

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended March 31, 2024

OR

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

For the transition period from \_\_\_\_\_ to  
Commission File Number 001-37368

**ADAPT IMMUNE THERAPEUTICS PLC**

(Exact name of Registrant as specified in its charter)

England and Wales Not Applicable  
(State or other jurisdiction of incorporation or organization) (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)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
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American Depository Shares, each representing 6 Ordinary Shares, par value £0.001 per share	ADAP	The Nasdaq Global Select Market
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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 May 13, 2024, the number of outstanding ordinary shares par value £0.001 per share of the Registrant is 1,533,371,874.

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## **General information**

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, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 6, 2024. 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.

**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

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

	March 31, 2024	December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 140,670	\$ 143,991
Marketable securities - available-for-sale debt securities (amortized cost of \$ 2,981 and \$2,940) net of allowance for expected credit losses of \$0 and \$0	2,982	2,947
Accounts receivable, net of allowance for expected credit losses of \$ 0 and \$0	8,404	821
Other current assets and prepaid expenses	34,847	59,793
<b>Total current assets</b>	<b><u>186,903</u></b>	<b><u>207,552</u></b>
Restricted cash	2,858	3,026
Operating lease right-of-use assets, net of accumulated amortization of \$ 14,381 and \$13,220	19,434	20,762
Property, plant and equipment, net of accumulated depreciation of \$ 48,445 and \$46,020	48,291	50,946
Intangible assets, net of accumulated amortization of \$ 5,198 and \$5,155	524	330
<b>Total assets</b>	<b><u>\$ 258,010</u></b>	<b><u>\$ 282,616</u></b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 6,587	\$ 8,128
Operating lease liabilities, current	5,250	5,384
Accrued expenses and other current liabilities	23,050	30,303
Deferred revenue, current	31,524	28,973
<b>Total current liabilities</b>	<b><u>66,411</u></b>	<b><u>72,788</u></b>
Operating lease liabilities, non-current	18,442	19,851
Deferred revenue, non-current	147,365	149,060
Other liabilities, non-current	1,417	1,404
<b>Total liabilities</b>	<b><u>233,635</u></b>	<b><u>243,103</u></b>
<b>Stockholders' equity</b>		
Common stock - Ordinary shares par value £ 0.001, 1,702,760,280 authorized and 1,532,974,878 issued and outstanding (2023: 1,702,760,280 authorized and 1,363,008,102 issued and outstanding)	2,081	1,865
Additional paid in capital	1,096,690	1,064,569
Accumulated other comprehensive loss	(2,720)	(3,748)
Accumulated deficit	(1,071,676)	(1,023,173)
<b>Total stockholders' equity</b>	<b><u>24,375</u></b>	<b><u>39,513</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 258,010</u></b>	<b><u>\$ 282,616</u></b>

See accompanying notes to unaudited condensed financial statements.

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenue</b>	\$ 5,678	\$ 47,601
<b>Operating expenses</b>		
Research and development	(35,207)	(25,548)
General and administrative	(19,732)	(20,397)
<b>Total operating expenses</b>	<b>(54,939)</b>	<b>(45,945)</b>
<b>Operating (loss)/profit</b>	<b>(49,261)</b>	<b>1,656</b>
Interest income	1,345	676
Other income (expense), net	(61)	(671)
<b>(Loss)/profit before income tax expense</b>	<b>(47,977)</b>	<b>1,661</b>
Income tax expense	(526)	(625)
<b>Net (loss)/profit attributable to ordinary shareholders</b>	<b>\$ (48,503)</b>	<b>\$ 1,036</b>
<b>Net (loss)/profit per ordinary share</b>		
Basic	\$ (0.03)	\$ 0.00
Diluted	\$ (0.03)	\$ 0.00
<b>Weighted average shares outstanding:</b>		
Basic	1,451,241,661	991,330,402
Diluted	1,451,241,661	1,000,276,615

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended March 31,	
	2024	2023
<b>Net (loss)/profit</b>	<b>\$ (48,503)</b>	<b>\$ 1,036</b>
<b>Other comprehensive (loss)/income, net of tax</b>		
Foreign currency translation adjustments, net of tax of \$ 0, and \$0	6,815	(16,908)
Foreign currency gains (losses) on intercompany loan of a long-term investment nature, net of tax of \$0, and \$0	(5,782)	15,526
Unrealized holding gains (losses) on available-for-sale debt securities, net of tax of \$ 0, and \$0	(5)	472
<b>Total comprehensive (loss)/profit for the period</b>	<b>\$ (47,475)</b>	<b>\$ 126</b>

See accompanying notes to unaudited condensed consolidated financial statements.

**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) income	Accumulated deficit	Total stockholders' equity
Balance as of January 1, 2024	1,363,008,102	\$ 1,865	\$ 1,064,569	\$ (3,748)	\$ (1,023,173)	\$ 39,513
Net loss	—	—	—	—	(48,503)	(48,503)
Other comprehensive profit	—	—	—	1,028	—	1,028
Issuance of shares upon exercise of stock options	6,297,720	8	66	—	—	74
Issue of shares under At The Market sales agreement, net of commission and expenses	163,669,056	208	28,953	—	—	29,161
Share-based compensation expense	—	—	3,102	—	—	3,102
<b>Balance as of March 31, 2024</b>	<b>1,532,974,878</b>	<b>\$ 2,081</b>	<b>\$ 1,096,690</b>	<b>\$ (2,720)</b>	<b>\$ (1,071,676)</b>	<b>\$ 24,375</b>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	<b>Common stock</b>	<b>Common stock</b>	<b>Additional paid in capital</b>	<b>Accumulated other comprehensive (loss) income</b>	<b>Accumulated deficit</b>	<b>Total stockholders' equity</b>
<b>Balance as of January 1, 2023</b>	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
<b>Balance as of March 31, 2023</b>	<b>993,699,960</b>	<b>\$ 1,407</b>	<b>\$ 992,520</b>	<b>\$ (1,785)</b>	<b>\$ (908,266)</b>	<b>\$ 83,876</b>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Net (loss)/profit	\$ (48,503)	\$ 1,036
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation	2,771	1,659
Amortization	59	186
Share-based compensation expense	3,102	1,676
Unrealized foreign exchange losses	305	563
(Accretion)/amortization on available-for-sale debt securities	(23)	112
Other	(19)	134
<i>Changes in operating assets and liabilities:</i>		
Decrease in receivables and other operating assets	15,620	3,683
(Decrease)/increase in payables and other current liabilities	(7,650)	21
Increase/(decrease) in deferred revenue	2,388	(46,353)
<b>Net cash used in operating activities</b>	<b>(31,950)</b>	<b>(37,283)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(102)	(2,349)
Acquisition of intangible assets	(256)	(173)
Maturity or redemption of marketable securities	<u>—</u>	50,863
<b>Net cash (used in)/provided by investing activities</b>	<b>(358)</b>	<b>48,341</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common stock from offerings, net of commissions and issuance costs	29,161	188
Proceeds from exercise of stock options	74	8
<b>Net cash provided by financing activities</b>	<b>29,235</b>	<b>196</b>
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	(416)	588
Net (decrease)/increase in cash, cash equivalents and restricted cash	(3,489)	11,842
Cash, cash equivalents and restricted cash at start of period	147,017	109,602
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 143,528</b>	<b>\$ 121,444</b>

See accompanying notes to unaudited condensed consolidated financial statements.

**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 clinical development stage 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 \$1,071,676,000 as of March 31, 2024.

**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, 2024 (the "Annual Report"). The balance sheet as of December 31, 2023 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.

**(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 \$ 140,670,000, marketable securities of \$ 2,982,000 and restricted cash of \$2,858,000 as of March 31, 2024. 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 March 31, 2024 which are Genentech and GSK. There were accounts receivable of \$8,404,000 as of March 31, 2024 and \$ 821,000 as of December 31, 2023. The Company has been transacting with Genentech since 2021 and GSK since 2014, during which time no credit losses have been recognized. As of March 31, 2024, no allowance for expected credit losses is recognized on the basis that the possibility of credit losses arising on its receivables as of March 31, 2024 is considered to be remote. As of March 31, 2024 there are no receivables, either accrued or billed, due from Genentech that are no longer recoverable following the termination of the Genentech Collaboration and License Agreement.

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*

*Improvements to Reportable Segment Disclosures*

In November 2023, the FASB issued ASU 2023-07 – Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures, which improves segment disclosure requirements, primarily through enhanced disclosure requirements for significant segment expenses. The improved disclosure requirements apply to all public entities that are required to report segment information, including those with only one reportable segment. The Company adopted the guidance in the fiscal year beginning January 1, 2024. There was no impact on the Company's reportable segments identified and additional required disclosures have been included in Note 14.

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*To be adopted in future periods*

### *Improves to Income Tax Disclosures*

In December 2023, the FASB issued ASU 2023-09 – Income Taxes (Topic 740) – Improvements to Income Tax Disclosures, which improves income tax disclosures primarily relating to the rate reconciliation and income taxes paid information. This includes a tabular reconciliation using both percentages and reporting currency amounts, covering various tax and reconciling items, and disaggregated summaries of income taxes paid during the period. For public business entities, the guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company intends to adopt the guidance in the fiscal year beginning January 1, 2025. The Company is currently evaluating the impact of the guidance on its Consolidated financial statements.

### **Note 3 — Revenue**

The Company generates development revenue from collaboration agreements with customers. The Company had two revenue-generating contracts with customers in the three months ended March 31, 2024, compared to two in the three months ended March 31, 2023: a termination and transfer agreement with GSK that was effective on April 6, 2023, a strategic collaboration and license agreement with Genentech and a collaboration agreement with Astellas that was terminated as of March 6, 2023. The collaboration and licence agreement with Genentech was terminated in April 2024.

Revenue comprises the following categories (in thousands):

	Three months ended March 31,	
	2024	2023
Development revenue	\$ 5,678	\$ 47,601
	\$ 5,678	\$ 47,601

Deferred revenue decreased by \$ 856,000 from \$178,033,000 at December 31, 2023 to \$178,889,000 at March 31, 2024 due to revenue recognized during the quarter of \$5,678,000 that was included in deferred revenue at December 31, 2023 and a \$ 1,507,000 decrease caused by the change in the exchange rate between pound sterling and the U.S. dollar from £1.00 to \$1.27 at December 31, 2023 to £1.00 to \$1.26 at March 31, 2024. This was partially offset by a milestone of \$ 7,574,000 from GSK that was met and accrued at March 31, 2024.

The aggregate amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreements as of March 31, 2024 was \$305,509,000.

#### *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 March 31, 2024 was \$271,015,000. Of this amount \$165,672,000 is allocated to the research services and rights granted for the initial 'off-the-shelf' collaboration targets, \$85,963,000 is allocated to the research services and rights granted for the personalized therapies, \$13,081,000 is allocated to the material rights to designate the additional 'off-the-shelf' collaboration targets, \$5,039,000 is allocated to the material right for the first option to extend the research term and \$ 1,260,000 is allocated to the material right for the option to extend the research term a second time.

The Company originally expected to satisfy the performance obligations relating to the initial 'off-the-shelf' collaboration targets and the personalized therapies as development progressed 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 expected to satisfy the performance obligations relating to the material rights to designate additional 'off-the-shelf' collaboration targets from the point that the options would have been exercised and then as development progressed, in line with the initial 'off-the-shelf' collaboration targets, or at the point in time that the rights expired. The Company expected to satisfy the performance obligations relating to the material rights

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to extend the research term from the point that the options would have been exercised and then over the period of the extension, or at the point in time that the rights expired.

On April 12, 2024 the Company announced the termination of the collaboration with Genentech in relation to the research, development and commercialization of cancer targeted allogeneic T-cell therapies. See Note 15 for further discussion.

### *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 IGNYTE 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 milestone payment of £3 million and £12 million in September 2023 and December 2023, respectively. Further milestone payments totalling £7.5 million will be due in relation to successive stages of transfer of the trials of which a milestone of £6 million had been met and accrued, but not billed, at March 31, 2024.

The Company determined that GSK is a customer and has accounted for the agreement under ASC 606 *Revenue from Contracts with 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 IGNYTE 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 performance obligations over time from the point that sponsorship of the active trials that make up the trial transfers and then over the period that the trial is completed, based on the number of patients transferred and still actively enrolled to date on the trial at a given period-end relative to the total estimated periods of active patient enrollment over the estimated duration of the trial.

The Company considers that this depicts the progress of the completion of the trials under the Termination and Transfer Agreement, as the status of patients on the trial is not directly affected by decisions that the Company might make relating to its own development of the NY-ESO cell therapy program.

The amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreement as of March 31, 2024 was \$34,495,000, of which \$18,325,000 is allocated to the IGNYTE performance obligation and \$16,170,000 is allocated to the LTFU performance obligation.

### *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; 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 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 March 31, 2024 and no revenue was recognized in 2024.

### **Note 4 — (Loss)/profit per share**

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

	Three months ended March 31,	
	2024	2023
<b>Numerator for basic and diluted (loss)/profit per share</b>		
Net (loss)/profit attributable to ordinary shareholders	\$ (48,503)	\$ 1,036
<b>Net (loss)/profit attributable to ordinary shareholders used for basic and diluted (loss)/profit per share</b>	<b>\$ (48,503)</b>	<b>\$ 1,036</b>
	Three months ended March 31,	
	2024	2023
Denominator for basic (loss)/profit per share - Weighted average shares outstanding	1,451,241,661	991,330,402
Effect of dilutive securities:		
Employee stock options	—	8,946,213
<b>Denominator for diluted (loss)/profit per share</b>	<b>1,451,241,661</b>	<b>1,000,276,615</b>

The dilutive effect of 249,957,127 and 128,614,053 stock options outstanding as of March 31, 2024 and 2023 respectively have been excluded from the diluted (loss)/profit per share calculation for the three months ended March 31, 2024 and 2023 because they would have an antidilutive effect on the (loss)/profit per share for the period.

### **Note 5 — Accumulated other comprehensive (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, 2024	\$ (3,754)	\$ 6	\$ (3,748)
Foreign currency translation adjustments	6,815	—	6,815
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of \$0	(5,782)	—	(5,782)
Unrealized holding gains on available-for-sale debt securities, net of tax of \$0	—	(5)	(5)
<b>Balance at March 31, 2024</b>	<b>\$ (2,721)</b>	<b>\$ 1</b>	<b>\$ (2,720)</b>
	Accumulated foreign currency translation adjustments	Accumulated unrealized (losses) 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
<b>Balance at March 31, 2023</b>	<b>\$ (1,327)</b>	<b>\$ (458)</b>	<b>\$ (1,785)</b>

**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 March 31, 2024 are as follows (in thousands):

	March 31, 2024	Fair value measurements using		
		Level 1	Level 2	Level 3
<b>Assets classified as available-for-sale debt securities:</b>				
Corporate debt securities	\$ 2,982	\$ 2,982	\$ —	\$ —
	<b>\$ 2,982</b>	<b>\$ 2,982</b>	<b>\$ —</b>	<b>\$ —</b>

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 March 31, 2024, the Company has the following investments in marketable securities (in thousands):

	<u>Remaining contractual maturity</u>	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Aggregate estimated fair value</u>
<b>Available-for-sale debt securities:</b>					
Corporate debt securities	3 months to 1 year	\$ 2,981	\$ 1	\$ —	\$ 2,982
		<u>\$ 2,981</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 2,982</u>

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 March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024			December 31, 2023		
	Fair market value of investments in an unrealized loss position	Number of investments in an unrealized loss position	Unrealized losses	Fair market value of investments in an unrealized loss position	Number of investments in an unrealized loss position	Unrealized losses
<b>Marketable securities in a continuous loss position for less than 12 months:</b>						
Corporate debt securities	\$ —	—	\$ —	\$ 1,600	1	\$ (1)
	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 1,600</u>	<u>1</u>	<u>\$ (1)</u>

As of March 31, 2024, no allowance for expected credit losses has been recognized in relation to securities in an unrealized loss position as there are no securities in an unrealized loss position.

**Note 8 — Other current assets**

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

	March 31, 2024	December 31, 2023
Research and development credits receivable	\$ 18,697	\$ 46,098
Prepayments	9,854	9,954
Clinical materials	1,668	1,329
VAT receivable	1,791	—
Other current assets	2,837	2,412
	<u>\$ 34,847</u>	<u>\$ 59,793</u>

On January 19, 2024, a receipt of £24.2 million (\$30.8 million) was received from HMRC relating to the Research and development credits receivable.

**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 three months ended March 31, 2024 and 2023 and the weighted-average remaining lease term and the weighted-average discount rate as at March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
<b>Lease cost:</b>		
Operating lease cost	\$ 1,682	\$ 1,060
Short-term lease cost	59	137
	<b><u>\$ 1,741</u></b>	<b><u>\$ 1,197</u></b>
	March 31,	2023
	2024	2023
Weighted-average remaining lease term - operating leases	5.3 years	6.7 years
Weighted-average discount rate - operating leases	8.0%	6.8%

The maturities of operating lease liabilities as of March 31, 2024 are as follows (in thousands):

	<u>Operating leases</u>	
2024	\$	5,189
2025		5,561
2026		4,362
2027		5,560
2028		2,141
after 2028		5,499
<b>Total lease payments</b>		<b>28,312</b>
Less: Imputed interest		(4,620)
<b>Present value of lease liability</b>	<b>\$</b>	<b>23,692</b>

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

**Note 10 — Accrued expenses and other current liabilities**

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

	March 31, 2024	December 31, 2023
Accrued clinical and development expenditure	\$ 12,049	\$ 12,351
Accrued employee expenses	6,248	13,226
VAT payable	—	1,398
Other accrued expenditure	4,113	3,277
Other	640	51
	<b><u>\$ 23,050</u></b>	<b><u>\$ 30,303</u></b>

**Note 11 — 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 March 31,	
	2024	2023
Research and development	\$ 813	\$ 116
General and administrative	2,289	1,560
	<b>\$ 3,102</b>	<b>\$ 1,676</b>

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 March 31,	
	2024	2023
Number of options over ordinary shares granted	37,097,688	21,755,328
Weighted average fair value of ordinary shares options	\$ 0.12	\$ 0.25
Number of additional options with a nominal exercise price granted	26,984,352	19,866,912
Weighted average fair value of options with a nominal exercise price	\$ 0.14	\$ 0.32

**Note 12 — Stockholders' equity**

On April 8, 2022 the Company entered into a sales agreement with Cowen (the "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 three months ended March 31, 2024 the Company sold 27,278,176 ADSs under the agreement representing 163,669,056 ordinary shares resulting in net proceeds to the Company of \$29,149,648 after deducting commissions payable under the Sales Agreement and estimated issuance costs. As of March 31, 2024, approximately \$156,228,841 remained available for sale under the Sales Agreement.

**Note 13 – Business combinations**

On March 6, 2023 the Company announced entry into a definitive agreement under which it would combine with TCR<sup>2</sup> Therapeutics Inc. ("TCR<sup>2</sup>") in an all-stock transaction to create a preeminent cell therapy company focused on treating solid tumors. TCR<sup>2</sup> 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 TCR<sup>2</sup> stockholders on May 30, 2023 and the merger became effective on June 1, 2023. The Company issued 357,429,306 shares to TCR<sup>2</sup> stockholders in return for 100% of TCR<sup>2</sup>'s stock. As a result, TCR<sup>2</sup> and all entities within the TCR<sup>2</sup> group, became wholly owned by the Company. Following the completion of the transaction, the former TCR<sup>2</sup> 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 TCR<sup>2</sup> as the acquiree, and June 1, 2023 was determined to be the acquisition date.

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The consideration transferred for TCR<sup>2</sup> includes the shares issued by the Company to former TCR<sup>2</sup> shareholders, plus the fair value of replacement awards of the Company granted to TCR<sup>2</sup> 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
Fair value of replacement options and RSU-style options granted attributable to pre-combination service:	963
<b>Purchase consideration</b>	<b>\$ 61,726</b>

**Identifiable assets acquired and liabilities assumed:**

<i>Assets acquired</i>	
Cash and cash equivalents	\$ 43,610
Restricted cash	1,654
Marketable securities - available-for-sale debt securities	39,532
Other current assets and prepaid expenses	6,029
Property, plant and equipment	2,712
Operating lease right-of-use assets	5,145
Intangible assets	58
<b>Total assets acquired</b>	<b>\$ 98,740</b>
<i>Liabilities assumed</i>	
Accounts payable	(6,210)
Accrued expenses and other current liabilities	(4,537)
Operating lease liabilities, current	(1,974)
Operating lease liabilities, non-current	(2,244)
<b>Total liabilities assumed</b>	<b>\$ (14,965)</b>
<b>Net assets acquired and liabilities assumed</b>	<b>\$ 83,775</b>

The fair value of the 357,429,306 ordinary shares issued to TCR<sup>2</sup> 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 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 TCR<sup>2</sup> was the lessee. The Company retained TCR<sup>2</sup>'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.

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	\$ (61,726)
Net assets acquired and liabilities assumed	83,775
<b>Gain on bargain purchase</b>	<b>\$ 22,049</b>

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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 TCR<sup>2</sup> 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 revenue and earnings of the combined entity for the three months ended March 31, 2023, had the acquisition date been January 1, 2022, would be as follows:

	Three months ended March 31, 2023
Revenue	\$ 47,601
Net loss	(31,325)

The supplemental pro forma earnings for the three months ended March 31, 2023 were adjusted to exclude the \$ 3.8 million of acquisition-related costs recognized by the Company and the \$3.7 million of acquisition-related costs incurred by TCR<sup>2</sup> during that period. The supplemental pro forma earnings was 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 TCR<sup>2</sup> in the three months ended March 31, 2023 of \$0.6 million was excluded from the pro forma earnings.

TCR<sup>2</sup> did not generate revenue in the period from January 1, 2023 to March 31, 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 2023:

	Three months ended March 31, 2023	Total acquisition-related costs
Legal, professional and accounting fees	\$ 3,323	\$ 5,174
Bankers' fees	750	2,172
<b>Total acquisition-related costs</b>	<b>\$ 4,073</b>	<b>\$ 7,346</b>

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 TCR<sup>2</sup> stockholders.

### **Note 14 – Segment reporting**

The Company has one reportable segment relating to the research, development and planned commercialization of its novel cell therapies. The segment derives its current revenues from research and development collaborations.

The Company's chief operating decision maker (the "CODM"), its Chief Executive Officer and the senior leadership team (comprising the Executive Team members and three senior vice presidents), manages the Company's operations on an integrated basis for the purposes of allocating resources. When evaluating the Company's financial performance, the CODM reviews total revenues, total expenses and expenses by function and the CODM makes decisions using this information on a global basis.

The table below is a summary of the segment profit or loss, including significant segment expenses (in thousands):

	Three months ended March 31,	
	2024	2023
Revenue	\$ 5,678	\$ 47,601
Less:		
Research	(3,800)	(3,500)
CMC and Quality	(14,200)	(14,300)
Biomarkers	(2,500)	(1,200)
Development and Compliance	(12,600)	(9,200)
Infrastructure management and Facilities	(7,700)	(6,200)
Commercial planning	(2,600)	(1,100)
Support functions	(9,000)	(13,600)
Other segment expenses <sup>(a)</sup>	(2,539)	3,155
<b>Total operating expenses</b>	<b>(54,939)</b>	<b>(45,945)</b>
<b>Operating (loss)/profit</b>	<b>(49,261)</b>	<b>1,656</b>
Interest income	1,345	676
Other income (expense), net	(61)	(671)
Income tax expense	(526)	(625)
<b>Segment and consolidated net (loss)/profit</b>	<b>\$ (48,503)</b>	<b>\$ 1,036</b>

<sup>(a)</sup>Other segment expenses includes reimbursements receivable for research and development tax and expenditure credits, depreciation, amortization and share-based compensation expenses.

#### Note 15 – Subsequent events

On April 12, 2024 we announced the termination of the strategic collaboration between us and Genentech in relation to the research, development and commercialization of cancer targeted allogeneic T-cell therapies. The termination becomes effective 180 days after the date of receipt of the notice of termination (the "Genentech Termination Date"). As a result of the termination of the Agreement, Adapimmune will not be entitled to receive any further milestones or other payments that become due after the Genentech Termination Date. We will also cease to have any development obligations after the Genentech Termination Date and all licenses granted to Genentech pursuant to the Agreement will cease to be in effect as of the Genentech Termination Date. The termination is expected to result in the deferred revenue associated with the agreement of \$146,287,000 as of March 31, 2024, being recognised as revenue in the remainder of 2024. However, the Company is still evaluating the terms of the termination and therefore an estimate of the other financial effects of this event on the Company cannot yet be made.

On February 27, 2024 we announced the return of Cintia Piccina as our Chief Commercial Officer, effective March 18, 2024.

On May 14, 2024 (the "Closing Date"), we entered into a Loan and Security Agreement (the "Loan Agreement"), with several banks and other financial institutions or entities (each, a "Lender", and collectively "Lenders") and Hercules Capital, Inc. (the "Agent"), for a term loan facility of up to \$125.0 million (the "Term Loan"), consisting of a term loan advance in the aggregate principal amount equal to \$ 25.0 million on the Closing Date (the "Tranche 1 Advance"), a term loan advance available to the Company subject to certain terms and conditions in the aggregate principal amount of \$25.0 million (the "Tranche 2 Advance"), a term loan advance available subject to certain terms and conditions in the aggregate amount of \$5.0 million (the "Tranche 3 Advance"), a term loan advance available subject to certain terms and conditions in the aggregate principal amount of \$30.0 million (the "Tranche 4 Advance") and a term loan advance available in the sole discretion of the Lenders and subject to certain terms and conditions in the aggregate principal amount of \$40.0 million (the "Tranche 5 Advance" and together with each Tranche Advance, the "Term Loan Advances"). The proceeds of the Term Loan will be used solely to repay related fees and expenses in connection with the Loan Agreement and for working capital and general corporate purposes.

## **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, 2023, included in our Annual Report on Form 10-K that was filed with the SEC on March 6, 2024. 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, 2023, 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 transitioning in 2024 to a commercial-stage cell therapy company. We focus on providing novel cell therapies to people with cancer. We are a leader in the development of T-cell therapies for solid tumors and are anticipating our first marketing approval followed by the commercial launch of afami-cel in 2024. Our first product, afamitresgene autoleucel or "afami-cel" is specific to synovial sarcoma and will be the first product in our sarcoma product franchise. Letetresgene autoleucel or "lete-cel", which we are planning for U.S. commercial launch in 2026, will be our second product in the sarcoma franchise and will target both synovial sarcoma and myxoid round cell liposarcoma ("MRCLS"), significantly expanding our treatable patient population.

#### ***Afami-cel and Commercialization***

Adaptimmune's lead product, afami-cel targets the MAGE-A4 antigen. We filed a Biologics License Application ("BLA") with the Food and Drug Administration ("FDA") in December 2023 for afami-cel, a cell therapy that provides a treatment option for people with synovial sarcoma.

We announced FDA acceptance of the BLA for afami-cel, which has priority review on January 31, 2024. The BLA has a Prescription Drug User Fee Act ("PDUFA") target action date of August 4, 2024. We are currently preparing for the launch of afami-cel for shortly after the PDUFA target action date. We plan to work with a select number of authorized treatment centers (ATC's) to deliver afami-cel and anticipate growing to 30 ATCs. Launch efforts will focus on sarcoma centers of excellence with a higher concentration of eligible patients. Initial actions to prepare for launch already under way. We are working with third parties to implement the necessary infrastructure to support the launch, including with diagnostic laboratory partners for the supply of the required companion diagnostics for eligibility testing.

Data from the SPEARHEAD-1 trial which supported the BLA filing was published in the Lancet in March 2024, with treatment with afami-cel resulting in 39% overall response rate in synovial sarcoma. Enrollment in the SPEARHEAD-1 trial in synovial sarcoma will shortly complete in the U.S. Enrollment in the SPEARHEAD-1 trial is continuing in Canada, the U.K., Spain and France. A pediatric trial, SPEARHEAD -3, is currently enrolling in the U.S..

#### ***Lete-cel***

We have now transitioned sponsorship for the ongoing clinical trials for lete-cel to Adaptimmune from GSK. The transitioned IGNYTE-ESO trial is ongoing but closed to enrolment. Lete-cel targets the NY-ESO antigen and is in clinical trials for people with synovial sarcoma and MRCLS. We reported interim analysis data for the IGNYTE-ESO trial with lete-cel at CTOS in 2023. In sub-study 2 of the IGNYTE-ESO trial, we reported a 40% ORR (18/45 patients treated) in synovial sarcoma and MRCLS combined and approximately 11 months median duration of response. The primary efficacy endpoint requires 16/60 patients to have a response. Sub-study 2 explores safety and efficacy in patients who received prior anthracycline treatment and enrollment in sub-study 2 has completed. We also reported data for sub-study 1 of the IGNYTE-ESO trial which explores lete-cel in the first-line setting for treatment naïve patients with metastatic or unresectable synovial sarcoma or MRCLS. In the five patients treated the response rate was 80% (4/5) by investigator assessment.

### **Clinical Pipeline**

We have clinical trials ongoing for people with ovarian cancer, head and neck cancers and urothelial cancers in which the MAGE-A4 antigen is expressed. The SURPASS trials use a next-generation TCR T-cell with the aim of increasing efficacy.

- ***SURPASS-3 Phase 2 Trial with uzatresgene autoleucel ("uza-cel"; formerly ADP-A2M4CD8].*** A Phase 2 trial for people with platinum resistant ovarian cancer is recruiting patients. We have received Regenerative Medicine Advanced Therapy ("RMAT") designation for uza-cel for the treatment of this indication from the FDA. The Phase 2 trial will evaluate ADP-A2M4CD8 as both monotherapy and in combination with a checkpoint inhibitor, nivolumab, in ovarian cancer. The trial is open in the U.S., Canada, Spain, the U.K. and France.
- ***SURPASS Phase 1 Trial with uza-cel:*** Enrollment is ongoing in a Phase 1 trial, focusing on treatment of patients with head and neck and urothelial cancers in earlier line settings and in combination with a checkpoint inhibitor (nivolumab). In the focus areas of ovarian, urothelial and head and neck cancers the reported response rate is 75% in patients with 3 or fewer prior lines of therapy (9 out of 12 patients). The trial includes a combination cohort where participants receive a combination of uza-cel together with a checkpoint inhibitor (nivolumab). The trial is open at clinical sites in the U.S., Canada, France, the U.K. and Spain.

Our ADP-A2AFP Phase 1 trial, SURPASS-2 Phase 2 trial, gavo-cel and TC-510 trials have closed to enrolment.

### **Pre-clinical Pipeline**

Our aim is to utilize the insights we obtain from our clinical trials and translational sciences work to improve the efficacy of our existing products and approaches; and to increase the scope of our cell therapies and ability to treat an increasing number of patients. We are currently focusing our preclinical pipeline on the development of T-cell therapies directed to PRAME and CD70 and on our allogeneic cell therapy platform.

- PRAME is highly expressed across a broad range of solid tumors including ovarian, endometrial, lung and breast cancers. We are developing TCR T-cells directed to PRAME, with the initial candidate currently in preclinical testing and next-generation candidates being developed over the longer term.
- The CD70 program targets the CD70 antigen which is expressed across a range of hematological malignancies (acute myeloid leukemia and lymphoma) and solid tumors (renal cell carcinoma). We are using TRuC technology to develop a T-cell therapy against CD70, with membrane bound IL-15 to enhance persistence. The T-cell therapy is currently in pre-clinical testing.
- Our allogeneic 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 collaboration with Genentech Inc ("Genentech"). Termination of the agreement for the collaboration was announced on April 12, 2024 with termination becoming effective 180 days after receipt of notice of termination. The collaboration covered the development of two types of allogeneic T-cell therapies: (i) off-the-shelf  $\alpha\beta$  T-cell therapies directed to up to five collaboration targets and (ii) personalized therapies utilizing  $\alpha\beta$  T-cell receptors (TCRs) isolated from a patient, with these therapies being administered to the same patient. As of the effective date of termination, Adaptimmune will not be entitled to receive any additional milestones due after the date of termination and will also cease to have any further development obligations under the agreement.

### **Corporate News**

On February 27, 2024 we announced the return of Cintia Piccina as our Chief Commercial Officer, effective March 18, 2024.

On May 14, 2024 (the "Closing Date"), we entered into a Loan and Security Agreement (the "Loan Agreement"), with several banks and other financial institutions or entities ("Lender") and Hercules Capital, Inc. (the "Agent"), for a term loan facility of up to \$125.0 million (the "Term Loan"), consisting of a term loan advance in the aggregate principal amount equal to \$25.0 million on the Closing Date (the "Tranche 1 Advance"), a term loan advance available to the Company subject to certain terms and conditions in the

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aggregate principal amount of \$25.0 million (the "Tranche 2 Advance"), a term loan advance available subject to certain terms and conditions in the aggregate amount of \$5.0 million (the "Tranche 3 Advance"), a term loan advance available subject to certain terms and conditions in the aggregate principal amount of \$30.0 million (the "Tranche 4 Advance") and a term loan advance available in the sole discretion of the Lenders and subject to certain terms and conditions in the aggregate principal amount of \$40.0 million (the "Tranche 5 Advance" and together with each Tranche Advance, the "Term Loan Advances"). The proceeds of the Term Loan will be used solely to repay related fees and expenses in connection with the Loan Agreement and for working capital and general corporate purposes.

### **Financial Operations Overview**

#### **Revenue**

The Company had two contracts with customers in the three months ended March 31, 2024, and two in the three months ended March 31, 2023: the Astellas Collaboration Agreement (until March 6, 2023), the Genentech Collaboration Agreement and the GSK Termination and Transfer Agreement (from April 11, 2023).

#### *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.

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 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 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 \$42.4 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 2024.

#### *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 would 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 would determine whether to further develop and commercialize such therapies. The Company

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received an upfront payment of \$150 million in October 2021 and milestone payments of \$20 million and \$15 million in December 2022 and 2023, respectively.

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 was recognized as development progressed. The revenue allocated to the material rights to designate additional 'off-the-shelf' collaboration targets would have been recognized from the point that the options were exercised and then as development progressed, in line with the initial "off-the-shelf" collaboration targets, or at the point in time that the rights expired. The revenue from the material rights to extend the research term would have been recognized from the point that the options were exercised and then over the period of the extension, or at the point in time that the options expired.

On April 12, 2024 we announced the termination of the strategic collaboration between us and Genentech in relation to the research, development and commercialization of cancer targeted allogeneic T-cell therapies. The termination becomes effective 180 days after the date of receipt of the notice of termination. As a result of the termination of the Agreement, Adaptimmune will not be entitled to receive any further milestones or other payments that become due after the Genentech Termination Date. We will also cease to have any development obligations after the Genentech Termination Date and all licenses granted to Genentech pursuant to the Agreement will cease to be in effect as of the Genentech Termination Date. The termination is expected to result in the deferred income associated with the agreement of \$146.3 million as of March 31, 2024, being recognised as revenue in the remainder of 2024. However, the Company is still evaluating the terms of the termination and therefore an estimate of the other financial effects of this event on the Company cannot yet be made.

### **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 iLeT-e cel clinical trials forming part of the NY-ESO cell therapy program.

As part of the agreement, sponsorship of the ongoing IGNYTE and 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 milestone payments of £3 million and £12 million to Adaptimmune in September and December 2023, respectively. Further milestone payments totaling £7.5 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 and complete the IGNYTE trial and (ii) to take over sponsorship and complete the LTFU trial. The revenue allocated to both obligations is recognized over time from the point that sponsorship of the active trials that make up the trial transfer, based on the number of patients transferred and still actively enrolled to date on the trial at a given period-end relative to the total estimated periods of active patient enrollment over the estimated duration of the trial.

### **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;
- fees and other costs paid to contract research organizations in connection with additional preclinical testing and the performance of clinical trials;

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- 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 cell 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 18.6% of eligible research and development expenditures. 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 12.1%. A large proportion of costs in relation to our pipeline research, 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 20% of allowable R&D costs, which may result in a payable tax credit at an effective rate of approximately 15% of qualifying expenditure for the year ended December 31, 2024.

On July 18, 2023, the U.K. Government released draft legislation on proposed changes to the U.K. research and development regimes which was subsequently enacted on February 22, 2024. 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 higher effective cash tax benefit of 27% will be available. The legislation also includes changes to other rules and types of qualifying expenditure, such as the treatment of subcontracted and overseas costs.

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;
- costs of facilities, communication, and office expenses;
- cost of establishing commercial operations;
- 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 Income (Expense), Net**

Other income (expense), net primarily comprises foreign exchange gains (losses). We are exposed to foreign exchange rate risk because we currently operate facilities 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 U.K.-based subsidiary incurs significant research and development costs in U.S. dollars and, to a lesser extent, Euros. Our U.K. subsidiary has an intercompany loan balance in U.S. dollars payable to the ultimate parent company, Adaptimmune Therapeutics plc. Since July 1, 2019, the intercompany loan has been considered as being a long-term investment as repayment is not planned or anticipated in the foreseeable future. It is Adaptimmune Therapeutics plc's 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.

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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. The rate of U.K. corporation tax is 25% for the year ended December 31, 2024.

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 Adaptimmune LLC 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.

TCR<sup>2</sup> Therapeutics, Inc. ("TCR<sup>2</sup>") has incurred net losses since acquisition and generates research and development tax credits. TCR<sup>2</sup>'s operating loss and tax credit carryforwards and other tax attributes are reduced by a valuation allowance to the amount supported by reversing taxable temporary differences because there is currently no indication that we will make sufficient taxable profits to utilize these deferred tax assets.

In the future, if we generate taxable income in the United Kingdom, 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.

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, 2023.

### **Results of Operations**

#### ***Comparison of three months ended March 31, 2024 and 2023***

The following table summarizes the results of our operations for the three months ended March 31, 2024 and 2023, together with the changes to those items (in thousands):

	Three months ended March 31,		Increase/decrease
	2024	2023	
<b>Revenue</b>			
Research and development expenses	\$ 5,678	\$ 47,601	\$ (41,923) (88)%
General and administrative expenses	(35,207)	(25,548)	(9,659) 38 %
<b>Total operating expenses</b>	<b>(54,939)</b>	<b>(45,945)</b>	<b>(8,994) 20 %</b>
<b>Operating loss</b>	<b>(49,261)</b>	<b>1,656</b>	<b>(50,917) (3,075)%</b>
Interest income	1,345	676	669 99 %
Other (expense) income, net	(61)	(671)	610 (91)%
<b>Loss before income tax expense</b>	<b>(47,977)</b>	<b>1,661</b>	<b>(49,638) (2,988)%</b>
Income tax expense	(526)	(625)	99 (16)%
<b>Loss for the period</b>	<b>\$ (48,503)</b>	<b>\$ 1,036</b>	<b>\$ (49,539) (4,782)%</b>

#### Revenue

Revenue decreased by \$41.9 million to \$5.7 million in the three months ended March 31, 2024 compared to \$47.6 million for the three months ended March 31, 2023 primarily due to the termination of the Astellas collaboration in the first quarter of 2023, resulting in the remaining deferred revenue for the collaboration of \$42.4 million being recognized as revenue in March 2023. The revenue recognized in the three months ended March 31, 2024 relates to development revenue under the Genentech collaboration agreement and the GSK termination and transfer agreement.

#### Research and Development Expenses

Research and development expenses increased by 38% to \$35.2 million for the three months ended March 31, 2024 from \$25.5 million for the three months ended March 31, 2023.

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

	Three months ended March 31,		Increase/decrease
	2024	2023	
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs <sup>(1)</sup>	\$ 24,025	18,107	\$ 5,918 33 %
Subcontracted expenditure	11,457	11,165	292 3 %
Manufacturing facility expenditure	2,400	1,508	892 59 %
Share-based compensation expense	814	116	698 602 %
In-process research and development costs	10	—	10 — %
Reimbursements receivable for research and development tax and expenditure credits	(3,499)	(5,348)	1,849 (35)%
<b>\$ 35,207</b>	<b>\$ 25,548</b>	<b>\$ 9,659</b>	<b>38 %</b>

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

The net increase in our research and development expenses of \$9.7 million for the three months ended March 31, 2024 compared to the same period in 2023 was primarily due to the following:

- an increase of \$5.9 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is driven by an increase in the average number of employees engaged in research and

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development following the acquisition of TCR<sup>2</sup> in June 2023 and increased costs relating to property due to additional lease properties acquired following the acquisition of TCR<sup>2</sup>;

- an increase of \$0.9 million in manufacturing facility expenditure due partially to the consumption of batches of clinical materials that had not previously been impaired, compared to 2023 where clinical materials consumed were primarily those that had been impaired to nil in previous years and therefore no corresponding expense was recognised; and
- an increase of \$0.7 million in share-based compensation expense due to high forfeiture credits in the first quarter of 2023 due to redundancies in the same period which were not repeated in 2024; offset by
- a decrease of \$1.8 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 the three months ended March 31, 2024 were \$11.5 million, compared to \$11.2 million in the same period of 2023. This includes \$8.4 million of costs directly associated with our afami-cel, lete-cel and uza-cel T-cells and \$3.1 million of other development costs.

### **General and Administrative Expenses**

General and administrative expenses decreased by 3% to \$19.7 million for the three months ended March 31, 2024 from \$20.4 million in the same period in 2023. Our general and administrative expenses consist of the following (in thousands):

	Three months ended March 31,		Increase/decrease	
	2024	2023		
Salaries, depreciation of property, plant and equipment and other employee-related costs	\$ 9,880	\$ 8,368	\$ 1,512	18 %
Restructuring charges	—	1,703	(1,703)	(100)%
Other corporate costs	7,563	8,766	(1,203)	(14)%
Share-based compensation expense	2,289	1,560	729	47 %
	<b>\$ 19,732</b>	<b>\$ 20,397</b>	<b>\$ (665)</b>	<b>(3)%</b>

The net decrease in our general and administrative expenses of \$0.7 million for the the three months ended March 31, 2024 compared to the same period in 2023 was largely due to:

- a reduction in restructuring charges of \$1.7 million, which related to the restructuring programme completed in the first quarter of 2023; and
- a decrease of \$1.2 million in other corporate costs due to a decrease in accounting, legal and professional fees, which were high in the first quarter of 2023 due to fees incurred in relation to entering into the TCR<sup>2</sup> Therapeutics Inc. merger agreement, although this was offset partially by an increase in pre-commercialization fees in 2024; offset by
- an increase of \$1.5 million in salaries, depreciation of property, plant and equipment and other employee-related costs, due primarily to an increase in depreciation following the completion of the construction of manufacturing facilities in the U.K. and U.S that was completed in 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 TCR<sup>2</sup> 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 March 31, 2024, we have raised:

- \$899.3 million, net of issuance costs, through the issuance of shares;
- \$437.8 million through collaborative arrangements with Genentech, GSK and Astellas; and
- \$141.3 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 TCR<sup>2</sup> 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 March 31, 2024, we had cash and cash equivalents of \$140.7 million and Total Liquidity of \$143.7 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, together with anticipated revenues from the launch of afami-cel, expected future income from partners and other non-dilutive capital sources including the Company's new debt facility with Hercules Capital, will be sufficient to fund the Company's current operations, based upon our currently anticipated research and development activities and planned capital spending, into late 2025. This belief is based on estimates that are subject to risks and uncertainties and may change if actual results differ from management's estimates.

### Cash Flows

The following table summarizes the results of our cash flows for the three months ended March 31, 2024 and 2023 (in thousands):

	Three months ended March 31,	
	2024	2023
Net cash used in operating activities	\$ (31,950)	\$ (37,283)
Net cash (used in)/provided by investing activities	(358)	48,341
Net cash provided by financing activities	29,235	196
Cash, cash equivalents and restricted cash	143,528	121,444

### Operating Activities

Net cash used in operating activities was \$32.0 million for the three months ended March 31, 2024 compared to \$37.3 million for the three months ended March 31, 2023. Our activities typically result in net use of cash in operating activities. The net cash used in operating activities for the three months ended March 31, 2024 decreased primarily due to the receipt of Research and development credits of \$30.8 million which was offset by an increase in Research and development operating expenditure and a decrease in payables over the quarter. Operating cash used in activities in the three months ended March 31, 2023 was also higher as a result of the restructuring and re-prioritization of activities that was finalised in the first quarter of 2023 which resulted in one-off payments of approximately \$4 million in the first quarter of 2023.

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Net cash used in operating activities of \$32.0 million for the three months ended March 31, 2024 comprised a net loss of \$48.5 million and a net cash inflow of \$10.4 million from changes in operating assets and liabilities, offset by non-cash items of \$6.2 million. The changes in operating assets and liabilities include the impact of a \$17.7 million decrease in reimbursements receivable for research and development tax credits. The non-cash items consisted primarily of depreciation expense on plant and equipment of \$2.8 million, share-based compensation expense of \$3.1 million, unrealized foreign exchange losses of \$0.3 million and other items of \$0.2 million.

### **Investing Activities**

Net cash used in investing activities was \$0.4 million for the three months ended March 31, 2024 compared to \$48.3 million provided by investing activities for the three months ended March 31, 2023. The net cash used in or provided by investing activities for the respective periods consisted primarily of:

- purchases of property, plant and equipment of \$0.1 million and \$2.3 million for the three months ended March 31, 2024 and 2023, respectively. Purchases of property, plant and equipment were higher in 2023 compared to 2024 due to expanding our manufacturing facilities, which was largely completed in 2022 and finalised in 2023; and
- there were no cash inflows from maturity or redemption of marketable securities in the three months ended March 31, 2024 compared to \$50.9 million for the three months ended March 31, 2023.

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

### **Financing Activities**

Net cash provided by financing activities was \$29.2 million and \$0.2 million for the three months ended March 31, 2024 and 2023, respectively. The net cash provided by financing activities in the three months ended March 31, 2024 consisted primarily of net proceeds of \$29.2 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 three months ended March 31, 2023 consisted primarily of net proceeds of \$0.2 million from shares issued in an At-The-Market offering, net of commissions and issuance costs.

### **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):

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	\$ 140,670	\$ 143,991
Marketable securities - available-for-sale debt securities	2,982	2,947
<b>Total Liquidity</b>	<b>\$ 143,652</b>	<b>\$ 146,938</b>

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.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

There have been no material changes to the Company's market risk during the three months ended March 31, 2024. 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, 2023.

**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 March 31, 2024.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at March 31, 2024.

**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 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings.**

As of March 31, 2024 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, 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 March 31, 2024, 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, 2023.

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

None.

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**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

During the three-month period ended March 31, 2024, none of our directors or officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined in Item 408(a) of Regulation S-K.

**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
31.1**	<a href="#">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.</a>
31.2**	<a href="#">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.</a>
32.1***	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2***	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101**	The following financial information from Adaptimmune Therapeutics plc's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024, formatted in iXBRL (Inline extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, (ii) Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023, (iii) Unaudited Condensed Consolidated Statements of Comprehensive Income/Loss for the three months ended March 31, 2024 and 2023, (iv) Unaudited Condensed Consolidated Statements of Change in Equity for the three months ended March 31, 2024 and 2023, (v) Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023 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.

**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: May 15, 2024

/s/ Adrian Rawcliffe  
Adrian Rawcliffe  
*Chief Executive Officer*

Date: May 15, 2024

/s/ Gavin Wood  
Gavin Wood  
*Chief Financial 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, 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: May 15, 2024

*/s/* Adrian Rawcliffe  
Adrian Rawcliffe  
Chief Executive Officer

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**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: May 15, 2024

*/s/* Gavin Wood

Gavin Wood  
Chief Financial Officer

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**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 March 31, 2024, 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: May 15, 2024

*/s/ Adrian Rawcliffe*  
Adrian Rawcliffe  
*Chief Executive Officer*

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**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 March 31, 2024, 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: May 15, 2024

*/s/* Gavin Wood

Gavin Wood

*Chief Financial Officer*

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