,072	1,050,071,434	951,474,546	1,357,849,656	980,791,114	1,153,791,567	961,354,122

The dilutive effect of 201,688,491 200,370,627 and 150,711,054 152,427,845 stock options outstanding as of June 30, 2023 September 30, 2023 and 2022 respectively have been excluded from the diluted loss per share calculation for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 because they would have an antidilutive effect on the loss per share for the period. The stock options outstanding as of June 30, 2023 includes a provisional amount of 35,156,344 replacement awards granted to TCR2 grantholders on June 1, 2023.

Note 5 — Accumulated other comprehensive loss (loss)/income

The Company reports foreign currency translation adjustments and the foreign exchange gain or losses arising on the revaluation of intercompany loans of a long-term investment nature within Other comprehensive (loss) income. Unrealized gains and losses on available-for-sale debt securities are also reported within Other comprehensive (loss) income until a gain or loss is realized, at which point they are reclassified to Other (expense) income, net in the Condensed Consolidated Statement of Operations.

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The following tables show the changes in Accumulated other comprehensive (loss) income (in thousands):

	Accumulated foreign currency translation adjustments	Accumulated unrealized (losses) gains on available-for-sale debt securities	Total accumulated other comprehensive (loss) income
Balance at January 1, 2023	\$ 55	\$ (930)	\$ (875)
Foreign currency translation adjustments	(16,908)	—	(16,908)
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of \$0	15,526	—	15,526
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	472	472
Balance at March 31, 2023	\$ (1,327)	\$ (458)	\$ (1,785)
Foreign currency translation adjustments	(12,281)	—	(12,281)
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of \$0	10,590	—	10,590
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	385	385
Balance at June 30, 2023	\$ (3,019)	\$ (73)	\$ (3,092)
	Accumulated	Accumulated	Total

	foreign currency translation adjustments	unrealized (losses) on available-for-sale debt securities	accumulated other comprehensive (loss) income
Balance at January 1, 2022	\$ (10,785)	\$ (357)	(11,142)
Foreign currency translation adjustments	16,792	—	16,792
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of \$0	(13,808)	—	(13,808)
Unrealized holding losses on available-for-sale debt securities, net of tax of \$0	—	(1,155)	(1,155)
Balance at March 31, 2022	\$ (7,801)	\$ (1,512)	(9,313)
Foreign currency translation adjustments	47,694	—	47,694
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of \$0	(39,108)	—	(39,108)
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	(316)	(316)
Balance at June 30, 2022	785	(1,828)	(1,043)

	Accumulated foreign currency translation adjustments	Accumulated unrealized (losses) gains on available-for-sale debt securities	Total accumulated other comprehensive (loss) income
Balance at January 1, 2023	\$ 55	\$ (930)	\$ (875)
Foreign currency translation adjustments	(16,908)	—	(16,908)
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of \$0	15,526	—	15,526
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	472	472
Balance at March 31, 2023	\$ (1,327)	\$ (458)	\$ (1,785)
Foreign currency translation adjustments	(12,281)	—	(12,281)
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of \$0	10,589	—	10,589
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	385	385
Balance at June 30, 2023	\$ (3,019)	\$ (73)	\$ (3,092)
Foreign currency translation adjustments	24,359	—	24,359
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of \$0	(21,321)	—	(21,321)
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	69	69
Reclassification from accumulated other comprehensive (loss) income of gains on available-for-sale debt securities included in net loss, net of tax of \$0	—	87	87
Balance at September 30, 2023	\$ 19	\$ 83	\$ 102

	Accumulated foreign currency translation	Accumulated unrealized (losses) on available-for-sale	Total accumulated other comprehensive
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	adjustments	debt securities	(loss) income
Balance at January 1, 2022	\$ (10,785)	\$ (357)	(11,142)
Foreign currency translation adjustments	16,792	—	16,792
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of \$0	(13,808)	—	(13,808)
Unrealized holding losses on available-for-sale debt securities, net of tax of \$0	—	(1,155)	(1,155)
Balance at March 31, 2022	\$ (7,801)	\$ (1,512)	\$ (9,313)
Foreign currency translation adjustments	47,694	—	47,694
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of \$0	(39,108)	—	(39,108)
Unrealized holding losses on available-for-sale debt securities, net of tax of \$0	—	(316)	(316)
Balance at June 30, 2022	\$ 785	\$ (1,828)	\$ (1,043)
Foreign currency translation adjustments	58,011	—	58,011
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of \$0	(50,489)	—	(50,489)
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	204	204
Balance at September 30, 2022	\$ 8,307	\$ (1,624)	\$ 6,683

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Note 6 — Fair value measurements

Assets and liabilities measured at fair value on a recurring basis based on Level 1, Level 2, and Level 3 fair value measurement criteria as of **June 30, 2023** **September 30, 2023** are as follows (in thousands):

	Fair value measurements using					Fair value measurements using			
	June 30, 2023	Level 1	Level 2	Level 3		September 30, 2023	Level 1	Level 2	Level 3
Assets classified as cash equivalents:									

U.S. Treasury securities	\$ 29,102	\$ —	\$ 29,102	\$ —	\$ 7,979	\$ —	\$ 7,979	\$ —
Assets classified as available-for-sale debt securities:								
Agency bonds					\$ 2,981	—	2,981	—
Corporate debt securities	\$ 24,928	\$ 24,928	\$ —	\$ —	\$ 8,817	\$ 8,817	\$ —	\$ —
U.S. Treasury securities	\$ 94,917	—	\$ 94,917	—	\$ 59,871	—	\$ 59,871	—
Agency bonds	\$ 7,893	—	7,893	—				
	\$ 127,738	\$ 24,928	\$ 102,810	\$ —	\$ 71,669	\$ 8,817	\$ 62,852	\$ —

The Company estimates the fair value of available-for-sale debt securities with the aid of a third party valuation service, which uses actual trade and indicative prices sourced from third-party providers on a daily basis to estimate the fair value. If observed market prices are not available (for example securities with short maturities and infrequent secondary market trades), the securities are priced using a valuation model maximizing observable inputs, including market interest rates.

Note 7 — Marketable securities – available-for-sale debt securities

As of **June 30, 2023** **September 30, 2023**, the Company has the following investments in marketable securities (in thousands):

	Remaining contractual maturity	Amortized cost	Gross unrealized gains	Gross unrealized losses	Aggregate estimated fair value	Remaining contractual maturity	Amortized cost	Gross unrealized gains	Gross unrealized losses	Aggregate estimated fair value
Cash equivalents:										
U.S. Treasury securities	Less than 3 months	29,069	33	—	29,102	Less than 3 months	7,978	1	—	7,979
		\$ 29,069	\$ 33	\$ —	\$ 29,102		\$ 7,978	\$ 1	\$ —	\$ 7,979
Available-for-sale debt securities:										
Corporate debt securities	Less than 3 months	\$ 16,258	\$ —	\$ (26)	\$ 16,232	Less than 3 months	\$ 8,824	\$ —	\$ (7)	\$ 8,817
U.S. Treasury securities	Less than 3 months	41,675	12	(5)	41,682	Less than 3 months	59,780	94	(3)	59,871
Agency bonds	Less than 3 months	5,008	—	(56)	4,952	Less than 3 months	2,984	—	(3)	2,981
U.S. Treasury securities	3 months to 1 year	53,225	19	(9)	53,235					
Agency bonds	3 months to 1 year	2,949	—	(8)	2,941					
Corporate debt securities	3 months to 1 year	8,726	2	(32)	8,696					
		\$ 127,841	\$ 33	\$ (136)	\$ 127,738		\$ 71,588	\$ 94	\$ (13)	\$ 71,669

The aggregate fair value (in thousands) and number of securities held by the Company (including those classified as cash equivalents) in an unrealized loss position as of **June 30, 2023** **September 30, 2023** and December 31, 2022 are as follows:

	June 30, 2023						December 31, 2022						September 30, 2023						December 31, 2022					
	Fair market value of investments in an unrealized loss position			Number of investments in an unrealized loss position			Fair market value of investments in an unrealized loss position			Number of investments in an unrealized loss position			Fair market value of investments in an unrealized loss position			Number of investments in an unrealized loss position			Fair market value of investments in an unrealized loss position			Number of investments in an unrealized loss position		
Marketable securities in a continuous loss position for 12 months or longer:																								
Corporate debt securities	\$	15,554		4	\$	(50)	\$	74,481		16	\$	(679)	\$	2,377		1	\$	(6)	\$	74,481		16	\$	(679)
Agency bond		4,952		1		(56)		4,854		1		(154)		—		—		—		4,854		1		(154)
Marketable securities in a continuous loss position for less than 12 months:																								
Corporate debt securities	\$	6,424		2	\$	(8)	\$	11,283		2	\$	(97)	\$	6,440		2	\$	(1)	\$	11,283		2	\$	(97)
U.S. Treasury securities	\$	31,608		11		(14)		—		—		—		14,894		5		(3)		—		—		—
Agency bond	\$	2,941		1		(8)		—		—		—		2,981		1		(3)		—		—		—
	\$	61,479		19	\$	(136)	\$	90,618		19	\$	(930)	\$	26,692		9	\$	(13)	\$	90,618		19	\$	(930)

As of **June 30, 2023** **September 30, 2023**, no allowance for expected credit losses has been recognized in relation to securities in an unrealized loss position. This is because the impairments are not severe, do not represent a significant proportion of the total fair market value of the investments and all securities have an investment-grade credit rating. Furthermore, the Company does not intend to sell the debt securities in an unrealized loss position, believes that it has the ability to hold the debt securities to maturity, and it is currently unlikely that the Company will be required to sell these securities before the recovery of the amortized cost.

Note 8 — Other current assets

Other current assets consisted of the following (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Research and development credits receivable	\$ 37,863	\$ 30,162	\$ 40,533	\$ 30,162
Prepayments	13,040	9,472	11,973	9,472
Clinical materials	1,334	1,279	1,290	1,279
VAT receivable	92	490	1,372	490
Other current assets	1,765	1,927	1,683	1,927
	\$ 54,094	\$ 43,330	\$ 56,851	\$ 43,330

Note 9 — Operating leases

The Company has operating leases in relation to property for office, manufacturing and research facilities.

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The following table shows the lease costs for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 and the weighted-average remaining lease term and the weighted-average discount rate as at **June 30, 2023** **September 30, 2023** and 2022:

	Six months ended	
	June 30,	
	2023	2022
Lease cost:		
Operating lease cost	\$ 2,353	\$ 2,285
Short-term lease cost	319	164
	\$ 2,672	\$ 2,449
	June 30,	
	2023	2022
Weighted-average remaining lease term - operating leases	5.8 years	7.3 years
Weighted-average discount rate - operating leases	8.6%	6.8%

	Nine months ended	
	September 30,	
	2023	2022
Lease cost:		
Operating lease cost	\$ 4,168	\$ 3,327
Short-term lease cost	643	253
	\$ 4,811	\$ 3,580
	September 30,	
	2023	2022
Weighted-average remaining lease term - operating leases	5.6 years	7.0 years
Weighted-average discount rate - operating leases	8.5%	6.8%

The maturities of operating lease liabilities as of **June 30, 2023** **September 30, 2023** are as follows (in thousands):

	Operating leases	Operating leases
2023	\$ 3,402	\$ 1,725

2024	6,530	6,826
2025	5,142	5,438
2026	4,142	4,255
2027	5,559	5,488
after 2027	7,637	7,385
Total lease payments	32,412	31,117
Less: Imputed interest	6,070	(5,516)
Present value of lease liability	\$ 26,342	\$ 25,601

The Company has operating leases in relation to property for office, manufacturing and research facilities.

On June 1, 2023, as part of the acquisition of TCR2, the Company became the lessee for three office, manufacturing and research facilities in Cambridge, Massachusetts. The Company retained TCR2's previous classification for two of these leases as operating leases and, upon acquisition, the lease liabilities were measured at the present value of the remaining lease payments, as if the lease were a new lease of the Company at June 1, 2023. The right-of-use assets were initially measured at the same amount as the respective lease liabilities, adjusted to reflect favorable or unfavorable terms of the leases when compared with market terms.

The third lease had a remaining lease term of less than 12 months as of June 1, 2023, and the Company elected not to recognize a lease liability or right-of-use asset as of June 1, 2023. The rent associated with this lease will be recognized on a straight-line basis over the remainder of the lease term.

The maximum lease term without activation of termination options is to 2041.

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Note 10 — Accrued expenses and other current liabilities

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

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Accrued clinical and development expenditure	\$ 12,039	\$ 16,749	\$ 13,208	\$ 16,749
Accrued employee expenses	10,020	8,232	11,047	8,232
Other accrued expenditure	3,028	4,079	2,504	4,079
Other	155	2,155	72	2,155
	\$ 25,242	\$ 31,215	\$ 26,831	\$ 31,215

Note 11 — Contingencies and commitments

Universal Cells Research, Collaboration and License Agreement and Co-development and Co-commercialization agreement

On November 25, 2015, the Company entered into a Research, Collaboration and License Agreement relating to gene editing and Human Leukocyte Antigen ("HLA") engineering technology with Universal Cells, Inc. ("Universal Cells"). The Company paid an upfront license and start-up fee of \$2,500,000 to Universal Cells in November 2015, a milestone payment of \$3,000,000 in February 2016 and further milestone payments of \$200,000 and \$900,000 were made in the years ended December 31, 2018 and 2017, respectively.

The agreement was amended and re-stated as of January 13, 2020, primarily to reflect changes to the development plan agreed between the parties. The agreement was further amended as of July 22, 2022, primarily to make certain changes to development milestones and to agree on the status thereof, as agreed

between the parties. Following the amendment, milestone payments of \$500,000, \$600,000 and \$400,000 were made in the year ended December 31, 2022. No remaining milestones have been accrued as of **June 30, 2023** **September 30, 2023**. The upfront license and start-up fee and milestone payments were expensed to Research and development when incurred.

This Agreement was terminated by notice on January 27, 2023, effective 30 days following receipt of notice of termination. As a result of termination, all licenses between the parties to the Agreement will cease and each party is required to return all confidential information of the other party.

Astellas Collaboration Agreement

Under the Astellas Collaboration Agreement, described further in Note 3, if Adaptimmune had unilaterally developed a product with technology contributed by Astellas, Astellas could have been eligible to receive milestones and royalties relating to future commercialization and sales. As a result of the termination of the collaboration, Astellas no longer has the right to receive these milestones or royalties in future.

MD Anderson Strategic Alliance

On September 26, 2016, the Company announced that it had entered into a multi-year strategic alliance with The University of Texas MD Anderson Cancer Center ("MD Anderson") designed to expedite the development of T-cell therapies for multiple types of cancer. The Company and MD Anderson are collaborating on a number of studies including clinical and preclinical development of the Company's SPEAR T-cell therapies and will collaborate on future clinical stage first and second generation SPEAR T-cell therapies across a number of cancers.

Under the terms of the agreement, the Company committed at least \$19,644,000 to fund studies. Payment of this funding is contingent on mutual agreement to study orders in order for any study to be included under the alliance and the performance of set milestones by MD Anderson. The Company made an upfront payment of \$3,412,000 to MD Anderson in the year ended December 31, 2017 and milestone payments of \$2,326,000, \$3,549,000, \$454,000 and \$2,326,000 in the years ended December 31, 2018, 2020, 2021, and 2022, respectively. The Company is obligated to make further payments to MD Anderson as certain milestones are achieved. These costs are expensed to research and development as MD Anderson renders the services under the strategic alliance.

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The agreement may be terminated by either party for material breach by the other party. Individual studies may be terminated for, amongst other things, material breach, health and safety concerns or where the institutional review board, the review board at the clinical site with oversight of the clinical study, requests termination of any study. Where any legal or regulatory authorization is finally withdrawn or terminated, the relevant study will also terminate automatically.

Note 12 — Share-based compensation

The following table shows the total share-based compensation expense included in the unaudited consolidated statements of operations (in thousands):

	Three months ended		Six months ended		Three months ended		Nine months ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Research and development	\$ 1,285	\$ 2,033	\$ 1,401	\$ 4,556	\$ 789	\$ 447	\$2,190	\$ 5,003
General and administrative	2,552	3,012	4,112	6,075	2,394	3,216	6,506	9,291
	\$ 3,837	\$ 5,045	\$ 5,513	\$ 10,631	\$3,183	\$3,663	\$8,696	\$14,294

The following table shows information about share options and options which have a nominal exercise price (similar to restricted stock units (RSUs)) granted:

	Three months ended		Six months ended		Three months ended		Nine months ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Number of options over ordinary shares granted	30,247,398	1,735,488	52,002,726	24,611,952	7,082,892	5,996,581	59,070,294	30,608,500
Weighted average fair value of ordinary shares options	\$ 0.05	\$ 0.25	\$ 0.08	\$ 0.41	\$ 0.12	\$ 0.21	\$ 0.12	\$ 0.21
Number of additional options with a nominal exercise price granted	6,148,186	3,361,728	26,015,098	21,050,160	465,960	1,866,216	26,480,652	22,916,300
Weighted average fair value of options with a nominal exercise price	\$ 0.15	\$ 0.34	\$ 0.17	\$ 0.55	\$ 0.15	\$ 0.28	\$ 0.27	\$ 0.41

The information above includes the impact of 29,654,742 29,639,418 options over ordinary shares and 5,501,602 5,501,196 options with a nominal exercise price granted on June 1, 2023, as replacement awards as part of the acquisition of TCR2 Therapeutics Inc., as explained further in Note 15. The number and fair value of replacement awards of the Company granted to TCR2 grantholders is provisional.

Note 13 — Stockholders' equity

On August 10, 2020 the Company entered into a sales agreement with Cowen and Company, LLC ("Cowen") (the "Sales Agreement") under which we may from time to time issue and sell American Depositary Shares ("ADSs") representing our ordinary shares through Cowen in at-the-market ("ATM") offerings for an aggregate offering price of up to \$200 million. As of June 30, 2023 September 30, 2023, \$197,360,000 remained available for sale under the Sales Agreement.

On April 8, 2022 the Company entered into a new sales agreement with Cowen (the "2022 Sales Agreement") under which we may from time to time issue and sell ADSs representing our ordinary shares through Cowen in ATM offerings for an aggregate offering price of up to \$200 million. In the six nine months ended June 30, 2023, 30 September, 2023 the Company sold 92,416 642,416 ADSs under the agreement representing 554,496 3,854,496 ordinary shares resulting in net proceeds to the Company of \$173,430 \$596,716 after deducting commissions payable under the 2022 Sales Agreement and estimated issuance costs. As of June 30, 2023 September 30, 2023, approximately \$186,513,100 \$186,067,867 remained available for sale under the 2022 Sales Agreement.

Note 14 – Restructuring

2022-23 Restructuring programme

On November 8, 2022, the Company announced that in order to extend the Company's cash runway, from early 2024 into early 2025, it was re-focusing the business on core programs and deprioritizing non-core programs and undertaking a restructuring of the Company including a headcount reduction to be

completed in the first quarter of 2023.

The redundancy process was completed in the first quarter of 2023 with a reduction of approximately 25% of global headcount. The redundancy packages to be paid to departing staff comprise a combination of contractual termination benefits, relating to payments that arise from terms of employment contracts and statutory redundancy pay, and one-time employee termination benefits that were provided or enhanced specifically for this redundancy process. Due to the structure of the redundancy scheme and the different employment regulations affecting the Company's U.K. and U.S. employees, some of the expense associated with the one-time employee termination benefits were recognized over the remaining period of employee service to be rendered. Contractual termination benefits and other one-time employee termination benefits were expensed and recognized in the year ended December 31, 2022. All expenses have been recognized in General and administrative expenses in the Statement of Operations.

The amounts incurred in relation to the redundancy programme are as follows:

	One-time			One-time		
	Contractual termination benefits	employee termination benefits	Total restructuring costs	Contractual termination benefits	employee termination benefits	Total restructuring costs
Cumulative amount incurred to December 31, 2022	\$ 1,171	\$ 1,114	\$ 2,285	\$ 1,171	\$ 1,114	\$ 2,285
Amount incurred in the three months ended March 31, 2023 and six months ended June 30, 2023	778	925	1,703			
Total amount and cumulative amount incurred to March 31, 2023 and June 30, 2023	\$ 1,949	\$ 2,039	\$ 3,988			
Amount incurred in the three months ended March 31, 2023 and nine months ended September 30, 2023				778	925	1,703
Total amount and cumulative amount incurred to September 30, 2023				\$ 1,949	\$ 2,039	\$ 3,988

The table below is a summary of the changes in the restructuring provision in the Consolidated Balance Sheet in the ~~six~~ **nine** months ended ~~June 30, 2023~~ **September 30, 2023**:

	One-time			One-time		
	Contractual termination benefits	employee termination benefits	Total restructuring provision	Contractual termination benefits	employee termination benefits	Total restructuring provision
Provision at January 1, 2023	\$ 1,171	\$ 1,114	\$ 2,285	\$ 1,171	\$ 1,114	\$ 2,285
Costs incurred and charged to General and administrative expenses	670	947	1,617	670	947	1,617
Costs paid during the period	(1,955)	(1,953)	(3,908)	(1,955)	(1,953)	(3,908)
Adjustments to the liability	108	(22)	86	108	(22)	86
Effect of foreign exchange rates	6	2	8	6	2	8
Provision at March 31, 2023	\$ —	\$ 88	\$ 88	\$ —	\$ 88	\$ 88
Costs paid during the period	—	(88)	(88)	—	(88)	(88)
Provision at June 30, 2023	\$ —	\$ —	\$ —			
Provision at June 30, 2023 and September 30, 2023				\$ —	\$ —	\$ —

The costs incurred during the period includes the element of one-time employee termination benefits that was recognized over the remaining period of employee service. The costs incurred during the ~~six~~ **nine** months to 30 ~~June~~ **September** 2023 also include an addition to the provision for costs incurred relating to termination benefits paid to the former Chief Commercial Officer, who left employment with the Company in the first quarter of 2023.

No impairment losses were recognized as a result of the restructuring.

TCR2 post-acquisition senior leadership severance

Following the acquisition of TCR2 Therapeutics Inc. in June 2023 (see Note 15), the Company made most of the former members of TCR2's senior leadership team, comprising the executive officers and most vice presidents, redundant and paid severance packages. The redundancy packages are considered contractual termination benefits as they arise from terms of employment contracts including change-in-control 'dual trigger' provisions, and were comprised of severance and other payments and accelerated vesting of share option awards.

The amounts incurred in relation to these redundancies in the six nine months to June 30, 2023 September 30, 2023, are as follows:

	Three and six months ending June 30, 2023	Three and nine months ending September 30, 2023
Severance and other cash payments	\$ 5,655	\$ 5,655
Accelerated vesting of share-based compensation awards	835	835
Total and cumulative amount incurred to June 30, 2023	\$ 6,490	
Amount incurred to June 30, 2023		\$ 6,490
Accelerated vesting of share-based compensation awards		197
Total and cumulative amount incurred to September 30, 2023		\$ 6,687

The expense associated with the accelerated vesting of share-based compensation awards recognized in Research and development and General and administrative expenses in the Consolidated Statement of Operations was \$0.2 million and \$0.6 million \$0.8 million, respectively. The table below is a summary of the changes in the liability in the Consolidated Balance Sheet in the three and six nine months ended June 30, 2023 September 30, 2023:

	Liability	Liability
Liability at June 1, 2023	\$ 805	\$ 805
Costs incurred and charged to Research and development expenses	1,267	1,267
Costs incurred and charged to General and administrative expenses	4,388	4,388
Costs paid during the period	(4,823)	(4,823)
Liability at June 30, 2023	\$ 1,637	\$ 1,637
Costs paid during the period		(752)
Liability at September 30, 2023		\$ 885

The amounts included in the liabilities at June 1, and June 30, 2023 September 30, 2023 and the cash paid during the period, include amounts relating to accrued payments to these employees for services provided prior to the acquisition of TCR2 by the Company.

Note 15 – Business combinations

On March 6, 2023 the Company announced entry into a definitive agreement under which it will would combine with TCR2 TCR2 Therapeutics Inc. ("TCR2 TCR2") in an all-stock transaction to create a preeminent cell therapy company focused on treating solid tumors. TCR2 is a Boston, Massachusetts-based T-cell therapy company focused on treating solid tumours, with clinical franchises undergoing trials and a preclinical pipeline. The combination provides extensive benefits for clinical development and product delivery supported by complementary technology platforms.

The transaction was approved by the Company's shareholders and TCR2 stockholders on May 30, 2023 and the merger became effective on June 1, 2023. The Company issued 357,429,306 shares to TCR2 stockholders in return for 100% of TCR2's stock. As a result, TCR2 and all entities within the TCR2 group, became wholly owned by the Company. Following the completion of the transaction, the former TCR2 stockholders held approximately 25% of the Company, whereas the Company's pre-existing shareholders held approximately 75%.

The Company was identified as the acquirer, with TCR² as the acquiree, and June 1, 2023 was determined to be the acquisition date.

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The Company was identified as the acquirer, with TCR² as the acquiree, and June 1, 2023 was determined to be the acquisition date.

The consideration transferred for TCR² includes the shares issued by the Company to former TCR² shareholders, plus the fair value of replacement awards of the Company granted to TCR² grantholders attributable to pre-combination vesting. The table below summarizes the consideration transferred and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

Consideration transferred:		
Fair value of 357,429,306 ordinary shares issued	\$	60,763 \$ 60,763
Fair value of replacement options and RSU-style options granted attributable to pre-combination service:		857 963
Purchase consideration	\$	61,620 \$ 61,726
Identifiable assets acquired and liabilities assumed:		
<i>Assets acquired</i>		
Cash and cash equivalents	\$	43,610 \$ 43,610
Restricted cash		1,654 1,654
Marketable securities - available-for-sale debt securities		39,532 39,532
Other current assets and prepaid expenses		6,029 6,029
Property, plant and equipment		2,712 2,712
Operating lease right-of-use assets		5,145 5,145
Intangible assets		58 58
Total assets acquired	\$	98,740 \$ 98,740
<i>Liabilities assumed</i>		
Accounts payable		(6,210) (6,210)
Accrued expenses and other current liabilities		(4,537) (4,537)
Operating lease liabilities, current		(1,974) (1,974)
Operating lease liabilities, non-current		(2,244) (2,244)
Total liabilities assumed	\$	(14,965) \$(14,965)
Net assets acquired and liabilities assumed	\$	83,775 \$ 83,775

The fair value of the 357,429,306 ordinary shares issued to TCR² stockholders of \$60,763,000 was determined on the basis of the closing market price of \$1.02 (\$0.17 per ordinary share) of the Company's ADSs as of May 31, 2023.

The number and fair value of replacement awards of the Company granted to TCR² grantholders attributable to pre-combination and post-combination vesting is was provisional as at June 30, 2023 but has been finalized at September 30, 2023. The finalization of the Company is still evaluating provisional amounts resulted in an increase to the total number purchase consideration of replacement awards that were required to be granted on June 1, 2023, their respective exercise prices and the total fair value of replacement options granted. \$106,000.

The assets acquired and liabilities assumed were measured based on management's estimates of the fair value as of the acquisition date, excluding leases.

The lease contracts acquired by the Company relate to the rental of office and manufacturing spaces in which TCR2 was the lessee. The Company retained TCR2's previous classification of acquired leases as operating leases as there were no lease modifications as a result of the combination, with the exception of leases with a remaining lease term of 12 months or less at the acquisition date, for which no assets or liabilities were recognized at the acquisition date. The lease liabilities were measured at the present value of the remaining lease payments as if the leases were a new lease as of June 1, 2023, discounted using the incremental borrowing rate. The right-of-use assets were measured at the same amount as the lease liabilities, with adjustments to reflect favorable or unfavorable terms compared to market terms. No intangible assets were identified in relation to lease contracts acquired.

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The table below summarises the calculation for the gain on bargain purchase, recognized in the Gain on bargain purchase line in the Consolidated Statement of Operations:

Gain on bargain purchase			
Purchase consideration	\$	(61,620)	\$(61,726)
Net assets acquired and liabilities assumed		83,775	83,775
Gain on bargain purchase			
	\$	22,155	\$ 22,049

The transaction resulted in a gain on bargain purchase as the purchase consideration included in the agreement on March 6, 2023 comprising Company ADSs was based on a fixed ratio of 1.5117 of the Company's ADSs to be issued for each TCR2 stock acquired. As the transaction was an all-stock transaction, the value of the consideration was highly sensitive to changes in the Company's ADS price. The price of a Company ADS fell from a closing price of \$1.32 on March 6, 2023 compared to a closing price of \$1.02 on May 31, 2023.

The amount of TCR2's earnings that are included in the Company's Consolidated Statement of Operations for the six nine months ended June 30, 2023 September 30, 2023 was a loss of \$11,760,000 \$23,531,000 which excludes the gain on bargain purchase.

The amount of revenue and earnings of the combined entity for the six nine months ended June 30, 2023 September 30, 2023 and 2022, had the acquisition date been January 1, 2022, are as follows:

	Six months ended June 30, 2023	Six months ended June 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue	\$ 52,731	\$ 9,113	\$ 60,050	\$ 16,120
Net loss	(86,202)	(143,556)	(129,684)	(214,680)

The supplemental pro forma earnings for the six nine months ended June 30, 2023 September 30, 2023 were adjusted to exclude the \$22.2 million \$22.0 million Gain on bargain purchase, the \$7.2 million \$7.3 million of acquisition-related costs recognized by the Company, as detailed below, and the \$7.7 million \$9.0 million of acquisition-related costs incurred by TCR2. The pro forma earnings for the six nine months ended June 30, 2022 September 30, 2022 were adjusted to include these gains and losses. The supplemental pro forma earnings for both periods were adjusted to include the impact of replacement options issued, as if these had been issued as of January 1, 2022. Accordingly, the share-based compensation expense recognized by TCR2 in the six nine months ended June 30, 2022 September 30, 2022, and the five months ended May 31, 2023, prior to the acquisition by the Company, of \$6.0 million \$8.7 million and \$1.0 million, respectively, were excluded from the pro forma earnings.

TCR2 did not generate revenue in the period from January 1, 2022 to June 30, 2023 September 30, 2023, as it has no contracts with customers, so there was no impact on the revenue included in the Company's Consolidated Statement of Operations or in the supplemental pro forma revenue and earnings presented above.

The Company incurred the following acquisition-related costs that were recognized as an expense in the **six** **nine** months ended **June 30, 2023** **September 30, 2023**:

Legal, professional and accounting fees		4,993	\$5,174
Bankers' fees		2,172	2,172
Total acquisition-related costs	\$	7,165	\$7,346

All acquisition-related costs that were recognized as an expense were recognized in General and administrative expenses in the Consolidated Statement of Operations. No issuance costs were incurred relating to the issuance of shares to TCR² stockholders.

Note 16 – Subsequent events

None

None.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this Quarterly Report and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2022, included in our Annual Report on Form 10-K that was filed with the SEC on March 6, 2023. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2022, our actual results could differ materially from the results described in, or implied by, these forward-looking statements.

Overview

We are a clinical-stage biopharmaceutical company focused on providing novel cell therapies to people with cancer. We are a leader in the development of T-cell therapies for solid tumors and have reported clinical responses in multiple solid tumor indications.

Our proprietary platform enables us to identify cancer targets, find and develop cell therapy candidates active against those targets and produce therapeutic candidates for administration to patients. Our cell **therapy candidates include T-cells with genetically engineered T-cell receptors ("TCR T-cells"), TCR Fusion Construct T cells (TRuC-T cells) and HLA-independent TCRs ("HiTs").** Our cell therapies are currently manufactured on an autologous or per patient basis and we have a proprietary preclinical allogeneic platform for the development of "off the shelf" cell therapies.

Strategic
Combination
with
TCR²
Therapeutics
Inc.

On June 1, 2023, we announced the consummation of the strategic combination between Adaptimmune Therapeutics Plc and TCR² Therapeutics Inc. ("TCR²"). The all-stock transaction created a preeminent cell therapy company focused on treating solid tumors with later stage assets targeting MAGE-A4 and mesothelin expressing tumors and earlier stage assets targeting PRAME and CD-70 expressing tumors. Following the closing of the transaction we currently estimate that the cash runway of the combined company will extend into early 2026

The combined company comprises a team of leading cell therapy experts led by Adrian Rawcliffe, the CEO of Adaptimmune. The Board of Directors is composed of three members from TCR² and six continuing members from Adaptimmune: David Mott (Chair); Andrew Allen, MD, PhD; Lawrence Alleva; Ali Behbahani, MD; John Furey; Priti Hegde, PhD, Kristen Hege, MD (as of November 1, 2023), Garry Menzel, PhD, Adrian Rawcliffe, Elliot Sigal, MD, PhD. The merger agreement was unanimously approved by the boards of directors of both companies. Following the closing of the transaction, Adaptimmune shareholders own approximately 75% of the combined company and TCR² stockholders own approximately 25% of the combined company.

We are currently working on integrating the programs and technologies of both companies to ensure prioritization of our clinical portfolio and ongoing development. As part of that integration, we increased our headcount by 39 and are in the process of combining current Boston activities into a single facility in Boston.

BLA Filing for afami-cel

Adaptimmune's lead product, afami-cel targets the MAGE-A4 antigen. Clinical data from the pivotal SPEARHEAD-1 trial for this product will support the filing of our first BLA submission in Q4 2023. Updated An overall response rate of approximately 39% and median duration of response of approximately 12 months was reported at the Connective Tissue Oncology Society ("CTOS") in 2022. Additional data for afamice cohort 1 of the SPEARHEAD-1 trial was presented reported at the American Society CTOS in November 2023, with a median overall survival of Clinical Oncology's (ASCO) annual meeting in May 2023, demonstrating approximately 17 months and 70% of people with advanced synovial sarcoma who responded to afami-cel have a 24 month survival probability of 70%. Approximately 39% of patients were reported to have clinical responses after a single dose of afami-cel in cohort-1 of the SPEARHEAD-1 trial, with median duration of response at approximately 12 months and medial overall survival reported at approximately 17 months. being alive two years post treatment.

Submission of the preclinical (Part 1) and clinical (Part 2) modules of the BLA to the FDA has been completed and submission of the final modules are targeted remains on target for Q4 2023 (previously Q3 2023). 2023. The submission to the FDA for the companion diagnostic for the MAGE-A4 antigen has been completed. The FDA has agreed the confirmatory evidence plan, that cohort 2 of the SPEARHEAD-1 trial will act as confirmatory evidence for full approval for afami-cel. Mature data from cohort 2 is expected in mid 2024. The FDA has provided feedback

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on the commercial T-cell potency assay including agreement on the proposed potency dataset for inclusion in the submission. The FDA has not requested any new or additional information on T-cell potency to precede the BLA submission. Method validation for lot release assays, including potency assays, is complete and vector process performance qualification runs (PPQ) have been conducted. T-cell process performance qualification (PPQ) has been initiated.

Clinical progress

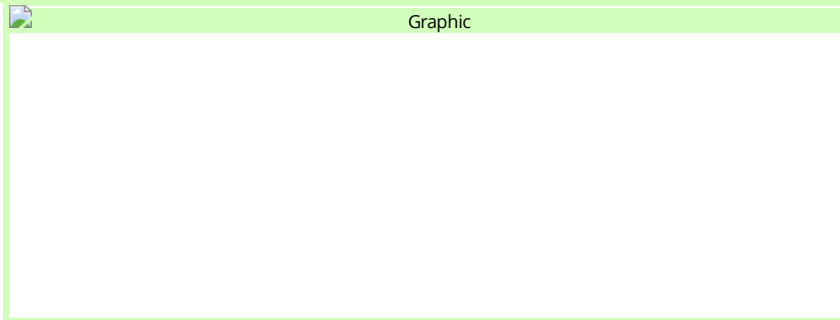
Phase 2 clinical programs are ongoing with both our MAGE-A4 the Mage-A4 targeted T-cells and NY-ESO targeted TCR T-cell therapies (afami-cel and ADP-A2M4CD8) and our mesothelin targeted TRuC-Tcell (Gavo-cel): T-cells:

- **SPEARHEAD-1 Phase 2 Trial with afami-cel (ADP-A2M4) targeting MAGE-A4:** A registration directed Phase 2 clinical trial is ongoing in synovial sarcoma in which the MAGE-A4 antigen is expressed. Enrollment in Cohorts 1 and 2 are complete. Updated data were presented at ASCO in May 2023. Cohort 3 is now open to provide ongoing access to afami-cel prior to the planned commercialization.

- **IGNYTE Phase 2 Trial with lete-cel targeting NY-ESO:** We announced agreement of terms for the transfer of the NY-ESO Target programs back to Adaptimmune from GSK in April 2023. We are currently in the process of transitioning the phase 2 IGNYTE trial in synovial sarcoma and myxoid round cell liposarcoma (MRCLS) from GSK, with completion of transition of IGNYTE trial expected by the end of 2023. An update on data 2023. We announced agreement of terms for the transfer of the NY-ESO Target programs back to Adaptimmune from GSK in April 2023. The IGNYTE trial is anticipated has two sub-studies. Interim data from sub-study 2, the phase 2 portion of the trial was presented at CTOS in late 2023, November 2023 with 40% of people with synovial sarcoma or MRCLS (18/45) having clinical responses by independent review and the trial meeting its primary endpoint for efficacy. A median duration of response of approximately 11 months was reported. Data from sub-study 1 from the trial in which treatment naïve synovial sarcoma patients received lete-cel was also presented at CTOS. 4 out of the 5 patients treated responded in sub-study 1.

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Responses by independent review from interim analysis of IGNYTE-ESO



- **SURPASS-3 Phase 2 Trial with ADP-A2M4CD8 targeting MAGE-A4.** A Phase 2 trial for people with platinum resistant ovarian cancer has been initiated. We have received RMAT designation (Regenerative Medicine Advanced Therapy designation) for ADP-A2M4CD8 for the treatment of this indication from the FDA. In the Phase 1 SURPASS trial an ORR of 43% 40% in ovarian cancer (6/15 people treated) was reported at the European Society for Medical Oncology ("ESMO") in November 2022, October 2023, with one complete response and 5 partial responses. The Phase 2 trial will evaluate ADP-A2M4CD8 in both monotherapy and in combination with a checkpoint inhibitor, nivolumab, in platinum resistant ovarian cancer.

- **Gavo-cel Phase 1/2 Trial in ovarian cancer.** The Phase 2 portion of this An earlier stage clinical trial is ongoing to assess gavo-cel in people with ovarian cancer in combination with Opdivo® (nivolumab). The phase 1 portion of the trial in ovarian cancer, non-small cell lung cancer (NSCLC), malignant pleural/peritoneal mesothelioma or cholangiocarcinoma has been completed. Data from the phase 1 portion of the trial was reported in September 2022. Initial data from the phase 2 portion of the trial will be evaluated later in 2023, which will be determinative of the next steps with gavo-cel. We have enrolled all patients to be included in this interim data review, and further enrolment has been paused pending the outcome of this review.

Earlier stage clinical trials are ongoing with our MAGE-A4 targeted TCR-T-cell therapy (ADP-A2M4CD8) and mesothelin targeted TRuC T-cell therapy, TC510.

- **SURPASS Phase 1 Trial with ADP-A2M4CD8:** Enrolment is ongoing in a Phase 1 trial for ADP-A2M4CD8, focusing on treatment of patients with head and neck and urothelial cancers in which the MAGE-A4 antigen is expressed. expressed and in earlier line treatment settings. Updated data from the trial was presented in October 2023 at ESMO. Across all indications and as of November 23, 2022, the trial has reported an overall response rate of 37% 35%. In the focus areas of 26 patients with ovarian, urothelial and head and neck cancers the response rate is 75% 50% and in patients with who received 3 or fewer prior lines of therapy, (9 out of 12 patients) the response rate increases to 75%. The trial includes a combination cohort where participants receive a combination of ADP-A2M4CD8 together with a checkpoint inhibitor (nivolumab). Two new cohorts Early data from the combination cohort was presented at ESMO in urothelial October 2023 and head and neck cancers for patients with fewer lines is still evolving. As of therapy and August 14, 2023 one patient in the combination with standard of care in those settings is initiating. cohort had a confirmed response. Subsequent to the data cut off, there has been one additional confirmed response.

Phase 1 Trial with TC-510: We are conducting a Phase 1/2 clinical trial for TC-510 focussing on the treatment of patients with mesothelin-expressing MPM, ovarian cancer, pancreatic cancer, colorectal cancer or triple negative breast cancer. The trial is currently in its dose escalation phase and we anticipate output from that dose escalation phase later in 2023.

Graphic

CR=complete response; PR=partial response; SD=stable disease; PD=progressive disease; ESMO 2023 data cut off August 14, 2023

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We also have trials ongoing with TC-510 focussing on the treatment of patients with mesothelin-expressing MPM, ovarian cancer, pancreatic cancer, colorectal cancer or triple negative breast cancer and gavo-cel focussing on treatment of patients with ovarian cancer in combination with Opdivo® (nivolumab). Based on the review of clinical data from both trials, those clinical trials are being halted and no additional patients will be enrolled in those trials.

Outside of the clinical programs, we have a preclinical program for T-cell therapies directed to the PRAME target which is expressed in a broad range of tumors. Dependent on the data arising from the preclinical program, we plan to file an IND for the first cell therapy targeting PRAME is anticipated to be IND ready by the end of 2023, in 2024. The PRAME program was previously part of a prior collaboration with GSK. We also have a preclinical program for TC-520, a TRuC T-cell targeting CD70 and enhanced with IL-15. CD70 is expressed in certain hematological malignancies and solid tumours specifically acute myeloid leukemia and renal cell carcinoma. Depending on the data arising from the preclinical program we are targeting IND readiness by the end of 2024.

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We are also developing allogeneic or “off-the-shelf” cell therapies utilizing a proprietary allogeneic platform. The platform utilizes cells derived from Induced Pluripotent Stem Cells (“iPSCs”), which can be gene-edited to express our engineered TCRs or other constructs and then differentiated into the required end cell type, for example T-cells. The platform is applicable to all of our cell therapies. We have a strategic collaboration with Genentech Inc. (“Genentech”). The collaboration with Genentech covers the research and development of “off-the-shelf” cell therapies for up to five shared cancer targets (“off-the-shelf” products) and the development of a novel allogeneic personalized cell therapy platform.

We have several other development and research collaborations.

- A prior collaboration with GSK terminated in December 2022. On April 11, 2023, we announced the entry into a Termination and Transfer Agreement with GSK (the "Termination and Transfer Agreement") regarding the return of rights and materials comprised within the PRAME and NY-ESO cell therapy programs. The parties will work collaboratively to ensure continuity for patients in ongoing lete-cel clinical trials forming part of the NY-ESO cell therapy program. In addition, under the Termination and Transfer Agreement, Adaptimmune has received an upfront amount of £7.5 million in June 2023 and will receive milestone payments totalling £22.5 million in relation to the transfer of the clinical trials for the NY-ESO cell therapy program.
- We have a clinical trial collaboration ongoing an agreement with Bristol-Myers Squibb in relation to the phase 1/2 trial evaluating gavo-cel in combination with Opdivo® (nivolumab) and Yervoy® (ipilimumab) in mesothelin-expressing solid tumors.

During the quarter, Dr Karen Chagin joined the Company as Senior Vice President of Early Stage Development. Effective from November 1, 2023, Kristen M Hege M.D. joined the Board of Directors and Elliot Sigal M.D., PhD stood down from the Board.

Financial Operations Overview

Revenue

The Company had two contracts with customers in the three months ended June 30, 2023 September 30, 2023, and three in the six nine months ended June 30, 2023 September 30, 2023: the Astellas Collaboration Agreement (until March 6, 2023), the Genentech Collaboration Agreement and the GSK Termination and Transfer Agreement (from April 11, 2023). A previous collaboration, the GSK Collaboration and License Agreement, was terminated on October 24, 2022 (effective December 23, 2022).

The Astellas Collaboration Agreement

In January 2020, the Company entered into a collaboration agreement with Astellas. The Company received \$50.0 million as an upfront payment after entering into the agreement. Under the agreement the parties would agree on up to three targets and would co-develop T-cell therapies directed to those targets pursuant to an agreed research plan. For each target, Astellas would fund co-development up until completion of a Phase 1 trial for products directed to such target. In addition, Astellas was also granted the right to develop, independently of Adaptimmune, allogeneic T-cell therapy candidates directed to two targets selected by Astellas. Astellas would have sole rights to develop and commercialize products resulting from these two targets.

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The agreement consisted of the following performance obligations: (i) research services and rights granted under the co-exclusive license for each of the three co-development targets and (ii) the rights granted for each of the two independent Astellas targets. The revenue allocated to the co-development targets was recognized as the development of products directed to the targets progressed up until completion of a Phase 1 trial. The revenue allocated to each of the research licenses for the targets being independently developed by Astellas was to be recognized when the associated license commenced, which was upon designation of a target by Astellas.

The Company and Universal Cells mutually agreed to terminate the Astellas Collaboration Agreement as of March 6, 2023 (the "Termination Date"). In connection with the termination, all licenses and sublicenses granted to either party pursuant to the Collaboration Agreement ceased as of the Termination Date. There were no termination penalties in connection with the termination, however the Company is was still entitled to receive reimbursement for research and development work performed up to and including a period of 30 days after the Termination Date.

The termination was accounted for as a contract modification and the modification resulted in the remaining unsatisfied and partially satisfied performance obligations under the collaboration becoming fully satisfied. The aggregate transaction price of the contract modification was \$42,365,000, \$42.4 million, which was primarily comprised of deferred income relating to the third co-development target and the two independent targets, and was recognized in full in March 2023. No revenue was recognized for Astellas in the three months ended June 30, 2023 September 30, 2023.

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The Genentech Collaboration Agreement

On September 3, 2021, Adaptimmune Limited, a wholly owned subsidiary of Adaptimmune Therapeutics Plc, entered into a Strategic Collaboration and License Agreement with Genentech, Inc. ("Genentech") and F. Hoffman-La Roche Ltd. The collaboration has two components:

- 1) development of allogeneic T-cell therapies for up to five shared cancer targets
- 2) development of personalized allogeneic T-cell therapies utilizing $\alpha\beta$ T-cell receptors (TCRs) isolated from a patient, with such therapies being administered to the same patient.

The parties will collaborate to perform a research program, initially during an eight-year period (which may be extended for up to two additional two-year terms at Genentech's election upon payment of an extension fee for each two-year term), to develop the cell therapies, following which Genentech will determine whether to further develop and commercialize such therapies. The Company received an upfront payment of \$150 million in October 2021 and a \$20 million milestone payment in December 2022.

The Company identified the following performance obligations under the agreement: (i) research services and rights granted under the licenses for each of the initial "off-the-shelf" collaboration targets, (ii) research services and rights granted under the licenses for the personalized therapies, (iii) material rights relating to the option to designate additional "off-the-shelf" collaboration targets and (iv) material rights relating to the two options to extend the research term. The revenue allocated to the initial "off-the-shelf" collaboration targets and the personalized therapies is recognized as development progresses. The revenue allocated to the material rights to designate additional "off-the-shelf" collaboration targets is recognized from the point that the options are exercised and then as development progresses, in line with the initial "off-the-shelf" collaboration targets, or at the point in time that the rights expire. The revenue from the material rights to extend the research term is recognized from the point that the options are exercised and then over the period of the extension, or at the point in time that the options expire.

The GSK Termination and Transfer Agreement

On April 11, 2023, the Company announced the entry of the Company and GSK into a Termination and Transfer regarding the return to Adaptimmune of rights and materials comprised within the PRAME and NY-ESO cell therapy programs. The parties will work collaboratively to ensure continuity for patients in ongoing late-clinical trials forming part of the NY-ESO cell therapy program.

As part of the agreement, sponsorship of the ongoing IGYTE and long-term follow-up ("LTFU") trials relating to the NY-ESO cell therapy program will transfer to Adaptimmune. In return for this, Adaptimmune received an upfront payment of £7.5 million in June 2023 following the signing of the agreement and further a milestone payment of £3 million in September 2023. Further milestone payments totalling £22.5 million £19.5 million will be due in relation to successive stages of transfer of the trials.

The Company has identified the following performance obligations under the agreement: (i) to take over sponsorship for the IGYTE trial and (ii) to take over sponsorship for the LTFU trial. The revenue allocated to the IGYTE obligation is recognized as sponsorship of the active trials that make up the IGYTE trial transfer, based on the number of patients transferring in each trial. The revenue allocated to the LTFU obligation is recognized as sponsorship of the trials that make up the LTFU trial transfers, including trials for potential future patients transferring to the LTFU trial from the IGYTE trial, based on the number of active and potential patients transferring in each trial.

No revenue was recognized for the agreement in the three and six nine months ended June 30, 2023 September 30, 2023.

Research and Development Expenses

Research and development expenditures are expensed as incurred. Research and development expenses consist principally of the following:

- salaries for research and development staff and related expenses, including benefits;
- costs for production of preclinical compounds and drug substances by contract manufacturers;

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- fees and other costs paid to contract research organizations in connection with additional preclinical testing and the performance of clinical trials;
- costs associated with the development of a process to manufacture and supply our lentiviral vector and cell therapies for use in clinical trials;
- costs to develop manufacturing capability at our U.S. facility for manufacture of cell therapies for use in clinical trials;
- costs relating to facilities, materials and equipment used in research and development;
- costs of acquired or in-licensed research and development which does not have alternative future use;
- costs of developing assays and diagnostics;
- an allocation of indirect costs clearly related to research and development;
- amortization and depreciation of property, plant and equipment and intangible assets used to develop our cells therapies; and
- share-based compensation expenses.

These expenses are partially offset by:

- reimbursable tax and expenditure credits from the U.K. government.

Research and development expenditure is presented net of reimbursements from reimbursable tax and expenditure credits from the U.K. government.

As a company that carries out extensive research and development activities, we benefit from the U.K. research and development tax credit regime for small and medium sized companies ("SME R&D Tax Credit Scheme"), whereby our principal research subsidiary company, Adaptimmune Limited, is able to surrender the trading losses that arise from its research and development activities for a payable tax credit of up to approximately 33.4% of eligible research and development expenditures, decreasing to 18.6% after April 1, 2023. Qualifying expenditures largely comprise employment costs for research staff, consumables and certain internal overhead costs incurred as part of research projects for which we do not receive income. Subcontracted research expenditures are eligible for a cash rebate of up to approximately 21.7%, decreasing to 12.1% after April 1, 2023. A large proportion of costs in relation to our pipeline research,

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clinical trials management and manufacturing development activities, all of which are being carried out by Adaptimmune Limited, are eligible for inclusion within these tax credit cash rebate claims.

Expenditures incurred in conjunction with our collaboration agreements are not qualifying expenditures under the SME R&D Tax Credit Scheme but certain of these expenditures can be reimbursed through the U.K. research and development expenditure credit scheme (the "RDEC Scheme"). Under the RDEC Scheme tax relief is given at 13% of allowable R&D costs, which may result in a payable tax credit at an effective rate of approximately 10.5% of qualifying expenditure for the three months ended March 31, 2023. The RDEC Scheme tax relief rate is scheduled to increase to 20% after April 1, 2023, which may result in a payable tax credit at an effective rate of 15%.

On July 18, 2023, the U.K. Government released draft legislation on proposed changes to the U.K. research and development regimes. These changes include combining the current SME R&D Tax Credit Scheme and RDEC Schemes with a single 20% gross rate applying to all claims with an exception for R&D Intensive SMEs. For entities which qualify as R&D Intensive SMEs, a **high higher** effective cash tax benefit of 27% will be available. The draft legislation also includes changes to other rules and types of qualifying expenditure, such as the treatment of subcontracted and overseas costs. The Company is currently evaluating the impact of the draft legislation on its future tax credit claims.

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Our research and development expenses may vary substantially from period to period based on the timing of our research and development activities, which depends upon the timing of initiation of clinical trials and the rate of enrollment of patients in clinical trials. The duration, costs, and timing of clinical trials and development of our cell therapies will depend on a variety of factors, including:

- the scope, rate of progress, and expense of our ongoing as well as any additional clinical trials and other research and development activities;
- uncertainties in clinical trial enrollment rates;
- future clinical trial results;
- significant and changing government regulation;
- the timing and receipt of any regulatory approvals; and
- supply and manufacture of lentiviral vector and cell therapies for clinical trials.

A change in the outcome of any of these variables may significantly change the costs and timing associated with the development of that cell therapy. For example, if the FDA, or another regulatory authority, requires us to conduct clinical trials beyond those that we currently anticipate will be required for regulatory approval, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative Expenses

Our general and administrative expenses consist principally of:

- salaries for employees other than research and development staff, including benefits;
- business development expenses, including travel expenses;
- professional fees for auditors, lawyers and other consulting expenses, including those incurred in relation to the merger with TCR²;
- costs of facilities, communication, and office expenses;
- cost of establishing commercial operations;

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- information technology expenses;
- amortization and depreciation of property, plant and equipment and intangible assets not related to research and development activities; and
- share-based compensation expenses.

Other (Expense) Income, Net

Other (expense) income, net primarily comprises foreign exchange (losses) gains. We are exposed to foreign exchange rate risk because we currently operate in the United Kingdom and United States. Our expenses are generally denominated in the currency in which our operations are located, which are the United Kingdom and United States. However, our primary U.K.-based subsidiary, Adaptimmune Limited, incurs significant research and development costs in U.S. dollars and, to a lesser extent, Euros. Adaptimmune Limited has an intercompany loan balance in U.S. dollars payable to the ultimate parent company, Adaptimmune Therapeutics plc, which is considered of a long-term investment nature as repayment is not planned or anticipated in the foreseeable future. It is Adaptimmune Therapeutics plc's

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intent not to request payment of the intercompany loan for the foreseeable future. The foreign exchange gains or losses arising on the revaluation of intercompany loans of a long-term investment nature are reported within other comprehensive (loss) income, net of tax.

Our results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. We seek to minimize this exposure by maintaining currency cash balances at levels appropriate to meet forthcoming expenditure in U.S. dollars and pounds sterling. To date, we have not used hedging contracts to manage exchange rate exposure, although we may do so in the future.

In addition to currency fluctuations, adverse macroeconomic conditions, including inflation, slower growth or recession, new or increased tariffs, changes to fiscal and monetary policy, tighter credit, and higher interest rates, could materially adversely affect the Company by, for example, driving higher input costs and/or impacting the Company's ability to raise future financing.

Taxation

We are subject to corporate taxation in the United Kingdom and the United States. We incur tax losses and tax credit carryforwards in the United Kingdom on an annual basis. No net deferred tax assets are recognized on our U.K. losses and tax credit carryforwards because there is currently no indication that we will make sufficient taxable profits to utilize these tax losses and tax credit carryforwards. On June 10, 2021, the U.K. 2021 Finance Bill received Royal Assent. Under this bill, the rate of U.K. corporation tax will increase to 25% from April 1, 2023, with lower rates and tapered relief to be applied to companies with profits below £250,000.

We benefit from reimbursable tax credits in the United Kingdom through the SME R&D Tax Credit Scheme as well as the RDEC Scheme which are presented as a deduction to research and development expenditure.

Our pre-existing subsidiary in the United States, Adaptimmune LLC, has generated taxable profits due to a Service Agreement between our U.S. and U.K. operating subsidiaries and is subject to U.S. federal corporate income tax of 21%. Due to its activity in the United States, and the sourcing of its revenue, the U.S. subsidiary is not currently subject to any state or local income taxes. The Company also benefits from the U.S. Research Tax Credit and Orphan Drug Credit.

TCR2 has incurred net losses since acquisition and generates research and development tax credits. No net deferred tax assets are recognized on our TCR2's losses and tax credit carryforwards because there is currently no indication that we will make sufficient taxable profits to utilize these tax losses and tax credit carryforwards.

In the future, if we generate taxable income in the United Kingdom on an annual basis, we may benefit from the United Kingdom's "patent box" regime, which would allow certain profits attributable to revenues from patented products to be taxed at a rate of 10%. As we have many different patents covering our products, future upfront fees, milestone fees, product revenues, and royalties may be taxed at this favorably low tax rate.

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U.K. Value Added Tax ("VAT") is charged on all qualifying goods and services by VAT-registered businesses. An amount of 20% of the value of the goods or services is added to all relevant sales invoices and is payable to the U.K. tax authorities. Similarly, VAT paid on purchase invoices paid by Adaptimmune Limited and Adaptimmune Therapeutics plc is reclaimable from the U.K. tax authorities.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of our unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the revenues and expenses incurred during the reported periods. We base our estimates on historical experience and on various other factors that we believe are relevant under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The accounting policies considered to be critical to the judgments and estimates used in the preparation of our financial statements are disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2022.

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Results of Operations

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

The following table summarizes the results of our operations for the three months ended June 30, 2023 September 30, 2023 and 2022, together with the changes to those items (in thousands):

	Three months ended June 30,				Three months ended September 30,			
	2023	2022	Increase/decrease		2023	2022	Increase/decrease	
Revenue	\$ 5,130	\$ 5,538	\$ (408)	(7)%	\$ 7,319	\$ 7,007	\$ 312	4 %
Research and development expenses	(29,965)	(34,740)	4,775	(14)%	(37,788)	(33,182)	(4,606)	14 %
General and administrative expenses	(20,073)	(14,550)	(5,523)	38 %	(16,164)	(16,815)	651	(4)%
Total operating expenses	(50,038)	(49,290)	(748)	2 %	(53,952)	(49,997)	(3,955)	8 %
Operating loss	(44,908)	(43,752)	(1,156)	3 %	(46,633)	(42,990)	(3,643)	8 %
Interest income	1,543	357	1,186	332 %	2,149	324	1,825	563 %
Gain on bargain purchase	22,155	—	22,155	— %	(106)	—	(106)	— %
Other (expense) income, net	501	(655)	1,156	(176)%	(324)	1,644	(1,968)	(120)%
Loss before income tax expense	(20,709)	(44,050)	23,341	(53)%	(44,914)	(41,022)	(3,892)	9 %
Income tax expense	(680)	(470)	(210)	45 %	(687)	(399)	(288)	72 %
Profit/(loss) for the period	\$ (21,389)	\$ (44,520)	\$ 23,131	(52)%	\$(45,601)	\$(41,421)	\$ (4,180)	10 %

Revenue

Revenue decreased increased by \$0.4 million \$0.3 million to \$5.1 million \$7.3 million for the three months ended June 30, 2023 September 30, 2023 compared to \$5.5 million \$7.0 million for the three months ended June 30, 2022 September 30, 2022.

Research and Development Expenses

Research and development expenses decreased increased by 14% to \$30.0 million \$37.8 million for the three months ended June 30, 2023 September 30, 2023 from \$34.7 million \$33.2 million for the three months ended June 30, 2022 September 30, 2022.

Our research and development expenses comprise the following (in thousands):

	Three months ended			
	June 30,			
	2023	2022	Increase/decrease	
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs ⁽¹⁾	\$ 21,608	\$ 24,198	\$ (2,590)	(11)%
Subcontracted expenditure	9,480	14,983	(5,503)	(37)%
Manufacturing facility expenditure	1,884	1,934	(50)	(3)%
Share-based compensation expense	1,285	2,033	(748)	(37)%
In-process research and development costs	(1,863)	408	(2,271)	(557)%
Reimbursements receivable for research and development tax and expenditure credits	(2,429)	(8,816)	6,387	(72)%
	\$ 29,965	\$ 34,740	\$ (4,775)	(14)%

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	Three months ended			
	September 30,			
	2023	2022	Increase/decrease	
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs ⁽¹⁾	\$ 22,405	\$ 21,626	\$ 779	4 %
Subcontracted expenditure	16,604	18,415	(1,811)	(10)%
Manufacturing facility expenditure	2,049	1,754	295	17 %
Share-based compensation expense	789	447	342	77 %
In-process research and development costs	10	221	(211)	(95)%
Reimbursements receivable for research and development tax and expenditure credits	(4,069)	(9,281)	5,212	(56)%
	\$ 37,788	\$ 33,182	\$ 4,606	14 %

(1) These costs are not analyzed by project since employees may be engaged in multiple projects simultaneously.

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The net decrease in our research and development expenses of \$4.8 million for the three months ended June 30, 2023 compared to the same period in 2022 was primarily due to the following:

- A decrease of \$2.6 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is mainly driven by a decrease in the average number of employees engaged in research and development compared to the equivalent period in 2022, including the restructuring programme that was completed in the first quarter of 2023;
- A decrease of \$5.5 million in subcontracted expenditure due to a decrease in clinical trial expenses and lentiviral vector manufacturing costs; and

- a decrease of \$2.3 million in in-process research and development costs to a credit of \$1.9 million due to the release of a milestone that was previously accrued that is no longer expected to be paid; offset by
- A decrease of \$6.4 million \$5.2 million in reimbursements receivable for research and development tax and expenditure credits due to decreases in the associated research and development costs for which the credits may be claimed and a reduction in the effective rate at which the tax credits can be claimed which was effective from April 1, 2023; offset by
- A decrease of \$1.8 million in subcontracted expenditure due to a decrease lentiviral vector manufacturing costs although this was partially offset by an increase in clinical trial costs.

Our subcontracted costs for the three months ended June 30, 2023 September 30, 2023 were \$9.5 million \$16.6 million, compared to \$15.0 million \$18.4 million in the same period of 2022. This includes \$5.9 million \$6.3 million of costs directly associated with our afami-cel ADP-A2M4CD8 and ADP-A2AFP ADP-A2M4CD8 SPEAR T-cells and \$3.6 million \$10.3 million of other development costs.

Our research and development expenses are highly dependent on the phases and progression of our research projects and will fluctuate depending on the outcome of ongoing clinical trials. We expect that our research and development expenses will increase in future periods as we continue to invest in our translational sciences and other research and development capabilities.

General and Administrative Expenses

General and administrative expenses increased decreased by 38% 4% to \$20.1 \$16.2 million for the three months ended June 30, 2023 September 30, 2023 from \$14.6 million \$16.8 million in the same period in 2022. Our general and administrative expenses consist of the following (in thousands):

	Three months ended				Three months ended			
	June 30,				September 30,			
	2023	2022	Increase/decrease		2023	2022	Increase/decrease	
Salaries, depreciation of property, plant and equipment and other employee-related costs	\$ 12,296	\$ 8,559	\$ 3,737	44 %	\$ 8,237	\$ 8,668	\$ (431)	(5)%
Other corporate costs	7,703	5,323	2,380	45 %	5,533	4,931	602	12 %
Share-based compensation expense	2,552	3,012	(460)	(15)%	2,394	3,216	(822)	(26)%
Reimbursements	(2,478)	(2,344)	(134)	6 %				
	<u>\$ 20,073</u>	<u>\$ 14,550</u>	<u>\$ 5,523</u>	<u>38 %</u>	<u>\$ 16,164</u>	<u>\$ 16,815</u>	<u>\$ (651)</u>	<u>(4)%</u>

The net decrease in our general and administrative expenses of \$0.7 million for the three months ended September 30, 2023 compared to the same period in 2022 was largely due to a decrease of \$0.8 million in Share-based compensation expense due to a

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combination of lower fair value of options granted, and fewer employees holding vesting options, for the three months ended September 30, 2023, compared to the equivalent period in 2022.

Gain on Bargain Purchase

The gain on bargain purchase recognized in the three months to September 30, 2023 of \$0.1 million represents a remeasurement of provisional amounts relating to replacement share options originally recognized in the second quarter of 2023, from the strategic combination with TCR₂ Therapeutics Inc on June 1, 2023.

Income Taxes

Income taxes arise in the United States due to Adaptimmune LLC generating taxable profits. We typically incur taxable losses in the United Kingdom on an annual basis and have incurred losses in TCR₂ Therapeutics Inc. since acquisition.

Comparison of September 30, 2023 and 2022

The following table summarizes the results of our operations for the nine months ended September 30, 2023 and 2022, together with the changes to those items (in thousands):

	Nine months ended			
	September 30,			
	2023	2022	Increase/decrease	
Revenue	\$ 60,050	\$ 16,120	\$ 43,930	273 %
Research and development expenses	(93,301)	(104,674)	11,373	(11)%
General and administrative expenses	(56,634)	(48,169)	(8,465)	18 %
Total operating expenses	(149,935)	(152,843)	2,908	(2)%
Operating profit/(loss)	(89,885)	(136,723)	46,838	(34)%
Interest income	4,368	1,019	3,349	329 %
Gain on bargain purchase	22,049	—	22,049	— %
Other (expense) income, net	(494)	1,001	(1,495)	(149)%
Profit/(loss) before income tax expense	(63,962)	(134,703)	70,741	(53)%
Income tax expense	(1,992)	(1,503)	(489)	33 %
Profit/(loss) for the period	\$ (65,954)	\$ (136,206)	\$ 70,252	(52)%

Revenue

Revenue increased by \$43.9 million to \$60.1 million in the nine months ended September 30, 2023 compared to \$16.1 million for the nine months ended September 30, 2022 primarily due to the termination of the Astellas collaboration, resulting in the remaining deferred income for the collaboration being recognized as revenue in March 2023.

Research and Development Expenses

Research and development expenses decreased by 11% to \$93.3 million for the nine months ended September 30, 2023 from \$104.7 million for the nine months ended September 30, 2022.

Our research and development expenses comprise the following (in thousands):

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	Nine months ended			
	September 30,			
	2023	2022	Increase/decrease	
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs ⁽¹⁾	\$ 62,120	68,862	\$ (6,742)	(10)%
Subcontracted expenditure	37,249	47,948	(10,699)	(22)%
Manufacturing facility expenditure	5,441	6,641	(1,200)	(18)%
Share-based compensation expense	2,190	5,003	(2,813)	(56)%
In-process research and development costs	(1,853)	2,474	(4,327)	(175)%
Reimbursements receivable for research and development tax and expenditure credits	(11,846)	(26,254)	14,408	(55)%
	\$ 93,301	\$ 104,674	\$ (11,373)	(11)%

- (1) These costs are not analyzed by project since employees may be engaged in multiple projects simultaneously.

The net decrease in our research and development expenses of \$11.4 million for the nine months ended September 30, 2023 compared to the same period in 2022 was primarily due to the following:

- a decrease of \$6.7 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is mainly driven by a decrease in the average number of employees engaged in research and development;
- a decrease of \$10.7 million in subcontracted expenditure due to a decrease in manufacturing costs including external lentiviral vector manufacturing;
- a decrease of \$4.3 million in in-process research and development costs due to a credit of \$1.9 million relating to the release of a milestone that was previously accrued that is no longer expected to be paid; and
- a decrease of \$2.8 million in share-based compensation expense due to a combination of lower fair value of options granted in the nine months ended September 30, 2023 compared to the equivalent period in 2022 and due to high forfeiture credits due to redundancies in the same period; offset by
- a decrease of \$14.4 million in reimbursements receivable for research and development tax and expenditure credits due to decreases in the associated research and development costs for which the credits may be claimed and a reduction in the effective rate at which the tax credits can be claimed which was effective from April 1, 2023.

Our subcontracted costs for the nine months ended September 30, 2023 were \$37.2 million, compared to \$47.9 million in the same period of 2022. This includes \$21.4 million of costs directly associated with our afami-cel and ADP-A2M4CD8 SPEAR T-cells and \$15.9 million of other development costs.

General and Administrative Expenses

General and administrative expenses increased by 18% to \$56.6 million for the nine months ended September 30, 2023 from \$48.2 million in the same period in 2022. Our general and administrative expenses consist of the following (in thousands):

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	Nine months ended			
	September 30,		Increase/decrease	
	2023	2022		
Salaries, depreciation of property, plant and equipment and other employee-related costs	\$ 28,901	\$ 25,994	\$ 2,907	11 %
Restructuring charges	1,703	—	1,703	N/A %
Other corporate costs	22,002	15,228	6,774	44 %
Share-based compensation expense	6,506	9,291	(2,785)	(30)%
Reimbursements	(2,478)	(2,344)	(134)	6 %
	<u>\$ 56,634</u>	<u>\$ 48,169</u>	<u>\$ 8,465</u>	<u>18 %</u>

The net increase in our general and administrative expenses of \$5.5 million \$8.5 million for the three nine months ended June 30, 2023 September 30, 2023 compared to the same period in 2022 was largely due to; to:

- An an increase of \$3.7 million \$2.9 million in Salaries, salaries, depreciation of property, plant and equipment and other employee-related costs for the three months ended June 30, 2023 compared to the same equivalent period in 2022, due to severance and other related costs for former TCR² leadership and employees;
- Restructuring charges of \$1.7 million, relating to the restructuring programme completed in the first quarter of 2023; and
- An an increase of \$2.4 million \$6.8 million in other corporate costs due to an increase in accounting, legal and professional fees incurred in relation to entering into the TCR² Therapeutics Inc. merger agreement. agreement; offset by
- a decrease in share-based compensation expense of \$2.8 million due to a combination of lower fair value of options granted in the nine months ended September 30, 2023 compared to the equivalent period in 2022 and due to high forfeiture credits due to redundancies in the same period.

Gain on Bargain Purchase

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The gain on bargain purchase of \$22.2 million \$22.0 million arose in June 2023 from the strategic combination with TCR² Therapeutics Inc on June 1, 2023.

Income Taxes

Income taxes arise in the United States due to Adaptimmune LLC generating taxable profits. We typically incur taxable losses in the United Kingdom on an annual basis and have incurred losses in TCR² Therapeutics Inc. since acquisition.

Comparison of six months ended June 30, 2023 and 2022

The following table summarizes the results of our operations for the six months ended June 30, 2023 and 2022, together with the changes to those items (in thousands):

	Six months ended			
	June 30,			
	2023	2022	Increase/decrease	
Revenue	\$ 52,731	\$ 9,113	\$ 43,618	479 %
Research and development expenses	(55,513)	(71,492)	15,979	(22)%
General and administrative expenses	(40,470)	(31,354)	(9,116)	29 %
Total operating expenses	(95,983)	(102,846)	6,863	(7)%
Operating profit/(loss)	(43,252)	(93,733)	50,481	(54)%
Interest income	2,219	695	1,524	219 %
Gain on bargain purchase	22,155	—	22,155	— %
Other (expense) income, net	(170)	(643)	473	(74)%
Profit/(loss) before income tax expense	(19,048)	(93,681)	74,633	(80)%
Income tax expense	(1,305)	(1,104)	(201)	18 %
Profit/(loss) for the period	\$ (20,353)	\$ (94,785)	\$ 74,432	(79)%

Revenue

Revenue increased by \$43.6 million to \$52.7 million in the six months ended June 30, 2023 compared to \$9.1 million for the six months ended June 30, 2022 primarily due to the termination of the Astellas collaboration, resulting in the release of the remaining deferred income for the collaboration being released as revenue in March 2023.

Research and Development Expenses

Research and development expenses decreased by 22% to \$55.5 million for the six months ended June 30, 2023 from \$71.5 million for the six months ended June 30, 2022.

Our research and development expenses comprise the following (in thousands):

	Six months ended			
	June 30,			
	2023	2022	Increase/decrease	
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs ⁽¹⁾	\$ 39,715	47,236	\$ (7,521)	(16)%
Subcontracted expenditure	20,645	29,533	(8,888)	(30)%
Manufacturing facility expenditure	3,392	4,887	(1,495)	(31)%
Share-based compensation expense	1,401	4,556	(3,155)	(69)%
In-process research and development costs	(1,863)	2,253	(4,116)	(183)%
Reimbursements receivable for research and development tax and expenditure credits	(7,777)	(16,973)	9,196	(54)%
	<u>\$ 55,513</u>	<u>\$ 71,492</u>	<u>\$ (15,979)</u>	<u>(22)%</u>

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(1) These costs are not analyzed by project since employees may be engaged in multiple projects simultaneously.

The net decrease in our research and development expenses of \$16.0 million for the six months ended June 30, 2023 compared to the same period in 2022 was primarily due to the following:

- a decrease of \$7.5 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is mainly driven by a decrease in the average number of employees engaged in research and development;
- a decrease of \$8.9 million in subcontracted expenditure due to a decrease in clinical trial expenses;
- a decrease of \$4.1 million in in-process research and development costs to a credit of \$1.9 million due to the release of a milestone that was previously accrued that is no longer expected to be paid; and
- a decrease of \$3.2 million in share-based compensation expense due to a combination of lower fair value of options granted in the six months ended June 30, 2023 compared to the equivalent period in 2022 and due to high forfeiture credits due to redundancies in the same period; offset by
- a decrease of \$9.2 million in reimbursements receivable for research and development tax and expenditure credits due to decreases in the associated research and development costs for which the credits may be claimed and a reduction in the effective rate at which the tax credits can be claimed which was effective from April 1, 2023.

Our subcontracted costs for the six months ended June 30, 2023 were \$20.6 million, compared to \$29.5 million in the same period of 2022. This includes \$15.1 million of costs directly associated with our afami-cel, ADP-A2M4CD8 and ADP-A2AFP SPEAR T-cells and \$5.5 million of other development costs.

General and Administrative Expenses

General and administrative expenses increased by 29% to \$40.5 million for the six months ended June 30, 2023 from \$31.4 million in the same period in 2022. Our general and administrative expenses consist of the following (in thousands):

	Six months ended			
	June 30,			
	2023	2022	Increase/decrease	
Salaries, depreciation of property, plant and equipment and other employee-related costs	\$ 20,664	\$ 17,326	\$ 3,338	19 %

Restructuring charges	1,703	—	1,703	N/A %
Other corporate costs	16,469	10,297	6,172	60 %
Share-based compensation expense	4,112	6,075	(1,963)	(32)%
Reimbursements	(2,478)	(2,344)	(134)	6 %
	<u>\$ 40,470</u>	<u>\$ 31,354</u>	<u>\$ 9,116</u>	<u>29 %</u>

The net increase in our general and administrative expenses of \$9.1 million for the six months ended June 30, 2023 compared to the same period in 2022 was largely due to:

- an increase of \$3.3 million in salaries, depreciation of property, plant and equipment and other employee-related costs compared to the equivalent period in 2022, due to severance and other related costs for former TCR2 leadership and employees
- Restructuring charges of \$1.7 million, relating to the restructuring programme completed in the first quarter of 2023;

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and

- an increase of \$6.2 million in other corporate costs due to an increase in accounting, legal and professional fees incurred in relation to entering into the TCR2 Therapeutics Inc. merger agreement; offset by
- a decrease in share-based compensation expense of \$2.0 million due to a combination of lower fair value of options granted in the six months ended June 30, 2023 compared to the equivalent period in 2022 and due to high forfeiture credits due to redundancies in the same period.

Gain on Bargain Purchase

The gain on bargain purchase of \$22.2 million arose in June 2023 from the strategic combination with TCR2 Therapeutics Inc on June 1, 2023.

Income Taxes

Income taxes arise in the United States due to Adaptimmune LLC generating taxable profits. We typically incur taxable losses in the United Kingdom on an annual basis and have incurred losses in TCR2 Therapeutics Inc. since acquisition.

Liquidity and Capital Resources

Sources of Funds

Since our inception, we have incurred significant net losses and negative cash flows from operations. We financed our operations primarily through sales of equity securities, cash receipts under our collaboration arrangements and research and development tax and expenditure credits. From inception through to June 30, 2023 September 30, 2023, we have raised:

- \$870.2 870.8 million, net of issuance costs, through the issuance of shares;
- \$402.5 406.7 million through collaborative arrangements with Genentech, GSK and Astellas; and

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- \$110.6 million in the form of reimbursable U.K. research and development tax credits and receipts from the U.K. RDEC Scheme.

\$45.3 million in cash and cash equivalents and restricted cash and \$39.5 million of marketable securities were also acquired as part of the strategic combination with TCR2 Therapeutics Inc.

We use a non-GAAP measure, Total Liquidity, which is defined as the total of cash and cash equivalents and marketable securities, to evaluate the funds available to us in the near-term. A description of Total Liquidity and reconciliation to cash and cash equivalents, the most directly comparable U.S. GAAP measure, are provided below under "Non-GAAP measures".

As of ~~June 30, 2023~~ September 30, 2023, we had cash and cash equivalents of ~~\$77.0~~ \$90.1 million and Total Liquidity of ~~\$204.7 million~~ \$161.7 million. We regularly assess Total Liquidity against our activities and make decisions regarding prioritization of those activities and deployment of Total Liquidity. We believe that our Total Liquidity will be sufficient to fund the Company's current operations, based upon our currently anticipated research and development activities and planned capital spending, we currently estimate that the cash runway will extend into early 2026. This belief is based on estimates that are subject to risks and uncertainties and may change if actual results differ from management's estimates.

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Cash Flows

The following table summarizes the results of our cash flows for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 and 2022 (in thousands):

	Six months ended		Nine months ended	
	June 30,		September 30,	
	2023	2022	2023	2022
Net cash used in operating activities	\$ (81,045)	\$ (95,652)	\$(126,204)	\$(143,811)
Net cash provided by investing activities	51,035	39,334	108,341	68,185
Net cash provided by financing activities	210	10,012	806	11,464
Cash, cash equivalents and restricted cash	80,200	99,524	93,072	80,713

Operating Activities

Net cash used in operating activities was ~~\$81.0 million~~ \$126.2 million for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 compared to ~~\$95.7 million~~ \$143.8 million for the ~~six~~ nine months ended ~~June 30, 2022~~ September 30, 2022. Our activities typically result in net use of cash in operating activities. The net cash used in operating activities for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 decreased due to a decrease in operating expenditure as a result of the restructuring and ~~re-prioritisation~~ re-prioritization of activities that was initiated in the final quarter of 2022, which included a reduction in headcount of approximately 25%. This was partially offset following the business combination with TCR2 which resulted in an increase in headcount of 39 and additional operating expenditures relating to activities originating from TCR2. The impact of these changes resulted in a total decrease of salaries, depreciation of property, plant and equipment and other employee-related costs of \$3.8 million and a decrease in subcontracted expenditure of \$10.7 million compared to the equivalent period in 2022.

Net cash used in operating activities of ~~\$81.0 million~~ \$126.2 million for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 comprised a net profit of ~~\$20.4 million~~ \$66.0 million and a net cash outflow of ~~\$48.5 million~~ \$53.2 million from changes in operating assets and liabilities, offset by non-cash items of ~~\$12.2 million~~ \$7.0 million. The changes in operating assets and liabilities include the impact of a ~~\$9.2 million~~ \$10.4 million increase in reimbursements receivable for research and development tax ~~credits~~ credits and a reduction in deferred revenue of \$42.4 million due to the termination of the Astellas collaboration resulting in the remaining deferred revenue allocated to the collaboration being released as revenue. The non-cash items consisted primarily of a ~~\$22.2 million~~ \$22.0 million gain on bargain purchase, depreciation expense on plant and equipment of ~~\$3.8 million~~ \$6.6 million, share-based compensation expense of ~~\$5.5 million~~ \$8.7 million, unrealized foreign exchange losses of ~~\$0.4 million~~ \$0.7 million, accretion on available-for-sale debt securities of ~~\$0.6 million~~ \$1.6 million and other items of ~~\$0.9 million~~ \$0.6 million.

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Investing Activities

Net cash provided by investing activities was \$51.0 million \$108.3 million for the six nine months ended June 30, 2023 September 30, 2023 compared to \$39.3 million \$68.2 million for the six nine months ended June 30, 2022 September 30, 2022. The net cash provided by investing activities for the respective periods consisted primarily of:

- purchases of property, plant and equipment of \$3.6 million \$3.9 million and \$16.1 million \$26.1 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively; respectively. Purchases of property, plant and equipment were higher in 2022 compared to 2023 due to expanding our manufacturing facilities, which was largely completed in 2022; and
- cash outflows from investment in marketable securities of \$67.1 million \$73.0 million and \$42.2 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively; offset by
- cash inflows from maturity or redemption of marketable securities of \$76.1 million \$139.2 million and \$97.6 million \$136.7 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively; and
- cash and cash equivalents acquired as part of the strategic business combination with TCR² Therapeutics Inc. of \$45.3 million.

The Company invests surplus cash and cash equivalents in marketable securities.

Financing Activities

Net cash provided by financing activities was \$0.2 million \$0.8 million and \$10.0 million \$11.5 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. The net cash provided by financing activities in the six nine months end June 30, 2023 ended September 30, 2023 consisted primarily of net proceeds of \$0.2 million \$0.6 million from shares issued in an At-The-Market offering, net of commissions and issuance costs. The net cash provided by financing activities in the six nine months ended June 30, 2022 September 30, 2022 consisted primarily of net proceeds of \$10.0 million \$11.4 million from shares issued in an At-The-Market offering, net of commissions and issuance costs.

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Non-GAAP Measures

Total Liquidity (a non-GAAP financial measure)

Total Liquidity (a non-GAAP financial measure) is the total of cash and cash equivalents and marketable securities. Each of these components appears in the condensed consolidated balance sheet. The U.S. GAAP financial measure most directly comparable to Total Liquidity is cash and cash equivalents as reported in the condensed consolidated financial statements, which reconciles to Total Liquidity as follows (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 76,969	\$ 108,033	\$ 90,059	\$ 108,033
Marketable securities - available-for-sale debt securities	127,738	96,572	71,669	96,572
Total Liquidity	\$ 204,707	\$ 204,605	\$ 161,728	\$ 204,605

We believe that the presentation of Total Liquidity provides useful information to investors because management reviews Total Liquidity as part of its management of overall solvency and liquidity, financial flexibility, capital position and leverage. The definition of Total Liquidity includes marketable securities, which are highly-liquid and available to use in our current operations.

Safe Harbor

See the section titled "Information Regarding Forward-Looking Statements" at the beginning of this Quarterly Report.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes to the Company's market risk during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**. For a discussion of the Company's exposure to market risk, please refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities and Exchange Act of 1934, as amended ("Exchange Act") as of **June 30, 2023** **September 30, 2023**.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at **June 30, 2023** **September 30, 2023**.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act) occurred during the quarter ended **June 30, 2023** **September 30, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

As of **June** **September** 30, 2023 we were not a party to any material legal proceedings.

Item 1A. Risk Factors.

Our business has significant risks. You should carefully consider the risk factors set out in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 **and as set out in the Quarterly Report for the quarter ended June 30, 2023**, the disclosures set out in our Quarterly **Report Reports** for the **quarter** **quarters** ended March 31, 2023 **and June 30, 2023** and the disclosures set out in this Quarterly Report, including our condensed

consolidated financial statements and the related notes, before making an investment decision regarding our securities. The risks and uncertainties described are those material risk factors currently known and specific to us that we believe are relevant to our business, results of operations and financial condition. Additional risks and uncertainties not currently known to us or that we now deem immaterial may also impair our business, results of operations and financial condition.

As of and for the period ended **June 30, 2023** **September 30, 2023**, save as provided below there have been no material changes from the risk factors previously disclosed by us in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022 and the updated risk factors set out in our Quarterly **Report Reports** for the **quarter quarters** ended March 31, 2023 and **June 30, 2023**.

The following additional risk **factors apply** **factor applies** to our business in relation to the **proposed strategic combination with TCR2**, listing of our American Depositary Shares (ADSs):

Integration***If we are no longer able to meet the listing requirements of the two companies Nasdaq Global Select Market, our ADSs may be delisted.***

The Nasdaq Global Select Market ("Nasdaq"), on which our ADSs are listed and traded, has listing requirements that include a \$1.00 minimum closing bid price requirement. Nasdaq will issue a deficiency notice if an issuer is in violation of a listing standard for a period of 30 consecutive days. We received a deficiency letter on August 31, 2023, as our ADSs had traded below \$1.00 for 30 consecutive days. Such deficiency letter does not result in the immediate delisting of our ADSs and we were provided a compliance period of 180 calendar days to regain compliance with Nasdaq's minimum bid price requirement. If we were to remain out of compliance, Nasdaq may elect, subject to any potential additional cure periods, to initiate a process that could **negatively** delist our ADSs from trading on Nasdaq. Should such a delisting occur, it would adversely impact the liquidity and price of our ADSs and would impede our ability of Adaptimmune to fund and progress clinical programs.

As a result of the combination of the two companies, Adaptimmune is now required to fund an enhanced clinical pipeline and to integrate clinical programs from TCR2 into its own clinical development plan and processes. Integrating clinical programs may divert management resources away from existing programs of both Adaptimmune and TCR2 and may result in a delay to the development of its assets and products. In addition, existing combined funding will need to fund all ongoing development programs and decisions may need to be taken around prioritization of those programs whilst additional funding or sources of funding are obtained.

Phase 1 trial with TC-510 is currently in dose escalation phase and may not progress beyond dose escalation phase.

Phase 1 trials with TC-510 are current in the dose escalation phase. Should unmanageable toxicities be identified during the dose escalation phase it may not be possible to increase the dose of TC-510 administered to patients in the trial or such toxicities may prevent continuation of the trial. Should dose escalation not be possible in the trial, the efficacy of TC-510 may be impacted. As of April 14, 2023, 3 patients had received at least one dose of TC-510 in the Phase 1 trial. Adverse events occurring in at least one of the subjects considered by investigators to be at least possibly related to TC-510 include abdominal pain, platelet count decreased, white blood count decreased, ALT increased, AST increased, blood alkaline phosphatase increased, troponin I increased, pleuritic pain, cough, hypoxia, pneumonitis, fatigue, CRS, dysuria, sinus tachycardia.

The Phase 1 trial with TC-510 is in the first dose level of the dose escalation phase. Data from this initial phase is being evaluated and escalation to the next dose level is dependent on this evaluation. In addition, mesothelin is expressed in tissues other than tumor tissue and there is no guarantee that on-target toxicities will not be observed with TC-510 as we continue to develop those cell therapies.

Trials utilising TC-210 (gavo-cel) may not progress further due to observed toxicities or lack of favourable response.

Patients have received gavo-cel in both a Phase 1 and Phase 2 trial. In the Phase 1 trial as of January 10, 2023, 32 patients received at least one dose of transduced cells. Adverse events occurring in >10% of subjects considered by investigators to be at least possibly related to Gavo-Cel include CRS, anaemia, lymphocyte count decreased, neutrophil count decreased, febrile neutropenia, pyrexia, fatigue, nausea, white blood cell count decreased, platelet count decreased, dyspnoea, hypoxia, pneumonitis, hypotension, headache, hypoalbuminaemia.

In the Phase 2 trial as of January 10, 2023 8 patients have received at least one dose of gavo-cel. Adverse events occurring in >10% of subjects considered by investigators to be at least possibly related to Gavo-Cel include CRS, anaemia, pyrexia, chill, diarrhoea, constipation, abdominal tenderness, white blood cell

count decreased, platelet count decreased, neutrophil count decreased, blood alkaline phosphatase increased, activated partial thromboplastin time prolonged, blood lactate dehydrogenase increased, hypoxia, pneumonitis, pulmonary embolism, hypotension, headache, dizziness, ICANS, hypoalbuminaemia, hypomagnesaemia, hyponatraemia, hypokalaemia, hyperkalaemia, alopecia, rash, sinus tachycardia, cystitis noninfective, hematuria, lacrimation increased, tumor pain.

The toxicities observed and risk:benefit profile for gavo-cel are being evaluated. There is no guarantee that we will not see additional side effects. In addition, mesothelin is expressed in tissues other than tumor tissue and there is no guarantee that on-target toxicities will not be observed with gavo-cel which could prevent or limit further development of gavo-cel.

raise capital.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

The following exhibits are either provided with this Quarterly Report on Form 10-Q or are incorporated herein by reference:

Exhibit Number	Description of Exhibit
-------------------	------------------------

10.29

[Adaptimmune
Therapeutics
plc 2015 Share
Option
Scheme,
dated March
16, 2015, as
amended on
April 15, 2015,
January 13,
2016,
December 18,
2017 and June
29, 2023
\(incorporated
by reference
to Exhibit 10.1
of our Form 8-
K, filed with
the SEC on
June 29, 2023\),](#)

10.30

[Adaptimmune
Therapeutics
plc 2016
Employee
Share Option
Scheme,
dated January
14, 2016, as
amended on
December 18,
2017 and June
29, 2023
\(incorporated
by reference
to Exhibit 10.2
of our Form 8-
K, filed with
the SEC on
June 29, 2023\),](#)

10.52 [Letter of Appointment dated June 1, 2023 and effective from June 1, 2023 between the Company and Andrew Allen \(incorporated by reference to Exhibit 10.2 to our Form 8-K filed with the SEC on June 1, 2023\).](#)

10.53 [Letter of Appointment dated June 1, 2023 and effective from June 1, 2023 between the Company and Priti Hedge \(incorporated by reference to Exhibit 10.3 to our Form 8-K filed with the SEC on June 1, 2023\).](#)

10.54 [Letter of Appointment dated June 1, 2023 and effective from June 1, 2023 between the Company and Garry Menzel \(incorporated by reference to Exhibit 10.4 to our Form 8-K filed with the SEC on June 1, 2023\).](#)

31.1** [Certification of Principal Executive Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

- 31.2** [Certification of Principal Financial Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1*** [Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2*** [Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101** The following financial information from Adaptimmune Therapeutics plc's Quarterly Report on Form 10-Q for the quarterly period ended **March 31, 2023** **September 30, 2023**, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets as of **June 30, 2023** **September 30, 2023** and December 31, 2022, (ii) Unaudited Condensed Consolidated Statements of Operations for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, (iii) Unaudited Condensed Consolidated Statements of Comprehensive **Profit/** **Income**/Loss for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, (iv) Unaudited Condensed Consolidated Statements of Change in Equity for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, (v) Unaudited Condensed Consolidated Statements of Cash Flows for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
- 104** Cover Page Interactive data File (formatted in Inline XBRL and contained in Exhibit 101).

** Filed herewith.

*** Furnished herewith.

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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.

ADAPTIMMUNE THERAPEUTICS PLC

Date: **August 9, 2023** **November 8, 2023**

/s/ Adrian Rawcliffe

Adrian Rawcliffe

Chief Executive Officer

Date: **August 9, 2023** **November 8, 2023**

/s/ Gavin Wood

Gavin Wood

Chief Financial Officer

Exhibit 31.1

Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Adrian Rawcliffe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Adaptimmune Therapeutics plc;
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 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: August 9, 2023 November 8, 2023

/s/ Adrian Rawcliffe

Adrian Rawcliffe

Chief Executive Officer

Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gavin Wood, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Adaptimmune Therapeutics plc;
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 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: August 9, 2023 November 8, 2023

/s/ Gavin Wood

Gavin Wood

Chief Financial Officer

Section 906 Certificate

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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), I, Adrian Rawcliffe, Chief Executive Officer of Adaptimmune Therapeutics plc, a public limited company incorporated under English law (the "Company"), hereby certify, to my knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2023** **September 30, 2023**, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **August 9, 2023** **November 8, 2023**

/s/ Adrian Rawcliffe
Adrian Rawcliffe
Chief Executive Officer

Exhibit 32.2

Section 906 Certificate

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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), I, Gavin Wood, Chief Financial Officer of Adaptimmune Therapeutics plc, a public limited company incorporated under English law (the "Company"), hereby certify, to my knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2023** **September 30, 2023**, to which this Certification is attached as Exhibit 32.2 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **August 9, 2023** **November 8, 2023**

/s/ Gavin Wood
Gavin Wood
Chief Financial Officer

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