



## Adaptive Biotechnologies Reports First Quarter 2024 Financial Results

May 7, 2024

SEATTLE, May 07, 2024 (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 March 31, 2024.

"This quarter, we implemented important decisions to maximize the value of our MRD and Immune Medicine businesses. I am confident in the steps we are taking to execute on their respective priorities with separate segment reporting," said Chad Robins, chief executive officer and co-founder of Adaptive Biotechnologies. "Our cash position is strong and will enable us to bridge the MRD business to profitability while advancing key programs in Immune Medicine through gated investments."

### Recent Highlights

- Revenue for the first quarter of 2024 was \$41.9 million. The MRD business, which contributed 78% of revenue, grew 52% versus the first quarter of 2023.
- clonoSEQ test volume in the first quarter of 2024 grew 41% to 17,040 tests delivered versus the first quarter of 2023.
- Recognized \$4.5 million within MRD revenue upon the achievement of regulatory milestones from biopharmaceutical clinical studies.
- The FDA's Oncologic Drug Advisory Committee (ODAC) voted unanimously in favor of the use of MRD as a primary endpoint to support the accelerated approval of new therapies for patients with multiple myeloma.
- Following a strategic review, MRD and Immune Medicine will operate under Adaptive with dedicated resources, separate segment reporting and disciplined capital allocation.
- Initiated antibody discovery campaign in Immune Medicine for multiple sclerosis and type 1 diabetes to discover, make and test select antibodies to generate preclinical data during 2024.

### First Quarter 2024 Financial Results

Revenue was \$41.9 million for the quarter ended March 31, 2024, representing an 11% increase from the first quarter in the prior year. MRD revenue was \$32.6 million for the quarter, representing a 52% increase from the first quarter in the prior year. Immune Medicine revenue was \$9.2 million for the quarter, representing a 43% decrease from the first quarter in the prior year.

Operating expenses were \$90.6 million for the first quarter of 2024, compared to \$94.8 million in the first quarter of the prior year, representing a decrease of 4%. MRD operating expenses were \$59.9 million for the quarter, representing a 7% increase from the first quarter in the prior year. Immune Medicine operating expenses were \$23.8 million for the quarter, representing a 25% decrease from the first quarter in the prior year.

Interest and other income, net was \$4.2 million for the first quarter of 2024, compared to \$3.0 million in the first quarter of the prior year. Interest expense from our revenue interest purchase agreement was \$3.0 million in the first quarter of 2024, compared to \$3.5 million in the first quarter of the prior year.

Net loss was \$47.5 million for the first quarter of 2024, compared to \$57.7 million for the same period in 2023.

Adjusted EBITDA (non-GAAP) was a loss of \$28.2 million for the first quarter of 2024, compared to a loss of \$37.1 million for the first quarter of the prior year. MRD Adjusted EBITDA (non-GAAP) was a loss of \$17.3 million for the quarter, compared to a loss of \$26.4 million for the first quarter of the prior year. Immune Medicine Adjusted EBITDA (non-GAAP) was a loss of \$6.9 million for the quarter, compared to a loss of \$7.4 million for the first quarter of the prior year.

Cash, cash equivalents and marketable securities was \$308.9 million as of March 31, 2024.

### 2024 Updated Financial Guidance

Adaptive Biotechnologies expects full year revenue for the MRD business to be between \$135 million and \$140 million, updated from the previous range between \$130 million and \$140 million. No revenue guidance is provided for the Immune Medicine business.

We expect full year total company operating expenses, including cost of revenue, to be between \$350 million and \$360 million, updated from the previous range between \$360 million and \$370 million.

Management will provide further details on the outlook during the conference call.

### Webcast and Conference Call Information

Adaptive Biotechnologies will host a conference call to discuss its first quarter 2024 financial results after market close on Tuesday, May 7, 2024 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, impairment costs for right-of-use and related long-lived assets, restructuring expense and share-based compensation expense. We define our segment Adjusted EBITDA in the same way to the extent the net loss attributable to Adaptive Biotechnologies Corporation and adjustments are allocable to each segment. We have provided reconciliations of net loss attributable to Adaptive Biotechnologies Corporation, the most directly comparable GAAP financial measures, to Adjusted EBITDA at the end of this press release.

Management uses Adjusted EBITDA, including segment Adjusted EBITDA, to evaluate the financial performance of our business and segments and to evaluate the effectiveness of our strategies. We present these figures 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, including segment 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 we make. 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;
- right-of-use and related long-lived assets impairment costs; 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 restructuring activities and reductions in workforce.

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)

|  | <b>Three Months Ended March 31,</b> |             |
|--|-------------------------------------|-------------|
|  | <b>2024</b>                         | <b>2023</b> |
| Revenue  | \$ 41,873                           | \$ 37,647   |
| Operating expenses   |                                     |             |
| Cost of revenue  | 18,051                              | 18,681      |
| Research and development   | 30,245                              | 32,601      |
| Sales and marketing  | 22,319                              | 22,308      |
| General and administrative   | 19,597                              | 20,831      |
| Amortization of intangible assets  | 423                                 | 419         |
| Total operating expenses   | 90,635                              | 94,840      |
| Loss from operations   | (48,762)                            | (57,193)    |
| Interest and other income, net   | 4,222                               | 3,024       |
| Interest expense   | (2,993)                             | (3,531)     |
| Net loss   | (47,533)                            | (57,700)    |
| Add: Net loss attributable to noncontrolling interest  | 26                                  | 1           |
| Net loss attributable to Adaptive Biotechnologies Corporation  | \$ (47,507)                         | \$ (57,699) |
| Net loss per share attributable to Adaptive Biotechnologies Corporation common shareholders, basic and diluted   | \$ (0.33)                           | \$ (0.40)   |
| Weighted-average shares used in computing net loss per share attributable to Adaptive Biotechnologies Corporation common shareholders, basic and diluted | 145,787,527                         | 143,511,142 |

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

|  | <b>March 31, 2024</b> | <b>December 31,</b> |
|--|-----------------------|---------------------|
|  | <b>(unaudited)</b>    | <b>2023</b>         |
| <b>Assets</b>  |                       |                     |
| <b>Current assets</b>  |                       |                     |
| Cash and cash equivalents  | \$ 71,233             | \$ 65,064           |
| Short-term marketable securities (amortized cost of \$237,745 and \$281,122, respectively) | 237,639               | 281,337             |
| Accounts receivable, net   | 42,021                | 37,969              |
| Inventory  | 13,291                | 14,448              |
| Prepaid expenses and other current assets  | 9,850                 | 11,370              |
| Total current assets   | 374,034               | 410,188             |
| <b>Long-term assets</b>  |                       |                     |
| Property and equipment, net  | 65,260                | 68,227              |
| Operating lease right-of-use assets  | 50,999                | 52,096              |
| Restricted cash  | 2,963                 | 2,932               |
| Intangible assets, net   | 4,705                 | 5,128               |
| Goodwill   | 118,972               | 118,972             |
| Other assets   | 3,390                 | 3,591               |
| Total assets   | \$ 620,323            | \$ 661,134          |
| <b>Liabilities and shareholders' equity</b>  |                       |                     |
| <b>Current liabilities</b>   |                       |                     |
| Accounts payable   | \$ 12,170             | \$ 7,719            |
| Accrued liabilities  | 7,914                 | 8,597               |

|  |             |             |
|--|-------------|-------------|
| Accrued compensation and benefits  | 6,404       | 13,685      |
| Current portion of operating lease liabilities   | 9,594       | 9,384       |
| Current portion of deferred revenue  | 46,870      | 48,630      |
| Total current liabilities  | 82,952      | 88,015      |
| Long-term liabilities  |             |             |
| Operating lease liabilities, less current portion  | 86,900      | 89,388      |
| Deferred revenue, less current portion   | 44,160      | 44,793      |
| Revenue interest liability, net  | 131,545     | 130,660     |
| Total liabilities  | 345,557     | 352,856     |
| Commitments and contingencies  |             |             |
| Shareholders' equity   |             |             |
| Preferred stock: \$0.0001 par value, 10,000,000 shares authorized at March 31, 2024 and December 31, 2023; no shares issued and outstanding at March 31, 2024 and December 31, 2023                                      | —           | —           |
| Common stock: \$0.0001 par value, 340,000,000 shares authorized at March 31, 2024 and December 31, 2023; 147,368,324 and 145,082,271 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively | 14          | 14          |
| Additional paid-in capital   | 1,466,844   | 1,452,502   |
| Accumulated other comprehensive (loss) gain  | (106)       | 215         |
| Accumulated deficit  | (1,191,839) | (1,144,332) |
| Total Adaptive Biotechnologies Corporation shareholders' equity  | 274,913     | 308,399     |
| Noncontrolling interest  | (147)       | (121)       |
| Total shareholders' equity   | 274,766     | 308,278     |
| Total liabilities and shareholders' equity   | \$ 620,323  | \$ 661,134  |

#### 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 March 31, |             |
|---|------------------------------|-------------|
|   | 2024                         | 2023        |
| Net loss attributable to Adaptive Biotechnologies Corporation | \$ (47,507)                  | \$ (57,699) |
| Interest and other income, net                                | (4,222)                      | (3,024)     |
| Interest expense  | 2,993                        | 3,531       |
| Depreciation and amortization expense                         | 5,214                        | 5,423       |
| Restructuring expense   | 1,044                        | —           |
| Share-based compensation expense                              | 14,298                       | 14,671      |
| Adjusted EBITDA   | \$ (28,180)                  | \$ (37,098) |

#### Segment Information (Including Segment Adjusted EBITDA)

The following tables set forth our segment information for the three months ended March 31, 2024 and 2023, as well as the remaining quarterly periods in the prior year (in thousands, unaudited):

|   | Three Months Ended March 31, 2024 |                 |                       |             |
|---|-----------------------------------|-----------------|-----------------------|-------------|
|   | MRD                               | Immune Medicine | Unallocated Corporate | Total       |
| Revenue   | \$ 32,626                         | \$ 9,247        | \$ —                  | \$ 41,873   |
| Operating expenses  | 59,886                            | 23,841          | 6,908                 | 90,635      |
| Adjusted EBITDA   | (17,259)                          | (6,927)         | (3,994)               | (28,180)    |
| <b>Reconciliation of Net Loss to Adjusted EBITDA:</b>         |                                   |                 |                       |             |
| Net loss  | \$ (27,260)                       | \$ (14,593)     | \$ (5,680)            | \$ (47,533) |
| Net loss attributable to noncontrolling interest              | —                                 | —               | 26                    | 26          |
| Net loss attributable to Adaptive Biotechnologies Corporation | (27,260)                          | (14,593)        | (5,654)               | (47,507)    |
| Interest and other income, net                                | —                                 | —               | (4,222)               | (4,222)     |
| Interest expense  | —                                 | —               | 2,993                 | 2,993       |
| Depreciation and amortization expense                         | 2,701                             | 2,082           | 431                   | 5,214       |
| Restructuring expense   | 467                               | 577             | —                     | 1,044       |
| Share-based compensation expense                              | 6,833                             | 5,007           | 2,458                 | 14,298      |
| Adjusted EBITDA   | \$ (17,259)                       | \$ (6,927)      | \$ (3,994)            | \$ (28,180) |

**Three Months Ended December 31, 2023**

|   | <b>MRD</b>         | <b>Immune Medicine</b> | <b>Unallocated Corporate</b> | <b>Total</b>       |
|---|--------------------|------------------------|------------------------------|--------------------|
| Revenue   | \$ 30,762          | \$ 15,022              | \$ —                         | \$ 45,784          |
| Operating expenses  | 58,183             | 26,280                 | 32,389                       | 116,852            |
| Adjusted EBITDA   | (17,763)           | (2,979)                | (3,923)                      | (24,665)           |
| <b>Reconciliation of Net Loss to Adjusted EBITDA:</b>         |                    |                        |                              |                    |
| Net loss  | \$ (27,421)        | \$ (11,258)            | \$ (30,788)                  | \$ (69,467)        |
| Net loss attributable to noncontrolling interest              | —                  | —                      | 26                           | 26                 |
| Net loss attributable to Adaptive Biotechnologies Corporation | (27,421)           | (11,258)               | (30,762)                     | (69,441)           |
| Interest and other income, net                                | —                  | —                      | (4,613)                      | (4,613)            |
| Interest expense  | —                  | —                      | 3,012                        | 3,012              |
| Depreciation and amortization expense                         | 2,413              | 2,529                  | 450                          | 5,392              |
| Impairment of right-of-use and related long-lived assets      | —                  | —                      | 25,429                       | 25,429             |
| Share-based compensation expense                              | 7,245              | 5,750                  | 2,561                        | 15,556             |
| Adjusted EBITDA   | <u>\$ (17,763)</u> | <u>\$ (2,979)</u>      | <u>\$ (3,923)</u>            | <u>\$ (24,665)</u> |

**Three Months Ended September 30, 2023**

|   | <b>MRD</b>         | <b>Immune Medicine</b> | <b>Unallocated Corporate</b> | <b>Total</b>       |
|---|--------------------|------------------------|------------------------------|--------------------|
| Revenue   | \$ 24,668          | \$ 13,251              | \$ —                         | \$ 37,919          |
| Operating expenses  | 55,977             | 26,400                 | 6,498                        | 88,875             |
| Adjusted EBITDA   | (21,616)           | (4,986)                | (3,229)                      | (29,831)           |
| <b>Reconciliation of Net Loss to Adjusted EBITDA:</b>         |                    |                        |                              |                    |
| Net loss  | \$ (31,309)        | \$ (13,148)            | \$ (5,869)                   | \$ (50,326)        |
| Net loss attributable to noncontrolling interest              | —                  | —                      | 26                           | 26                 |
| Net loss attributable to Adaptive Biotechnologies Corporation | (31,309)           | (13,148)               | (5,843)                      | (50,300)           |
| Interest and other income, net                                | —                  | —                      | (4,282)                      | (4,282)            |
| Interest expense  | —                  | —                      | 3,652                        | 3,652              |
| Depreciation and amortization expense                         | 2,489              | 2,546                  | 728                          | 5,763              |
| Share-based compensation expense                              | 7,204              | 5,616                  | 2,516                        | 15,336             |
| Adjusted EBITDA   | <u>\$ (21,616)</u> | <u>\$ (4,986)</u>      | <u>\$ (3,229)</u>            | <u>\$ (29,831)</u> |

**Three Months Ended June 30, 2023**

|   | <b>MRD</b>         | <b>Immune Medicine</b> | <b>Unallocated Corporate</b> | <b>Total</b>       |
|---|--------------------|------------------------|------------------------------|--------------------|
| Revenue   | \$ 25,882          | \$ 23,044              | \$ —                         | \$ 48,926          |
| Operating expenses  | 58,944             | 30,681                 | 7,119                        | 96,744             |
| Adjusted EBITDA   | (23,079)           | 1,264                  | (3,004)                      | (24,819)           |
| <b>Reconciliation of Net Loss to Adjusted EBITDA:</b>         |                    |                        |                              |                    |
| Net loss  | \$ (33,063)        | \$ (7,636)             | \$ (7,112)                   | \$ (47,811)        |
| Net loss attributable to noncontrolling interest              | —                  | —                      | 1                            | 1                  |
| Net loss attributable to Adaptive Biotechnologies Corporation | (33,063)           | (7,636)                | (7,111)                      | (47,810)           |
| Interest and other income, net                                | —                  | —                      | (3,612)                      | (3,612)            |
| Interest expense  | —                  | —                      | 3,605                        | 3,605              |
| Depreciation and amortization expense                         | 2,267              | 2,608                  | 778                          | 5,653              |
| Share-based compensation expense                              | 7,717              | 6,292                  | 3,336                        | 17,345             |
| Adjusted EBITDA   | <u>\$ (23,079)</u> | <u>\$ 1,264</u>        | <u>\$ (3,004)</u>            | <u>\$ (24,819)</u> |

**Three Months Ended March 31, 2023**

|         | <b>MRD</b> | <b>Immune Medicine</b> | <b>Unallocated Corporate</b> | <b>Total</b> |
|---------|------------|------------------------|------------------------------|--------------|
| Revenue | \$ 21,427  | \$ 16,220              | \$ —                         | \$ 37,647    |

|   |                           |                          |                          |                           |
|---|---------------------------|--------------------------|--------------------------|---------------------------|
| Operating expenses  | 56,025                    | 31,672                   | 7,143                    | 94,840                    |
| Adjusted EBITDA   | (26,386)                  | (7,427)                  | (3,285)                  | (37,098)                  |
| <b>Reconciliation of Net Loss to Adjusted EBITDA:</b>         |                           |                          |                          |                           |
| Net loss  | \$ (34,597)               | \$ (15,452)              | \$ (7,651)               | \$ (57,700)               |
| Net loss attributable to noncontrolling interest              | <u>—</u>                  | <u>—</u>                 | <u>1</u>                 | <u>1</u>                  |
| Net loss attributable to Adaptive Biotechnologies Corporation | (34,597)                  | (15,452)                 | (7,650)                  | (57,699)                  |
| Interest and other income, net                                | —                         | —                        | (3,024)                  | (3,024)                   |
| Interest expense  | —                         | —                        | 3,531                    | 3,531                     |
| Depreciation and amortization expense                         | 2,056                     | 2,753                    | 614                      | 5,423                     |
| Share-based compensation expense                              | <u>6,155</u>              | <u>5,272</u>             | <u>3,244</u>             | <u>14,671</u>             |
| Adjusted EBITDA   | <u><u>\$ (26,386)</u></u> | <u><u>\$ (7,427)</u></u> | <u><u>\$ (3,285)</u></u> | <u><u>\$ (37,098)</u></u> |