

**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): November 10, 2020

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.)

**1551 Eastlake Avenue East, Suite 200,
Seattle, Washington**
(Address of Principal Executive Offices)

98102
(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 November 10, 2020, Adaptive Biotechnologies Corporation (the “*Company*”) issued a press release regarding the Company’s financial results for the quarter ended September 30, 2020. 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 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press Release dated November 10, 2020 |

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: November 10, 2020

By: /s/ Chad Cohen

Chad Cohen

Chief Financial Officer



Adaptive Biotechnologies Reports Third Quarter 2020 Financial Results

SEATTLE, Nov. 10, 2020 (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 September 30, 2020.

“Over the last quarter, we have demonstrated the unique capability of our platform to translate the immune response at scale into data that informs the development of best-in-class, differentiated diagnostic and therapeutic solutions,” said Chad Robins, chief executive officer and co-founder of Adaptive Biotechnologies. “This pandemic has highlighted the key role of the immune response in our understanding of disease. COVID-19 is a prime example of the power of our platform to rapidly generate immune-driven solutions to any disease, including what we believe are best-in-class antibodies against the virus.”

Recent Highlights

- Revenue was \$26.3 million for the quarter ended September 30, 2020, representing a 25% increase from the second quarter 2020 and a 1% increase from the third quarter in the prior year.
- Clinical sequencing volume increased 58% to 4,023 clinical tests delivered in the third quarter of 2020 compared to the third quarter 2019 and increased 28% compared to the second quarter 2020.
- Identified two antibodies against SARS-CoV-2 that neutralize the virus at very low concentrations.
- immunoSEQ T-MAP™ COVID to be used in a subset of patients from clinical trials of two top tier vaccine developers.
- Top-line results from a second real-world study, conducted in Italy, demonstrated T-cell testing outperforms serology in identifying past SARS-CoV-2 infections (97% sensitivity versus 77%) supporting launch of T-Detect™ COVID, a clinical T-cell based test for past infection.
- Identified clinical signal for Crohn’s disease for T-Detect pipeline.

Third Quarter 2020 Financial Results

Revenue was \$26.3 million for the quarter ended September 30, 2020, representing a 1% increase from the third quarter in the prior year. Sequencing revenue was \$11.3 million for the quarter, representing a 3% decrease from the third quarter in the prior year. Development revenue increased to \$15.0 million for the quarter, representing a 5% increase from the third quarter in the prior year.

Operating expenses were \$63.3 million for the third quarter of 2020, compared to \$44.1 million in the third quarter of the prior year, representing an increase of 44%.

Net loss was \$36.7 million for the third quarter of 2020, compared to \$14.0 million for the same period in 2019.

Adjusted EBITDA (non-GAAP) was a loss of \$28.4 million for the third quarter of 2020, compared to a loss of \$12.7 million for the third quarter of the prior year.

Cash, cash equivalents and marketable securities was \$851.5 million as of September 30, 2020.

2020 Financial Guidance

Adaptive Biotechnologies is not providing 2020 financial guidance due to the continued uncertainties from the impact of COVID-19.

Webcast and Conference Call Information

Adaptive Biotechnologies will host a conference call to discuss its third quarter financial results after market close on Tuesday, November 10, 2020 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 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 to develop products in life sciences research, clinical diagnostics and drug discovery. We have two commercial products and a robust clinical pipeline to diagnose, monitor and enable the treatment of diseases such as cancer, autoimmune conditions 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

This press release includes references to Adjusted EBITDA, which is a non-GAAP financial measure that we define as net loss adjusted for interest and other income, net, income tax (expense) benefit, depreciation and amortization and share-based compensation expenses. We have provided a reconciliation of net loss, 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;
- 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 non-cash 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.

In addition, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

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

| | <u>Three Months Ended September 30,</u> | | <u>Nine Months Ended September 30,</u> | |
|---|---|--------------------|--|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenue | | | | |
| Sequencing revenue | \$ 11,276 | \$ 11,683 | \$ 28,730 | \$ 29,631 |
| Development revenue | 15,023 | 14,375 | 39,467 | 31,231 |
| Total revenue | <u>26,299</u> | <u>26,058</u> | <u>68,197</u> | <u>60,862</u> |
| Operating expenses | | | | |
| Cost of revenue | 6,053 | 5,601 | 16,308 | 16,323 |
| Research and development | 30,314 | 20,506 | 80,241 | 49,516 |
| Sales and marketing | 14,474 | 9,099 | 42,813 | 25,813 |
| General and administrative | 12,079 | 8,477 | 36,138 | 22,143 |
| Amortization of intangible assets | 428 | 428 | 1,275 | 1,270 |
| Total operating expenses | <u>63,348</u> | <u>44,111</u> | <u>176,775</u> | <u>115,065</u> |
| Loss from operations | (37,049) | (18,053) | (108,578) | (54,203) |
| Interest and other income, net | 1,018 | 4,103 | 5,805 | 6,208 |
| Income tax (expense) benefit | (688) | — | 1,116 | — |
| Net loss | (36,719) | (13,950) | (101,657) | (47,995) |
| Fair value adjustment to Series E-1 convertible preferred stock options | — | — | — | (964) |
| Net loss attributable to common shareholders | <u>\$ (36,719)</u> | <u>\$ (13,950)</u> | <u>\$ (101,657)</u> | <u>\$ (48,959)</u> |
| Net loss per share attributable to common shareholders, basic and diluted | <u>\$ (0.27)</u> | <u>\$ (0.11)</u> | <u>\$ (0.79)</u> | <u>\$ (0.97)</u> |
| Weighted-average shares used in computing net loss per share attributable to common shareholders, basic and diluted | <u>134,372,026</u> | <u>124,285,686</u> | <u>129,289,948</u> | <u>50,552,389</u> |

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

| | <u>September 30, 2020</u> (unaudited) | <u>December 31, 2019</u> |
|--|--|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 497,076 | \$ 96,576 |
| Short-term marketable securities (amortized cost of \$336,840 and \$479,791, respectively) | 338,004 | 480,290 |
| Accounts receivable, net | 11,858 | 12,676 |
| Inventory | 10,736 | 9,069 |
| Prepaid expenses and other current assets | 19,684 | 14,079 |
| Total current assets | <u>877,358</u> | <u>612,690</u> |
| Long-term assets | | |
| Property and equipment, net | 31,156 | 60,355 |
| Operating lease right-of-use assets | 37,733 | — |
| Long-term marketable securities (amortized cost of \$16,203 and \$105,263, respectively) | 16,466 | 105,435 |
| Restricted cash | 2,138 | 2,138 |
| Intangible assets, net | 10,653 | 11,928 |
| Goodwill | 118,972 | 118,972 |
| Other assets | 997 | 784 |
| Total assets | <u>\$ 1,095,473</u> | <u>\$ 912,302</u> |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable | \$ 5,412 | \$ 4,453 |
| Accrued liabilities | 5,346 | 4,371 |
| Accrued compensation and benefits | 7,913 | 8,124 |
| Current portion of deferred rent | — | 371 |
| Current operating lease liabilities | 3,969 | — |
| Current deferred revenue | 78,192 | 60,994 |
| Total current liabilities | <u>100,832</u> | <u>78,313</u> |
| Long-term liabilities | | |
| Deferred rent liability, less current portion | — | 6,918 |
| Operating lease liabilities, less current portion | 42,366 | — |
| Financing obligation | — | 36,607 |
| Deferred revenue, less current portion | 174,853 | 219,332 |
| Other long-term liabilities | 2,375 | 93 |
| Total liabilities | <u>320,426</u> | <u>341,263</u> |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Preferred stock: \$0.0001 par value, 10,000,000 shares authorized at September 30, 2020 and December 31, 2019; no shares issued and outstanding at September 30, 2020 and December 31, 2019 | — | — |
| Common stock: \$0.0001 par value, 340,000,000 shares authorized at September 30, 2020 and December 31, 2019; 136,392,256 and 125,238,142 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively | 13 | 12 |
| Additional paid-in capital | 1,240,649 | 935,834 |
| Accumulated other comprehensive gain | 1,427 | 671 |
| Accumulated deficit | (467,042) | (365,478) |
| Total shareholders' equity | <u>775,047</u> | <u>571,039</u> |
| Total liabilities and shareholders' equity | <u>\$ 1,095,473</u> | <u>\$ 912,302</u> |

Adjusted EBITDA

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

| | <u>Three Months Ended September 30,</u> | | <u>Nine Months Ended September 30,</u> | |
|---------------------------------------|---|--------------------|--|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Net loss | \$ (36,719) | \$ (13,950) | \$ (101,657) | \$ (47,995) |
| Interest and other income, net | (1,018) | (4,103) | (5,805) | (6,208) |
| Income tax expense (benefit) | 688 | — | (1,116) | — |
| Depreciation and amortization expense | 2,144 | 2,063 | 6,120 | 5,716 |
| Share-based compensation expense | 6,470 | 3,335 | 17,518 | 9,713 |
| Adjusted EBITDA | <u>\$ (28,435)</u> | <u>\$ (12,655)</u> | <u>\$ (84,940)</u> | <u>\$ (38,774)</u> |