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

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of May 2021

Commission File Number: 001-40299

Achilles Therapeutics plc
(Exact name of registrant as specified in its charter)

245 Hammersmith Road
London W6 8PW
United Kingdom
Tel: +44 (0)20 8154 4600
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Achilles Reports First Quarter 2021 Financial Results and Recent Business Highlights

On May 11, 2021, Achilles Therapeutics plc ("Achilles" or the "Company") issued a press release, a copy of which is furnished as Exhibit 99.1 to this Current Report on Form 6-K, reporting its financial results for the three months period ended March 31, 2021 and providing an update on recent business highlights. Furnished (i) as Exhibit 99.2 to this Current Report on Form 6-K are the Company's unaudited consolidated financial statements for the three months ended March 31, 2021 and (ii) as Exhibit 99.3 to this Current Report on Form 6-K is the Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2021.

The statements contained in this "Achilles Reports First Quarter 2021 Financial Results and Recent Business Highlights" section of this Current Report on Form 6-K and the information contained in Exhibits 99.1 and 99.2 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in any such filing.

INDEX TO EXHIBITS

Number	Description
99.1	Press Release of Achilles Therapeutics plc dated May 11, 2021.
99.2	Unaudited Condensed Consolidated Financial Statements of Achilles Therapeutics plc for the three months ended March 31, 2021.
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations of Achilles Therapeutics plc for the three months ended March 31, 2021.

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.

ACHILLES THERAPEUTICS PLC

Date: May 11, 2021

By: /s/ Robert Coutts
Robert Coutts
Chief Financial Officer

Achilles Therapeutics Reports First Quarter 2021 Financial Results and Recent Business Highlights

- Reported first clinical data from the CHIRON and THETIS trials and received recommendation from the Independent Data Safety Monitoring Committee to continue trials as planned -

- Completed initial public offering of ADSs raising $175.5 million in gross proceeds -

London, UK 11 May 2021 – Achilles Therapeutics plc (NASDAQ: ACHL), a clinical-stage biopharmaceutical company developing precision T cell therapies to treat solid tumors, today announced its financial results for the first quarter ended March 31, 2021 and recent business highlights.

“Achilles made significant progress in the first quarter of 2021. We reported the first clinical data from our ongoing CHIRON and THETIS trials evaluating our precision TIL cNeT therapy in patients with non-small cell lung cancer and melanoma, respectively, and priced our successful US initial public offering on Nasdaq, which closed just after quarter-end,” said **Dr Iraj Ali, Chief Executive Officer of Achilles**. “We continue to enroll and dose patients and have opened our first clinical sites in the US and EU. This year, we expect to report interim data from a total of ten patients that have received cNeT monotherapy across the CHIRON and THETIS trials and will also begin enrolling patients to receive higher dose cNeT. In addition, we will open Cohort B in the THETIS study to evaluate the addition of a PD-1 inhibitor to our cNeT therapy.”

Business Highlights

- Received a recommendation from the Independent Data Safety Monitoring Committee to continue the ongoing Phase I/IIa CHIRON and THETIS trials as planned
- Announced initial clinical data from the first six patients dosed with the Company’s cNeT therapy showing encouraging evidence of cNeT engraftment, an overall tolerability profile similar to that of standard TIL products, stable disease in four out of the six patients, and one patient with tumor lesion reduction
- Presented data at the American Association of Cancer Research (AACR) annual meeting detailing the Company’s comprehensive translational research program and insights into the *in vivo* dynamics of cNeT post-dosing, and the potential to develop a potency-based release assay
- Strengthened the Board of Directors and Scientific Advisory Board with the additions of Julie O’Neill and Markwin Velders, Ph.D., respectively, and continued to build the team in the UK & US, including key appointments across manufacturing, supply chain and clinical operations, bio-processing and intellectual property
- Received a Horizon 2020 grant as part of the Neoantigen Consortium, with the aim of developing a tool to predict neoantigen immunogenicity.

Financial Highlights

- **IPO:** Priced an initial public offering of 9,750,000 ADRs at a public offering price of $18.00 per share for gross proceeds of $175.5 million. The IPO closed on April 6, 2021, after the quarter end.
- **Cash and cash equivalents**: Cash and cash equivalents were $159.3 million as of March 31, 2021 as compared to $177.8 million as of December 31, 2020, not including $160.6 million in net proceeds from the IPO which closed on April 6, 2021. The Company anticipates that its existing cash and cash equivalents plus the IPO proceeds are sufficient to fund its planned operations into the second half of 2023, including full funding of the ongoing Phase I/IIa CHIRON and THETIS clinical trials.
- **Operating Expenses**: Operating Expenses were $13.7 million for the quarter ended March 31, 2021, which included $8.9 million in Research & Development, and General and Administrative expenses of $4.8 million.
- **Net loss**: Net loss attributable to ordinary shareholders was $13.8 million for the quarter ended March 31, 2021 and the basic and diluted net loss per ordinary share was $8.38 for the quarter ended March 31, 2021.

Upcoming Events

- Iraj Ali, Chief Executive Officer, will participate in a fireside chat at the BofA Securities 2021 Virtual Healthcare Conference at on Thursday, May 13, 2021, at 9:30 a.m. ET / 2:30 p.m. BST.
- A poster detailing abstract TPS9138 entitled, *An Open-Label, Multi-Centre Phase I/IIa Study Evaluating the Safety and Clinical Activity of Clonal Neoantigen Reactive T cells in Patients with Advanced Non-Small Cell Lung Cancer (CHIRON)*, will be presented at the 2021 ASCO Annual Meeting taking place virtually from June 4-9, 2021. Full abstracts will be released on May 19, 2021 at ASCO.org.

About Achilles Therapeutics

Achilles is a clinical-stage biopharmaceutical company developing precision T cell therapies targeting clonal neoantigens: protein markers unique to the individual that are expressed on the surface of every cancer cell. The Company has two ongoing Phase I/IIa trials, the CHIRON trial in patients with advanced non-small cell lung cancer (NSCLC) and the THETIS trial in patients with recurrent or metastatic melanoma. Achilles uses DNA sequencing data from each patient, together with its proprietary PELEUS™ bioinformatics platform, to identify clonal neoantigens specific to that patient, and then develop precision T cell-based product candidates specifically targeting those clonal neoantigens.

Forward-Looking Statements

This press release contains express or implied forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially

different from any future results, performance or achievements expressed or implied by these forward-looking statements. The forward-looking statements in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should therefore not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this press release.

Further information:

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ACHILLES THERAPEUTICS PLC

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share amounts)

(expressed in U.S. Dollars, unless otherwise stated)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$159,262	$ 177,849
Prepaid expenses and other current assets	14,058	9,948
Total current assets	173,320	187,797
Non-current assets:		
Property and equipment, net	15,479	13,369
Operating lease right of use assets	14,155	14,740
Deferred tax assets	4	4
Other assets	3,145	3,008
Total non-current assets	32,783	31,121
TOTAL ASSETS	$206,103	$ 218,918
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,787	$ 6,314
Income taxes payable	19	7
Accrued expenses and other liabilities	8,646	6,590
Operating lease liabilities-current	4,610	3,712
Total current liabilities	15,062	16,623
Non-current liabilities:		
Operating lease liabilities-non-current	11,329	12,271
Other long-term liability	659	652
Total non-current liabilities	11,988	12,923
Total liabilities	27,050	29,546
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Ordinary shares, £0.001 par value; 4,371,658 and 4,389,920 shares authorized, issued and outstanding at March 31, 2021 and December 31, 2020, respectively	6	6
Deferred shares, £0.001 par value; 109,058 and 30,521 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	—	—
Convertible preferred shares, £0.001 par value; no shares authorized, issued and outstanding as of March 31, 2021;104,854,673 shares authorized, issued and outstanding at December 31, 2020	134	134
Additional paid in capital	236,305	234,922
Accumulated other comprehensive income	14,385	12,322
Accumulated deficit	(71,777)	(58,012)
Total shareholders' equity	179,053	189,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$206,103	$ 218,918

ACHILLES THERAPEUTICS PLC

Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2021	2020
OPERATING EXPENSES:		
Research and development	$ 8,876	$ 3,830
General and administrative	4,832	1,736
Total operating expenses	13,708	5,566
Loss from operations	(13,708)	(5,566)
OTHER INCOME (EXPENSE), NET:		
Other income (expense)	(45)	352
Total other income (expense), net	(45)	352
Loss before provision for income taxes	(13,753)	(5,214)
Provision for income taxes	(12)	—
Net loss	(13,765)	(5,214)
Other comprehensive income:		
Foreign exchange translation adjustment	2,063	(6,510)
Comprehensive loss	$ (11,702)	$ (11,724)
Net loss per share attributable to ordinary shareholders—basic and diluted	$ (8.38)	$ (6.13)
Weighted average ordinary shares outstanding—basic and diluted	1,641,938	850,377

INDEX TO FINANCIAL STATEMENTS

ACHILLES THERAPEUTICS PLC

Condensed Consolidated Balance Sheets

(in thousands, except share and per share amounts)

(expressed in U.S. Dollars, unless otherwise stated)

	March 31, 2021	December 31, 2020
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Total shareholders' equity	179,053	189,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$206,103	$ 218,918

The accompanying notes are an integral part of these financial statements.

ACHILLES THERAPEUTICS PLC

Condensed Consolidated Statements of Operations and Comprehensive Loss

(unaudited)

(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2021	2020
OPERATING EXPENSES:		
Research and development	$ 8,876	$ 3,830
General and administrative	4,832	1,736
Total operating expenses	13,708	5,566
Loss from operations	(13,708)	(5,566)
OTHER INCOME (EXPENSE), NET:		
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Net loss	(13,765)	(5,214)
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Foreign exchange translation adjustment	2,063	(6,510)
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Net loss per share attributable to ordinary shareholders—basic and diluted	$ (8.38)	$ (6.13)
Weighted average ordinary shares outstanding—basic and diluted	1,641,938	850,377

The accompanying notes are an integral part of these financial statements.

ACHILLES THERAPEUTICS PLC

Condensed Consolidated Statements of Shareholders' Equity

(unaudited)

(in thousands, except share amounts)

	Convertible preferred shares													
	Series A $0.001 par value		Series B $0.001 par value		Series C $0.001 par value		Ordinary $0.001 par value		Deferred shares $0.001 par value		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	28,250,000	$ 36	52,192,070	$ 66	24,412,603	$ 32	4,389,920	$ 6	30,521	$ —	$ 234,922	$ 12,322	$ (58,012)	$ 189,372
Conversion of ordinary shares into deferred shares	—	—	—	—	—	—	(18,262)	—	78,537	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	1,383	—	—	1,383
Unrealized gain on foreign currency translation	—	—	—	—	—	—	—	—	—	—	—	2,063	—	2,063
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(13,765)	(13,765
Balance at March 31, 2021	28,250,000	$ 36	52,192,070	$ 66	24,412,603	$ 32	4,371,658	$ 6	109,058	$ —	$ 236,305	$ 14,385	$ (71,777)	$ 179,053
Balance at December 31, 2019	28,250,000	$ 36	34,794,714	$ 43	—	$ —	2,534,207	$ 3	991,865	$ 1	$ 117,969	$ 8,109	$ (24,813)	$ 101,348
Issuance of ordinary shares	—	—	—	—	—	—	10,363	—	—	—	—	—	—	—
Conversion of ordinary shares into deferred shares	—	—	—	—	—	—	(7,976)	—	31,568	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	338	—	—	338
Unrealized gain on foreign currency translation	—	—	—	—	—	—	—	—	—	—	—	(6,510)	—	(6,510
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(5,214)	(5,214
Balance at March 31, 2020	28,250,000	$ 36	34,794,714	$ 43	—	$ —	2,536,594	$ 3	1,023,433	$ 1	$ 118,307	$ 1,599	$ (30,027)	$ 89,962

The accompanying notes are an integral part of these financial statements.

ACHILLES THERAPEUTICS PLC

Condensed Consolidated Statements of Cash Flows

(unaudited)

(in thousands)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (13,765)	$ (5,214)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	789	97
Changes in right of use assets and operating lease liabilities, net	527	128
Non-cash share-based compensation	1,383	338
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	(2,429)	(731)
Accounts payable	(4,593)	173
Income taxes payable	12	—
Accrued expenses and other liabilities	957	442
Other assets	(104)	(1,800)
Net cash used in operating activities	(17,223)	(6,567)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,376)	(619)
Net cash used in investing activities	(2,376)	(619)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of initial public offering costs	(914)	—
Payment of issuance costs of convertible preferred shares	—	(196)
Net cash provided by financing activities	(914)	(196)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,926	(6,181)
Net decrease in cash	(18,587)	(13,563)
Cash, cash equivalents and restricted cash, beginning of period	177,849	97,594
Cash, cash equivalents and restricted cash, end of period	$ 159,262	$ 84,031
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Right of use assets obtained in exchange for new operating lease liabilities	$ 239	$ 8,761
Property and equipment purchases in accrued expenses	$ 679	$ 241
Deferred offering costs included in accrued expenses	$ 1,539	$ —

The accompanying notes are an integral part of these financial statements.

1. Nature of the business

Achilles Therapeutics plc (formerly Achilles TX Limited), or the Company, is a biopharmaceutical company developing transformative precision T cell therapies to treat multiple types of solid tumors. The Company is focused on advancing immuno-oncology therapeutics by exploiting its pioneering work in the field of tumor evolution and clonal neoantigens.

The Company is a public limited company originally incorporated pursuant to the laws of England and Wales in November 2020 as a private limited company named Achilles TX Limited, with nominal assets and liabilities, for the purposes of becoming the ultimate holding company for Achilles Therapeutics UK Limited (formally Achilles Therapeutics Limited) and consummating the corporate reorganization described below. Achilles Therapeutics UK Limited was incorporated in May 2016 under the laws of England and its registered office and principal place of business is currently 245 Hammersmith Road, London W6 8PW. Achilles TX Limited and Achilles Therapeutics Holdings Limited (a wholly owned direct subsidiary of Achilles TX Limited formed in November 2020 for the purpose of becoming the direct holding company of Achilles Therapeutics UK Limited and Achilles Therapeutics US, Inc.) have not conducted any operations prior to the corporate reorganization other than activities incidental to their formation.

The corporate reorganization took place in several steps, of which the following were completed as of March 31, 2021.

- **Exchange of Achilles Therapeutics UK Limited Shares for Achilles TX Limited Shares**: All shareholders of Achilles Therapeutics UK Limited (except for the deferred shares) exchanged each of the shares held by them for shares of Achilles TX Limited to result in them holding the same number and class of newly issued shares of £1.20 nominal value of Achilles TX Limited and, as a result, Achilles TX Limited became the sole shareholders of Achilles Therapeutics UK Limited.
- **Reduction of the share capital of Achilles TX Limited:** Achilles TX Limited reduced its share capital by way of a reduction of the nominal value of each share in the capital of Achilles TX Limited from £1.20 to £0.001 in order to satisfy the net asset test requirement in section 92 of the Companies Act 2006 for re-registration as a public limited company and to create distributable reserves.
- **Re-registration of Achilles TX Limited as Achilles Therapeutics plc:** In February 2021, Achilles TX Limited was re-registered as a public limited company pursuant to section 92 of the U.K. Companies Act 2006 and renamed Achilles Therapeutics plc. The Company adopted new Articles of Association appropriate for a public limited company.

As a result of the above the Achilles TX Limited is the successor to Achilles Therapeutics UK Limited (the “Predecessor”) and the financial information for period prior to the incorporation of Achilles TX Limited represents that of the Predecessor.

Subsequent to March 31, 2021, on April 6, 2021, the Company completed the IPO. In the IPO, the Company sold an aggregate of 9,750,000 ADSs representing the same number of ordinary shares, at a public offering price of $18.00 per ADS. Net proceeds were approximately $160.5 million, after deducting underwriting discounts and commissions and other offering expenses.

On April 6, 2021, the Company effected a one-for-0.2526 reverse share split of its issued and outstanding ordinary shares except for N ordinary shares and a proportional adjustment to the existing conversion ratios for each class of the Company’s convertible preferred shares, and a one-for-0.1792 reverse share split of its issued and outstanding N ordinary shares. Accordingly, all share and per share amounts for all periods presented in the condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect this reverse share split and adjustment of the preferred share conversion ratios.

The Company has devoted its efforts principally to research and development since formation. The Company has not yet completed product development, filed for or obtained regulatory approvals for any products, nor verified the market acceptance and demand for such products. As a result, the Company is subject to risks that are common to emerging companies in the biotech industry. Principal among these risks are the uncertainties of the product discovery and development process, dependence on key individuals, development of the same or similar technological innovations by the Company’s competitors, protection of proprietary technology, compliance with government regulations and approval requirements, the Company’s ability to access capital and uncertainty of market acceptance of products.

Going concern

The Company has historically been loss making and anticipates that it will continue to incur losses for the foreseeable future and had an accumulated deficit of $71.8 million as of March 31, 2021. The Company has funded these losses principally through the issuance of preferred shares. The Company expects to continue to incur operating losses and negative cash outflows until such time as it generates a level of revenue that is sufficient to support its cost structure.

The spread of COVID-19 has impacted the global economy and has impacted the Company's operations, including the interruption of preclinical and clinical trial activities and potential interruption to supply chain. The Company has maintained operations at both its GMP manufacturing and research and development sites through 2021 to date. The Company continues to assess the impact COVID-19 may have on its ability to advance the development of drug candidates or to raise financing to support the development of drug candidates, but no assurances can be given that this analysis will enable it to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in its sector in particular.

As of March 31, 2021, the Company had cash and cash equivalents of $159.3 million. The Directors have reviewed the financial projections of the Company for the 12 months subsequent to the date of these financial statements including consideration of severe but plausible scenarios that may affect the Company in that period. These show that the Company will be able to pay (or otherwise discharge) its debts as they fall due immediately following the date of signing of this Balance Sheet and for the period considered by the forecast.

Accordingly, the financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and settlement of liabilities and commitments in the ordinary course of business.

2. Summary of significant accounting policies

The Company's significant accounting policies are described in Note 2, Summary of Significant Accounting Policies, to the financial statements for the year ended December 31, 2020 in the Registration Statement filed with the Securities and Exchange Commission (the "SEC") on March 31, 2021. There have been no material changes to the significant accounting policies during the three months ended March 31, 2021 except as described below.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America or U.S. GAAP.

The unaudited condensed consolidated interim financial statements have been prepared on the same basis as the audited annual consolidated financial statements as of and for the year ended December 31, 2020, and, in the opinion of management, reflect all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of the Company's financial position as of March 31, 2021, and the results of its operations and comprehensive loss, and its cash flows for the three months ended March 31, 2021 and 2020.

The results for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the year ended December 31, 2021, any other interim periods, or any future year or period. The balance sheet information as of December 31, 2020, was derived from the audited financial statements included in the Company's Registration Statement filed with the SEC on March 31, 2021. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2020, and the notes thereto, which are included elsewhere in the Company's Registration Statement filed with the SEC on March 31, 2021.

Recent accounting pronouncements

Recently adopted accounting standards

In December 2019, the FASB issued ASU 2019-12, "Income Taxes—Simplifying the Accounting for Income Taxes (Topic 740) ("ASU 2019-12")," which simplifies the accounting for income taxes. The new guidance removes certain exceptions to the general principles in ASC 740 such as recognizing deferred taxes for equity investments, the incremental approach to performing intra-period tax allocation and calculating income taxes in interim periods. The standard also simplifies accounting for income taxes under U.S. GAAP by clarifying and amending existing guidance, including the recognition of deferred taxes for goodwill, the allocation of taxes to members of a consolidated group and requiring that an entity reflect the effect of enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. This guidance is effective for annual periods beginning after December 15, 2020, and interim periods thereafter; however, early adoption is permitted. The new guidance was adopted on January 1, 2021 and it did not have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

3. Prepaid expenses and other current assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
U.K. R&D tax credit	$ 8,463	$ 6,214
Deferred offering costs	2,586	1,007
Prepaid research and development	1,138	751
VAT recoverable	593	1,125
Prepaid insurance	195	21
Other current assets	1,083	830
	$ 14,058	$ 9,948

4. Property and equipment, net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
Lab equipment	$ 5,996	$ 4,644
Leasehold improvements	7,036	6,960
Office equipment and computers	1,223	1,168
Fixtures and fittings	733	706
Assets under construction	2,681	1,275
	17,669	14,753
Less: Accumulated depreciation	(2,190)	(1,384)
	$ 15,479	$ 13,369

Depreciation expense was $0.8 million and $0.1 million for the three months ended March 31, 2021 and 2020, respectively.

5. Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
Compensation and benefits	$ 895	$ 1,494
External research and development expenses	1,916	2,201
Professional services	2,633	1,222
Property and equipment	680	303
Facility costs	1,273	868
Other liabilities	1,249	502
	$ 8,646	$ 6,590

6. Shareholders' equity

Ordinary shares

As of March 31, 2021 and December 31, 2020, the Company had the following number of ordinary shares with a par value £0.001 (equivalent to $0.001) issued and outstanding:

	March 31, 2021	December 31, 2020
B Ordinary shares	505,108	505,108
D Ordinary shares	155,487	155,669
E Ordinary shares	79,964	80,007
F Ordinary shares	326,822	327,084
G Ordinary shares	194,109	194,261
H Ordinary shares	88,757	88,871
I Ordinary shares	48,325	48,391
J Ordinary shares	261,818	262,478
L Ordinary shares	1,199,747	1,207,670
M Ordinary shares	806,438	811,436
N Ordinary shares	705,083	708,945
Deferred Shares	109,058	30,521
Total ordinary and deferred shares	4,480,716	4,420,441

Since inception, the Company issued various classes of ordinary shares as Employee Shares (See Note 7). Each holder of B ordinary shares is entitled to one vote per B ordinary share and, to receive dividends declared with Investor Majority consent and any such dividend as determined by the board of directors of the Company acting with investor director consent, provided that the preferred shares and the B ordinary shares shall, subject to the 2019 Articles, rank equally in all respects for the purpose of any dividend that is declared or paid. All other classes of ordinary shares do not have voting rights. All ordinary shares, including B shares, have a liquidation preference that is junior to Preferred Shares. As of March 31, 2021, the Company has not declared any dividends.

***Deferred* shares**

Deferred shares are a unit of equity in the Company. Deferred shares can be repurchased at any time by the Company for £1.00 for all the deferred shares registered in the name of any holder. Deferred shares have effectively no voting or economic rights attached to them. As of March 31, 2021 and December 31, 2020, respectively, the Company had 109,058 and 30,521 shares that were converted to deferred shares but that had not been repurchased by the Company, respectively.

Convertible preferred shares

The Company issued series A convertible preferred shares ("Series A"), series A-1 convertible preferred shares ("Series A-1"), series B preferred shares ("Series B") and series C preferred shares ("Series C") (collectively, "Convertible Preferred Shares").

As of March 31, 2021 and December 31, 2020, Convertible Preferred Shares consisted of the following (in thousands, except share data):

	Shares		Liquidation preference	Carrying value
	Authorized	Outstanding		
Series A preferred shares	28,250,000	28,250,000	$ 36,725	$ 36,725
Series B preferred shares (note)	52,192,070	52,192,070	124,615	124,312
Series C preferred shares	24,412,603	24,412,603	70,081	69,894
	104,854,673	104,854,673	$ 231,421	$230,931

Note: The liquidation preference amount of Series B preferred shares as of March 31, 2020 and December 31, 2020 illustrated in the above tables represents the liquidation amount under the initial public offering. The liquidation preference amount of Series B preferred shares will be different under other situations. The rights, preferences, and privileges of Convertible Preferred Shares were as follows as of March 31, 2021 and December 31, 2020:

Conversion

At the option of the holder, Convertible Preferred Shares are convertible into an equivalent number of B ordinary shares at any time at conversion ratio of 1:1 (subject to appropriate adjustment in the event of any share dividend, share split, combination or other similar recapitalization). All Convertible Preferred Shares will automatically convert into an equivalent number of B ordinary shares upon either (i) the notice of 60% of Convertible Preferred Shareholders that such conversion shall occur or (ii) immediately upon an initial public offering in which the per share net public offering is at least 1.15 times £2.1589 (subject to appropriate adjustment in the event of any share dividend, share split, combination or other similar recapitalization) and the net aggregate proceeds of the offering are at least £75 million.

In the event the Company issues additional new securities at a price equal to or less than £1.916 per share, the Company shall, unless and to the extent that the holders of 80% Series B preferred shares and Series C preferred shares waived, issue to each holder of Series B preferred shares and Series C preferred shares a number of new Series B preferred shares and Series C preferred shares in accordance with the anti-dilution protections within the articles of association.

In the event the Company issues additional new securities at a price equal to or less than £2.1589 per share but higher than £1.916 per share, the Company shall, unless and to the extent that the holders of 80% Series C preferred shares waived, issue to each holder of Series C preferred shares a number of new Series C preferred shares in accordance with the anti-dilution protections within the articles of association.

Dividends

Subject to consent of 60% of holders of Preferred Share, dividends may be paid to the holders of Convertible Preferred Shares and B ordinary shares as determined by the board of directors of the Company. Through March 31, 2021, no dividends have been declared or paid.

Voting rights

The holders of the Convertible Preferred Shares are entitled to vote, together with the holders of B ordinary shares, at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company. The Convertible Preferred Shares shall carry the right to one vote per Convertible Preferred Share held.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, each holder of the then-outstanding Convertible Preferred Shares will be entitled to an amount equal to 100%, 106% and 100% of the subscription price of Series A preferred shares held, Series B preferred shares held and Series C preferred shares held, respectively. If there is share sale resulted from initial public offering, each holder of Convertible Preferred Shares will be entitled to an amount equal to the 100% (not 106%) of the subscription price of Convertible Preferred Shares held. After Convertible Preferred Shares, holders of deferred shares are paid a total of £1.00 for the entire class of deferred shares. Any remaining surplus after liquidation preference to the holders of the Convertible Preferred Shares and deferred shares would then be distributed to the holders of vested ordinary shares (as if they constituted one and the same class) pro rata to the number of vested ordinary shares held.

If the amount each Convertible Preferred Share holder is entitled to by participating in the liquidation event as an ordinary share holder on an as-converted basis (regardless of whether such holder converted its Convertible Preferred Shares to B ordinary shares) is greater than the amount to which the holder is entitled as a Convertible Preferred Share holder, the entitlement of the Convertible Preferred Share holder shall be calculated on an as-converted ordinary share basis and is ranked equal to the rights of ordinary shareholders.

If upon any such liquidation, dissolution, or winding-up, the assets available for distribution to shareholders are insufficient to pay the holders of the Convertible Preferred Shares the full amounts to which they are entitled, the holders of Convertible Preferred Shares shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the Convertible Preferred Shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

7. Share-based compensation

2020 Omnibus Plan

Under the Company’s shareholder and subscription agreements, the Company is authorized to grant equity awards to individuals including a director of and/or a person who is employed by or who directly or indirectly provides consultancy services to the Company, in the form of D, E, F, G, H, I, J, K, L, M and N ordinary shares (collectively referred to as “Employee Shares”) and share options. All Employee Shares converted into ordinary shares on a one-to-one basis (see Note 1). The share options are granted pursuant to the terms of the 2020 Omnibus Plan, or the 2020 Plan.

As of March 31, 2021, the Company was authorized under the shareholder agreements to issue a total of 4,841,009 ordinary shares, including shares underlying options granted pursuant to the 2020 Plan. As of March 31, 2021, there were 1,055,624 shares available for issuance as incentives to the Company's employees, nonemployees and directors, which includes shares underlying options that may be granted from time to time subsequent to March 31, 2021 under the terms of the 2020 Plan. Upon closing of the IPO, no further equity awards will be granted under the 2020 Plan. To the extent outstanding options granted under the 2020 Plan are cancelled, forfeited or otherwise terminated without being exercised and would otherwise have been returned to the share reserve under the 2020 Plan, the number of shares underlying such awards will be available for future grant under the Company's 2021 Omnibus Plan (see below).

2021 Share Option Plan

In March 2021, the Company's board of directors adopted, and the Company's shareholders approved, the 2021 Omnibus Plan, or the 2021 Plan, which became effective upon the effectiveness of the Company's Registration Statement on Form F-1 in connection with the IPO. The 2021 Plan allows the remuneration committee to make equity-based and cash-based incentive awards to our officers, employees, directors and other key persons (including consultants).

The Company initially reserved 2,572,558 of its ordinary shares for the issuance of awards under the 2021 Plan. The 2021 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2022, by 4% of the outstanding number of ordinary shares on the immediately preceding December 31, or such lesser number of shares as determined by our compensation and leadership development committee. This number is subject to adjustment in the event of a sub-division, consolidation, share dividend or other change in our capitalization. The total number of ordinary shares that may be issued under the 2021 Plan was 2,572,558 shares as of March 31, 2021, of which 2,572,558 shares remained available for future grant.

2021 Employee share purchase plan

The Company's 2021 Employee Share Purchase Plan, the ESPP was adopted by the Board in March 2021 and approved by shareholders in March 2021 and became effective upon the effectiveness of the Company's Registration Statement on Form F-1. The ESPP initially reserves and authorizes the issuance of up to a total of 467,738 ordinary shares to participating employees. The ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2022 and each January 1 thereafter through January 1, 2022, by the least of (i) 1% of the outstanding number of ordinary shares on the immediately preceding December 31; (ii)467,738 ordinary shares or (iii) such number of shares as determined by the ESPP administrator. The number shares reserved under the ESPP is subject in the event of a share split, share dividend or other change in our capitalization.

The total number of ordinary shares that may be issued under the ESPP was 467,738 shares as of March 31, 2021, of which 467,738 shares remained available for future grant. As of March 31, 2021, the initial purchase period under the ESPP has not yet commenced.

Employee Shares

The Company typically grants incentive shares which vest over a four-year service period with 25% of the award vesting on the first anniversary of the vesting commencement date, with the balance vesting periodically over the remaining three years.

Unvested Employee Shares are forfeited upon the termination of employment or service relationship in accordance with the Articles of the Company and 2020 Plan. The forfeited shares are converted into deferred shares, with a repurchase right for a nominal amount in favor of the Company. As of March 31, 2021 and December 31, 2020, the Company repurchased 1,509,384 deferred shares with the consideration of £0.01 to each holder for all of the deferred shares held by that holder.

The Company measures all share-based awards using the fair value on the date of grant and recognizes compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. The Company has granted Employee Shares to employees and non-employees with service-based conditions and records expense for these awards using the straight-line method.

A summary of the changes in the Company's unvested ordinary shares from December 31, 2020 through March 31, 2021 are as follows:

	Number of unvested ordinary shares	Weighted average grant date fair value
Unvested ordinary shares as of December 31, 2020	2,837,492	$ 6.38
Granted	—	—
Vested	(171,517)	4.12
Forfeited	(18,262)	6.82
Unvested ordinary shares as of March 31, 2021	2,647,713	$ 6.59

As of March 31, 2021, there was $16.2 million of unrecognized compensation costs related to unvested Employee Shares outstanding, which is expected to be recognized over a weighted-average period of 3.3 years.

Share Options

The following table summarizes the Company's share options activity for the three months ended March 31, 2021:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2020	240,584	$ 6.75	4.84	$ 313
Granted	127,487	$ 11.57		
Exercised	—	—		
Forfeited	(3,789)	$ 11.57		
Outstanding as of March 31, 2021	364,282	$ 8.43	6.37	$ 2,954
Exercisable as of March 31, 2021	105,241	$ 7.18	5.14	$ 986
Unvested as of March 31, 2021	259,041	$ 8.95	6.88	$ 1,968

The weighted average grant-date fair value of share options granted during the three months ended March 31, 2021 was $7.25 per share. There were no share options granted during the three months ended March 31, 2020.

As of March 31, 2021, there was $1.5 million of unrecognized compensation cost related to share options outstanding, which is expected to be recognized over a weighted-average period of 3.6 years.

Share Option Valuation

The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of the share options granted to employees during the three months ended March 31, 2021 were as follows:

	Three Months Ended March 31, 2021
Expected term (in years)	6.07 Years
Expected volatility	71.14%
Expected dividend yield	0.00%
Risk free interest rate	0.62%
Fair value of underlying ordinary shares	$ 11.57

Share-based Compensation Expense

Share-based compensation expense recorded as research and development and general and administrative expenses is as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Research and development	$ 746	$ 147
General and administrative	637	191
	$ 1,383	$ 338

8. Leases

As of March 31, 2021, the Company had six operating leases of real property for office and laboratory use, for which the Company recorded right-of-use assets and leases liabilities as of the ASU 2016-02 effective date or lease commencement date, if later. In addition, two of the Company's leases met the short-term exception, having lease terms of 12 month or less, and are therefore not recorded on the Company's balance sheet. The Company's leases do not include purchase options. Where the Company's leases contain options to extend the lease term, the extended lease term is only included in the measurement of the lease when it is reasonably certain to remain in the lease beyond the non-cancelable term. The Company's leases contain variable lease costs, which pertain to common area maintenance and other operating charges, that are expensed as incurred.

Operating leases

On July 8, 2016, the Company entered in a Master Service Agreement with Royal Free London NHS Foundation Trust, which included access rights to the lab space at the Royal Free Hospital, Pond Street, London, with a 5-year term. The Master Service Agreement was due to expire on August 31, 2020. On June 1, 2020, the Master Service Agreement was renewed and will expire on August 31, 2023.

On February 1, 2019, the Company entered into six agreements with Stevenage Bioscience Catalyst to lease office suites at Gunnels Wood Road, Stevenage Hertfordshire, which were due to expire on January 31, 2021. In February 2021, the Company renewed six agreements which will expire on July 31, 2022.

On January 10, 2020, the Company entered into a non-cancellable operating lease in relation to office premises at Gunnels Wood Road, Stevenage Hertfordshire for a period of 2 years. The future minimum lease payments committed to in relation to this lease less any landlord incentives to be recognized up to the break total £0.2 million or $0.2 million.

On February 21, 2020, the Company entered into a non-cancellable operating lease in relation to office premises at Hammersmith Road, London for a period of 10 years, with a break clause at 5 years. The future minimum lease payments committed to in relation to this lease less any landlord incentives to be recognized up to the break total £5.4 million or $7.0 million.

On February 28, 2020, the Company entered into a 4-year manufacturing services collaboration agreement for lab space access at Gunnels Wood Road, Stevenage Hertfordshire, with cancellation penalties of up to £2.2 million or $2.7 million should the Company terminate without due cause.

In December 2020, the Company entered into a new lease of a warehouse in west London, United Kingdom for a period of 10 years, with a break clause at 5 years. The Company will construct a flexible GMP modular facility to scale up its manufacturing footprint. The future minimum lease payments to be committed to in relation to this lease up to the break date are £3.8 million or $4.9 million.

Summary of lease costs recognized under ASU 2016-02

The following table contains a summary of the lease costs recognized under ASU 2016-02 and other information pertaining to the Company's operating leases for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31, 2021	2020
Lease cost		
Operating lease cost	$ 1,179	$ 381
Variable lease cost	1,271	344
Short-term lease cost	9	25
	$ 2,459	$ 750
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 652	$ 330
Right of use assets obtained in exchange for new operating lease liabilities	$ 239	$ 8,761
Weighted average remaining lease term (in years)	3.7 years	4.4 years
Weighted average discount rate	4.85%	4.70%

Pursuant to the terms of the Company's non-cancelable lease agreements in effect at March 31, 2021, the following table summarizes the Company's maturities of operating lease liabilities as of March 31, 2020 and December 31, 2020:

	March 31, 2021
Operating lease liabilities payment	
2021	4,009
2022	5,005
2023	4,411
2024	3,115
Thereafter	834
Total lease payments	$ 17,374
Less: imputed interest	(1,435)
Present value of lease liability	$ 15,939

9. License agreements

CRT license

In May 2016, the Company entered into a License Agreement, or the License Agreement, with CRT pursuant to which the Company obtained access rights to intellectual property and Know-How from the Whole TRACERx Study. Under the license agreement, the Company is granted an exclusive, sublicensable license to the TRACERx patents and bioinformatic data for use in: (i) the fields of neoantigen cell therapies and adoptive cell transfer neoantigen diagnostics for use in research and the potential development of products for commercialization and (ii) the neoantigen therapeutic vaccine field for research and development but not in the development of products for commercial sale. The Company also obtained a non-exclusive license to the TRACERx bioinformatic pipeline, patient sequencing and medical data, know-how, and materials.

CRT additionally granted the Company certain rights to new patent applications filed by the Founding Institutions in respect of inventions resulting from the TRACERx study through February 2023, including automatic exclusive licenses to patent rights relating to non-severable improvements of technology covered by the original TRACERx patents and non-exclusive rights to severable improvements. CRT granted the Company the right of first negotiation to license certain patents rights generated by the Company's founders outside of the TRACERx study which relate to the licensed technology.

In July 2017, the Company obtained a non-exclusive license to the LOHHLA patent under the License Agreement. In October 2018, the Company obtained an exclusive license to the LOHHLA patent under an addendum to the License Agreement.

In May 2018, the Company entered into an amendment to the License Agreement that created an additional sample period through July 2020 and specified additional patient tumor and blood materials to be subject to the License Agreement related to the immunology side study. The License Agreement was subsequently amended in July 2020, November 2020 and March 2021.

Upon execution of the License Agreement the Company granted CRT 1,568,420 B ordinary shares and 268,420 C ordinary shares. The Company recorded $0.3 million of IP research and development expense in 2016. The Company is obligated to pay CRT milestone success payments up to an aggregate of £6.5 million for therapeutic products, and milestone success payments up to an aggregate £0.8 million for non-therapeutic products, as well as sub-single digit to low-single digit percentage royalty on net sales of products that utilize the licensed intellectual property, subject to certain customary reductions. The royalty obligations continue on a product-by-product and country-by-country basis until the later of (i) the date there ceases to be a valid patent claim covering such product in the country in which it is sold or (ii), with respect to contribution royalty products, ten years from the first commercial sale of the product, and with respect to a patent royalty product, five years from the first commercial sale of the product. On a product-by-product basis, the Company may also elect to provide other cash consideration at fair market value and forgo the milestone or royalty payment.

Unless terminated earlier, the term of the agreement continues until the later of the expiration of the royalty term in each country and such time as no further milestone payments are due, and upon such termination, the licenses granted shall become fully-paid, royalty-free, irrevocable, and perpetual. The Company has the right to terminate the license agreement for convenience in its entirety upon 90 days' notice. Each party may terminate the agreement if the other party is in material breach subject to a 90 day remedy period. The Company will have the right to acquire ownership of the TRACERx patents upon either (i) the occurrence of a royalty product for use in the therapeutic field, (ii) CRT shareholders cease to hold any ordinary shares in the Company, (iii) the Company undergoes an initial public offering, or (iv) the Company is acquired by a third party for more than £25.0 million.

No expenses were recorded for the three months ended March 31, 2021 and 2020 related to the CRT License Agreement.

10. Net loss per share

Basic and diluted net loss per share attributable to ordinary shareholders was calculated as follows (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2021	2020
Numerator		
Net loss	$ (13,765)	$ (5,214)
Net loss attributable to ordinary shareholders—basic and diluted	$ (13,765)	$ (5,214)
Denominator		
Weighted-average number of ordinary shares used in net loss per share—basic and diluted	1,641,938	850,377
Net loss per share—basic and diluted	$ (8.38)	$ (6.13)

The Company's potentially dilutive securities, which include warrants to purchase ordinary shares, unvested Employee Shares and Convertible Preferred Shares, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of ordinary shares outstanding used to calculate both basic and diluted net loss per share attributable to ordinary shareholders is the same. The Company excluded the following potential ordinary shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to ordinary shareholders for the three months ended March 31, 2021 and 2020 because including them would have had an anti-dilutive effect:

	Three Months Ended March 31,	
	2021	2020
Series A preferred shares (as converted to ordinary shares)	7,134,644	7,134,644
Series B preferred shares (as converted to ordinary shares)	13,181,515	8,787,851
Series C preferred shares (as converted to ordinary shares)	6,165,672	—
Unvested ordinary shares	2,647,713	6,426,356
Share options	364,282	—
Total	29,493,826	22,348,851

11. Commitments and contingencies

Commitment with suppliers

The Company entered into several agreements with vendors that contains non-cancellable software arrangement and the minimum purchase commitment of laboratory materials and consumables for the purpose of research and development activities as well as clinical development. The unused purchase commitment as of March 31, 2021 and December 31, 2020 was $4.2 million and $4.3 million, respectively.

Legal proceedings

From time to time, the Company may be a party to litigation or subject to claims incident to the ordinary course of business. The Company was not a party to any litigation and did not have contingency reserves established for any liabilities as of March 31, 2021 and December 31, 2020.

Indemnification agreements

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

In accordance with the 2020 Articles, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date, and the Company has director and officer insurance that may enable it to recover a portion of any amounts paid for future potential claims.

12. Employee benefit plans

In the United Kingdom, the Company makes contributions to private defined contribution pension schemes on behalf of its employees. The contributions to this scheme are expensed to the statement of operations as they fall due. The Company paid $0.4 million and $0.2 million in contributions in the three months ended March 31, 2021 and 2020, respectively.

In the United States, the Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company paid less than $0.1 million in contributions in the three months ended March 31, 2021.

13. Subsequent Events

The Company has completed an evaluation of all subsequent events through May 11, 2021, the date on which the financial statements were issued, to ensure that these financial statements include appropriate disclosure of events both recognized in these financial statements as of March 31, 2021, and events which occurred subsequently but were not recognized in these financial statements. There have been no subsequent events at the date of issue of this balance sheet except as disclosed below:

On April 6, 2021, the Company completed the IPO. In the IPO, the Company sold an aggregate of 9,750,000 ADSs representing the same number of ordinary shares, at a public offering price of $18.00 per ADS.

On April 6, 2021, the Company effected a one-for-0.2526 reverse share split of its issued and outstanding ordinary shares except for N ordinary shares and a proportional adjustment to the existing conversion ratios for each class of the Company's convertible preferred shares, and a one-for-0.1792 reverse share split of its issued and outstanding N ordinary shares. Accordingly, all share and per share amounts for all periods presented in the condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect this reverse share split and adjustment of the preferred share conversion ratios. 104,854,673 Convertible Preferred Shares outstanding as of March 31, 2021 were converted into 26,481,831 ordinary shares at conversion ratio of 1:0.2526 on April 6, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes appearing elsewhere in this Report of Foreign Private Issuer on Form 6-K, or Report, and our audited consolidated financial statements and related footnotes for the year ended December 31, 2020 included in our Prospectus filed with the U.S. Securities and Exchange Commission, or the SEC, on March 31, 2021, or Prospectus,. Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those set forth under the caption "Risk Factors" in our Prospectus, as supplemented by our subsequent filings with the SEC.

We maintain our books and records in pounds sterling, our results are subsequently converted to U.S. dollars and we prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, as issued by the Financial Accounting Standards Board, or FASB. All references in this Report to "$" are to U.S. dollars and all references to "£" are to pounds sterling. Unless otherwise indicated, certain U.S. dollar amounts contained in this Report have been translated into pounds sterling at the rate of £1.00 to $1.3802, which was the noon buying rate of the Federal Reserve Bank of New York on March 31, 2021. These translations should not be considered representations that any such amounts have been, could have been or could be converted into pounds sterling at that or any other exchange rate as of that or any other date.

We have made rounding adjustments to some of the figures included in this Report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Overview

We are a clinical immuno-oncology biopharmaceutical stage company developing transformative precision T cell therapies to treat multiple types of solid tumors. We are focused on advancing cancer therapies through our pioneering work in the field of tumor evolution and our belief that clonal neoantigens represent the most specific class of cancer cell targets. Our platform enables us to identify mutations formed early in the development of a cancer that give rise to antigens that are expressed by all of a patient's cancer cells but are absent from healthy tissue. We refer to this novel class of solid tumor targets as clonal neoantigens. To identify clonal neoantigens in a patient, we have developed a proprietary bioinformatic platform called PELEUS. This platform employs sophisticated statistical algorithms trained on the unique tumor genetic data derived from our exclusive license to data from the TRACERx study, which aims to analyze tumor samples from more than 840 non-small cell lung cancer, or NSCLC, patients. Once we have identified the clonal neoantigens, our proprietary manufacturing process, VELOS, uses the patient's T cells and blood-derived dendritic cells to create a Clonal Neoantigen Targeting T cell therapy, or cNeT, that specifically targets multiple clonal neoantigens to eradicate the tumor.

Since our inception in 2016, we have devoted substantially all of our resources to conducting research activities and clinical trials, organizing and staffing our company, business planning, raising capital and establishing our intellectual property portfolio. We have initially focused on two solid tumor types: advanced NSCLC and metastatic or recurrent melanoma as well as expanding into a range of additional indications. We do not have any products approved for sale and have not generated any revenue from product sales. We have principally raised capital through the issuance and sale of our convertible preferred shares to outside investors. Through March 31, 2021, we had received net cash proceeds of $230.9 million from investors in our preferred shares financings.

We have incurred significant operating losses since inception. We incurred total net losses of $13.8 million and $5.2 million for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, we had an accumulated deficit of $71.8 million. These losses have resulted primarily from costs incurred in connection with research and development activities and general and administrative costs associated with our operations. We expect that our expense will increase substantially in connection with our ongoing activities, particularly as we:

- continue to develop our pipeline of discovery programs and conduct research and clinical activities for our existing programs for advanced NSCLC, metastatic or recurrent melanoma and other solid tumors;

- continue to innovate, improve and develop our technology platform, including continuing to develop and improve our PELEUS bioinformatic platform and VELOS manufacturing process and to evaluate new approaches to our manufacturing process;
- expand our Material Acquisition Platform, or MAP, network to increase our network of clinical sites;
- advance the development of our current programs, additional follow-on indications and any future product candidates into additional solid tumor indications;
- maintain, expand and protect our intellectual property portfolio;
- seek marketing approvals and complete any post-marketing studies, if required, for any of our product candidates that successfully complete clinical trials, if any;
- acquire or in-license additional product candidates and technologies;
- expand our infrastructure and facilities to accommodate our growing employee base and ongoing development activity;
- continue to improve our manufacturing process to create a fully closed end-to-end manufacturing process;
- expand our manufacturing infrastructure and facilities to support the manufacture of larger quantities of our product candidates for clinical development and potential commercialization globally;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval; and
- add operational, financial and management information systems and personnel, including personnel to support our research and development programs, any future commercialization efforts and our transition to operating as a public company following the completion of our IPO.

Furthermore, following the closing of our IPO, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company. We will not generate revenue from product sales unless and until we successfully complete clinical development and obtain regulatory approval for ATL001 or any future product candidates. If we obtain regulatory approval for ATL001 or any product candidates, we expect to incur significant expenses related to developing our commercialization capability to support product sales, marketing and distribution. As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. Our inability to raise capital as and when needed could have a negative impact on our financial condition and ability to pursue our business strategies. There can be no assurances, however, that the current operating plan will be achieved or that additional funding will be available on terms acceptable to us, or at all.

As of March 31, 2021, we had cash and cash equivalents of $159.3 million. We believe our existing cash and cash equivalents, together with the $160.5 million from sales of ADSs through our IPO completed on April 6, 2021 and after deducting underwriting discounts and commissions and other offering expenses, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 24 months. See "—Liquidity and Capital Resources—Funding Requirements" below.

Impact of the COVID-19 Coronavirus

The development of ATL001 for our current programs and additional follow-on indications as well as any future product candidates could be disrupted and materially adversely affected in the future by a pandemic, epidemic or outbreak of an infectious disease, such as the recent COVID-19 pandemic. The spread of COVID-19 has impacted the global economy and has impacted our operations, including the interruption of our research activities, clinical trials and our supply chain. Interruption to our supply chain includes interruption of or delays in receiving supplies from the third parties we rely on to, among other things, conduct our manufacturing process. It is primarily due to staffing shortages, production slowdowns or stoppages and disruptions in delivery systems. For example, the COVID-19 pandemic has delayed enrollment in and dosing of our ongoing Phase I/IIa clinical trial for metastatic or recurrent melanoma and our ongoing Phase I/IIa clinical trial for advanced NSCLC. We managed to maintain operations at both our GMP manufacturing and research and development sites with further recruitment and dosing of patients through 2021 to date. The causes of these delays includes government orders and site policies on account of the pandemic,

some patients may be unwilling or unable to travel to study sites, enroll in trials, or be unable to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. These factors could delay our ability to conduct research activities and clinical trials or release clinical trial results, and/or delay our ability to obtain regulatory approval and commercialize ATL001 and any product candidates. Furthermore, COVID-19 could affect our employees or the employees of research sites and service providers on whom we rely as well as those of companies with which we do business, including our suppliers and contract manufacturing organizations, thereby disrupting our business operations. Quarantines and travel restrictions imposed by governments in the jurisdictions in which we and the companies with which we do business operate could materially impact the ability of employees to access research and clinical sites, laboratories, manufacturing sites and offices. We have implemented work-at-home policies and may experience limitations in employee resources. Our increased reliance on personnel working from home may negatively impact productivity, or disrupt, delay, or otherwise adversely impact our business.

We are still assessing our business plans and the impact the COVID-19 pandemic may have on our ability to advance the testing, development and manufacturing of ATL001 and any future product candidates, including as a result of adverse impacts on the research sites, service providers, vendors, or suppliers on whom we rely, or to raise financing to support the development of product candidates. No assurances can be given that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in our sector in particular. We cannot presently predict the scope and severity of any potential business shutdowns or disruptions, but if we or any of the third parties on whom we rely or with whom we conduct business, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and adversely impacted.

License Agreements

CRT License

In May 2016, we entered into a License Agreement, or the License Agreement, with CRT pursuant to which we obtained access rights to intellectual property and Know-How from the Whole TRACERx Study. Under the license agreement, we are granted an exclusive, sublicensable license to the TRACERx patents and bioinformatic data for use in: (i) the fields of neoantigen cell therapies and adoptive cell transfer neoantigen diagnostics for use in research and the potential development of products for commercialization; and (ii) the neoantigen therapeutic vaccine field for research and development but not in the development of products for commercial sale. We also obtained a non-exclusive license to the TRACERx bioinformatic pipeline, patient sequencing and medical data, know-how, and materials.

CRT additionally granted us certain rights to new patent applications filed by the Founding Institutions in respect of inventions resulting from the TRACERx study through February 2023, including automatic exclusive licenses to patent rights relating to non-severable improvements of technology covered by the original TRACERx patents and non-exclusive rights to severable improvements. CRT granted us the right of first negotiation to license certain patent rights generated by our founders outside of the TRACERx study which relate to the licensed technology.

In July 2017, we obtained a non-exclusive license to the LOHHLA patent under the License Agreement. In October 2018, we obtained an exclusive license to the LOHHLA patent under an addendum to the License Agreement. In May 2018, we entered into an amendment to the License Agreement that created an additional sample period through July 2020 and specified additional materials to be subject to the License Agreement related to the immunology side study. The License Agreement was subsequently amended in July 2020, November 2020 and March, 2021.

Upon execution of the License Agreement we granted CRT 396,125 B ordinary shares and 67,793 C ordinary shares. The fair value of the B and C ordinary shares were $0.55 per share. We recorded $0.3 million as intellectual property research and development expense in 2016 and corresponding additional paid-in capital. None of the vesting conditions of C ordinary shares were met and these shares were converted to deferred shares in September 2019. We are obligated to pay CRT milestone success payments up to an aggregate of £6.5 million for therapeutic products, and milestone success payments up to an aggregate of £0.8 million for non-therapeutic products, as well as a sub-single digit to low-single digit percentage royalty on net sales of products that utilize the licensed intellectual property, subject to certain customary reductions. The royalty obligations continue on a product-by-product and country-by-country basis until the later of: (i) the date there ceases to be a valid patent claim covering such product in the country

in which it is sold; or (ii), with respect to contribution royalty products, ten years from the first commercial sale of the product, and with respect to a patent royalty product, five years from the first commercial sale of the product. On a product-by-product basis, we may also elect to provide other cash consideration at fair market value and forgo the milestone or royalty payment.

No expenses were recorded for the three months ended March 31, 2021 and 2020 related to the CRT License Agreement.

Components of Our Results of Operations

Revenue

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products in the foreseeable future. If our development efforts for ATL001 or any of our future candidates are successful and result in regulatory approval, we may generate revenue in the future from product sales.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the research and development of ATL001 for our current programs, additional follow-on indications and enhancement of our existing technology platform. Research and development expenses consist of:

- expenses incurred under agreements with contract research organizations, or CROs, as well as investigative sites and consultants that conduct our clinical trials, research activities and other scientific development services;
- manufacturing scale-up expenses and the cost of acquiring and manufacturing clinical trial materials;
- expenses to acquire technologies to be used in research and development;
- employee-related expenses, including salaries, related benefits, travel and share-based compensation expense for employees engaged in research and development functions;
- costs of outside consultants, including their fees, share-based compensation and related travel expenses;
- the costs of laboratory supplies and acquiring, developing and manufacturing clinical trial materials;
- costs related to compliance with regulatory requirements;
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs; and
- upfront, milestone and management fees for maintaining licenses under our third-party licensing agreements.

We expense research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our service providers. As a result, our research and development expenses may vary substantially from period to period based on the timing of our research and development activities. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our financial statements as a prepaid expense or accrued research and development expenses.

U.K. research and development tax credits are recorded as an offset to research and development expense. See “—Income Tax Expenses.”

Our direct research and development expenses are tracked on an indication by indication basis and consist primarily of external costs, such as fees paid to outside consultants, CROs and central laboratories in connection with our research activities, process development, manufacturing and clinical development activities. License fees and other costs incurred after a product candidate has been selected that are directly related to a product candidate are included in direct research and development expenses for that program. License fees and other costs incurred prior to designating a product candidate are included in other program expense. We do not allocate employee costs, costs associated with our discovery efforts, laboratory supplies, and facilities, including depreciation or other indirect costs, to specific programs because these costs are deployed across multiple programs and, as such, are not separately classified. We use internal resources primarily to oversee the research and development as well as to manage our research activities, process development, manufacturing and clinical development activities. These employees work across multiple programs and, therefore, we do not track their costs by program.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials and related product manufacturing expenses. As a result, we expect that our research and development expenses will continue to increase over the next several years as we: (i) expedite the clinical development and obtain marketing approval for ATL001 for advanced NSCLC and metastatic or recurrent melanoma; (ii) initiate additional clinical trials for ATL001 or any future product candidates, including for the treatment of renal, head and neck, triple negative breast and bladder; (iii) improve the efficiency and scalability of our manufacturing processes and supply chain including enhancing the capability of our PELEUS platform for selecting clonal neoantigens; and (iv) build our in-house process development, analytical and manufacturing capabilities and continue to discover and develop additional product candidates, increase personnel costs and prepare for regulatory filings related to ATL001 and any future product candidates. We also expect to incur additional expenses related to milestone, royalty payments and maintenance fees payable to third parties with whom we have entered into license agreements to acquire the rights related to TRACERx.

The successful development and commercialization of ATL001 or any of our future product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with development and commercialization, including the following:

- completing research activities for the development of ATL001 and identifying new cNeT product candidates;
- establishing an appropriate safety profile with IND- and CTA-enabling studies;
- successful patient enrollment in, and the initiation and completion of, clinical trials;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities and reimbursement and market access from third-party payors;
- our ability to establish commercial manufacturing capabilities and maintain suitable arrangements with third-party manufacturers for ATL001 and any future product candidates;
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights;
- defending against third-party infringement, misappropriation or other violation of intellectual property rights claims;
- significant and changing government regulation;
- establishing and maintaining temperature controlled product logistics;
- launching commercial sales of ATL001 and any future product candidates, if and when approved, whether alone or in collaboration with others; and
- maintaining a continued acceptable safety profile of the product candidates following approval.

A change in the outcome of any of these variables with respect to the development of ATL001 and any future product candidates in development could mean a significant change in the costs and timing associated with the development of these product candidates. For example, if the FDA, EMA or another regulatory authority were to delay our planned start of clinical trials or require us to conduct clinical trials or other testing beyond those that we currently expect, or if we experience significant delays in enrollment in any of our planned clinical trials, we could be required to commit significant additional financial resources and time on the completion of clinical development of that product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, share-based compensation expense, travel and other expenses incurred by personnel in executive, finance and administrative functions. These expenses include professional fees for legal, including patent costs, consulting, accounting and audit services. We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research activities and development of ATL001 and any future product candidates.

We also anticipate we will continue to incur increased accounting, audit, legal, regulatory, compliance, director and officer insurance costs as well as investor and public relations expenses associated with being a public company. Additionally, if and when we believe a regulatory approval of a product candidate appears likely, we anticipate an increase in payroll and expense as a result of our preparation for commercial operations, especially as it relates to the sales and marketing of our product candidate.

Other Income (Expense), Net

Interest Income

Interest income consists primarily of interest earned on our cash. We expect that our interest income will increase as we invest the cash received from our recent sales of convertible preferred shares financing that took place in the fourth quarter of 2020 and the net proceeds from sales of ADSs through our IPO that completed on April 6, 2021.

Other Expense

Foreign currency transactions in currencies different from the functional currency of our entity are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange differences resulting from the settlement of such transactions and from the translation at period-end exchange rates in foreign currencies are recorded in other income (expense), net in the statement of operations and comprehensive loss. As such, our other income (expense), net may be impacted by future changes in exchange rates. See "—Quantitative and Qualitative Disclosures About Market Risks" for further discussion.

Income Taxes

We are subject to corporate taxation in the United States and the United Kingdom. Due to the nature of our business, we have generated losses since inception and have therefore not paid United Kingdom corporation tax. As a company that carries out extensive research and development activities, we seek to benefit from one of two U.K. R&D tax credit cash rebate regimes: Small and Medium Enterprise, or SME, Program and the Research and Development Expenditure Credit, or RDEC, Program. Qualifying expenditures largely comprise employment costs for research staff, consumables and certain internal overhead costs incurred as part of research projects for which we do not receive income.

Based on criteria established by Her Majesty's Revenue and Customs, or HMRC, a portion of expenditures being carried in relation to our pipeline R&D, clinical trials management and manufacturing development activities were eligible for the SME Program for the years ended December 31, 2019 and 2020. We claimed the tax credit of 2019 which was paid in 2020. We will continue to assess whether it is possible to qualify under the more favorable SME regime for future accounting periods.

Unsurrendered U.K. losses may be carried forward indefinitely to be offset against future taxable profits, subject to numerous utilization criteria and restrictions. The amount that can be offset each year is limited to £5.0 million plus an incremental 50% of U.K. taxable profits. After accounting for tax credits receivable, we had accumulated tax losses for carry forward in the United Kingdom of $37.1 million as of December 31, 2020. We have recorded an insignificant amount of income tax provisions for the year ended December 31, 2020, which relate to income tax obligations of our operating company in the U.S., which generates a profit for tax purposes.

Benefit from research and development, or R&D tax credit, is received in the U.K. and recorded as an offset to research and development expenses. The U.K. research and development tax credit, as described below, is fully refundable to us and is not dependent on current or future taxable income. As a result, we have recorded the entire benefit from the U.K. research and development tax credit as a benefit which is included in our net loss before income tax and accordingly, not reflected as part of the income tax provision. If, in the future, any U.K. R&D tax credits generated are needed to offset a corporate income tax liability in the U.K., that portion would be recorded as a benefit within the income tax provision and any refundable portion not dependent on taxable income would continue to be recorded as an offset to research and development expenses.

In the event we generate revenues in the future, we may benefit from the U.K. “patent box” regime that allows profits attributable to revenues from patents or patented products to be taxed at an effective rate of 10%. Value Added Tax, or VAT, is broadly charged on all taxable supplies of goods and services by VAT-registered businesses. Under current rates as determined for VAT purposes, the VAT on goods or services supplied is added to all sales invoices and is payable to HMRC. Similarly, VAT paid on purchase invoices is generally reclaimable from HMRC.

Results of Operations

Comparison of the Three months Ended March 31, 2021 and 2020

The following table summarizes our results of operations for the three months ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31,		
	2021	2020	Change
Operating expenses:			
Research and development	$ 8,876	$ 3,830	$ 5,046
General and administrative	4,832	1,736	3,096
Total operating expenses	13,708	5,566	8,142
Loss from operations	(13,708)	(5,566)	(8,142)
Other income, net:			
Other income (expense)	(45)	352	(397)
Total other income, net	(45)	352	(397)
Loss before provision for income taxes	(13,753)	(5,214)	(8,539)
Provision for income taxes	(12)	—	(12)
Net loss	$(13,765)	$(5,214)	$(8,551)

Research and development expenses

The table below summarizes our research and development expenses incurred by program (in thousands):

	Three Months Ended March 31,		
	2021	2020	Change
Direct research and development expense by program:			
NSCLC	$1,888	$ 557	$1,331
Melanoma	1,552	239	1,313
Other pre-clinical and technology development cost	1,139	1,091	48
Unallocated research and development expense:			
Personnel expenses	3,050	1,539	1,511
Other expenses	1,247	404	843
Total research and development expenses	$8,876	$3,830	$5,046

Research and development expenses were net of research and development tax credit reimbursement of $2.2 million and $1.0 million for the three months ended March 31, 2021 and 2020, respectively. The net increase in research and development expenses was $5.0 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The net increase in research and development expense was primarily attributable to a net increase of $1.3 million in direct expenses as a result of advancement of our NSCLC program specifically in relation to our ongoing Phase I/II CHIRON clinical trial , a net increase of $1.3 million in direct expense of our metastatic or recurrent melanoma program specifically in relation to our ongoing Phase I/II THETIS clinical trial and a net increase less than $0.1 million in direct costs related to IND enabling activities for new follow-on indications as well as continuing research and development into enhancements to PELEUS, our bioinformatics platform and our VELOS manufacturing process. Our unallocated research and development expense increased by $2.3 million for the three months ended March 31, 2021, primarily as a result of increased facility costs due to the lease of new laboratory space and the increased costs of supporting the increased headcount in our research and development functions and their research efforts.

General and administrative expenses

The following table summarizes our general and administrative expenses for the three months ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31,		
	2021	2020	Change
Personnel expenses	$2,785	$1,228	$1,557
Legal and professional fees	1,186	360	826
Facilities and other expense	861	148	713
	$4,832	$1,736	$3,096

General and administrative expenses were $4.8 million for the three months ended March 31, 2021, compared to $1.7 million for the three months ended March 31, 2020. The increase of $3.1 million consisted primarily of an increase of $1.6 million in personnel expenses due to an overall increase in headcount and the recognition of additional share-based compensation, an increase of $0.8 million in legal and professional fees due to activities related to preparations for becoming a public company and an increase of $0.7 million in facilities and other expenses due to the lease of new office space and increased costs of supporting the expansion of our business.

Total other income (expense), net

Other income (expense), net was expense less than $0.1 million for the three months ended March 31, 2021, compared to income of $0.4 million for the three months ended March 31, 2020. The decrease in other income of $0.4 million was primarily due to an increase of $0.3 million in foreign exchange loss and a decrease of $0.1 million in interest income.

Provision for Income Taxes

The provision for income taxes was less than $0.1 million for the three months ended March 31, 2021, which is related to income tax obligations of our operating company in the U.S., which generates a profit for tax purposes. There is no provision for income taxes for the three months ended March 31, 2020.

Liquidity and Capital Resources

Since our inception, we have not generated any revenue from product sales or any other sources and have incurred significant net losses in each period and on an aggregate basis. We have not yet commercialized any product candidates and we do not expect to generate revenue from sales of any product candidates for several years, if at all. We have funded our operations to date primarily with proceeds from the sale of preferred shares and ordinary shares. Through March 31, 2021, we had received net cash proceeds of $230.9 million from investors in our preferred shares financings. As of March 31, 2021, we had cash and cash equivalents of $159.3 million. On April 6, 2021, we also completed the sales of ADSs through our IPO and received net proceeds of the $160.5 million after deducting underwriting discounts and commissions and other offering expenses.

We currently have no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect our liquidity over the next five years, other than our manufacturing and lease obligations described below.

Cash Flows

The following table summarizes our cash flows for each of the periods presented (in thousands):

	Three Months Ended March 31,	
	2021	2020
Net cash used in operating activities	$ (17,223)	$ (6,567)
Net cash used in investing activities	(2,376)	(619)
Net cash used in financing activities	(914)	(196)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,926	(6,181)
Net decrease in cash	$ (18,587)	$ (13,563)

Net cash used in operating activities

During the three months ended March 31, 2021, net cash used in operating activities was $17.2 million, primarily resulting from our net loss of $13.8 million, adjusted for share-based compensation of $1.4 million, depreciation and amortization of $0.8 million and changes in right of use assets and operating lease liabilities of $0.5 million. The net loss was also partially adjusted of $6.1 million related to changes in components of working capital due to i) decreased accounts payable for payment of vendors' invoices; ii)increased accrued research and development expenses incurred on our IPO costs and increased accrued facility costs in conjunction with lease of new laboratory and office space and iii) increased prepaid expenses and other current assets in conjunction with accrued U.K. R&D tax credit. In addition, changes in other assets of $0.1 million due to the capitalization of cloud-based implementation costs during the three months ended March 31, 2021 increased cash used.

During the three months ended March 31, 2020, net cash used in operating activities was $6.6 million, primarily resulting from our net loss of $5.2 million, adjusted for share-based compensation of $0.3 million and depreciation and amortization of $0.1 million. The net loss was also partially offset by changes in right of use assets and operating lease liabilities of $0.1 million and $0.1 million related to changes in components of working capital due to increased accounts payable, accrued research and development expenses incurred on our preclinical trials and increased accrued facility costs in conjunction with lease of new laboratory and office space. In addition, changes in other assets of $1.8 million due to rent deposit paid during the three months ended March 31, 2020 increased cash used.

Net cash used in investing activities

During the three months ended March 31, 2021, net cash used in investing activities was $2.4 million, primarily driven by purchases of property and equipment related to lab equipment and leasehold improvement.

During the three months ended March 31, 2020, net cash used in investing activities was $0.6 million, primarily driven by purchases of property and equipment related to lab equipment and leasehold improvement.

Net cash used in financing activities

During the three months ended March 31, 2021, net cash used in financing activities was $0.9 million, primarily related to the payment of initial public offering costs.

During the three months ended March 31, 2020, net cash used in financing activities was $0.2 million, primarily related to the payment $0.2 million issuance costs of Series B convertible preferred shares.

Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we advance the research activities, manufacturing and clinical trials of product candidates. In addition, upon the closing of our IPO, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company.

We believe our existing cash and cash equivalents, together with the anticipated proceeds from our IPO, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 24 months. We have based these estimates on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect. As we progress with our development programs and the regulatory review process, we expect to incur significant expenses related to product manufacturing, pre-commercial activities and commercialization.

Because of the numerous risks and uncertainties associated with research, development and commercialization of product candidates and programs, we are unable to estimate the exact amount of our working capital requirements. Our future funding requirements will depend on and could increase significantly as a result of many factors, including:

- the initiation, progress, timing, costs and results of our pipeline discovery programs and clinical activities for our existing programs for advanced NSCLC and metastatic or recurrent melanoma, and any additional product candidates or follow-on indications that we may develop or pursue;
- the cost to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- our ability to enroll clinical trials in a timely manner and to quickly resolve any delays or clinical holds that may be imposed on our development programs;
- timing delays with respect to development of our current and any future product candidates, including as a result of the COVID-19 pandemic;
- the costs of expanding our facilities to accommodate our expected growth in personnel;
- the costs, timing and outcome of potential future commercialization activities, including manufacturing, marketing, sales and distribution for our product candidates for which we receive marketing approval;
- the extent to which we acquire technologies;
- the sales price and availability of adequate third-party coverage and reimbursement for our product candidates, if and when approved; and
- the costs of operating as a public company.

Until such time, if ever, that we can generate product revenue sufficient to achieve profitability, we expect to finance our cash needs through equity offerings, debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity, current ownership interests will be diluted. If we raise additional funds through government or third-party funding, collaboration agreements, strategic alliances, licensing arrangements or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we are unable to raise additional funds when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market products or product candidates that we would otherwise prefer to develop and market ourselves.

Emerging growth company and smaller reporting company status

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Therefore, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to avail ourselves of this extended transition period and, as a result, we may adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-public companies instead of the dates required for other public companies. However, the Company may early adopt these standards.

In addition, as an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- the ability to present only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act; and
- an exemption from new or revised financial accounting standards until they would apply to private companies and from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation.

We may take advantage of these exemptions for up to the last day of the fiscal year ending after the fifth anniversary of our IPO or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of our IPO; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these exemptions.

Off-balance sheet arrangements

As of March 31, 2021, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our condensed consolidated financial statements appearing elsewhere in this Report.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business, which are principally limited to interest rate fluctuations and foreign currency exchange rate fluctuations. We maintain significant amounts of cash and cash equivalents that are in excess of federally insured limits in various currencies, placed with one or more financial institutions for varying periods according to expected liquidity requirements.

Interest rate sensitivity

As of March 31, 2021, we had cash and cash equivalents of $159.3 million. Our exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates. Our surplus cash has been invested in interest-bearing savings accounts from time to time. We have not entered into investments for trading or speculative purposes. Due to the conservative nature of our investment portfolio, which is predicated on capital preservation of investments with short-term maturities, 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.

As of March 31, 2021, we had no debt outstanding and are therefore not subject to interest rate risk related to debt.

Foreign Currency Exchange Risk

We maintain our financial statements in our functional currency, which is pound sterling. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods. We recorded foreign currency losses of $0.1 million and foreign currency gains of $0.2 million for the three months ended March 31, 2021 and 2020, respectively. These Exchange gains or losses arising from foreign currency transactions are included in other income (expense), net in the statement of comprehensive loss.

For financial reporting purposes our financial statements have been presented in U.S. dollars, the reporting currency. The financial statements of entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the balance sheet dates, revenue and expenses are translated at the average exchange rates and shareholders' equity is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange adjustment to other comprehensive loss, a component of shareholders' equity.

We do not currently engage in currency hedging activities in order to reduce our currency exposure, but we may begin to do so in the future. Instruments that may be used to hedge future risks may include foreign currency forward and swap contracts. These instruments may be used to selectively manage risks, but there can be no assurance that we will be fully protected against material foreign currency fluctuations.