

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 2, 2023 (July 28, 2023)

ADAPTIVE BIOTECHNOLOGIES CORPORATION

(Exact name of Registrant as Specified in Its Charter)

Washington
(State or Other Jurisdiction
of Incorporation)

001-38957
(Commission File Number)

27-0907024
(IRS Employer
Identification No.)

1165 Eastlake Avenue East
Seattle, Washington
(Address of Principal Executive Offices)

98109
(Zip Code)

Registrant's Telephone Number, Including Area Code: (206) 659-0067

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	ADPT	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On August 2, 2023, Adaptive Biotechnologies Corporation (the “*Company*”) issued a press release regarding the Company’s financial results for the quarter ended June 30, 2023. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 2.02 and the press release attached as Exhibit 99.1 hereto shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 28, 2023, the Company's Chief Commercial Officer of the MRD business, Nitin Sood, resigned to pursue a new opportunity. There are no disagreements or performance matters related to Mr. Sood's decision. His employment with the Company will end on or about August 15, 2023, and his position will not be replaced. Susan Bobulsky, who has led the clinical business for the past five years, will assume additional responsibilities and report directly to the Company's Chief Executive Officer, Chad Robins.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated August 2, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Adaptive Biotechnologies Corporation

Date: August 2, 2023

By: /s/ Tycho Peterson

Tycho Peterson

Chief Financial Officer



Adaptive Biotechnologies Reports Second Quarter 2023 Financial Results

SEATTLE, Aug. 02, 2023 (GLOBE NEWSWIRE) – Adaptive Biotechnologies Corporation (“Adaptive Biotechnologies”) (Nasdaq: ADPT), a commercial stage biotechnology company that aims to translate the genetics of the adaptive immune system into clinical products to diagnose and treat disease, today reported financial results for the quarter ended June 30, 2023.

“We had another strong quarter with clonoSEQ test volume growth of 52% versus prior year and the first FDA IND acceptance in cancer cell therapy from our collaboration with Genentech,” said Chad Robins, chief executive officer and co-founder of Adaptive Biotechnologies. “We are encouraged by the progress year to date in both MRD and Immune Medicine businesses and we remain committed to driving operational efficiencies across the company while supporting sustainable growth.”

Recent Highlights

- Revenue of \$48.9 million for the second quarter 2023, representing 12% growth from \$43.7 million in the second quarter 2022.
- clonoSEQ test volume in the second quarter 2023 grew 52% to 13,665 tests delivered versus the second quarter of prior year.
- Announced FDA's acceptance of an investigational new drug (IND) application by Genentech for the first T-cell receptor (TCR) based therapeutic product candidate in oncology. This T-cell therapy product candidate contains a neoantigen-specific T-cell receptor identified and characterized using Adaptive's TCR discovery platform.
- Continued to drive operating efficiencies as reflected by a 5% decrease in operating expenses, excluding cost of revenue, for the second quarter 2023 versus the same period last year.

Executive Team Update

Announced the departure of Nitin Sood, Chief Commercial Officer of the MRD business, who will be pursuing a new opportunity outside of the company. Given the deep bench of talent at Adaptive, and the solid foundation and focused strategy of our MRD business, Mr. Sood's position will not be replaced. Susan Bobulsky, who has led the clinical business for the past five years, will assume additional responsibilities and report directly to Chad Robins.

Second Quarter 2023 Financial Results

Revenue was \$48.9 million for the quarter ended June 30, 2023, representing a 12% increase from the second quarter in the prior year. Immune Medicine revenue was \$23.0 million for the quarter, representing a 3% increase from the second quarter in the prior year. MRD revenue was \$25.9 million for the quarter, representing a 22% increase from the second quarter in the prior year.

Operating expenses were \$96.7 million for the second quarter of 2023, compared to \$96.2 million in the second quarter of the prior year, representing an increase of less than 1%. Interest expense from our revenue interest purchase agreement was \$3.6 million in the second quarter of 2023.

Net loss was \$47.8 million for the second quarter of 2023, compared to \$52.1 million for the same period in 2022.

Adjusted EBITDA (non-GAAP) was a loss of \$24.8 million for the second quarter of 2023, compared to a loss of \$33.1 million for the second quarter of the prior year.

Cash, cash equivalents and marketable securities was \$417.2 million as of June 30, 2023.

2023 Financial Guidance

Adaptive Biotechnologies reiterates full year 2023 revenue to be in the range of \$205 million to \$215 million. We continue to expect operating expenses, including cost of revenue, to be below full year 2022 operating expenses of \$385.5 million.

Webcast and Conference Call Information

Adaptive Biotechnologies will host a conference call to discuss its second quarter 2023 financial results after market close on Wednesday, August 2, 2023 at 4:30 PM Eastern Time. The conference call can be accessed at <http://investors.adaptivebiotech.com>. The webcast will be archived and available for replay at least 90 days after the event.

About Adaptive Biotechnologies

Adaptive Biotechnologies (“we” or “our”) is a commercial-stage biotechnology company focused on harnessing the inherent biology of the adaptive immune system to transform the diagnosis and treatment of disease. We believe the adaptive immune system is nature’s most finely tuned diagnostic and therapeutic for most diseases, but the inability to decode it has prevented the medical community from fully leveraging its capabilities. Our proprietary immune medicine platform reveals and translates the massive genetics of the adaptive immune system with scale, precision and speed. We apply our platform to partner with biopharmaceutical companies, inform drug development, and develop clinical diagnostics across our two business areas: Minimal Residual Disease (MRD) and Immune Medicine. Our commercial products and clinical pipeline enable the diagnosis, monitoring, and treatment of diseases such as cancer, autoimmune disorders, and infectious diseases. Our goal is to develop and commercialize immune-driven clinical products tailored to each individual patient.

Forward-Looking Statements

This press release contains forward-looking statements that are based on management’s beliefs and assumptions and on information currently available to management. All statements contained in this release other than statements of historical fact are forward-looking statements, including statements regarding our ability to develop, commercialize and achieve market acceptance of our current and planned products and services, our research and development efforts and other matters regarding our business strategies, use of capital, results of operations and financial position and plans and objectives for future operations.

In some cases, you can identify forward-looking statements by the words “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. These risks, uncertainties and other factors are described under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in the documents we file with the Securities and Exchange Commission from time to time. We caution you that forward-looking statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. As a result, the forward-looking statements may not prove to be accurate. The forward-looking statements in this press release represent our views as of the date hereof. We undertake no obligation to update any forward-looking statements for any reason, except as required by law.

Use of Non-GAAP Financial Measure

To supplement our unaudited condensed consolidated statements of operations and unaudited condensed consolidated balance sheets, which are prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”), this press release also includes references to Adjusted EBITDA, which is a non-GAAP financial measure that we define as net loss attributable to Adaptive Biotechnologies Corporation adjusted for interest and other income, net, interest expense, income tax (expense) benefit, depreciation and amortization expense, restructuring expense and share-based compensation expense. We have provided a reconciliation of net loss attributable to Adaptive Biotechnologies Corporation, the most directly comparable GAAP financial measure, to Adjusted EBITDA at the end of this press release.

Management uses Adjusted EBITDA to evaluate the financial performance of our business and the effectiveness of our business strategies. We present Adjusted EBITDA because we believe it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry and it facilitates comparisons on a consistent basis across reporting periods. Further, we believe it is helpful in highlighting trends in our operating results because it excludes items that are not indicative of our core operating performance.

Adjusted EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. We may in the future incur expenses similar to the adjustments in the presentation of Adjusted EBITDA. In particular, we expect to incur meaningful share-based compensation expense in the future. Other limitations include that Adjusted EBITDA does not reflect:

- all expenditures or future requirements for capital expenditures or contractual commitments;
 - changes in our working capital needs;
 - interest expense, which is an ongoing element of our costs to operate;
 - income tax (expense) benefit, which may be a necessary element of our costs and ability to operate;
 - the costs of replacing the assets being depreciated and amortized, which will often have to be replaced in the future;
 - the noncash component of employee compensation expense; and
 - the impact of earnings or charges resulting from matters we consider not to be reflective, on a recurring basis, of our ongoing operations, such as our March 2022 restructuring and reduction in workforce.
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In addition, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

ADAPTIVE INVESTORS

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Adaptive Biotechnologies
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	\$ 48,926	\$ 43,660	\$ 86,573	\$ 82,280
Operating expenses				
Cost of revenue	17,910	13,221	36,591	26,413
Research and development	32,237	37,037	64,838	74,876
Sales and marketing	23,872	24,281	46,180	50,374
General and administrative	22,302	21,200	43,133	45,344
Amortization of intangible assets	423	423	842	842
Total operating expenses	96,744	96,162	191,584	197,849
Loss from operations	(47,818)	(52,502)	(105,011)	(115,569)
Interest and other income, net	3,612	418	6,636	689
Interest expense	(3,605)	—	(7,136)	—
Net loss	(47,811)	(52,084)	(105,511)	(114,880)
Add: Net loss attributable to noncontrolling interest	1	38	2	98
Net loss attributable to Adaptive Biotechnologies Corporation	\$ (47,810)	\$ (52,046)	\$ (105,509)	\$ (114,782)
Net loss per share attributable to Adaptive Biotechnologies Corporation common shareholders, basic and diluted	\$ (0.33)	\$ (0.37)	\$ (0.73)	\$ (0.81)
Weighted-average shares used in computing net loss per share attributable to Adaptive Biotechnologies Corporation common shareholders, basic and diluted	144,397,693	142,363,589	143,956,867	142,032,261

Adaptive Biotechnologies
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	<u>June 30, 2023</u> <u>(unaudited)</u>	<u>December 31, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 109,240	\$ 90,030
Short-term marketable securities (amortized cost of \$308,885 and \$412,282, respectively)	307,990	408,166
Accounts receivable, net	31,545	40,057
Inventory	18,960	14,453
Prepaid expenses and other current assets	9,074	9,440
Total current assets	<u>476,809</u>	<u>562,146</u>
Long-term assets		
Property and equipment, net	79,390	83,447
Operating lease right-of-use assets	77,109	80,763
Restricted cash	2,923	2,398
Intangible assets, net	5,985	6,827
Goodwill	118,972	118,972
Other assets	3,352	2,064
Total assets	<u>\$ 764,540</u>	<u>\$ 856,617</u>
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 9,163	\$ 8,084
Accrued liabilities	8,356	12,424
Accrued compensation and benefits	10,554	15,935
Current portion of operating lease liabilities	9,345	9,230
Current portion of deferred revenue	57,917	64,115
Total current liabilities	<u>95,335</u>	<u>109,788</u>
Long-term liabilities		
Operating lease liabilities, less current portion	94,176	98,772
Deferred revenue, less current portion	50,895	58,599
Revenue interest liability, net	128,167	125,360
Total liabilities	<u>368,573</u>	<u>392,519</u>
Commitments and contingencies		
Shareholders' equity		
Preferred stock: \$0.0001 par value, 10,000,000 shares authorized at June 30, 2023 and December 31, 2022; no shares issued and outstanding at June 30, 2023 and December 31, 2022	—	—
Common stock: \$0.0001 par value, 340,000,000 shares authorized at June 30, 2023 and December 31, 2022; 144,645,118 and 143,105,002 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	14	14
Additional paid-in capital	1,421,506	1,387,349
Accumulated other comprehensive loss	(893)	(4,116)
Accumulated deficit	(1,024,591)	(919,082)
Total Adaptive Biotechnologies Corporation shareholders' equity	<u>396,036</u>	<u>464,165</u>
Noncontrolling interest	(69)	(67)
Total shareholders' equity	<u>395,967</u>	<u>464,098</u>
Total liabilities and shareholders' equity	<u>\$ 764,540</u>	<u>\$ 856,617</u>

Adjusted EBITDA

The following table sets forth a reconciliation between our Adjusted EBITDA and net loss attributable to Adaptive Biotechnologies Corporation, the most directly comparable GAAP financial measure, for each of the periods presented (in thousands, unaudited):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss attributable to Adaptive Biotechnologies Corporation	\$ (47,810)	\$ (52,046)	\$ (105,509)	\$ (114,782)
Interest and other income, net	(3,612)	(418)	(6,636)	(689)
Interest expense	3,605	—	7,136	—
Depreciation and amortization expense	5,653	5,195	11,076	10,251
Restructuring expense	—	11	—	2,023
Share-based compensation expense	17,345	14,180	32,016	27,041
Adjusted EBITDA	<u>\$ (24,819)</u>	<u>\$ (33,078)</u>	<u>\$ (61,917)</u>	<u>\$ (76,156)</u>

