Adaptimmune Therapeutics
Q4 and Year End Conference Call
Transcript

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Presenters:

Juli Miller
Vice President, Investor Relations

Adrian Rawcliffe
Chief Executive Officer

Gavin Wood
Chief Financial Officer

John Lunger
Chief Patient Supply Officer

Dr. Jo Brewer
Chief Scientific Officer

Operator:
Hello, and welcome to Adaptimmune's Fourth Quarter and Year End Conference Call and Business Update. I will now turn the call over to Juli Miller. Juli, please go ahead.

Juli Miller:
Good morning. Thank you for joining us. Welcome to our Q4 and Full Year 2023 Update. I refer you to our disclaimer here, as well as our forward-looking statements in this morning's press release. For the prepared portion of the call, Adrian Rawcliffe, our CEO, is with us and other members of our management team are available for Q&A.

With that, I'll turn the call over to Adrian. Ad?

Adrian Rawcliffe:
Thanks, Juli. Thanks everyone for joining today. I plan today to recap the progress we made in 2023 and share a little bit about our plans for 2024. I'll be focused primarily on afami-cel, which will be our first commercial product in our sarcoma franchise.

2023 was a year of transformation for Adaptimmune. We completed a corporate restructuring and a merger with TCR^2, and following that we undertook a clinical pipeline review focusing on the highest priority and value assets. We recovered lete-cel and PRAME from GSK. I want to remind you that lete-cel came with a fully enrolled pivotal trial that has already met its primary endpoint for efficacy at the interim analysis, which we've disclosed late last year.

We also submitted the BLA for afami-cel. This is a significant milestone for Adaptimmune, obviously, but it's also a significant milestone for the sector as the first-ever BLA for an engineered cell therapy for a solid tumor indication.

As well as the submission, we took the opportunity working with the RMAT designation to understand the FDA's requirements on a number of areas and de-risk that file, and also sought the FDA's agreement on the opportunity for the second cohort of that SPEARHEAD-1 trial to provide the confirmatory evidence for full approval.

Afami-cel is the first product in our sarcoma franchise, a franchise that we estimate has peak year sales of up to $400 million. As such, it's a beachhead for innovative cell therapy products in

the solid tumor space. It's the first product of our wholly-owned pipeline of cell therapy products with the most significant of those in clinical development being a product that was previously known as ADP-A2M4CD8 that has now been granted the user name of uzatresgene autoleucel or uza-cel. Uza-cel is being developed in ovarian, bladder and head and neck cancer, and all of this is enabled by our long-term investment in the capabilities needed to be a cell therapy company. That means that at this point we have the opportunity to transition into a fully integrated commercial-stage company, discovering, developing and, now, importantly, delivering cell therapy products to patients.

I want to touch a bit on our launch preparedness as afami-cel is currently undergoing its Priority Review at the FDA. We've been informed that the FDA does not currently anticipate an ad-comm for afami-cel, but we are clearly on the FDA's clock now and everything is proceeding as you would anticipate for a product with Priority Review and a PDUFA date in August. Afami-cel is a highly anticipated product, and we intend to be in a position to commercialize afami-cel on approval in August.

To that end, I'm delighted to welcome back Cintia Piccina as our Chief Commercial Officer. She will lead our commercial efforts for afami-cel, in due course for lete-cel and the rest of the pipeline that I talked about. We are in the final stages of recruiting the commercial team with the majority of our headcount secured, and the remaining few roles will be in place by the middle of the second quarter. Same goes for the medical affairs team with the majority of that team recruited and the remaining members of that team due to join us over the next few weeks.

We've also bolstered the manufacturing team, and we'll be scaling that up to meet the commercial demand for afami-cel. I want to remind everybody that we have manufactured afami-cel in-house at the Navy Yard facility in Philadelphia. We believe this is a key differentiator, giving us not only control and the ability to scale demand according to our needs, but also the opportunity to produce afami-cel at a margin that will be very attractive, and we've referred previously to a 70% margin for our sarcoma franchise at peak year sales.

As you see from this slide, we have a clear plan to stand up the necessary infrastructure, and we are on track to do so for that launch, including a sponsored testing plan for the MAGE-A4 diagnostic and the patient support infrastructure necessary to help patients and the providers

navigate through treating patients with afami-cel. Subject to FDA's approval around that PDUFA date, we anticipate actually infusing our first patients with afami-cel in Q4 2024.

We will be updating as we go through this process to register and launch afami-cel, and I want to tell everybody that the first such update will occur on our Investor Day, on Thursday, the 18th of April. There, we will discuss not only our plans and preparation for the commercial launch of the first engineered T-cell for solid tumor, but also how we see the opportunity in advanced sarcomas, the paucity of existing treatment options, and the opportunity to hear from patient advisory groups and provide us about the opportunity represented by afami-cel for these patients.

With afami-cel BLA filed and awaiting approval, we are executing on our plans for our sarcoma franchise. As I referred to earlier, lete-cel has now been recovered from GSK. The pivotal trial has finished enrollment. The primary endpoint for efficacy has been met, and it's now clear that lete-cel is a product in its own right and has the opportunity to go through exactly the same commercial channels that we'll be developing for afami-cel, resulting in substantial synergies for these overlapping patient populations. We have the opportunity to reach $400 million in peak sales with these cell therapies with an addressable patient population a little north of 1,000 patients per year with synovial sarcoma and MRCLS. I just want to make the point that, that is in the United States in the launch indications that we anticipate only.

We're proud of the progress that we made in 2023. We view this as securing our place on the starting line to make cell therapy products available for people with solid tumors, beginning with our sarcoma franchise. This gives us the immediate opportunity to create near-term commercial value in 2024 and 2025, and set the company up for long-term success with a wholly-owned pipeline of cell therapy products.

And with that, I'll turn over to the operator for Q&A. Operator?

Operator:
Thank you. We will now begin the question-and-answer session. To join the question queue, you may press *, then 1, on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speaker phone, please pick up your handset before pressing any

keys. To withdraw your question, please press *, then 2. We will pause for a moment as callers join the queue.

Our first question comes from Graig Suvannavejh of Mizuho Securities. Please go ahead.

Graig, your line is live.

Adrian Rawcliffe:
Hi, Graig? Maybe we'll come back to Graig.

Operator:
Our next question comes from Jonathan Chang of Leerink Partners. Please go ahead.

Jonathan Chang:
Hi guys. Good morning and thanks for taking my questions.

First question, can you walk us through the assumptions around the $400 million U.S. peak sales opportunity for the sarcoma franchise? Then second question, can you provide any additional colour on the cash runway guidance, specifically on what's assumed on the payment front from current and past partners? Thank you.

Adrian Rawcliffe:
Thanks, Jonathan. I will take the question on the assumptions from the commercial perspective, and then I'll ask Gavin, our CFO, to talk about the cash runway and the cash receipts from our partners, etc.

With respect to the $400 million of peak year sales, I want to reiterate that’s a U.S.-only number, and it also only speaks to the anticipated launch indications in second-line advanced sarcomas, both myxoid/round cell and synovial sarcoma; for afami-cel, synovial sarcoma; for lete-cel, myxoid round cell and synovial sarcoma. Both of those indications, both of those products are characterized by HLA restriction. They're all HLA-A2. It’s about 45% of the patients. They are also targeted therapies in that they have their own—each has their own target. Afami-cel is for MAGE-A4; lete-cel is for NY-ESO.

The starting point is incidence of soft tissue sarcomas of about 13,500 patients per year in the United States. You can cut that for the incidence of synovial sarcoma, myxoid/round cell; each of those represent 5% to 10% of that total. Then you cut each of those for the HLA at 45% and the target, and what you end up with is shown on this slide, which is about 1,000 patients a year coming through that funnel of which about 400 are for afami-cel in synovial sarcoma and the remainder, a little over 600, are the incremental patients for lete-cel in synovial sarcoma and lete-cel in myxoid/round cell liposarcoma. That opportunity with both of these products adds up to a little over 1,000 patients and $400 million of peak year sales.

Gavin, do you want to talk about the assumptions on the cash flow going forward?

Gavin Wood:
Yes. Of course, Ad. Hi Jonathan.

If we step through this, so if you take our closing liquidity of about $147 million and then over the course of our cash runway period into early January '26, we've got three sources of income that we have a high degree of certainty around. The first of those is the smallest, which is the balance on the payment of £30 million from GSK. We expect to get that in Q2. The second component, the R&D tax credits from the U.K. Government, we received in January £30 million pertaining to the claim for 2022, and we can anticipate smaller amounts as the regime changes, but we've got good line of sight to those over the next couple of years.

Then third and the largest component are the payments from Genentech in association with our collaboration with them on our allogeneic platform. Two components to that, and these are laid out in the 10-K. The first are anniversary payments totalling $150 million over the period of five years. The exact shape of that isn't public and is confidential, but we have two of those payments. And there's also two milestone, R&D milestone payments of $25 million. We anticipate one of those in 2024 and one of those in 2025. Gives us line of sight to capital north of $300 million. Of course, we continue to look to the markets and continue to have BD conversations to bolster that financing.

Jonathan Chang:
Got it. Thanks for taking my questions.

Adrian Rawcliffe:
Thanks, Jonathan.

Operator:
Our next question comes from Yanan Zhu of Wells Fargo Securities. Please go ahead.

Yanan Zhu:
Great. Thanks for taking our questions.

On the patient number, the 400 patients for the afami-cel launch, was wondering how many of those patients can be expected to be reached in the initial 6 to 10 HECs that might be online? Also, regarding the manufacturing capacity, what is the capacity that you expect to be online at the time of launch? Also, a question on ADP-A2M4CD8, any guidance in terms of updates on data from SURPASS trials? Thank you.

Adrian Rawcliffe:
Thanks. I think the exact split of those patients in those centers will reflect the centers that we stand up first, which ones those actually are. The plan is to start with 6 to 10, but grow fairly rapidly over the first two years of the launch to up to 30 centers. We've estimated that something maybe a little north of 40% of the total patients are currently in those centers. However, we also anticipate, as with other therapies of this nature, that there will be increasing concentration of patients eligible for the therapy in the centers where we have established treatment capacity in our treatment centers. That plan we anticipate increasing over time substantially. Then obviously, we'll be leveraging the existing and well-established referral networks within the sarcoma community and sarcoma centers of excellence to ensure that we make afami-cel available to as many patients as possible.

The 30 centers at maximum will be geographically quite well distributed across the United States, reducing the need for travel, but we fully anticipate that these patients will travel for this therapy. And I want to point out in that regard, as a one-off therapy this has the opportunity of being easier for that travel to occur than if it was a constantly repeating therapy where the proximity to home would obviously be preferable.

With respect to uza-cel, as we are now calling the product, previously known as ADP-A2M4CD8, that data that we've said for that, it falls into two categories. The first is the Phase 2 trial SURPASS-3 in platinum-resistant ovarian cancer. That being a registrational trial, that trial is recruiting—potentially a registrational trial. That trial is recruiting as we speak, and we anticipate that recruitment going through 2024 and into 2025. We will be able to give understanding of what happened at the interim analysis, the futility analysis, as we go through that trial, but we won't be putting out any efficacy data until at least at a minimum we have enrolled and treated the last patient.

With respect to the earlier studies on uza-cel in head and neck cancer and in bladder cancer, we anticipate recruiting sufficient patients during this year to make a decision around about the end of the year, and we will communicate the basis of that decision being data in an increased number of Phase 1 patients, potentially with some of those in earlier lines and in combination with standard of care therapy.

John, do you want to talk to the capacity at the Navy Yard?

John Lunger:
Yes. Yes, happy to, Ad.

We've said that our maximum capacity for internal manufacturing in Philadelphia is around the 600 to 700 patients per year, and while it won't be necessary to get to that range for the launch, we will have enough capacity to meet both our anticipated clinical and commercial needs for the launch. Enabling this capacity is done through onboarding of staff, manufacturing and quality staff, and we're executing against that to make sure we have what we need come August.

Yanan Zhu:
Great. Thanks for all the colour.

Adrian Rawcliffe:
Thanks.

Operator:
Our next question comes from Graig Suvannavejh of Mizuho Securities. Please go ahead.

Graig Suvannavejh:
Good morning. So sorry about that this morning. I do have a couple of questions and congrats on the progress on the quarter.

I'm curious following the approval of Iovance's TIL-based cell therapy, I'm wondering what you think the potential implications maybe for you guys. Whether it makes things easier? Any learnings out of that process that could give some incremental insight into how you think the review for your product will be?

Then also on Iovance, they were able to get an ICD-10 code as well as a DRG—I think it's 018—inclusion prior to their approval. Are you expecting something like that for afami-cel? Thanks.

Adrian Rawcliffe:
Thanks, Graig.

With respect to the long anticipated approval of lifileucel by Iovance, we're quite delighted about that. We think that, that heralds the fact that 2024, I think, really will be the year that cell therapy becomes a commercial reality for solid tumors with what will be the first two-cell therapy launches with afami-cel coming in August.

Now having said that, I think they're very, very different commercial propositions, melanoma versus synovial sarcoma, but we look forward to Iovance doing a great job because we look to that as indicative of how cell therapies might be adopted in these larger indications. And when you look back in our pipeline, you will see many such larger indications where we anticipate cell therapy has the opportunity to change the standard of care and be transformative for patients. And so Iovance's experience in this large melanoma indication I think will be really instructive, and we believe that rising tide lifts all boats in this regard, so we're very excited to see what they're able to do.

With respect to the DRG code, I confirm you're right. We anticipate the same code for afami-cel.

Graig Suvannavejh:
Great. If I could ask a follow-up? Just on the PRAME opportunity, obviously a lot of interest in that target. How are you guys assessing the competitive landscape in PRAME right now?

Adrian Rawcliffe:
I'm going to ask Jo, our Chief Scientific Officer, to take a stab at that and talk about that and our differentiation of our PRAME program. Jo?

Jo Brewer:
Thanks, Ad. Yes. We're very excited about PRAME as a target as the field in general is. I think that obviously we are well aware that there's lots of competition in this area from bispecifics as well as cell therapies, but we're still quite bullish about our own internal program because we have a strong TCR that was previously partnered with GSK, and we're looking at ways of taking that forward. In our own internal analysis, where we've looked at other competitor products, we think our TCR does have a different safety efficacy profile, which we are very happy with. We're also looking at ways of bringing next-generation additions to PRAME to actually make it competitive. We want to look at our TCR for PRAME in multiple different constructs so that we can choose the best one in the clinic and take that forward. We start with a TCR, which we believe has a good safety profile, and we're looking at ways of improving the efficacy for next-gen opportunities.

PRAME is a really complementary target to our other programs, both in ovarian with uza-cel and other indications, so we're hoping to leverage our clinical experience in those indications to really push PRAME forward.

Graig Suvannavejh:
Thank you for taking my questions.

Adrian Rawcliffe:
Thanks, Graig.

Operator:
Once again, if you have a question, please press *, then 1.

Our next question comes from Peter Lawson of Barclays. Please go ahead.

Shea Feeney:

Good morning. This is Shea Feeney on for Peter Lawson. Thank you for taking our question.

Now, just to touch a little bit more on the afami-cel launch in 3Q, I believe you've highlighted that you'll be focusing on 6 to 10 treatment centers in the beginning. Could you maybe add a little colour for how you're expecting to scale up to the 30 additional treatment centers and how long that might take, and if you're expecting any kind of bolus of onboarding of patients in 3Q? Thank you so much.

Adrian Rawcliffe:
Thanks. Yes, we anticipate that the first wave of treatment centers will be up and running within that launch window, 6 to 10 within that launch window, and then expanding quite rapidly. We anticipate that we will be up to 30 centers within the first two years following the launch.

Those treatment centers, the initial ones are almost exclusively for major sarcoma—well, they are all major sarcoma centers. They are obviously, therefore, major treatment centers and they have deep experience of cell therapy. They almost all also have lots of experience of working with afami-cel, and as we roll out to the 30 top centers, since we have been conducting our clinical trials—and GSK was conducted in the clinical trials for lete-cel in major sarcoma centers—there's obviously going to be a large overlap between the clinical trial footprint for those two products and these centers. That has the advantage that the physicians know and understand afami-cel well, having utilized it in clinical trials, that they well used to cell therapy, and that they are indeed the major treatment centers, the top tier of the sarcoma centers of excellence.

That answered the question, I think. Any further questions?

Operator:
This concludes the question-and-answer session. I would like to turn the conference back over to Adrian Rawcliffe for any closing remarks.

Adrian Rawcliffe:

Thank you, and thanks everybody for being on the call, and thanks for your questions. We're excited to have come this far in 2023. We look forward in 2024 to our first commercial approval and launch, and we'll be updating you as we go through the year, starting I think with our Investor Day on the 18th of April at our Navy Yard facility in Philadelphia, and we look forward to seeing as many of you there as possible. Take care.

Operator:

This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.