

Adaptimmune Therapeutics plc

Company Number 09338148

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2023

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DIRECTORS	Dr A Allen (appointed 1 June 2023) Mr L M Alleva Dr A Behbahani Ms B Duncan (resigned 1 June 2023) Mr J Furey Dr P Hegde (appointed 1 June 2023) Dr K M Hege (appointed 1 November 2023) Dr G Menzel (appointed 1 June 2023) Mr D M Mott Mr J J Noble (resigned 1 June 2023) Mr A G Rawcliffe Dr C E Sigal (resigned 1 November 2023) Dr T Zaks (resigned 31 March 2023)
SECRETARY	Ms M Henry
COMPANY NUMBER	09338148
REGISTERED OFFICE	60 Jubilee Avenue Milton Park Abingdon Oxfordshire OX14 4RX
AUDITOR	KPMG LLP 2 Forbury Place 33 Forbury Road Reading RG1 3AD

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Adaptimmune Therapeutics plc was incorporated on 3 December 2014. The Directors submit this report and the Consolidated Financial Statements of Adaptimmune Therapeutics plc and its subsidiaries, including Adaptimmune Limited and Adaptimmune LLC (which may be referred to as “the Group”, “we”, “us” or “our”) as of and for the years ended 31 December 2023 and 2022, as well as the financial statements for Adaptimmune Therapeutics plc (“the Company” or “the parent company”) as of and for the years ended 31 December 2023 and 2022.

Adaptimmune Therapeutics plc is a public company limited by shares and incorporated and domiciled in England and Wales. Adaptimmune Limited is registered in England and Wales. Adaptimmune LLC is registered in the United States of America. We have a subsidiary in Netherlands, Adaptimmune B.V., which was established in the Netherlands in November 2020. TCR² Therapeutics Inc. became a subsidiary of Adaptimmune Therapeutics plc following the completion of an all-stock transaction on 1 June 2023. A list of our additional subsidiaries is set out in note 12 to the financial statements.

BASIS OF PRESENTATION

Our Directors have elected to prepare the group financial statements in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRS”). The parent company financial statements are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101 (“FRS 101”).

PRINCIPAL ACTIVITIES

The principal activity of Adaptimmune Therapeutics plc is the research, development, manufacture and commercialisation of cell therapies to treat cancer.

We are a clinical-stage biopharmaceutical company transitioning in 2024 to a commercial-stage cell therapy company. We focus on providing novel cell therapies to people with cancer. We are a leader in the development of T-cell therapies for solid tumors and are anticipating our first marketing approval followed by the commercial launch of afami-cel in 2024. Our first product, afamitresgene autoleucel or “afami-cel” is specific to synovial sarcoma (synovial sarcoma) and will be the first product in our sarcoma product franchise. Lete-cel, which we are planning for US commercial launch in 2026, will be our second product in the sarcoma franchise and will target both synovial sarcoma and myxoid round cell liposarcoma (“MRCLS”), significantly expanding our treatable patient population.

RESULTS AND DIVIDENDS

The result for the year is set out in the Consolidated Income Statement on page 80.

The Directors do not propose a dividend (2022: \$nil).

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable contributions were paid during the year (2022: \$nil).

No donations were made during the year to political organisations (2022: \$nil).

FINANCIAL INSTRUMENTS

Please refer to the Financial Risk Management section included in our Strategic Report, beginning on page 24 of this document.

STRUCTURE OF THE GROUP'S CAPITAL

Please refer to note 18 to the financial statements.

CONTRACTS OF SIGNIFICANCE

Please refer to the description of Collaborations and Strategic Alliances in our Strategic Report, beginning on page 18 of this document and notes 2 and 25 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

A description of material events that have occurred after the end of 2023 is included in the Strategic Report, beginning on page 10 of this document and in note 28 to the financial statements.

DIRECTORS

The following Directors have held office since the dates indicated below.

Dr A Allen	(Appointed 1 June 2023)
Mr L M Alleva	(Appointed 5 March 2015 and last re-elected 14 May 2021)
Dr A Behbahani	(Appointed 12 February 2015 and last re-elected 25 May 2022)
Ms B Duncan	(Appointed 23 June 2016, last re-elected 16 May 2023 and resigned 1 June 2023)
Mr J Furey	(Appointed 5 July 2018, last re-elected 25 May 2022 and resigned 1 June 2023)
Dr P Hegde	(Appointed 1 June 2023)
Dr K M Hege	(Appointed 1 November 2023)
Mr D M Mott	(Appointed 12 February 2015 and last re-elected 14 May 2021)
Dr G Menzel	(Appointed 1 June 2023)
Mr J J Noble	(Appointed 3 December 2014, last re-elected 25 May 2022 and resigned 1 June 2023)
Mr A G Rawcliffe	(Appointed 1 September 2019 and last re-elected 16 May 2023)
Dr C E Sigal	(Appointed 12 February 2015, last re-elected 14 May 2021 and resigned 1 November 2023)
Dr T Zaks	(Appointed 14 November 2016, last re-elected 29 May 2020 and resigned 31 March 2023)

During the year ended 31 December 2023, there were 13 meetings of the Board of Directors. All of our then Directors attended a minimum of 75% of the aggregate of the meetings of the Board of Directors and meetings of its committees of which he or she was a member and eligible to attend in 2023, with the exception of Dr Menzel. Dr Menzel joined the Board of Directors on 1 June 2023, on completion of the Company's merger with TCR² Therapeutics Inc., and attended 57% of the aggregate of board and committee meetings of which he was a member held between 1 June 2023 and 31 December 2023. He was unable to attend all board and committee meetings for which he was eligible due to commitments undertaken prior to the merger that could not be changed and scheduling conflicts.

One-third of the Directors are subject to retirement by rotation at each Annual General Meeting of shareholders.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

At the time the report is approved, there are no qualifying third party indemnity provisions in place for the benefit of one or more of the Directors.

EMPLOYEE ENGAGEMENT

The company is required to report on employee engagement in the Directors' Report because it met the threshold requirement of an average of more than 250 UK employees in the Group in two consecutive years (that is, both the year ended 31 December 2022 and the year ended 31 December 2021), although it had less than an average of 250 UK employees for the year ended 31 December 2023. The Group is committed to the continued development of employee engagement by an effective communications and consultative framework. Further information regarding employee engagement is included in the Employee Consultation section and in the Section 172 (1) statement which are both set out in our Strategic Report.

DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

BUSINESS RELATIONSHIPS

The Directors have had regard to the company's need to foster business relationships with suppliers, customers and others. Further information is provided in the Section 172 (1) statement set out in our Strategic Report.

ENVIRONMENTAL MATTERS

Please refer to the Environmental Matters section included in our Strategic Report and to the information provided in the Section 172 (1) statement set out in our Strategic Report.

GOING CONCERN

Our business activities, together with the factors likely to affect our future development, performance and position, are set out in our Strategic Report beginning on page 19 and in the financial statements on page 87.

In determining whether our financial statements can be prepared on a going concern basis, our Directors considered the Group's business activities, together with the factors likely to affect our future development and performance. The review also included our financial position and cash flows.

As of the date of this report, our Directors have a reasonable expectation that we have adequate resources to continue in business for at least 12 months from the signing of these accounts. Accordingly, the financial statements have been prepared on the going concern basis.

AUDITOR

A resolution to reappoint KPMG LLP will be proposed at the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

All Directors in office at the time the report is approved confirm the following:

- (i) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (ii) each Director has taken all the steps that he or she ought to have taken in his or her duty as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' Report was approved by the Board on 14 March 2024.

On behalf of the Board



Adrian Rawcliffe
Director
15 March 2024

INTRODUCTION

Adaptimmune Therapeutics plc (“the Company”) was incorporated on 3 December 2014. Adaptimmune Therapeutics plc on behalf of itself and its subsidiaries, including Adaptimmune Limited and Adaptimmune LLC (which may be referred to as “the Group”, “we”, “us” or “our”), is required to produce a strategic report complying with the requirements of the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 and the Companies (Miscellaneous Reporting) Regulations 2018 (the “Regulations”).

OVERVIEW

We are a clinical-stage biopharmaceutical company transitioning in 2024 to a commercial-stage cell therapy company. We focus on providing novel cell therapies to people with cancer. We are a leader in the development of T-cell therapies for solid tumors and are anticipating our first marketing approval followed by the commercial launch of afami-cel in 2024. Our first product, afamitresgene autoleucel or “afami-cel” is specific to synovial sarcoma (synovial sarcoma) and will be the first product in our sarcoma product franchise. Lete-cel, which we are planning for US commercial launch in 2026, will be our second product in the sarcoma franchise and will target both synovial sarcoma and myxoid round cell liposarcoma (“MRCLS”), significantly expanding our treatable patient population.

Synovial sarcoma and MRCLS are two of more than fifty types of soft tissue cancers, with approximately 13,000 new soft tissue sarcoma cases in the U.S. each year. Synovial sarcoma accounts for approximately 5-10% of these cases, with MRCLS accounting for another approximately 5-10% of soft tissue sarcomas. Synovial sarcoma impacts younger people with one third of patients diagnosed under the age of 30. The five-year disease specific survival rate for synovial sarcoma patients is currently 20%. MRCLS impacts middle-aged adults and is frequently diagnosed between ages 35-55. It has an 8%, 5 year disease specific survival rate. We believe that afami-cel in synovial sarcoma and lete-cel in synovial sarcoma and MRCLS can make a significant difference to people impacted by these cancers.

All of our products and clinical candidates utilize engineered T-cells designed to find and destroy cancer cells in patients. The T-cells are engineered to recognize particular antigens expressed by the cancer cells and to activate a person’s immune system to fight the cancer they have. Our current products and clinical candidates are personalized treatment options where we take a person’s white blood cells, modify them to express the engineered T-cells and then return those engineered T-cells to the patient.

Afami-cel and Commercialization

We filed a Biologics License Application (“BLA”) with the Food and Drug Administration (“FDA”) in December 2023 for afami-cel, a cell therapy that provides a treatment option for people with synovial sarcoma. People with synovial sarcoma are eligible to be treated with afami-cel if they express MAGE-A4 at the required level and have the required Human Leukocyte Antigen (“HLA”) type. We reported an approximately 39% overall response rate (ORR) and approximately 12 months duration of response at the Connective Tissue Oncology Society (“CTOS”) in 2022 from our SPEARHEAD-1 trial and believe that afami-cel will be transformative for people with advanced synovial sarcoma.

We announced FDA acceptance of the BLA for afami-cel, which has priority review on 31 January 2024. The BLA has a Prescription Drug User Fee Act (PDUFA) target action date of August 4, 2024. We are currently preparing for the launch of afami-cel for shortly after the PDUFA target action date. We plan to launch at select authorized treatment centers (“ATCs”) and anticipate growing to 30 ATCs. The launch will focus on sarcoma centers of excellence to ensure a targeted approach for persons with synovial sarcoma with initial actions to prepare for launch already under way at certain of these centers. We are working with third parties to implement the necessary infrastructure to support the launch, including with a diagnostic laboratory partner for the supply of the required companion diagnostics for eligibility testing.

Lete-cel

We are in the process of transitioning lete-cel, which targets the NY-ESO antigen in people with synovial sarcoma and MRCLS, from GSK. We reported interim analysis data for the IGNUYTE-ESO trial with lete-cel at CTOS in 2023. In sub-study 2 of the IGNUYTE-ESO trial, we reported a 40% ORR (18/45 patients treated) in synovial sarcoma and MRCLS

combined and approximately 11 months median duration of response. The primary efficacy endpoint requires 16/60 patients to have a response. Sub-study 2 explores safety and efficacy in patients who received prior anthracycline treatment and enrollment in sub-study 2 has completed. We also reported data for sub-study 1 of the IGRYTE-ESO trial which explores lete-cel in the first-line setting for treatment naïve patients with metastatic or unresectable synovial sarcoma or MRCLS. In the five patients treated the response rate was 80% (4/5) by investigator assessment.

Clinical Pipeline

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

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

Pre-clinical Pipeline

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 TCR T-cells and TruC T-cells. Our cell therapies are currently manufactured on an autologous or per patient basis. Additionally we have a proprietary pre-clinical allogeneic platform for the development of “off the shelf” cell therapies.

Our most advanced pre-clinical programs are for T-cell therapies directed to the PRAME target (“ADP-600”) and to CD70 (“ADP-520”). ADAP-600 is an engineered TCR T-cell. PRAME is expressed in a broad range of tumors including synovial sarcoma, breast, NSCLC, gastroesophageal, melanoma, endometrial, ovarian and head & neck cancers. ADP-520 is a TruC, developed by TCR² Therapeutics Inc. (“TCR²”) and added to our preclinical pipeline following the combination of Adaptimmune with TCR² in June 2023. CD70 is expressed in renal cell carcinoma (“RCC”), a solid tumor and in hematological malignancies including acute myeloid leukemia (“AML”) and lymphoma.

Our allogeneic platform utilizes cells derived from Induced Pluripotent Stem Cells (“iPSCs”), which can be gene-edited to express our engineered TCRs or other constructs and then differentiated into the required end cell type, for example T-cells. The platform is applicable to all of our cell therapies.

Collaborations

We have a strategic collaboration with Genentech Inc (“Genentech”). The collaboration with Genentech covers the research and development of “off-the-shelf” cell therapies for up to five shared cancer targets (“off-the-shelf” products) and the development of a novel allogeneic personalized cell therapy platform. We also have several research and development collaborations directed to particular next-generation technologies. Following the exit from a prior

collaboration with GSK, we are in the process of completing transition of the NY-ESO program from GSK. We anticipate final transition of all programs (including all clinical trials) by mid-year 2024.

Corporate

We have facilities in the U.S. in Philadelphia and Boston and in the United Kingdom (“U.K.”) in Abingdon and Stevenage. We are an integrated cell therapy company with our own manufacturing facility in the U.S. for autologous products and in the U.K. for allogeneic products together with a dedicated lentiviral vector manufacturing suite in the U.K. within the Cell and Gene Therapy Catapult manufacturing facility at Stevenage. This enables us to continue improving the patient experience associated with our cell therapies including the ability to introduce improvements to the manufacturing process and patient supply chain.

On 6 March 2023 the Company announced entry into a definitive agreement under which it combined with TCR² Therapeutics Inc. (“TCR²”) in an all-stock transaction. TCR² is a Boston, Massachusetts-based T-cell therapy company focused on treating solid tumours. The transaction was approved by the Company’s shareholders and TCR² stockholders on 30 May 2023 and the merger became effective on 1 June 2023. Following merger becoming effective TCR² and all entities within the TCR² group, became wholly owned by the Company. Following the completion of the transaction, the former TCR² stockholders held approximately 25% of the Company, whereas the Company’s pre-existing shareholders held approximately 75%. The operations of the TCR² are now fully integrated within the Adaptimmune operations.

OUR SPEAR T-CELL THERAPIES

The Immune System and T-cells

The immune system plays an important role in targeting and destroying cancer cells. Specifically, T-cells, which are a type of white blood cell, and their receptors create a natural system that is designed to scan the body for diseased cells. In general, cells process proteins internally and then convert these proteins into peptide fragments which are then presented on the cell surface by a protein complex called the Human Leukocyte Antigen (“HLA”). T-cells naturally scan all other cells in the body for the presence of abnormal peptide fragments, such as those generated from infectious agents. Recognition of this peptide-HLA complex takes place through the T-cell receptor or TCR expressed on the T-cells. However, binding of naturally occurring TCRs to cancer targets tends to be very poor because cancer proteins appear very similar to naturally occurring proteins on healthy cells.

Cancer Target Identification and Validation

Before developing any engineered T-cell therapy, it is important to identify and validate a suitable target cancer peptide or protein. The target or antigen must be expressed only on the cancer cells of interest or at very low expression levels in normal non-cancerous tissue. Careful validation and identification of targets is important to ensure that any engineered cell therapy is specific to the targeted cancer and does not bind to the same target on non-cancer cells, or that the receptor in the cell therapy does not recognize a similar peptide or protein derived in normal cells.

Our Cell Therapies

We have developed a range of cell therapies all of which utilize the interaction between a T-cell via its TCRs and a peptide or protein. Our cell therapies can be made directly from a patient’s own T-cells (“autologous” cell therapies) or manufactured from stem cells (“allogeneic” cell therapies).

For all of our autologous cell therapies patient T-cells are extracted and are then engineered to generate the end cell therapy whether this is through engineering of the TCR itself or through the addition of another agent which enhances the efficacy of the TCR or T-cell. The nature of the engineering impacts the type of cell therapy product generated. The engineered T-cells are then expanded and infused back into the patient. When these T-cells encounter a recognized peptide or protein within the patient’s body, they multiply and initiate the destruction of the targeted cancer cells.

For our allogeneic T-cell therapies, Induced Pluripotent Stem Cells ("iPSCs") are gene edited to express the engineered TCR and potentially a range of next-generation modifications. As part of the gene editing the iPSCs are also edited to remove certain HLA-type expression so that patients expressing any HLA-type can be treated with the same end product. Those gene-edited iPSCs are then differentiated, using a number of directed process steps, into T-cells, which can then be used to treat patients expressing the tumor antigen to which the TCR is directed.

Adaptimmune has two receptor platforms, "TCRs" and "TRuCs", which target different classes of antigen. Engineered TCRs target peptides from intracellular proteins that are naturally processed into peptide fragments and presented on the cell surface by HLA, whereas TRuCs bind to protein targets that are expressed on the cell surface, similar to the way in which Chimeric Antigen Receptor or "CAR" T-cells act. Following identification of a suitable target protein that is expected to have a safe expression profile, we tailor our approach depending on the extracellular or intracellular location of the target. Both platforms are amenable to autologous and allogeneic cell therapies.

For intracellular target proteins we identify potential immunogenic peptides that are processed and presented by specific HLA types and then identify TCRs that are capable of binding to that specific peptide/HLA complex. We engineer and optimize those identified receptors to enhance their ability to recognize and bind to the cancer targets, thereby enabling a highly targeted immunotherapy which complements a patient's immune system. The optimized TCR for the cell therapy then undergoes extensive preclinical safety testing prior to administration to patients who express the right protein target and HLA type. The majority of our products, current clinical candidates and most of our pre-clinical candidates target intracellular antigens presented by HLA-A2.

TRuCs use an antibody binding domain coupled to a CD3 subunit. The antibody portion binds to the target protein on the cancer cell and then the bound complex signals through a CD3/TCR complex using the natural signaling pathway of T cells. The physiological signaling method of TRuCs is distinct from CAR T-cell signaling where multiple signaling units are bolted together in a single protein. Natural TCRs are sensitive to much lower antigen density than CARs. Our ADP-520 preclinical program uses a TRuC directed to the CD70 antigen. There is no HLA restriction with this product meaning that all patients with tumors expressing CD70 could be eligible.

PRODUCT PIPELINE

PROGRAM [TARGET]	TRIAL NAME(S) / INDICATION(S) / DESIGN	IND-ENABLING	PHASE 1	PHASE 2/3	REGISTRATION
afami-cel [MAGE-A4]	SPEARHEAD-1 pivotal trial Synovial Sarcoma				
lete-cel [NY-ESO]	IGNYTE-ESO Synovial sarcoma and MRCLS				
ADP-A2M4CD8* [MAGE-A4]	SURPASS-3 registration-directed trial Platinum resistant ovarian cancer; Monotherapy; +/- checkpoint inhibitor				
	SURPASS Ph1 Head & neck cancer Focus on earlier line therapy +/- checkpoint inhibitor				
ADP-600 [PRAME]	Indications that express PRAME including synovial sarcoma, breast, NSCLC, gastroesophageal, melanoma, endometrial, ovarian and head & neck cancers				
	Clinical Indications TBD				
ADP-520 [CD70]	Indications that express CD70 including hematological malignancies: acute myeloid leukemia (AML), lymphoma and renal cell carcinoma (RCC)				
	Clinical Indications TBD				

*SURPASS Ph 1 no longer enrolling for indications other than head & neck and urothelial cancers

Clinical Pipeline

Sarcoma Franchise – afami-cel and lete-cel

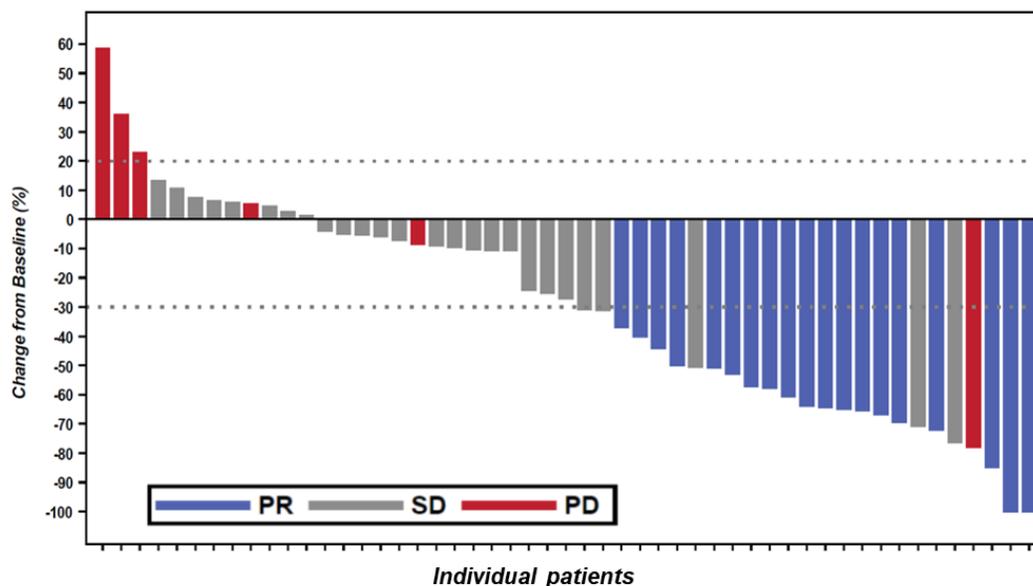
We submitted a Biologics License Application (“BLA”) with the FDA for our first product, afami-cel, in December 2023. Acceptance of the BLA was announced on 31 January 2024, with a target PDUFA date of 4 August 2024. We are working towards a commercial launch in the third quarter of 2024. A second product, lete-cel, is in pivotal trial, with the full data set targeted for the third quarter of 2024.

- **Afami-cel**

Afami-cel is a TCR T-cell therapy directed to a MAGE-A4 peptide presented on HLA. The diagram below illustrates the afami-cel T-cell interacting with the MAGE-A4 antigen on the tumor cell. We believe afami-cel will redefine treatment for people with synovial sarcoma.

Enrollment in a Phase 2 clinical trial (the SPEARHEAD-1 trial) in synovial sarcoma will shortly complete in the U.S. Enrollment in the SPEARHEAD-1 trial will continue in Canada, the U.K., Spain and France. A pediatric trial, SPEARHEAD -3, is currently enrolling in the U.S.

Clinical data from the SPEARHEAD-1 trial was presented at the Connective Tissue Oncology Society (“CTOS”) in November 2022. An Overall Response Rate (ORR) per independent review of approximately 39% in synovial sarcoma was presented together with a median duration of response of just over 50 weeks. We believe afami-cel continues to have an acceptable benefit to risk profile. The charts below summarize the best overall responses by RECIST v1.1 as of 29 August 2022 for cohort 1 of the SPEARHEAD-1 trial.



The graph represents data from Cohort 1. PR= partial response; SD=stable-disease; PD=progressive disease. Data represent percent changes from baseline in sum of diameters (sum of the long diameters for non-nodal lesions and short axis for nodal lesions) in target lesions through progression or prior to surgical resection.

Survival data for afami-cel was reported at CTOS in 2023 with afami-cel responders having a 2-year survival probability of 70% and median overall survival not yet reached in the SPEARHEAD-1 trial. As of 30 August 2023 the median overall survival across the entire SPEARHEAD-1 trial is approximately 17 months.

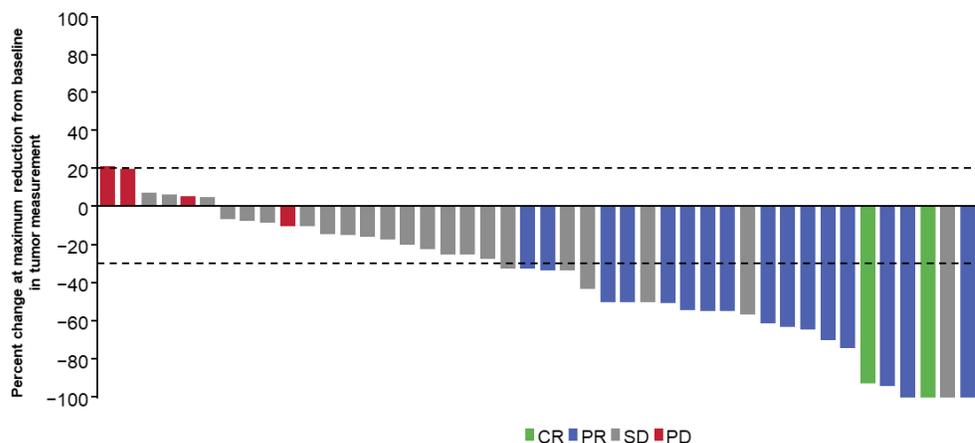
Orphan Drug designation for afami-cel for the treatment of soft tissue sarcomas has been granted in the European Union (“EU”) and U.S. In addition, the FDA has granted RMAT designation U.S. for the treatment of synovial sarcoma and access to the Priority Medicines (“PRIME”) regulatory support scheme for the treatment of synovial sarcoma.

We are currently preparing to launch the product in the third quarter of 2024 in the U.S. Launch will be focused initially on 6 to 10 Advanced Treatment Centres (“ATCs”) and will expand to additional ATCs. Field teams are being recruited and we are working with our ATCs and supporting third party vendors to provide for a successful launch.

- **Lete-cel**

Lete-cel is a TCR T-cell therapy directed to a NY-ESO peptide presented on HLA. It was originally developed by Adaptimmune, and further developed under a collaboration and license agreement with GSK plc. Lete-cel is being investigated for the treatment of synovial sarcoma or myxoid/round cell liposarcoma (MRCLS) in the pivotal IGNUYTE-ESO (NCT03967223) trial in patients who received prior anthracycline treatment. GSK and Adaptimmune agreed terms for the transition of lete-cel back to Adaptimmune in April 2023, transition of the lete-cel clinical trials are ongoing.

Data from an interim analysis of sub-study 2 of the IGNUYTE-ESO trial was reported at CTOS in November 2023. Sub-study 2 of the IGNUYTE-ESO trial is a registration directed trial in synovial sarcoma and MRCLS exploring the efficacy and safety of lete-cel in later stage patients who have received prior anthracycline treatment. The interim analysis for efficacy includes data from 45 people with synovial sarcoma or MRCLS who have received lete-cel in the IGNUYTE-ESO trial and who had at least 6 months follow up. At the time of this analysis, 18/45 (40%) (99.6% CI: 20.3%, 62.3%) people with synovial sarcoma or MRCLS had RECISTv1.1 responses by independent review with two complete responses and 16 partial responses. The response rate was 9/23 (39%) for people with synovial sarcoma and 9/22 (41%) for people with MRCLS by independent review.



At the time of this data cut, 18/45 of people with synovial sarcoma or MRCLS had RECISTv1.1 responses with lete-cel, by independent review. The pre-defined success criteria for this planned interim analysis required at least 14 responders out of 45 patients and the primary endpoint for efficacy will require 16 responders out of 60 patients by independent review. The full pivotal trial read-out is expected in the third quarter of 2024 and work is underway to further develop lete-cel and submit a BLA in the U.S.

Duration of Response (DoR) is still being followed in 9/18 (50%) of responders at the time of the data cut-off. The median duration of response was 10.6 months (95% CI: 3.3, NE). The DoR ranges from 1.18+ to 16.6+ months and 12 out of 18 patients were censored for this analysis.

Data from sub-study 1 of the IGNUYTE-ESO trial was also reported at CTOS 2023. Sub-study 1 was designed to

explore the feasibility, efficacy, and safety of lete-cel in the first-line setting for treatment-naïve patients with metastatic or unresectable synovial sarcoma or MRCLS. Of the five evaluable patients in the sub-study, one exhibited a complete response, with an additional three partial responses, yielding an overall response rate of 80% (4/5) by investigator assessment. All five patients experienced cytokine release syndrome, all cases resolved; four were treated with tocilizumab. Overall, the sub-study reveals encouraging efficacy in this small population of treatment-naïve patients in the advanced/metastatic setting with 80% ORR, with all responses ongoing at the time of this analysis.

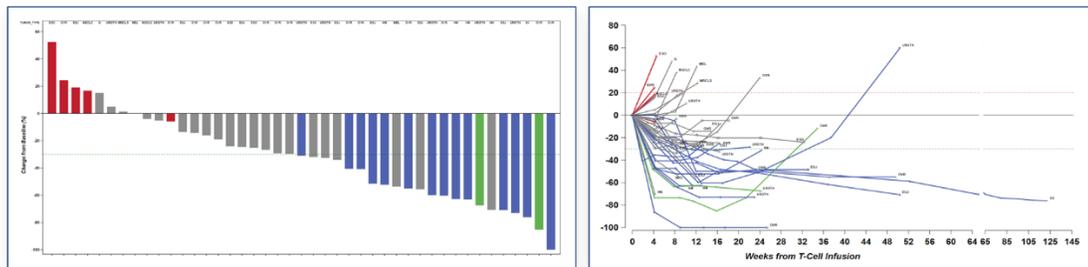
The IGNYTE-ESO trial, is ongoing but closed to enrollment. It is being transitioned from GSK to Adaptimmune together with the remainder of the NY-ESO directed cell therapy program previously controlled by GSK. Transition is subject to the terms of and is anticipated to be completed during 2024.

SURPASS trials

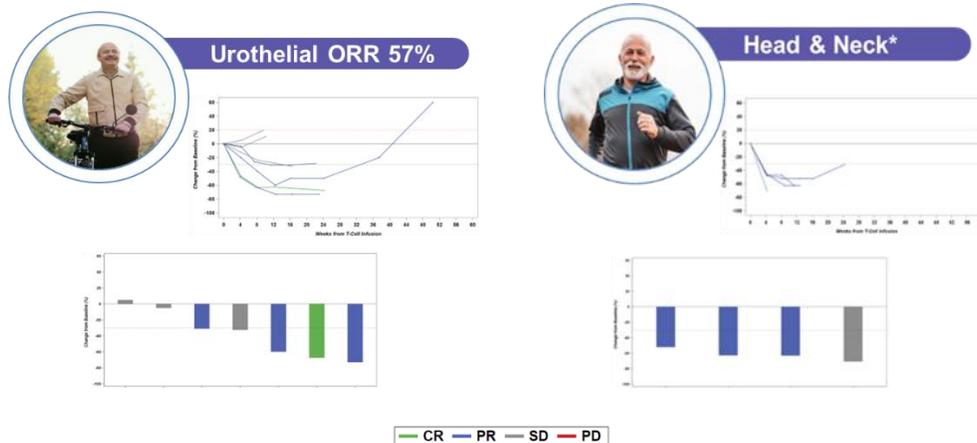
- **Phase 1 Trial with ADP-A2M4CD8 (SURPASS trial)**

Enrollment is ongoing in the Phase 1 SURPASS trial for ADP-A2M4CD8, a next-generation TCR T-cell therapy. This T-cell therapy 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 cytokine release and T-cell potency.

Data from the trial was reported at ESMO in 2023, with a 35% overall response rate and approximately 5 months median duration of response in 43 evaluable patients. A 50% response rate was seen in the focus indications of ovarian, urothelial and head and neck cancer. The following chart shows the responses seen in the trial.



Recruitment in the SURPASS trial is now focused on head and neck cancer and urothelial cancer in earlier line settings and also with checkpoint inhibitors. The charts below show the responses seen in ovarian, urothelial and head and neck indications. Data provided is as of 14 August 2023.



- ***Phase 2 Trial with ADP-A2M4CD8 in ovarian cancer (“SURPASS-3”):***

A Phase 2 trial with ADP-A2M4CD8 in ovarian cancer is enrolling in the US, France, Spain and Canada. The US arm of the trial has been initiated in collaboration with The GOG Foundation Inc. The trial evaluates the T-cell therapy in both monotherapy and in combination with nivolumab (a checkpoint inhibitor) in platinum resistant ovarian cancer. We recently received FDA RMAT designation for ADP-A2M4CD8 for the treatment of patients with platinum resistant ovarian cancer.

The trial was initiated based on the clinical data seen in persons with ovarian cancer in the Phase 1 SURPASS trial. A 40% overall response rate (including one complete response) and median duration of 17 weeks was reported as of 14 August 2023 in the 15 patients treated.

Other Clinical Programs

The ADP-A2AFP Phase 1 trial and the SURPASS-2 Phase 2 trial, have closed to enrollment. The gavo-cel and TC-510 trials have also closed to enrollment and in all cases trials will be closed once all patients have been fully treated and followed in accordance with the protocol and regulatory requirements.

Preclinical Candidate Pipeline

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

- ***PRAME program***

PRAME is highly expressed across a broad range of solid tumors including ovarian, endometrial, lung and breast cancers. We are developing TCR T-cells directed to PRAME, with the initial candidate currently in preclinical testing and next-generation candidates being developed over the longer term.

- ***CD70 program***

The CD70 program targets the CD70 antigen which is expressed across a range of hematological malignancies (acute myeloid leukemia and lymphoma) and solid tumors (renal cell carcinoma). We are using TRuC technology to develop a T-cell therapy against CD70, with membrane bound IL-15 to enhance persistence. The T-cell therapy is currently in pre-clinical testing.

Allogeneic iPSC Platform

We continue to develop our allogeneic platform which can be used to generate ‘off-the-shelf’ cell therapies that are universally applicable to all eligible patients by developing gene-edited iPSCs which are differentiated to T-cells by our in-house proprietary process. These “off-the-shelf” cells are being developed to overcome the current limitation of autologous therapies that need to be manufactured specifically for each patient. Additionally, our process starts with iPSCs instead of donor-derived T-cells, which potentially reduces product variability.

The enhanced T-cell technology being developed involves selective engineering for the removal of potentially immunogenic cell surface proteins (for example, HLA molecules) and the addition of our TCRs, without the use of

nucleases, to develop these T-cell products. If successful, this will enable us to treat our patients with an “off-the-shelf” or on demand cell therapy product without the need to acquire a patient’s own cells.

We have a collaboration program with Genentech, in which “off-the-shelf” cell therapies for up to five shared cancer targets (“off the shelf” products) and a novel allogeneic personalized cell therapy platform are being developed.

Integrated Cell Therapy Company

We are committed to building an integrated cell therapy company with a broad range of capabilities that enable the research and development of cell therapies, the translational analyses of clinical responses, control of the manufacturing and supply chain and commercialization. The ability to take learnings from every stage of the process and feed these learnings back into further research and development enables decisions to be taken at the appropriate time and improvements and enhancements to processes and products to be made effectively and in a timely manner.

We have our own autologous cell therapy manufacturing facility at the Navy Yard in Philadelphia, Pennsylvania which is capable of supplying the majority of our autologous cell therapies currently in the clinic. The Navy Yard facility will also support the anticipated commercial launch in the US of afami-cel. A new manufacturing facility dedicated to allogeneic drug product manufacture opened in 2022 and is co-located with our research facility in Milton Park in the U.K. We also have our own dedicated vector manufacturing capability in the U.K., within the Catapult Cell and Gene Therapy Manufacturing Centre in Stevenage, which is producing lentiviral vector for our SURPASS trials using a proprietary suspension process.

Control of our own end-to-end manufacturing processes (including vector, T-cell and analytical quality control testing) enables us to improve and further develop these processes for manufacture of our cell therapies. The ability to manufacture in-house provides security of supply at a lower cost than using a third-party provider. In addition, the ability to continually evaluate and optimize processes enables ongoing reduction in the times taken to treat our patients and the overall cost of goods applicable to manufacture and supply of our cell therapies.

In addition to our in-house capabilities, and as a result of the strategic combination with TCR² and transition of the lete-cel program back to Adaptimmune, we are also utilizing third party manufacturing capacity to manufacture lete-cel and ADP-520. We utilize a third party contract manufacturer for supply of lenti-viral vector for use in the manufacture of afami-cel and lete-cel. We will continue to evaluate the most efficient and effective supply chains for all of our products.

COLLABORATIONS AND STRATEGIC ALLIANCES

Genentech Strategic Collaboration and License Agreement

On 3 September 2021, Adaptimmune Limited, a wholly-owned subsidiary of Adaptimmune Therapeutics Plc, entered into a Strategic Collaboration and License Agreement with Genentech, Inc. and F. Hoffman-La Roche Ltd (the “Agreement”).

The collaboration has two components:

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

The parties will collaborate to perform a research program, initially during an eight-year period (which may be extended for up to two additional two-year terms at Genentech’s election upon payment of an extension fee for each two-year term), to develop the cell therapies, following which Genentech will determine whether to further develop and commercialize such therapies.

Under the terms of the Agreement, Adaptimmune received a \$150 million upfront payment. Adaptimmune may also receive:

- \$150 million in additional payments spread over a period of five years from the effective date of the Agreement, unless the Agreement is earlier terminated;
- research milestones of up to \$50 million;
- development milestones of up to \$100 million in relation to the development of off-the-shelf T-cell therapies per collaboration target (unless Adaptimmune exercises its right to opt-in to receive a profit share) and up to \$200 million in relation to the development of personalized T-cell therapies;
- commercialization milestones of up to \$1.1 billion for “off-the-shelf” T-cell therapies (unless Adaptimmune exercises its right to opt-in to receive a profit share and assuming off-the-shelf T-cell therapies are developed to five targets) and for personalized T-cell therapies; and
- net sales milestones of up to \$1.5 billion for “off-the-shelf” T-cell therapies (unless Adaptimmune exercises its right to opt-in to receive a profit share and assuming “off-the-shelf” T-cell therapies are developed to five targets) and for personalized T-cell therapies

In addition, Adaptimmune will receive tiered royalties on net sales in the mid-single to low-double digits.

Adaptimmune also has a right to opt-in to receive a profit share and to co-promote “off-the-shelf” T-cell therapies. If Adaptimmune elects to opt in, then Adaptimmune will be eligible to share 50 percent of profits and losses from U.S. sales on such products and to receive up to \$800 million in ex-U.S. regulatory and sales-based milestone payments, as well as royalties on ex-U.S. net sales.

The parties can terminate the Agreement in the event of material breach or insolvency of the other party. Genentech is entitled to terminate the Agreement in its entirety, on a product-by-product basis or collaboration target by collaboration target basis on provision of 180 days notice.

Development and Research Collaborations

We entered into the GSK Collaboration and License Agreement regarding the development, manufacture and commercialization of TCR therapeutic candidates in May 2014. The collaboration was terminated in October 2022, following which an amendment to the collaboration agreement was entered into in December 2022 and entry into a transition agreement was announced in April 2023. The agreement covered the return of the PRAME and NY-ESO programs to Adaptimmune.

Per the terms of the 2023 transition agreement, Adaptimmune has received an upfront amount and will receive milestone-based payments totaling £30 million in relation to the transfer of the clinical trials for the NY-ESO targeted programs. Adaptimmune and GSK have collaborated to transition data and materials relating to the PRAME program to Adaptimmune. In addition the parties are also collaborating to transfer the NY-ESO program to Adaptimmune including the transfer of sponsorship for the ongoing GSK IGNYTE-ESO clinical trial and associated long-term follow-up clinical trial to Adaptimmune. Transition of sponsorship started in the fourth quarter of 2023 and is anticipated to complete during the first half of 2024.

We have third-party collaborations in place with Noile-Immune and Alpine Immune Sciences in relation to next-generation T-cell therapies.

BUSINESS STRATEGY

Building on our leadership position with engineered T-cell therapies in solid tumor indications, our strategic objective is to be a world leader in designing, developing and delivering cell therapies that redefine the treatment of cancer. Our mission is to revolutionize the treatment of solid tumors with a single dose of engineered TCR T-cells and as a result to

address cancers with high unmet needs with both autologous and allogeneic solutions. To achieve our mission, our primary core value drivers are as follows:

- ***Building a commercial franchise in synovial sarcoma and MRCLS.*** We submitted a BLA for our first product, afami-cel for the treatment of synovial sarcoma and are targeting the commercial launch of afami-cel upon receipt of FDA approval. We continue to build the systems, policies and commercial capabilities to support that launch. We are progressing development of our second product, lete-cel and targeting US commercial launch in 2026.
- ***Progressing the SURPASS-3 Phase 2 trial through to completion.*** Depending on the data, we plan to rapidly progress ADP-A2M4CD8 through the phase 2 trial and towards BLA filing. We have RMAT designation for ADP-A2M4CD8 for the treatment of ovarian cancer from the FDA.
- ***Progressing the ADP-A2M4CD8 T-cell therapy into earlier lines of therapy.*** We are recruiting patients in two new cohorts in the SURPASS trial in urothelial and head and neck cancers. These cohorts are looking at treatment in earlier lines of therapy and alongside standard of care treatments.
- ***Progressing PRAME (ADP-600) and CD-70 (ADP-520) directed T-cell therapies into the clinic.*** We aim to complete preclinical development of our T-cell therapy directed to PRAME, continue development of our next-generation T-cell therapies directed to PRAME and continue pre-clinical development of a T-cell therapy directed to CD70.
- ***Continuing to develop “off-the-shelf” cell immunotherapies and progress allogeneic cell therapies to the clinic.*** We continue to develop our “off-the-shelf” (allogeneic) platform, which is broadly applicable to cell therapies, both internally and in collaboration with our partner Genentech.
- ***Continuing to improve our manufacturing and patient supply processes to optimize how we deliver our cell therapies to patients.*** Our integrated cell therapy manufacturing capabilities enable us to continually enhance our cell and vector manufacturing and supply processes which we believe will ultimately enable us to treat patients quicker, at a lower cost and more effectively.

DEVELOPMENT AND PERFORMANCE DURING THE PERIOD

Revenue

Revenue increased by \$33.2 million to \$60.3 million for the year ended 31 December 2023 from \$27.1 million for the year ended 31 December 2022 primarily due to the termination of the Astellas collaboration, resulting in the remaining deferred income for the collaboration being recognized as revenue in March 2023.

We expect that revenues will increase in future periods as the Company continues activities under the Genentech and GSK agreements.

Research and Development Expenses

Research and development expenses decreased by 7% (\$10.9 million) to \$144.3 million for the year ended 31 December 2023 from \$155.2 million for the year ended 31 December 2022.

The net decrease in our research and development expenses of \$10.9 million for the year ended 31 December 2023 compared to the year ended 31 December 2022 was primarily due to the following:

- a decrease of \$1.0 million in salaries, materials, equipment, depreciation of property, plant and equipment and other employee-related costs, which is mainly driven by a decrease in the average number of employees

engaged in research and development, offset partially by an increase in facility and other direct cost allocations, including those incurred following the acquisition of TCR²;

- a decrease of \$6.3 million in subcontracted expenditures, including clinical trial expenses, contract research organization (CRO) costs and contract manufacturing expenses, largely driven by a decrease in manufacturing costs including external lentiviral vector manufacturing;
- a decrease of \$1.2 million in share-based compensation expense due to a combination of lower fair value of options granted in 2023 compared to 2022 and due to high forfeiture credits due to redundancies in the same period; and
- a decrease of \$2.2 million in in-process research and development costs due to a credit of \$1.9 million relating to the release of a milestone that was previously accrued that is no longer expected to be paid, with no other in-process research and development costs recognized in 2023.

Our subcontracted costs for the year ended December 31, 2023 were \$48.4 million, compared to \$54.7 million in the same period of 2022. This includes \$26.4 million directly associated with our afami-cel and ADP-A2M4CD8 T-cells and \$22.0 million of other costs.

Our research and development expenses are highly dependent on the phases and progression of our research projects and future clinical trial results and therefore fluctuate from period to period.

Administrative Expenses

Administrative expenses increased by \$6.5 million to \$75.7 million for the year ended 31 December 2023 from \$69.2 million in the same period in 2022, primarily due to the following:

- an increase of \$5.9 million in salaries, depreciation of property, plant and equipment and other employee-related costs compared to the equivalent period in 2022, due primarily to severance and other related costs for former TCR² leadership and employees and an increase in depreciation following the completion of the construction of manufacturing facilities in the U.K. and U.S. The depreciation was allocated to general and administrative expenses based on the utilization of U.K. office in 2023 and, for the U.S. facility, the fact that the commercial operations for which the facility was constructed have not yet commenced;
- an increase of \$8.2 million in other corporate costs due primarily to an increase in accounting, legal and professional fees incurred in relation to entering into the TCR² Therapeutics Inc. merger agreement; offset by
- a decrease in share-based compensation expense of \$2.8 million due to a combination of lower fair value of options granted in 2023 compared to 2022 and due to high forfeiture credits due to redundancies in the same period.

Impairment of Intangible Assets

Impairment of intangibles assets of \$7.9 million in the year ended 31 December 2022 relates to impairment of the Universal Cells in-process research and development intangible assets due to the presence of a chromosomal abnormality in the original cell line provided by Universal Cells and the Group's subsequent decision to use a different cell line to develop its MAGE-A4 allogeneic cell therapy. The impaired assets were subsequently derecognised in 2023 when the Universal Cells contract was terminated and the licences expired.

Other Income

Other income relates to reimbursements of certain equity issue costs and reimbursement through the U.K. Research and Development Expenditure Credit. Other income increased by \$0.1 million to \$3.0 million for the year ended 31 December 2023 from \$2.9 million in the year ended 31 December 2022.

Finance Income

Finance income increased by \$2.0 million to \$6.0 million in the year ended 31 December 2023 compared to \$4.0 million in the year ended 31 December 2022 due to having net accretion of the discount on marketable securities for 2023; accretion on marketable securities for the year ended 31 December 2023, was \$2.0 million compared to amortization of \$2.5 million for the year ended 31 December 2022. This was driven by a change in the Group's portfolio mix and through the acquisition of securities as part of the TCR² acquisition, where more securities were U.S. Treasury securities purchased at a discount rather than corporate debt securities purchased at a premium. The decrease was also due to unrealised foreign exchange losses of \$0.2 million in 2023 recognised in Finance Expense, compared to \$0.5 million of unrealised foreign exchange gains recognised in Finance Income in 2022. Finance income comprises interest income and net unrealised foreign exchange gains.

Finance Expense

Finance expense increased by \$0.5 million to \$2.1 million in the year ended 31 December 2023 from \$1.6 million in the year ended 31 December 2022. Finance expense comprises net unrealised foreign exchange losses and interest costs on lease liabilities.

Taxation

Taxation primarily relates to tax credits received under the U.K. Research and Development Scheme for small and medium sized entities (the "SME R&D Tax Credit") offset by income taxes arising in the U.S. tax jurisdiction. The taxation credit decreased by \$13.5 million to \$13.7 million for the year ended 31 December 2023 from \$27.2 million for the year ended 31 December 2022 primarily due to decreases in the associated research and development costs for which the SME R&D Tax Credit may be claimed and a reduction in the effective rate at which the tax credits can be claimed which was effective from 1 April 2023.

POSITION OF GROUP AT YEAR END

Liquidity and Capital Resources

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 Astellas Collaboration and Genentech and GSK Collaboration and License Agreements, government grants and research and development tax and expenditure credits. From inception through to 31 December 2023, we have raised:

- \$870.9 million of proceeds from issues of equity, net of issue costs;
- \$437.3 million through collaborative arrangements with Genentech, GSK and Astellas; and
- \$110.6 million in the form of U.K. research and development tax credits and receipts from the U.K. RDEC Scheme.

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

We use a non-GAAP alternative performance 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 IFRS measure, are provided below under “Non-GAAP measures”.

As of 31 December 2023, we had cash and cash equivalents of \$144.0 million and Total Liquidity of \$146.9 million. We believe that our Total Liquidity will be sufficient to fund our operations, based upon our currently anticipated research and development activities and planned capital spending, into early 2026.

During the year ended 31 December 2023, the Group incurred a net loss of \$117.1 million, used cash of \$137.3 million in its operating activities, and generated revenues of \$60.3 million. The Group has incurred net losses since inception, and it expects to incur operating losses in future periods.

Management considers that there are no reasonable conditions or events, in the aggregate, that cast significant doubt about the Group’s ability to continue as a going concern for a period of at least one year from the date the financial statements are issued.

SUMMARY OF CASH FLOWS

Operating Activities

Net cash used in operating activities decreased by \$0.8 million to \$137.3 million for the year ended 31 December 2023 compared to \$138.0 million for the year ended 31 December 2022. The net cash used in operating activities in the year ended 31 December 2023 decreased due to a decrease in operating expenditure as a result of the restructuring and de-prioritization of non-core programs that was initiated in the final quarter of 2022, which included a reduction in headcount of approximately 25% and de-prioritization of non-core activities and payments of \$16.8 million and \$34.7 million from Genentech and GSK in 2023, respectively as compared to payments of \$21.3 million from Genentech in 2022. This was partially offset following the business combination with TCR² which resulted in an increase in headcount of 39 and additional operating expenditures relating to activities originating from TCR² as well as various legal and professional fees relating to the acquisition.

In addition, the U.K. R&D tax credits received in the year ended 31 December 2023, were \$25.2 million lower than that received during the year ended 31 December 2022, because the U.K. R&D tax credit for 2022 of \$30.8 million, which in previous years has been received in the fourth quarter of the year, was not received until January 2024.

Net cash used in operating activities of \$137.3 million for the year ended 31 December 2023 comprised a net loss before tax of \$130.8 million, taxes paid of \$2.4 million, the interest element of lease payments of \$1.9 million, \$2.5 million of unfavourable changes in operating assets and liabilities and noncash items of \$2.5 million, offset by interest received of \$2.8 million. The noncash items consisted primarily of depreciation expense on plant and equipment of \$9.5 million, amortisation of intangible assets of \$0.2 million, a gain on bargain purchase of \$22.0 million, share-based compensation expense of \$13.3 million, net finance income of \$3.6 million and other items of \$0.2 million.

Investing Activities

Net cash from investing activities was a cash inflow of \$175.5 million and \$87.3 million for the years ended 31 December 2023 and 2022, respectively. The Group invests surplus cash and cash equivalents in marketable securities. Cash provided by investing activities increased in the year ended 31 December 2023 due to cash received from the TCR² acquisition and an increase in maturity or redemption of marketable securities due to a combination of most securities on hand at 31 December 2022 reaching maturity in 2023 and from the maturity of investments acquired as part of the TCR² acquisition, all of which matured in 2023. Maturity or redemption of marketable securities of \$211.0 million was offset by investment in marketable securities of \$76.0 million in the year ended 31 December 2023.

Net cash from investing activities in the year ended 31 December 2023 included purchases of property and equipment of \$4.7 million, acquisition of intangibles of \$0.0 million, investment in financial assets at fair value through other comprehensive income of \$76.0 million, offset by cash inflows from maturity or redemption of financial assets at fair value through other comprehensive income of \$211.0 million.

Financing Activities

Net cash from financing activities was an outflow of \$3.1 million compared to an inflow of \$10.8 million for the years ended 31 December 2023 and 2022, respectively.

Net cash used in financing activities for the year ended 31 December 2023 consisted of net proceeds from public offerings of \$0.6 million and proceeds from exercise of share options of \$0.3 million, offset by principal payments of lease liabilities of \$4.0 million.

KEY PERFORMANCE INDICATORS

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

<i>As of 31 December</i>	2023	2022
Cash and cash equivalents	\$ 143,991	\$ 108,033
Marketable securities	2,947	96,572
Total Liquidity	\$ 146,938	\$ 204,605

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

PRINCIPAL RISKS AND UNCERTAINTIES

Financial

We are a clinical-stage biopharmaceutical company with no products approved for commercial sale. We have not generated any revenue from any product sales or royalties. We have a history of losses and anticipate that we will incur continued losses for at least the next few years. We cannot be certain that we will achieve or sustain profitability and it is very difficult to predict any future financial performance. Our resources will continue to be devoted substantially to research and development for the foreseeable future and our ability to generate any revenue from any of our current therapeutic candidates cannot be guaranteed. Even once we have obtained marketing approval for our cell therapies it will take a period of time before any significant revenue is realized. We cannot be certain that additional funding will be available on acceptable terms, or at all. There is a risk that should we fail to obtain this additional funding we may have to significantly delay, scale back or discontinue the development or commercialization of our T-cells, cell therapies or other research and development initiatives. Our license and supply agreements may also be terminated if we are unable to meet the payment obligations under these agreements. We could be required to seek collaborators for our T-cells or other cell therapies at an earlier stage than otherwise would be desirable or on terms that are less favorable to us than might otherwise be available or relinquish or license on unfavourable terms our rights to our cell therapies in markets where we otherwise would seek to pursue development or commercialisation ourselves. Our current cash projections include reliance on our ability to obtain certain tax credits and our ability to obtain or continue to obtain such tax credits cannot be guaranteed.

Economic Uncertainty

Economic uncertainty in various global markets, including the U.S. and Europe, caused by the COVID-19 pandemic and political instability, including the effects of Russia's invasion of Ukraine and Israel-Hamas conflict, have led to market disruptions, including significant increases in commodity prices, energy and fuel prices, credit and capital market instability and supply chain interruptions which have caused record inflation globally. This has led to significant volatility in capital markets which continues to limit our ability to raise funds and as a result has impacted our ability to conduct certain of our planned activities including the start of certain trials, progression of pre-clinical candidates into clinical trials and the speed with which we can manufacture and supply cell therapies for clinical trials. If these market conditions persist for a prolonged period of time we could be required to take additional measures and potentially restructure the Company's business. Any such disruptions may also magnify the impact of other risks and may impact our ability to realize value from our ongoing third party collaborations or to perform those collaborations or other business activities as currently planned.

Unstable market and economic conditions

Economic uncertainty in global markets may impact on our ability to raise additional capital when needed. Prolonged uncertainty may impact third party service providers and impact their ability to meet their commitments to us. Global credit markets have experienced significant volatility in recent years due to the COVID-19 pandemic and more recently the conflicts in Ukraine/Russia and Israel/Hamas. This volatility may result in long periods of political instability, periods of higher inflation, diminished liquidity and credit availability, declines in consumer confidence, reduction in economic growth and increases in unemployment.

Commercialisation

Our ability to commercialise any cell therapies is dependent on the progression of clinical candidates through regulatory approval processes and on the results seen in clinical trials. Clinical trials are expensive, time-consuming and difficult to implement and there is no guarantee that the results seen in any clinical trials will be sufficient to progress to the next stage of any clinical approval or ultimately to the obtaining of a marketing approval for any of our cell therapies. In addition regulatory authorities may require additional or confirmatory clinical studies as a requirement for approving any cell therapy which will increase the costs associated with bringing any product to the market. We are planning to launch our first cell therapy, afami-cel, later in 2024, subject to FDA review and approval of our BLA. We are currently planning for the BLA filing of lete-cel. There is no guarantee that we will be able to obtain marketing authorization for either cell therapy or that approvals will be obtained in accordance with current timelines. and there is no guarantee that approval to market will be obtained from the FDA or that approval will be on currently anticipated opportunities. The FDA may also impose post marketing requirements on any approval for afami-cel which will require additional resources to implement. For example, the FDA may require a REMS or may require additional assays or tests to be conducted.

The market opportunities for our cell therapies, including afami-cel, may be limited in terms of geographic scope or type of patients which can be treated or only to patients who have failed prior treatments. Our estimates of the potential patient population which can be treated may be inaccurate affecting the amount of revenue obtainable for any product. Likewise, the amount of revenue that can be obtained in relation to any cell therapies may be impacted by the nature of pricing reimbursement coverage or schemes available or in place in any specific country and the continuation of such coverage and schemes. We may not be able to adequately price our cell therapies due to regulatory changes affecting pricing, coverage, and reimbursements. We currently have a very limited marketing function and no sales force and we will have to establish a more comprehensive marketing capability prior to bringing any cell therapies to market. Even if we are successful in obtaining regulatory approval, our candidates may not gain market acceptance or utility.

In addition, we expect that regulatory authorities will require the development and regulatory approval of a companion diagnostic assay as a condition to approval. We do not have experience or capabilities in developing or commercialising these companion diagnostics and plan to rely in large part on third parties to perform these functions. If we or our collaborators, or any third parties that we engage to assist us, are unable to successfully develop companion diagnostic assays for use with any T-cells or are unable to obtain regulatory approval or experience delays in either development or

obtaining regulatory approval, we may be unable to identify patients with the specific profile targeted for commercialization of our cell therapies.

Following approval of our therapies we will be subject to ongoing regulatory obligations which may result in significant additional expense. We must also comply with extensive requirements on advertising and promotion of our commercial products, which are subject to a variety of legal and regulatory restrictions.

Furthermore, we will face increasing competition from third parties as we proceed through clinical programmes, and such third parties may have more funding and resources than us, impacting on our end ability to bring our therapeutic candidates to market. The commercial success of our cell therapies is subject to significant competition from product candidates that may be superior to, or more established, or cost effective than, our cell therapies. If the testing or use of our cell therapies harms people, or is perceived to harm them even when such harm is unrelated to our products, we could be subject to costly and damaging product liability claims.

Dependence on Clinical Candidates

Our business is dependent on a small number of clinical candidates. There is no certainty that the results obtained in clinical trials of our existing clinical candidates will be sufficient to enable progression of those candidates through our clinical programmes or the obtaining of regulatory approval or marketing authorisation. The results are initial patient results and there is no certainty that other patients will respond or that responses will continue. There can also be no guarantee that clinical candidates will progress through clinical programmes within anticipated timescales or that we will be able to recruit sufficient clinical trial subjects at all or within anticipated timescales. There is significant competition from third party trials in relation to the recruitment of patients. The outcome of clinical trials is inherently uncertain. Negative results seen in clinical programmes with one clinical candidate may impact on our other clinical programmes or prevent other clinical programmes from starting. T-cell therapy is a novel approach for cancer treatment which is not completely understood and the impact of such therapy cannot be predicted. Our clinical candidates may cause adverse events or fatalities which result in the suspension or halting of clinical programmes.

Research Programmes

We have a number of pre-clinical and other candidates (including next generation candidates) under development. Development of further candidates and pre-clinical assessment of those candidates takes a substantial amount of time, effort and money and we may encounter significant delays in taking further candidates into clinical programmes or in finding suitable further candidates to further develop.

Manufacturing

Manufacturing and administration of our cell therapies is complex and highly regulated. As a result, we may encounter difficulties or delays in manufacture of cell therapies, testing and release of our cell therapies during or following manufacture, scaling up or further development of any part of our manufacturing process or any associated development activities. Given the complexity of the manufacturing processes, there is a risk that we will not be able to manufacture our cell therapies reliably or at acceptable costs or on required timescales. Any delays in our manufacture of cell therapies can adversely affect a patient's outcomes and result in delays to our clinical trials. Delays or failures in our manufacturing process can result for a number of different reasons including failure in the process itself, lack of reliability in the process, inaccuracy or failure to produce test results or poor test results, product loss caused by logistical issues, inability to obtain manufacturing slots from our third party contract manufacturers, inability to procure starting materials, close-down of manufacturing facility (whether our own or a third party facility), contamination of starting materials, a requirement to modify or further develop the manufacturing process and supply chain failures or delays.

The manufacture of our existing cell therapies is heavily reliant on third parties who are outside of our control. A delay or problem with any of our third party contract manufacturers or third party suppliers can result in delays to the overall manufacturing process, an inability to supply our therapeutics to clinical trial sites when required, and increased cost being incurred in the manufacture and supply of our cell therapies.

Our manufacturing process needs to comply with regulatory requirements in the United States, Canada, UK and certain countries in the European Union. Any failure to comply with the relevant regulatory requirements could result in delays in or termination of our clinical programmes or suspension or withdrawal of regulatory approvals for our cell therapies or manufacturing process (whether at our own facility or at the facility of any of our third party contract manufacturers).

For commercial manufacture of afami-cel we will be subject to additional requirements and any delays or failures could lead to product liability or other third party claims for damages or reimbursement. Our ability to successfully manufacture commercial product could impact our commercialisation success and the number of patients we are able to treat.

Regulation and Financial Controls

Our clinical candidates are highly regulated and the regulatory process is lengthy and time-consuming. We may experience significant delays in obtaining regulatory approval or be required to make changes to our clinical programmes or therapeutic candidates by regulatory authorities. Our ability to obtain or maintain accelerated approval or orphan drug designation for any clinical candidate is difficult to predict and may require the development of additional processes or assays. Any commercialization of our cell therapies will also require approval for companion diagnostics, which may result in additional regulatory, commercialization and other risks. We are reliant on a third party for development of any companion diagnostic. We may have post-marketing obligations imposed by the FDA in the context of the review of our BLA and the commercialization of afami-cel. Any such obligations may increase the costs and resources associated with launch of afami-cel and the costs of commercializing afami-cel. Even if we are successful in obtaining regulatory approvals in one country, this does not mean that we will be successful in other countries and further clinical programmes may be required to obtain required regulatory approvals in such other countries. Should we obtain regulatory approval for any of our cell therapies we will be subject to ongoing regulatory obligations and requirements which may result in significant additional expense or delays to commercialisation of our products. Any failure to comply with regulatory requirements at any stage in the development of our cell therapies may harm our reputation and significantly affect our operating results.

We are also subject to regulation as a company both in the United Kingdom and the United States including in relation to financial controls, anti-bribery and other internal policies and controls. If we fail to establish and maintain proper internal controls our ability to comply with applicable regulations could be impaired. Any failure to remediate this material weakness or the identification of any other weaknesses in our internal controls over financial reporting may undermine the ability to provide accurate, timely and reliable reports on our financial and operating results.

Litigation

We face an inherent risk of product liability given the nature of our business and will face an even greater risk upon commercialisation of any candidates including afami-cel. We cannot guarantee that any insurance coverage we obtain will be sufficient to cover any product liability that arises. We may also face claims brought by third parties in relation to the way in which we run or manage our business, report the results of our business, or the impact our operations have on such third parties.

Third Parties

Development of our allogeneic cell therapies relies on a successful research collaboration with Genentech Inc. Delays in agreeing research programs under the collaboration or to perform activities under research programs may impact our ability to receive research funding and may also impact development of our underlying “off-the-shelf” platform.

Certain raw materials or precursor materials used in the manufacture and supply of our cell therapies may come from sole source or limited source suppliers. For example, we rely on ThermoFisher Scientific Inc. (“ThermoFisher”) and the technology we utilise for the activation and expansion of T-cells. Inability to obtain the relevant technology from ThermoFisher would cause delays to our clinical programmes and our ability to manufacture, supply and administer our TCR therapeutic candidates. The vector for afami-cel is manufactured by a third party CMO and any delay in supply could impact our ability to supply afami-cel commercially. We also rely heavily on third parties to conduct our clinical trials

including universities, medical institutions, Contract Research Organisations (“CROs”) and other clinical supply organisations.

We are using certain third parties for the commercialisation of afami-cel and are reliant on these third parties to provide the services we require for commercialisation. Any delay in provision of these services by third parties will result in a delay to the commercialisation of afami-cel.

Suppliers

We depend upon a limited number of suppliers, and certain components or raw materials for our cell therapies may only be available from a sole source or limited number of suppliers. Even if the key components that we source are available from other parties, the time and effort involved in obtaining any necessary regulatory approvals for substitutes could impede our ability to replace such components timely or at all. The loss of a sole or key supplier would impair our ability to deliver products to our patients or clinical sites in a timely manner, adversely affect our sales and operating results and negatively impact our reputation.

Intellectual Property

We may be forced to litigate to enforce or defend our intellectual property rights and to protect our trade secrets. We may also not be able to obtain suitable protection for our technology or products, or the cost of doing so may be prohibitive or excessive. We cannot provide any assurance that the intellectual property rights that we own or license provide protection from competitive threats or that we would prevail in any challenge mounted to our intellectual property rights. Third parties may claim that our activities or products infringe upon their intellectual property which will adversely affect our operations and prove costly and time-consuming to defend against. We have licensed, and expect to continue to license, certain intellectual property rights from third parties. We cannot provide any assurances that we will be successful in obtaining and retaining licences or proprietary or patented technologies in the future. Further, our products may infringe the intellectual property rights of others and we may be unable to secure necessary licences to enable us to continue to manufacture or sell our products.

Employees

We rely on the ongoing involvement of certain key employees. Our ability to further progress our clinical candidates and develop further clinical candidates is dependent on our ability to grow the size and capabilities of our organisation and we may experience difficulties in managing this growth or achieving this growth within anticipated timescales.

Facilities

If any of our existing facilities or any future facilities, infrastructure or our equipment, including our information technology systems, were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business could be materially harmed. For example, if our US facility or infrastructure was damaged or destroyed we may be unable to make certain cell therapies until an alternative manufacturer has been found. We maintain insurance coverage against damage to our property and equipment and business interruption and research and development.

Brexit

We are headquartered in the United Kingdom. The United Kingdom formally exited the European Union, commonly referred to as Brexit, on 31 January 2020. Since 1 January 2021 (and following expiry of a transition period) the United Kingdom has operated under a separate regulatory regime to the European Union. European Union laws regarding medicinal products only apply in respect of the United Kingdom to Northern Ireland (as set out in the Protocol on Ireland/Northern Ireland). The European Union laws that have been transposed into United Kingdom law through secondary legislation remain applicable. While the United Kingdom has indicated a general intention that new law regarding the development, manufacture and commercialisation of medicinal products in the United Kingdom will align

closely with European Union law there are limited detailed proposals for future regulation of medicinal products. There remains political and economic uncertainty regarding to what extent the regulation of medicinal products will differ between the United Kingdom and the European Union in the future.

Since a significant proportion of the regulatory framework in the United Kingdom applicable to our business and our drug candidates is derived from European Union directives and regulations, the withdrawal has and could continue to materially impact the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our cell therapies in the United Kingdom or the European Union. Great Britain is no longer covered by the European Union's procedures for the grant of marketing authorizations (Northern Ireland is covered by the centralized authorization procedure and can be covered under the decentralized or mutual recognition procedures). A separate marketing authorization will be required to market drugs in Great Britain. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us and our collaborators or delay us in commercialising any of our products in the UK and/or the EU and may restrict our ability to generate revenue and achieve sustainable profitability.

There is a degree of uncertainty regarding the overall impact that Brexit will have in the long-term on the development, manufacturing and commercialisation of pharmaceutical products, including the process to obtain regulatory approval in the United Kingdom for drug candidates and the award of exclusivities that are normally part of the European Union legal framework (for instance Supplementary Protection Certificates, Pediatric Extensions or Orphan exclusivity). Any divergence between the regulatory environments in place in the European Union and the United Kingdom could lead to increased costs and delays in bringing drug candidates to market.

FINANCIAL RISK MANAGEMENT

The Group is exposed to market risks in the ordinary course of our business, which are principally limited to interest rate fluctuations, foreign currency exchange rate fluctuations, particularly between pound sterling and U.S. dollar, and credit risk. These risks are managed by maintaining an appropriate mix of cash deposits and securities in various currencies, placed with a variety of financial institutions for varying periods according to expected liquidity requirements.

As of 31 December 2023, we held \$4.5 million in marketable securities of which \$1.6 million is included within cash equivalents, with the aim of diversifying our investments and reducing credit risks. We have not entered into investments for trading or speculative purposes.

Interest Rate Risk

The Group's surplus cash and cash equivalents are invested in interest-bearing savings, money market funds, corporate debt securities and commercial paper from time to time. The Group's investments in corporate debt securities are subject to fixed interest rates. The Group's exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates and the fair market value of our corporate debt securities will fall in value if market interest rates increase. Management does not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our portfolio, and therefore does not expect the operating results or cash flows to be significantly affected by changes in market interest rates.

Currency Risk

The Group is exposed to foreign exchange rate risk because we currently operate in the United Kingdom and the United States. The Group's expenses are generally denominated in the currency in which the operations are located, which are the United Kingdom and the United States. However, the U.K.-based subsidiary incurs significant research and development costs in U.S. dollars and, to a lesser extent, Euros.

The 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. The Group seeks to minimise this exposure by maintaining currency cash balances at levels appropriate to meet forthcoming expenses in U.S. dollars and pounds sterling. To date, the Group has

not used forward exchange contracts or other currency hedging products to manage exchange rate exposure, although it may do so in the future. The exchange rate as of 31 December 2022, the last business day of the reporting period, was £1.00 to \$1.27.

Credit Risk

The Group's cash and cash equivalents are held with multiple banks and the Group monitors the credit rating of those banks. The investments in corporate debt securities and commercial paper are subject to credit risk. The Group's investment policy limits investments to certain types of instruments, such as money market instruments, corporate debt securities and commercial paper, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio.

Trade receivables were \$0.8 million and \$7.4 million as of 31 December 2023 and 2022 respectively. Trade receivables arise in relation to the Astellas Collaboration Agreement, the Genentech and GSK Collaboration and License Agreements and the GSK Termination and Transfer Agreement. We have been transacting with Genentech since October 2021, Astellas since January 2020 and GSK since 2014, during which time no impairment losses have been recognised. No balances were past due as of 31 December 2023 and no allowance for expected credit losses is recognised on the basis that the possibility of credit losses arising on its receivables as of 31 December 2023 was deemed to be remote.

Going Concern

The Group's going concern assessment is provided in the Directors' Report on page 9 and information about the going concern basis of preparation is provided in Note 1(d) to the financial statements.

ENVIRONMENTAL MATTERS

Our operations require the use of hazardous materials, which, among other matters, subjects us to a variety of federal, state, local and foreign environmental, health and safety laws, regulations and permitting requirements, including those relating to the handling, storage, transportation and disposal of biological and hazardous materials and wastes. The primary hazardous materials we handle or use include human blood samples and solvents. Some of the regulations under the current regulatory structure provide for strict liability, holding a party liable for contamination at currently and formerly owned, leased and operated sites and at third party sites without regard to fault or negligence. We could be held liable for damages and fines as a result of our, or others', operations or activities should contamination of the environment or individual exposure to hazardous substances occur. We could also be subject to significant fines for failure to comply with applicable environmental, health and safety requirements. We cannot predict how changes in laws or development of new regulations will affect our business operations or the cost of compliance.

GREENHOUSE GAS REPORT

Our greenhouse gas emissions estimates for 2023 and 2022 have been prepared in accordance with the UK Government's guidance document "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, from March 2019".

Greenhouse Gas Emissions for the Group

<i>Period</i>	Year ended 31 December 2023 Tonnes carbon dioxide equivalent (tCO₂-e)	Year ended 31 December 2022 Tonnes carbon dioxide equivalent (tCO₂-e)
Source		
Estimated greenhouse gas emissions from our own activities, including the combustion of fuel and the operation of our facilities	0.00	0.00
Estimated greenhouse gas emissions from purchased electricity, heat, steam or cooling for own use	1,264.66	892.84
Total estimated greenhouse gas emissions	1,264.66	892.84
Intensity ratio: Total greenhouse gas emissions per employee on the basis of the average number of 439 full-time equivalent employees during the year ended 31 December 2023 (2022: 534).	2.881	1.672

The Group consumed less than 40,000 MWh of energy during the year ended 31 December 2023 and, as a low energy user, is exempt from reporting on its total global energy use and information relating to energy efficiency action.

We have used the most recent evidence or estimates provided by our energy supply partners to generate our disclosure of emissions for the period. These include the purchase of electricity, heat, steam or cooling. Standard emissions factors from the “UK Government GHG Conversion Factors for Company Reporting 2023” guidance were applied in order to estimate emissions. The Group considers that the intensity ratio of tonnes of carbon dioxide per full-time equivalent employee is a suitable metric for its operations.

Electricity usage at our leased facilities in the United States and the United Kingdom drive the majority of our greenhouse gas emissions. Our estimates reflect the use of coolant gasses for refrigeration purposes at our laboratories in Oxfordshire and at our laboratories in our manufacturing facility in the United States.

The increase in total estimated greenhouse gas emissions in the year ended 31 December 2023 compared to the year ended 31 December 2022 was largely driven by a system coming into operation at a facility in the United Kingdom and a facility in the United States becoming occupied during 2023 following completion of fit-out works. In addition, since the completion of the merger with TCR2 Therapeutics Inc on 1 June 2023, the Group has additional facilities at Boston in the United States. It was not possible to obtain full data for two small facilities in Boston; however, it is estimated that the amounts would not make a material difference to the total data. The increase in total greenhouse gas emissions per employee was driven by a decrease in the average number of full-time equivalent employees during the year ended 31 December 2023 compared to the year ended 31 December 2022. As a matter of course, the Group actively looks to minimise indirect areas of emissions by enabling remote working and promoting online conferencing facilities to reduce business travel. During the year ended 31 December 2023, most board and company meetings, such as staff update meetings, were held using online conferencing facilities.

EMPLOYEES

As at 31 December 2023, we had 449 employees (including our Chief Executive Officer who is also a Company Director), compared to 534 as at 31 December 2022. Of these employees, 348 were in R&D (including in manufacturing and operations, and quality control and quality assurance) and 101 were in management and administrative functions (including business development, finance, intellectual property, and information technology and general administration). The average number of full-time equivalent employees during the year ended 31 December 2023 was 439 (*year ended 31 December 2022: 534*). We have never had a work stoppage and none of our employees are covered by collective bargaining agreements or represented by a labour union. We believe our employee relations are good.

In November 2022, we announced that, in addition to de-prioritizing non-core programs, we were also undertaking a headcount reduction of approximately 25% to 30%. The reduction was completed in Q1 2023, with an overall reduction of approximately 25%.

Diversity

Appointments within the Group are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or age. Further information regarding diversity is included in the Employees section of the Section 172 (1) statement set out in our Strategic Report.

The table below shows the Group’s board of directors, senior management and other employees on the basis of headcount as at 31 December 2023 and by gender.

Position	Male	Female	Total
Company Director (1)	7	2	9
Senior Manager	4	2	6
Other Employees	188	254	442
Total Employees (2)	192	256	448

(1) Includes our Chief Executive Officer

(2) Excludes our Chief Executive Officer

EMPLOYEE CONSULTATION AND HUMAN RIGHTS

The Group places considerable value on the involvement of its employees. Regular “All Hands” meetings are held with employees to discuss the operations and progress of the business and employee surveys are periodically used to seek employee views on important topics. Employees are encouraged to become involved in the success of the Group through share option schemes (see note 24 to the financial statements).

The Group endeavours to impact positively on the communities in which it operates. As part of our code of conduct we promote the principles of human rights. The Group does not have a standalone policy specific to human rights. As is clear from our code of conduct, we will respect the human rights of all our employees, including: provision of a safe, clean working environment; ensuring employees are free from discrimination and coercion; not using child or forced labour and respecting the rights of privacy and protecting access and use of employee personal information. We also have an equal opportunities policy which promotes the right of every employee to be treated with dignity and respect and not to be harassed or bullied on any grounds.

SECTION 172 (1) STATEMENT

Introduction

Section 172(1) of the Companies Act 2006 sets out the director’s duty to promote the success of the company. It provides that a director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decision in the long term
- b. The interests of the company’s employees
- c. The need to foster the company’s business relationships with suppliers, customers and others
- d. The impact of the company’s operations on the community and the environment
- e. The desirability of the company maintaining a reputation for high standards of business conduct, and
- f. The need to act fairly as between members of the company.

This section describes how the Directors have had regard to the matters set out in Section 172 (1) (a) to (f) when performing their duty to promote the success of the company.

Our strategy

As set out in the Business strategy section earlier in our Strategic Report, building on our leadership position with T-cell therapies in solid tumour indications, our strategic objective is to be a world leader in designing and delivering cell therapies that transform the lives of people with cancer.

Key stakeholder groups

Our key stakeholder groups and methods of engagement are designed to support our business strategy. Understanding our stakeholders enables their interests and the potential impact of decisions on them to be considered during Board discussions.

Our key stakeholder groups, their material interests and our engagement with them, as a company and through the Board, are summarised in the following table. As noted below, Board engagement may frequently occur through our CEO, who is a Director, and our executive team members and other senior managers where appropriate. During 2023, meetings were held in person and by videoconference.

Summary of key stakeholder groups and engagement

<i>People with cancer</i>	
Their interests	<ul style="list-style-type: none"> To find a potential therapy to cure or alleviate their condition or improve quality of life To contribute to research into potential new cell therapies
How we engage	<ul style="list-style-type: none"> Engagement is primarily through the Principal Investigators and sub-investigators performing our clinical trials and who represent the patients on our clinical trials We meet with certain patient groups applicable to particular cancer indications. We attend conferences relevant to cancer to share information from our clinical trials and engage with others in the cancer field. A dedicated Patient and Family area on our website provides resources We support initiatives such as Cancer Immunotherapy Month and certain social media events designed at educating people around cell therapy and cell therapy trials We have a patients communication policy which is designed to ensure that we address any questions promptly and appropriately
How the Board engages	<ul style="list-style-type: none"> Our CEO and other members of our leadership team meet with members of the clinical site study conduct teams and other key stakeholders at clinical sites. During 2023, meetings continued and were held via videoconferencing and in person. Regular reports concerning our clinical trials are presented at Board meetings, with key updates as required

<i>Hospital sites for our clinical trials</i>	
Their interests	<ul style="list-style-type: none"> • Improved scientific knowledge, education and awareness in relation to the applicable cancer indications including the ability to communicate improvements in the field to others • Ability to treat patients with new cell therapies, as part of our clinical trials, and to understand and assess the impact of those cell therapies on people with cancer • Safety and training in procedures used for administration of our cell therapies
How we engage	<ul style="list-style-type: none"> • Our clinical operations team builds and maintains relationships with hospital sites running our clinical trials and, in particular, with the clinical teams engaged with those clinical trials • Training is provided by our clinical operations team as part of the activation process for all clinical sites participating in our clinical trials • Publication and presentation opportunities are provided to investigators at clinical sites as clinical data emerges • We have regular meetings with the investigators on our trials to ensure they can ask questions on our clinical trials and receive updated information • We share translational and other emerging data with investigators at clinical sites in order to improve the experience for those investigators and for patients
How the Board engages	<ul style="list-style-type: none"> • Regular reports presented at Board meetings, with key updates as required • Material findings from Safety Advisory Board meetings are included in Board reports. The Safety Advisory Board comprises third party individuals with experience in cancer field who meet to discuss safety data and ensure that clinical trials progress with a favourable risk:benefit profile for patients
<i>Regulators</i>	
Their interests	<ul style="list-style-type: none"> • Patient safety and compliance with regulations
How we engage	<ul style="list-style-type: none"> • Our regulatory team engages directly with regulatory authorities in multiple jurisdictions • Where relevant, our regulatory team engages with regulators ahead of any formal approvals for trial designs to discuss the trial design and anticipated next steps with regulatory agencies
How the Board engages	<ul style="list-style-type: none"> • Regular reports presented at Board meetings, with key updates as required
<i>Employees</i>	
Their interests	<ul style="list-style-type: none"> • Ability, through their work, to enable and support the development of cell therapies that could potentially make a difference to people with cancer • Training, development and prospects

	<ul style="list-style-type: none"> • Health and safety and working conditions • Diversity and inclusion • Fair pay, benefits and share plans
How we engage	<ul style="list-style-type: none"> • As at 31 December 2023, we had 449 employees working in Oxfordshire and Stevenage in the UK and Philadelphia and Boston in the USA. During the redundancy process, which started in November 2022 and completed in Q1 2023, with an overall headcount reduction of approximately 25%, we engaged with employees whose roles were at risk through collective consultation and individual consultation meetings. Our CEO provided regular updates to all employees about the process and next steps through town hall meetings and answered questions from them. • Diversity and Inclusion Council (“D&I Council”) established in 2021 with membership comprising diverse employees from all levels in the Company. A Diversity and Inclusion Plan has been established by D&I Council and championed across the business by the CEO and executive team and presented to the Board. D&I progress updates are reviewed regularly by the Board Remuneration Committee. • Management development training including “Lunch and Learn” sessions • Executive training programme for senior leaders • Project First programme enhances collaborations across departments and ensures multi-function approaches to critical projects • Health and safety committee led by employees and attended by executive team members • Recruitment policy focused on merit and ability has attracted highly-skilled employees representing approximately 26 different nationalities • Performance based reward; bonus scheme and share option plans open to all employees • Staff intranet with multiple articles covering the business; weekly newsletter • Global town halls with our CEO, executive team and employees as presenters. In 2023 these global town halls were held as hybrid meetings involving in-person presence and online participation • Q&A sessions with CEO and executive team • CEO video message updates • Employee engagement surveys seek employee views on important business topics and on our reward programmes in the UK and US • Flexible working arrangements are available to employees

	<ul style="list-style-type: none"> • Open plan working environment, combined with meeting spaces, provides a flexible infrastructure that fosters daily collaboration along with the capacity for team meetings and confidential discussions • Wellbeing rooms enable employees to have quiet time and focus on their mental health away from their working environment • “Help@hand” program provides optional, confidential access for employees to medical and physiotherapy support, mental health support and life, money and wellbeing support.
How the Board engages	<p>In addition to the engagement by our CEO, who is a Director, outlined above:</p> <ul style="list-style-type: none"> • Board meetings are usually held at the company’s facilities in the UK and USA. Board members also hold one-to-one meetings with managers. During 2023, all Board and committee meetings and one-to-one meetings with managers were held by a mixture of in person and via videoconferencing. • Employees are invited to present at Board meetings and/or attend for discussion of matters relating to their specialist area • VP, Human Resources attends all Board Remuneration Committee meetings and provides reports on employee matters including D&I progress updates for review • Board also receives reports on employee matters including D&I
<i>Shareholders</i>	
Their interests	<ul style="list-style-type: none"> • Comprehensive view of financial and sustainable performance of the business • Share price
How we engage	<ul style="list-style-type: none"> • Regular reporting on the Group’s performance, including through our Annual and Quarterly Reports and press releases • Investor Relations website • Investor conferences and roadshows • Regular meetings with investors and analysts • Annual General Meeting
How the Board engages	<ul style="list-style-type: none"> • Regular reports on investor and analyst feedback • Quarterly conference calls hosted by our CEO and executive team • Regular one-to-one meetings and calls with our CEO and executive team
<i>Partners</i>	

Their interests	<ul style="list-style-type: none"> • Development of new or enhanced technologies
How we engage	<ul style="list-style-type: none"> • Strategic collaborations and licensing agreements • Senior management engagement with partner senior management during negotiations and beyond • Alliance management process in place for all strategic alliances to ensure effective collaboration • Joint steering committee meetings and other committee meetings held regularly once collaboration is underway • CEO and executive team member visits to partners and visits by partner senior management to Adaptimmune.
How the Board engages	<ul style="list-style-type: none"> • Regular reports presented at Board meetings on progress of collaborations • Scoping out of relationship and material changes to relationship are approved by Board and executive team
<i>Suppliers</i>	
Their interests	<ul style="list-style-type: none"> • Efficient and trusted relationship • Ongoing successful supply relationship
How we engage	<ul style="list-style-type: none"> • Supplier policies and supplier agreements in place with all material suppliers • Dedicated internal function to manage supplier relationships with material suppliers • Regular audits of significant suppliers to ensure consistency of supply and compliance with supplier requirements • Visits to engage with suppliers including in relation to new technology developments • Technology collaborations and trials of new technologies are undertaken where appropriate
How the Board engages	<ul style="list-style-type: none"> • Regular reports presented at Board meetings for major suppliers • Senior management engagement with supplier senior management for material suppliers • CEO and executive team member visits to suppliers and visits by supplier senior management to Adaptimmune. In 2023, interaction with suppliers occurred via a mixture of videoconference and in person meetings.
<i>Communities and environment</i>	
Their interests	<ul style="list-style-type: none"> • Safe environment • Sustainable employer

How we engage	<ul style="list-style-type: none"> • Presentations at local schools and colleges • Internships • Membership of local and regional networks • Direct engagement locally with MPs and local and regional councils • Bike to Work schemes in place at our offices • Recycling programme in place at our offices • Travel policy focused on essential travel and encouragement of alternative forums for meetings other than physical meetings • Videoconferencing meetings encouraged • Social events allow employees to contribute to local and national charities, often with “matched” donations from the company. These events were held mainly either via videoconferencing or in person depending on the event
How the Board engages	<ul style="list-style-type: none"> • Supports ongoing investment in videoconferencing infrastructure as part of Budget review • High proportion of Board and committee meetings usually held by videoconference and teleconference

Illustrative examples for year ended 31 December 2023

Examples of consideration of stakeholder interests during Board discussions and decisions are provided below.

Strategic business combination

- On 6 March 2023, we entered into a definitive agreement to combine with TCR² Therapeutics Inc (“TCR2”) in an all-stock transaction. The transaction was expected to close during Q2 2023, subject to the receipt of approvals by Adaptimmune shareholders and TCR2 stockholders and satisfaction or waiver of other customary closing conditions, and was successfully closed on 1 June 2023.
- In deciding to proceed whether to proceed with approval of the definitive agreement, the Board considered whether the strategic business combination and the transactions contemplated by the definitive agreement would be likely to promote the success of the Company for the benefit of its members as a whole.

Material agreement

- On 11 April 2023, we announced entry into a termination agreement with GSK for the termination of the collaboration agreement with GSK and the transition of clinical trials for lete-cel and the PRAME program back to Adaptimmune.
- In deciding to proceed with the approval of this agreement, the Board considered the key terms, the impact that the agreement would have on the future success of Adaptimmune and the potential impact on shareholders.

The Directors continue to be committed to having regard to the matters set out in Section 172 (1) (a) to (f) when performing their duty to promote the success of the company.

The Strategic Report was approved by the Board on 14 March 2024.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'AR', with a long horizontal stroke extending to the right.

Adrian Rawcliffe
Director
15 March 2024

Remuneration Committee Chairman's Statement

On behalf of the Board of Directors of Adaptimmune Therapeutics plc, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023. Shareholders will be invited to approve the Report on Remuneration (which will be a non-binding advisory vote) and the Remuneration Policy (which will be a binding vote) at the Annual General Meeting of shareholders to be held on 14 May 2024.

Period Covered by the Directors' Remuneration Report

The Directors' Remuneration Report that follows is for the full year period from 1 January 2023 to 31 December 2023 except where otherwise stated.

The Remuneration Committee

The Committee is responsible for reviewing and establishing our executive remuneration policy and philosophy, including making recommendations regarding the remuneration of our Chief Executive Officer ("CEO") to the Board for its approval, and determining and approving the remuneration of other senior executive officers. While the Board sets the remuneration of our CEO, who is our sole Executive Director, the Committee makes recommendations on such matters to the Board.

Philosophy

We seek to attract and retain outstanding employees who have the potential to support the growth of the Group and to attract and retain Directors who can substantially contribute to our success as an innovative, clinical-stage biopharmaceutical company. As the Group has operations in the United Kingdom and the United States, our senior executives and our Directors live and work in the UK and the US, and we are listed on a US stock exchange, we assess the competitiveness of our policies against both UK and US benchmarks and practices, with an increasing focus on US benchmarks and practices.

Business Strategy during 2023

Our primary goal in 2023 was to progress the development of the Group including:

- filing the Biologics License Application (BLA) for afami-cel and progressing towards commercialization of afami-cel. We submitted the BLA for our first product, afami-cel, for the treatment of synovial sarcoma where there are limited options and a poor prognosis for individuals with advanced disease. We are targeting the commercial launch of afami-cel upon receipt of FDA approval. We continue to build the systems, policies and commercial capabilities to support that launch.
- progressing the ADP-A2M4CD8 T-cell therapy into later phase clinical trials. A Phase 2 trial for people with platinum resistant ovarian cancer is recruiting patients. The Phase 2 trial will evaluate ADP-A2M4CD8 as both monotherapy and in combination with a checkpoint inhibitor, nivolumab, in ovarian cancer.
- progressing the ADP-A2M4CD8 T-cell therapy into earlier lines of therapy. Enrollment is ongoing in a Phase 1 trial, focusing on treatment of patients with head and neck and urothelial cancers in earlier line settings and in combination with a checkpoint inhibitor (nivolumab). The trial is open at clinical sites in US, Canada, France, UK and Spain.
- progressing PRAME directed T-cell therapies into the clinic. The PRAME directed T-cell therapies are progressing through development and are currently in pre-clinical testing.
- continuing to develop "off-the-shelf" cell immunotherapies and progress allogeneic cell therapies to the clinic. We have continued to develop our allogeneic platform internally and in collaboration with our partner, Genentech.

- continuing to improve our manufacturing and patient supply processes to optimize how we deliver our cell therapies to patients. Our integrated cell therapy manufacturing capabilities enable us to continually enhance our cell and vector manufacturing and supply processes which we believe will ultimately enable us to treat patients quicker, at a lower cost and more effectively.

In November 2022 we announced a decision to focus our clinical and preclinical programs on the MAGE-A4 and PRAME targets including the BLA submission for afami-cel. In November 2022, we also announced that, in order to extend the cash runway, in addition to de-prioritizing non-core programs, we were undertaking a restructuring with an anticipated headcount reduction across the Group of approximately 25% to 30%. The restructuring was completed during Q1 2023 with an overall headcount reduction of approximately 25%.

2023 Business Highlights

Notwithstanding the restructuring, 2023 was a year of strong operational performance for Adaptimmune. Key business highlights during 2023 included:

Filing the BLA for afami-cel and progressing towards commercialization of afami-cel

- We submitted the BLA with the FDA for our first product, afami-cel, in December 2023. Acceptance of the BLA was announced on 31 January 2024, with a target PDUFA date of 4 August 2024. We are working towards a commercial launch in Q3 of 2024. A second product, lete-cel, is in pivotal trial, with the full data set targeted for Q3 2024.

Progressing the ADP-A2M4CD8 T-cell therapy into later phase clinical trials

- Our Phase 2 ovarian cancer trial with ADP-A2M4CD8 initiated in 2023. We have received Regenerative Medicine Advanced Therapy (RMAT) designation for ADP-A2M4CD8 for the treatment of this indication from the FDA. The Phase 2 trial will evaluate ADP-A2M4CD8 as both monotherapy and in combination with a checkpoint inhibitor, nivolumab, in ovarian cancer. The trial is open in the US, in conjunction with The GOG Foundation, Inc, and is also open at clinical sites in Canada, Spain and France.

Progressing the ADP-A2M4CD8 T-cell therapy into earlier lines of therapy

- We initiated two new cohorts in the SURPASS trial in urothelial and head and neck cancers for patients with fewer lines of therapy and in combination with standard of care in those settings. In the focus areas of ovarian, urothelial and head and neck cancers the reported response rate is 75% in patients with 3 or fewer prior lines of therapy (9 out of 12 patients). The trial includes a combination cohort where participants receive a combination of ADP-A2M4CD8 together with a checkpoint inhibitor (nivolumab). The trial is open at clinical sites in the US, Canada, France, UK and Spain.

Progressing PRAME directed T-cell therapies into the clinic

- PRAME is highly expressed across a broad range of solid tumors including ovarian, endometrial, lung and breast cancers. We are developing TCR T-cells directed to PRAME, with the initial candidate currently in preclinical testing and next-generation candidates being developed over the longer term.

Continuing to develop “off-the-shelf” cell immunotherapies and progress allogeneic cell therapies to the clinic

- We have continued to develop allogeneic or “off-the-shelf” cell therapies utilising a proprietary allogeneic platform. We have a strategic collaboration with Genentech Inc (“Genentech”), that covers the research and development of “off-the-shelf” cell therapies for up to five shared cancer targets (“off-the-shelf” products) and the development of a novel allogeneic personalized cell therapy platform.

Continuing to improve our manufacturing and patient supply processes to optimize how we deliver our cell therapies to patients.

- We have continued to make incremental improvements to enhance our cell and vector manufacturing and supply processes.

Completion of a strategic business combination with TCR² Therapeutics Inc

- On 6 March 2023 we announced entry into a definitive agreement to combine with TCR² Therapeutics Inc (“TCR²”) in an all-stock transaction to create a preeminent cell therapy company focused on treating solid tumours. The transaction was expected to close during Q2 2023, subject to the receipt of approvals by Adaptimmune shareholders and TCR² stockholders and satisfaction or waiver of other customary closing conditions. Following the closing of the transaction on 1 June 2023, Adaptimmune shareholders owned approximately 75% of the combined company and TCR² stockholders owned approximately 25% of the combined company and the cash runway of the combined company was extended into early 2026.

Activities and major decisions

During the year the Committee commissioned a benchmarking review of executive compensation, which was undertaken to ensure that remuneration for the CEO and senior executive team remains competitive for the purposes of retention and engagement. The Committee engaged Pearl Meyer to benchmark executive compensation against a selected peer group consisting largely of comparable U.S.-listed biopharmaceutical companies, with some U.K.-listed biopharmaceutical companies, and to provide recommendations for base salaries, equity based awards and the structure of annual bonus awards for 2024.

In December 2023 the Committee considered the extent of achievement of 2023 calendar year objectives by the executive team and determined the level of bonus incentive awards payable in respect of the 2023 calendar year. The awards made to our CEO and senior executive officers recognised that a significant proportion of our corporate objectives for 2023 were achieved, with our CEO receiving a bonus award at the 60% target amount and with the application of a corporate multiplier of 95%. The same corporate multiplier of 95% was applied to bonus awards made to all other eligible employees in recognition of strong operational performance across the entire organisation.

Under the approved Directors' Remuneration Policy, the Board has discretion to pay Non-Executive Directors in the form of a mixture of cash and equity. The remuneration arrangements for Non-Executive Directors during 2023 comprised an award of a fixed number of share options, plus an additional number of share options or cash payment at the Non-Executive Director's election. The option awards and cash payments were made at competitive levels aligned with peer group data from comparable companies provided in a benchmarking analysis undertaken by Pearl Meyer in 2023.

Directors' Remuneration Policy

The current Directors' Remuneration Policy was approved by shareholders at the 2021 Annual General Meeting. The new Directors' Remuneration Policy, in Part II of the Directors' Remuneration Report, will (subject to shareholder approval) be adopted from the date of the 2024 Annual General Meeting.

The Committee conducted a comprehensive review of the remuneration policy. The Committee considers that the last approved Directors' Remuneration Policy continues to be appropriate and fit for purpose. However, the Committee is proposing minor revisions to align the policy with market practice and to ensure the policy can be operated as flexibly as possible in the years ahead. The only substantive changes are:

- (i) to amend the policy on loss of office such that, in the event of termination by the Company without cause or resignation by an Executive Director for good reason (in each case following a change of control), the Executive Director is entitled to salary and benefits continuation of up to 18 months. This approach aligns with prevailing US market practice where our sole Executive Director is based; and

- (ii) to amend the remuneration policy to provide for compensation clawback. This amendment reflects our clawback policy adopted during 2023 under which we may seek the recovery and/or forfeiture of incentive-based compensation paid by the Company in the event that we restate our financial statements under certain circumstances. The clawback policy applies to current and former Executive Directors and Senior Executives.

Looking ahead

The Committee carefully considered the benchmarking results and individual performance over the year. In respect of the CEO, the Committee awarded a 4% base salary increase from \$650,000 to \$676,000 effective from 1 January 2024. This increase in base salary for the CEO follows a pay freeze in 2023 as part of broader cost saving measures.

In January 2024 the Committee approved the objectives to be achieved by the executive team during 2024. The precise objectives are considered to be commercially sensitive and will not be disclosed in detail. They are, however, designed to support the achievement of our strategic objective to be a world leader in designing, developing and delivering cell therapies that transform the lives of people with cancer.

The 2024 objectives are linked to our business goals, which include the continuation of some 2023 goals:

- Building a commercial franchise in synovial sarcoma and MRCLS.
 - We submitted a BLA for our first product, afami-cel for the treatment of synovial sarcoma and are targeting the commercial launch of afami-cel upon receipt of FDA approval. We continue to build the systems, policies and commercial capabilities to support that launch. We are progressing development of our second product, lete-cel and targeting US commercial launch in 2026.
- Progressing the SURPASS-3 Phase 2 trial through to completion.
 - Depending on the data, we plan to rapidly progress ADP-A2M4CD8 through the phase 2 trial and towards BLA filing. We have RMAT designation for ADP-A2M4CD8 for the treatment of ovarian cancer from the FDA.
- Progressing the ADP-A2M4CD8 T-cell therapy into earlier lines of therapy.
 - We are recruiting patients in two new cohorts in the SURPASS trial in urothelial and head and neck cancers. These cohorts are looking at treatment in earlier lines of therapy and alongside standard of care treatments.
- Progressing PRAME (ADP-600) and CD-70 (ADP-520) directed T-cell therapies into the clinic.
 - We aim to complete preclinical development of our T-cell therapy directed to PRAME, continue development of our next-generation T-cell therapies directed to PRAME and continue pre-clinical development of a T-cell therapy directed to CD70.
- Continuing to develop “off-the-shelf” cell immunotherapies and progress allogeneic cell therapies to the clinic.
- Continuing to improve our manufacturing and patient supply processes to optimize how we deliver our cell therapies to patients.

Generally, the remuneration arrangements adopted in 2024 recognise the greater demands placed on our CEO and senior executive team to deliver on our strategy and create value for our shareholders.

We are committed to a transparent and positive relationship with all of our shareholders and I look forward to your support on both our remuneration report and revised policy at the forthcoming AGM.



David M Mott
Director and Chairman of the Remuneration Committee

15 March 2024

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)
For the year ended 31 December 2023

PART I - REPORT ON REMUNERATION

The information provided in this part of the Directors' Remuneration Report is subject to audit.

The Remuneration Committee presents the Report on Remuneration for the year ended 31 December 2023, which will be put to shareholders for a non-binding vote at the Annual General Meeting to be held on 14 May 2024.

Single Total Figure of Remuneration for each Director

The first table below presents the remuneration received by the Directors for the year ended 31 December 2023. For reference only, the second table also shows the remuneration received by the Directors who served for the year ended 31 December 2022, which information was included in the Company's annual report and financial statements for the year ended 31 December 2022 and approved by shareholders at the Annual General Meeting held on 16 May 2023.

During the year ended 31 December 2023, the Committee did not exercise any discretion over remuneration that was due to changes in the Company's share price.

Name of Director	For the year ended 31 December 2023:									
	Fixed Pay ⁽¹⁾				Variable Pay ⁽¹⁾			Overall Total	Fixed pay %	Variable pay %
	Salary and fees	Benefits	Pension allowance	Total fixed	Annual bonus	Equity-Based Awards (6)	Total variable			
\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Executive										
Adrian Rawcliffe (CEO)	650,000 (2)	22,128 (3)	15,250 (4)	687,378	370,500 (5)	555,306	925,806	1,613,184	42.61%	57.39%
Non-executives										
David Mott (Chairman)	—	—	—	—	—	—	—	—	0%	0%
Andrew Allen	23,750 (2)	—	—	23,750	—	—	—	23,750	100%	0%
Lawrence Alleva	—	—	—	—	—	—	—	—	0%	0%
Ali Behbahani	—	—	—	—	—	—	—	—	0%	0%
Barbara Duncan	20,833 (2)	—	—	20,833	—	—	—	20,833	100%	0%
John Furey	57,500	—	—	57,500	—	—	—	57,500	100%	0%
Priti Hegde	22,500 (2)	—	—	22,500	—	—	—	22,500	100%	0%
Kristen Hege	6,667 (2)	—	—	6,667	—	—	—	6,667	100%	0%
Garry Menzel	—	—	—	—	—	—	—	—	0%	0%
James Noble	—	—	—	—	—	—	—	—	0%	0%
Elliott Sigal	—	—	—	—	—	—	—	—	0%	0%
Tal Zaks	11,875 (2)	—	—	11,875	—	—	—	11,875	100%	0%

Name of Director	For the year ended 31 December 2022:									
	Fixed Pay ⁽¹⁾				Variable Pay ⁽¹⁾			Overall Total	Fixed pay %	Variable pay %
	Salary and fees	Benefits	Pension allowance	Total fixed	Annual bonus	Equity-Based Awards (6)	Total variable			
\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Executive										
Adrian Rawcliffe (CEO)	650,000 (2)	27,028 (3)	16,617 (4)	693,645	— (5)	627,022	627,022	1,320,667	52.52%	47.48%
Non-executives										
David Mott (Chairman)	—	—	—	—	—	—	—	—	0%	0%
Lawrence Alleva	—	—	—	—	—	—	—	—	0%	0%
Ali Behbahani	—	—	—	—	—	—	—	—	0%	0%
Barbara Duncan	50,000	—	—	50,000	—	—	—	50,000	100%	0%
John Furey	57,500	—	—	57,500	—	—	—	57,500	100%	0%
James Noble	18,443 (2)	—	—	18,443	—	—	—	18,443	100%	0%
Elliott Sigal	—	—	—	—	—	—	—	—	0%	0%
Tal Zaks	47,500	—	—	47,500	—	—	—	47,500	100%	0%

Notes to table of Single Total Figure of Remuneration for each Director

- (1) For the year ended 31 December 2023, the majority of the remuneration was set and paid in U.S dollars (\$). For the purpose of these tables, payments made in pounds sterling to Mr James Noble for the year ended 31 December 2022 have been translated into U.S dollars based on the U.S. dollar/pound sterling exchange rate at 31 December 2023 (\$1.27313 to £1).
- (2) The base salary levels of our CEO and all other employees of the Group are reviewed and, to the extent deemed necessary, adjusted to be effective from 1 January in each year. For the year ended 31 December 2023, the fee amount for each of Dr Allen and Dr Hegde is a pro-rata amount based on six months of his and her fees, respectively, effective for the period from 1 June (their appointment dates) to 31 December 2023. The fee amount for Ms Duncan is a pro-rata amount based on five months of her fees effective for the period from 1 January to 1 June 2023 (her resignation date). The fee amount for Dr Hege is a pro-rata amount based on two months of her fees effective for the period from 1 November (her appointment date) to 31 December 2023. The fee amount for Dr Zaks is a pro-rata amount based on three months of his fees effective for the period from 1 January to 31 March 2023 (his resignation date). For the year ended 31 December 2022, the fee amount for Mr Noble is a pro-rata amount based on six months of his fees effective for the period from 1 January to 30 June 2022.
- (3) Benefits comprise medical insurance, life assurance and income protection. Generally, Mr Rawcliffe participates in the same benefits as we offer to all our employees in the USA where Mr Rawcliffe resides, and, in addition, is entitled to the reimbursement of accountancy fees for preparation of his tax returns.
- (4) The pension allowance for Mr. Rawcliffe for the year ended 31 December 2023 and the year ended 31 December 2022 is his 401(k) plan payment.
- (5) The annual bonus amount for each of the year ended 31 December 2023 and the year ended 31 December 2022 represents the total bonus payment that related to performance in each of 2023 and 2022. For the year ended 31 December 2023, the bonus amount for Mr Rawcliffe represents 60% of his salary of \$650,000. A company performance multiplier of 95% was applied to the amount. For the year ended 31 December 2022, Mr Rawcliffe did not receive a bonus payment.
- (6) There were no performance obligations linked to the equity-based awards and there is no impact of share price appreciation on value that is required to be reported in the above table. In each of the year ended 31 December 2023 and the year ended 31 December 2022, the value of equity-based awards included in the table is based on the market value of the underlying shares at the date of grant less the applicable exercise price. For market value options, this results in a nil value because the exercise price was based on the market value of the underlying shares at the date of grant. The values shown for equity-based awards for Mr Rawcliffe in the year ended 31 December 2023 and in the year ended 31 December 2022 are the values of the RSU-style options granted to him in each of those years in relation to his service as CEO and a director.

Base salary / fees

In January 2023, the Committee considered compensation for our CEO in the context of market benchmarking information and the Group's cost saving measures, including the restructuring and headcount reduction across the Group which was then ongoing. As a result, the Committee decided not to increase the base salary of the CEO whose base salary remained frozen at \$650,000 for 2023. The Committee also determined it would not be appropriate to increase the base salaries of the senior executive officers.

Annual Bonus

The annual bonus for the year ended 31 December 2023 shown in the table above for Mr Rawcliffe, our CEO, was based on the achievement of objectives for 2023 related to our business objectives for 2023, which included:

- filing the BLA for afami-cel and progressing towards commercialization of afami-cel;
- progressing the ADP-A2M4CD8 T-cell therapy into later phase clinical trials;
- progressing the ADP-A2M4CD8 T-cell therapy into earlier lines of therapy;
- progressing PRAME directed T-cell therapies into the clinic;

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

- continuing to develop “off-the-shelf” cell immunotherapies and progress allogeneic cell therapies to the clinic; and
- continuing to improve our manufacturing and patient supply processes to optimize how we deliver our cell therapies to patients.

The Board has considered whether it would be in the best interests of the Company and its shareholders to disclose the precise targets agreed for the performance measures in 2023. An additional consideration is that most of our competitors are based in the U.S. where market practice is not to disclose precise annual bonus targets for biotechnology companies at the pre-commercialization stage. As the specific objectives for a single year are based on the Group’s long-term strategies, the Board has concluded that disclosing such targets would necessarily involve divulging competitively sensitive information that we believe would be detrimental to our commercial performance going forward and, therefore, we are providing the categories of objectives, rather than the precise targets.

Long term incentive awards

During January 2023, regular annual awards of share options were made to our CEO. These awards were within market competitive levels provided by Pearl Meyer, following their benchmarking assessment of equity awards made to executive teams in a peer group of comparable U.S. and U.K. listed biopharmaceutical companies, with a priority focus on U.S. companies. An additional one-off grant of RSU-style options was made in January 2023 to the CEO. Both the additional grant of RSU-style options and the regular annual grants of options vest over a period of four years from the grant date, with the first 25% vesting after 12 months. This is in line with the last approved Directors’ Remuneration policy. Further information about these awards is provided in the “Directors’ Equity-based Awards Held at 31 December 2023” table. Separate annual awards and additional awards of share options were made to the senior executive officers.

These awards were disclosed on Form 4s submitted to the Securities and Exchange Commission on 17 January 2023.

Statement of Directors’ Shareholdings and Share Interests

The table below shows, for each Director, the total number of shares owned, the total number of share options held, the number of share options vested as at 31 December 2023 and the share options exercised during the year ended 31 December 2023. The table only reflects shares held individually by each Director, or a family investment vehicle or trust, and does not include shares held by any investment fund with which the Director is affiliated.

Name of Director	Shares owned	Total share options	Vested share options (1)	Options exercised during year ended 31 December 2023
<i>Executive Director</i>				
Adrian Rawcliffe (CEO)	972,426 (2)	27,461,190	16,304,266	724,806
<i>Non-Executive Directors</i>				
David Mott (Chairman)	—	4,465,090	3,002,163	—
Andrew Allen	—	1,047,296	357,750	—
Lawrence Alleva	143,364 (3)	3,983,256	2,905,500	—
Ali Behbahani	—	3,279,258	2,345,941	—
Barbara Duncan	—	1,867,562	1,867,562	—
John Furey	—	2,100,748	1,600,748	—
Priti Hegde	—	988,586	273,098	—
Kristen Hege	—	1,000,000	—	—
Garry Menzel	4,117,680 (4)	11,093,593	10,112,130	736,548
James Noble	8,145,700	10,408,244	10,408,244	—
Elliott Sigal	314,100 (5)	3,667,653	3,667,653	—
Tal Zaks	—	1,703,788	1,703,788	—

(1) All share options that were outstanding as at 31 December 2023 use time-based vesting and are not subject to performance targets other than continued service until the date of vesting.

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For the year ended 31 December 2023

- (2) Consists of 972,426 Ordinary shares represented by 162,071 ADSs obtained from the exercise of RSU-style options in 2019, 2020, 2021, 2022 and 2023 covering Ordinary shares granted on 12 January 2018, 4 January 2019, 27 June 2019, 1 September 2019, 16 January 2020, 11 January 2021 and 12 January 2022 that had vested in 2019, 2020, 2021, 2022 and 2023. 25% of the RSU-style options vest on each anniversary of the grant date over a period of four years. Once vested, the RSU-style options must be exercised within a restricted period or they are forfeited. The exercise of these Ordinary shares was effected on a Sell to Cover basis implemented automatically in accordance with the relevant share option plan, under which sufficient ADSs were sold by the Company to satisfy Mr Rawcliffe's tax withholding obligations and associated sale costs. The residual 162,071 ADSs are held by Mr Rawcliffe.
- (3) Consists of 70,584 Ordinary shares represented by 11,764 ADSs that Mr Alleva purchased during the IPO, 47,280 Ordinary shares represented by 7,880 ADSs purchased by the Lawrence M. Alleva Revocable Trust in December 2018, 12,900 Ordinary shares represented by 2,150 ADSs purchased by the Lawrence M. Alleva Revocable Trust in June 2020 and 12,600 Ordinary shares represented by 2,100 ADSs purchased by the Lawrence M. Alleva Revocable Trust in June 2021.
- (4) Consists of 3,667,344 Ordinary shares represented by 611,224 ADSs that Dr Menzel obtained as a result of the exchange of common stock formerly held by him and his associated trusts in TCR2 Therapeutics Inc for ADSs on completion of the merger in June 2023. Includes 1,259,586 Ordinary shares represented by 209,931 ADSs held by Dr Menzel, 1,203,876 Ordinary shares represented by 200,646 ADSs held by the Garry E Menzel Revocable Trust of 2022 and 1,203,882 Ordinary shares represented by 200,647 ADSs held by the Mary E Henshall Revocable Trust of 2022. Also consists of 450,336 Ordinary shares represented by 75,056 ADSs obtained from the exercise of RSU-style options in 2023 covering Ordinary shares granted as replacement options in exchange for restricted stock units formerly held by Dr Menzel in TCR2 Therapeutics Inc. The exercise of Dr Menzel's replacement RSU-style options was effected on a Sell to Cover basis implemented in accordance with the relevant share option plan under which sufficient ADSs were sold by the Company to satisfy Dr Menzel's tax withholding obligations and associated sale costs. The residual 75,056 ADSs are held by Dr Menzel.
- (5) Consists of 254,100 Ordinary shares held by Sigal Family Investments LLC and 60,000 Ordinary shares represented by 10,000 ADSs purchased by Sigal Family Investments LLC in May 2016.

Policy on Shareholding Requirements

We do not currently have a policy requiring our Directors to hold a certain number or value of our shares. However, we encourage our Executive Director and senior executive officers to have a shareholding in the Company.

Directors' Equity-based Awards Held at 31 December 2023

The table below presents the interests of the Directors in options to acquire our Ordinary shares with a nominal value of £0.001 per share as at 31 December 2023. 25,525,288 options were granted to the Directors during the year ended 31 December 2023, which included 11,148,012 replacement options granted to Dr Allen, Dr Hegde and Dr Menzel in exchange for options and restricted stock units formerly held by them in TCR2 Therapeutics Inc, which were cancelled. Two of our Directors exercised options during the year ended 31 December 2023 (further details are set out in the "Statement of Directors' Shareholdings and Share Interests" earlier in this report).

Name of Director	Options Held	Grant date	Start date for vesting	Exercise price	First date of exercise of some or all options (1)	Date of expiry
Executive Director						
Adrian Rawcliffe (CEO)	3,000,000	16/03/15	16/03/15	£ 0.50	16/03/16	16/03/25
	939,948	18/01/16	18/01/16	£ 0.89	18/01/17	18/01/26
	2,072,976	13/01/17	13/01/17	£ 0.59	13/01/18	13/01/27
	687,984	12/01/18	12/01/18	£ 0.96	12/01/19	12/01/28
	1,257,744	04/01/19	04/01/19	£ 0.70	04/01/20	04/01/29
	628,872	27/06/19	27/06/19	£ 0.53	27/06/20	27/06/29
	628,872	01/09/19	01/09/19	£ 0.22	01/09/20	01/09/29
	2,515,536	16/01/20	16/01/20	£ 0.57	16/01/21	16/01/30
	140,448	16/01/20	16/01/20	£ 0.001	16/01/21	16/01/30
	364,080	11/01/21	11/01/2021	£ 0.001	11/01/22	11/01/31
	3,260,400	11/01/21	11/01/2021	£ 0.76	11/01/22	11/01/31
	785,610	12/01/22	12/01/2022	£ 0.001	12/01/23	12/01/32
	4,690,224	12/01/22	12/01/2022	£ 0.44	12/01/23	12/01/32
	1,798,272	17/01/23	17/01/23	£ 0.001	17/01/24	17/01/33

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

	<u>4,690,224</u>	17/01/23	17/01/23	£	0.26	17/01/24	17/01/33
Total	<u>27,461,190</u>						
Non-Executive Directors							
David Mott (Chairman)	163,229	11/05/15	11/05/15	£	1.82	11/05/15	11/05/25
	191,410	11/08/16	11/08/16	£	0.97	11/08/17	11/08/26
	302,561	03/07/17	03/07/17	£	0.58	03/07/18	03/07/27
	187,330	22/06/18	22/06/18	£	1.65	22/06/19	22/06/28
	350,947	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	226,753	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	579,494	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	1,000,439	01/07/22	01/07/22	£	0.23	01/07/23	01/07/32
	<u>1,462,927</u>	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
Total	<u>4,465,090</u>						
Andrew Allen (2)	500,000	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
	73,212	05/07/23	05/07/23	£	0.70	05/07/23	12/12/28
	56,868	05/07/23	05/07/23	£	1.40	05/07/23	10/04/29
	45,348	05/07/23	05/07/23	£	1.40	05/07/23	18/12/29
	109,746	05/07/23	05/07/23	£	2.76	05/07/23	09/12/30
	109,746	05/07/23	05/07/23	£	0.46	05/07/23	08/12/31
	<u>152,376</u>	05/07/23	05/07/23	£	0.09	15/12/23	14/12/32
Total	<u>1,047,296</u>						
Lawrence Alleva (3)	519,481	16/03/15	16/03/15	£	0.50	16/03/16	16/03/25
	30,745	11/05/15	11/05/15	£	1.82	11/05/15	11/05/25
	196,678	11/08/16	11/08/16	£	0.97	11/08/17	11/08/26
	243,724	03/07/17	03/07/17	£	0.58	03/07/18	03/07/27
	124,000	22/06/18	22/06/18	£	1.65	22/06/19	22/06/28
	271,209	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	197,678	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	505,918	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	816,067	01/07/22	01/07/22	£	0.23	01/07/23	01/07/32
	<u>1,077,756</u>	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
Total	<u>3,983,256</u>						
Ali Behbahani	155,682	11/05/15	11/05/15	£	1.82	11/05/15	11/05/25
	184,562	11/08/16	11/08/16	£	0.97	11/08/17	11/08/26
	220,788	03/07/17	03/07/17	£	0.58	03/07/18	03/07/27
	154,809	22/06/18	22/06/18	£	1.65	22/06/19	22/06/28
	234,407	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	184,258	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	474,385	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	737,050	01/07/22	01/07/22	£	0.23	01/07/23	01/07/32
	<u>933,317</u>	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
Total	<u>3,279,258</u>						
Barbara Duncan (4)	332,776	23/06/16	23/06/16	£	1.01	23/06/17	23/06/26
	228,765	03/07/17	03/07/17	£	0.58	03/07/18	03/07/27
	158,233	22/06/18	22/06/18	£	1.65	22/06/19	22/06/28
	124,000	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	144,000	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	379,788	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	<u>500,000</u>	01/07/22	01/07/22	£	0.23	01/06/23	01/07/32
Total	<u>1,867,562</u>						
John Furey (3)	284,233	05/07/18	05/07/18	£	1.49	05/07/19	05/07/28
	240,541	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	196,186	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	379,788	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	500,000	01/07/22	01/07/22	£	0.23	01/07/23	01/07/32
	<u>500,000</u>	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
Total	<u>2,100,748</u>						
Priti Hegde (2)	500,000	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
	226,464	05/07/23	05/07/23	£	1.39	05/07/23	24/08/31

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

	109,746	05/07/23	05/07/23	£	0.46	05/07/23	08/12/31
	152,376	05/07/23	05/07/23	£	0.09	15/12/23	14/12/32
Total	988,586						
Kristen Hege (3)	1,000,000	01/11/23	01/11/23	£	0.07	01/11/24	01/11/33
Total	1,000,000						
Garry Menzel (2)	981,463	03/07/23	03/07/23	£	0.12	03/07/24	03/07/33
	1,251,966	05/07/23	05/07/23	£	0.07	05/07/23	07/12/27
	359,700	05/07/23	05/07/23	£	0.51	05/07/23	25/07/28
	3,568,026	05/07/23	05/07/23	£	0.51	05/07/23	26/07/28
	57,846	05/07/23	05/07/23	£	0.46	05/07/23	08/12/31
	2,715,816	05/07/23	05/07/23	£	0.46	05/07/23	08/12/31
	2,158,776	05/07/23	05/07/23	£	0.09	05/07/23	14/12/32
Total	11,093,593						
James Noble (5)	3,500,000	20/03/15	19/12/14	£	0.3557	19/12/15	19/12/24
	1,968,016	18/01/16	18/01/16	£	0.89	18/01/17	18/01/26
	1,641,106	13/01/17	13/01/17	£	0.59	13/01/18	13/01/27
	931,632	12/01/18	12/01/18	£	0.96	12/01/19	12/01/28
	192,060	12/01/18	12/01/18	£	0.001	12/01/19	12/01/28
	140,448	04/01/19	04/01/19	£	0.001	04/01/20	04/01/29
	733,698	04/01/19	04/01/19	£	0.70	04/01/20	04/01/29
	31,000	01/04/20	01/04/20	£	0.36	01/04/21	01/04/30
	179,785	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	379,788	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	710,711	01/07/22	01/07/22	£	0.23	01/06/23	01/07/32
Total	10,408,244						
Elliott Sigal (6)	519,481	16/03/15	16/03/15	£	0.50	16/03/16	16/03/25
	24,596	11/05/15	11/05/15	£	1.82	11/05/15	11/05/25
	184,562	11/08/16	11/08/16	£	0.97	11/08/17	11/08/26
	220,788	03/07/17	03/07/17	£	0.58	03/07/18	03/07/27
	154,809	22/06/18	22/06/18	£	1.65	22/06/19	22/06/28
	234,407	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	184,258	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	474,385	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	737,050	01/07/22	01/07/22	£	0.23	01/07/23	01/07/32
	933,317	03/07/23	03/07/23	£	0.12	31/10/23	03/07/33
Total	3,667,653						
Tal Zaks (7)	288,000	29/11/16	29/11/16	£	0.65	29/11/17	29/11/26
	144,000	03/07/17	03/07/17	£	0.58	03/07/18	03/07/27
	124,000	22/06/18	22/06/18	£	1.65	22/06/19	22/06/28
	124,000	02/07/19	02/07/19	£	0.48	02/07/20	02/07/29
	144,000	01/07/20	01/07/20	£	1.35	01/07/21	01/07/30
	379,788	01/07/21	01/07/21	£	0.51	01/07/22	01/07/31
	500,000	01/07/22	01/07/22	£	0.23	29/03/23	01/07/32
Total	1,703,788						

Notes to table of Directors' Equity-based Awards Held at 31 December 2023

- (1) All share options awarded to Directors that were outstanding as at 31 December 2023 use time-based vesting and are not subject to performance targets other than continued service until the date of vesting.
- (2) All options granted to Dr Andrew Allen, Dr Priti Hegde and Dr Garry Menzel on 5 July 2023 were granted as replacement options in exchange for options and restricted share units formerly held over common stock of TCR2 Therapeutics Inc which were cancelled. These options vested and became exercisable on the grant date with the exception of 152,376 options granted to Dr Allen and 152,376 options granted to Dr Hegde, which vested and became exercisable on 15 December 2023.
- (3) 519,481 options granted to Lawrence Alleva, 519,481 options granted to Dr Elliott Sigal and 284,233 options granted to John Furey were awarded on his appointment as a new Director, and vested and became exercisable as follows: 25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years. 1,000,000 options granted to Dr Kristen Hege were awarded on her appointment as a new Director, and will vest and become exercisable as follows: 25% on the first anniversary of

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

the grant date and 75% in monthly instalments over the following two years. All options granted to Non-Executive Directors on 11 May 2015 vested and became exercisable on 11 May 2015. All options granted to Non-Executive Directors on 11 August 2016 vested and became exercisable on 11 August 2017. All options granted to Non-Executive Directors on 3 July 2017 vested and became exercisable on 3 July 2018. All options granted to Non-Executive Directors on 22 June 2018 vested and became exercisable on 22 June 2019. All options granted to Non-Executive Directors on 2 July 2019 vested and became exercisable on 2 July 2020. All options granted to Non-Executive Directors on 1 July 2020 vested and became exercisable on 1 July 2021. All options granted to Non-Executive Directors on 1 July 2021 vested and became exercisable on 1 July 2022. Other than as described in footnotes 4 to 7 below, all options granted to Non-Executive Directors on 1 July 2022 vested and became exercisable on 1 July 2023 and all options granted to Non-Executive Directors on 3 July 2023 will vest and become exercisable on 3 July 2024.

- (4) Barbara Duncan stood down from the Board on 1 June 2023 and did not receive an annual award of options in 2023. In recognition of Ms Duncan's service as a Board member and as a member of the Audit Committee from 23 June 2016 up to 1 June 2023, the Board accelerated 500,000 options that would have otherwise vested and become exercisable on 1 July 2023 so that they vested and became exercisable on 1 June 2023. She was permitted a 12 month period in which to exercise those options which had vested as at 1 June 2023. Any options that are not exercised by 1 June 2024 will lapse and cease to be exercisable.
- (5) James Noble stood down from the Board on 1 June 2023 and did not receive an annual award of options in 2023. In recognition of Mr Noble's service as a Board member from 3 December 2014 up to 1 June 2023, and as the Company's founding CEO from July 2008 to August 2019, the Board accelerated 710,711 options that would have otherwise vested and become exercisable on 1 July 2023 so that they vested and became exercisable on 1 June 2023. He was permitted a three year period in which to exercise those options which had vested as at 1 June 2023. Any options that are not exercised by 1 June 2026 will lapse and cease to be exercisable.
- (6) Dr Elliott Sigal stood down from the Board on 1 November 2023. In recognition of Dr Sigal's service as a Board member and as a member of the Corporate Governance and Nominating Committee from 12 February 2015 to 1 November 2023 (and also as a board member of Adaptimmune Limited from 23 September 2014 to 12 January 2017), the Board accelerated 933,317 options that would have otherwise vested and become exercisable on 3 July 2024 so that they vested and became exercisable on 31 October 2023. Dr Sigal was permitted an 18 month period in which to exercise those options which had vested as at 1 November 2023. Any options that are not exercised by 1 May 2025 will lapse and cease to be exercisable.
- (7) Dr Tal Zaks stood down from the Board on 31 March 2023 and did not receive an annual award of options in 2023. In recognition of Dr Zaks' service as a Board member and as a member of the Remuneration Committee from 14 November 2016 up to 31 March 2023, the Board accelerated 500,000 options that would have otherwise vested and become exercisable on 1 July 2023 so that they vested and became exercisable on 29 March 2023. He was permitted a 12 month period in which to exercise those options which had vested as at 31 March 2023. Any options that are not exercised by 31 March 2024 will lapse and cease to be exercisable.

The closing market price of our ADSs on Friday 29 December 2023 was \$0.793. One ADS represents six Ordinary shares.

Payments Made to Past Directors

During the year ended 31 December 2023, we made no payments to former Directors of the Company.

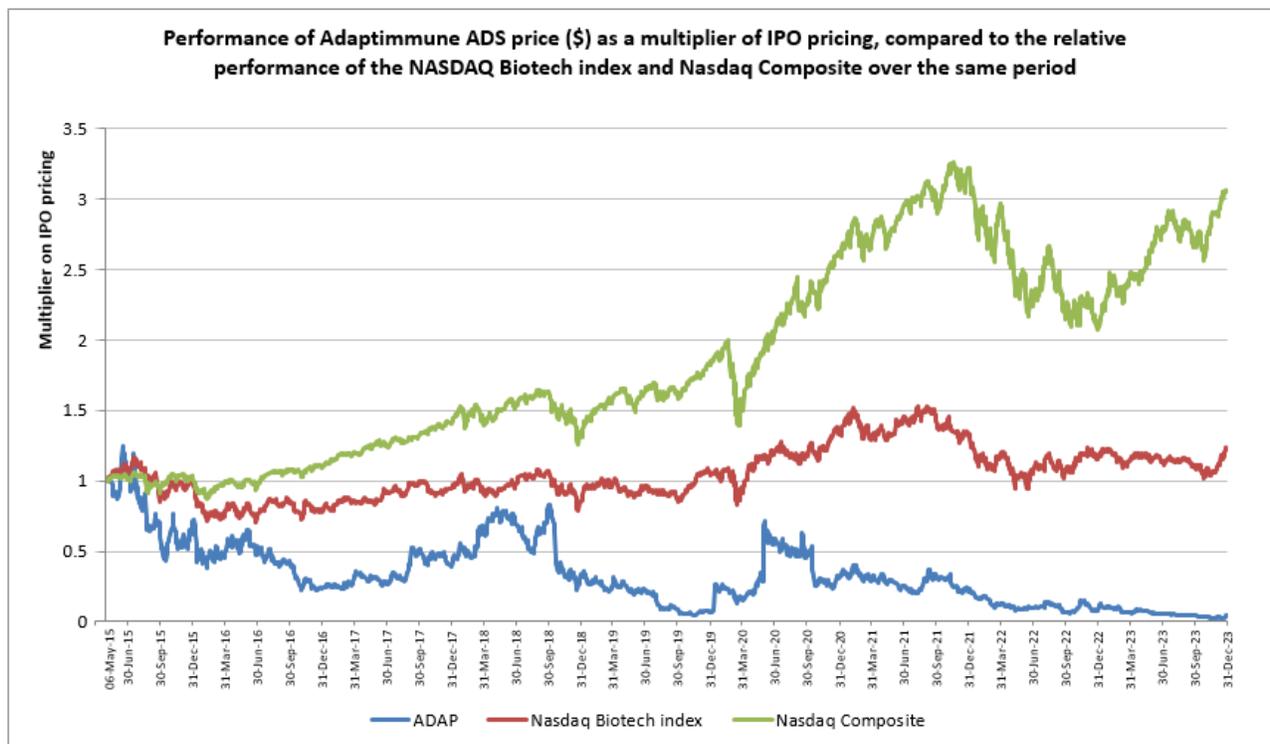
Payments for Loss of Office

During the year ended 31 December 2023, we made no payments with respect to a Director's loss of office.

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Illustration of Total Shareholder Return

The following graph compares the cumulative total shareholder return on our ADSs, each representing six Ordinary shares, with that of the Nasdaq Biotech Index and the Nasdaq Composite Index for the period that our shares were publicly traded, which commenced on 6 May 2015. We selected the Nasdaq Biotech Index because our ADSs trade on The Nasdaq Global Select Market and we believe this indicates our relative performance against a group consisting of more similarly situated companies.



Chief Executive Officer Total Remuneration History

The table below sets out total remuneration details for the Chief Executive Officer for each of the years since the year ended 31 December 2015, the first year for which information is available. For the purpose of this table, payments made in pounds sterling to James Noble in relation to 2015 to 2018 have been translated into U.S dollars based on the U.S. dollar/pound sterling exchange rate at 31 December 2023 (\$1.27313 to £1).

Period	Single total figure of remuneration \$ (1)	Annual bonus payout against maximum opportunity (2)	Long term incentive vesting rates against maximum opportunity (3)
Year ended 31 December 2023:	1,613,184	57 %	100 %
Year ended 31 December 2022:	1,320,667	— %	100 %
Year ended 31 December 2021:	1,756,695	57 %	100 %
Year ended 31 December 2020:	1,401,252	66 %	100 %
Year ended 31 December 2019:	512,423	35 %	100 %
Year ended 31 December 2018:	812,708	47 %	100 %
Year ended 31 December 2017:	779,907	45 %	100 %
Year ended 31 December 2016:	522,426	50 %	100 %
Year ended 31 December 2015:	657,836	100 %	100 %

(1) The Single Total Figure of Remuneration for each year includes the annual bonus payment for performance in that year. For the year ended 31 December 2022, Adrian Rawcliffe did not receive a bonus payment. For the year ended 31 December 2019, the table sets out total remuneration details for Adrian Rawcliffe, for whom the Single total figure of remuneration includes pro-rated amounts for salary, benefits and pension on the basis of four months service as CEO during the year (from 1 September 2019 to 31 December 2019).

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

- (2) The bonus payout percentage amount for each year relates to the total annual bonus payment for performance in that year. In 2017 to 2023, the maximum opportunity was an annual bonus payment of up to 100% of salary. In 2016, the maximum opportunity was an annual bonus payment of up to 50% of salary. In 2015, the maximum opportunity was an annual bonus payment of up to £200,000 (\$254,626) on achievement of the Company's IPO and other milestones. Each maximum opportunity was in line with the relevant Directors' Remuneration Policy relating to that year.
- (3) The amount shown represents the percentage of the options that actually vested during the period expressed as a percentage of the maximum number of options that could have vested during the period. There were no performance obligations linked to these equity-based awards, other than service obligations, and therefore, all options that could have vested during the period have vested.

Chief Executive Officer's Remuneration Compared to Other Employees

The Chief Executive Officer's average fixed salary of \$650,000 for the year ended 31 December 2023 was 5.7 times the value of the average fixed salary of the Group's employees for that period. His average fixed salary of \$650,000 for the year ended 31 December 2022 was 6.0 times the value of the average fixed salary of the Group's employees for that period.

The following table shows the percentage change in remuneration of the Chief Executive Officer in comparison to the percentage change in remuneration of an employee between the year ended 31 December 2023 and the year ended 31 December 2022.

**Percentage change in remuneration in the year ended 31 December 2022
 compared with remuneration in the year ended 31 December 2021**

	CEO (1)	Average change per employee (2)
Base salary	0.0 %	5.3 %
Annual bonus	100.0 %	96.1 %
Taxable benefits	(18.1)%	4.1 % (3)

- (1) The base salary change for the CEO is calculated in relation to the base salary for Adrian Rawcliffe for 2023 (\$650,000) and compared to the base salary for Adrian Rawcliffe for 2022 (\$650,000). Mr Rawcliffe did not receive a salary increase in 2023. The annual bonus amount for each of the year ended 31 December 2023 and the year ended 31 December 2022 represents the total bonus payment. For the year ended 31 December 2023, the annual bonus amount for the CEO represented a 100% increase compared to the year ended 31 December 2022. This is because the CEO did not receive a bonus payment for the year ended 31 December 2022 in light of the cost saving measures that had been recently announced by the Group.
- (2) The average change per employee is calculated in relation to an average number of 439 FTE employees for the year ended 31 December 2023 compared to an average of 534 FTE employees for the year ended 31 December 2022. For the year ended 31 December 2023, the average change in bonus amount per employee represented a 96.1% increase compared to the average per employee for the year ended 31 December 2022. This is mainly because the corporate multiplier was 95% for the year ended 31 December 2023 compared to 60% for the year ended 31 December 2022.
- (3) Taxable benefits for the CEO and for employees comprise small amounts and, therefore, any change may generate a significant percentage decrease or increase. For the year ended 31 December 2023, the CEO's benefits were based on the benefits for Adrian Rawcliffe (\$22,128) and compared to the benefits for Adrian Rawcliffe for the year ended 31 December 2022 (\$27,028). The percentage change is largely driven by the cost of health insurance in the USA where Mr Rawcliffe is resident.

Non-Executive Directors Remuneration Compared to Other Employees

Our remuneration arrangements for Non-Executive Directors comprise an award of a fixed number of share options, plus an additional number of share options or fee payment at the Director's annual election, which is compliant with our last-approved Directors' Remuneration policy.

As a result of their annual elections, David Mott, Lawrence Alleva, Ali Behbahani and Elliot Sigal did not receive a fee payment during each of the year ended 31 December 2023 and the year ended 31 December 2022, and James Noble did not receive a fee payment for the year ended 31 December 2023. Andrew Allen and Priti Hegde were appointed as directors effective from 1 June 2023 and Kristen Hege was appointed as a director effective from 1 November 2023, and so none

of these directors received a fee payment for the year ended 31 December 2022. Therefore, it is not possible to show a percentage change in the remuneration for these Non-Executive Directors compared to the percentage change in remuneration of an employee between the year ended 31 December 2023 and the year ended 31 December 2022.

The following table shows the percentage change in remuneration for each of Barbara Duncan, John Furey and Tal Zaks in comparison to the percentage change in remuneration of an employee between the year ended 31 December 2023 and the year ended 31 December 2022.

**Percentage change in remuneration in the year ended 31 December 2022
compared with remuneration in the year ended 31 December 2021**

	Barbara Duncan (1)	John Furey (2)	Tal Zaks (3)	Average change per employee (4)
Fees and base salary	(58.3)%	0.0 %	(75.0)%	5.3 %
Annual bonus	— %	— %	— %	96.1 %
Taxable benefits	— %	— %	— %	4.1 %

- (1) The fee change for Barbara Duncan is calculated in relation to her fees for 2023 (\$20,833), which was a pro-rated amount for 1 January to 1 June 2023 (her resignation date) and compared to her fees for 2022 (\$50,000).
- (2) The fee change for John Furey is calculated in relation to his fees for 2023 (\$57,500), and compared to his fees for 2022 (\$57,500).
- (3) The fee change for Tal Zaks is calculated in relation to his fees for 2023 (\$11,875), which was a pro-rated amount for 1 January to 31 March 2023 (his resignation date) and compared to his fees for 2022 (\$47,500).
- (4) The average change per employee is calculated in relation to an average number of 439 FTE employees for the year ended 31 December 2023 compared to an average of 534 FTE employees for the year ended 31 December 2022.

Chief Executive Officer's Pay Ratio

The table below sets out the CEO's pay ratio at the 25th, median and 75th percentile employee within the organisation. The Group used Option A, as defined in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, because this calculation methodology for the ratios is considered to be the most accurate method. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent ("FTE") remuneration for all UK employees as at year end. The CEO pay ratio legislation allows the exclusion of an element of pay and it was deemed appropriate to exclude the value of share options from the FTE remuneration calculations for UK employees because it proved to be overly onerous to generate the data. As the value of share options is included in the CEO's total remuneration, each of the 2023, 2022 and 2021 pay ratios is higher than would be the case had the value of share options for the UK employees been included in the calculation.

All employees are eligible to participate in the discretionary bonus plan and share option schemes which aim to align employees to the performance of the Group. The Group provides a competitive remuneration package which is appropriate to promote the long term success of the Group and we apply this policy fairly and consistently in order to attract talent and motivate the workforce. During the year the Group reviewed the salaries of the wider workforce and made adjustments to base pay as appropriate based on individual performance and the external market. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression.

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DIRECTORS' REMUNERATION REPORT (CONTINUED)
For the year ended 31 December 2023

Financial Year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2023	Option A	26:1	21:1	16:1
2022	Option A	26:1	20:1	15:1
2021	Option A	31:1	24:1	17:1

Pay details for the individuals are set out below:

Financial Year	CEO	25 th percentile	Median	75 th percentile
2023 Salary (\$)	650,000	53,846	65,884	86,573
2023 Total Remuneration (\$)	1,613,184 (1)	62,058	78,300	103,325

(1) The value of share options (\$555,306) was included in the CEO remuneration. Had the value of the share options been excluded, the Median pay ratio for 2023 would have been 14:1.

Relative Importance of Spend on Pay

The following table sets forth the total amounts spent by the Company and its direct and indirect subsidiaries on remuneration for the year ended 31 December 2023 and the year ended 31 December 2022. Given that the Group remains in the early phases of its business life cycle, the comparator chosen to reflect the relative importance of the Group's spend on pay is the Group's research and development expenses as shown in its consolidated income statement on page 80 of its Annual Report and Financial Statements for the year ended 31 December 2023.

<u>Period:</u>	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended</u> <u>31 December 2022</u>
Total spend on remuneration (1):	\$ 89,178,000	\$ 92,562,000
Research and development expenses:	\$ 144,272,000	\$ 155,163,000

(1) The total spend on remuneration includes the value of equity-based awards as recognised in the financial statements in accordance with International Financial Reporting Standard 2 "Share-Based Payments".

Executive Director Remuneration for the year ending 31 December 2024

Salary

In 2023, the Committee engaged Pearl Meyer as independent advisors to benchmark executive compensation in order to ensure that the Group remains competitive for the purposes of talent attraction and retention. Pearl Meyer benchmarked executive compensation against a selected peer group consisting largely of comparable U.S.-listed biopharmaceutical

companies, with some U.K.-listed biopharmaceutical companies, and to provide recommendations for base salaries, equity based awards and the structure of bonus incentive awards for 2024.

In January 2024, the Committee considered compensation for our CEO in the context of the market benchmarking information. Our CEO and senior executive officers received increased base salaries at levels that remain compliant with the last approved Directors' Remuneration Policy. For our CEO, this resulted in a base salary of \$676,000 effective from 1 January 2024.

Annual bonus

For the year ending 31 December 2024, the CEO is eligible for a target bonus award of 60% of his base salary of \$676,000 (that is, \$405,600), subject to the achievement of objectives. These are linked to our business strategies, which include: building a commercial franchise in synovial sarcoma and MRCLS; progressing the SURPASS-3 Phase 2 trial through to completion; progressing the ADP-A2M4CD8 T-cell therapy into earlier lines of therapy; progressing PRAME (ADP-600) and CD-70 (ADP-520) directed T-cell therapies into the clinic; continuing to develop "off-the-shelf" cell immunotherapies and progress allogeneic cell therapies to the clinic and continuing to improve our manufacturing and patient supply processes to optimize how we deliver our cell therapies to patients.

It is anticipated that the Board will meet in December 2024 to assess the performance of the CEO for the year ending 31 December 2024 against the objectives set out above.

The Board has considered whether it would be in the best interests of the Company and its shareholders to disclose the precise targets agreed for the performance measures in 2024. An additional consideration is that most of our competitors are based in the U.S. where market practice is not to disclose precise annual bonus targets for biotechnology companies at the pre-commercialization stage. As the specific objectives for a single year are based on the Group's long-term strategies, the Board has concluded that disclosing such targets would necessarily involve divulging competitively sensitive information that we believe would be detrimental to our commercial performance going forward and, therefore, we are providing the categories of objectives, rather than the precise targets.

Long-term incentives

During January 2024 annual awards of share options were made to our CEO. These awards were within market competitive levels provided by Pearl Meyer, following their benchmarking assessment of equity awards made to executive teams in a peer group of comparable U.S. and U.K. listed biopharmaceutical companies, with a priority focus on U.S. companies. These annual grants of options vest over a period of four years from the grant date, with the first 25% vesting after 12 months, which is in line with our Directors' Remuneration policy. Annual awards of share options were also made to the senior executive officers. These awards were disclosed on Form 4s submitted to the Securities and Exchange Commission on 17 January 2024.

The Remuneration Committee

The Remuneration Committee is comprised of Mr Mott (Chairman), Dr Allen and Mr Furey. All members have continued to serve until the date of this Report on Remuneration. The charter of the Committee is set forth on our website at <http://www.adaptimmune.com>

Advice Provided to the Remuneration Committee

The Committee retained Pearl Meyer to provide independent advice and consultation with respect to remuneration arrangements for the CEO (being our sole Executive Director) and senior management. Pearl Meyer is a global remuneration consultant with a well-established reputation for the design and implementation of remuneration programmes, including the design and implementation of equity-based incentive programmes. The Committee also sourced certain market research data reports from Willis Towers Watson and Radford remuneration consultants. In the year

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

ended 31 December 2023, the amounts paid to Pearl Meyer totalled \$74,906, the amounts paid to Willis Towers Watson totalled \$17,670 and the amounts paid to Radford totalled \$17,399.

In addition to Pearl Meyer, Willis Towers Watson and Radford, the Committee solicited and received input from the CEO concerning the remuneration of senior executives other than himself. The CEO provided recommendations with respect to annual cash bonuses to be paid to these persons for service in the year ended 31 December 2023 and base salaries effective from 1 January 2024 and with respect to equity-based awards made to these persons in January 2024. Finally, the CEO also provided input to the Committee regarding the implementation of equity-based remuneration as an element of all other employees' remuneration.

Statement of Voting Results

Voting at our shareholder meetings has generally been conducted by a show of hands by shareholders who are in attendance at the meeting. At the Annual General Meeting held on 16 May 2023, all of the resolutions set out in the Notice of the Annual General Meeting sent to shareholders were duly proposed and passed by unanimous approval, including the resolution proposing the approval of the Directors' Remuneration Report for the year ended 31 December 2022. No votes were withheld.

The last Directors' Remuneration Policy was approved at the Annual General Meeting held on 14 May 2021 to apply effective from the end of that Annual General meeting for a period of three years. No votes were withheld.

Details of the proxy votes received in relation to the resolution proposing the approval of the Directors' Remuneration Report for the year ended 31 December 2022 are set out in the table below. For reference, the table also sets out details of the proxy votes received in relation to the resolution proposing the approval of the Directors' Remuneration Policy at the Annual General Meeting held on 14 May 2021:

Resolution	Votes For	% of Total	Votes Against	% of Total	Votes Withheld	% of Total
To approve the Directors' Remuneration Report	726,972,352	99.54	3,339,912	0.46	468,756	0.06
To approve the Directors' Remuneration Policy (2021 AGM)	661,140,212	99.50	3,293,250	0.50	333,102	0.05

Statement of Implementation of Remuneration Policy in the Year ended 31 December 2023

There have been no changes to the Directors' Remuneration Policy, as approved at the Annual General Meeting of shareholders held on 14 May 2021. In 2023, the Company adhered to the policy as approved.

The new Directors' Remuneration Policy will be put to shareholders as a binding vote at the Annual General Meeting to be held on 14 May 2024 and is presented in the next section.

PART II - DIRECTORS' REMUNERATION POLICY

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

The Remuneration Committee presents the revised Directors' Remuneration Policy, which will be put to shareholders as a binding vote at the Annual General Meeting to be held on 14 May 2024. This policy will then be effective from the date of the Annual General Meeting for a maximum of three years, or until a revised policy is approved by shareholders.

The Committee conducted a comprehensive review of the remuneration policy. The Committee considers that the last approved Directors' Remuneration Policy continues to be appropriate and fit for purpose. However, the Committee is proposing minor revisions to align the policy with market practice and to ensure that the policy can be operated as flexibly as possible in the years ahead.

The only substantive changes are:

- (i) to amend the policy on loss of office such that, in the event of termination by the Company without cause or resignation by an Executive Director for good reason (in each case following a change of control), the Executive Director is entitled to salary and benefits continuation of up to 18 months. This approach aligns with prevailing US market practice where our sole Executive Director is based; and
- (ii) to amend the remuneration policy to provide for clawback of compensation. This amendment reflects our clawback policy adopted with effect from 2 October 2023 under which we may seek the recovery and/or forfeiture of incentive-based compensation paid by the Company, including cash, equity or equity-based compensation, in the event that we restate our financial statements under certain circumstances. The clawback policy applies to current and former Executive Directors and Senior Executives.

For the avoidance of doubt, in approving the Directors' remuneration policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the vesting and/or exercise of past share option awards). Details of any payments to former Directors will be set out in the annual Directors' Report on Remuneration as they arise.

Future Policy Tables

The policy tables set out below describe the Company's proposed future remuneration policy for Directors and seek to explain how each element of the Directors' remuneration packages will operate.

Summary of remuneration policy – Executive Directors

As Adaptimmune Therapeutics plc is a U.K. incorporated company listed on Nasdaq, the Group has operations in the U.K. and the U.S., our senior executives and our Non-Executive Directors live and work in the U.K. and the U.S., the Committee considers it appropriate to examine and be informed by compensation practices in both the U.K. and U.S., particularly in the matter of equity-based incentives, with an increasing focus on U.S. benchmarks and practices.

The Directors' Remuneration Policy is used to determine the remuneration for our CEO, our sole Executive Director, as well as for our other senior executives, and would also apply to other Executive Directors and senior executives that we appoint.

The table set out below presents the elements of remuneration for the Executive Director(s) and Senior Executives which comprise: base salary, pension or pension allowance payment, benefits (currently, access to death-in-service life insurance, family private medical cover and ill-health income protection), annual bonus and long term equity incentives (currently, share option awards).

The remuneration of our CEO is determined by the Board after having considered recommendations from the Committee. The remuneration of other senior executives in the Company, excluding our CEO, (the "Senior Executives") is determined by the Committee. For ease of reference, the following tables generally refer throughout to remuneration being determined by the Committee.

In 2023, the Committee retained an independent remuneration consultant, Pearl Meyer, to assist the Committee in ensuring that our remuneration arrangements for the Executive Director and senior executives are competitive for the calendar year commencing 1 January 2024. Pearl Meyer provided data from comparable publicly traded biopharmaceutical companies and otherwise assisted the Committee in its design of competitive remuneration for the Executive Director and senior executives. We expect to continue to use remuneration consultants to assist the Committee in determining competitive levels of executive remuneration and specific design elements of our remuneration programme.

The following tables present the elements of remuneration for our CEO (our sole Executive Director) and our other senior executives.

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	Rewards skills and experience and provides the basis for a competitive remuneration package.	<p>Salaries will typically be reviewed on an annual basis. Decisions on salary are informed by reference to: (i) market practice and market data on which the Committee receives independent advice; (ii) the individuals' experience and scope of the role; (iii) broader employee increases; (iv) wider market and economic conditions and (v) performance of the business and individual.</p> <p>Salaries will be benchmarked against comparable roles in a selected peer group of US- and European-listed biopharmaceutical companies with similar market capitalisations and/or scale of operational complexity.</p> <p>We typically expect to align salaries with the 50th percentile of peer group comparator data but may vary from this general rule where we consider that special circumstances apply or where recruitment or retention of a particular role is required.</p> <p>The Committee has the flexibility to set the salary of a new hire at a discount to the market and to realign it in subsequent years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience that is critical to the delivery of the business strategy.</p> <p>The Committee may also decide to approve future increases following changes to job responsibilities or to reflect experience within the role.</p>	<p>Salaries will not generally exceed the 75th percentile of peer group comparator data for the relevant role unless there is a clear business rationale to do so.</p> <p>The Committee will reference alternative data for roles not widely represented in the core peer group.</p> <p>The Committee retains discretion to adjust the Executive Directors' base salaries to ensure that we can attract and retain the necessary talent to effectively compete in the global marketplace.</p>	Not applicable.

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Pension	Enables Executive Directors to build long-term retirement savings.	<p>Company contribution to a personal pension scheme or a pension allowance payment, at the election of the Executive Director. Levels will be reviewed annually and the Committee may decide to increase future contribution levels should the review indicate such a change is appropriate.</p> <p>Executive Director pension levels will be aligned to the pension rate made available to the wider workforce, which, at the time of the development of the remuneration policy, is 6% of base salary.</p>	<p>Currently 6% of base salary, or other statutory minimum.</p> <p>The Committee may increase Executive Director pension levels to align with the rate made available to the wider workforce.</p>	Not applicable.
Benefits	Reasonable benefits-in-kind are provided to support Executive Directors in carrying out their duties and assist with retention and recruitment.	<p>Benefits currently include death-in-service life insurance, family private medical cover and ill-health income protection. The Committee will review benefits offered from time to time and retains the discretion to add or substitute benefits to ensure they remain market competitive.</p> <p>In the event that the Group requires an Executive Director to relocate, the Committee may offer appropriate relocation assistance.</p>	No formal maximum. The cost of benefits is not pre-determined reflecting the need to allow for increases associated with the provision of benefits. Benefit costs are reviewed regularly to ensure they remain cost-effective.	Not applicable.

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)
For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Annual Bonus	<p>Rewards achievement of the near-term business objectives set at the start of each calendar year and reflects individual and team performance of the Executive Director and other Senior Executives in achieving those objectives, and progress towards achieving our strategic goals.</p>	<p>Objectives are set at the start of each calendar year.</p> <p>The choice of annual performance objectives will reflect the Committee's assessment of the key milestones/metrics required to be achieved within the calendar year in order to make progress towards achieving our strategic goals.</p> <p>The target annual cash bonus for our Executive Directors is established as a percentage of base salary.</p> <p>The annual bonus is typically payable in cash following year end. In exceptional circumstances the Committee may determine that all or part of the bonus will be paid in shares or share options.</p> <p>When business opportunities or challenges change substantially during the course of the year, the Committee may adjust objectives to meet the changed circumstances and correspondingly realign potential rewards.</p> <p>Awards may be subject to clawback (see <i>Notes to policy tables</i>).</p>	<p>Awards will normally be limited to a maximum of 100% of base salary.</p> <p>In exceptional periods, considered to be those years in which achievements lead to a transformational effect on the future prospects or the valuation of the business, the annual maximum may increase to up to 150% of basic salary.</p> <p>Judgement as to whether achievements in a calendar year are considered to be exceptional is at the discretion of the Committee.</p>	<p>The Committee retains the ability to set performance objectives annually.</p> <p>These objectives can be group-based and /or individual, financial and/ or non-financial, and are likely to include milestones linked to:</p> <ul style="list-style-type: none"> • successful execution of key elements of pipeline development programmes; • progress with clinical trials programmes;

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)
 For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
				<ul style="list-style-type: none"> • key regulatory steps (IND grants, regulatory approvals); • progress with business development activities; • the Group's financial position and equity liquidity and valuation. <p>A number of these objectives are considered to be commercially sensitive and are therefore not disclosed here in detail.</p>

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
<p>Long term equity incentives</p>	<p>Motivates and rewards multi-year performance, encouraging achievement of strategy over the medium to long term.</p> <p>Aligns the interests of our Executive Directors and Senior Executives with those of our shareholders.</p> <p>Encourages retention as entitlement to full benefits arising from equity-based awards only accrues over a period of years.</p> <p>Enables us to compete with equity-based remuneration offered by a set of comparable companies with whom we may compete for executive talent.</p>	<p>Under our share option schemes, the Committee is able to grant awards of CSOP options in the UK, and unapproved share options (non-qualifying options) in the UK and US, which includes the ability to grant RSU-style awards. The Committee may grant other forms of equity award in relation to shares in the Company, subject to shareholder approval if required. All awards may be subject to performance targets.</p> <p>The Committee generally grants equity-based remuneration to Executive Directors and Senior Executives at the time they commence employment and from time to time thereafter based on performance.</p> <p>The Committee typically grants equity awards with phased vesting. Currently, awards vest over a period of four years, with the first 25% vesting after 12 months.</p> <p>The Committee may determine that a different vesting schedule is appropriate, in which case the different vesting schedule will be disclosed at the time the awards are made.</p> <p>Awards may be subject to clawback (see Notes to policy tables).</p>	<p>There is no fixed annual maximum limit to the size or value of equity-based compensation awards made in a year to Executive Directors and Senior Executives, or in the aggregate over a time period.</p> <p>However, the Committee will always work within benchmarking guidelines provided by our compensation consultants. Additionally, our option scheme rules set a maximum limit on the grant of options to all participants of 8% of our initial issued share capital on the date of our IPO increased by 4% on each 30 June to be effective from 1 July 2016.</p> <p>Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models.</p>	<p>Generally, we grant equity-based remuneration awards that vest over time without specific performance targets other than continued service.</p> <p>Awards may be subject to performance targets at the discretion of the Committee.</p> <p>When making awards, the Committee considers: the size and value of past awards; the performance of the Executive Director and Senior Executives; and competitive data on awards made to executives at comparable companies.</p> <p>Our Severance Policy entitles the Executive Director and Senior Executives to accelerated vesting of options on termination without cause or resignation for good reason on a change of control.</p>

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)
For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
			We seek to establish equity-based remuneration to be reasonably competitive to that offered by a set of comparable companies with whom we may compete for executive talent.	<p>Additionally, the Board has discretion to accelerate vesting of options including in connection with a change of control event or when an Executive Director's service is terminated on account of disability or death.</p> <p><i>See Policy on Payments for Loss of Office.</i></p>

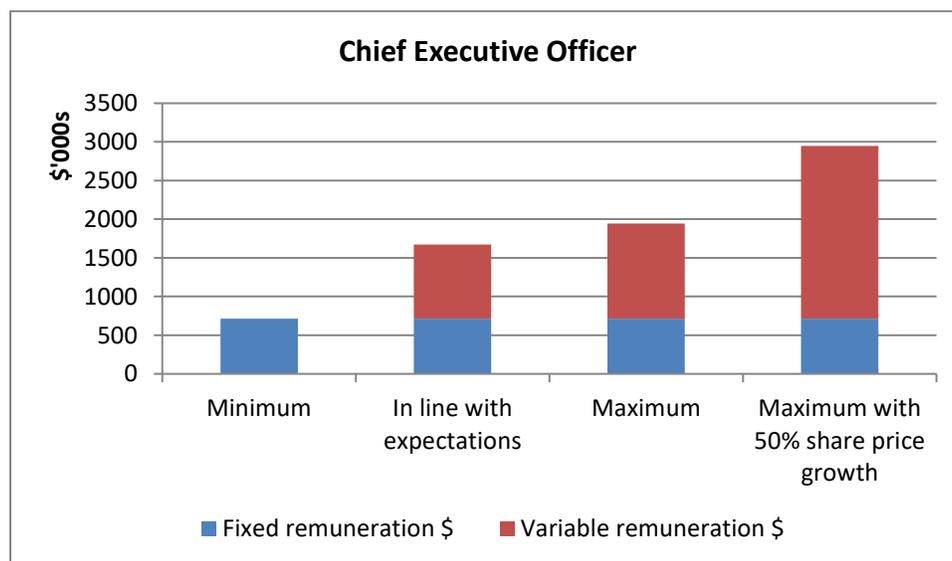
Notes to policy tables

- (1) The use of time-based vesting for share option awards is consistent with U.S. practice, to which we look for guidance on our policies. We examine, with assistance from Pearl Meyer, our independent remuneration consultant, comparative data on both a (i) fair market value basis and (ii) percentage of salary basis. The Committee uses a blend of the two methods to establish appropriate levels of equity-based remuneration for the Executive Director and Senior Executives.
- (2) Our clawback policy adopted with effect from 2 October 2023 enables us to seek the recovery and/or forfeiture of incentive-based compensation paid by the Company, including cash, equity or equity-based compensation, in the event that we restate our financial statements under certain circumstances. The clawback policy applies to current and former Executive Directors and Senior Executives.

Application of the Remuneration Policy to Executive Director Remuneration for the year ending 31 December 2024

The following table provides an illustration of the potential remuneration for the year ending 31 December 2024 for the CEO, as the sole Executive Director, computed in accordance with the Remuneration Policy outlined above and by applying the following assumptions:

Minimum	The base salary for the Executive Director is assumed to be the base salary of \$676,000 per annum effective from 1 January 2024.
	The value of benefits receivable for the year ending 31 December 2024 is assumed to be the same rates of contributions for a 401(k) plan (pension) and for benefits as for 2023.
	No bonus is assumed for the Executive Director. The value of the equity-based awards is assumed to be zero.
In line with expectations	The same components for base salary and benefits as reflected for the minimum above.
	The expected level of bonus is taken to be 60% of base salary, being the target level of bonus payment for the year ending 31 December 2024. The value of the equity-based awards is assumed to be the intrinsic value (based on the market value of the underlying shares at the grant date less the exercise price) of the share options granted to the Executive Director during the year ended 31 December 2023.
Maximum	The same components for base salary and benefits as reflected for the minimum above.
	The maximum level of bonus is taken to be 100% of current base salary. The same value for the equity-based awards as for the “In line with expectations” scenario above.
Maximum plus 50% increase	The same components for base salary, benefits and bonus as reflected for the maximum above.
	The value of the equity-based awards is assumed to be the intrinsic value calculated as above, but based on an assumption that the underlying shares granted have increased in value by 50% since the grant date.



Executive Director Service Contracts

It is Group policy that Executive Directors should have contracts with an indefinite term providing for a maximum of up to 12 months' notice to be given by the employer or Executive Director. Executive Directors' service agreements and employment agreements, as applicable, are available for inspection at the Company's registered office during normal business hours and have also been filed with the Securities and Exchange Commission.

We currently employ Adrian Rawcliffe, our CEO and sole Executive Director who is resident in the USA, on an at-will employment agreement. The Company may terminate Mr Rawcliffe's employment with or without cause and without advance notice, but Mr Rawcliffe is required to provide at least 60 days' advance written notice to the Company if he is terminating his employment.

The terms of the current Executive Director's employment agreement are:

<i>Name</i>	<i>Position</i>	<i>Date of agreement</i>	<i>Notice period</i>
Adrian Rawcliffe	Chief Executive Officer	26 June 2019	At will (Company) / 60 days (Director)

Director service agreements contain non-solicitation and non-competition provisions, normally for a 12-month period, as well as confidentiality provisions. All employment arrangements for any Executive Director will continue to include a notice provision, except that the Company will not be obligated to provide any advance notice in relation to the termination of employment of any Executive Director(s) resident in the USA.

Policy on Payments for Loss of Office

Our approach to payments in the event of termination of an Executive Director is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of the incentive plans in which the Executive Director participates. Depending on the nature of the exit, the Executive Director may be required to resign as a Director if the Board requires a resignation in conjunction with the end of the employment relationship.

The Company may terminate an Executive Director's employment with immediate effect in certain circumstances including bankruptcy, criminal convictions, gross misconduct or serious or repeated breaches of obligations of his or her service. In the event of termination of the Executive Director for cause, we are not obligated to make any payment in lieu of notice.

On termination of the service contract without cause, we have the right to require an Executive Director who is resident in the UK to take garden leave for all or part of the notice period (the remaining term of the contract) and we have the right to pay salary and benefits in lieu of notice. During the period of any garden leave, the Executive Director must continue to be available to the Company and would continue to receive his or her full salary and other contractual entitlements.

In the event of termination without cause, excluding in a change of control, an Executive Director is entitled to payments under his or her employment agreement (or service agreement for an Executive Director resident in the UK) and the Company's executive severance policy, including salary and benefits continuation of up to 12 months. In addition, the Board has discretion to award a pro-rated bonus and has discretion under our share scheme rules to allow some or all of the shares and share options held by Executive Directors and senior executives to vest in full.

In the event of a termination of employment by the Company without cause or a resignation by the Executive Director for good reason following a change of control, an Executive Director is entitled to salary and benefits continuation of up to 18 months. In addition, the Executive Director is entitled to an amount equating to his or her target bonus and any portion

of shares and share options held by Executive Directors and senior executives that were outstanding and unvested as of the date of termination will vest and immediately become exercisable on the date of termination.

In order to receive severance benefits under the employment agreement and executive severance policy, the Executive Director is required to execute a release of claims in favour of the Company and comply with certain other post-employment covenants set forth in his or her employment agreement or service agreement as applicable.

We will comply with applicable disclosure and reporting requirements of the Securities and Exchange Commission with respect to remuneration arrangements with a departing Executive Director.

Policy on Recruitment

Our policy is to pay a fair remuneration package for the role being undertaken and the experience of the individual to be appointed. We expect remuneration packages will include base salary, targeted level of annual cash incentive, initial and ongoing equity-based awards, standard benefits and special provisions tailored to the recruiting situation, such as: sign-on bonus, reasonable relocation support and make-whole awards for remuneration forfeited from a prior employer (whether on account of cash bonuses, share awards, pension benefits or other forfeited items).

The Board retains the discretion to provide additional benefits where necessary to recruit new Executive Directors.

If we appoint an existing employee as an Executive Director of the Company, we would expect to retain legacy obligations to the employee with respect to remuneration, such as outstanding share awards. Should these differ materially from current arrangements, these will be disclosed in the applicable Directors' Remuneration Report following such appointment. We will also disclose remuneration details for a new Executive Director in accordance with all applicable reporting requirements including those of the Securities and Exchange Commission.

Remuneration policy – Non-Executive Directors

Given the Company's exposure to the US talent market, Non-Executive Directors may elect to receive their fees in cash or in the form of equity (currently granted in the form of share options). Non-Executive Director quantum and structure is primarily benchmarked against comparable publicly traded biopharmaceutical companies, with an increasing focus on U.S. benchmarks and practices.

The Board has discretion to pay fees to any or all Non-Executive Directors and/or to pay Non-Executive Directors in the form of a mixture of cash and share options. Our remuneration arrangements for Non-Executive Directors comprise an award of a fixed number of share options, plus a fee payment or additional number of share options at the Director's election. The option awards and cash payments made in 2023 were established at competitive levels taking into account peer data from comparable companies provided in a benchmarking analysis undertaken by Pearl Meyer in 2023 and are compliant with the last approved Directors' Remuneration policy.

The Committee has subsequently retained Pearl Meyer to assist the Committee in ensuring that our remuneration arrangements for the Non-Executive Directors are competitive and appropriate by benchmarking them against comparable publicly traded biopharmaceutical companies, with an increasing focus on U.S. benchmarks and practices. We expect to continue to use remuneration consultants to assist the Committee in determining competitive levels of Non-Executive Director remuneration and specific design elements of our Non-Executive Director remuneration programme.

Our Non-Executive Directors participate in the Group's long-term incentive plans on terms similar to those used for Executive Directors. In accordance with their Letters of Appointment, each Non-Executive Director is entitled to receive an annual award of share options and incoming Non-Executive Directors receive an initial award of share options, and in either scenario which may include RSU-style awards, with such number to be determined by the Board. In determining option awards, the Board works within benchmarking guidelines provided by remuneration consultants.

Any equity that is awarded to Non-Executive Directors will not be subject to performance conditions. Non-Executive Directors do not receive any pension from the Company nor do they participate in any performance-related incentive plans.

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)
For the year ended 31 December 2023

The following table presents the elements of remuneration for Non-Executive Directors.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-Executive fees	<p>Reflects time commitments and responsibilities of each role.</p> <p>Reflects fees paid by similarly sized companies.</p>	<p>The remuneration of the Non-Executive Directors will be determined by the Board as a whole and is informed by reference to (i) market practice and market data, on which the Committee receives independent advice; (ii) the individuals' experience and scope of the role; (iii) broader employee increases (iv) wider market and economic conditions and (v) performance of the business and individual.</p> <p>We typically expect to align fees with the 50th percentile of peer group comparator data but may vary from this general rule where we consider that special circumstances apply or where recruitment or retention of a particular role is required.</p> <p>Fees will typically consist of a basic fee for Non-Executive Director responsibilities plus incremental fees for additional roles/responsibilities such as membership and chairmanship of Board committees and a senior independent Non-Executive Director role.</p> <p>The Non-Executive Directors may elect to receive the fees in cash or in the form of an award of additional share options (see <i>Equity Awards</i> section).</p> <p>The Non-Executive Directors do not receive any pension from the Company, nor do they participate in any performance-related incentive plans.</p>	<p>The value of each individual's aggregate fees will not exceed the 75th percentile of peer group comparator data for the relevant role, unless there is a clear business rationale to do so.</p>	<p>None.</p>

ADAPTIMMUNE THERAPEUTICS PLC
DIRECTORS' REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2023

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Benefits	To reimburse Directors for reasonable expenses incurred.	<p>Non-Executive Directors do not participate in any Company pension plan.</p> <p>Non-Executive Directors may receive travel, accommodation and other business-related expenses incurred in carrying out the role.</p>	No formal maximum.	None.
Equity Awards	<p>For public companies listed in the United States, equity-based remuneration is a standard component of Director remuneration.</p> <p>We extend equity-based awards to our Non-Executive Directors in order to be competitive with comparable companies seeking qualified Directors and to align the interests of our Non-Executive Directors with those of our shareholders.</p>	<p>Non-Executive Directors participate in the Group's long-term incentive plans on terms similar to those used for Executive Directors.</p> <p>Under their appointment letters, each Non-Executive Director is entitled to receive an annual award of options, provided that he or she continues to serve as a Director. When a new Non-Executive Director is appointed, he or she may receive an initial award of options. In either scenario, these may include unapproved options (non-qualified options) and RSU-style awards. The Board may grant other forms of equity award in relation to shares in the Company, subject to shareholder approval if required.</p> <p>The Board is able to grant share options which permit phased vesting over the period. Currently, options awarded to new Directors become fully exercisable over three years while options awarded annually are exercisable on the first anniversary of the date of grant. Other vesting schedules may be adopted at the discretion of the Board.</p> <p>Any share options awarded will not be subject to performance conditions. Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models.</p>	<p>No formal maximum.</p> <p>The equity awards will be determined by the Board as a whole working within benchmarking guidelines provided by our compensation consultants and taking account of US market practice, responsibilities, and ongoing time commitment. Additionally, our option scheme rules set a maximum limit on the grant of options to all participants of 8% of our initial issued share capital on the date of our IPO increased by 4% on each 30 June effective from 1 July 2016.</p>	Not performance-related.

Letters of Appointment

The Chairman and all other Non-Executive Directors have letters of appointment which set out the terms under which they provide their services to the Company and which are subject to a three month notice period either by the Company or the Non-Executive Director. In accordance with the Company's Articles of Association, Non-Executive Directors are included in the requirement that one-third of Directors are subject to retirement by rotation at each Annual General Meeting of shareholders. There is no remuneration payable on loss of office when, for example, a Director is not re-elected at an Annual General Meeting.

Statement of Consideration of Employment Conditions and Differences to the Executive Director Policy

All our employees are paid a base salary and receive standard employee benefits, which vary according to whether they are employed in the UK or in the US but all are entitled to a contribution from the Group towards a pension scheme or retirement plan, as well as access to health insurance and income protection. Salary and incentives are regularly benchmarked against the market to ensure they remain competitive.

All employees are eligible to be considered for an annual increase in their base salaries, provided they have worked for a sufficient portion of the prior fiscal year. In addition, all employees are eligible to be considered for annual cash bonus awards, subject to the achievement of objectives and to the overall performance of the Company, and for consideration for regular equity awards. Eligibility is dependent on the employee's position and performance, with more senior employees eligible for higher bonus and equity award levels.

The Committee is regularly updated throughout the year on pay and conditions applying to Company employees. Where significant changes are proposed to employment conditions and salary levels elsewhere in the Company these are highlighted for the attention of the Committee at an early stage and the Committee will take such employment considerations into account when setting directors' remuneration.

No specific consultation with employees has been undertaken in respect of the design of the Company's senior executive remuneration policy to date although the Committee will keep this under review.

Statement of Consideration of Shareholder Views

The Committee will consider shareholder feedback received following the AGM, as well as any additional feedback and guidance received during the year. This feedback is always considered by the Committee as it develops the Company's remuneration framework and practices. Assisted by its independent adviser, the Committee also actively monitors developments in the expectations of institutional investors and their representative bodies.

Approval

This report was approved by the Board of Directors on 14 March 2024 and signed on its behalf by:



David M Mott
Director and Chairman of the Remuneration Committee

15 March 2024

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under the law and as permitted by the NASDAQ the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable, and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

1 Our opinion is unmodified

We have audited the financial statements of Adaptimmune Therapeutics Plc (“the Company”) for the year ended 31 December 2023 which comprise the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Loss, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 December 2023 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	<i>The risk</i>	<i>Our response</i>
<p>Identification of performance obligations</p> <p>Please refer to pages 88-89 (accounting policy on Revenue Recognition) and pages 103-107 (financial disclosure).</p>	<p>High risk, high value Significant judgemental (New risk 2023)</p> <p>Revenue of \$0.6 million was recognized in relation to the transfer agreement in the year ended December 31, 2023, with current and non-current deferred income associated with the agreement of \$9.8 million and \$18.2 million as at December 31, 2023, respectively.</p> <p>We identified the evaluation of the Group’s identification of performance obligations as a key audit matter. Evaluating the Group’s identification of performance obligations required subjective and complex auditor judgment due to the nature of the agreement and the underlying contractual terms.</p> <p>The judgement relates to the identification of performance obligations with the customer and what services the customer is ultimately engaging with the Group for and which of those services are distinct in the context of the contract. The application of this judgement could materially affect the timing and quantum of revenue recognised in each financial year.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <p>Test of details including accounting analysis We evaluated whether the performance obligations identified by the Group were determined appropriately in the context of the agreement by obtaining an understanding of the Group’s commitments to any involved party by inspecting the agreement, and we evaluated the application of the revenue recognition accounting guidance for the agreement by comparing the Group’s accounting treatment to relevant standards and interpretive guidance.</p> <p>Our sector experience</p> <p>We involved an internal healthcare and life sciences professional with specialised skills and knowledge, who assisted in evaluating the implicit promise within the agreement, including the regulatory and other obligations, by inspecting the agreement and comparing the obligations to industry standards.</p> <p>Assessing transparency We assessed the adequacy of the Group’s significant judgement disclosures in respect of the identification of performance obligations.</p>

<p>Recoverability of the parent Company’s investment and loan in subsidiaries</p> <p>Please refer to pages 90 (accounting policy on Impairment of investments and loans in subsidiaries) and pages 114-115 (financial disclosure).</p> <p>Investments and loan in subsidiaries: 2023 \$125 million (2022: \$99 million)</p>	<p>Low risk, high value Subjective estimate (Risk vs 2022, no change)</p> <p>The carrying value of the investments (including inter-company loan represent 69% (2022: 41%) of the parent Company’s total assets.</p> <p>The recoverability of the investment in subsidiary and the amounts owed to group entities is not at a high risk of significant misstatements or subject to significant judgement. However, due to its materiality in the context of the Parent Company financial statements and the impairment charge of \$128 million (2022: \$376 million) in the current year, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <p>Tests of detail: We compared the aggregate of the carrying amount of the investment and loan in subsidiaries to the market capitalization of the Group at 31 December 2023, which is an approximation of the minimum recoverable amount of the investment and amounts owed to group undertakings, to assess whether it was in excess of the carrying amount.</p> <p>We recalculated the impairment charge and credit loss provision for the year and confirmed that these had been allocated against the carrying value of the investments and loans in subsidiaries appropriately.</p> <p>Assessing transparency: Assessed the adequacy of the parent Company’s disclosures in respect of the expected credit loss on the loans to subsidiaries.</p>
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We continue to perform procedures over going concern assessment of the company in the current year. In the prior year, we identified an increased risk over the ability of the company to continue as a going concern and a risk over the appropriateness of the disclosures in the financial statements due to market volatility and access to capital funding for the company. The company has sufficient cash to fund its operation for a period of at least 12 months from the date of this audit report and approval of the financial statements for the year ended 31 December 2023. Considering these factors, we have not assessed this matter as one of the most significant risks in our current year audit and, therefore, it is not separately identified above in our report this year.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at \$5.8 million (2022: \$6.3 million), determined with reference to a benchmark of Group loss before tax of \$144.0 million, normalised to exclude one-off transactions as disclosed in Note 27 and by averaging over the last three years due to fluctuations in revenue due to termination of the collaboration agreement with Astellas, of \$44.2 million, of which it represents 4% (2022: 4%).

Materiality for the parent Company financial statements as a whole was set at \$1.6 million for the year ended 31 December 2023 (2022: \$2.1 million) determined with reference to a benchmark of Company total assets of \$180.8 million (2022: \$241.0 million), of which it represents 1% (2022: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and parent Company was set at 75% (2022: 65%) of materiality for the financial statements as a whole, which equates to \$4.3 million (2022: \$4.1 million) for the Group and \$1.2 million (2022: \$1.4 million) for the parent Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$0.3 million (2022: \$0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Four of the Group's seven (2022: three of the Group's four) reporting components were subject to full scope audits for Group reporting purposes. The work on these four components (2022: three), including the audit of the parent Company, was performed by the Group team.

The components within the scope of our work accounted for 100% of Group revenue, loss before tax and total assets.

The scope of the audit work performed was predominately substantive as we did not rely upon the Group's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's and company's business model and analysed how those risks might affect the group and the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1(d) to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, in-house legal teams and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the

internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board, audit committee, AGM, remuneration committee and corporate governance & nominating committee minutes.
- Considering remuneration incentive schemes and performance targets of management personnel and directors.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group is in its pre-commercialization phase of operations.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, those posted by users who post infrequently, and those where postings are in unusual accounting combinations.
- Evaluating the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and clinical trial law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any, recognising the nature of the Group's activities. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 72, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud

or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Shirley Rogan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

15 March 2024

For the year ended 31 December	<i>Note</i>	2023 \$'000	2022 \$'000
Revenue	2	60,281	27,148
Research & development expenses		(144,272)	(155,163)
Administrative expenses		(75,671)	(69,199)
Impairment of intangible assets	11	—	(7,864)
Other income	3	2,958	2,855
		(216,985)	(229,371)
Operating loss	4	(156,704)	(202,223)
Gain on bargain purchase	27	22,049	—
Finance income	7	5,964	3,980
Finance expense	7	(2,118)	(1,647)
		(130,809)	(199,890)
Taxation credit	8	13,726	27,218
		(117,083)	(172,672)
Loss for the period		(117,083)	(172,672)
Basic and diluted loss per share	1	(0.10)	(0.18)
Weighted average number of shares used to calculate basic and diluted loss per share	1	1,206,440,978	967,242,403

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE LOSS

For the year ended 31 December	2023 \$'000	2022 \$'000
Loss for the period	(117,083)	(172,672)
Other comprehensive loss for the period, net of income tax		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign exchange translation differences	(3,446)	9,643
Net change in fair value of financial assets at fair value through OCI	936	(573)
Total other comprehensive loss for the period	(2,510)	9,070
Total comprehensive loss for the period	(119,593)	(163,602)

All of the above figures relate to continuing operations.

The notes on pages 86 to 135 form part of these financial statements.

As of year ended 31 December	<i>Note</i>	2023	2022
		\$'000	\$'000
Assets			
Non-current assets			
Property, plant & equipment	9	50,946	53,516
Right-of-use lease assets	10	18,642	16,444
Intangibles	11	5,648	5,698
Clinical materials		—	1,502
Restricted cash	13	3,026	1,569
Total non-current assets		78,262	78,729
Current assets			
Other current assets	14	14,103	14,014
Trade and other receivables	15	821	7,435
Tax receivable		46,097	30,162
Financial assets at fair value through other comprehensive income	16,22	2,947	96,572
Cash and cash equivalents	17	143,991	108,033
Total current assets		207,959	256,216
Total assets		286,221	334,945
Equity & liabilities			
Equity			
Share capital	18	1,865	1,399
Share premium	18	799,191	738,014
Other reserve	18	131,013	131,013
Accumulated other comprehensive income	18	(11,496)	(8,986)
Retained losses		(877,547)	(774,774)
Total Equity		43,026	86,666
Non-Current liabilities			
Trade and other payables	19	1,404	1,296
Deferred revenue	2	149,060	160,892
Lease liability	10	19,933	20,568
Total Non-Current liabilities		170,397	182,756
Current liabilities			
Trade and other payables	20	38,431	35,968
Deferred revenue	2	28,973	23,520
Lease liability	10	5,394	2,803
Restructuring provision	21	—	3,232
Total current liabilities		72,798	65,523
Total equity & liabilities		286,221	334,945

The notes on pages 86 to 135 form part of these Financial Statements. The financial statements on pages 80 to 135 were approved by the Board of Directors on 14 March 2024 and are signed on its behalf by:



Adrian Rawcliffe
 Director

15 March 2024

As of year ended 31 December	<i>Note</i>	2023	2022
		\$'000	\$'000
Assets			
Non-current assets			
Investments and loans in subsidiaries	12	124,608	98,672
Total non-current assets		124,608	98,672
Current assets			
Other current assets	14	585	808
Trade and other receivables	15	11,822	19,185
Financial assets at fair value through other comprehensive income	16	2,947	96,572
Cash and cash equivalents		40,767	25,765
Total current assets		56,121	142,330
Total assets		180,729	241,002
Equity & liabilities			
Equity			
Share capital	18	1,865	1,399
Share premium	18	799,191	738,014
Other reserves	18	79,990	79,990
Accumulated other comprehensive income		6	(930)
Retained earnings		(702,300)	(578,827)
Total Equity		178,752	239,646
Current liabilities			
Trade and other payables	20	1,977	1,356
Total equity & liabilities		180,729	241,002

The Company's loss for the year was \$137,783,000 (2022: \$377,530,000).

The notes on pages 86 to 135 form part of these Financial Statements.

The financial statements on pages 80 to 135 were approved by the Board of Directors on 14 March 2024 and are signed on its behalf by:



Adrian Rawcliffe
 Director

15 March 2024

	<u>Share Capital</u> \$'000	<u>Share Premium</u> \$'000	<u>Other reserve</u> \$'000	<u>Exchange reserve</u> \$'000	<u>Fair value reserves</u> \$'000	<u>Retained Losses</u> \$'000	<u>Total equity</u> \$'000
Balance at 1 January 2022	1,337	725,210	131,013	(17,699)	(357)	(619,458)	220,046
<i>Total comprehensive loss for the year:</i>							
Loss for the year	—	—	—	—	—	(172,672)	(172,672)
Other comprehensive loss for the year	—	—	—	9,643	(573)	—	9,070
<i>Transactions with owners, recorded directly in equity:</i>							
Issuance of shares under At The Market sales agreement, net of expenses	54	12,762	—	—	—	—	12,816
Issuance of common stock upon exercise of options	8	42	—	—	—	—	50
Equity-settled share based payment expense	—	—	—	—	—	17,356	17,356
Balance at 31 December 2022 and at 1 January 2023	<u>1,399</u>	<u>738,014</u>	<u>131,013</u>	<u>(8,056)</u>	<u>(930)</u>	<u>(774,774)</u>	<u>86,666</u>
<i>Total comprehensive loss for the year:</i>							
Loss for the year	—	—	—	—	—	(117,083)	(117,083)
Other comprehensive loss for the year	—	—	—	(3,446)	936	—	(2,510)
<i>Transactions with owners, recorded directly in equity:</i>							
Issuance of shares under At The Market sales agreement, net of expenses	5	619	—	—	—	—	624
Issuance of common stock upon acquisition of TCR ²	443	60,320	—	—	—	—	60,763
Issuance of common stock upon exercise of options	18	238	—	—	—	—	256
Equity-settled share based payment expense	—	—	—	—	—	14,310	14,310
Balance at 31 December 2023	<u>1,865</u>	<u>799,191</u>	<u>131,013</u>	<u>(11,502)</u>	<u>6</u>	<u>(877,547)</u>	<u>43,026</u>

The notes on pages 86 to 135 form part of these Financial Statements

	<u>Share Capital</u> \$'000	<u>Share Premium</u> \$'000	<u>Other Reserve</u> \$'000	<u>Fair value reserves</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total Equity</u> \$'000
Balance at 1 January 2022	1,337	725,210	79,990	(357)	(221,041)	585,139
<i>Total comprehensive loss for the year:</i>						
Loss for the year	—	—	—	—	(377,530)	(377,530)
Other comprehensive loss for the period	—	—	—	(573)	—	(573)
<i>Transactions with owners, recorded directly in equity:</i>						
Issuance of shares under the At The Market program, net of expenses	54	12,762	—	—	—	12,816
Issuance of common stock upon exercise of options	8	42	—	—	—	50
Equity-settled share based payment expense	—	—	—	—	19,744	19,744
Balance at 31 December 2022 and at 1 January 2023	<u>1,399</u>	<u>738,014</u>	<u>79,990</u>	<u>(930)</u>	<u>(578,827)</u>	<u>239,646</u>
Balance at 1 January 2023	1,399	738,014	79,990	(930)	(578,827)	239,646
<i>Total comprehensive loss for the year:</i>						
Loss for the year	—	—	—	—	(137,783)	(137,783)
Other comprehensive loss for the period	—	—	—	936	—	936
<i>Transactions with owners, recorded directly in equity:</i>						
Issuance of shares under the At The Market program, net of expenses	5	619	—	—	—	624
Issuance of common stock upon acquisition of TCR2	443	60,320	—	—	—	60,763
Issuance of common stock upon exercise of options	18	238	—	—	—	256
Equity-settled share based payment expense	—	—	—	—	14,310	14,310
Balance at 31 December 2023	<u>1,865</u>	<u>799,191</u>	<u>79,990</u>	<u>6</u>	<u>(702,300)</u>	<u>178,752</u>

The notes on pages 86 to 135 form part of these Financial Statements.

ADAPTIMMUNE THERAPEUTICS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	<i>Note</i>	2023	2022
		\$'000	\$'000
Cash flows from operating activities			
Loss for the year before tax		(130,809)	(199,890)
<i>Adjustments for:</i>			
Depreciation	9	9,453	5,266
Amortisation	11	224	809
Gain on bargain purchase	27	(22,049)	—
Impairment of IPRD intangible assets	11	—	7,884
Equity-settled share based payment expense	24	13,346	17,355
Net finance (income)/expense	7	(3,648)	(2,330)
Other		167	816
<i>Changes in:</i>			
Decrease/(increase) in trade and other current assets and receivables		14,102	(6,404)
Decrease/(increase) in other non-current assets		1,504	(1,005)
(Decrease)/increase in trade and other payables		(3,505)	5,872
(Increase)/decrease in deferred revenue		(14,574)	3,874
Cash used in operations		(135,789)	(167,753)
Net taxes (paid)/received		(2,375)	26,222
Interest element of lease payments		(1,920)	(1,647)
Interest received		2,811	5,149
Net cash used in operating activities		(137,273)	(138,029)
Cash flows from investing activities			
Acquisition of property, plant & equipment		(4,681)	(29,496)
Acquisition of intangibles		(17)	(2,244)
Reduction in restricted cash		197	149
Cash from acquisition of TCR ² Therapeutics Inc.		43,610	—
Investment in financial assets at fair value through OCI		(75,953)	(48,117)
Maturity of financial assets at fair value through OCI		210,983	166,994
Other		1,353	—
Net cash from investing activities		175,492	87,286
Net cash used in financing activities			
Proceeds from issuance of shares, net of commissions and issuance costs		256	50
Proceeds from exercise of share options		624	12,816
Principal element of lease payments		(4,018)	(2,113)
Net cash used in financing activities		(3,138)	10,753
Net increase/(decrease) in cash and cash equivalents		35,081	(39,990)
Effect of movements in exchange rates on cash held		877	(1,925)
Cash and cash equivalents at start of year		108,033	149,948
Cash and cash equivalents at year end		143,991	108,033

The notes on pages 86 to 135 form part of these Financial Statements

1. ACCOUNTING POLICIES

(a) Domicile

Adaptimmune Therapeutics plc is registered in England and Wales. Its registered office is 60 Jubilee Avenue, Milton Park, Abingdon, Oxfordshire OX14 4RX.

The Group and its subsidiaries (the "Group") are a clinical-stage biopharmaceutical group focused on novel cancer immunotherapy products based on its T-cell receptor platform. It has developed a comprehensive proprietary platform that enables it to identify cancer targets, find and genetically engineer T-cell receptors, or TCRs, and produce TCR therapeutic candidates for administration to patients. The Group engineers TCRs to increase their affinity to cancer specific peptides in order to destroy cancer cells in patients.

The Group is subject to a number of risks similar to other biopharmaceutical companies in the clinical stage, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical programmes or clinical trials, the need to obtain marketing approval for its TCR therapeutic candidates, competitors developing new technological innovations, the need to successfully commercialise and gain market acceptance of the Group's TCR therapeutic candidates, and protection of proprietary technology. If the Group does not successfully commercialise any of its TCR therapeutic candidates, it will be unable to generate product revenue or achieve profitability. As at 31 December 2023, the Group had retained losses of approximately \$877.5 million.

(b) Statement of Compliance

The consolidated financial statements have been prepared and approved by the Directors in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS").

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101. On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement, cash flow statement and related notes that form a part of these approved financial statements. The Company has also taken FRS 101 exemptions from: disclosing transactions with wholly owned subsidiaries; disclosures in respect of capital management; disclosures in respect of the compensation of Key Management Personnel; disclosure of share-based payment information required under IFRS 2; financial instrument disclosures under IFRS 7; and, certain fair value measurement disclosures required under IFRS 13.

(c) Basis of Preparation

The financial statements have been prepared on the historical cost basis except as required by the accounting standards. The consolidated financial statements of Adaptimmune Therapeutics plc and its subsidiaries as set out in Note 12, and the financial statements for Adaptimmune Therapeutics plc included herein are for the years ended 31 December 2023 and 2022.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Group's financial position, including its cash flows and liquidity position, are fully described in the consolidated financial statements. As of 31 December 2023, the Group had cash and cash equivalents of \$144.0 million, marketable securities classified as financial assets at fair value through other comprehensive income of \$2.9 million, and stockholders' equity of \$43.0 million.

1. ACCOUNTING POLICIES (continued)

(d) Going Concern Basis of Preparation

During the year ended 31 December 2023, the Group incurred a net loss of \$117.1 million, used cash of \$137.3 million in its operating activities and generated revenues of \$60.3 million. The Group has incurred net losses since inception, and it expects to incur operating losses in future periods.

The Group devotes substantially all of its resources to research and development efforts relating to its cell therapies. The Group's operations are financed primarily through sales of equity securities, cash receipts under our collaboration and license agreements and research and development tax and expenditure credits. The Group does not have any products approved for sale and has not generated any revenue from product supplies or royalties. Based on the current plans, the Group does not expect to generate product or royalty revenues unless and until it obtains marketing approval for, and commercialises, any of its cell therapies.

In assessing the going concern assumptions, the Board has undertaken a rigorous assessment of the forecasts of the Group for a period of 12 months from the date of signing the financial statements. The assessment included consideration of the downside risks including a number of severe but plausible scenarios incorporating underperformance against the business plan and delays in cash inflows. The key assumptions include expected receipts of cash inflows from ongoing collaboration agreements and research and development tax and expenditure credits. The net forecast cash outflows in those forecasts have then been considered against the cash, cash equivalents and marketable securities currently available to fund our operations. The Group performed sensitivity analysis over inputs such as the timing of cash inflows from collaborations and research and development tax and expenditure credits, which did not impact the going concern assessment as of the date of signing the financial statements.

Having reviewed cash flow forecasts for at least the 12 month period following the date of signing the financial statements, and the continued progress of the development activities the Directors have a reasonable expectation that the Group and the parent Company have adequate resources to continue in operational existence for a period of not less than 12 months from the signing of these financial statements. Additional future funding beyond that currently available to the Group is likely to be required in order to complete planned development activities and to reach commercialisation of any products that reach that phase. Based on the continued progress of these development activities, the Directors remain confident that sufficient appropriate funding will be available from future working capital inflows or equity funding, though there can be no certainty that this will be the case. To improve liquidity the Directors could reassess the Group's portfolio and prioritisation of activities which could reduce the Group's operating expenses.

(e) Critical accounting policies and significant judgements and estimates

The Group has prepared its consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The preparation of these consolidated financial statements requires the Group to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the consolidated financial statements, as well as revenue and expenses during the reporting periods. The Group evaluates its estimates and judgments on an ongoing basis. It bases estimates on historical experience and on various other factors that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

While the Group's significant accounting policies are described in more detail below, the following accounting policies are considered to be critical to the judgments and estimates used in the preparation of our financial statements:

1. ACCOUNTING POLICIES (continued)

(e) Critical accounting policies and significant Judgements and estimates (continued)

Judgements:

- Identification of performance obligations – research collaborations and related agreements; and
- Impairments of investments and loans in subsidiaries.

The following accounting policies were critical to the judgments and estimates used in the preparation of our financial statements in previous years but were not considered to be critical for the years ended 31 December 2022 and 31 December 2023.

Judgements:

- The allocation of the transaction price using the relative standalone selling price; and
- Recognition of deferred tax assets.

Estimation:

- The determination of cost to complete; and
- The incremental borrowing rate.

These sources of estimation uncertainty and judgements are described further below.

Revenue Recognition

Identification of performance obligations – research collaborations and related agreements

When the Group enters into research collaboration agreements with customers, both new agreements and amendments to pre-existing agreements, these contracts typically include various promises to customers, both explicit and implicit. As the Group's research collaborations normally relate to early-stage research and development for novel cell therapies, they often include services, licenses and other promises to customers that the Group has not previously provided. As such, when the Group enters into a new collaboration with customers, an assessment is performed to determine both what the explicit promises in the contract are, which may or may not be indicated by the pricing structure of the contract, and whether the contract contains any implicit promises to the customer. This assessment involves significant judgment about what the substance of the collaboration with the customer is, what goods or services the customer is ultimately engaging with the Group for and which of those goods and services are distinct in the context of the contract.

The Group recognises revenue as the identified performance obligations are satisfied, which occurs as the Group transfers the promised good or service. The Group transfers a promised good or services as the customer obtains control of the good or service. The nature of the performance obligation and the Group's promise to the customer will determine whether the performance obligation is satisfied, and therefore revenue recognised, over time or at a point in time. The Group recognises revenue over time using a single measure of progress for each performance obligation that most faithfully depicts an entity's performance in transferring control of goods or services promised to the customer. This assessment requires significant judgement and involves consideration of both output and input methods to determine which measure is most appropriate for the performance obligation being satisfied. As the Group's collaboration agreements typically have multi-year terms or include performance obligations which are not expected to be settled in a short period of time, the timing of, and measure of progress for, when the Group satisfies performance obligations, can have a significant impact on how the Group recognises revenue.

1. ACCOUNTING POLICIES (continued)

(e) Critical accounting policies and significant Judgements and estimates (continued)

An exercise to identify performance obligations and determine how performance obligations are satisfied was required in 2023 for the GSK Termination and Transfer Agreement.

Revenue of \$0.6 million was recognised in relation to the GSK Termination and Transfer agreement in 2023, with current and non-current deferred income associated with the agreement of \$9.8 million and \$18.2 million at 31 December 2023, respectively.

Allocation of transaction price using the relative standalone selling price

Upfront payments are allocated between performance obligations using our best estimate of the relative standalone selling price of the performance obligation. The relative standalone selling price is estimated by determining the market values of development and license obligations. As these inputs are not directly observable, the estimate is determined considering all reasonably available information including internal pricing objectives used in negotiating the contract, together with internal data regarding the cost and margin of providing services for each deliverable, taking into account the different stage of development of each development program and adjusted-market data from comparable arrangements. This assessment involves significant judgment and could have a significant impact on the amount and timing of revenue recognition.

An assessment of the allocation of transaction price using the relative standalone selling price was required in the year ending 31 December 2023 for the GSK Termination and Transfer Agreement. The modification and termination of the GSK agreement in 2022 did not require an assessment using the relative standalone selling price as the modification and termination did not result in any performance obligations being identified and there was only one remaining performance obligation that was not completely satisfied prior to the modification and termination.

Determination of the cost to complete

Revenue allocated to performance obligations relating to provision of development activities is recognised using an estimate of the percentage of completion of the project based on the costs incurred on the project as a percentage of the total expected costs. The determination of the percentage of completion requires management to estimate the costs-to-complete the project. A detailed estimate of the costs-to-complete is re-assessed every reporting period based on the latest project plan and discussions with project teams. If a change in facts or circumstances occurs, the estimate will be adjusted and the revenue will be recognised based on the revised estimate. The difference between the cumulative revenue recognised based on the previous estimate and the revenue recognised based on the revised estimate would be recognised as an adjustment to revenue in the period in which the change in estimate occurs. Determining the estimate of the cost-to-complete requires significant judgment and may have a significant impact on the amount and timing of revenue recognition. However, a 10% change in the cost-to-complete at 31 December 2023, would not have a significant impact on revenue recognised in the year ended 31 December 2023.

Operating Leases (Incremental Borrowing Rate)

Since the rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rates (the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment) based on the information available at commencement date in determining the discount rate used to calculate the present value of lease payments. As we have no external borrowings, the incremental borrowing rates are determined using information on indicative borrowing rates that would be available to us based on the value, currency and borrowing term provided by financial institutions, adjusted for company and market specific factors.

1. ACCOUNTING POLICIES (continued)

(e) Critical accounting policies and significant Judgements and estimates (continued)

Although we do not expect our estimates of the incremental borrowing rates to generate material differences within a reasonable range of sensitivities, judgement is involved in selecting an appropriate rate, and the rate selected for each lease will have an impact on the value of the lease liability and corresponding right-of-use (ROU) asset in the Consolidated Balance Sheets.

Impairments of investments and loans in subsidiaries

The Company has assessed the Investment and loans in subsidiaries for impairment at 31 December 2023 and 31 December 2022. The loans in subsidiaries are financial assets held at amortised cost and the Company recognises loss allowances for expected credit losses on loans to subsidiaries at an amount equal to lifetime expected credit losses. Investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

At 31 December 2023 a further impairment provision was recognised to reflect a significant deterioration in market conditions. See note 10 for further details.

Recognition of deferred taxation assets

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. This assessment includes estimating future taxable income, scheduling reversals of temporary differences, evaluating expectations of future profitability, determining refund potential in the event of net operating loss carrybacks, and evaluating potential tax-planning strategies.

Future realisation of the tax benefit of a deferred tax asset depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward period available under the tax law. The Group considers both positive and negative evidence regarding realisation of the deferred tax assets and the subjectivity of this evidence. This assessment includes estimating future taxable income, scheduling reversals of temporary differences, evaluating expectations of future profitability, determining refund potential in the event of net operating loss carrybacks, and evaluating potential tax-planning strategies.

The Group has generated losses in the United Kingdom since inception and is forecasted to generate tax losses for the next several years and therefore the deferred tax assets arising in the United Kingdom are only recognised to the extent that reversing temporary taxable differences are available.

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

1. ACCOUNTING POLICIES (continued)

(e) Critical accounting policies and significant Judgements and estimates (continued)

Adaptimmune LLC has generated taxable income since the fiscal year ended 30 June 2014 due to a Service Agreement between our U.S. and U.K. operating subsidiaries and is forecast to generate taxable income in future periods. In determining whether the deferred tax asset is more-likely-than-not of being recognised, the Group has taken into account the recent history of taxable profits, the forecast of future taxable income, including whether future originating temporary deductible differences are likely to be realised, and the reversal of temporary taxable deductions. Several of the temporary deductible differences reverse over a long time period, such as those relating to share-based compensation expense, which the Group forecasts are likely to reverse over the next five years. The Group considers that forecasting taxable income beyond the next few years is very subjective due to the nature and extent of the development process subcontracted from the Group in the United Kingdom to Adaptimmune LLC. Less weight has been given to forecasts of taxable income beyond the next few years.

The Group's analysis is subject to estimates and judgments particularly relating to the timing of the reversal of temporary deductible differences for stock compensation expense and the availability of future taxable income beyond the next few years, which depend on the nature and extent of the subcontract development work performed by the U.S. subsidiary.

The deferred tax asset arising in the United States is only considered more-likely-than-not of being realised to the extent that there are available reversing temporary taxable differences. As the Group believes that our cash and cash equivalents and marketable securities will be sufficient to fund our operations, based upon our currently anticipated research and development activities and planned capital spending, into early 2026, the Group considered the U.S. subsidiary's future taxable income over this period. Based on this assessment, the Group determined that there is not sufficient evidence of future taxable income that the U.S. subsidiary will generate each year such that it would be more-likely-than-not that the current deferred tax asset in the U.S. subsidiary may be utilised. Therefore, the Group concluded not to recognise the deferred tax asset of the U.S. subsidiary.

(f) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, US dollars, at foreign exchange rates in effect at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates in effect at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the exchange reserve.

1. ACCOUNTING POLICIES (continued)

(f) Basis of Consolidation (continued)

Our UK subsidiary has an intercompany loan balance in US dollars payable to the ultimate parent company, Adaptimmune Therapeutics plc. Beginning on 1 July 2019, the intercompany loan was considered a net investment in a foreign operation as settlement is neither planned nor likely 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 gain or losses arising on the revaluation of intercompany loans of a long-term investment nature are reported within the Consolidated Statement of other comprehensive (loss) income.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at their purchase cost, together with any incidental expenses of acquisition, less accumulated depreciation.

Depreciation is calculated so as to write off the cost of the assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is not charged on construction in progress until the asset is completed and ready for its intended use.

The following table shows the generally applicable expected useful economic life for each category of asset:

Computer equipment	3 to 5 years
Laboratory equipment	5 years
Office equipment	5 years
Leasehold improvements	the shorter of the estimated useful life and the expected duration of the lease

(h) Intangibles

Research and development

Expenditure on research activities is recognised in the income statement as incurred. Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. When making this determination the Group considers:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits can be demonstrated;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation costs are recognised within Research & Development expenses and Administrative Expenses in the Consolidated Income statement.

1. ACCOUNTING POLICIES (continued)

(h) Intangibles (continued)

If the development costs do not meet the criteria for capitalisation, the costs are recognised in the income statement as incurred.

The Group currently does not have any development projects which have met the above criteria.

Acquired in-process research and development

Acquired research and development intangible assets, which are still under development, such as licensed or acquired compounds, are recognised as In-Process Research & Development (“IPR&D”). IPR&D assets are stated at their purchase cost, together with any incidental expenses of acquisition.

IPR&D assets are not amortised on the basis that they are not yet available for use. They are evaluated for potential impairment on an annual basis or when facts and circumstances warrant. Impairment charges are recorded in Impairment of intangible assets in the Consolidated Income Statement.

Software licenses

Acquired computer software licences are capitalised as intangibles assets and stated at costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which is the contracted term of the licence, typically 36 months. Amortisation costs are recognised within Research & Development expenses and Administrative Expenses in the Consolidated Income statement.

(i) Investment in Subsidiaries

Investments in subsidiary undertakings are stated at cost less any impairment. Where management identify uncertainty over such investments, the investment is impaired to an estimate of its net realisable value.

(j) Clinical Materials

Clinical materials with alternative use, which are not held for sale are capitalised as either other current assets or other non-current assets, depending on the timing of their expected consumption. At each reporting date, management considers whether the materials are impaired due to excess quantity over current forecast demand by considering manufacturing forecasts, forecasts of clinical trial enrolments, stability testing results, technological developments and future development programs. The Group also considers whether the unavoidable costs of meeting obligations for minimum purchase commitments exceed the economic benefits it expects to receive under the contract, and in such cases, a provision is recognised.

(k) Impairment of Non-financial Assets Excluding Inventories and Deferred Tax Assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

1. ACCOUNTING POLICIES (continued)

(l) *Financial Instruments*

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group’s debt securities are held for collection of cash flows where those cash flow represent solely payments of principal and interest and to manage liquidity. The Group holds investments in debt securities, including corporate debt securities and money market funds. The debt securities are subsequently measured at fair value through OCI. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses).

(iv) Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through OCI, and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit losses.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

For debt securities at fair value through OCI, the loss allowance is charged to profit or loss and is recognised in OCI.

1. ACCOUNTING POLICIES (continued)

(l) *Financial Instruments (continued)*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Details of loss allowances recognised relating to the Company's intercompany loan receivable are provided in Note 12.

Debt securities

Our investments in debt securities are subject to credit risk. The Group's investment policy limits investments to certain types of instruments, such as money market instruments and corporate debt securities, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio. The debt securities have been determined to have a low credit risk at 31 December 2023 and 12-month expected credit losses are not material.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no material impairment loss was identified.

Trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances money market funds and marketable securities with a maturity at acquisition of less than three months.

(m) *Fair value hierarchy*

The Group 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 prioritises 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 Group's own assumptions about the assumptions market participants would use in pricing the asset or liability

The carrying amounts of the Group'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 financial assets at fair value through OCI, which are measured at fair value on a recurring basis is detailed in Note 22.

1. ACCOUNTING POLICIES (continued)

(n) Revenue

Revenue is recognised so as to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Variable consideration

The Group determines the variable consideration to be included in the transaction price by estimating the most likely amount that will be received and then applies a constraint to reduce the consideration to the amount which is probable of being received. The determination of whether a milestone is probable includes consideration of the following factors:

- whether achievement of a development milestone is highly susceptible to factors outside the entity's influence, such as milestones involving the judgment or actions of third parties, including regulatory bodies or the customer;
- whether the uncertainty about the achievement of the milestone is not expected to be resolved for a long period of time;
- whether the Group can reasonably predict that a milestone will be achieved based on previous experience; and
- the complexity and inherent uncertainty underlying the achievement of the milestone.

Allocation of transaction price using the relative standalone selling price

Upfront payments are allocated between performance obligations using the Group's best estimate of the relative standalone selling price of the performance obligation. The relative standalone selling price is estimated by determining the market values of development and license obligations. As these inputs are not directly observable, the estimate is determined considering all reasonably available information including internal pricing objectives used in negotiating the contract, together with internal data regarding the cost and margin of providing services for each deliverable, taking into account the different stage of development of each development program and adjusted-market data from comparable arrangements. This assessment involves significant judgment and could have a significant impact on the amount and timing of revenue recognition.

1. ACCOUNTING POLICIES (continued)

(n) Revenue (continued)

Determination of the cost to complete

Revenue allocated to performance obligations relating to provision of development activities is recognised using an estimate of the percentage of completion of the project based on the costs incurred on the project as a percentage of the total expected costs. The determination of the percentage of completion requires management to estimate the costs-to-complete the project. A detailed estimate of the costs-to-complete is re-assessed every reporting period based on the latest project plan and discussions with project teams. If a change in facts or circumstances occurs, the estimate will be adjusted and the revenue will be recognised based on the revised estimate. The difference between the cumulative revenue recognised based on the previous estimate and the revenue recognised based on the revised estimate would be recognised as an adjustment to revenue in the period in which the change in estimate occurs. Determining the estimate of the cost-to-complete requires significant judgment and may have a significant impact on the amount and timing of revenue recognition.

Contract assets and liabilities

The Group recognises a contract asset, when the value of satisfied (or part satisfied) performance obligations is in excess of the payment due to the Group, and deferred revenue (contract liability) when the amount of unconditional consideration is in excess of the value of satisfied (or part satisfied) performance obligations. Once a right to receive consideration is unconditional, that amount is presented as a receivable.

Changes in deferred revenue typically arise due to:

- adjustments arising from a change in the estimate of the cost to complete the project, which results in a cumulative catch-up adjustment to revenue that affects the corresponding contract asset or deferred revenue;
- a change in the estimate of the transaction price due to changes in the assessment of whether variable consideration is constrained because it is not considered highly probable of being received;
- the recognition of revenue arising from deferred revenue; and
- the reclassification of amounts to receivables when a right to consideration to becomes unconditional.

A change in the estimate of variable consideration constrained (for example, if a development milestone becomes highly probable of being received) could result in a significant change in the revenue recognised and deferred revenue.

(o) Leases

The Group determines whether an arrangement is a lease at contract inception by establishing whether the contract conveys the right to use, or control the use of, identified property, plant, or equipment for a period of time in exchange for consideration. The Group recognises a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Right-of-use (ROU) assets and lease liabilities recognised in the Consolidated Statement of Financial Position represent the right to use an underlying asset for the lease term and an obligation to make lease payments arising from the lease respectively.

1. ACCOUNTING POLICIES (continued)

(o) Leases (continued)

ROU assets and lease liabilities are recognised at the lease commencement date based on the present value of minimum lease payments over the lease term. Since the rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rates (the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment) based on the information available at commencement date in determining the discount rate used to calculate the present value of lease payments. As the Group has no external borrowings, the incremental borrowing rates are determined using information on indicative borrowing rates that would be available to the Group based on the value, currency and borrowing term provided by financial institutions, adjusted for company and market specific factors. Although the Group does not expect estimates of the incremental borrowing rates to generate material differences within a reasonable range of sensitivities, judgement is involved in selecting an appropriate rate, and the rate selected for each lease will have an impact on the value of the lease liability and ROU assets in the consolidated statement of financial position.

The lease term is based on the non-cancellable period in the lease contract, and options to extend the lease are included when it is reasonably certain that the Group will exercise that option. Any termination fees are included in the calculation of the ROU asset and lease liability when it is assumed that the lease will be terminated.

The Group accounts for lease components (e.g. fixed payments including rent and termination costs) separately from non-lease components (e.g. common-area maintenance costs and service charges based on utilisation) which are recognised over the period in which the obligation occurs.

At each reporting date, the lease liabilities are increased by interest and reduced by repayments made under the lease agreements.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has leases in relation to property for office and research facilities. All of the leases have termination options, and it is assumed that the initial termination options for the buildings will be activated for most of these. The maximum lease term without activation of termination options is to 2041.

In May 2017, the Group entered into an agreement for the lease of a building at Milton Park, Oxfordshire, U.K and in February 2018 the Group entered into the lease for that facility. The term of the lease expires on 23 October 2041, with termination options exercisable by the Group in October 2031 and October 2036.

In September 2015, the Group entered into an agreement for a 25- year lease, with early termination options, for a research and development facility in Oxfordshire, U.K. In October 2016, the Group entered into the lease for that facility following the completion of construction.

In July 2015, the Group entered into a 15 year lease agreement, with an early termination option at 123 months, for offices and research facilities in Philadelphia, U.S. The lease commenced upon completion of construction in October 2016.

1. ACCOUNTING POLICIES (continued)

(o) Leases (continued)

In August 2021, the Group entered into a two year lease agreement for the lease of a building at Milton Park, Oxfordshire, United Kingdom. The lease was terminated on 31 May 2023.

On 1 June 2023, as part of the acquisition of TCR², the Group became the lessee of three office, manufacturing and research facilities in Cambridge, Massachusetts. One of these leases expired on 15 January 2024, whereas the term of the remaining two leases expire on 30 September 2024, and 30 June 2025, respectively.

The Group has elected not to recognise a right-of-use asset and lease liability for short-term leases. A short-term lease is a lease with a lease term of 12 months or less and which does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

ROU depreciation costs are categorised within Research and development and General and administrative expenses in the Consolidated Income Statement. Interest costs on lease liabilities are categorised within Finance expense in the Consolidated Income Statement. In the Consolidated Statement of Cash Flows, interest payments are categorised within Cash flows from operating activities, and principal repayments are categorised within Cash flows from financing activities.

(p) Research and Development Expenditure

Research and development expenditure includes direct and indirect costs of these activities, including staff costs and materials, as well as external contracts. All such expenditure is expensed as incurred unless the capitalisation criteria of IAS 38 *Intangible Assets* have been satisfied.

(q) Pension Costs

The Group operates a defined contribution pension scheme for its executive directors and employees. The contributions to this scheme are expensed to the Income Statement as they fall due.

(r) Share-Based Payments

The Group operates equity-settled, share-based compensation plans. Certain employees of the Group are awarded options over the shares in the parent company. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, using the Black-Scholes option-pricing model, with a corresponding increase in reserves. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted and assumptions about the number of options that are expected to vest. The Group has analysed historic forfeiture rates for share options and determined approximately 13% of options granted are not expected to vest due to forfeitures.

(s) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the current or prior years, using applicable tax rates for each jurisdiction.

Current tax includes tax credits from the U.K and U.S. taxing authorities, including the U.K. research and development tax credit regime applicable to small and medium sized companies (the "U.K. SME Tax Credit"), the U.S. Research Tax Credit and the U.S. Orphan Drug Credit. The tax credits for each period are estimated based on calculations that conform to the applicable tax regulations. Receipts under the U.K. R&D expenditure credit ("RDEC") scheme, which may be reimbursed and are similar in nature to grant income, are presented within other income.

1. ACCOUNTING POLICIES (continued)

(s) Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. See 1(e) above for judgements regarding the recognition of deferred tax assets.

(t) Dividends

Dividends received from subsidiary undertakings are accounted for when received. Dividends paid are accounted for in the period when they are paid.

(u) Earnings per Share

Basic loss per share is determined by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is determined by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the dilutive effect of all potential ordinary shares that were outstanding during the period. Potentially dilutive shares are excluded from the when the effect would be to increase diluted earnings per share or reduce diluted loss per share.

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

For the year ended 31 December	2023	2022
	\$'000	\$'000
Numerator for basic and diluted loss per share		
Loss for period	<u>(117,083)</u>	<u>(172,672)</u>
Loss attributable to shareholders used for basic and diluted EPS calculation	<u>(117,083)</u>	<u>(172,672)</u>
Denominator for basic and diluted loss per share		
Weighted average number of shares used to calculate basic and diluted loss per share	1,206,440,978	967,242,403

The effects of the following potentially dilutive equity instruments have been excluded from the diluted loss per share calculation because they would have an antidilutive effect on the loss per share for the period:

As of	2023	2022
Weighted average number of share options	185,994,528	155,673,264

1. ACCOUNTING POLICIES (continued)

(u) Earnings per Share (continued)

From 1 January 2024 through to 15 March 2024, the Group granted 37,097,688 options over ordinary shares with an exercise price determined by reference to the market value of an ADS as of the last business day preceding the date of grant, and 26,984,352 options over ordinary shares with an exercise price equal to the nominal value of the ordinary shares (£0.001 per share). These grants have not been included in the figures above.

(v) Segmental Reporting

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Group's chief operating decision maker (the "CODM"), its Chief Executive Officer and the senior leadership team (comprising the Executive Team members and three senior vice presidents), manages the Group's operations on an integrated basis for the purposes of allocating resources. When evaluating the Group's financial performance, the CODM reviews total revenues, total expenses and expenses by function and the CODM makes decisions using this information on a global basis. Accordingly, the Group has determined that it operates in one operating segment. The profit and loss for the Group's reportable segment is the same as the consolidated statement of operations and therefore has not been separately presented or reconciled. The segmental profit and loss is the same as the Consolidated income statement.

(w) Provisions

The Group recognises a provision when:

- It has a present obligation, either legal or constructive, as a result of a past event;
- It is probable (i.e. more likely than not) that an outflow of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A constructive obligation is where an event creates valid expectations in other parties, including both external and internal parties, that the entity will discharge the obligation. For restructuring costs, a constructive obligation is considered to arise when the Group has both:

- A detailed formal plan for the restructuring identifying at least:
 - The business or part of a business concerned;
 - The principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- Raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1. ACCOUNTING POLICIES (continued)

(w) Provisions (continued)

The amount recognised as a provision is the Group's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the best estimate as at the end of that reporting period. The provision is reversed if it is no longer probable that an outflow of economic benefits will be required to settle the obligation.

(x) Upcoming changes to accounting standards

Adopted in the year ended 31 December 2023

IAS 8 Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, replacing the definition of a change in accounting estimate with a new definition of accounting estimates. The amendments were adopted by the Group from 1 January 2023. There was no effect on the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the IASB issued amendments to IAS 12 *Income Taxes*. The amendments clarify that for transactions for which companies recognise both a deferred tax asset and a liability, such as leases and decommissioning obligations, there is no exemption from recognising deferred tax available when companies recognise such assets or liabilities for the first time. The amendments are effective, and will be adopted by the Group, from 1 January 2023. There was no effect on the Group's consolidated financial statements.

(y) Business combinations

The Group determines whether a transaction or other event is a business combination by determining whether the assets acquired and liabilities assumed constitute a business. Business combinations are accounted for by applying the acquisition method as set out by IFRS 3 *Business Combinations*. The acquisition method of accounting requires the acquirer to recognise and measure all identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at their acquisition-date fair values, with certain exceptions for specific items.

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

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

1. ACCOUNTING POLICIES (continued)

(y) Business combinations (continued)

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

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

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

2 REVENUE & SEGMENTAL REPORTING

Group

The Group had three revenue-generating contracts with customers in the years ended 31 December 2023 and 2022: collaboration agreement with Astellas that was terminated as of 6 March 2023, a strategic collaboration and license agreement with Genentech and a termination and transfer agreement with GSK that was effective on 6 April 2023. The original collaboration and license agreement with GSK was terminated in 2022.

Revenue comprises the following categories:

For the year ended 31 December	2023	2022
	\$'000	\$'000
Development	60,281	27,148

Deferred revenue decreased by \$6,379,000 from \$184,412,000 at 01 January 2023 to \$178,033,000 at 31 December 2023 primarily due to \$59,072,000 of revenue recognised in the year that was included in opening deferred revenue. This was offset by a \$7,174,000 increase caused by the change in the exchange rate between pounds sterling and the U.S. dollar from £1.00 to \$1.21 at 31 December 2022 to £1.00 to \$1.27 at 31 December 2023, by additional payments of \$15,000,000 received under the Genentech Collaboration and License Agreement in November 2023, and by payments of \$9,613,000, \$3,727,000 and \$15,226,000 from GSK in the second, third and fourth quarters of 2023, respectively.

The aggregate amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreements as of 31 December 2023, was \$312,747,000.

Revenues from Genentech and Astellas amount to more than 10% of total revenue. Revenue from Genentech was \$15,458,000, revenue from Astellas was \$44,220,000 and revenue from GSK was \$603,000 in the year ended 31 December 2023.

2 REVENUE & SEGMENTAL REPORTING (continued)

Genentech Collaboration and License Agreement

On 3 September 2021, the Group entered into a Strategic Collaboration and License Agreement with Genentech, Inc. and F. Hoffman-La Roche Ltd, which became effective on October 19, 2021 upon expiry or termination of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Under the Agreement, Genentech and Adaptimmune (each, a “party” and together, the “parties”) will collaborate to develop two types of allogeneic T-cell therapies: (i) “off-the-shelf” $\alpha\beta$ T-cell therapies directed to initial collaboration targets, with Genentech having the right to designate additional collaboration targets, up to five collaboration targets in total, and (ii) personalized therapies utilising $\alpha\beta$ T-cell receptors (TCRs) isolated from a patient, with such therapies being administered to the same patient.

The parties will collaborate to perform a research program, initially during an eight year period (which may be extended for up to two additional two year terms at Genentech’s election upon payment of an extension fee for each two-year term), to develop the cell therapies, following which Genentech will determine whether to further develop and commercialise such therapies. Under the Agreement, Adaptimmune exclusively licenses Genentech certain intellectual property rights it controls to enable Genentech to research, develop, manufacture and commercialise (i) “off-the-shelf” T-cell therapies directed to the collaboration targets and (ii) personalised T-cell therapies developed within the scope of the Agreement, and Genentech is solely responsible for the clinical development and commercialisation of any cell therapies arising from the collaboration. Adaptimmune will manufacture and supply cell therapies for Phase 1 trials of “off-the-shelf” T-cell therapies unless Genentech decides to assume responsibility for such manufacturing.

Under the Agreement, Adaptimmune is also subject to certain restrictions on its ability to further develop and commercialise certain cell therapies. In particular restrictions apply in relation to its ability to develop cell therapy products to nominated targets and to develop competing personalised cell therapies. This restriction does not prevent Adaptimmune from developing cell therapies to other targets or cell therapies containing different types of receptors.

Under the terms of the Agreement, Adaptimmune will receive \$150 million as an upfront payment, which was received in the fourth quarter of 2021. Adaptimmune may also receive:

- \$150 million in additional payments spread over a period of 5 years from the effective date of the Agreement, unless the agreement is earlier terminated, of which milestones of \$20 million and \$15 million were received in the fourth quarters of 2022 and 2023, respectively;
- Research milestones of up to \$50 million;
- Development milestones of up to \$100 million in relation to the development of “off-the-shelf” T-cell therapies per collaboration target (unless Adaptimmune exercises its right to opt-in to receive a profit share) and up to \$200 million in relation to the development of personalised T-cell therapies;
- Commercialisation milestones of up to \$1.1 billion for “off-the-shelf” T-cell therapies (unless Adaptimmune exercises its right to opt-in to receive a profit share and assuming “off-the-shelf” T-cell therapies are developed to 5 targets) and for personalised T-cell therapies; and
- Net sales milestones of up to \$1.5 billion for “off-the-shelf” T-cell therapies (unless Adaptimmune exercises its right to opt-in to receive a profit share and assuming “off-the-shelf” T-cell therapies are developed to 5 targets) and for personalised T-cell therapies.

In addition, Adaptimmune will receive tiered royalties on net sales in the mid-single to low-double digits. Collaboration target designation fees apply if Genentech exercises its right to designate additional “off-the-shelf” collaboration targets up to a maximum of 5 targets.

Adaptimmune also has a right to opt-in to receive a profit share and to co-promote “off-the-shelf” T-cell therapies. If Adaptimmune elects to opt in, then Adaptimmune will be eligible to share 50 percent of profits and losses from U.S. sales

2 REVENUE & SEGMENTAL REPORTING (continued)

on such products and to receive up to \$800 million in ex-U.S. regulatory and sales-based milestone payments, as well as royalties on ex-U.S. net sales.

The payments to the Group under the contract are typically due upon achievement of milestones, when rights are exercised by Genentech or on achievement of specific events for the additional payments, and within standard payment terms. The contract does not include a significant financing component.

The parties can terminate the Agreement in the event of material breach or insolvency of the other party. Genentech is entitled to terminate the Agreement in its entirety, on a product-by-product basis or collaboration target by collaboration target basis on provision of 180 days notice. Either party may terminate the Agreement on written notice in the event that the US Federal Trade Commission or US Department of Justice seeks a preliminary injunction under applicable antitrust laws against the parties or where HSR clearance has not occurred within 180 days of the effective date of the Agreement. The Agreement became effective on October 19, 2021 upon expiry of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The Group has assessed the agreement under the provisions of IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”). The Group determined that Genentech is a customer and has applied the provisions of IFRS 15 to the contract and related performance obligations. The Group identified the following performance obligations under the agreement: (i) research services and rights granted under the licenses for each of the initial ‘off-the-shelf’ collaboration targets, (ii) research services and rights granted under the licenses for the personalised therapies, (iii) material rights relating to the option to designate each of the additional ‘off-the-shelf’ collaboration targets and (iv) material rights relating to the two options to extend the research term. The Group began recognising revenue for the performance obligations relating to the initial ‘off-the-shelf’ collaboration targets and the personalised therapies in 2021.

The aggregate transaction price at inception of the agreement was \$313.6 million comprising the \$150 million upfront payment, \$150 million of additional payments and \$13.6 million of other consideration. The fees for extension of the research program, additional collaboration target designation fees, and future research, development and commercialisation milestones are not considered probable as of 31 December 2023 and have not been included in the transaction price. The Group may also receive sales milestones and royalties for future sales of the therapies. These amounts have not been included within the transaction price as of 31 December 2023 because they are sales-based and would be recognised when the subsequent sales occur.

The aggregate transaction price is allocated to the performance obligations depending on the relative standalone selling price of the performance obligations. In determining the best estimate of the relative standalone selling price, the Group considered internal pricing objectives it used in negotiating the contract, together with internal data regarding the cost and margin of providing research services and market data from comparable arrangements.

The amount of the transaction price allocated to the performance obligation is recognised as or when the Group satisfies the performance obligation. The Group expects to satisfy the performance obligations relating to the initial ‘off-the-shelf’ collaboration targets and the personalised therapies as development progresses and recognises revenue based on an estimate of the percentage of completion of the project determined based on the costs incurred on the project as a percentage of the total expected costs. The Group considers that this depicts the progress of the project, where the significant inputs would be internal project resources and third-party costs. The Group expects to satisfy the performance obligations relating to the material rights to designate additional ‘off-the-shelf’ collaboration targets from the point that the options are exercised and then as development progresses, in line with the initial ‘off-the-shelf’ collaboration targets, or at the point in time that the rights expire. The Group expects to satisfy the performance obligations relating to the material rights to extend the research term from the point that the options are exercised and then over period of the extension, or at the point in time that the rights expire.

The amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreement as of 31 December 2023 was \$275,185,000, of which \$168,349,000 is allocated to the research services and rights granted for the initial ‘off-the-shelf’ collaboration targets, \$87,359,000 is allocated to the research

2 REVENUE & SEGMENTAL REPORTING (continued)

services and rights granted for the personalised therapies, \$13,147,000 is allocated to the material rights to designate the additional ‘off-the-shelf’ collaboration targets, \$5,064,000 is allocated to the material right for the first option to extend the research term and \$1,266,000 is allocated to the material right for the option to extend the research term a second time.

The Astellas Collaboration Agreement

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

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

The termination was accounted for as a contract modification on a cumulative catch-up basis. No performance obligations were identified as a result of the modification as there were no further goods or services to be provided by the Group and the modification resulted in the remaining unsatisfied and partially satisfied performance obligations under the collaboration becoming fully satisfied. The aggregate transaction price of the contract modification was \$42,365,000 which included the remaining deferred income that had not been recognised as revenue as of the date of the modification and variable consideration from the remaining reimbursement income to be billed under the collaboration at the end of the 30 day period after the Effective Date. The transaction price of the modification was recognised in full in March 2023 and there is no remaining transaction price allocated to performance obligations that are unsatisfied or partially satisfied under, no remaining deferred income relating to, the agreement as of 31 December 2023.

The GSK Collaboration and License Agreement

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

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

The GSK Termination and Transfer Agreement

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

As part of the agreement, sponsorship and responsibility for the ongoing IGNYTE and long-term follow-up (“LTFU”) trials relating to the NY-ESO cell therapy program will transfer to Adaptimmune. In return for this, Adaptimmune received an upfront payment of £7.5 million in June 2023 following the signing of the agreement and milestone payments of £3 million and £12 million in September 2023 and December 2023, respectively. Further milestone payments totalling £7.5 million will be due in relation to successive stages of transfer of the trials.

2 REVENUE & SEGMENTAL REPORTING (continued)

The Group determined that GSK is a customer and has accounted for the agreement under IFRS 15. The agreement is accounted for as a separate contract from the original GSK Collaboration and License Agreement. The Group has identified the following performance obligations under the agreement: (i) to take over sponsorship and complete the IGNYTE trial and (ii) to take over sponsorship and complete the LTFU trial.

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

The Group expects to satisfy both the IGNYTE and LTFU performance obligation over time from the point that sponsorship of the active trials that make up the respective trials transfer and then over the period that the trials are completed, based on the number of patients transferred and still actively enrolled to date on the trial at a given period-end.

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

The amount of the transaction price that is allocated to performance obligations that are unsatisfied or partially satisfied under the agreement as of 31 December 2023 was \$37,562,000, of which \$20,903,000 is allocated to the IGNYTE performance obligation and \$16,659,000 is allocated to the LTFU performance obligation.

Geographic information

Noncurrent assets (excluding intangibles, financial instruments, and deferred tax) based on geographic location:

As of 31 December	2023 \$'000	2022 \$'000
United Kingdom	39,731	42,954
United States	29,917	28,508
	69,648	71,462

3 OTHER INCOME

Group

For the year ended 31 December	2023 \$'000	2022 \$'000
U.K. research and development expenditure credit	480	511
Reimbursement of certain equity issuance costs	2,478	2,344
	2,958	2,855

4 EXPENSES AND AUDITOR'S REMUNERATION

Group

For the year ended 31 December	2023 \$'000	2022 \$'000
Operating loss is stated after charging/(crediting):		
Realised foreign exchange losses	609	2,974
Depreciation of owned property, plant and equipment (note 9)	9,453	5,281
Amortisation of intangibles (note 11)	224	811
Gain on disposal of fixed assets	(800)	(61)
Clinical materials recognised as an expense during the period	1,928	1,776
Other expenses include amounts receivable by the Group's auditor and its associates in respect of:		
Audit of the Company's annual accounts	939	1,101
Audit of the subsidiaries' annual accounts	87	87
Audit-related assurance services	386	258

Audit-related services include interim review fees and assurance services relating to financings.

5 STAFF NUMBERS AND COSTS

Group

The average number of persons employed by the Group during the period, analysed by category, was as follows:

For the year ended 31 December	2023	2022
Research & Development	340	409
Management & Administration	99	125
	439	534

The aggregate staff costs of these persons were as follows:

For the year ended 31 December	2023 \$'000	2022 \$'000
Wages and salaries	66,118	63,714
Restructuring costs (note 21)	762	3,232
Social security costs	5,360	5,450
Share based payment – fair value of employee services (note 24)	14,310	17,356
Pension costs – defined contribution (note 23)	2,628	2,810
	89,178	92,562

6 DIRECTORS' REMUNERATION

Group

Details of directors' remuneration are provided in Part I of the Directors' Remuneration Report on pages 44-56.

The aggregate amount of gains made by directors on the exercise of share options in the year ended 31 December 2023 was \$307,000 (2022: \$252,000).

7 FINANCE INCOME AND EXPENSE

Group

Finance income recognised in the income statement:

For the year ended 31 December	2023	2022
	\$'000	\$'000
Net unrealised foreign exchange gains	—	2,438
Interest income on financial assets at fair value through OCI	3,197	1,368
Interest income on cash, cash equivalents	2,767	174
	<u>5,964</u>	<u>3,980</u>

Finance expense recognised in the income statement:

For the year ended 31 December	2023	2022
	\$'000	\$'000
Net unrealised foreign exchange losses	198	—
Lease interest expense	1,920	1,647
	<u>2,118</u>	<u>1,647</u>

8 TAXATION

Group

Recognised in the income statement:

For the year ended 31 December	2023	2022
	\$'000	\$'000
Current tax income:		
U.K. R&D tax credit	14,364	28,731
U.S. corporation tax	(1,305)	(2,500)
Adjustments in respect of prior periods	667	987
Total tax credit recognised in income statement	<u>13,726</u>	<u>27,218</u>

8 TAXATION (continued)

Reconciliation of Effective Tax Rate

The effective tax rate is lower (2022: lower) than the standard rate of corporation tax in the U.K. The differences are explained below:

For the year ended 31 December	2023 \$'000	2022 \$'000
Loss before tax	130,809	199,890
Tax at the U.K. corporation tax rate of 23.5% (2022: 19.0%)	30,753	37,979
Adjustments in respect of prior years	667	987
Non-taxable income and non-deductible expenses	1,143	(1,688)
Permanent differences on net investment in foreign operation	(7,769)	9,693
Deferred taxes not recognised	(16,093)	(34,964)
Difference in tax rates	2,081	19
Additional allowance in respect of enhanced R&D relief	14,271	22,031
Surrender of tax losses for R&D tax credit refund	(14,605)	(9,232)
R&D tax credits generated	2,972	3,325
Other	306	(932)
	13,726	27,218

As of 31 December 2023, there are accumulated tax losses for carry forward in the U.K. of approximately \$550,000,000 (2022: \$425,800,000), U.K. expenditure credit carryforwards of \$920,000 (2022: \$760,000), U.S. tax credit carryforwards of \$3,760,000 (2022: \$4,140,000), capitalised U.S. research and development expenditure of \$179,519,000 (2022: \$40,041,000) and U.S. net operating loss carryforwards of approximately \$452,265,000 (2022: \$nil). Unsurrendered U.K. tax losses can be carried forward indefinitely to be offset against future taxable profits, however this is restricted to an annual £5 million allowance in each standalone company or group and above this allowance, there will be a 50% restriction in the profits that can be covered by losses brought forward. U.K. tax credit carryforwards can be carried forward indefinitely to be offset against future tax liabilities of the company. U.S. tax credit carryforwards can be carried forward for 20 years.

Deferred tax assets have been recognised to the extent that they are supported by reversing taxable temporary differences. The remaining potential deferred tax assets have not been recognised after management have considered all available positive and negative evidence including cumulative losses in recent years and projections of future taxable losses.

The United Kingdom's Finance Act 2021, which was enacted on 10 June 2021, maintained the corporation tax rate at 19% up until the year commencing 1 April 2023, at which point the rate rose to 25%. As of 31 December 2023, the Company used a 25% and 21% tax rate in respect of the measurement of deferred taxes arising in the U.K. and the U.S., respectively, which reflects the currently enacted tax rates and the anticipated timing of the unwinding of the deferred tax balances.

The U.S. corporate tax rate for the years ended 31 December 2023 and 2022 was 21%.

9 PROPERTY, PLANT & EQUIPMENT

Group

	Computer Equipment \$'000	Office Equipment \$'000	Laboratory Equipment \$'000	Leasehold Improvements \$'000	Assets under Constructio n \$'000	Total \$'000
Cost						
At 1 January 2022	3,692	953	28,002	28,704	5,396	66,747
Additions	328	33	3,859	1,120	25,206	30,546
Transfers between classes	—	—	1,012	—	(1,012)	—
Disposals	—	—	(442)	—	—	(442)
Effect of foreign currency translation	(202)	(61)	(1,245)	(1,365)	(1,874)	(4,747)
At 31 December 2022	3,818	925	31,186	28,459	27,716	92,104
Additions	—	—	2,010	1,202	52	3,264
Acquired upon acquisition of TCR2	93	16	2,441	162	—	2,712
Transfers between classes	—	—	960	27,052	(28,012)	—
Disposals	—	—	(3,336)	(312)	(204)	(3,852)
Effect of foreign currency translation	103	68	689	1,376	501	2,737
At 31 December 2023	4,014	1,009	33,950	57,939	53	96,965
Depreciation						
At 1 January 2022	3,317	826	21,492	10,618	—	36,253
Charge for period	239	73	2,894	2,075	—	5,281
Disposals	—	—	(268)	—	—	(268)
Effect of foreign currency translation	(181)	(53)	(1,833)	(611)	—	(2,678)
At 31 December 2022	3,375	846	22,285	12,082	—	38,588
Charge for period	246	26	3,513	5,668	—	9,453
Disposals	—	—	(3,155)	(222)	—	(3,377)
Effect of foreign currency translation	90	25	878	362	—	1,355
At 31 December 2023	3,711	897	23,521	17,890	—	46,019
Carrying value						
At 1 January 2022	375	127	6,510	18,086	5,396	30,494
At 31 December 2022	443	79	8,901	16,377	27,716	53,516
At 31 December 2023	303	112	10,429	40,049	53	50,946

10 LEASES

Group

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Lease cost:		
Depreciation of right-of-use assets	4,261	3,001
Interest expense (included in Finance expense)	1,920	1,647
Short-term lease cost	954	389
	<u><u>7,135</u></u>	<u><u>5,037</u></u>

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Other information:		
Total cash outflow for leases	5,938	3,760
Weighted-average remaining lease term	5.4 years	6.9 years
Weighted-average discount rate	8.3%	6.8%

Future minimum lease payments for property leases as of 31 December 2023 are presented below:

	<u>Property leases</u>
	<u>\$'000</u>
2024	7,145
2025	5,598
2026	4,397
2027	5,593
2028	2,174
after 2028	5,585
Total lease payments	<u>30,492</u>
Less Imputed Interest	<u>(5,165)</u>
Present value of lease liability	<u><u>25,327</u></u>

The accumulated depreciation on right-of-use assets as of 31 December 2023 was \$15,491,000 (2021: \$11,536,000). Right-of-use additions in the year ended 31 December 2023 were \$6,420,000 (2022: nil), of which \$5,145,000 were obtained as part of the acquisition of TCR².

11 INTANGIBLES

Group

	Licensed technology \$'000	In-process R&D \$'000	Computer Software \$'000	Total \$'000
Cost				
At 1 January 2022	209	12,422	4,842	17,473
Additions	—	2,000	269	2,269
Effect of foreign currency translation	(21)	(1,282)	(182)	(1,485)
At 31 December 2022	188	13,140	4,929	18,257
Additions	—	—	5	5
Acquired upon acquisition of TCR2	—	—	58	58
Disposals	—	(7,884)	(228)	(8,112)
Effect of foreign currency translation	10	314	108	432
At 31 December 2023	198	5,570	4,872	10,640
Amortisation				
At 1 January 2022	204	—	3,847	4,051
Charge for period	1	—	810	811
Effect of foreign currency translation	(22)	—	(165)	(187)
At 31 December 2022	183	—	4,492	4,675
Charge for period	1	—	223	224
Effect of foreign currency translation	10	—	83	93
At 31 December 2023	194	—	4,798	4,992
Impairment				
At 1 January 2022	—	—	—	—
Charge for period	—	7,864	—	7,864
Effect of foreign currency translation	—	20	—	20
At 31 December 2022	—	7,884	—	7,884
Disposals	—	(7,884)	—	(7,884)
At 31 December 2023	—	—	—	—
Carrying value				
At 1 January 2022	5	12,422	995	13,422
At 31 December 2022	5	5,256	437	5,698
At 31 December 2023	4	5,570	74	5,648

In-process R&D relates to upfront, licence and milestone payments due to Alpine and Noile-Immune. The cost of these assets was \$2,829,000 and \$2,465,000, at 31 December 2023, respectively. These assets are not amortised as they are not yet available for use.

An impairment provision of \$7,884,000 was recognised at 31 December 2022 in relation to the Universal Cells intangible asset, with a corresponding expense recognised in the Impairment of intangible assets line in the Group's Consolidated Income Statement. As a result of the impairment provision, the carrying value of the Universal Cells intangible asset at 31 December 2022 was nil. The impairment was recognised due to the presence of a chromosomal abnormality in the original cell line provided by Universal Cells and the Group's subsequent decision to use a different cell line to develop its MAGE-A4 allogeneic cell therapy, which indicated that the value-in-use and fair value of the asset, and therefore the recoverable amount of the asset, is minimal. The Universal Cells contract was subsequently terminated in the first quarter of 2023 and the licence to the cell line expired. As such, the asset and associated provision for impairment was disposed of in 2023. Details of further potential milestone payments can be found in Note 25.

12 INVESTMENTS AND LOANS IN SUBSIDIARIES

Company

	Investments in subsidiaries	Loans to subsidiaries	Total
	\$'000	\$'000	\$'000
Cost			
At 1 January 2022	256,163	451,556	707,719
Capital contributions in respect of share-based payment transactions	18,328	—	18,328
Additional loan drawdowns and capital contributions	—	150,000	150,000
At 31 December 2022	274,491	601,556	876,047
Acquisition of TCR ² Therapeutics	61,726	—	61,726
Capital contributions in respect of share-based payment transactions	12,285	—	12,285
Additional loan drawdowns and capital contributions	—	79,800	79,800
At 31 December 2023	348,502	681,356	1,029,858
Provisions			
At 1 January 2022	256,163	145,028	401,191
Additional provision during the year	18,328	357,856	376,184
At 31 December 2022	274,491	502,884	777,375
Additional provision during the year	74,011	53,864	127,875
At 31 December 2023	348,502	556,748	905,250
Net book value at 1 January 2022	—	306,528	306,528
Net book value at 31 December 2022	—	98,672	98,672
Net book value at 31 December 2023	—	124,608	124,608

In 2021 an impairment to the Company's investment in subsidiaries and a credit loss provision for its intercompany loan with Adaptimmune Limited was recognised to reflect a deterioration in the Adaptimmune Limited's ability to repay the loan and the Company's ability to recover its investment following a significant deterioration in market conditions. These were further increased in 2022 and 2023.

In 2023 the Company acquired TCR² Therapeutics, increasing investment in subsidiaries by \$61,726,000. This investment was impaired in full in 2023 following the decision to close the gavo-cel and TC-510 trials to further enrolment.

Loan receivables from group undertakings arose due to a U.S. dollar denominated unsecured loan, which is an interest free loan, repayable on demand. It is Adaptimmune Therapeutics Plc's intention not to request repayment of the loan for the foreseeable future, and due to the ongoing working capital requirements of the Group, Adaptimmune Limited does not expect to repay the loan, or any material part thereof, in the foreseeable future. Therefore, the loan receivable has been classed as a non-current asset.

12 INVESTMENTS AND LOANS IN SUBSIDIARIES (continued)

The Company has the following (direct or indirect) interest in subsidiary undertakings:

Name of Company	Country of	Proportion		Nature of Business	Registered Address
	Incorporation	Holding	Held		
Adaptimmune Limited	England and Wales	Ordinary shares of £0.001	100 %	Biotechnology Research & Development	60 Jubilee Avenue, Milton Park, Abingdon, Oxfordshire, England, OX14 4RX
Adaptimmune LLC	United States of America	Ordinary shares of \$1	100 %	Biotechnology Research & Development	351 Rouse Boulevard, The Navy Yard, Philadelphia, PA 19112, United States
Adaptimmune B.V.	The Netherlands	Ordinary shares of €0.01	100 %	Administrative	Zuid-Hollandlaan 7, 2596 AL, The Hague, The Netherlands
CM Intermediate Sub I, Inc.	United States of America	Ordinary shares of \$0.0001	100	Holding	1209 Orange Street, Corporation Trust Center, New Castle County, Wilmington, Delaware 19801
CM Intermediate Sub II, Inc.	United States of America	Ordinary shares of \$0.0001	100	Holding	1209 Orange Street, Corporation Trust Center, New Castle County, Wilmington, Delaware 19801
TCR2 Therapeutics, Inc.	United States of America	Ordinary shares of \$0.0001	100	Biotechnology Research & Development	1209 Orange Street, Corporation Trust Center, New Castle County, Wilmington, Delaware 19801
Trucs Therapeutics Limited	England and Wales	Ordinary shares of £1	100	Biotechnology Research & Development	2 Minton Place, Victoria Road, Bicester, Oxon, United Kingdom, OX26 6QB
TRuC Securities Corporation	United States of America	Ordinary shares of \$0.01	100	Treasury	1209 Orange Street, Corporation Trust Center, New Castle County, Wilmington, Delaware 19801

13 RESTRICTED CASH

Group

As of 31 December 2023 and 2022, the Group had restricted cash of \$3,026,000 and \$1,569,000 respectively, relating to security deposits for letters of credit relating to leased properties.

14 OTHER CURRENT ASSETS

Group

As of 31 December	2023 \$'000	2022 \$'000
Prepayments	9,954	9,472
Clinical materials	1,737	2,125
Other current assets	2,412	2,417
	14,103	14,014

Company

As of 31 December	2023 \$'000	2022 \$'000
Prepayments	578	789
Other current assets	7	19
	585	808

15 TRADE & OTHER RECEIVABLES

Group

As of 31 December	2023 \$'000	2022 \$'000
Trade receivables	821	7,435

Company

As of 31 December	2023 \$'000	2022 \$'000
Amounts owed from group undertakings	11,822	19,185

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

Group and Company

As of 31 December	2023 \$'000	2022 \$'000
Marketable securities denominated in U.S. dollars	2,947	96,572

17 CASH AND CASH EQUIVALENTS

Group

As of 31 December	2023 \$'000	2022 \$'000
Cash and cash equivalents held in pounds sterling	831	18,760
Cash and cash equivalents held in U.S. dollars	<u>143,160</u>	<u>89,273</u>
	<u>143,991</u>	<u>108,033</u>

The Group's policy for determining cash and cash equivalents is to include all cash balances, short-term deposits and investments with maturities of three months or less from the date of acquisition.

When the Group assesses its liquidity position it includes cash and cash equivalents as well as short-term investments.

18 CAPITAL AND RESERVES

Group and Company

Share capital

As of 31 December	2023 \$'000	2022 \$'000
<i>Allotted, called up and fully paid 1,363,008,102 (As of 31 December 2022: 987,109,890) Ordinary shares of 0.1p each</i>	<u>1,865</u>	<u>1,399</u>

The total number of shares authorised as of 31 December 2023 was 1,702,760,280 (as of 31 December 2022: 1,282,773,750).

The following provides a reconciliation of shares issued and outstanding:

	Share Capital
Balance at 1 January 2022	937,547,934
Issuance of shares under the At The Market program, net of expenses	43,738,422
Issuance of common stock upon exercise of options	<u>5,823,534</u>
Balance at 31 December 2022 and at 1 January 2023	<u>987,109,890</u>
Issue of shares under At The Market sales agreement, net of commission and expenses	3,854,496
Issuance of common stock upon exercise of options	14,614,410
Issuance of shares upon acquisition of TCR ²	<u>357,429,306</u>
Balance at 31 December 2023	<u>1,363,008,102</u>

18 CAPITAL AND RESERVES (continued)

Ordinary shares

Subject to any other provisions of our articles of association and without prejudice to any special rights, privileges or restrictions as to voting attached to any shares forming part of our share capital, the voting rights of shareholders are as follows. On a show of hands, each shareholder present in person, and each duly authorised representative present in person of a shareholder that is a corporation, has one vote. On a show of hands, each proxy present in person who has been duly appointed by one or more shareholders entitled to vote on a resolution has one vote, but a proxy has one vote for and one vote against a resolution if, in certain circumstances, the proxy is instructed by more than one shareholder to vote in different ways on a resolution. On a poll, each shareholder present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share held by the shareholder. We are prohibited (to the extent specified by the Companies Act 2006) from exercising any rights to attend or vote at meetings in respect of any shares held by the Company as treasury shares.

Subject to the Companies Act 2006 and the provisions of all other relevant legislation, we may by ordinary resolution declare dividends out of our profits available for distribution in accordance with the respective rights of shareholders but no such dividend shall exceed the amount recommended by the directors. If, in the opinion of the directors, our profits available for distribution justify such payments, the directors may from time to time pay interim dividends to the holders of any class of shares. Subject to any special rights attaching to or terms of issue of any shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. No dividend shall be payable to us in respect of any shares held by us as treasury shares (except to the extent permitted by the Companies Act 2006 and any other relevant legislation). As of 31 December 2023, Adaptimmune Therapeutics plc and Adaptimmune Limited have accumulated net losses and, accordingly, no profits available for distribution out of which to declare or pay dividends.

Subject to any special rights attaching to or the terms of issue of any shares, on any winding-up of the Company our surplus assets remaining after satisfaction of our liabilities will be distributed among our shareholders in proportion to their respective holdings of shares and the amounts paid up on those shares.

Effective from 16 May 2023, the Directors were generally authorised to allot new shares or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £327,921.00. This authority will expire on the earlier of the conclusion of the Company's annual general meeting in 2024 and 30 June 2024 (unless previously renewed, varied or revoked). Effective from 16 May 2023, the Directors were also empowered to allot equity securities for cash, pursuant to their general authority to allot described in this paragraph, without first offering them to existing shareholders in proportion to their existing holdings up to an aggregate maximum nominal amount of £327,921.00. This power will expire on the earlier of the conclusion of the Company's annual general meeting in 2024 and 30 June 2024 (unless previously renewed, varied or revoked).

Without prejudice to all prior existing authorities, effective from 30 May 2023, the Directors were generally authorised to allot new shares or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £380,600.712 in connection with the transactions contemplated by the Agreement and Plan of Merger, dated as of 5 March 2023, as amended, by and among Adaptimmune, TCR2 Therapeutics Inc. and CM Merger Sub, Inc. (the "merger") This authority will expire on the earlier of the conclusion of the Company's annual general meeting in 2024 and 30 June 2024 (unless previously renewed, varied or revoked). Effective from 30 May 2023, the Directors were also empowered to approve the issuance of ordinary shares of the Company, par value £0.001 per share to be represented by American Depositary Shares in connection with the merger for purposes of applicable Nasdaq rules.

18 CAPITAL AND RESERVES (continued)

At-the-Market Offerings

On 8 April 2022 the Company entered into a sales agreement with Cowen (the “Sales Agreement”) under which we may from time to time issue and sell ADSs representing our ordinary shares through Cowen in at-the-market “ATM” offerings for an aggregate offering price of up to \$200 million. In the year ended 31 December 2023, the Company sold 642,416 ADSs under the Sales Agreement representing 3,854,496 ordinary shares resulting in net proceeds to the Company of \$596,716 after deducting commissions payable under the Sales Agreement and estimated issuance costs. As of 31 December 2023, approximately \$186,067,867 remained available for sale under the Sales Agreement.

Dividends

No dividends were paid or declared in the years ended 31 December 2023 and 2022.

Capital Management Policy

The Group manages the operating cash outflow through its budgeting process and looks to raise sufficient funds from revenue and equity to cover these outflows.

Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through OCI until the assets are derecognised or impaired.

Other reserve

The other reserve has arisen as a result of the company reorganisation described above.

19 NON-CURRENT TRADE AND OTHER PAYABLES

Group

As of 31 December	31 December 2023	31 December 2022
	\$'000	\$'000
Other payables	1,404	1,296

20 CURRENT TRADE AND OTHER PAYABLES

Group

As of 31 December	2023 \$'000	2022 \$'000
Trade payables	8,174	4,788
Other taxation and social security	751	797
Other accrued employee expenses	12,475	7,435
Accrued clinical and development expenditure	12,351	16,749
Other payables	4,680	6,199
	38,431	35,968

Company

As of 31 December	2023 \$'000	2022 \$'000
Trade payables	140	120
Amounts owed to group undertakings	1,161	594
Accruals	676	642
	1,977	1,356

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and are interest free.

21 PROVISIONS

On 8 November 2022, the Group announced that in order to extend the Group's cash runway, it was re-focusing the business on core programs and deprioritising non-core programs and undertaking a restructuring of the Group including a headcount reduction to be completed in the first quarter of 2023.

The redundancy process was completed in the first quarter of 2023 with a reduction of approximately 25% of global headcount. The Group concluded that a constructive obligation existed at 31 December 2022 as the Group had a detailed formal plan for the restructuring and potentially affected employees were informed in December 2022. As such a restructuring provision was recognised at 31 December 2022 and was fully settled in 2023.

The restructuring costs included payments arising from the terms of employment contracts and redundancy pay.

21 PROVISIONS (continued)

Group

	<u>Restructuring</u> \$'000
At 1 January 2022	—
Amounts provided in the year	3,232
At 31 December 2022	<u>3,232</u>
Amounts provided in the year	670
Costs paid during the period	(3,996)
Adjustments to the liability	86
Effect of foreign exchange rates	8
At 31 December 2023	<u><u>—</u></u>

All expenses have been recognised in Administrative expenses in the Consolidated Income Statement. No restructuring expenses have been recognised for the Company as it had no affected employees.

TCR² post-acquisition senior leadership severance

Following the acquisition of TCR² Therapeutics Inc. in June 2023 (see Note 27), the Group made most of the former members of TCR²'s senior leadership team, comprising the executive officers and most vice presidents, redundant and paid severance packages. The redundancy packages arise from terms of employment contracts including change-in-control 'dual trigger' provisions, and were comprised of severance and other payments and accelerated vesting of share option awards.

The table below is a summary of the changes in the liability in the Consolidated Balance Sheet in the year ended 31 December 2023:

	<u>Severance</u> \$'000
At 1 June 2023	805
Costs incurred and charged to Research and development expenses	1,267
Costs incurred and charged to Administrative expenses	4,388
Costs paid during the period	(5,887)
At 31 December 2023	<u>573</u>

The amounts included in the liabilities at 31 December 2023 and the cash paid during the period, include amounts relating to accrued payments to these employees for services provided prior to the acquisition of TCR² by the Group.

22 FINANCIAL INSTRUMENTS

Group

Disclosure of financial assets measured at fair value on a recurring basis

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 31 December 2023 are as follows:

	31 December 2023 \$'000	Fair Value Measurements Using		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Assets classified as cash and cash equivalents:				
Financial assets at fair value through OCI : Corporate debt securities	1,600	1,600	—	—
Assets classified as financial assets at fair value through OCI:				
Financial assets at fair value through OCI : Corporate debt securities	2,947	2,947	—	—
	2,947	2,947	—	—

The Group estimates the fair value of financial assets at fair value through OCI 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 maximising observable inputs, including market interest rates.

Our investments in financial assets at fair value through OCI are subject to credit risk. The Group's investment policy limits investments to certain types of instruments, such as money market funds and corporate debt securities, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio. All of the Group's investments at fair value through OCI are considered to have low credit risk and hold investment grade external credit rating ranging from A- to AAA. The Group has not recognised a loss allowance since it does not intend or expect to sell the assets at a loss, the likelihood that it would be required to do so is low, and the expected losses in the unlikely event of this occurring are immaterial.

Disclosure of fair values of financial assets and liabilities:

For the Group's cash and cash equivalents, trade and other payables and trade and other receivables with a remaining life of less than one year, the nominal amount is deemed to reflect fair value.

Liquidity Risk

The Group's treasury policy gives guidance on how much investment should be held with differing counterparties. The cash utilisation is monitored to provide a lead time for raising further funding.

22 FINANCIAL INSTRUMENTS (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

As of	31 December 2023				
	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	1 year to 5 years \$'000	Over 5 years \$'000
Financial liabilities at amortised cost					
Trade payables	8,174	8,174	8,174	—	—
Other taxation and social security	751	751	751	—	—
Gross lease liabilities (before finance charges)	25,327	30,492	7,145	17,762	5,585
	34,252	39,417	16,070	17,762	5,585

As of	31 December 2022				
	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	1 year or less \$'000	1 year or less \$'000
Financial liabilities at amortised cost					
Trade payables	4,788	4,788	4,788	—	—
Other taxation and social security	797	797	797	—	—
Gross lease liabilities (before finance charges)	23,371	29,295	4,380	17,539	7,376
	28,956	34,880	9,965	17,539	7,376

Foreign Exchange Risk

Financial assets and liabilities in foreign currencies are as follows:

As of 31 December	2023	2022
	Carrying amount \$'000	Carrying amount \$'000
Financial assets:		
Cash and cash equivalents	831	18,760
Restricted cash	141	138
Trade and other receivables	361	6,052
Security deposits	1,631	1,868
Financial liabilities:		
Trade and other payables	1,905	1,978
Leases	14,031	13,791

A 1% change in exchange rates would change the carrying value of net financial assets and liabilities in foreign currencies at 31 December 2023 by \$126,000 (2022: \$110,000).

22 FINANCIAL INSTRUMENTS (continued)

The 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 minimise this exposure by maintaining currency cash balances at levels appropriate to meet foreseeable expenses in U.S. dollars and pounds sterling. To date, we have not used forward exchange contracts or other currency hedging products to manage our exchange rate exposure, although we may do so in the future. The exchange rate as of 31 December 2023, the last business day of the reporting period, was £1.00 to \$1.27.

Credit risk

Trade receivables were \$821,000 and \$7,435,000 as of 31 December 2023 and 2022, respectively. Trade receivables arise in relation to the Astellas Collaboration Agreement, the Genentech and GSK Collaboration and License Agreements and the GSK Termination and Transfer Agreement. The Group has been transacting with Genentech since October 2021, Astellas since January 2020 and GSK since 2014, during which time no impairment losses have been recognised. No balances were past due as of 31 December 2023.

Our cash and cash equivalents are held with multiple banks and we monitor the credit rating of those banks. Our investments in corporate debt securities and commercial paper are subject to credit risk. Our investment policy limits investments to certain types of instruments, such as money market instruments, corporate debt securities and commercial paper, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio.

Market Risk

Market risk is the risk that changes in market prices, such as in interest rates, commodity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group's surplus cash and cash equivalents are invested in interest-bearing savings, money market funds, corporate debt securities and commercial paper from time to time. The Group's investments in corporate debt securities are subject to fixed interest rates. The Group's exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates and the fair market value of our corporate debt securities will fall in value if market interest rates increase. We do not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our operating results or cash flows to be significantly affected by changes in market interest rates.

Financial assets and liabilities subject to variable interest rates are as follows:

As of 31 December	2023 Carrying amount \$'000	2022 Carrying amount \$'000
Cash and cash equivalents	<u>142,391</u>	<u>105,049</u>

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

23 EMPLOYEE BENEFITS

Group

The Group operates a defined contribution pension scheme for its executive directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding as of 31 December 2023 were \$233,000 (2022: \$229,000). The pension cost charge for the year ended 31 December 2023 was \$2,628,000 (2022: \$2,810,000).

24 SHARE BASED PAYMENTS

Group

The Company grants options over ordinary shares in Adaptimmune Therapeutics plc under the following option plans: (i) the Adaptimmune Therapeutics plc 2015 Share Option Scheme (adopted on 16 March 2015); (ii) the Adaptimmune Therapeutics plc Company Share Option Plan (adopted on 16 March 2015) and (iii) the Adaptimmune Therapeutics plc Employee Share Option Scheme (adopted on 14 January 2016).

The Adaptimmune Therapeutics plc Company Share Option Plan is a tax efficient option scheme intended to comply with the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 of the United Kingdom, which provides for the grant of company share option plan (“CSOP”) options. Grants may not exceed the maximum value of £30,000 per participant for the shares under the option, which is a CSOP compliance requirement.

Generally, the vesting dates for the options granted under these plans up to 31 December 2022 are 25% on the first anniversary of the grant date and 75% in monthly instalments over the following three years. However, the options granted to non-executive directors under the Adaptimmune Therapeutics plc 2015 Share Option Scheme vest and become exercisable as follows:

Options granted to non-executive directors on 11 May 2015:	Immediately on grant date
Options granted to a non-executive director on 23 June 2016:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years
Options granted to non-executive directors on 11 August 2016:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 28 November 2016:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years
Options granted to non-executive directors on 3 July 2017:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 22 June 2018:	100% on the first anniversary of the grant date
Options granted to a non-executive director on 5 July 2018:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years
Options granted to non-executive directors on 2 July 2019:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 1 July 2020:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 1 July 2021:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 1 July 2022:	100% on the first anniversary of the grant date
Options granted to non-executive directors on 3 July 2023:	100% on the first anniversary of the grant date
Options granted to a non-executive director on 1 November 2023:	25% on the first anniversary of the grant date and 75% in monthly instalments over the following two years

Options granted under these plans are not subject to performance conditions. The contractual term of options granted under these plans is ten years.

Effective from January 2018, the Company has also granted restricted stock unit style options (“RSU-style options”). The RSU-style options over ordinary shares in Adaptimmune Therapeutics plc are granted under the Adaptimmune Therapeutics plc Employee Share Option Scheme (adopted on 14 January 2016). These options have an exercise price equal to the nominal value of an ordinary share, of £0.001, and generally vest over four years, with 25% on the first, and each subsequent, anniversary of the grant date.

The maximum aggregate number of options which may be granted under these plans and any incentive plans adopted by the Company cannot exceed a scheme limit that equates to 8% of the initial fully diluted share capital of the Company immediately following our IPO plus an automatic annual increase of an amount equivalent to 4% of the issued share capital on each 30 June (or such lower number as the Board, or an appropriate committee of the Board, may determine). The automatic increase is effective from 1 July 2016.

Prior to 31 December 2014, the Group granted options to purchase ordinary shares in Adaptimmune Limited under three option schemes:

24 SHARE BASED PAYMENTS (continued)

- (i) The Adaptimmune Limited Share Option Scheme was adopted on 30 May 2008. Under this scheme Enterprise Management Incentive (“EMI”) options (which are potentially tax-advantaged in the United Kingdom) have been granted (subject to the relevant conditions being met) to our employees who are eligible to receive EMI options under applicable U.K. tax law and unapproved options (which do not attract tax advantages) have been granted to our employees who are not eligible to receive EMI options, and to our directors and consultants. In May 2014, the Company no longer qualified for EMI status and since that date, no further EMI options were granted under this scheme; however, unapproved options have been under granted under this scheme since that date.
- (ii) The Adaptimmune Limited 2014 Share Option Scheme was adopted on 11 April 2014. EMI options were granted (subject to the relevant conditions being met) under this scheme to our employees who are eligible to receive EMI options under applicable U.K. tax law. Unapproved options were granted to our employees who are not eligible to receive EMI options and to directors. In May 2014, the Company no longer qualified for EMI status and since that date, no further EMI options were granted under this scheme; however, unapproved options have been under granted under this scheme since that date.
- (iii) The Adaptimmune Limited Company Share Option Plan was adopted on 16 December 2014. This scheme allowed the grant of options to our eligible employees prior to the corporate reorganisation. This scheme is a tax efficient option scheme and options were granted on 19 December 2014 and on 31 December 2014 to our part-time and full-time employees.

As part of the corporate reorganisation in connection with our IPO, the holders of options granted under these schemes over ordinary shares of Adaptimmune Limited were granted equivalent options on substantially the same terms over ordinary shares of Adaptimmune Therapeutics plc (“Replacement Options”) in exchange for the release of these options. The Company does not intend to grant any further options under these schemes.

As of 31 December 2022, all the Replacement Options under the Adaptimmune Limited schemes have vested.

The contractual life of options granted under these schemes is ten years.

The number and weighted average exercise prices of share options (including grant in the year) are as follows:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
For the year ended				
Outstanding at start of year	152,539,089	£ 0.44	114,915,438	£ 0.52
Changes during the period:				
Granted	88,266,682	£ 0.26	56,074,717	£ 0.21
Exercised	(14,614,410)	£ 0.01	(5,823,534)	£ 0.01
Expired	(14,916,414)	£ 0.54	(3,238,371)	£ 0.69
Forfeited	(20,124,772)	£ 0.18	(9,389,161)	£ 0.21
Outstanding at the end of the period	191,150,175	£ 0.41	152,539,089	£ 0.44
Exercisable at the end of the period	111,671,247	£ 0.57	75,064,373	£ 0.64

The weighted average share price for options exercised during the year ended 31 December 2023 was £0.16 (2022: £0.34).

24 SHARE BASED PAYMENTS (continued)

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

	<u>2023</u>		<u>2022</u>
Number of options over ordinary shares granted	60,891,430		31,826,293
Weighted average fair value of ordinary shares options	\$ 0.12	\$	0.37
Number of RSU-style options granted	27,375,252		24,248,424
Weighted average fair value of RSU-style options granted	\$ 0.27	\$	0.51

There were 14,614,410 and 5,823,534 share options exercised in the years ended 31 December 2023 and 2022, respectively. In the years ended 31 December 2023 and 2022 the total intrinsic value of stock options exercised was \$2,527,000 and \$2,368,000, respectively and the cash received from exercise of stock options was \$256,000 and \$50,000, respectively. The Group recognises tax benefits arising on the exercise of stock options regardless of whether the benefit reduces current taxes. The tax benefit arising on the exercise of stock options was \$541,000 and \$488,000 for the years ended 31 December 2023 and 2022, respectively. The Group satisfies the exercise of stock options through newly issued shares.

For options outstanding at 31 December 2023, the range of exercise prices and weighted average remaining contractual life are as follows:

Exercise Price	Outstanding			Exercisable		
	Total Share Options	Remaining Contractual Life	Weighted-Average Exercise Price	Total Share Options	Weighted-Average Exercise Price	
£0	43,480,060	8.1	£ 0.00	7,608,744	£ 0.00	
£0 – £0.25	21,971,325	7.3	0.15	12,088,355	0.17	
£0.26 – £0.50	58,019,113	6.8	0.36	29,574,227	0.41	
£0.51 – £0.75	37,467,776	4.4	0.59	36,525,314	0.59	
£0.76 – £1.00	22,398,887	5.0	0.84	19,100,118	0.85	
£1.01 – £1.50	4,760,589	4.1	1.30	4,423,554	1.29	
£1.51 – £2.00	2,208,807	4.7	1.67	1,735,989	1.68	
Over £2.00	843,618	6.0	3.94	614,946	4.05	
Total	191,150,175	6.4	£ 0.41	111,671,247	£ 0.57	

The total charge for the year relating to share-based payment plans was \$14,310,000 (2022: \$17,355,000), all of which related to equity-settled share based payment transactions.

24 SHARE BASED PAYMENTS (continued)

The following table summarises information about stock options granted based on the market value at grant date which were outstanding as of 31 December 2023:

	<u>Options</u>	<u>Weighted average exercise price per option</u>	<u>Average remaining contractual term (years)</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at 1 January 2023	112,477,463	£ 0.60		68
Changes during the period:				
Granted	60,891,430	£ 0.38		
Exercised	(2,318,712)	£ 0.08		
Expired	(14,681,143)	£ 0.55		
Forfeited	(8,698,923)	£ 0.42		
Outstanding at 31 December 2023	<u>147,670,115</u>	<u>£ 0.53</u>	<u>5.9</u>	<u>£ 131</u>
Exercisable at 31 December 2023	104,062,503	£ 0.61	4.7	£ 94

The following table summarises information about options which have a nominal exercise price (similar to restricted stock units (RSUs)) which were outstanding as of 31 December 2023:

	<u>Options</u>	<u>Average remaining contractual term (years)</u>	<u>Aggregate intrinsic value (thousands)</u>
Outstanding at 1 January 2023	40,061,626	8.4	8,014
Changes during the period:			
Granted	27,375,252		
Exercised	(12,295,698)		
Expired	(235,271)		
Forfeited	(11,425,849)		
Outstanding at 31 December 2023	<u>43,480,060</u>	<u>8.1</u>	<u>£ 4,470</u>
Exercisable at 31 December 2023	7,608,744	6.3	£ 782

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The assumptions used in the fair value calculation for options granted in the year are as follows:

<u>For the year ended</u>	<u>2023</u>	<u>2022</u>
Expected life (years)	5 years	5 years
Expected term (TCR2 replacement options)	0.5 - 4 years	—
Expected volatility	84-113%	99-101%
Risk free rate	3.27-4.52%	0.94-3.90%
Expected dividend yield	0%	0%

The expected term of the option is based on management judgment. Management uses historical data to determine the volatility of the Group's share price. The risk free rate is based on the Bank of England's estimates of the gilt yield curve as of the respective grant dates.

The Group has analysed historic forfeiture rates for share options and determined approximately 13% of outstanding options granted are expected to be forfeited.

25 CAPITAL COMMITMENTS AND CONTINGENCIES

Group

As of 31 December	2023	2022
	\$'000	\$'000
Future capital expenditure contracted but not provided for	912	2,459

Other commitments

Lease commitments

Details of the Group's lease commitments as at 31 December 2023 are disclosed in Note 10.

Commitments for clinical materials, clinical trials and contract manufacturing

As of 31 December 2023, the Group had non-cancellable commitments for purchase of clinical materials, contract manufacturing, commercial activities, maintenance, and committed funding under the MD Anderson strategic alliance of up to \$13,746,000, which the Group expects to incur \$12,408,000 within one year, \$1,268,000 within one to three years and \$70,000 within three to five years. The amount and timing of these payments vary depending on the rate of progress of development. Future clinical trial expenses have not been included within the purchase commitments because they are contingent on enrollment in clinical trials and the activities required to be performed by the clinical sites. The Group's subcontracted costs for clinical trials and contract manufacturing were \$48,416,000, \$54,689,000 and \$33,744,000 for the years ended 31 December 2023, 2022, and 2021 respectively.

MD Anderson Strategic Alliance

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

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

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

25 CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

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

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

The agreement was amended and re-stated as of January 13, 2020, primarily to reflect changes to the development plan agreed between the parties. The agreement was further amended as of 22 July 2022, primarily to make certain changes to development milestones and to agree on the status thereof, as agreed between the parties. Following the amendment, milestone payments of \$500,000, \$600,000 and \$400,000 were made in the year ended 31 December 2022. No remaining milestones have been accrued as of 31 December 2023. The upfront license and start-up fee and milestone payments were expensed to Research and development when incurred.

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

Astellas Collaboration Agreement

Under the Astellas Collaboration Agreement, described further in Note 2, if Adaptimmune had unilaterally developed a product with technology contributed by Astellas, Astellas could have been eligible to receive milestones and royalties relating to future commercialisation and sales. As a result of the termination of the collaboration, Astellas no longer has the right to receive these milestones or royalties in future.

Noile-Immune Collaboration Agreement

On August 26, 2019, the Group entered into a collaboration and license agreement relating to the development of next-generation T-cell products with Noile-Immune. An upfront exclusive license option fee of \$2,500,000 was paid to Noile-Immune in 2019. This was recognised within Research and Development in the Consolidated Income Statement for the year ended December 31, 2019. Under the agreement, development and commercialisation milestone payments up to a maximum of \$312,000,000 may be payable if all possible targets are selected and milestones achieved. Noile-Immune would also receive mid-single-digit royalties on net sales of resulting products.

Alpine Collaboration Agreement

On May 14, 2019, the Group entered into a Collaboration Agreement relating to the development of next-generation T-cell products with Alpine. The Group paid an upfront exclusive license option fee of \$2,000,000 to Alpine in June 2019. Under the agreement, Adaptimmune will pay Alpine for ongoing research and development funding costs and development and commercialisation milestone payments up to a maximum of \$288,000,000 may be payable if all possible targets are selected and milestones achieved. The upfront payment of \$2,000,000 and the payments for ongoing research was recognised within Research and development in the Consolidated Income Statement for the year ended December 31, 2019. A further payment of \$1,000,000 was paid and recognised within Research and development in the Consolidated Income Statement for the year ended 31 December 2022. Alpine would also receive low single-digit royalties on worldwide net sales of applicable products.

25 CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

ThermoFisher License Agreement

In 2012, the Group entered into a series of license and sub-license agreements with Life Technologies Corporation, part of ThermoFisher Scientific, Inc. (“ThermoFisher”) that provide the Group with a field-based license under certain intellectual property rights owned or controlled by ThermoFisher. The Group paid upfront license fees of \$1,000,000 relating to the license and sublicense agreements and has an obligation to pay minimum annual royalties (in the tens of thousands of U.S. dollars prior to licensed product approval and thereafter at a level of 50% of running royalties in the previous year), milestone payments and a low single-digit running royalty payable on the net selling price of each licensed product. The upfront payment made in 2012 was expensed to research and development when incurred. Subsequent milestone payments have been recognised as an intangible asset due to the technology having alternative future use in research and development projects at the time of the payment. The minimum annual royalties have been expensed as incurred.

In 2016, the Group entered into a supply agreement with ThermoFisher for the supply of the Dynabeads® CD3/CD28 technology. The Dynabeads® CD3/CD28 technology is designed to isolate, activate and expand human T-cells, and is being used in the manufacturing of the Group’s affinity enhanced T-cell therapies. The supply agreement runs until December 31, 2025. Under the supply agreement the Group is required to purchase its requirements for CD3/CD28 magnetic bead product from ThermoFisher for a period of 5 years. ThermoFisher has the right to terminate the supply agreement for material breach or insolvency.

Regulatory Assay Development

As part of the process of obtaining regulatory approval for its products, the Group has entered into various agreements for the development of assays for commercial supply, some of which have milestone or other payments that trigger on or after regulatory approval is received from the FDA, and upon the occurrence of future sales or commercial usage of the respective assay.

26 RELATED PARTIES

Transactions with subsidiary companies are not disclosed from a Group perspective

Group

Remuneration of Key Management Personnel

The remuneration of the Directors and Executive Officers, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

For the year ended 31 December	2023	2022
	\$'000	\$'000
Short-term employee benefits	5,443	4,793
Post-employment benefits	141	145
Severance and other termination benefits	355	—
Share-based payments	7,356	10,842
	13,295	15,780

27 BUSINESS COMBINATIONS

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

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

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

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

Consideration transferred:	\$'000
Fair value of 357,429,306 ordinary shares issued	60,763
Fair value of replacement options and RSU-style options granted attributable to pre-combination service:	963
Purchase consideration	<u>61,726</u>
 Identifiable assets acquired and liabilities assumed:	
<i>Assets acquired</i>	
Cash and cash equivalents	43,610
Restricted cash	1,654
Marketable securities - available-for-sale debt securities	39,532
Other current assets and prepaid expenses	6,029
Property, plant and equipment	2,712
Operating lease right-of-use assets	5,145
Intangible assets	58
Total assets acquired	<u>98,740</u>
 <i>Liabilities assumed</i>	
Accounts payable	(6,210)
Accrued expenses and other current liabilities	(4,537)
Operating lease liabilities, current	(1,974)
Operating lease liabilities, non-current	(2,244)
Total liabilities assumed	<u>(14,965)</u>
 Net assets acquired and liabilities assumed	<u><u>83,775</u></u>

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

27 BUSINESS COMBINATIONS (continued)

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

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

The table below summarises the calculation for the gain on bargain purchase, recognised in the Gain on bargain purchase line in the Consolidated Income Statement:

Gain on bargain purchase	\$'000
Purchase consideration	(61,726)
Net assets acquired and liabilities assumed	<u>83,775</u>
Gain on bargain purchase	<u>22,049</u>

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

The amount of TCR²’s earnings that are included in the Group’s Consolidated Income Statement for the year ended 31 December 2023 was a loss of \$32,509,018 which excludes the gain on bargain purchase.

The amount of revenue and earnings of the combined entity for the year ended 31 December 2023 had the acquisition date been 1 January 2023, are as follows:

	<u>2023</u>
	\$'000
Revenue	60,281
Net loss	(185,184)

The supplemental pro forma earnings for the year ended 31 December 2023 were adjusted to include the \$9.0 million of acquisition-related costs incurred by TCR² and the impact of replacement options issued, as if these had been issued as of 1 January 2023. Accordingly, the share-based compensation expense recognised by TCR² in the five months ended 31 May 2023, prior to the acquisition by the Group, of \$982,000 was excluded from the pro forma earnings.

TCR² did not generate revenue in the period from 1 January 2023 to 31 December 2023, as it has no contracts with customers, so there was no impact on the revenue included in the Company’s Consolidated Income Statement or in the supplemental pro forma revenue and earnings presented above.

27 BUSINESS COMBINATIONS (continued)

The Company incurred the following acquisition-related costs that were recognised as an expense in the year ended 31 December 2023:

Acquisition-related costs:	\$'000
Legal, professional and accounting fees	5,174
Bankers' fees	<u>2,172</u>
Total acquisition-related costs	<u>7,346</u>

All acquisition-related costs that were recognised as an expense were recognised in Administrative expenses in the Consolidated Income Statement. No issuance costs were incurred relating to the issuance of shares to TCR² stockholders.

28 EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated subsequent events from 1 January 2024 up to 14 March 2024.

At-the-Market Offerings

During the period from 1 January 2024 up to 14 March 2024, we sold 27,278,176 ADSs under the Sales Agreement representing 163,669,056 ordinary shares resulting in net proceeds to the Group of \$29,149,648 after deducting commissions payable under the Sales Agreement and estimated issuance costs. As of 14 March 2024, approximately \$156,228,841 remained available for sale under the Sales Agreement.

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