Table of Contents

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

FORM 10-Q

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

For the quarterly period ended June 30, 2021

OR

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

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

ADAPTIMMUNE THERAPEUTICS PLC
(Exact name of Registrant as specified in its charter)

England and Wales	**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)

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
American Depositary Shares, each representing 6 Ordinary Shares, par value £0.001 per share	ADAP	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer☒	Accelerated filer ☐
Non-accelerated filer☐	Smaller reporting company ☐
	Emerging growth company☐

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

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

As of August 6, 2021, the number of outstanding ordinary shares par value £0.001 per share of the Registrant is 936,530,694.

TABLE OF CONTENTS

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 listed under Part II, Item 1A. Risk Factors of this Quarterly Report and under Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2020. 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)

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 50,453	$ 56,882
Marketable securities - available-for-sale debt securities	234,917	311,335
Accounts receivable, net of allowance for doubtful accounts of $0 and $0	2,158	139
Other current assets and prepaid expenses	49,816	29,796
Total current assets	**337,344**	**398,152**
Restricted cash	4,632	4,602
Operating lease right-of-use assets, net of accumulated amortization	17,772	18,880
Property, plant and equipment, net of accumulated depreciation of $34,360 (2020: $31,097)	28,663	27,778
Intangibles, net of accumulated amortization	1,382	1,730
Total assets	$ **389,793**	$ **451,142**
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 6,977	$ 6,389
Operating lease liabilities, current	2,922	2,773
Accrued expenses and other accrued liabilities	26,606	27,079
Deferred revenue, current	4,911	2,832
Total current liabilities	**41,416**	**39,073**
Operating lease liabilities, non-current	19,723	20,938
Deferred revenue, non-current	50,048	49,260
Other liabilities, non-current	667	644
Total liabilities	**111,854**	**109,915**
Stockholders' equity		
Common stock - Ordinary shares par value £0.001, 1,240,853,520 authorized and 936,237,126 issued and outstanding (2020: 1,038,249,630 authorized and 928,754,958 issued and outstanding)	1,336	1,325
Additional paid in capital	949,575	935,706
Accumulated other comprehensive loss	(10,385)	(10,048)
Accumulated deficit	(662,587)	(585,756)
Total stockholders' equity	**277,939**	**341,227**
Total liabilities and stockholders' equity	$ **389,793**	$ **451,142**

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue	**$ 3,095**	**$ 502**	**$ 3,529**	**$ 1,263**
Operating expenses				
Research and development	(28,868)	(20,460)	(53,374)	(41,724)
General and administrative	(13,539)	(10,295)	(27,356)	(19,556)
Total operating expenses	**(42,407)**	**(30,755)**	**(80,730)**	**(61,280)**
Operating loss	**(39,312)**	**(30,253)**	**(77,201)**	**(60,017)**
Interest income	266	1,147	691	1,877
Other income (expense), net	54	(749)	53	188
Loss before income taxes	**(38,992)**	**(29,855)**	**(76,457)**	**(57,952)**
Income taxes	(76)	(25)	(374)	(95)
Net loss attributable to ordinary shareholders	**$ (39,068)**	**$ (29,880)**	**$ (76,831)**	**$ (58,047)**
Net loss per ordinary share				
Basic and diluted	**$ (0.04)**	**$ (0.04)**	**$ (0.08)**	**$ (0.07)**
Weighted average shares outstanding:				
Basic and diluted	934,228,095	822,725,556	932,667,125	781,235,457

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net loss	**$ (39,068)**	**$ (29,880)**	**$ (76,831)**	**$ (58,047)**
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustments, net of tax of $0, $0, $0 and $0	(4,177)	1,194	(7,178)	19,105
Foreign currency gains (losses) on intercompany loan of a long-term investment nature, net of tax of $0, $0, $0 and $0	3,911	(1,108)	6,959	(20,759)
Unrealized holding gains (losses) on available-for-sale debt securities, net of tax of $0, $0, $0 and $0	105	699	(118)	113
Total comprehensive loss for the period	**$ (39,229)**	**$ (29,095)**	**$ (77,168)**	**$ (59,588)**

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	Accumulated deficit	Total stockholders' equity
Balance as of 1 January 2021	928,754,958	$ 1,325	$ 935,706	$ (10,048)	$ (585,756)	$ 341,227
Net loss	—	—	—	—	(37,763)	(37,763)
Other comprehensive loss	—	—	—	(176)	—	(176)
Issuance of shares upon exercise of stock options	4,062,210	6	529	—	—	535
Share-based compensation expense	—	—	5,334	—	—	5,334
Balance as of March 31, 2021	**932,817,168**	**$ 1,331**	**$ 941,569**	**$ (10,224)**	**$ (623,519)**	**$ 309,157**
Net loss	—	—	—	—	(39,068)	(39,068)
Other comprehensive loss	—	—	—	(161)	—	(161)
Issuance of shares upon exercise of stock options	350,628	1	42	—	—	43
Issuance of shares under At The Market sales agreement, net of commission and expenses	3,069,330	4	2,515	—	—	2,519
Share-based compensation expense	—	—	5,449	—	—	5,449
Balance as of June 30, 2021	**936,237,126**	**$ 1,336**	**$ 949,575**	**$ (10,385)**	**$ (662,587)**	**$ 277,939**

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 1 January 2020	631,003,568	$ 943	$ 585,623	$ (7,264)	$ (455,664)	$ 123,638
Net loss	—	—	—	—	(28,167)	(28,167)
Other comprehensive loss	—	—	—	(2,326)	—	(2,326)
Issuance of shares upon exercise of stock options	4,610,772	6	888	—	—	894
Issuance of shares upon completion of public offering, net of issuance costs	144,900,000	190	90,360	—	—	90,550
Share-based compensation expense	—	—	1,448	—	—	1,448
Balance as of March 31, 2020	**780,514,340**	**$ 1,139**	**$ 678,319**	**$ (9,590)**	**$ (483,831)**	**$ 186,037**
Net loss	—	—	—	—	(29,880)	(29,880)
Other comprehensive income	—	—	—	785	—	785
Issuance of shares upon exercise of stock options	5,704,606	7	4,174	—	—	4,181
Issuance of shares upon completion of public offering, net of issuance costs	141,450,000	178	243,660	—	—	243,838
Share-based compensation expense	—	—	2,624	—	—	2,624
Balance as of June 30, 2020	**927,668,946**	**$ 1,324**	**$ 928,777**	**$ (8,805)**	**$ (513,711)**	**$ 407,585**

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six months ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net loss	$ (76,831)	$ (58,047)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,879	3,583
Share-based compensation expense	10,783	4,072
Unrealized foreign exchange gains	(267)	(2,004)
Amortization on available-for-sale debt securities	2,884	702
Other	1,401	480
Changes in operating assets and liabilities:		
Increase in receivables and other operating assets	(21,457)	(10,104)
Decrease in non-current operating assets	—	615
Increase in payables and other current liabilities	663	3,571
Increase in deferred revenue	1,946	49,074
Net cash used in operating activities	**(77,999)**	**(8,058)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,924)	(460)
Acquisition of intangibles	(143)	(407)
Maturity or redemption of marketable securities	154,465	39,931
Investment in marketable securities	(81,958)	(298,016)
Net cash provided by (used in) investing activities	**69,440**	**(258,952)**
Cash flows from financing activities		
Proceeds from issuance of common stock from offerings, net of commissions and issuance costs	2,519	334,388
Proceeds from exercise of stock options	578	5,075
Net cash provided by financing activities	**3,097**	**339,463**
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	(937)	(678)
Net (decrease) increase in cash, cash equivalents and restricted cash	(6,399)	71,775
Cash, cash equivalents and restricted cash at start of period	61,484	54,908
Cash, cash equivalents and restricted cash at end of period	$ **55,085**	$ **126,683**

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 early stage of clinical development including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical programs or clinical programs, the need to obtain marketing approval for its cell therapies, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of its cell therapies, the need to develop a reliable commercial manufacturing process, the need to commercialize any cell therapies that may be approved for marketing, and protection of proprietary technology. If the Company does not successfully commercialize any of its cell therapies, it will be unable to generate product revenue or achieve profitability. The Company had an accumulated deficit of $662,587,000 as of June 30, 2021.

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 February 25, 2021 (the "Annual Report"). The balance sheet as of December 31, 2020 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 primarily made in relation to valuation allowances relating to deferred tax assets, revenue recognition, 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) New accounting pronouncements

Recently adopted

Convertible instruments and contracts in an entity's own stock

On January 1, 2021, the Company adopted ASU 2020-06 - *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)—Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,* which simplifies the accounting for convertible instruments and contracts in an entity's own stock. The guidance was adopted on a modified retrospective basis, whereby the guidance is applied to transactions outstanding as of the beginning of the fiscal year in which the guidance is adopted. The guidance has not had a material impact on the Company's condensed consolidated financial statements.

To be adopted in future periods

Measurement of credit losses on financial instruments

In June 2016, the FASB issued ASU 2016-13 - Financial Instruments - Credit losses, which replaces the incurred loss impairment methodology for financial instruments in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance is effective for the fiscal year beginning January 1, 2020, including interim periods within that fiscal year. In November 2019, the FASB issued ASU 2019-10 which resulted in the postponement of the effective date of the new guidance for eligible smaller reporting companies (as defined by the SEC), including the Company, at that time to the fiscal year beginning January 1, 2023; however, earlier adoption is permitted, and the Company may choose to implement the guidance in an earlier fiscal year. The guidance must be adopted using a modified-retrospective approach and a prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. The Company is currently evaluating the impact of the guidance on its condensed consolidated financial statements.

Note 3 — Revenue

The Company has two contracts with customers: a collaboration and license agreement with GSK and a collaboration agreement with Astellas.

Revenue comprises the following categories (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Development revenue	$ 3,095	$ 502	$ 3,529	$ 1,263
	$ 3,095	**$ 502**	**$ 3,529**	**$ 1,263**

The aggregate amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreement as of June 30, 2021 was $65,414,000. Of this amount, $15,400,000 is allocated to the rights granted for each of the two independent Astellas targets, which will be recognised at a point-in-time upon commencement of the licenses in the event of nomination of the targets. The remaining amounts relate to our co-development with Astellas and GSK, which will be recognized as development progresses.

Future development, regulatory and sales milestones under both agreements are not considered probable as of June 30, 2021 and have not been included in the transaction price. Reimbursement of the research funding over the co-development period under the Astellas agreement is variable consideration and included in the transaction price as of June 30, 2021 to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The Company received a milestone payment of $4.2 million in the three months ended June 30, 2021 following achievement of a development milestone for the third target under the GSK Collaboration and License Agreement. As a result of the inclusion of this amount in the transaction price, $1,029,000 of revenue was recognized in the three and six months ended June 30, 2021 from performance obligations partially satisfied in previous periods.

Of the revenue recognized in the six months ended June 30, 2021, $536,000 was included in the deferred income balance at January 1, 2021.

Note 4 — Loss per share

The dilutive effect of 113,659,553 and 89,998,033 stock options outstanding as of June 30, 2021 and 2020 respectively have been excluded from the diluted loss per share calculation for the three and six months ended June 30, 2021 and 2020, because they would have an antidilutive effect on the loss per share for the period.

Note 5 — Accumulated other comprehensive loss

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.

The following table shows the changes in Accumulated other comprehensive (loss) income (in thousands):

	Accumulated foreign currency translation adjustments	Accumulated unrealized gains (losses) on available-for-sale debt securities	Total accumulated other comprehensive (loss) income
Balance at January 1, 2021	$ (10,158)	$ 110	$ (10,048)
Foreign currency translation adjustments	(3,001)	—	(3,001)
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of $0	3,048	—	3,048
Unrealized holding losses on available-for-sale debt securities, net of tax of $0	—	(223)	(223)
Balance at March 31, 2021	(10,111)	(113)	(10,224)
Foreign currency translation adjustments	(4,177)	—	(4,177)
Foreign currency gains on intercompany loan of a long-term investment nature, net of tax of $0	3,911	—	3,911
Unrealized holding gains on available-for-sale debt securities, net of tax of $0	—	105	105
Balance at June 30, 2021	**$ (10,377)**	**$ (8)**	**$ (10,385)**

	Accumulated foreign currency translation adjustments	Accumulated unrealized gains (losses) on available-for-sale debt securities	Total accumulated other comprehensive (loss) income
Balance at January 1, 2020	$ (7,302)	$ 38	$ (7,264)
Foreign currency translation adjustments	17,911	—	17,911
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of $0	(19,651)	—	(19,651)
Unrealized holding losses on available-for-sale debt securities, net of tax of $0	—	(586)	(586)
Balance at March 31, 2020	(9,042)	(548)	(9,590)
Foreign currency translation adjustments	1,194	—	1,194
Foreign currency losses on intercompany loan of a long-term investment nature, net of tax of $0	(1,108)	—	(1,108)
Unrealized holding gains on available-for-sale debt securities, net of tax of $0	—	699	699
Balance at June 30, 2020	**$ (8,956)**	**$ 151**	**$ (8,805)**

Note 6 — Fair value measurements

Assets and liabilities measured at fair value on a recurring basis based on Level 1, Level 2, and Level 3 fair value measurement criteria as of June 30, 2021 are as follows (in thousands):

	June 30, 2021	Fair value measurements using Level 1	Level 2	Level 3
Assets:				
Corporate debt securities	$ 234,917	$ 234,917	$ —	$ —
	$ 234,917	**$ 234,917**	**$ —**	**$ —**

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

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

As of June 30, 2021, the Company has the following investments in marketable securities (in thousands):

	Remaining Contractual Maturity	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Estimated Fair Value
Available-for-sale debt securities:					
Corporate debt securities	Less than 3 months	$ 28,564	$ 29	$ —	$ 28,593
Corporate debt securities	3 months to 1 year	125,824	116	(11)	125,929
Corporate debt securities	1 year to 2 years	80,537	—	(142)	80,395
		$ 234,925	**$ 145**	**$ (153)**	**$ 234,917**

The aggregate fair value (in thousands) and number of securities held by the Company (including those classified as cash equivalents) in an unrealized loss position as of June 30, 2021 and 31 December, 2020 are as follows:

	June 30, 2021			December 31, 2020		
	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
Marketable securities:						
Corporate debt securities	$ 111,611	21	$ (153)	$ 157,985	30	$ (158)

As of June 30, 2021, the securities in an unrealized loss position are not considered to be other than temporarily impaired because the impairments are not severe and have been for a short duration. No securities have been in an unrealized loss position for more than one year. The Company does not intend to sell the debt securities in an unrealized loss position and believes that it has the ability to hold the debt securities to maturity.

Note 8 — Other current assets

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

	June 30, 2021	December 31, 2020
Corporate tax receivable	$ 37,755	$ 20,585
Prepayments	9,161	6,314
Clinical materials	1,591	2,086
Other current assets	1,309	811
	$ 49,816	**$ 29,796**

Note 9 — Accrued expenses and other current liabilities

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

	June 30, 2021	December 31, 2020
Accrued clinical and development expenditure	$ 14,071	$ 13,081
Accrued employee expenses	8,474	11,825
Other accrued expenditure	3,850	2,126
Other	211	47
	$ 26,606	**$ 27,079**

Note 10 — Contingencies and commitments

On January 7, 2021, the Company entered into an agreement with a third party, whereby the third party is responsible for the development, manufacture, submission of regulatory filings and commercialization of a companion diagnostic for the detection of the MAGE-A4 biomarker. The Company shall compensate the third party for its performance of activities under the agreement based on milestone payments and reimbursement of direct expenses. The agreement is non-exclusive and the third party can sell the companion diagnostic to other parties. Once the companion diagnostic is approved and launched, the Company guarantees a minimum revenue to the third party. The agreement can be terminated by the Company and the third party upon 60 days' notice, if certain conditions are met.

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 June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Research and development	$ 2,512	$ 929	$ 4,887	$ 1,907
General and administrative	2,937	1,695	5,896	2,165
	$ 5,449	**$ 2,624**	**$ 10,783**	**$ 4,072**

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 June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Number of options over ordinary shares granted	918,048	2,738,936	15,721,104	12,968,216
Weighted average fair value of ordinary shares options	$ 0.65	$ 0.30	$ 0.75	$ 0.47
Number of additional options with a nominal exercise price granted	1,995,456	778,120	14,659,248	6,838,816
Weighted average fair value of options with a nominal exercise price	$ 0.88	$ 0.43	$ 1.01	$ 0.71

Note 12 — Stockholders' equity

On August 10, 2020 the Company entered into a sales agreement with Cowen and Company, LLC ("Cowen") (the "Sales Agreement") under which we may from time to time issue and sell American Depositary Shares ("ADSs") representing our ordinary shares through Cowen in at-the-market ("ATM") offerings for an aggregate offering price of up to $200 million. In the three months ended June 30, 2021, the Company sold 511,555 ADSs representing 3,069,330 ordinary shares resulting in net proceeds to the Company of $2,519,000 after deducting commissions payable under the Sales Agreement and issuance costs. As of June 30, 2021, $197,359,541 remained available for sale under the Sales Agreement.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this Quarterly Report. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our 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, 2020, included in our Annual Report on Form 10-K that was filed with the SEC on February 25, 2021, and our Quarterly Report on Form 10-Q that was filed with the SEC on May 6, 2021. 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, our Quarterly Report on Form 10-Q that was filed with the SEC on May 6, 2021, and our Annual Report on Form 10-K for the year ended December 31, 2020, our actual results could differ materially from the results described in, or implied by, these forward-looking statements.

Overview

We are a clinical-stage biopharmaceutical company focused on providing novel cell therapies to people with cancer. We are a leader in the development of T-cell therapies for solid tumors and have reported clinical responses (per RECIST 1.1) in seven solid tumor indications.

Our proprietary platform enables us to identify cancer targets, find and develop cell therapy candidates active against those targets and produce therapeutic candidates for administration to patients. Our cell therapy candidates include Specific Peptide Enhanced Affinity Receptor ("SPEAR") T-cells, which use genetically engineered T-cell receptors; next generation T-cell Infiltrating Lymphocytes ("TiLs") where a patient's own T-cells are co-administered with our next generation technology, and HLA-independent TCRs ("HiTs") where surface proteins are targeted independently of the peptide-HLA complex.

As the COVID-19 pandemic continues, we remain focused on ensuring the safety of our workforce and continuing, where possible, to safely treat clinical trial patients with our cell therapies. We continue to work with our clinical sites to ensure that patients are

treated safely in accordance with site-specific requirements and precautions. Our facilities in the United States ("U.S.") and the United Kingdom ("U.K.") remain open to support manufacturing and delivery of our existing cell therapies as well as research and development of new cell therapies. Further information on risks related to COVID-19 is provided in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2020.

We have multiple clinical trials ongoing:

- ***SPEARHEAD-1 Phase 2 Trial with afamitresgene autoleucel ("afami-cel")****:* A registration directed Phase 2 clinical trial is underway in synovial sarcoma and myxoid round cell liposarcoma ("MRCLS") indications in which the MAGE-A4 antigen is expressed. Approximately 90 patients are planned to be treated in this Phase 2 trial: 45 in Cohort 1 and 45 in Cohort 2. Enrollment in Cohort 1 is complete, and Cohort 2 is currently recruiting. The primary efficacy analysis will include patients from Cohort 1 only. Initial data from Cohort 1 of this trial was presented at the American Society of Clinical Oncology (ASCO) on June 4, 2021. As presented at ASCO 2021, the Company reported an overall response rate for patients with at least one scan (evaluated by RECIST 1.1 per investigator assessment) of 39.3% (13 out of 33 patients), with an overall response rate of 41.4% (12/29 patients) for synovial sarcoma and 25.0% (1/4 patients) for MRCLS. Of the 29 patients with synovial sarcoma, the disease control rate was 86.2% (25/29 patients) (defined as either response or stable disease) with 2 complete responses and 10 partial responses. This data is intended to support the filing of a Biologics License Application (BLA) in 2022 and, upon approval from the U.S. Food and Drug Administration ("FDA"), the Company plans to commercially launch afami-cel for the treatment of synovial sarcoma and MRCLS. Orphan Drug designation for afami-cel for the treatment of soft tissue sarcomas has been granted in the European Union and U.S. together with Regenerative Medicine Advanced Therapy (RMAT) designation in the U.S. for the treatment of synovial sarcoma and access to the Priority Medicines ("PRIME") Regulatory Support initiative by the European Medicines Agency ("EMA") for afami-cel for the treatment of synovial sarcoma. The EMA and the FDA have agreed to the Company's pediatric investigational plans for afami-cel in synovial sarcoma. The EMA pediatric investigational plan ("PIP") for afami-cel will include pediatric patients aged 10 to under 18 years with advanced synovial sarcoma in which the MAGE-A4 antigen is expressed. These pediatric patients will be included in Cohort 2 of this trial. The FDA initial pediatric study plan ("iPSP") will include HLA-A*02 positive children aged 2 to 17 years (inclusive) who have MAGE-A4 expressing solid tumors.

- ***SPEARHEAD-2 Phase 2 Trial with afami-cel*****:** A Phase 2 trial combining afami-cel with pembrolizumab in patients with head and neck cancer expressing the MAGE-A4 antigen is underway at clinical sites in the United States.

- ***SURPASS Phase 1 Trial with ADP-A2M4CD8***: Enrollment is ongoing in a Phase 1 trial for our next generation SPEAR T-cells, ADP-A2M4CD8, focusing on treatment of patients with lung, gastroesophageal, head and neck and bladder cancers in which the MAGE-A4 antigen is expressed. Based on early data from patients with ovarian cancer treated in the trial, the Company is planning to add this as a focus indication to the SURPASS trial. This next generation SPEAR T-cell utilizes the same engineered T-cell receptor as afami-cel, but with the addition of a CD8α homodimer. The addition of the CD8α homodimer has been shown in vitro to increase helper cell response and SPEAR T-cell potency. Based on the responses seen in the Phase 1 clinical trial using afami-cel and initial responses seen in the SURPASS trial, we are planning to initiate a Phase 2 clinical trial with ADP-A2M4CD8 in esophageal and esophagogastric junction ("EGJ") cancers in the third quarter of 2021.

- ***ADP-A2AFP Phase 1 Trial***: We continue treating patients in our Phase 1 trial designed to evaluate the safety and anti-tumor activity of our alpha fetoprotein ("AFP") specific therapeutic candidate for the treatment of hepatocellular carcinoma ("HCC"). A further cohort has also been initiated for patients with tumors other than HCC that express the AFP antigen.

- ***Afami-cel Phase 1 Trial – Radiation Sub-study***: Our Phase 1 clinical trial of afami-cel in urothelial, melanoma, head and neck, ovarian, non-small cell lung, esophageal and gastric, synovial sarcoma and MRCLS cancers has now completed enrollment. A radiation sub-study of this trial ceased enrollment at the end of July 2021. Five patients were treated in this sub-study and the Company plans to provide a data update at an upcoming congress.

We have an active preclinical pipeline of cell therapy candidates with the aim of delivering five new cell therapies to the clinic in the next five years. The pipeline includes new autologous SPEAR T-cells, SPEAR T-cells addressing alternative HLA-types, next generation SPEAR T-cells, next-generation TILs and HiTs. Preclinical data presented at the American Society of Gene & Cell Therapy (ASGCT) in May 2021 from the Company's HiT mesothelin program validated that human T-cells expressing a TCR targeting

mesothelin, independent of HLA recognition, can kill human tumor cells in vitro; and showed that the HiT works as well, or better than, an in-house developed T-cell receptor fusion construct ("TRuC") targeting mesothelin in preclinical studies.

We are also developing allogeneic or "off-the-shelf" cell therapies utilizing a proprietary allogeneic platform. We have a strategic collaboration program ongoing with Astellas (through its wholly owned subsidiary Universal Cells) in relation to up to three targets with the aim of co-developing T-cell therapy candidates directed to those targets and utilizing our allogeneic platform for "off-the-shelf" cell therapies. The first target subject to the collaboration is the mesothelin target to which a HiT cell therapy is being developed and a second target has been nominated by Astellas. We also have a number of development and research collaborations including our collaboration with GSK for the development, manufacture and commercialization of TCR therapeutic candidates for up to five programs, a clinical and preclinical alliance agreement with MD Anderson Cancer Center and research collaborations with Alpine, Noile-Immune, and the Center for Cancer Immune Therapy (CCIT).

Financial Operations Overview

Revenue

The Company has two contracts with customers: the GSK Collaboration and License Agreement and the Astellas Collaboration Agreement.

The GSK Collaboration Agreement

The GSK Collaboration and License Agreement consists of multiple performance obligations. GSK nominated its third target under the Collaboration and License Agreement in 2019, and the Company received $3.2 million following the nomination of the target. The Company received a milestone payment of $4.2 million in the three months ended June 30, 2021 following achievement of a development milestone. These amounts are being recognized as revenue as development progresses.

The Company received a milestone payment of $4.2 million in the three months ended June 30, 2021 following achievement of a development milestone for the third target under the GSK Collaboration and License Agreement. As a result of the inclusion of this amount in the transaction price, $1.0 million of revenue was recognized in the three and six months ended June 30, 2021 from performance obligations partially satisfied in previous periods.

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 will agree on up to three targets and will co-develop T-cell therapies directed to those targets pursuant to an agreed research plan. For each target, Astellas will 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 will have sole rights to develop and commercialize products resulting from these two targets.

The agreement consists 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 is recognized as the development of products directed to the targets progresses 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 will be recognized when the associated license commences, which is upon designation of a target by Astellas.

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

These expenses are partially offset by:

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

As a company that carries out extensive research and development activities, we benefit from the U.K. research and development tax credit regime for small and medium sized companies ("SME R&D Tax Credit Scheme"), whereby our principal research subsidiary company, Adaptimmune Limited, is able to surrender the trading losses that arise from its research and development activities for a payable tax credit of up to approximately 33.4% of eligible research and development expenditures. Qualifying expenditures largely comprise employment costs for research staff, consumables and certain internal overhead costs incurred as part of research projects for which we do not receive income. Subcontracted research expenditures are eligible for a cash rebate of up to approximately 21.7%. 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 13% of allowable R&D costs, which may result in a payable tax credit at an effective rate of approximately 10.5% of allowable R&D costs for the year ended December 31, 2021.

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 SPEAR T-cell. 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 (Expense) Income, Net

Other (expense) income, net primarily comprises foreign exchange (losses) gains. We are exposed to foreign exchange rate risk because we currently operate in the United Kingdom and United States. Our expenses are generally denominated in the currency in which our operations are located, which are the United Kingdom and United States. However, our 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, which is considered of a long-term investment nature as repayment is not planned or anticipated in the foreseeable future. It is Adaptimmune Therapeutics plc's 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.

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

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

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

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, 2020.

Results of Operations

Comparison of Three Months Ended June 30, 2021 and 2020

The following table summarizes the results of our operations for the three months ended June 30, 2021 and 2020, together with the changes to those items (in thousands):

	Three months ended June 30,		Increase/decrease	
	2021	2020		
Revenue	**$ 3,095**	**$ 502**	**$ 2,593**	**517 %**
Research and development expenses	(28,868)	(20,460)	(8,408)	41 %
General and administrative expenses	(13,539)	(10,295)	(3,244)	32 %
Total operating expenses	**(42,407)**	**(30,755)**	**(11,652)**	**38 %**
Operating loss	**(39,312)**	**(30,253)**	**(9,059)**	**30 %**
Interest income	266	1,147	(881)	(77)%
Other expense, net	54	(749)	803	(107)%
Loss before income taxes	**(38,992)**	**(29,855)**	**(9,137)**	**31 %**
Income taxes	(76)	(25)	(51)	204 %
Loss for the period	**$ (39,068)**	**$ (29,880)**	**$ (9,188)**	**31 %**

Revenue

Revenue was $3.1 million in the three months ended June 30, 2021 compared to $0.5 million for the three months ended June 30, 2020. Revenue has increased primarily due to an increase in development activities under the Astellas Collaboration Agreement. Revenue varies depending on the progress of development activities and the amounts we expect to receive under contracts with customers (to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur).

Research and Development Expenses

Research and development expenses increased by 41% to $28.9 million for the three months ended June 30, 2021 from $20.5 million for the three months ended June 30, 2020.

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

	Three months ended June 30,		Increase/decrease	
	2021	2020		
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs[(1)]	$ 19,222	$ 14,881	$ 4,341	29 %
Subcontracted expenditure	11,410	7,129	4,281	60 %
Manufacturing facility expenditure	2,096	1,367	729	53 %
Share-based compensation expense	2,512	929	1,583	170 %
Reimbursements receivable for research and development tax and expenditure credits	(6,372)	(3,846)	(2,526)	66 %
	$ 28,868	**$ 20,460**	**$ 8,408**	**41 %**

(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 $8.4 million for the three months ended June 30, 2021 compared to the same period in 2020 was primarily due to the following:

- an increase of $4.3 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is mainly driven by an increase in the average number of employees engaged in research and development;
- an increase of $4.3 million in subcontracted expenditure due to increases in costs related to the development of a companion diagnostic assay and an increase in clinical trial costs as we prepare for a Phase 2 clinical trial with ADP-A2M4CD8 in esophageal and esophagogastric ("EGJ") cancers;
- an increase of $1.6 million in share-based compensation expense primarily due to higher option grants in 2021 because of an increase in the number of employees and higher fair value of options being expensed; and
- an increase of $2.5 million in reimbursements receivable for research and development tax and expenditure credits, which is driven by an increase in qualifying costs identified.

Our subcontracted costs for the three months ended June 30, 2021 were $11.4 million, compared to $7.1 million in the same period of 2020. This includes $9.1 million of costs directly associated with our afami-cel, ADP-A2M4CD8 and ADP-A2AFP SPEAR T-cells and $2.3 million of other development costs.

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

General and Administrative Expenses

General and administrative expenses increased by 32% to $13.5 million for the three months ended June 30, 2021 from $10.3 million in the same period in 2020. Our general and administrative expenses consist of the following (in thousands):

	Three months ended June 30,		Increase/decrease	
	2021	2020		
Salaries, depreciation of property, plant and equipment and other employee-related costs	$ 7,327	$ 6,000	$ 1,327	22 %
Other corporate costs	4,729	3,797	932	25 %
Share-based compensation expense	2,936	1,694	1,242	73 %
Reimbursements	(1,453)	(1,196)	(257)	21 %
	$ 13,539	**$ 10,295**	**$ 3,244**	**32 %**

The net increase in our general and administrative expenses of $3.2 million for the three months ended June 30, 2021 compared to the same period in 2020 was largely due to:

- an increase of $1.3 million in salaries, depreciation of property, plant and equipment and other employee-related costs, as a result of an increase in the average number of employees in the three months ended June 30, 2021 compared to the same period in 2020; and
- an increase of $1.2 million in share based compensation, because of an increase in the number of employees and higher fair value of options being expensed.

We expect that our general and administrative expenses will increase in the future as we expand our operations and move towards commercial launch.

Income Taxes

Income taxes increased to a charge $76,000 for the three months ended June 30, 2021 from a charge of $25,000 for the three months ended June 30, 2020. Income taxes arise in the United States due to our U.S. subsidiary generating taxable profits. We incur losses in the United Kingdom.

Comparison of Six Months Ended June 30, 2021 and 2020

The following table summarizes the results of our operations for the six months ended June 30, 2021 and 2020, together with the changes to those items (in thousands):

	Six months ended June 30,			
	2021	2020	Increase/decrease	
Revenue	**$ 3,529**	**$ 1,263**	**$ 2,266**	**179 %**
Research and development expenses	(53,374)	(41,724)	(11,650)	28 %
General and administrative expenses	(27,356)	(19,556)	(7,800)	40 %
Total operating expenses	**(80,730)**	**(61,280)**	**(19,450)**	**32 %**
Operating loss	**(77,201)**	**(60,017)**	**(17,184)**	**29 %**
Interest income	691	1,877	(1,186)	(63)%
Other (expense) income, net	53	188	(135)	(72)%
Loss before income taxes	**(76,457)**	**(57,952)**	**(18,505)**	**32 %**
Income taxes	(374)	(95)	(279)	294 %
Loss for the period	**$ (76,831)**	**$ (58,047)**	**$ (18,784)**	**32 %**

Revenue

Revenue was $3.5 million in the six months ended June 30, 2021 compared to $1.3 million for the six months ended June 30, 2020. Revenue has increased primarily due to an increase in development activities under the Astellas Collaboration Agreement. Revenue varies depending on the progress of development activities and the amounts we expect to receive under contracts with customers (to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur).

Research and Development Expenses

Research and development expenses increased by 28% to $53.4 million for the six months ended June 30, 2021 from $41.7 million for the six months ended June 30, 2020.

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

	Six months ended June 30,			
	2021	2020	Increase/decrease	
Salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs[1]	$ 38,424	$ 30,263	$ 8,161	27 %
Subcontracted expenditure	22,242	14,598	7,644	52 %
Manufacturing facility expenditure	4,541	3,054	1,487	49 %
Share-based compensation expense	4,887	1,907	2,980	156 %
In-process research and development costs	151	812	(661)	(81)%
Reimbursements receivable for research and development tax and expenditure credits	(16,871)	(8,910)	(7,961)	89 %
	$ 53,374	**$ 41,724**	**$ 11,650**	**28 %**

(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 $11.7 million for the six months ended June 30, 2021 compared to the same period in 2020 was primarily due to the following:

- an increase of $8.2 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is mainly driven by an increase in the average number of employees engaged in research and development;
- an increase of $7.6 million in subcontracted expenditure due to increases in costs related to the development of a companion diagnostic assay and an increase in clinical trial costs as we prepare for a Phase 2 clinical trial with ADP-A2M4CD8 in EGJ cancers;
- an increase of $3.0 million in share-based compensation expense primarily because of an increase in the number of employees and higher fair value of options being expensed; and
- an increase of $8.0 million in reimbursements receivable for research and development tax and expenditure credits, which is driven by an increase in qualifying costs identified.

Our subcontracted costs for the six months ended June 30, 2021 were $22.2 million, compared to $14.6 million in the same period of 2020. This includes $16.9 million of costs directly associated with our afami-cel, ADP-A2M4CD8 and ADP-A2AFP SPEAR T-cells and $5.3 million of other development costs.

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

General and Administrative Expenses

General and administrative expenses increased by 40% to $27.4 million for the six months ended June 30, 2021 from $19.6 million in the same period in 2020. Our general and administrative expenses consist of the following (in thousands):

	Six months ended June 30,		Increase/decrease	
	2021	2020		
Salaries, depreciation of property, plant and equipment and other employee-related costs	$ 14,292	$ 11,759	$ 2,533	22 %
Other corporate costs	8,621	6,828	1,793	26 %
Share-based compensation expense	5,896	2,165	3,731	172 %
Reimbursements	(1,453)	(1,196)	(257)	21 %
	$ 27,356	**$ 19,556**	**$ 7,800**	**40 %**

The net increase in our general and administrative expenses of $7.8 million for the six months ended June 30, 2021 compared to the same period in 2020 was largely due to:

- an increase of $2.5 million in salaries, depreciation of property, plant and equipment and other employee-related costs, as a result of an increase in the average number of employees in the six months ended June 30, 2021 compared to the same period in 2020;
- an increase of $1.8 million in other corporate costs, primarily due to increases in employee-related costs, share-based compensation expense, and professional fees in the six months ended June 30, 2021 compared to the same period in

2020; and

- an increase of $3.7 million in share based compensation, due to option forfeits in the six months ended June 30, 2020, and because of an increase in the number of employees and higher fair value of options being expensed in the six months ended June 30, 2021.

We expect that our general and administrative expenses will increase in the future as we expand our operations and move towards commercial launch.

Income Taxes

Income taxes increased to a charge of $374,000 for the six months ended June 30, 2021 from a charge of $95,000 for the six months ended June 30, 2020. Income taxes arise in the United States due to our U.S. subsidiary generating taxable profits. We incur losses in the United Kingdom.

Liquidity and Capital Resources

Sources of Funds

Since our inception, we have incurred significant net losses and negative cash flows from operations. We financed our operations primarily through sales of equity securities, cash receipts under our collaboration arrangements and research and development tax and expenditure credits. From inception through to June 30, 2021, we have raised:

- $857.0 million, net of issuance costs, through the issuance of shares;
- $208.0 million through collaborative arrangements with GSK and Astellas; and
- $59.2 million in the form of reimbursable U.K. research and development tax credits and receipts from the U.K. RDEC Scheme.

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

As of June 30, 2021, we had cash and cash equivalents of $50.5 million and Total Liquidity of $285.4 million. We regularly assess Total Liquidity against our activities and make decisions regarding prioritization of those activities and deployment of Total Liquidity. We believe that our Total Liquidity will be sufficient to fund our operations, based upon our currently anticipated research and development activities, planned capital spending, and planned commercialization costs into early 2023. 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 six months ended June 30, 2021 and 2020 (in thousands).

	Six months ended June 30,	
	2021	2020
Net cash used in operating activities	$ (77,999)	$ (8,058)
Net cash provided by (used in) investing activities	69,440	(258,952)
Net cash provided by financing activities	3,097	339,463
Cash, cash equivalents and restricted cash	55,085	126,683

Operating Activities

Net cash used in operating activities was $78.0 million for the six months ended June 30, 2021 compared to $8.1 million for the six months ended June 30, 2020. The receipt of the $50.0 million upfront payment from Astellas in January 2020 resulted in lower net cash used in operating activities for the six months ended June 30, 2020. Excluding the impact of this, the net cash used in operating activities for the six months ended June 30, 2021 increased due to an increase in operating expenditure.

Net cash used in operating activities of $78.0 million for the six months ended June 30, 2021 comprised a net loss of $76.8 million and a net cash outflow of $18.9 million from changes in operating assets and liabilities, offset by non-cash items of $17.7 million. The changes in operating assets and liabilities include the impact of a $16.8 million increase in reimbursements receivable for research and development tax credits. The non-cash items consisted of depreciation expense on plant and equipment of $2.9 million, share-based compensation expense of $10.8 million, amortization on available-for-sale debt securities of $2.9 million, and other items of $1.4 million, which were offset by unrealized foreign exchange gains of $0.3 million.

Investing Activities

Net cash provided by investing activities was $69.4 million for the six months ended June 30, 2021 compared to net cash used in investing activities of $259.0 million for the six months ended June 30, 2020. The net cash provided by (used in) investing activities for the respective periods consisted primarily of:

- purchases of property and equipment of $2.9 million and $0.5 million for the six months ended June 30, 2021 and 2020, respectively;
- cash outflows from investment in marketable securities of $82.0 million and $298.0 million for the six months ended June 30, 2021 and 2020, respectively, and cash inflows from maturity or redemption of marketable securities of $154.5 million and $39.9 million for the six months ended June 30, 2021 and 2020, respectively.

The Company invests surplus cash and cash equivalents in marketable securities. In the six months ended June 30, 2021, the investments in marketable securities were reduced to fund the Company's ongoing operations. In the six months ended June 30, 2020, the Company increased its investments in marketable securities with proceeds from its public offerings.

Financing Activities

Net cash provided by financing activities was $3.1 million and $339.5 million for the six months ended June 30, 2021 and 2020, respectively. The net cash provided by financing activities in the six months ended June 30, 2021 consisted of net proceeds of $2.5 million from shares issued in an at-the-market offering, net of commissions and issuance costs, and proceeds of $0.6 million from share option exercises. For the six months ended June 30, 2020, the net cash provided by financing activities consisted of net proceeds from public offerings of $334.3 million and proceeds from share option exercises of $5.1 million.

Non-GAAP Measures

Total Liquidity (a non-GAAP financial measure)

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

Liquidity is cash and cash equivalents as reported in the condensed consolidated financial statements, which reconciles to Total Liquidity as follows (in thousands):

	June 30, 2021	December 31, 2020
Cash and cash equivalents	$ 50,453	$ 56,882
Marketable securities - available-for-sale debt securities	234,917	311,335
Total Liquidity	**$ 285,370**	**$ 368,217**

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 liquidity, financial flexibility, capital structure and leverage. The definition of Total Liquidity includes investments, which are highly-liquid and available to use in our current operations, such as marketable securities.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Contractual Obligations

Further details of potential contingencies and commitments are provided in Note 10 of the condensed consolidated financial statements.

For a discussion of our contractual obligations, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Annual Report on Form 10-K.

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 June 30, 2021. 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, 2020.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities and Exchange Act of 1934, as amended ("Exchange Act") as of June 30, 2021. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2021 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 June 30, 2021, 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, 2020 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 significant or material risk factors currently known and specific to us that we believe are relevant to our business, results of operations and financial condition. Additional risks and uncertainties not currently known to us or that we now deem immaterial may also impair our business, results of operations and financial condition.

As of and for the period ended June 30, 2021, 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, 2020.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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**	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101**	The following financial information from Adaptimmune Therapeutics plc's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets as of June, 2021 and December 31, 2020, (ii) Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021 and 2020, (iii) Unaudited Condensed Consolidated Statements of Comprehensive (Loss) Income for the three and six months ended June 30, 2021 and 2020, (iv) Unaudited Condensed Consolidated Statements of Change in Equity for the three and six months ended June 30, 2021 and 2020, (v) Unaudited Condensed Consolidated Statements of Cash Flows for six months ended June 30, 2021 and 2020 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)

* Previously filed.

** Filed 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: August 9, 2021

/s/ Adrian Rawcliffe
Adrian Rawcliffe
Chief Executive Officer

Date: August 9, 2021

/s/ Gavin Wood
Gavin Wood
Chief Financial Officer

Exhibit 31.1

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

I, Adrian Rawcliffe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Adaptimmune Therapeutics plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2021

/s/ Adrian Rawcliffe
Adrian Rawcliffe
Chief Executive Officer

Exhibit 31.2

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

I, Gavin Wood, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Adaptimmune Therapeutics plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2021

/s/ Gavin Wood
Gavin Wood
Chief Financial Officer

Exhibit 32.1

Section 906 Certificate

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Adrian Rawcliffe, Chief Executive Officer of Adaptimmune Therapeutics plc, a public limited company incorporated under English law (the "Company"), hereby certify, to my knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2021

/s/ Adrian Rawcliffe
Adrian Rawcliffe
Chief Executive Officer

Exhibit 32.2

Section 906 Certificate

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Gavin Wood, Chief Financial Officer of Adaptimmune Therapeutics plc, a public limited company incorporated under English law (the "Company"), hereby certify, to my knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, to which this Certification is attached as Exhibit 32.2 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2021

/s/ Gavin Wood
Gavin Wood
Chief Financial Officer