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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(**Mark One**)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-40367

VACCITECH PLC

(**Exact Name of Registrant as Specified in its Charter**)

England and Wales	**Not Applicable**
(**State or other jurisdiction of incorporation or organization**)	(**I.R.S. Employer Identification No.**)
Unit 6-10, Zeus Building Rutherford Avenue, Harwell, Didcot, United Kingdom	**OX11 0DF**
(**Address of principal executive offices**)	(**Zip Code**)

Registrant's telephone number, including area code: +44 (0) 1865 818 808

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares*	VACC	The Nasdaq Global Market
Ordinary shares, nominal value £0.000025 per share**		

*American Depositary Shares may be evidenced by American Depositary Receipts. Each American Depositary Share represents one (1) ordinary share.

**Not for trading, but only in connection with the listing of American Depositary Shares on The Nasdaq Global Market.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 9, 2022, the registrant had 37,296,515 ordinary shares, nominal value £0.000025 per share, outstanding.

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We own various trademark registrations and applications, and unregistered trademarks, including our name, our corporate logo and technologies acquired as part of our acquisition of Avidea Technologies, Inc. in December 2021. We have an exclusive license to use and display the Vaccitech registered trademark in order to commercialize Vaccitech in the United Kingdom. All other trade names, trademarks and service marks of other companies appearing in this Quarterly Report on Form 10-Q, or this Quarterly Report, are the property of their respective holders. Solely for convenience, the trademarks and trade names in this Quarterly Report may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend to use or display other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

From time to time, we may use our website, our Twitter account at @Vaccitechplc and our LinkedIn account at linkedin.com/company/Vaccitech-plc to distribute material information. Our financial and other material information is routinely posted to and accessible on the Investors section of our website, available at www.vaccitech.co.uk. Investors are encouraged to review the Investors section of our website because we may post material information on that site that is not otherwise disseminated by us. Information that is contained in and can be accessed through our website, our Twitter posts and our LinkedIn posts are not incorporated into, and does not form a part of, this Quarterly Report.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

VACCITECH PLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT NUMBER OF SHARES AND PER SHARE AMOUNTS)
(UNAUDITED)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 200,104	$ 214,054
Accounts receivable	26	20
Accounts receivable - related parties	6,152	—
Research and development incentives receivable	4,091	6,229
Prepaid expenses and other current assets	8,248	6,462
Total current assets	218,621	226,765
Goodwill	12,630	12,630
Property and equipment, net	6,766	1,829
Intangible assets, net	29,059	31,430
Right of use assets, net	7,558	7,257
Other assets	847	804
Total assets	$ 275,481	$ 280,715
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,411	$ 2,419
Accrued expenses and other current liabilities	11,323	7,875
Deferred revenue	111	182
Operating lease liability - current	186	523
Debt	—	159
Total current liabilities	14,031	11,158
Operating lease liability – non current	8,071	6,540
Contingent consideration	2,836	2,371
Deferred tax liability, net	5,680	8,084
Other non-current liabilities	711	—
Total liabilities	$ 31,329	$ 28,153
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Ordinary shares, £0.000025 nominal value; 37,291,492 shares authorized, issued and outstanding (December 31, 2021: authorized, issued and outstanding: 37,188,730)	1	1
Deferred A shares, £1 nominal value; 63,443 shares authorized, issued and outstanding (December 31, 2021: authorized, issued and outstanding: 63,443)	86	86
Deferred B shares, £0.01 nominal value; 570,987 shares authorized, issued and outstanding (December 31, 2021:authorized, issued and outstanding: 570,987)	8	8
Deferred C shares, £0.000007 nominal value, 27,828,231 shares authorized, issued and outstanding (December 31, 2021: authorized, issued and outstanding: 27,828,231)	0 [1]	0 [1]
Additional paid-in capital	376,939	369,103
Accumulated deficit	(82,054)	(108,585)
Accumulated other comprehensive loss – foreign currency translation adjustments	(51,143)	(8,488)
Total shareholders' equity attributable to Vaccitech plc shareholders'	243,837	252,125
Noncontrolling interest	315	437
Total shareholders' equity	$ 244,152	$ 252,562
Total liabilities and shareholders' equity	$ 275,481	$ 280,715

1 indicates amount less than thousand

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

VACCITECH PLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN THOUSANDS, EXCEPT NUMBER OF SHARES AND PER SHARE AMOUNTS)
(UNAUDITED)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
License revenue [1]	$ 6,165	16	38,237	48
Service revenue	—	—	—	21
Research grants and contracts	—	3	9	200
Total revenue	6,165	19	38,246	269
Operating expenses				
Research and development	9,744	4,371	30,165	13,490
General and administrative	(11,132)	1,184	(13,914)	15,332
Total operating (income)/expense	(1,388)	5,555	16,251	28,822
Income/(loss) from operations	7,553	(5,536)	21,995	(28,553)
Other income/(expense):				
Change in fair value of derivatives embedded in convertible loan notes	—	—	—	5,994
Change in fair value of contingent consideration	(317)	—	(943)	—
Unrealized exchange gain on convertible loan notes	—	—	—	209
Loss on extinguishment of convertible loan notes	—	—	—	(13,789)
Interest income	1,024	—	1,776	2
Interest expense	11	—	3	(2,650)
Research and development incentives	(724)	959	1,150	2,789
Other	—	—	51	(3)
Total other (expense)/income	(6)	959	2,037	(7,448)
Tax benefit	674	7	2,452	60
Net income/(loss)	8,221	(4,570)	26,484	(35,941)
Net loss attributable to noncontrolling interest	21	13	47	189
Net income/(loss) attributable to Vaccitech plc shareholders	8,242	(4,557)	26,531	(35,752)
Weighted-average ordinary shares outstanding, basic	37,247,123	34,843,154	37,213,787	22,697,462
Weighted-average ordinary shares outstanding, diluted	38,156,564	34,843,154	38,226,092	22,697,462
Net income/(loss) per share attributable to ordinary shareholders, basic	$ 0.22	(0.13)	0.71	(1.58)
Net income/(loss) per share attributable to ordinary shareholders, diluted	$ 0.22	(0.13)	0.69	(1.58)
Net income/(loss)	$ 8,221	(4,570)	26,484	(35,941)
Other comprehensive loss – foreign currency translation adjustments	(19,940)	(6,473)	(42,730)	(7,803)
Comprehensive loss	(11,719)	(11,043)	(16,246)	(43,744)
Comprehensive loss attributable to noncontrolling interest	51	25	122	194
Comprehensive loss attributable to Vaccitech plc shareholders	$ (11,668)	(11,018)	(16,124)	(43,550)

[1] Includes license revenue from related parties for the three and nine month periods ended September 30, 2022, of $6.2 million and $38.2 million, respectively.

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

VACCITECH PLC
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT NUMBER OF SHARES)
(UNAUDITED)

	Nine months ended September 30, 2022												
	Ordinary Shares		Deferred A Shares		Deferred B Shares		Deferred C Shares		Additional Paid-in-capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, January 1, 2022	**37,188,730**	**$ 1**	**63,443**	**$ 86**	**570,987**	**$ 8**	**27,828,231**	**$ 0** [1]	**$ 369,103**	**$ (108,585)**	**$ (8,488)**	**$ 437**	**$ 252,562**
Share based compensation	—	—	—	—	—	—	—	—	3,984	—	—	—	3,984
Issue of ordinary shares	4,637	0 [1]	—	—	—	—	—	—	**0** [1]	—	—	—	0 [1]
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	(5,968)	(15)	(5,983)
Net income	—	—	—	—	—	—	—	—	—	2,596	—	(22)	2,574
Balance, March 31, 2022	**37,193,367**	**$ 1**	**63,443**	**$ 86**	**570,987**	**$ 8**	**27,828,231**	**$ 0** [1]	**$ 373,087**	**$ (105,989)**	**$ (14,456)**	**$ 400**	**$ 253,137**
Share based compensation	—	—	—	—	—	—	—	—	2,748	—	—	—	2,748
Issue of ordinary shares	22,795	0 [1]	—	—	—	—	—	—	0 [1]	—	—	—	0 [1]
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	(16,777)	(30)	(16,807)
Net income	—	—	—	—	—	—	—	—	—	15,693	—	(4)	15,689
Balance, June 30, 2022	**37,216,162**	**$ 1**	**63,443**	**$ 86**	**570,987**	**$ 8**	**27,828,231**	**$ 0** [1]	**$ 375,835**	**$ (90,296)**	**$ (31,233)**	**$ 366**	**$ 254,767**
Share based compensation	—	—	—	—	—	—	—	—	1,104	—	—	—	1,104
Issue of ordinary shares	75,330	0 [1]	—	—	—	—	—	—	0 [1]	—	—	—	0 [1]
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	(19,910)	(30)	(19,940)
Net income	—	—	—	—	—	—	—	—	—	8,242		(21)	8,221
Balance, September 30, 2022	**37,291,492**	**$ 1**	**63,443**	**$ 86**	**570,987**	**$ 8**	**27,828,231**	**$ 0** [1]	**$ 376,939**	**$ (82,054)**	**$ (51,143)**	**$ 315**	**$ 244,152**

[1] Indicates amount less than thousand

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

VACCITECH PLC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT NUMBER OF SHARES)
(UNAUDITED)

	Nine months ended September 30, 2021																
	Series A Redeemable Convertible Preferred Shares		Series B Redeemable Convertible Preferred Shares		Ordinary Shares		Deferred A Shares		Deferred B Shares		Deferred C Shares		Additional Paid-in-capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' (Deficit)/Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, January 1, 2021, as previously reported	**22,065**	**$ 33,765**	**—**	**$ —**	**7,960,458**	**$ 0 [1]**	**—**	**$ —**	**—**	**$ —**	**7,960,458**	**$ 0 [1]**	**$ 19,531**	**$ (55,591)**	**$ (1,243)**	**$ 391**	**$ (36,912)**
Share based compensation – restatement	—	—	—	—	—	—	—	—	—	—	—	—	2,129	(2,129)	—	—	$ —
Balance, January 1, 2021, as restated	**22,065**	**$ 33,765**	**—**	**$ —**	**7,960,458**	**$ 0 [1]**	**—**	**$ —**	**—**	**$ —**	**7,960,458**	**$ 0 [1]**	**$ 21,660**	**$ (57,720)**	**$ (1,243)**	**$ 391**	**$ (36,912)**
Share based compensation	—	—	—	—	—	—	—	—	—	—	—	—	797	—	—	—	797
Issue of Series B shares, net of issuance costs	—	—	28,957	121,837	—	—	—	—	—	—	—	—	—	—	—	—	—
Series B Shares issued on conversion of convertible notes	—	—	12,421	53,721	—	—	—	—	—	—	—	—	—	—	—	—	—
Issue of Deferred A shares	—	(29)	—	(57)	—	—	63,443	86	—	—	—	—	—	—	—	—	86
Issue of ordinary shares	—	—	—	—	263,886	0 [1]	—	—	—	—	263,886	0 [1]	—	—	—	—	0 [1]
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,420)	4	(1,416)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,268)	—	(118)	(15,386)
Balance, March 31, 2021	**22,065**	**$ 33,736**	**41,378**	**$ 175,501**	**8,224,344**	**$ 0 [1]**	**63,443**	**$ 86**	**—**	**$ —**	**8,224,344**	**$ 0 [1]**	**$ 22,457**	**$ (72,988)**	**$ (2,663)**	**$ 277**	**$ (52,831)**
Share based compensation	—	—	—	—	—	—	—	—	—	—	—	—	8,736	—	—	—	8,736
Initial public offering, net of underwriting discounts	—	—	—	—	6,500,000	0 [1]	—	—	—	—	—	—	102,765	—	—	—	102,765
Offering Cost	—	—	—	—	—	—	—	—	—	—	—	—	(2,394)	—	—	—	(2,394)
Conversion of Series A shares	(22,065)	(33,736)	—	—	6,818,085	0 [1]	—	—	198,585	3	6,818,085	0 [1]	33,733	—	—	—	33,736
Conversion of Series B shares	—	—	(41,378)	(175,501)	12,785,802	0 [1]	—	—	372,402	5	12,785,802	0 [1]	175,496	—	—	—	175,501
Issue of share to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	296	296
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	83	3	86
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,927)	—	(58)	(15,985)
Balance, June 30, 2021	**—**	**$ —**	**—**	**$ —**	**34,328,231**	**$ 1**	**63,443**	**$ 86**	**570,987**	**$ 8**	**27,828,231**	**$ 0 [1]**	**$ 340,793**	**$ (88,915)**	**$ (2,580)**	**$ 518**	**$ 249,911**
Share based compensation	—	—	—	—	—	—	—	—	—	—	—	—	3,374	—	—	—	3,374
Offering cost refund	—	—	—	—	—	—	—	—	—	—	—	0 [1]	229	—			229
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,461)	(12)	(6,473)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,557)	—	(13)	(4,570)
Balance, September 30, 2021	**—**	**$ —**	**—**	**$ —**	**34,328,231**	**$ 1**	**63,443**	**$ 86**	**570,987**	**$ 8**	**27,828,231**	**$ 0 [1]**	**$ 344,396**	**$ (93,472)**	**$ (9,041)**	**$ 493**	**$ 242,471**

[1] Indicates amount less than thousand

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

VACCITECH PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Nine months ended	
	September 30, 2022	September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income / (loss)	$ 26,484	(35,941)
Adjustments to reconcile net income / (loss) to net cash used in operating activities:		
Share based compensation	7,836	12,907
Depreciation and amortization	3,146	281
Non-cash lease expenses	786	(10)
Unrealized foreign exchange gain	(36,578)	—
Change in fair value of derivatives embedded in convertible loan notes	—	(5,994)
Unrealized foreign exchange gain on convertible loan notes	—	(209)
Non-cash interest expense on convertible loan notes	—	813
Change in contingent consideration	943	—
Profit on sale of property and equipment	(348)	—
Deferred tax benefit	(2,403)	(62)
Loss on extinguishment of convertible loan notes	—	13,789
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	(6,162)	486
Prepaid expenses and other current assets	(2,949)	(5,494)
Research and development incentives receivable	1,163	(2,815)
Accounts payable	142	(3,414)
Accrued expenses and other current liabilities	5,066	1,846
Deferred revenue	(43)	(48)
Other assets	(171)	(746)
Net cash used in operating activities	$ (3,088)	(24,611)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,552)	(722)
Proceeds from sale of property and equipment	388	—
Net cash used in investing activities	$ (5,164)	(722)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares and exercise of stock options	0 [1]	—
Repayment of debt	(159)	—
Initial public offering costs	—	(2,165)
Transaction costs for Series B shares	—	(3,402)
Proceeds from issue of Series B shares	—	125,239
Proceeds from issue of shares to noncontrolling interest	—	296
Proceeds from issuance of ordinary shares, net of underwriters fees	—	102,765
Net cash (used in)/provided by financing activities	$ (159)	222,733
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(5,539)	(6,795)
Net (decrease)/ increase in cash and cash equivalents	(13,950)	190,605
Cash and cash equivalents, beginning of the period	214,054	43,266
Cash and cash equivalents, end of the period	$ 200,104	233,871
Supplemental cash flow disclosures:		
Cash paid for interest	$ 0 [1]	$ 1,844
Cash paid for income taxes	$ 0 [1]	$ 150
Non-Cash investing and financing activities		
Capital expenditures included in accounts payable	$ 219	$ —
ROU assets obtained in exchange for operating lease liabilities	$ 2,400	$ 6,819
Asset retirement obligation	$ 826	$ —
Changes to right-of-use asset resulting from lease reassessment event	$ 3	$ —
Issue of ordinary shares	$ —	$ 0 [1]
Issue of deferred A shares	$ —	$ 86
Issue of deferred B shares	$ —	$ 8
Issue of deferred C shares	$ —	$ 0 [1]
Issue of Series B shares	$ —	$ 53,721

[1] Indicates amounts less than thousand

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

VACCITECH PLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Nature of Business and Basis of Presentation

Vaccitech plc (Vaccitech) is a public limited company incorporated pursuant to the laws of England and Wales in March 2021. Vaccitech is engaged in the discovery and development of novel immunotherapeutics and vaccines for the treatment and prevention of infectious disease, cancer and immune tolerance. Vaccitech is headquartered in Harwell, Oxfordshire, United Kingdom. Vaccitech and its direct and indirect subsidiaries, Vaccitech (UK) Limited, Vaccitech Australia Pty Limited, Vaccitech Oncology Limited ("VOLT"), Vaccitech North America Inc. and Vaccitech Italia S.R.L, are collectively referred to as the "Company".

In connection with the initial public offering of American Depositary Shares ("ADSs"), in March 2021, Vaccitech completed a corporate reorganization wherein the shareholders of Vaccitech (UK) Limited (formerly Vaccitech Limited) exchanged each of their ordinary shares, Series A Shares and Series B Shares of the Company for the same quantity of ordinary shares, series A shares ("Vaccitech plc Series A Shares") and series B shares ("Vaccitech plc Series B Shares") in Vaccitech plc (resulting in the shareholders of the Company holding the same percentage and class of shares in Vaccitech plc (formerly Vaccitech Rx Limited) as they had in Vaccitech (UK) Limited (formerly Vaccitech Limited). The group reorganization under common control constitutes a change in reporting entity and has been given retrospective effect reflecting the net assets of Vaccitech (UK) Limited and its subsidiaries and Vaccitech plc at their historical carrying amounts. As a result of the reorganization these unaudited condensed consolidated financial statements have been presented for all periods as if Vaccitech plc was the holding company of the group. In addition, on April 4, 2022, a merger was effected between subsidiaries Vaccitech USA, Inc. and Vaccitech North America, Inc., with Vaccitech North America, Inc. being the surviving entity.

The Company operates in an environment of rapid technological change and substantial competition from pharmaceutical and biotechnology companies. The Company is subject to risks common to companies in the biopharmaceutical industry in a similar stage of its life cycle including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical testing or clinical trials, the need to obtain marketing approval for its vaccine product candidates, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of any of its products that are approved, and protection of proprietary technology. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain required regulatory approval or that any approved products will be commercially viable. Even if the Company's development efforts are successful, it is uncertain when, if ever, the Company will generate significant product sales. If the Company does not successfully commercialize any of its products or mitigate any of these other risks, it will be unable to generate revenue or achieve profitability.

Basis of presentation

The Company's unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Certain notes or other information that are normally required by GAAP have been omitted if they substantially duplicate the disclosures contained in the Company's annual audited consolidated financial statements. Accordingly, the unaudited condensed consolidated financial statements should be read in connection with the Company's audited financial statements and related notes as of and for the year ended December 31, 2021. The condensed consolidated balance sheet as of December 31, 2021, was derived from the audited financial statements but does not contain all of the footnote disclosures from the annual financial statements.

On May 4, 2021, the Company effected a 309-for-1 stock split of ordinary shares. Each resultant ordinary share from the stock split was redesignated as one ordinary share and one deferred C share. Accordingly, all ordinary share and per share amounts for all periods presented in the accompanying unaudited condensed consolidated financial statements and notes thereto have been retroactively adjusted, where applicable, to reflect the stock split.

VACCITECH PLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities and commitments in the ordinary course of business.

Unaudited Condensed Financial Information

The accompanying Condensed Consolidated Balance Sheets as of September 30, 2022, and December 31, 2021, the Condensed Consolidated Statements of Operations and Comprehensive Loss, Condensed Consolidated Statements Of Changes In Redeemable Convertible Preferred Shares and Shareholders' Equity and the Condensed Consolidated Statements of Cash Flows for the three months and nine months ended September 30, 2022 and 2021 are unaudited. These unaudited condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities Exchange Commission (the "Annual Report") on March 25, 2022. In our opinion, the unaudited condensed consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair presentation of our financial position as of September 30, 2022, our results of operations for the three and nine months ended September 30, 2022, and 2021, and our cash flows for the nine months ended September 30, 2022, and 2021. The results of operations for the three and nine months ended September 30, 2022, are not necessarily indicative of the results to be expected for the year ending December 31, 2022, or any other interim periods.

2. Summary of Significant Accounting Policies

The accounting policies of the Company are set forth in Note 2 to the consolidated financial statements as of and for the year ended December 31, 2021, except as discussed below related to newly adopted accounting pronouncements.

The Company adopted ASU No. 2021-10 - *Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance* on January 1, 2022. The new standard did not have an impact on the Company's unaudited condensed consolidated financial statements.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue, costs and expenses during the reporting period. The Company bases estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis. The Company's actual results may differ from these estimates under different assumptions or conditions.

COVID-19 continues to have an impact, both directly and indirectly, on our business and operations, including continuing disruption to our clinical trial activities and pre-clinical development timelines for the Company's clinical and pre-clinical programs. Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. In respect of the international situation in Ukraine, we have assessed the impact on the Company as minimal. We have no operations or suppliers based in Ukraine, Belarus, or Russia, and there is consequently no additional risk or negative impact on the unaudited condensed consolidated financial statements. We have no operations or suppliers based in Turkey, and therefore the Company is not impacted by the potential hyperinflationary environment in that country. As of the date of issuance of these unaudited condensed consolidated financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information is obtained and are recognized in the unaudited condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's financial statements.

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Recently issued accounting pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that the Company adopts as of the specified effective date. The Company qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and has elected not to "opt out" of the extended transition related to complying with new or revised accounting standards, which means that when a standard is issued or revised and it has different application dates for public and nonpublic companies, the Company can adopt the new or revised standard at the time nonpublic companies adopt the new or revised standard and can do so until such time that the Company either (i) irrevocably elects to "opt out" of such extended transition period or (ii) no longer qualifies as an emerging growth company.

3. Net Income (Loss) Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share for the three months and nine months ended September 30, 2022, and 2021 (in thousands, except number of shares):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Numerator:				
Net income / (loss)	$ 8,221	(4,570)	26,484	(35,941)
Net loss attributable to noncontrolling interest	21	13	47	189
Net income / (loss) attributable to Vaccitech shareholders	$ 8,242	(4,557)	26,531	(35,752)
Denominator:				
Weighted-average ordinary shares outstanding, basic	37,247,123	34,843,154	37,213,787	22,697,462
Effect of dilutive stock options	909,441	—	1,012,304	—
Weighted-average ordinary shares outstanding, diluted	38,156,564	34,843,154	38,226,092	22,697,462
Net income (loss) per share attributable to ordinary shareholders, basic	$ 0.22	(0.13)	0.71	(1.58)
Net income (loss) per share attributable to ordinary shareholders, diluted	$ 0.22	(0.13)	0.69	(1.58)

For the three and nine month period ended September 30, 2022, 3,201,290 and 2,697,808 potential ordinary shares issuable for stock options, respectively, were excluded from the computation of diluted weighted-average shares outstanding because including them would have had an anti-dilutive effect.

For the three and nine month period ended September 30, 2021, 3,325,748 and 2,611,526 potential ordinary shares issuable for stock options, respectively, were excluded from the computation of diluted weighted-average shares outstanding because including them would have had an anti-dilutive effect.

4. Property and equipment, net

During the nine months ended September 30, 2022, the Company's additions to property and equipment were $6.8 million which primarily related to leasehold improvements of the Company's corporate headquarters (nine months ended September 30, 2021: $0.7 million).

5. Prepaid expenses and other current assets (in thousands):

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	September 30, 2022	December 31, 2021
Prepayments and accrued income	$ 7,902	$ 4,612
Value Added Tax receivable	10	705
Employee retention and payroll tax credit	53	150
Lease incentive receivable	153	—
Others	130	995
Total	$ 8,248	$ 6,462

6. Accrued expenses and other current liabilities

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

	September 30, 2022	December 31, 2021
Accrued manufacturing and clinical expenses	$ 4,429	$ 1,789
Accrued board of director compensation	12	91
Accrued bonus	1,364	1,333
Accrued payroll and employee benefits	1,094	1,072
Accrued professional fees	1,785	2,338
Accrued other	2,639	1,252
Total	$ 11,323	$ 7,875

7. Series A preferred shares and Series B preferred shares

On March 15, 2021, the Company issued 28,957 Series B preferred shares (‘‘Series B Shares’’) amounting to $125.2 million and incurred transaction costs of $3.4 million.

On March 31, 2021, the Company subdivided each of the Series A shares and Series B shares (including the Series B shares issued on conversion of the convertible loan notes) into one share of the same class and one deferred A share with a nominal value of £1.00 per share.

On May 4, 2021, prior to the closing of the Company’s initial public offering and pursuant to the terms of its articles of association, all of the Series A Shares and Series B Shares were converted into 19,603,887 ordinary shares, 570,987 deferred B shares and 19,603,887 deferred C shares in aggregate.

8. Convertible loan notes

The Company recognized interest expense of $2.6 million and a change in fair value of $6.0 million in relation to the conversion and redemption features embedded in the convertible loan notes in the condensed consolidated statements of operations and comprehensive loss for the nine month period ended September 30, 2021.

The Series B funding on March 15, 2021, constituted a qualified equity financing in accordance with the terms of the convertible loan notes. As a result, the convertible loan notes were converted on March 15, 2021, into 12,421 Series B Shares with the conversion price being 0.8 times the Series B Shares issue price.

The conversion was accounted for as an extinguishment of the convertible loan notes. As a result, the 12,421 Series B preferred shares issued on conversion were recognized at the settlement-date fair value of the Series B shares ($53.7 million) and a loss of $13.8 million was recognized in earnings for the difference between (1) the fair value of those shares and (2) the sum of the carrying amounts of the convertible loan notes ($25.6 million) and the bifurcated conversion and redemption feature liability ($14.4 million).

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9. Ordinary Shares

On May 4, 2021, the Company closed its initial public offering ("IPO") of 6,500,000 ADS representing 6,500,000 ordinary shares having a nominal value of £0.000025 per share, at a public offering price of $17.00 per share, for aggregate net proceeds of $102.8 million after deducting underwriting commissions of $7.7 million and incurred offering cost of $2.2 million.

All ordinary shares rank pari passu as a single class. The following is a summary of the rights and privileges of the holders of ordinary shares as of September 30, 2022:

Liquidation preference: in the event of the liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to holders of the ordinary shares shall be distributed amongst all holders of the ordinary shares in proportion to the number of shares held irrespective of the amount paid or credited as paid on any share.

Dividends: holders of the ordinary shares are entitled to dividend, as may be recommended from time to time by the Board and declared by the ordinary shareholders out of legally available funds.

Voting Rights: each holder of ordinary shares is entitled to one vote for each share on all matters to be voted on by ordinary shareholders.

Preemption rights: pursuant to section 561 of the Companies Act 2006, shareholders are granted preemptive rights when new shares are issued for cash. However, it is possible for our Articles, or shareholders at a general meeting representing at least 75% of our ordinary shares present (in person or by proxy) and eligible to vote at that general meeting, to disapply these preemptive rights. Such a disapplication of preemption rights may be for a maximum period of up to five years from the date of the shareholder special resolution. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (i.e., at least every five years) to remain effective.

On April 21, 2021, our shareholders approved the disapplication of preemptive rights for a period of five years from the date of approval by way of a special resolution of our shareholders. This included the disapplication of preemption rights in relation to the allotment of our ordinary shares in connection with the IPO. This disapplication will need to be renewed upon expiration (i.e., at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period).

10. Deferred Shares

All deferred shares rank pari passu as a single class. The deferred shares do not have rights to dividends or to participate in profits on a return of assets on liquidation, the deferred shares confer on the holders thereof an entitlement to receive out of the assets of the Company available for distribution amongst the shareholders (subject to the rights of any new class of shares with preferred rights) the amount credited as paid up on the deferred shares held by them respectively after (but only after) payment shall have been made to the holders of the ordinary shares of the amounts paid up or credited as paid up on such shares and the sum of £1.0 million ($1.3 million) in respect of each ordinary share held by them respectively. The deferred shares shall confer on the holders thereof no further right to participate in the assets of the Company.

11. Fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, certain accrued expenses, and contingent consideration. The carrying amounts of cash and cash equivalents, accounts receivable accounts payable and accrued expenses approximated their respective fair value due to the short-term nature and maturity of these instruments.

As of September 30, 2022, the Company had a contingent consideration liability of $2.8 million related to the acquisition of Avidea Technologies, Inc. The fair value of the contingent consideration is a Level 3 valuation with the significant unobservable inputs being the probability of success of achievement of the milestone and the expected date of the milestone achievement. Significant judgment is employed in determining the appropriateness of certain of these inputs.

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For the nine months ended September 30, 2021, the Company had an embedded derivative liability related to the conversion features, the cash redemption feature on maturity and the cash redemption feature upon an exit event that settles in noncash consideration embedded in convertible loan notes. The fair value of the embedded derivatives is a Level 3 valuation with the significant unobservable inputs being the probability of exercise of conversion and cash redemption features. Significant judgment was employed in determining the appropriateness of certain of these inputs.

The following table summarizes changes to our financial instruments carried at fair value and classified within Level 3 of the fair value hierarchy (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Beginning balance	2,727	$ —	$ 2,371	$ 20,109
Change in fair value recognized in net income/(loss)	317	—	943	(5,994)
Settlement via conversion	—	—	—	(14,375)
Foreign exchange translation recognized in other comprehensive loss	(208)	—	(478)	260
Ending balance	2,836	$ —	$ 2,836	$ —

12. Goodwill

The Company identified qualitative indicators of impairment due to a sustained decline in the price of the Company's American Depositary Shares, whereby the market capitalization fell below the value of the net assets of the Company. Therefore, the Company performed an interim qualitative assessment as of September 30, 2022, to determine whether it was more likely than not that the fair value of the reporting unit is less than its carrying amount. Based on this assessment, management determined it is not more likely than not that the fair value of the reporting unit is less than its carrying amount. No additional qualitative indicators of impairment were identified during the three month period ended September 30, 2022. The Company will perform its annual goodwill impairment test as of November 30, 2022.

13. Share-Based Compensation

During the nine month period ended September 30, 2022, in accordance with the terms of the Annual Increase of the Vaccitech plc Share Award Plan 2021, the total number of ordinary shares available for issuance under the Plan increased by 4% of the Company's issued and outstanding ordinary shares as of January 1, 2022.

For the nine months ended September 30, 2022, the Company granted 2,265,040 options to employees and directors with a weighted average grant date fair value of $3.53 and a weighted average exercise price of $9.15 per share. For the nine months ended September 30, 2021, the Company granted 1,909,086 options to employees and directors with a weighted average grant date fair value of $10.94 and a weighted average exercise price of $13.72 per share of which 364,620 options were issued under the Enterprise Management Incentive Share Option Scheme which has been discontinued on adoption of the Vaccitech plc Share Award Plan 2021. For the nine months ended September 30, 2022, the Company canceled 372,916 options to employees and directors for forfeitures on unvested options when leaving the Company.

The fair value of each stock option issued to employees was estimated at the date of grant using Black-Scholes model with the following weighted-average assumptions:

	Nine months ended September 30,	
	2022	2021
Expected volatility	94.6 %	110.8 %
Expected term (years)	6.00	6.31
Risk-free interest rate	2.38 %	1.06 %
Expected dividend yield	— %	— %

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As of September 30, 2022, 4,976,180 options with a weighted average exercise price of $8.90 were outstanding. As of September 30, 2022, there was $8.7 million unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted average period of 2.13 years.

No Restricted Stock Units ("RSUs") were issued in the nine months ended September 30, 2022, and there were no RSUs outstanding during the period ended September 30, 2022. During the nine months ended September 30, 2021, 514,923 restricted stock units with a performance condition linked to the IPO resolution date vested on occurrence of the IPO resulting in $5.8 million recognized as compensation cost. No RSUs were issued in the three months ended September 30, 2021, and there were no RSUs outstanding during the period ended September 30, 2021.

Share based compensation expense is classified in the unaudited condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Research and development	$ 535	$ 496	$ 2,065	$ 1,457
General and administrative	569	2,878	5,771	11,450
Total	$ 1,104	$ 3,374	$ 7,836	$ 12,907

14. Contract Assets and Liabilities

The Company discloses Accounts receivable separately in the Condensed Consolidated Balance Sheets at the net amount expected to be collected. Contract assets primarily relate to the Company's conditional right to consideration for work completed but not billed at the reporting date. As of September 30, 2022, the Company did not have any contract assets.

Contract liabilities primarily relate to payments received from customers in advance of performance under the contract and are disclosed as deferred revenue separately in the Condensed Consolidated Balance Sheets. The Company's contract liabilities arise when payment is received upfront for various multi-period extended license and service arrangements.

Changes in the contract liabilities during the period are as follows:

	September 30, 2022
Balance as of December 31, 2021	$ (182)
Revenue recognized related to contract liability balance	40
Foreign exchange translation	31
Balance as of September 30, 2022	$ (111)

Revenue recognized related to the contract liability for the three and nine months ended September 30, 2022, was $0.01million and $0.04 million respectively. Revenue recognized related to the contract liability balance for the three and nine months ended September 30, 2021, was $0.02 million and $0.05 million respectively.

During the three months and nine months ended September 30, 2022, the Company recognized revenue of $6.2 million and $38.2 million respectively (three months and nine months ended September 30, 2021: $Nil and $Nil respectively) in relation to the Amendment, Assignment and Revenue Sharing Agreement ("License Agreement Amendment") with Oxford University Innovation Limited entered into in April 2020, which vested and assigned all intellectual property rights in relation to any ChAdOx1 or ChAdOx2 vector-based vaccine in the field of SARS-CoV2 to Oxford University Innovation Limited.

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15. Commitments and Contingencies

In-License Agreements

The Company is party to a number of licensing agreements, most of which are with related parties. These agreements serve to provide the Company with the right to develop and exploit the counterparties' intellectual property for certain medical indications. As part of execution of these arrangements, the Company paid certain upfront fees, which have been expensed as incurred because the developing technology has not yet reached technical feasibility, the lack of alternative use, and the lack of proof of potential value. The agreements cover a variety of fields, including influenza, cancer, human papillomavirus, hepatitis B virus and middle east respiratory syndrome. The Company's obligations for future payments under these arrangements are dependent on its ability to develop promising drug candidates, the potential market for these candidates and potential competing products, and the payment mechanisms in place in countries where the Company retains the right to sell. Each agreement provides for specific milestone payments, typically triggered by achievement of certain testing phases in human candidates, and future royalties ranging from 1 to 5% for direct sales of a covered product to 3 to 7% of net payments received for allowable sublicenses of technology developed by the Company. The obligation to make these payments is contingent upon the Company's ability to develop candidates for submission for phased testing and approvals, and for the development of markets for the products developed by the Company. The Company has not made any material payments under these license agreements during the periods ended September 30, 2022, and September 30, 2021.

Operating Leases

The Company leases certain laboratory and office space under operating leases, which are described below.

The Oxford Science Park, Oxford

The Company leased an office and laboratory space from a related party in Oxford, England under an operating lease with a contractual term expiring in 2028. The lease was terminated on July 31, 2022, and the Company has relocated its corporate headquarters to The Harwell Science and Innovation Campus, Oxfordshire.

The Harwell Science and Innovation Campus, Oxfordshire

On September 3, 2021, the Company entered into a lease agreement for the lease of approximately 31,000 square feet in Harwell, Oxfordshire which expires in September 2031. The property is the Company's corporate headquarters. As the Company's leases typically do not provide an implicit rate, the Company uses an estimate of its incremental borrowing rate based on the information available at the lease commencement date, being the rate incurred to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. The Company has provided the lessor with a refundable security deposit of $594 thousand (£534 thousand) which is included in Other assets.

Germantown, Maryland

On June 14, 2022, the Company entered into a lease agreement for the lease of approximately 19,700 square feet in Germantown, Maryland. The site will house the Company's, state-of-the-art wet laboratory in the United States of America. The lease expires on February 28, 2034, with the Company having a single right to extend for an additional five years on the same terms and conditions other than for the base rent. The Company has a rent-free period up to February 29, 2024, and is entitled to up to $3.5 million for leasehold improvements to the premises desired by the Company. The Company has provided the lessor with a refundable security deposit of $192 thousand which is included in Other assets.

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The Company recorded a right-of-use asset and a lease liability on the effective date of the lease term. The Company's right-of-use asset and lease liability are as follows (in thousands):

	September 30, 2022	December 31, 2021
Right-of-use asset	$ 7,558	$ 7,257
Operating lease liability, current	186	523
Operating lease liability, noncurrent	8,071	6,540
Weighted average remaining lease term (years)	9.75	9.45
Weighted average discount rate	7.6 %	7.9 %

Other information

	Nine months ended September 30,	
	2022	2021
Operating cash flows from operating leases	$ 850	$ 251

For the three months and nine months ended September 30, 2022, the Company recorded $152 thousand and $356 thousand respectively in short-term lease expense. No short-term lease expense was incurred for the three months and nine months ended September 30, 2021.

During the three months and nine months ended September 30, 2022, the Company recorded $490 thousand and $1.6 million respectively (three months and nine months ended September 30, 2021: $183 thousand and $372 thousand respectively) in operating lease costs (including short-term lease expense and variable lease costs).

Future annual minimum lease payments under operating leases as of September 30, 2022, were as follows (in thousands):

Remainder of 2022	$ (2,903)
2023	69
2024	1,643
2025	1,794
2026	1,818
Thereafter	11,328
Total minimum lease payments	$ 13,749
Less: imputed interest	(5,494)
Total operating lease liability	$ 8,257

The Company recognized an asset retirement obligation ("ARO") for leasehold improvements in relation to the Harwell Science and Innovation Campus premises where in accordance with the terms of the lease, the Company must restore part of the building upon vacating the premises. The ARO liability totaled $0.7 million and $Nil as of September 30, 2022, and December 31, 2021, respectively and is included in other non-current liabilities on the Condensed Consolidated Balance Sheets.

Other contingencies

The Company is a party in various contractual disputes, litigation, and potential claims arising in the ordinary course of business. The Company does not believe that the resolution of these matters will have a material adverse effect on its financial position or results of operations.

16. Related Party Transactions

During the three months and nine months ended September 30, 2022, the Company paid $24 thousand and $78 thousand (after offsetting lease costs for laboratory and office space in Oxford of $206 thousand against a refund of $129 thousand) respectively

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(three months and nine months ended September 30, 2021: $110 thousand and $236 thousand respectively) to its shareholder, Oxford Science Enterprises plc, mostly related to the lease of a laboratory and office space in Oxford. The Company also received proceeds of $368 thousand from the sale of property plant and equipment and earned a profit of $331 thousand during the three months and nine months ended September 30, 2022. As of September 30, 2022, the Company has a net receivable of $Nil (December 31, 2021: net payable of $32 thousand) from Oxford Science Enterprises plc.

During the three months and nine months ended September 30, 2022, the Company incurred expenses of $nil and $217 thousand respectively (three months and nine months ended September 31, 2021: $170 thousand and $189 thousand respectively) to its shareholder, the University of Oxford, related to clinical study costs. As of September 30, 2022, the Company owed $nil (December 31, 2021: $Nil thousand) to University of Oxford.

During the three months and nine months ended September 30, 2022, the Company incurred expenses of $120 thousand and $381 thousand respectively (three months and nine months ended September 30, 2021: $134 thousand and $275 thousand respectively), and recognized license revenue of $6.2 million and $38.2 million respectively (three months and nine months ended September 30, 2021: $nil) from Oxford University Innovation Limited which is a wholly owned subsidiary of the Company's shareholder, the University of Oxford. As of September 30, 2022, the Company was owed $6.2 million (December 31, 2021: $21 thousand) from Oxford University Innovation Limited.

During the three months and nine months ended September 30, 2022, the Company incurred expenses of $nil and $1 thousand respectively (three months and nine months ended September 30, 2021: $32 thousand and $81 thousand respectively) to its shareholder, the Oxford University Hospitals, related to clinical study costs. As of September 30, 2022, the Company owed $nil (December 31, 2021: $Nil) to Oxford University Hospitals.

There were no convertible loan notes outstanding during the three months and nine months period ended September 30, 2022. During the nine months ended September 30, 2021, the interest on convertible loan notes issued to Oxford Science Enterprises plc and the University of Oxford, shareholders of the Company, was $Nil and $429 thousand. There were no convertible loan notes outstanding as of September 30, 2022, and December 31, 2021.

There were no Series B Shares issued or outstanding during the three months and nine months period ended September 30, 2022. On March 15, 2021, Oxford Science Enterprises plc subscribed to 3,468 Series B Shares in an amount of $15.0 million. The Company also recognized a loss of $2.1 million on the conversion of the convertible loan notes into 2,008 Series B Shares. On May 4, 2021, prior to the closing of the Company’s initial public offering and pursuant to the terms of its articles of association, the Series B Shares were converted into 1,692,084 ordinary shares. As of September 30, 2022, and December 31, 2021, there were no Series B Shares outstanding.

Note 17. Foreign currency translation

The aggregate, net foreign exchange gain or loss included in determining net income recognized in general and administrative expenses for the three and nine months ended September 30, 2022, was a gain of $18.7 million and a gain of $39.1 million, respectively. The aggregate, net foreign exchange gain or loss included in determining net income recognized in general and administrative expenses for the three and nine months ended September 30, 2021, was a gain of $5.8 million and a gain of $6.4 million, respectively.

Item 2. 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 unaudited Quarterly Report on Form 10-Q and our audited financial statements and related notes thereto for the year ended December 31, 2021 included in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on March 25, 2022. 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 in our Annual Report on Form 10-K and in other filings with the SEC.

Overview

We are a clinical-stage biopharmaceutical company engaged in the discovery and development of novel immunotherapeutics and vaccines for the treatment and prevention of infectious diseases, cancer, and autoimmunity. We aim to treat and prevent infectious diseases and cancer by using our proprietary platforms to develop product candidates that stimulate powerful, targeted immune responses against pathogens, infected cells, and tumor cells. We design these product candidates to stimulate immune responses that are robust, highly specific, and are differentiated by the magnitude of the T cell populations induced, which exhibit critical functionality and durability. In the field of autoimmunity, we use our proprietary platform to develop product candidates that are designed to induce regulatory T cells to suppress specific immune responses and prevent/reverse autoimmunity. We are focused on applying our platform capabilities and the expertise of our team to address significant unmet medical needs in two settings - the therapeutic setting, for the treatment of chronic infectious diseases, cancer, and autoimmunity and the prophylactic setting, for the prevention of infectious diseases, based on our platform's ability to respond rapidly to epidemic and pandemic threats.

We have a broad pipeline of both clinical and preclinical stage therapeutic and prophylactic programs. Our current therapeutic programs include VTP-300 for the treatment of chronic hepatitis B infection, or CHB, VTP-200 for the treatment of human papilloma virus infection, or HPV, VTP-850 for the treatment of prostate cancer, VTP-600 for the treatment of non-small cell lung cancer, or NSCLC, VTP-1000 for treatment of celiac disease, and VTP-1100 for treatment of HPV-associated cancers. The latter two programs are designed to utilize our SNAPvax platform. Our current prophylactic programs include VTP-400 for the prevention of herpes zoster, or shingles, and VTP-500 for the prevention of Middle East respiratory syndrome, or MERS. In addition, we co-invented a COVID-19 vaccine with the University of Oxford, the rights to which we assigned to Oxford University Innovation, or OUI, to facilitate the license of those rights by OUI to AstraZeneca UK Limited, or AstraZeneca. The vaccine, formerly referred to as AZD1222, is now authorized for use under the marketing name Vaxzevria in a number of countries. AstraZeneca has exclusive worldwide rights to develop and commercialize Vaxzevria.

On May 4, 2021, we completed our initial public offering, or IPO, pursuant to which we issued and sold 6,500,000 American Depository Shares, or ADSs, at a public offering price of $17.00 per ADS, resulting in net proceeds of $102.8 million, after deducting underwriting discounts and commissions and offering expenses. Prior to our IPO, we funded our operations primarily from private placements of our ordinary and preferred shares, private placements of loan notes convertible into ordinary shares, as well as from grants and licensing agreements, research tax credit payments, investments from non-controlling interest, and a $2.4 million upfront payment from OUI in July 2020 in connection with the Amendment, Assignment and Revenue Share Agreement, or the OUI License Agreement Amendment, related to the licensing of the COVID-19 vaccine, Vaxzevria. We do not expect to generate revenue from any of our own product candidates, excluding Vaxzevria, until we obtain regulatory authorization for one or more of such product candidates, if at all, and commercialize our products, or we enter into out-licensing agreements with third parties.

On March 28, 2022, pursuant to the OUI License Agreement Amendment, we were notified of the commencement of payments, arising from AstraZeneca's commercial sales of Vaxzevria. Under the terms of an exclusive worldwide license agreement between OUI and AstraZeneca, we understand OUI is entitled to milestone payments and royalties on commercial sales of Vaxzevria that began after the pandemic period. As part of the assignment from us to OUI, we are entitled to receive approximately 24% of payments received by OUI from AstraZeneca. Our share of payments in the three and nine months ended September 30, 2022, recognized as revenue amount to approximately $6.2 million and $38.2 million, respectively, representing the amounts we have been notified of as due by OUI to date. Because of the limited history and continued volatility of receipts and the lack of visibility we have of the arrangements between AstraZeneca and OUI, we continue to fully constrain any revenue beyond the amounts that we have been notified of by OUI to date. There is, however, no guarantee that such payments will continue in the future and, if they do, that we will

be notified of such payments in a timely manner. If we do not receive notification of our share of the payments in a timely manner, we may not be able to recognize the payments as revenue in the quarter they are earned.

On August 9, 2022, we filed a Registration Statement on Form S-3, as amended, or the Shelf, with the Securities and Exchange Commission in relation to the registration and potential future issuance of ordinary shares, including ordinary shares represented by ADSs, debt securities, warrants and/or units of any combination thereof in the aggregate amount of up to $200.0 million. The Shelf was declared effective on August 17, 2022. We also simultaneously entered into a sales agreement with Jefferies LLC, as sales agent, providing for the offering, issuance and sale by us of up to an aggregate of $75.0 million of our ordinary shares represented by ADSs from time to time in "at-the-market" offerings under the Shelf. As of September 30, 2022, we have not issued or sold any ordinary shares represented by ADSs under the sales agreement.

We have incurred net losses each year since inception through to December 31, 2021. For the nine months ended September 30, 2022, we generated net income of $26.5 million. For the nine months ended September 30, 2021, we incurred net losses of $35.9 million. As of September 30, 2022, we had an accumulated deficit of $82.1 million and we do not currently expect positive cash flows from operations in the foreseeable future. We expect to incur net operating losses for at least the next several years as we advance our product candidates through clinical development, seek regulatory approval, prepare for approval, and in some cases proceed to commercialization of our product candidates, as well as continue our research and development efforts and invest to establish a commercial manufacturing facility, as and when appropriate.

At this time, we cannot reasonably estimate, or know the nature, timing and estimated costs of all of the efforts that will be necessary to complete the development of any of our product candidates that we develop through our programs. We are also unable to predict when, if ever, material net cash inflows will commence from sales of product candidates we develop, if at all. This is due to the numerous risks and uncertainties associated with developing product candidates to approval and commercialization, including the uncertainty of:

- successful completion of preclinical studies and clinical trials;
- sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials;
- acceptance of investigational new drug applications, or INDs, for our planned clinical trials or future clinical trials;
- successful and timely enrollment and completion of clinical trials;
- data from our clinical program supporting approvable and commercially acceptable risk/benefit profiles for our product candidates in the intended populations;
- receipt and maintenance of necessary regulatory and marketing approvals from applicable regulatory authorities, in the light of the commercial environment then existent;
- availability and successful procurement of raw materials required to manufacture our products for clinical trials, scale-up of our manufacturing processes and formulation of our product candidates for later stages of development and commercial production;
- establishing either our own manufacturing capabilities or satisfactory agreements with third-party manufacturers for clinical supply for later stages of development and commercial manufacturing;
- entry into collaborations where appropriate to further the development of our product candidates;
- obtaining and maintaining intellectual property and trade secret protection or regulatory exclusivity for our product candidates as well as qualifying for, maintaining, enforcing and defending such intellectual property rights and claims;
- successfully launching or assisting with the launch of commercial sales of our product candidates following approval;
- acceptance of each product's benefits and uses by patients, the medical community and third-party payors following approval;

- the prevalence and severity of any adverse events experienced with our product candidates in development;
- establishing and maintaining a continued acceptable safety profile of the product candidates following approval;
- obtaining and maintaining healthcare coverage and adequate reimbursement from third-party payors if necessary or desirable; and
- effectively competing with other therapies.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and/or timing associated with the development of that product candidate or could prevent continuation of that program being in the company's interests. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant delays in our clinical trials due to patient enrollment or other reasons, we might be required to expend significant additional financial resources and time on the completion of clinical development. In some circumstances, such as the emergence of a significantly more effective therapy from a competitor, it may be appropriate to discontinue a product candidate program. We expect that our cash balance as of September 30, 2022 will enable us to fund our operating expenses and capital requirements into the first quarter of 2025.

Recent Developments

On September 20, 2022, we announced the promotion of Gemma Brown to Chief Financial Officer.

On October 27, 2022, we announced the publication of research from VTP-1100 in Cell online that demonstrates anti-tumor activity achieved with intravenous, or IV, vaccination of a SNAPvax construct in an animal model. The study demonstrates that IV administration of SNAPvax primes and expands antigen-specific T cells and reverses suppression in the tumor microenvironment, which promotes T cell infiltration and tumor cell killing. An IND application submission is expected during the first half of 2023 for HPV related cancer.

On October 31, 2022, we announced the dosing of the first patient in HBV003, a Phase 2b clinical trial of VTP-300 to evaluate the optimal timing of low dose nivolumab and the impact of additional doses of the MVA boost for a sustained decline in HBsAG.

On November 7, 2022 Dr. Young-Suk Lim, Professor of Gastroenterology in the Liver Center at University of Ulsan College of Medicine presented a poster Phase 1b/2a clinical trial data on VTP-300 at the American Association for the Study of Liver Disease, or AASLD, Liver Meeting. The poster presentation showed VTP-300 immunotherapy, as monotherapy and when combined with low dose nivolumab at the boosting time point, was immunogenic and showed a reduction in HBsAg in well-controlled CHB patients, while exhibiting an excellent safety profile. Two of five patients dosed in cohort 3 (ChAdOx1-HBV + MVA-HBV with low dose nivolumab given at the boost) with starting HBSAg levels below 100, achieved non-detectable levels of surface antigen.

Impact of COVID-19

COVID-19 continues to have an impact, both directly and indirectly, on our business and operations, including continuing disruption to our clinical trial activities. Our study protocols have been amended so that participants who have previously received Vaxzevria (or any other adenovirus-based vaccine) wait for a minimum of three months between their last adenovirus vaccine and injection with our immunotherapeutic product candidates to prevent prior vector immunity affecting the study.

In the VTP-200 program, participant recruitment was delayed, and the last patient's first visit is anticipated to be in the fourth quarter of 2022 with the last visit due by the end of 2023. Initial data is expected to be available in the first quarter of 2023.

For our Phase 1 (HBV001) clinical trial for VTP-300, recruitment of patients with Chronic Hepatitis B (CHB) in the UK was challenging, due to COVID-19 lockdowns. We completed recruitment for all cohorts in first quarter of 2022. For our Phase 1b/2a (HBV002) clinical trial for VTP-300, CHB patient recruitment was delayed in Taiwan, South Korea, and the United Kingdom due to the ongoing COVID-19 restrictions in those countries. Patient recruitment was also delayed in South Korea due to the roll out of Vaxzevria vaccine and vaccine hesitancy. Patient recruitment was completed in May 2022, an update to the interim efficacy data was announced on June 22, 2022 and updated efficacy data was presented at AASLD on November 7, 2022.

We continue to assess our business plans and the impact the COVID-19 is having on our ability to advance the development of our product candidates 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 our ongoing product candidate development. No assurances can be given that this analysis will enable us to avoid part or all of any impact from COVID-19, including downturns in business sentiment generally or in our sector in particular. The impact of government regulations, vaccine adoption rates (including boosters), the effectiveness of vaccines, and the continuing economic effects of the pandemic and containment measures may also further adversely impact our business. We cannot currently 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.

Impact of the Ukraine Crisis

In respect of the international situation in Ukraine, we have assessed the impact on the Company as minimal. We have no operations or suppliers based in Ukraine, Belarus, or Russia, and there is consequently no additional risk or negative impact on the unaudited condensed consolidated financial statements.

Impact of Global Economic Conditions and Inflationary Pressures

Instability in global economic conditions and geopolitical matters, as well as volatility in financial markets, could have a material adverse effect on the Company's results of operations and financial condition. These inflationary pressures and rising interest rates in the United States, the United Kingdom and elsewhere have given rise to increasing concerns that the U.S., U.K. and other economies are now in, or may soon enter, economic recession. Sustained inflationary pressures, increased interest rates, an economic recession or continued or intensified disruptions in the global financial markets could adversely affect our future financing capability or ability to access the capital markets. Additionally, we may incur future increases in operating costs due to additional inflationary increases.

Components of Our Operating Results

Revenue

To date, we have not generated any revenue from direct product sales and do not expect to do so in the near future, if at all. Most of our revenue to date has been derived from a research grant from the Biomedical Advanced Research and Development Authority, or BARDA, a research collaboration and license agreement with Enara Bio, and the OUI License Agreement Amendment with OUI relating to Vaxzevria.

In April 2020, we entered into the OUI License Agreement Amendment with OUI in respect of our rights to use the ChAdOx1 technology in COVID-19 vaccines to facilitate the license of those rights by OUI to AstraZeneca. Under this agreement, we are entitled to receive from OUI a share of payments, including royalties and milestones, received by OUI from AstraZeneca in respect of this vaccine. As a direct result of the OUI License Agreement Amendment, we received a payment of $2.4 million, of which we recognized $2.4 million as revenue during the year ended December 31, 2020. In March 2022, we were notified of the commencement of payments relating to commercial sales of Vaxzevria. Our share of payments for the three and nine month periods ended September 30, 2022, amount to approximately $6.2 million and $38.2 million respectively, representing the amounts we have been notified of as due by OUI to date. Because of the limited history of receipts and the lack of visibility we have of the arrangements between AstraZeneca and OUI, we continue to fully constrain any revenue beyond the amounts that we have been notified of by OUI to date.

We determined that we have no further performance obligations under the terms of the OUI License Agreement Amendment, which comprised the transfer of intellectual property rights only. Accordingly, we plan to recognize these and any future amounts as revenue when earned, and it is probable that a significant reversal of revenue will not occur.

Operating Expenses

Our operating expenses since inception have consisted of research and development costs and general administrative costs.

Research and Development Expenses

Since our inception, we have focused significant resources on our research and development activities, including establishing and building on our adenovirus platform, further enhancing our in-licensed ChAdOx1, ChAdOx2 and MVA vectors, developing a new next-generation adenoviral vector, conducting preclinical studies, developing various manufacturing processes, and advancing clinical development of our programs including Phase 2 clinical trials for VTP-100, which we subsequently discontinued development of, as well as initiating the clinical trials for VTP-200, VTP-300, and VTP-600 and readying VTP-850 and VTP-500 for clinical trials. Research and development activities account for the major portion of our operating expenses, and we expect research and development expenses to increase in the future. Research and development costs are expensed as incurred. These costs include:

- salaries, benefits, and other related costs, including share-based compensation, for personnel engaged in research and development functions;
- expenses incurred in connection with the development of our programs including preclinical studies and clinical trials of our product candidates, under agreements with third parties, such as consultants, contractors, academic institutions and CROs;
- the cost of manufacturing drug products for use in preclinical development and clinical trials, including under agreements with third parties, such as CMOs, consultants and contractors;
- laboratory costs; and
- leased facility costs, equipment depreciation and other expenses, which include direct and allocated expenses.

General and Administrative Expenses

Our general and administrative expenses consist primarily of personnel costs, including share-based compensation, in our executive, finance, business development and other administrative functions. Other general and administrative expenses include consulting fees and professional service fees for auditing, tax, and legal services, rent expenses related to our offices, depreciation, foreign exchange gains and losses on our cash balances and other central non-research costs. We expect our general and administrative expenses to continue to increase in the future as we expand our operating activities in both the United Kingdom and United States and potentially prepare for manufacturing and/or commercialization of our current and future product candidates. These costs would normally increase as our headcount rises to allow full support for our operations as a public company, including increased expenses related to legal, accounting, regulatory and tax-related services associated with maintaining compliance with requirements of the Nasdaq Global Market and the Securities and Exchange Commission, directors' and officers' liability insurance premiums and investor relations activities.

Other Income (Expense)

Change in Fair Value

For the three and nine months ended September 30, 2022, we recognized a change in fair value in relation to the updated assumptions in the assessment of the contingent consideration fair value recognized from the acquisition of Avidea Technologies, Inc., or Avidea, on December 10, 2021. Significant judgment is used to determine the probability of success of achievement of the milestone and the date of the expected milestone.

We recognized a change in fair value in relation to the conversion and redemption features embedded in the convertible loan notes in the condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2021. We had an embedded derivative liability related to the conversion features, the cash redemption feature on maturity and the cash redemption feature upon an exit event that settles in noncash consideration embedded in convertible loan notes. The fair value of the embedded derivatives is a Level 3 valuation with the significant unobservable inputs being the probability of exercise of conversion and cash redemption features. Significant judgment is employed in determining the appropriateness of certain of these inputs.

Loss on Extinguishment of Convertible Loan Notes

On March 15, 2021, we issued 28,957 Series B preferred shares, or Series B Shares, amounting to $125.2 million. Each Series B Share is convertible into 309 ordinary shares and nine deferred shares at the holders' option at any time. The Series B funding constituted a qualified equity financing in accordance with the terms of the convertible loan notes. As a result, the convertible loan notes were converted on March 15, 2021 into 12,421 Series B Shares with the conversion price being 0.8 times the Series B Shares issue price.

The conversion was accounted for as an extinguishment of the convertible loan notes. As a result, the 12,421 Series B preferred shares issued on conversion were recognized at the settlement-date fair value of the Series B shares and a loss was recognized in earnings for the difference between (1) the fair value of those shares and (2) the sum of the carrying amounts of the convertible loan notes and the bifurcated conversion and redemption feature liability.

Interest Expense

Interest expense results primarily from our convertible loan notes, which carry a market rate of interest. These notes were issued between July and November 2020 and converted on March 15, 2021 into 12,421 Series B Shares with the conversion price being 0.8 times the Series B Shares issue price.

Interest Income

Interest income results primarily from the interest earned on our short-term cash deposits and cash balances held by Vaccitech (UK) Limited in United States dollars.

Research and Development Incentives

Research and development incentives contain payments receivable from the United Kingdom government related to corporation tax relief on research and development projects incentive programs in the United Kingdom. We account for such relief received as other income.

The Company benefits from the United Kingdom research and development tax credit regime, being the Small and Medium-sized Enterprises R&D tax relief program, or SME Program, and, to the extent that our projects are grant funded or relate to work subcontracted to us by third parties, the Research and Development Expenditure Credit program, or RDEC Program.

Under the SME program, the Company is able to surrender some of its trading losses that arise from qualifying research and development activities for a cash rebate of up to 33.35% of such qualifying research and development expenditure. Qualifying expenditures largely comprise employment costs for research staff, consumables, outsourced contract research organization costs and utilities costs incurred as part of research projects. Certain subcontracted qualifying research and development expenditures are eligible for a cash rebate of up to 21.67%. A large portion of costs relating to research and development, clinical trials and manufacturing activities are eligible for inclusion within these tax credit cash rebate claims.

The Company may not be able to continue to claim research and development tax credits under the SME program in the future because it may no longer qualify as a small or medium-sized company. In addition, the EU State Aid cap limits the total aid claimable in respect of a given project to €7.5 million which may impact the Company's ability to claim R&D tax credits in future. Further, the U.K. Finance Act of 2021 introduced a cap on payable credit claims under the SME Program in excess of £20,000 with effect from April 2021 by reference to, broadly, three times the total Pay As You Earn, or PAYE, and National Insurance Contributions, or NICs, liability of the company, subject to an exception which prevents the cap from applying. That exception requires the company to be creating, taking steps to create or managing intellectual property, as well as having qualifying research and development expenditure in respect of connected parties, which does not exceed 15% of the total claimed. If such exception does not apply, this could restrict the amount of payable credit that we claim.

Unsurrendered UK 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 UK taxable profits.

Critical Accounting Policies and Use of Estimates

This discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or US GAAP. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its estimates, including those related to revenue, expenses, accruals and prepayments for external manufacturing of clinical trial material as well as clinical study conduct, fair value of contingent consideration, impairment of goodwill and intangible assets, and the fair value of ordinary shares and share-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

We believe that the following accounting policies are critical to the process of making significant judgments and estimates in the preparation of our financial statements and understanding and evaluating our reported financial results.

Going Concern

The condensed consolidated financial statements included elsewhere herein have been presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have financed our activities principally from the issuance of ordinary and preferred equity securities and convertible loan notes. We have experienced recurring losses since inception through to December 31, 2021 and expect to incur additional losses in the future in connection with research and development activities and general and administrative expenses. Our ability to continue as a going concern is dependent upon our ability to raise additional debt and equity capital. There can be no assurance that such capital will be available in sufficient amounts or on terms acceptable to us.

We generated a net income of $26.5 million and used $3.1 million in cash to fund our operating activities during the nine months ended September 30, 2022. During the nine months ended September 30, 2021, we incurred a net loss of $35.9 million and used $24.6 million in cash to fund our operating activities. We had an accumulated deficit of $82.1 million as of September 30, 2022. As of September 30, 2022, we had $200.1 million in cash and cash equivalents mainly as a result of equity issuance and the IPO in 2021, and revenues received from Vaxzevria in 2022. Our management believes that we have sufficient cash to support our operations into the first quarter of 2025, without additional financing. If we are unable to obtain additional financing in sufficient amounts or on acceptable terms, we may be forced to delay, reduce, or eliminate some or all of our research and development programs and product portfolio expansion, which could adversely affect our operating results or business prospects. Although our management continues to pursue these plans, there is no assurance that we will be successful in obtaining sufficient funding on terms acceptable to us to fund continuing operations, if at all. After considering the uncertainties, management consider it is appropriate to continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Convertible Loan Notes and Embedded Derivatives

We review the terms of convertible loan notes and other financing arrangements to determine whether there are embedded derivative instruments, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative

financial instrument. Derivative financial instruments are initially measured at fair value, and then re-valued at each reporting date, with changes in the fair value reported as charges or credits in the condensed consolidated statements of operations and comprehensive loss. To the extent that the initial fair values of the freestanding and/or bifurcated derivative instrument exceed the total proceeds received an immediate charge in the condensed consolidated statements of operations and comprehensive loss is recognized in order to initially record the derivative instrument at fair value.

The discount from the face value of the convertible loan notes resulting from allocating some or all of the proceeds to the derivative instruments, together with the stated rate of interest on the instrument, is amortized over the life of the instrument through periodic charges in the condensed consolidated statements of operations and comprehensive loss, using the effective interest method.

Embedded derivatives bifurcated are presented along with the host contract on the condensed consolidated balance sheets.

In 2020, we entered into a series of unsecured convertible loan notes arrangements on various dates between July through November 2020. The Series B funding on March 15, 2021 constituted a qualified equity financing in accordance with the terms of the convertible loan notes. As a result, the convertible loan notes were converted on March 15, 2021 into 12,421 Series B Shares with the conversion price being 0.8 times the Series B Shares issue price and are no longer outstanding.

Recognition of Revenue from Contracts with Customers

In 2020, we entered into the OUI License Agreement Amendment with OUI to facilitate the license of our rights to the COVID-19 vaccine we co-invented with OUI to AstraZeneca, which is now known as Vaxzevria. Our performance obligations under the terms of this agreement are limited to the transfer of intellectual property rights (licenses and other rights). Payments by AstraZeneca to OUI under this agreement include an up-front payment, payments based upon the achievement of defined milestones, royalties on product sales, and may include payments of commercial and other milestones, if certain future conditions are met. We are entitled to receive approximately 24% of payments, including royalties and milestones, received by OUI from that license agreement with AstraZeneca as set out in the OUI License Agreement Amendment.

We evaluate our collaboration and licensing arrangements pursuant to Accounting Standards Codification 606, or ASC 606. To determine the recognition of revenue from arrangements that fall within the scope of ASC 606, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize determinable revenue when, or as, the company satisfies a performance obligation or (if later) when such revenue becomes payable. We use judgment to determine whether milestones or other variable consideration, except for sales-based royalties, should be included in the transaction price. The transaction price is allocated to each performance obligation on a relative standalone selling price basis, for which we recognize revenue as or when the performance obligations under the contract are satisfied. In validating its estimated standalone selling price, we evaluate whether changes in the key assumptions used to determine its estimated standalone selling price will have a significant effect on the allocation of arrangement consideration between performance obligations.

For sales-based and clinical development milestones and royalties, when the license is deemed to be the predominant item to which the royalties relate, we recognize revenue at the later of (i) when the related sales or milestone achievement occurs or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). This could require management to estimate the amount of revenue to recognize in the period if the actual data has not been provided.

Amounts received by us as non-refundable upfront payments prior to satisfying the above revenue recognition criteria would be recorded as deferred revenue in our condensed consolidated balance sheets. Such amounts would be recognized as revenue over the performance period of the respective services on a percent of completion basis for each of the obligations.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development expenses consist of costs incurred in performing research and development activities, including salaries and bonuses, share-based compensation, employee benefits, facilities costs, laboratory supplies, depreciation, manufacturing expenses and external costs of vendors engaged to conduct preclinical development activities and clinical trials as well as the cost of licensing technology. Advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are then expensed as the related goods are delivered or the services are performed. Research and development costs are accrued when the related services or goods are delivered ahead of being billed.

All patent-related costs incurred in connection with filing and prosecuting patent applications are classified as research and development costs and expensed as incurred due to the uncertainty about any future recovery of the expenditure. Upfront payments, milestone payments and annual payments made for the licensing of technology are generally expensed as research and development in the period in which they are incurred. Incremental sublicense fees triggered by contracts with customers are capitalized and expensed as research and development expenses over the period in which the relating revenue is recognized.

Share-based Compensation

We grant options and restricted shares to employees and directors and account for share-based compensation using a fair value method. All of these arrangements are settled in equity at a predetermined price and generally vest over a period of three years. All share options have a life of 10 years before expiration. To the extent such incentives are in the form of share options, up until the first quarter of 2021, the options may have been granted pursuant bilateral EMI option awards or unapproved option awards. The EMI option award agreements provide for the grant of potentially tax favored Enterprise Management Incentive, or EMI, options, to our United Kingdom employees and directors. Options issued pursuant to such agreements have an exercise price agreed with HM Revenue & Customs. On April 8, 2021, we adopted the Vaccitech plc Share Award Plan 2021 and the Vaccitech plc Non-Employee Sub-Plan which is a sub-plan of the Vaccitech plc Share Award Plan 2021. Under the terms of the Vaccitech plc Share Award Plan 2021, the Board is permitted to grant awards to employees as restricted share units, options, share appreciation rights or restricted shares. Upon adoption of the Vaccitech plc Share Award Plan 2021, no further awards are granted pursuant to the bilateral EMI option awards or unapproved option awards.

Share based compensation awards are measured at the grant date fair value. For service-based awards, compensation expense is generally recognized over the requisite service period of the awards, usually the vesting period. We apply the “multiple option” method of allocating expense. In applying this method, each vesting tranche of an award is treated as a separate grant and recognized on a straight-line basis over that tranche’s vesting period. For performance-based awards where the vesting of the awards may be accelerated upon the achievement of certain milestones, vesting and the related share-based compensation is recognized as an expense when it is probable the milestone will be met. We have elected to recognize the effect of forfeitures on share-based compensation when they occur. Any differences in compensation recognized at the time of forfeiture are recorded as a cumulative adjustment in the period where the forfeiture occurs.

We measure share-based awards granted to employees and directors based on the fair value on the date of grant using the Black-Scholes option-pricing model for options. Black-Scholes utilizes assumptions related to expected term, forfeitures, volatility, the risk-free interest rate and the dividend yield (which is assumed to be zero, as we have not paid any cash dividends). For options granted prior to our IPO, we applied a discount for lack of marketability calculated using the Finnerty model.

The assumptions used in the Black-Scholes model to determine fair value for the share option grants during the nine months ended September 30, 2022 and 2021 were:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Expected volatility	94.6 %	110.8 %
Expected term (years)	6.00	6.31
Risk-free interest rate	2.4 %	1.1 %
Expected dividend yield	0.0 %	0.0 %

For the nine months ended September 30, 2022, 2,265,040 share options were granted and 1,909,086 share options were granted for the nine months ended September 30, 2021.

Business Combinations

We acquired Avidea on December 10, 2021 and have accounted for the acquisition using the acquisition method of accounting. This required us to assess and make judgments as to whether the acquisition met the criteria of a business combination or an asset acquisition. In determining that the acquisition of Avidea met the criteria of a business combination we first used the "screen test" to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. As the "screen test" was not met, as the identifiable assets were not substantially all of the fair value of the gross assets acquired, we then applied the "framework" for determining whether the acquired assets included at minimum, an input and substantive process that together significantly contribute to the ability to create output. We concluded that the framework criteria are met because the scientists make up an organized workforce that has the necessary skills, knowledge, or experience to perform processes that when applied to the developed technology (input) is critical to the ability to undertake research and development of a product that can be provided to a customer. The more than-insignificant amount of goodwill (including the fair value associated with the workforce) was also an indicator that management considered in determining that the workforce is performing a critical process. We therefore determined the acquisition to meet the definition of a business combination.

We recognize tangible and identifiable intangible assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. Any excess purchase price over the estimated fair value assigned to the net tangible and identifiable intangible assets acquired and liabilities is allocated to goodwill. The estimate of fair value as of the acquisition date required the use of significant assumptions and estimates. The developed technology was valued using the cost approach. The critical assumptions and estimates included, but were not limited to, developer margins, mark up on costs, opportunity costs, discount rates and market rates for salary, bonus and benefits of staff involved in the development of the technology. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as any contingent consideration, we will continue to evaluate certain assets, liabilities and tax estimates that are subject to change within the measurement period (up to one year from the acquisition date).

We acquired Avidea for an up-front amount of $33.3 million, of which $12.2 million was payable in cash and $21.1 million in 2,163,694 of American Depositary Shares of the Company. In addition, Avidea's stockholders may be entitled to receive an aggregate of up to $40 million in additional payments, payable in a mixture of cash and ADSs, upon the achievement of certain milestones. This contingent consideration is included within the purchase price and is recognized at its fair value on the acquisition date, and subsequently remeasured to fair value at each reporting date until the contingency is resolved. Changes in fair value are recognized in the condensed consolidated statements of operations and comprehensive loss. The fair value of contingent consideration is based on the probability of pursuit of the activity associated with the milestone, the probability of success of the achievement of the milestone, the expected date of milestone achievement and applying the relevant discount rate.

Transaction costs are expensed as incurred in general and administrative expenses. Results of operations and cash flows of acquired companies are included in our operating results from the date of acquisition.

Goodwill and Purchased Intangible Asset

We test goodwill for impairment at least annually on November 30, or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. We have elected to assess goodwill for impairment by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis of determining whether it is necessary to perform the quantitative goodwill impairment test. We have one reporting unit. Accordingly, our review of goodwill impairment indicators is performed at the entity-wide level. This requires us to assess and make judgments regarding a variety of factors, including clinical data results, business plans, anticipated future cash flows, economic projections and other market data. Because there are inherent uncertainties involved in these factors, significant differences between these estimates and actual results could result in future impairment charges and could materially impact our future financial results. The goodwill of $12.6 million recognized to September 30, 2022 wholly relates to the acquisition of Avidea on December 10, 2021. During the first quarter of 2022, the Company identified qualitative indicators of impairment due to a sustained decline in the price of the Company's American Depositary Shares, whereby the market capitalization fell below the value of the net assets of the Company, which continued through the second and third quarters of 2022. Therefore, the Company performed an interim qualitative assessment as of September 30, 2022 to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying

amount. Based on this assessment, management determined it is not more likely than not that the fair value of the reporting unit is less than its carrying amount. No additional qualitative indicators of impairment were identified during the three months period ended September 30, 2022. The Company will perform its annual goodwill impairment test as of November 30, 2022.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

The following table sets forth the significant components of our results of operations (in thousands):

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change
Revenue from Licenses, Grants & Services	$ 6,165	19	6,146
Operating expenses:			
Research & development	9,744	4,371	5,373
General and administrative	(11,132)	1,184	(12,316)
Total operating (income)/expenses	(1,388)	5,555	(6,943)
Income/(loss) from operations	7,553	(5,536)	13,089
Other income (expense)			
Change in fair value of contingent consideration	(317)	—	(317)
Interest income	1,024	—	1,024
Interest expense	11	—	11
Research and development incentives	(724)	959	(1,683)
Total other income	(6)	959	(965)
Tax benefit	674	7	667
Net income/(loss)	$ 8,221	(4,570)	12,791

Revenue

For the three months ended September 30, 2022, our revenue primarily consisted of $6.2 million from the OUI License Agreement Amendment with respect to payments from OUI in connection with commercial sales of Vaxzevria. For the three months ended September 30, 2021, our revenue consisted of service revenue from a research, collaboration and license agreement with Enara Bio.

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended September 30, 2022 and 2021:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change
Direct research and development expenses by program:			
VTP-200 HPV	1,310	787	523
VTP-300 HBV	2,418	1,552	866
VTP-600 NSCLC	111	43	68
VTP-800/850 Prostate cancer	1,160	634	526
Other and earlier stage programs	1,687	(124)	1,811
Total direct research and development expenses	6,686	2,892	3,794
Internal research and development expenses:			
Personnel-related (including share-based compensation)	2,626	1,376	1,250
Facility related	308	96	212
Other internal costs	124	7	117
Total research and development expense	9,744	4,371	5,373

Our research and development expenses for the three months ended September 30, 2022 and 2021 were $9.7 million and $4.4 million, respectively. Personnel-related expenses were $2.6 million and $1.4 million, respectively, as a result of the relative increase in our headcount across the offices in both the United Kingdom and United States. Direct research and development expenses for outside services, consultants and laboratory materials increased $3.8 million to $6.7 million for the three months ended September 30, 2022 from $2.9 million for the three months ended September 30, 2021 and mainly comprised of costs for clinical trials, manufacturing of clinical trial materials, as well as costs for external preclinical services and sample testing. Of this, $1.8 million of the increase relates to other and earlier stage programs due to an increase in earlier stage activity including the preclinical programs launched in 2022 for VTP-1000 Celiac disease and VTP-1100 HPV cancer. $0.9 million of the increase pertains to progress in VTP-300, as announced at AASLD.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2022 were a gain of $11.1 million due to the foreign exchange gain of $18.7 million primarily on revaluation of cash balances due to the fluctuations between the United States dollar and pound sterling exchange rates. General and administrative expenses for the three months ended September 30, 2022 excluding foreign exchange were $7.6 million, which were mainly attributable to personnel expenses of $2.8 million, including the share-based payment charge of $0.6 million, insurance costs of $1.5 million and legal and professional fees of $2.3 million.

General and administrative expenses for the three months ended September 30, 2021 were $1.2 million, which were mainly attributable to personnel expenses of $4.4 million, including the share-based payment charge of $2.9 million, insurance costs of $1.8 million and legal and professional fees of $0.8 million, offset by unrealized foreign exchange gain on cash revaluation of $5.8 million.

Change in fair value of contingent consideration

For the three months ended September 30, 2022, we recognized a change in fair value of $0.3 million in relation to the updated assumptions in the fair value assessment of the contingent consideration recognized for the acquisition of Avidea on December 10, 2021. For the three months ended September 30, 2021, there was no change in fair value of contingent consideration.

Interest Income

For the three months ended September 30, 2022, interest income was $1.0 million resulting from the interest earned on our short-term cash deposits held by Vaccitech (UK) Limited in United States dollars. For the three months ended September 30, 2021, interest income was $nil.

Research and Development Incentives

For the three months ended September 30, 2022 research and development incentives were an expense of $0.7 million as a result of a reduction in forecast losses available to surrender for the receipt of the research and development incentive in Vaccitech (UK) Limited. For the three months ended September 30, 2021, we accrued research and development incentives of $1.0 million.

Tax benefit

For the three months ended September 30, 2022 and 2021, the tax benefit was $0.7 million and $0.01 million respectively, which primarily relates to movements in deferred tax.

Comparison of the Nine Months Ended September 30, 2022 and 2021

The following table sets forth the significant components of our results of operations (in thousands):

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change
Revenue from Licenses, Grants & Services	$ 38,246	$ 269	37,977
Operating expenses:			
Research & development	30,165	13,490	16,675
General and administrative	(13,914)	15,332	(29,246)
Total operating expenses	16,251	28,822	(12,571)
Income/(loss) from operations	21,995	(28,553)	50,548
Other income (expense)			
Change in fair value of derivatives embedded in convertible loan notes	—	5,994	(5,994)
Change in fair value of contingent consideration	(943)	—	(943)
Unrealized exchange gain on convertible loan notes	—	209	(209)
Loss on extinguishment of convertible loan notes	—	(13,789)	13,789
Interest income	1,776	2	1,774
Interest expense	3	(2,650)	2,653
Research and development incentives	1,150	2,789	(1,639)
Others	51	(3)	54
Total other income/(expenses)	2,037	(7,448)	9,485
Tax benefit	2,452	60	2,392
Net income/(loss)	$ 26,484	$ (35,941)	62,425

[1] indicates amount less than thousand

Revenue

For the nine months ended September 30, 2022, our revenue primarily consisted of $38.2 million from the OUI License Agreement Amendment with respect to payments from OUI in connection with commercial sales of Vaxzevria. For the nine months ended September 30, 2021, our revenue consisted of $0.2 million of reimbursement of research and development expenses from BARDA and $0.05 million of service revenue from a research, collaboration and license agreement with Enara Bio.

Research and Development Expenses

The following table summarizes our research and development expenses for the nine months ended September 30, 2022 and 2021:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change
Direct research and development expenses by program:			
VTP-200 HPV	3,271	2,192	1,079
VTP-300 HBV	10,964	4,630	6,334
VTP-600 NSCLC	349	628	(279)
VTP-800/850 Prostate cancer	2,959	1,342	1,617
Other and earlier stage programs	3,933	609	3,324
Total direct research and development expenses	21,476	9,401	12,075
Internal research and development expenses:			
Personnel-related (including share-based compensation)	7,549	3,821	3,728
Facility related	888	182	706
Other internal costs	252	86	166
Total research and development expense	$ 30,165	$ 13,490	16,675

Our research and development expenses for the nine months ended September 30, 2022 and 2021 were $30.2 million and $13.5 million, respectively. Personnel-related expenses were $7.5 million and $3.8 million, respectively, as a result of the increase in our headcount across the offices in both the United Kingdom and United States. Direct expenses for outside services and consultants and laboratory materials increased $12.1 million to $21.5 million for the nine months ended September 30, 2022 from $9.4 million for the nine months ended September 30, 2021 and were mainly comprised of costs for clinical trials, manufacturing of clinical trial materials, as well as costs for external preclinical services and sample testing. $6.3 million of the increase pertains to progress in VTP-300, having completed the last patient visit in our HBV001 Phase 1 clinical trial in the United Kingdom in May 2022, and also completing enrollment in HBV002 in May 2022. Other and earlier stage programs increased $3.3 million due to an increase in earlier stage activity including the preclinical programs launched in 2022 for VTP-1000 Celiac disease and VTP-1100 HPV cancer.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2022 were a gain of $13.9 million due to the foreign exchange gain of $39.1 million primarily on revaluation of cash balances due to the fluctuations between the United States dollar and pound sterling exchange rates, offset by general and administrative expenses. General and administrative expenses for the nine months ended September 30, 2022, excluding foreign exchange gain, were $25.2 million, which were mainly attributable to personnel expenses of $12.1 million, including the share-based payment charge of $5.8 million, insurance costs of $4.8 million and legal and professional fees of $4.6 million.

General and administrative expenses for the nine months ended September 30, 2021 were $15.3 million, which were mainly attributable to personnel expenses of $15.5 million, including the share-based payment charge of $11.6 million, insurance costs of $3.0 million and legal and professional fees of $2.2 million, offset by unrealized foreign exchange gain on cash balances of $6.2 million. The share-based payment charge includes a one-off expense relating to the RSUs that vested upon the successful completion of our IPO.

Change in fair value of derivatives embedded in convertible loan notes

For the nine months ended September 30, 2022, the change in fair value of embedded derivatives was $nil. For the nine months ended September 30, 2021, we recognized a change in fair value of $6.0 million in relation to the conversion and redemption features embedded in the convertible loan notes.

Change in fair value of contingent consideration

The change in fair value of contingent consideration for the nine months ended September 30, 2022 was a $0.9 million expense in relation to the updated assumptions in the fair value assessment of the contingent consideration recognized for the acquisition of Avidea on December 10, 2021. The change in fair value of contingent consideration for the nine months ended September 30, 2021 was $nil.

Loss on extinguishment of convertible loan notes

There was no loss on extinguishment of convertible loan notes for the nine months ended September 30, 2022. For the nine months ended September 30, 2021, we recognized a loss of $13.8 million related to conversion of convertible loan notes into 12,421 Series B preferred shares. The loss is a difference between (1) the fair value of those shares ($53.7 million) and (2) the sum of the carrying amounts of the convertible loan notes of $25.6 million, and the bifurcated conversion and redemption feature liability of $14.4 million.

Interest Expense

For the nine months ended September 30, 2022, interest expense was $0.003 million, which relates to the interest paid on the debt recognized on the acquisition of Avidea on December 10, 2021, which was repaid in full in the first quarter of 2022. For the nine months ended September 30, 2021, interest expense was $2.7 million, which primarily relates to our convertible loan notes, which carried a market rate of interest.

Interest Income

For the nine months ended September 30, 2022 and 2021, interest income was $1.8 million and $0.002 million respectively, which primarily result from the interest earned on our short-term cash deposits and cash balances held by Vaccitech (UK) Limited in United States dollars.

Research and Development Incentives

For the nine months ended September 30, 2022 and 2021, we accrued research and development incentives of $1.2 million and $2.8 million, respectively. Such research and development incentives relate to corporation tax relief on research and development projects incentive programs primarily in the United Kingdom. We account for such relief received as other income.

Tax benefit

For the nine months ended September 30, 2022 and 2021, the tax benefit was $2.5 million and $0.06 million respectively, which primarily relates to movements in deferred tax.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have funded our operations primarily through private and public placements of our ordinary and preferred shares as well as from grants and research incentives, various agreements with public funding agencies, and most recently from upfront, royalty and milestone payments from OUI in connection with the OUI License Agreement Amendment and the issuance of convertible loan notes. Through September 30, 2022, we had received gross proceeds of approximately $324.8 million from the issuance of our ordinary and preferred shares and convertible loan notes. As of September 30, 2022, we had cash and cash equivalents of $200.1 million. Key financing and corporate milestones include the following:

- In March 2016, we raised gross proceeds of approximately $14.0 million from the issuance of our seed round of ordinary shares.
- Between November 2017 and December 2018, we raised gross proceeds of $33.9 million from the issuance of our Series A Shares.
- Between July 2020 and November 2020, we raised gross proceeds of $41.2 million from the issuance of convertible loan notes.
- In March 2021, we raised gross proceeds of $125.2 million from the issuance of our Series B shares.
- In May 2021, we raised gross proceeds of $110.5 million from the initial public offering of our ordinary shares on NASDAQ.

On August 9, 2022, we filed a Registration Statement on Form S-3, as amended, or the Shelf, with the Securities and Exchange Commission in relation to the registration and potential future issuance of ordinary shares, including ordinary shares represented by ADSs, debt securities, warrants and/or units of any combination thereof in the aggregate amount of up to $200.0 million. The Shelf was declared effective on August 17, 2022. We also simultaneously entered into a sales agreement with Jefferies LLC, as sales agent, providing for the offering, issuance and sale by us of up to an aggregate of $75.0 million of our ordinary shares represented by ADSs from time to time in “at-the-market” offerings under the Shelf. As of September 30, 2022, we have not issued or sold any ordinary shares represented by ADSs under the sales agreement.

We do not currently expect positive cash flows from operations in the foreseeable future, if at all. Historically, we have incurred operating losses as a result of ongoing efforts to develop our heterologous ChAdOx1-MVA prime-boost immunotherapy platform and our product candidates, including conducting ongoing research and development, preclinical studies, clinical trials, providing general and administrative support for these operations and developing our intellectual property portfolio. We expect to continue to incur net negative cash flows from operations for at least the next few years as we progress clinical development, seek regulatory approval, prepare for and, if approved, proceed to manufacture and commercialization of our most advanced product candidates. Operating profits may arise earlier if programs are licensed or sold to third parties before final approval, but this cannot be guaranteed.

Cash Flows

The following table sets forth a summary of the primary sources and uses of cash (in thousands) for each period presented:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net cash used in operating activities	(3,088)	(24,611)
Net cash used in investing activities	(5,164)	(722)
Net cash (used)/provided by financing activities	(159)	222,733
Effect of exchange rates on cash and cash equivalents	(5,539)	(6,795)
Net (decrease)/increase in cash and cash equivalents	(13,950)	190,605

Cash Used in Operating Activities

During the nine months ended September 30, 2022, net cash used in operating activities was $3.1 million, primarily resulting from our net income of $26.5 million primarily as a result of $38.2 million in revenue, adjusted by foreign exchange gain on translation of $36.6 million, share based compensation of $7.8 million, depreciation and amortization of $3.1 million, non-cash lease expenses of $0.8 million, and changes in our operating assets and liabilities, net of $2.9 million primarily resulting from the OUI receivable for the third quarter revenue, and an increase in prepaid expenses due to the payment of annual insurance premiums that occurred in the second quarter, netted by an increase in accrued expenses.

During the nine months ended September 30, 2021, net cash used in operating activities was $24.6 million, primarily resulting from our net loss of $35.9 million, adjusted by fair value gain on embedded derivatives of $6.0 million, loss on conversion of convertible loan notes of $13.8 million, share-based compensation of $12.9 million, non-cash interest expense of $0.8 million, depreciation and amortization of $0.3 million, unrealized foreign exchange gain on convertible loan notes of $0.2 million and changes in our operating assets and liabilities, net of $10.2 million.

Net Cash Used in Investing Activities

During the nine months ended September 30, 2022, cash used in investing activities was $5.2 million primarily resulted from capital expenditures related to our new headquarters in Harwell, United Kingdom. During the nine months ended September 30, 2021, cash used in investing activities was $0.7 million, which resulted from capital expenditures in connection with laboratory improvements and purchases of property and equipment for our office in Oxford, United Kingdom.

Net Cash (Used)/Provided by Financing Activities

During the nine months ended September 30, 2022, cash used in financing activities was $0.2 million resulting from the repayment of debt incurred previously by the acquired company Avidea (acquired on December 10, 2021, and subsequently became Vaccitech North America, Inc.). During the nine months ended September 30, 2021, cash provided by financing activities was $222.7 million primarily consisting of $121.8 million net proceeds from the issuance of Series B shares and $102.8 million of net proceeds from the IPO.

Effect of exchange rates on cash and cash equivalents

During the nine months ended September 30, 2022 and 2021, the effect of foreign exchange on cash and cash equivalents was losses of $5.5 million and $6.8 million respectively, primarily as a result of fluctuations between the United States dollar and pound sterling exchange rates.

Future Funding Requirements

To date, we have devoted substantially all of our resources to organizing and staffing our company, business planning, raising capital, undertaking preclinical studies and conducting clinical trials of our product candidates. As a result, we have incurred losses in each year since our inception in 2016, through to December 31, 2021. We began to be profitable in 2022 but continue to maintain negative operating cash flows. As of September 30, 2022, we had an accumulated deficit of $82.1 million. We expect to continue to incur significant losses and negative cash flows from operations for the foreseeable future. We anticipate that our expenses will increase substantially as we:

- pursue the clinical and preclinical development of our current product candidates;
- use our technologies to advance additional product candidates into preclinical and clinical development;
- seek marketing authorizations for product candidates that successfully complete clinical trials, if any;
- attract, hire and retain additional clinical, regulatory, quality control and other scientific personnel;
- establish our manufacturing capabilities through third parties or by ourselves and scale-up manufacturing to provide adequate supply for clinical trials and commercialization, including any manufacturing finishing and logistics personnel;
- expand our operational, financial and management systems and increase personnel appropriately, including personnel to support our manufacturing and commercialization efforts and our operations as a public company;
- maintain, expand, enforce, and protect our intellectual property portfolio as appropriate;
- establish sales, marketing, medical affairs and distribution teams and infrastructure to commercialize any products for which we may obtain marketing approval and intend to commercialize on our own or jointly;
- acquire or in-license other companies, product candidates and technologies; and
- incur additional legal, accounting and other expenses in operating our business, including office expansion and the additional costs associated with operating as a public company.

Even if we succeed in commercializing one or more of our product candidates, we will continue to incur substantial research and development and other expenditure to develop and market additional product candidates. We may encounter unforeseen expenses, difficulties, complications, delays and other factors that may adversely affect our business. The size of our future net losses will depend on the rate of future growth of our expenses combined with our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on our shareholders' equity and working capital unless and until eliminated by revenue growth.

We may require substantial additional financing in the future to meet any such unanticipated factors and a failure to obtain this necessary capital could force us to delay, limit, reduce or terminate our product development programs, commercialization efforts or other operations.

Since our foundation, we have invested a significant portion of our efforts and financial resources in research and development activities for our ChAdOx1, ChAdOx2 and MVA technologies, acquisition of additional complementary platforms, development of new technologies in house, and our product candidates derived from these technologies. Preclinical studies and especially clinical trials and additional research and development activities will require substantial funds to complete. We believe that we will continue to expend substantial resources for the foreseeable future in connection with the development of our current product candidates and programs as well as any future product candidates we may elect to pursue, as well as the gradual gaining of control over our required manufacturing capabilities and other corporate functions. These expenditures will include costs associated with conducting preclinical studies and clinical trials, obtaining regulatory approvals, and potentially in-house manufacturing and supply, as well as marketing and selling any products approved for sale. In addition, other unanticipated costs may arise as outlined above. Because the outcome of any preclinical study or clinical trial is uncertain and the rate of change of third-party costs is also unpredictable, we cannot reasonably

estimate now the actual amounts which will be necessary to complete the development and commercialization of our current or future product candidates successfully.

Our future capital requirements may depend on many factors, including:

- the scope, progress, results and costs of researching and developing our current and future product candidates and programs, and of conducting preclinical studies and clinical trials;
- the number and development requirements of other product candidates that we may pursue, and of other indications for our current product candidates that we may pursue;
- the stability, scale and yield of future manufacturing processes as we scale-up production and formulation of our product candidates either internally or externally for later stages of development and commercialization;
- the timing of success achieved and the costs involved in obtaining regulatory and marketing approvals and developing our ability to establish license or sale transactions and/or sales and marketing capabilities, if any, for our current and future product candidates if clinical trials and approval processes are successful;
- the success of our collaborations with CanSino, CRUK and the Ludwig Institute and any future collaboration partners;
- the success of OUI's licensed product candidate with AstraZeneca;
- our ability to establish and maintain collaborations, strategic licensing or other arrangements and the financial terms of such agreements;
- the cost to the company of commercialization activities for our current and future product candidates that we may take on, whether alone or with a collaborator;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent and other intellectual property claims, including litigation costs and the outcome of such litigation;
- the timing, receipt and amount of sales of, or royalties or other income from, our future products, if any; and
- the emergence and success or otherwise of competing oncology and infectious disease therapies and other market developments.

A change in the outcome of any of these or other variables with respect to the development of any of our current and future product candidates could significantly change the costs and timing associated with the development of that product candidate, in either direction. Furthermore, our operating plans may change in the future owing to research outcomes or other opportunities, and we may need additional funds to meet operational needs and capital requirements associated with such altered operating plans.

Based on our research and development plans, we expect that the net proceeds from our IPO, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements into the first quarter of 2025. These estimates are based on assumptions that may prove to be wrong, and we could use our available capital resources more quickly than we expect.

Lease, Purchase, and Other Obligations

We have operating lease obligations related to our property, plant and equipment. The obligations related to both short- and long-term lease arrangements are set forth in Note 15 "Commitment and Contingencies" to our condensed consolidated financial statements.

We enter into contracts in the normal course of business with CROs and other third parties for clinical trials and preclinical research studies and testing. These contracts are generally cancellable by us upon prior notice. Payments due upon cancellation consist only of payments for services provided or expenses incurred, including noncancellable obligations of our service providers, up to the date of cancellation.

We have contingent payment obligations that we may incur upon achievement of clinical, regulatory and commercial milestones, as applicable, or royalty payments that we may be required to make under our licenses; however, the amount, timing and likelihood of such payments are not known as of September 30, 2022.

Emerging Growth Company Status

We are an emerging growth company under the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. As an emerging growth company, we may delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We will remain an emerging growth company until the earliest of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of the closing of our IPO, (b) in which we have total annual gross revenue of at least $1.235 billion, or (c) in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our ADSs held by non-affiliates exceeded $700.0 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Recent 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.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Foreign Currency and Currency Translation

We are subject to the risk of fluctuations in foreign currency exchange rates, specifically with respect to the euro, pound sterling and Australian dollar. Our reporting currency is the United States dollar, and the functional currency of Vaccitech plc and its consolidated subsidiaries, Vaccitech (UK) Limited and Vaccitech Oncology Limited, is the pound sterling. The functional currency of our wholly owned foreign subsidiary, Vaccitech North America, Inc. is the United States dollar. The functional currency of our wholly owned foreign subsidiary, Vaccitech Australia Pty, is the Australian dollar. The functional currency of our wholly owned foreign subsidiary, Vaccitech Italia S.R.L, is the euro. Our cash and cash equivalents as of September 30, 2022 consisted primarily of cash balances held by Vaccitech (UK) Limited in United States dollars.

Assets and liabilities are translated into United States dollars at the exchange rate in effect on the balance sheet date. Revenue and expenses are translated at the average exchange rate in effect during the period. Translation adjustments are included in the condensed consolidated Balance Sheets as a component of accumulated other comprehensive loss. Adjustments that arise from exchange rate changes on transactions denominated in a currency other than the local currency are included in operating expenses, net in the condensed consolidated Statements of Operations and Comprehensive Loss as incurred.

Interest Rate Sensitivity

We are not currently exposed significantly to market risk related to changes in interest rates, as we have no significant interest-bearing liabilities. We had cash and cash equivalents of $200.1 million as of September 30, 2022, which were primarily held as account balances with banks in the United Kingdom, United States and Australia. A hypothetical 10% relative change in interest rates during any of the periods presented would not have had a material impact on our condensed consolidated financial statements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2022. We recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, we concluded that as of September 30, 2022 our disclosure controls and procedures

were not effective due to the material weaknesses previously identified and disclosed, not being remediated as of September 30, 2022. In connection with the audits of our consolidated financial statements for each of the years ended December 31, 2020, and 2021, our management and independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. As a result, a number of adjustments to our consolidated financial statements for the year ended December 31, 2020 and 2021 were identified and corrected during the course of the quarterly review and audit process.

The material weaknesses related to: (i) our lack of a sufficient number of personnel with an appropriate level of knowledge and experience in the application of United States generally accepted accounting principles, or United States GAAP, commensurate with our financial reporting requirements; (ii) our IT general control environment was not sufficiently designed to include appropriate user access rights and (iii) policies and procedures with respect to the review, supervision and monitoring of our accounting and reporting functions were either not designed and in place or not operating effectively.

We commenced measures to remediate these material weaknesses, including hiring a new Head of Financial Reporting at the end of the third quarter of 2021, engaging with consultants with appropriate experience and technical accounting knowledge, and additional staff. The additional personnel are overseeing the implementation of improved processes and internal controls, building our financial management and reporting infrastructure. We continue to engage with third party specialists, as required, for complex accounting matters. Our management concluded that the material weakness related to the application of United States GAAP as described above had been remediated as of December 31, 2021.

We have hired a Group Financial Controller and U.S Finance Manager whose roles are to enhance policies and procedures with respect to the review, supervision and monitoring of our accounting and reporting functions. Additionally, we are taking measures to address the IT general control environment through the implementation of a new enterprise resource planning system, of which we are in the final stages of implementation. Although we have made progress to enhance our in-house accounting and finance functions and IT general control environment, management have concluded that the material weaknesses identified cannot be considered as remediated as of September 30, 2022, and may not be remediated as of December 31, 2022.

Changes in Internal Control over Financial Reporting

Other than the changes intended to remediate the material weaknesses noted above, no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Although the results of litigation and claims cannot be predicted with certainty, as of September 30, 2022, we do not believe we are party to any claim or litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A Risk Factors.

There have been no material changes from the risk factors previously disclosed in the Company's most recent Annual Report on Form 10-K as filed with the SEC on March 25, 2022 and Quarterly Reports on Form 10-Q as filed with the SEC on May 11, 2022 and August 9, 2022.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains express or implied forward-looking statements that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "potential," "continue," "ongoing," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. The forward-looking statements and opinions contained in this Quarterly Report are based upon information available to our management as of the date of this Quarterly Report and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- the success, cost and timing of our product development activities and clinical trials;
- the timing, scope or likelihood of regulatory filings and approvals, including timing of Investigational New Drug Application and Biological License Application filings for our current and future product candidates, and final U.S. Food and Drug Administration, European Medicines Agency, United Kingdom Medicines and Healthcare products Regulatory Agency or other foreign regulatory authority approval of our current and future product candidates;
- our ability to develop and advance our current and future product candidates and programs into, and successfully complete, clinical trials;
- our ability to establish future or maintain current collaborations or strategic relationships or obtain additional funding;
- the rate and degree of market acceptance and clinical utility of our current and future product candidates;
- our expectations surrounding the payments we expect to receive pursuant to the AstraZeneca License Agreement;
- the ability and willingness of our third-party collaborators to continue research and development activities relating to our product candidates;
- our and our collaborators' ability to obtain, maintain, defend and enforce our intellectual property protection for our product candidates, and the scope of such protection;
- our manufacturing, commercialization and marketing capabilities and strategy;

- future agreements with third parties in connection with the commercialization of our product candidates and any other approved products;
- regulatory developments in the United States and foreign countries;
- competitive companies, technologies and our industry and the success of competing therapies that are or may become available;
- our ability to attract and retain key scientific or management personnel;
- our ability to obtain funding for our operations, including funding necessary to complete further development and commercialization of our product candidates;
- the accuracy of our estimates of our annual total addressable markets, future revenue, expenses, capital requirements and needs for additional financing;
- our expectations about market trends;
- the impact of global economic and political developments on our business, including rising inflation and capital market disruptions, the current conflict in Ukraine, economic sanctions and economic slowdowns or recessions that may result from such developments which could harm our research and development efforts as well as the value of our common stock and our ability to access capital markets;
- our ability to overcome the challenges posed by the COVID-19 pandemic to the conduct of our business; and
- our expectations regarding the period during which we qualify as an emerging growth company under the Jumpstart Our Business Startups Act of 2012, as amended.

If our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should read this Quarterly Report and the documents that we reference in this Quarterly Report with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements in this Quarterly Report by these cautionary statements.

This Quarterly Report contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Unless the context otherwise requires, reference in this Quarterly Report to the terms “Vaccitech,” “the Company,” “we,” “us,” “our,” and similar designations refer to Vaccitech plc and, where appropriate, our wholly-owned subsidiaries.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Set forth below is information regarding shares of equity securities sold, and options granted, by us during the three months ended September 30, 2022 that were not registered under the Securities Act.

Recent Sales of Unregistered Equity Securities

None.

Use of Proceeds from Initial Public Offering

On May 4, 2021, we completed our initial public offering, or the IPO, of 6,500,000 ADSs at a price of $17.00 per ADS for an aggregate offering price of approximately $110.5 million. Morgan Stanley & Co., Jefferies LLC, Barclays Capital Inc., William Blair & Company, L.L.C. and H.C. Wainwright & Co., LLC served as the underwriters of the IPO. The offer and sale of all of the ADSs in

the offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-255158), which became effective on April 29, 2021.

We received aggregate net proceeds from the offering of approximately $102.8 million, after deducting underwriting discounts and commissions, as well as other offering expenses. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

There has been no material change in our planned use of the net proceeds from the IPO as described in the final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
2.1	Amendment No. 2 to Agreement and Plan of Merger and Reorganization, dated May 9, 2022, by and between Vaccitech plc and Benjamin Eisler, as the Securityholder Agent (Incorporated herein by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-40367), filed with the Securities and Exchange Commission on August 9, 2022)
3.1	Articles of Association of the Registrant (Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K (File No. 001-40367) filed with the Securities and Exchange Commission on May 10, 2021).
4.1	Registration Rights Agreement, dated August 9, 2022, by and among Vaccitech plc and the investors listed thereto (Incorporated herein by reference to Exhibit 4.3 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-40367), filed with the Securities and Exchange Commission on August 9, 2022)
10.1*	Service Agreement with Gemma Brown, effective September 15, 2022
10.2*	Form of Indemnification Agreement between the Registrant and each of its directors and officers
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted in as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

* Filed herewith.

** This certification will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

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.

VACCITECH PLC

Date: November 10, 2022

By: /s/ William Enright
William Enright
Chief Executive Officer
(Principal Executive Officer)

Date: November 10, 2022

By: /s/ Gemma Brown
Gemma Brown
Chief Financial Officer
(Principal Financial
and Accounting Officer)

Exhibit 10.1

DATED September 15, 2022

(1) Vaccitech PLC and
(2) Gemma Brown

SERVICE AGREEMENT

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THIS AGREEMENT is made the day of 15 September 2022

BETWEEN

(1) **VACCITECH PLC** registered in England and Wales with Company Number 13282620 of Units 6 – 10, Zeus Building, Rutherford Avenue, Harwell, Didcot, OX11 0DF (**Company**); and

(2) **Gemma Brown** of 134 Meadow Way, Caversham, Reading, Berkshire, RG4 5LY.(**Executive**)

The Board has approved the terms of this Agreement under which the Executive is to be employed.

1. INTERPRETATION

1.1 In this Agreement the following words and expressions have the following meanings unless inconsistent with the context:

Board	means the board of directors from time to time of the Company and includes any committee of the board of directors duly appointed by it;
Companies Acts	means the Companies Act 1985, the Companies Act 1989 and the Companies Act 2006;
Employment	means the Executive's employment under this Agreement;
ERA	means the Employment Rights Act 1996;
Group Member	means the Company and any "group undertaking" (as defined in section 1161 of the Companies Act 2006) of the Company;
Intellectual Property Rights	means patents, rights to inventions, copyright and related rights, trade marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, tights in confidential information {including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including ail applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or

	equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;
Pre- Contractual Statement	means any undertaking, promise, assurance, statement, representation or warranty (whether in writing or not) of any person relating to the Employment which is not expressly set out in this Agreement or any documents referred to in ft; and
Regulations	means the Working Time Regulations 1998,

1.2 References to clauses, sub clauses and schedules are, unless otherwise stated, references to clauses and sub clauses of and schedules to this Agreement.

1.3 The headings to the clauses are for convenience only and shall not affect the construction or interpretation of this Agreement.

1.4 References to persons shall include bodies corporate, unincorporated associations and partnerships.

1.5 Words and expressions defined in or for the purpose of the Companies Acts shall have the same meaning unless the context otherwise requires.

2. APPOINTMENT

The Company shall employ the Executive and the Executive agrees to serve the Company as Chief Financial Officer on and subject to the terms and conditions in this Agreement. Your duties include management of Company financials and all necessary reporting and strategic planning to ensure Company is adequately financed to achieve its goals.

3. DURATION AND WARRANTIES

3.1 The Employment shall commence on the 15 September and, subject to clauses 20.1 and 20, shall continue until terminated by either party giving to the other not less than six months' notice in writing.

3.2 The Executive is not required to complete a probationary period.

3.3 For the purpose of the ERA the Executive's period of continuous employment shall begin on the 6 September 2021. The Employment is not continuous with any previous employment with any other employer

3.4 The Executive represents and warrants that, in entering into and performing her duties under this Agreement:

(a) she is not subject to any restriction that might hinder or prevent her from performing any of her duties in full;

(b) she will not be in breach of any other contract of employment or any other obligation to any third party;

3.5 The Executive further warrants that she has no criminal convictions and has never been disqualified from being a company Executive.

3.6 The Executive's employment is conditional on the Executive having, and at all times during the Employment continuing to have, the right to live and work for the Company in the United Kingdom. The Executive undertakes to notify the Company immediately if any such right to work ceases, or is reasonably expected to cease during the Employment and to immediately provide the Company with written details of changes to the Executive's personal circumstances or immigration status that might affect the Executive's immigration permission or the right to work evidence that the Executive has provided previously to the Company.

3.7 In order for the Company to comply with its duties to prevent illegal working, if the Executive holds a work visa sponsored by the Company or any Group Member, the Executive is required to notify the Company in writing within five working days of any change in the Executive's personal contact details (home address, home telephone number and mobile telephone number).

3.8 The Executive undertakes to provide on request to the Company all necessary cooperation and such documentary or online evidence as it may require to verify to its complete satisfaction the Executive's right to work for the Company in the United Kingdom. The Executive acknowledges that the Executive's continuing employment with the Company is conditional on compliance with this obligation and the duties in clauses 3.7 and 3.8, and that failure to comply to the Company's satisfaction may result in disciplinary action under the Company's disciplinary procedure.

4. SCOPE OF THE EMPLOYMENT

4.1 The Executive shall:

(a) devote the whole of her time, attention, ability and skills to her duties;

(b) faithfully and diligently perform such duties and exercise such powers consistent with her position as may from time to time be assigned to or vested in her by the Board;

(c) comply with all reasonable and lawful directions of the Board;

(d) comply with all the Company's articles of association, rules, regulations, policies and procedures from time to time in force and applicable to her;

(e) exercise her duties in compliance with the requirements of the Bribery Act 2010 and use all reasonable endeavours to assist the Company and any Group Member in preventing bribery from being conducted on its behalf in contravention of that Act

(f) at all times act in the best interests of the Company and its Group Members and use her best endeavours to promote and protect the interests of the Company, its Group Members and its employees; and

(g) keep the Board at all times promptly and fully informed (in writing if so requested) of her conduct of the business of the Company and any Group Member and provide such explanations in connection with such conduct as the Board may from time to time require.

4.2 Subject to clause 4.3 the Company reserves the right to assign the Executive duties of a different nature on a permanent or temporary basis either in addition to or instead of those referred to in clause 4.1 above, it being understood that she will not be assigned duties which she cannot reasonably perform or which are inconsistent with her position and status.

4.3 During any period of notice of termination (whether given by the Company or the Executive), the Company shall be at liberty to assign the Executive such other duties as the Company shall reasonably determine.

4.4 The Executive shall not, without the prior consent of the Board:-

(a) on behalf of the Company or any Group Member, incur any capital expenditure in excess of such sum as may be authorised from time to time;

(b) on behalf of the Company or any Group Member, enter into any commitment, contract or arrangement otherwise than in the normal course of business or

outside the scope of her normal duties, or of an unusual, onerous or long term nature,

4.5 The Executive confirms that she has disclosed to the Company all circumstances in respect of which there is, or there might be, a conflict or possible conflict of interest between the Company or any Group Member and the Executive and she agrees to disclose fully to the Company any such circumstances that might arise during the Employment. For the avoidance of doubt, this includes but is not limited to, disclosing to the Company any activity by a third party or the Executive herself which might reasonably be expected to harm the Company or any Group Member or their business or destabilise their workforce.

5. HOURS AND PLACE OF WORK

5.1 The Executive shall be required to work such hours as are necessary for the proper performance of her duties. The Executive's normal hours of work are Monday to Friday inclusive between the hours of 9 am to 5 pm and the Executive will be allowed one hour for lunch.

5.2 The Executive acknowledges that the Executive holds a senior executive position with certain autonomous decision taking powers and therefore is not subject to regulation 4(1) of the Working Time Regulations but without prejudice to that the Executive agrees that the 48 hour weekly working time limit under the Working Time Regulations shall not apply to her. She understands that she can withdraw her agreement to this by giving the Company not less than 3 months' written notice.

5.3 The Executive's principal place of work will be in the Company's offices at 6 – 10 Zeus, Building, Rutherford Avenue, Harwell, Didcot, OX11 0DF or any such place as the Company shall from time to time direct. The Executive will be given reasonable notice of any change in her place of work.

5.4 The Executive may be required to travel throughout the United Kingdom and overseas in the performance of her duties.

5.5 The Executive shall not be required to work outside the UK for any continuous period of more than one month. If by agreement the Executive is required to work outside the United Kingdom for a period of one month or more the Executive will be paid her normal salary in sterling and her normal contractual benefits will continue unless otherwise agreed at the relevant time.

6. REMUNERATION

6.1 The Company shall pay to the Executive a basic salary at the rate of £220,000.00 per annum, which shall be subject to tax and National Insurance contributions. This salary will accrue from day to day and will be payable by equal monthly instalments in arrears, normally on or around the twenty-eighth day of each calendar month by credit transfer to a bank account nominated by the Executive and will include any director's and other fees and emoluments receivable by the Executive as a director of the Company or of a Group Member.

6.2 The Board will review the Executive's salary annually. The Company shall not be obliged to make any increase, but shall not make any decrease. There will be no review of the salary after notice of termination has been given by either party.

6.3 The Executive will not be entitled to receive any additional remuneration for work performed outside normal business hours for the Company.

6.4 The Executive may be entitled to be paid a bonus of up to 40% of salary annually. The Bonus will be subject to deductions of relevant tax and National Insurance contributions. Any bonus is paid at the absolute discretion of the Company, taking into account specific performance targets to be notified to the Employee from time to time.

6.5 The Bonus will not be payable unless, on the date payment of the bonus is made, the Executive is still in employment with the Company and neither the Executive nor the Company has given or received notice of termination of employment.

6.6 Any bonus payment payable to the Executive will not be taken into account for the purpose of calculating pension contributions.

6.7 Where the Employment is terminated for whatever reason, and whether lawfully or unlawfully or in breach of contract, she shall not be entitled to compensation for loss of office or of any rights or benefits under any share option or award, bonus, long-term incentive plan (or similar) or other profit sharing scheme operated by the Company or any Group Member in which she may participate.

7. PENSION

7.1 The Company will comply with the employer pension duties in respect of the Employee in accordance with Part 1 of the Pensions Act 2008.

7.2 The Company shall match the Executive's contributions, up to an amount equivalent to 5% of the Executive's basic salary, into the Company's Pension Plan **(Company**

Pension) subject to its rules from time to time in force and any statutory limits imposed from time to time. Details of the Company Pension can be obtained from the HR Department.

8. BENEFITS

8.1 The Executive will:

(a) will be entitled to be a member of the Company's private medical expenses scheme provided by AXA or such other medical expenses scheme as the Company may make available from time to time;

(b) may while the Employment continues participate in any life assurance scheme as the Company may make available from time to time under which a lump sum benefit shall be payable on the Executive's death;

(c) the Executive may participate in any permanent health insurance scheme from time to time operated by the Company and notified to the Executive in writing as being applicable to the Executive (the "PHI Scheme"). The Executive's participation in the PHI Scheme will be subject to the following additional terms:

(i) the precise terms of the PHI Scheme shall be at the Company's discretion;

(ii) the Company shall only be obliged to make payments to the Executive under the PHI Scheme if it has received payment from the insurance provider for that purpose;

(iii) all payments under the PHI Scheme will be subject to the Executive's acceptance of such variations to the Executive's terms and conditions of employment as may from time to time be requested by the Company;

(iv) all payments under the PHI Scheme will be subject to such deductions as may be required by law and also a sum equivalent to any employer's national insurance contributions which are payable by the Company in respect of any payment under the PHI Scheme and which are not reimbursed by the insurer under the PHI scheme; and

(v) where payments are made under the PHI Scheme, all other benefits provided to or in respect of the Executive by the Company will cease immediately (if they have not done so already) except those benefits for

which the Company receives, from the insurer under the PHI Scheme, reimbursement in full of the total cost of the Company of the benefit;

8.2 The Executive may be entitled to receive such other benefits as the Company may make available from time to time. The Company reserves the right to vary, replace or withdraw such benefits at any time. Details of benefits referred to in clause may be obtained from HR.

8.3 In the event that the Executive is absent by reason of ill-health she will continue to co- operate with and act in good faith towards the Company including but not limited to staying in regular contact with the Company and providing it with such information about their health, prognosis and progress as the Company may require.

9. EXPENSES

The Company shall reimburse the Executive in respect of all expenses reasonably incurred by her in the proper performance of her duties, subject to the Executive providing such receipts or other evidence that the Company may require,

10. HOLIDAY

10.1 The Executive shall be entitled to receive her normal remuneration for all bank and public holidays normally observed in England and a further 25 working days holiday in each holiday year, being the period from 1 January to 31 December. The Executive may only take her holiday at such times as are agreed with the CEO.

10.2 In the holiday years in which the Employment commences or terminates, the Executive's entitlement to holiday shall accrue on a pro-rata basis for each complete month of service during the relevant year.

10.3 If, on the termination of the Employment, the Executive has exceeded her accrued holiday entitlement, the Executive will be required to refund to the Company a sum representing such unearned holiday or the excess may be deducted from any sums due to her. If the Executive has any unused holiday entitlement, the Board may either require the Executive to take such unused holiday during any notice period or accept payment in lieu. Any payment in lieu shall only be made in respect of holiday accrued in accordance with clause 10.2 above during the Executive's final holiday year. Payments under this clause shall be calculated at a rate of 1/260 of annual basic salary, or at such other rate as required by law, payable to the Executive pursuant to clause 10.1 from time to time per day of holiday.

10.4 Holiday entitlement for one holiday year may not be taken in subsequent holiday years unless otherwise agreed by the Board. Failure to take holiday entitlement in the appropriate holiday year will lead to forfeiture of any accrued holiday not taken, without any right to payment in lieu.

10.5 The Executive may take her statutory holiday (or part of it) during any period of sickness absence at such times and on such notice as may be agreed with the Board.

11. INCAPACITY

11.1 Subject to the Executive's compliance with the Company's rules from time to time in force regarding sickness notification and doctor's certificates, details of which can be obtained from the HR Department and subject to the Company's right to terminate the Employment for any reason including without limitation incapacity, if the Executive is at any time absent on medical grounds the Company shall pay to the Executive her normal basic salary for a maximum of 30 days in aggregate In any rolling period of 12 months (**Company Sick Pay**). The Company reserves the right to pay Company Sick Pay in addition to the above entitlement at its absolute discretion.

11.2 In the event of incapacity, the Company reserves the right to require the Executive to undergo a medical examination by a doctor or consultant nominated by it, at any time including at any stage of absence at the Company's expense, and the Executive agrees that she will undergo any requisite tests and examinations and will fully co- operate with the relevant medical practitioner.

11.3 Payment of Company Sick Pay to the Executive pursuant to clause 11.1 shall be inclusive of any Statutory Sick Pay and any Social Security Sickness Benefit or other benefits to which the Executive may be entitled, whether or not claimed.

11.4 If the Executive's absence shall be caused by the actionable negligence of a third party in respect of which damages are recoverable, then all sums paid by the Company shall constitute loans to the Executive, who shall:

(a) immediately notify the Company of all the relevant circumstances and of any claim, compromise, settlement or judgement made or awarded;

(b) if the Board so requires, refund to the Company such sum as the Board may determine, not exceeding the lesser of:

(i) the amount of damages recovered by her under such compromise, settlement or judgement; and

(ii) the sums advanced to her in respect of the period of incapacity;

in either case less such amounts the Executive has paid to recover the sum (fees, costs etc)

11.5 Any actual or prospective entitlement to Company Sick Pay or, private medical insurance or other long term disability benefits shall not limit or prevent the Company from exercising its right to terminate the Employment in accordance with clauses 3.1 or 20 or otherwise and the Company shall not be liable for any loss arising from such termination.

11.6 If the Executive is prevented by incapacity from properly performing her duties under this Agreement for a consecutive period of 20 working days the Board may appoint another person or persons to perform those duties until such time as the Executive is able to resume fully the performance of her duties.

12. OTHER PAID LEAVE

12.1 Apart from holiday, the Executive may be entitled to the following other paid leave: maternity leave, paternity leave, adoption leave, shared parental leave, parental bereavement leave, time off for trade union duties, and such other statutory leave as may be available from time to time. Any leave will be subject to statutory eligibility requirements and Company rules on eligibility which are available from HR.

12.2 The Company does not provide paid leave over and above any statutory entitlement.

13. TRAINING

13.1 There is no particular training required for this role but the Company will make training opportunities available to the Executive from time to time. Further details are available from HR.

14. DEDUCTIONS

For the purposes of the ERA, the Executive hereby authorises the Company to deduct from her remuneration or other sums due to the Executive any sums due from her to the Company by reason of the Employment (or its termination) the value of any claim of whatever nature and in whatever capacity that the Company may have against the Executive including, without limitation, any overpayments of salary, overpayments of holiday pay whether in respect of holiday taken in excess of that accrued during the holiday year or otherwise, loans or advances made to her by the Company, any fines incurred by the Executive and paid by the Company, the cost of repairing any damage

or loss to the Company's property caused by her any contributions that the Company may deduct in accordance with the automatic enrolment requirements of the Pensions Act 2008 when they apply to the Company, any amounts payable by the Executive as member contributions to such pension scheme or arrangement as the Company has in place in respect of the Executive from time to time and all losses suffered by the Company as a result of any negligence or breach of duty by the Executive.

15. RESTRICTIONS ON OTHER ACTIVITIES BY THE EXECUTIVE

15.1 During the Employment the Executive shall not directly or indirectly be employed, engaged, concerned or interested in any other business or undertaking without the prior written consent of the Board or be involved in any activity which the Board reasonably considers may be, or become, harmful to the interests of the Company or which might reasonably be considered to interfere with the performance of the Executive's duties under this Agreement provided that this clause 15.1 shall not prohibit the holding (directly or through nominees) of investments as long as not more than 5 per cent of the issued shares or other securities of any class of any one company shall be so held.

15.2 Subject to any regulations issued by the Company, the Executive shall not be entitled to receive or obtain directly or indirectly any discount, rebate or commission in respect of any sale or purchase of goods effected or other business transacted (whether or not by her by or on behalf of the Company) and if she (or any firm or company in which she is interested) shall obtain any such discount, rebate or commission, she shall account to the Company for the amount received by her (or a due proportion of the amount received by such company or firm having regard to the extent of her interest in it).

16. CONFIDENTIALITY

16.1 The Executive shall neither during the Employment (except in the proper performance of her duties) nor at any time (without limit) after the termination of the Employment:

(a) divulge or communicate to any person, company, business entity or other organisation;

(b) use for her own purposes or for any purposes other than those of the Company; or

(c) through any failure to exercise due care and diligence, permit or cause any unauthorised disclosure of any Confidential Information, provided that these restrictions shall cease to apply to any information which shall become

available to the public generally otherwise than through an unauthorised disclosure by the Executive or any other person.

16.2 For the purposes of this Agreement **Confidential Information** shall mean, in relation to the Company:

(a) trade secrets;

(b) information relating to research activities. Inventions, discoveries, secret processes, designs, know how, technical specifications and processes, formulae, intellectual property rights, computer software, product lines and any other technical Information relating to the creation, production or supply of any past, present or future product or service,

(c) any inventions or improvements which the Executive may make or discover during the Employment;

(d) any information relating to the business or prospective business,

(e) details of suppliers, their services and their terms of business,

(f) details of customers and their requirements, the prices charged to them and their terms of business,

(g) pitching material, marketing plans and sales forecasts of any past, present or future products or services,

(h) information relating to the business, corporate plans, management systems, accounts, finances and other financial information, results and forecasts (save to the extent that these are included in published audited accounts),

(i) proposals relating to the acquisition or disposal of a company or business or any part thereof;

(j) proposals for expansion or contraction of activities, or any other proposals relating to the future;

(k) details of employees and officers and of the remuneration and other benefits paid to them,

(l) information given in confidence by clients, customers suppliers or any other

(m) any other information which the Executive is notified is confidential; and

(n) any other information which the Company could reasonably be expected to regard as confidential, whether or not such information is reduced to a tangible form or marked in writing as "confidential", including but not limited to, information which is commercially sensitive, which comes into the Executive's possession by virtue of the Employment and which is not in the public domain and all information which has been or may be derived or obtained from any such information or that the Executive can demonstrate was known to the Executive prior to commencement of the Employment.

16.3 The Executive acknowledges that all notes, memoranda, records, lists of customers and suppliers and employees, correspondence, documents, computer and other discs and tapes, data listings, databases, codes, designs and drawings and any other documents and material whatsoever (whether made or created by the Executive or otherwise) relating to the business of the Company (and any copies of the same) or which is created or stored on the Company's equipment and systems:

(a) shall be and remain the property of the Company; and

(b) shall be handed over by the Executive to the Company on demand and in any event on the termination of the Employment and the Executive shall certify that ail such property has been so handed over and that no copies or extracts have been retained.

16.4 Clause 16.1 shall only bind the Employee to the extent allowed by law and nothing in this clause shall prevent the Employee from making a statutory disclosure. Clause 16.1 shall not apply to Confidential Information to the extent that the Executive is required to disclose to any court or regulatory body or competent jurisdiction or that the Executive is prevented from making a protected disclosure within the meaning of section 43A of the Employment Rights Act 1996 and/or a relevant pay disclosure made in compliance with section 77 of the Equality Act 2010.

17. DATA PROTECTION

17.1 Unless the context otherwise requires, the terms "**Personal Data**" and "**Sensitive Personal Data**" shall have the meanings given to them in (i) the Data Protection Act 1998, (ii) from its effective date, the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016), (iii) the Data Protection Act 2018, and (iv) any similar, analogous or replacement legislation.

17.2 The Company hereby notifies the Executive that Personal and Sensitive Personal Data relating to the Executive (including sensitive personal data such as medical details and

details of gender, race and ethnic origin) may, to the extent that it is reasonably necessary, in connection with the Executive's employment or the business of the Company:

(a) be collected, stored or held (in hard copy and computer readable form) and/or processed by the Company; and

(b) be disclosed or transferred to other employees or workers of the Company or any other group company and their employees or workers; any other persons as may be reasonably necessary (such as third party benefit providers or administrators) or as authorised by the Company; and as otherwise required or permitted by law,

as set out in, and for the purposes set out in, the privacy notice provided separately to the Executive and the Company's privacy policy.

17.3 The Company may process your Personal and Sensitive Personal Data for a number of legitimate business purposes, including but not limited to:

(a) administering and maintaining personnel records;

(b) paying and reviewing salary and other remuneration and benefits, and providing and administering benefits (including if relevant, pension, life assurance, permanent health insurance and medical insurance);

(c) undertaking performance appraisals and reviews, maintaining sickness and other absence records, or taking decisions as to your fitness for work;

(d) providing references and information to governmental and quasi-governmental bodies, and if necessary, future employers; and

(e) enabling equal opportunity monitoring and compliance.

17.4 With regard to the transfers referred to above, this may involve transfer of such data to jurisdictions outside the United Kingdom. Where the disclosure or transfer is to a destination outside the United Kingdom, the Company shall take reasonable steps to ensure that the Executive's Personal and Sensitive Personal Data continues to be adequately protected.

17.5 The Company may, from time to time, monitor the Executive's use of the internet and of email communications received, created, stored, sent or forwarded by the Executive on equipment provided by the Company to the Executive for the performance of her

duties where reasonably necessary to check facts relevant to the business, ensure compliance with Company policies and procedures and investigate or detect unauthorised use of the Company systems.

17.6 Further details in respect of the collection, processing and transfer of Executive's Personal and Sensitive Personal Data, together with the Company's monitoring activities are set out in the privacy notice provided separately to the Executive and the Company's data privacy policy.

17.7 In limited cases where Executive consent is appropriate to and sought for specific processing, a separate consent notice will apply. Please note that the privacy notice, privacy policy and any separate consent notices where relevant or required, do not form part of the Executive's contract of employment.

17.8 The Company may also collect, store, use and hold Personal and Sensitive Personal Data relating to your family members (such as your spouse or children) in the course of providing and administering benefits. By signing this agreement, you confirm that you have informed your family members that their Personal and Sensitive Personal Data may be collected and processed by the Company.

You agree to review and abide by the terms of the Company's privacy and data protection policies

18. INVENTIONS AND INTELLECTUAL PROPERTY RIGHTS

18.1 For the purposes of this clause **18** the following definitions apply:

(a) **Employment Inventions** means any Invention which is made wholly or partially by the Executive at any time during the course of her employment with the Company (whether or not during working hours or using Company premises or resources, and whether or not recorded **in** material form).

(b) **Employment IPRs** means Intellectual Property Rights created by the Executive in the course of her employment with the Company (whether or not during working hours or using Company premises or resources),

(c) **Invention** means any invention, idea, discovery, development, improvement or innovation, whether or not patentable or capable of registration, and whether or not recorded in any medium.

18.2 The Executive acknowledges that all Employment IPRs, Employment Inventions and all materials embodying them shall automatically belong to the Company to the fullest

extent permitted by law and hereby assigns, (and to the extent not capable of immediate or prospective assignment, agrees to assign) all such Employment IPRs and Employment Inventions to the Company.

18.3 The Executive acknowledges that, because of the nature of her duties and the particular responsibilities arising from the nature of her duties, she has, and shall have at all times while she is employed by the Company, a special obligation to further the interests of the Company.

18.4 To the extent that title in any Employment IPRs or Employment Inventions do not belong the Company by virtue of clause 18.2, the Executive agrees, immediately upon creation of such rights and inventions, to offer to the Company in writing a right of first refusal to acquire them on arm's length terms to be agreed between the parties. If the parties cannot agree on such terms within 30 days of the Company receiving the offer, the Company shall refer the dispute to a mutually acceptable independent expert (or, if agreement is not reached within five business days of either party giving notice to the other that it wishes to refer a matter to an independent expert, such independent expert as may be nominated by an appropriate authority, which the parties shall seek in good faith to agree) (**Expert**). In relation to matters referred to the Expert:

(a) the parties are entitled to make submissions to the Expert and will provide (or procure that others provide) the Expert with all such assistance and documents as the Expert may reasonably require for the purpose of reaching a decision. Each party shall with reasonable promptness supply each other with all information and give each other access to all documentation and personnel as the other party reasonably requires to make a submission under this clause;

(b) the parties agree that the Expert may in its reasonable discretion determine such other procedures to assist with the conduct of the determination as it considers appropriate;

(c) the Expert shall act as an expert and not as an arbitrator. The Expert's decision shall be final and binding on the parties in the absence of fraud or

(d) the Expert's fees and any costs properly incurred by her in arriving at her determination (including any fees and costs of any advisers appointed by the independent Expert) shall be borne by the parties in equal shares or in such proportions as the Independent Expert shall direct.

18.5 The Executive agrees that the provisions of this clause 18 shall apply to all Employment IPRs and Employment Inventions offered to the Company under this

clause 18,4 until such time as the Company has agreed in writing that the Executive may offer them for sale to a third party.

18.6 The Executive agrees:

(a) to give the Company full written details of all Employment Inventions which relate to or are capable of being used in the business of the Company promptly on their creation;

(b) at the Company's request and in any event on the termination of her employment to give to the Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Employment IPRs;

(c) not to attempt to register any Employment IPR nor patent any Employment Invention unless requested to do so by the Company; and

(d) to keep confidential each Employment Invention unless the Company has consented in writing to its disclosure by the Executive.

18.7 The Executive waives all her present and future moral rights which arise under the Copyright Designs and Patents Act 1988, and all similar rights in other jurisdictions relating to any copyright which forms part of the Employment IPRs, and agrees not to support, maintain nor permit any claim for infringement of moral rights in such copyright works,

18.8 The Executive acknowledges that, except as provided by law, no further remuneration or compensation other than that provided for in this Agreement is or may become due to the Executive in respect of her compliance with this clause 18. This is without prejudice to the Executive's rights under the Patents Act 1977.

18.9 The Executive undertakes to use her best endeavours to execute all documents and do all acts both during and after her employment by the Company as may, in the opinion of the Board, be necessary or desirable to vest the Employment IPRs in the Company, to register them in the name of the Company and to protect and maintain the Employment IPRs and the Employment Inventions. Such documents may, at the Company's request, include waivers of all and any statutory moral rights relating to any copyright works which form part of the Employment IPRs. The Company agrees to reimburse the Executive's reasonable expenses of complying with this clause 18.9.

18.10 The Executive agrees to give all necessary assistance to the Company to enable it to enforce its Intellectual Property Rights against third parties, to defend claims for

infringement of third party Intellectual Property Rights and to apply for registration of Intellectual Property Rights, where appropriate throughout the world, and for the full term of those rights.

18.11 The Executive irrevocably appoints the Company to be the Executive's attorney in the Executive's name and on the Executive's behalf to execute documents and do all things which are necessary or desirable for the Company to obtain for itself or its nominee the full benefit of this clause.

18.12 The provisions of this clause will continue in force after the termination of this Agreement in respect of all Intellectual Property Rights created, developed, made or invented by the Executive during the Employment.

19. STATEMENTS

19.1 The Executive shall not make, publish (in any format) or otherwise communicate any derogatory statements, whether in writing or otherwise, at any time either during her Employment or at any time after its termination in relation to the Company, or any of its officers or other personnel.

20. TERMINATION OF EMPLOYMENT

20.1 The Company shall be entitled at its sole and absolute discretion lawfully to terminate the Executive's employment at any time and with immediate effect by written notification to the Executive and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to the Executive. For the avoidance of doubt, the termination of the Executive's employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 6.1 which the Executive would have been entitled to receive under this Agreement during the notice period referred to at clause 3.1 (or, if notice has already been given, during the remainder of such notice period) subject to statutory deductions.

20.2 The Company may choose to pay any PILON in equal monthly instalments until the date on which the notice period referred to at clause 3.1 would have expired had notice been given. The Executive shall be obliged to seek alternative income during this period and to notify the Company of any income so earned (whether or not in fact received by the Executive during this period). The instalment payments under this clause shall be reduced by the amount of such income.

20.3 Notwithstanding clause 20.1, the Executive shall not be entitled to any PILON if the Company would otherwise have been entitled to terminate the Employment without notice in accordance with clause 20.5. In that case the Company shall also be entitled to recover as a debt from the Executive any net PILON (or instalments thereof) already made.

20.4 Upon the termination of the Employment for whatever reason or after notice having been served or if the Executive shall cease for any reason to be a director of the Company the Executive shall forthwith, if so required by the Company:

(a) resign without any claim for compensation or damages from any office or appointment held by the Executive in the Company or in any Group Member, and of all other companies of which the Executive shall have been appointed a director by the Company or Group Member by virtue of any right of nomination vested in such member;

(b) transfer any shares held by the Executive in the Company required to be transferred either in accordance with the Company's articles of association or any agreement by which the Executive is bound and deliver to the Company certificates thereof;

(c) take appropriate steps to update any social or professional networking site (including but not limited to Facebook, Twitter or LinkedIn) (**Networking Site**) to confirm the Executive is no longer employed by the Company and shall not present or position the Executive as still being employed by or a director of the Company or any Group Member or that you are connected with the Company or any Group Member in any way (save that the Executive may, at all times, disclose that the Executive worked for the Company, the dates of employment with the Company and the role and responsibilities undertaken in that time).

20.5 The Company may terminate the Employment immediately by notice in writing and without any PILON (but without prejudice to the rights and remedies of the Company for any breach of this agreement and to the Executive's continuing obligations under this agreement) if the Executive shall have, without limitation:

(a) committed any serious breach or repeated or continued breach of her obligations under this Agreement; or

(b) been guilty of conduct tending to bring her or the Company into disrepute; or

(c) become bankrupt or had an interim order made against her under the Insolvency Act 1986 or compounded with her creditors generally; or

(d) failed to perform her duties to a satisfactory standard despite prior warning of performance issues by the Company; or

(e) been convicted of an offence under any statutory enactment or regulation (other than a motoring offence for which no custodial sentence Is given); or

(f) during the Employment, committed any breach of clauses 15,16 and/or 18. Any delay by the Company in exercising such right of termination shall not constitute a waiver thereof.

20.6 The Company reserves the right to suspend the Executive on full pay for so long as it may think fit in order to conduct any disciplinary investigation into any alleged acts or omissions by the Executive.

21. GARDEN LEAVE

21.1 During any period of notice of termination (whether given by the Company or the Executive), the Company shall:

(a) be under no obligation to assign any duties to the Executive;

(b) require the Executive to perform such duties as the Board may direct at such location as the Board may decide;

(c) be entitled to exclude the Executive from its premises;

(d) require the Executive not to contact any customers, suppliers or employees;

(e) require the Executive not to remain or become involved in any respect with the business of the Company or any Group Member except as required by such Group Member or Company; and

(f) require that the Employee does not access or seek to use, access, download, save or otherwise retain copies of any of the Company's materials, records and other information, databases, electronic communications or storage systems,

provided that this shall not affect the Executive's entitlement to receive her normal salary and contractual benefits (except that notwithstanding any other terms of this agreement bonus or other performance related benefits shall not accrue). During any such period of exclusion the Executive will continue to be bound by all the provisions of

this Agreement and shall at all times conduct herself with good faith towards the Company.

21.2 During any period of garden leave, the Executive may not without the prior written consent of the Company in writing, update any LinkedIn account to notify any professional contacts added to her LinkedIn account during the course of her employment that she is leaving the Company and/or will be working elsewhere.

22. POST TERMINATION OBLIGATIONS OF THE EXECUTIVE

22.1 For the purposes of this clause 22 the following definitions apply:

(a) **Restricted Business** means the business of the Company (or any part thereof) at the Termination Date but limited to the type of activities with which the Executive was involved to a material extent during the twelve months immediately preceding the Termination Date;

(b) **Restricted Customer** means any person, firm, company or other organisation who, at any time during the twelve months immediately preceding the Termination Date was a customer of or in the habit of dealing with the Company and with whom the Executive had personal dealings in the course of her employment or for whom the Executive was responsible on behalf of the Company during that period;

(c) **Prospective Customer** means any person, firm, company or other organisation with whom the Company had negotiations or discussions regarding a possible business relationship during the **six** months immediately preceding the Termination Date and with whom the Executive had material dealings in the course of her Employment, or for whom the Executive was responsible for developing the relationship on behalf of the Company during that period;

(d) **Restricted Employee** means any person who, at the Termination Date, was an employee of the Company who could materially damage the interests of the Company if she became employed in any competing business and with whom the Executive worked closely or was responsible for in the six months immediately preceding the Termination Date;

(e) **Restricted Supplier** means any person, firm, company or other organisation who, in the twelve months immediately preceding the Termination Date supplied goods and/or services to the Company including but not limited to any

individual who provided services to the Company by way of a consultancy agreement (but excluding utilities or goods and services supplied for administrative purposes) and with whom the Executive dealt to a material extent during that period;

(f) **Restriction Date** means the earlier of the Termination Date and the start of any period of Garden Leave in accordance with Clause 21;

(g) **Termination Date** means the date of termination of the Employment (howsoever caused).

22.2 The Executive acknowledges that by reason of the Employment she will have access to trade secrets, confidential information, business connections and the workforce of the Company and that in order to protect its legitimate business interests it is reasonable for her to enter into these post termination restrictive covenants and, having been given the opportunity to take independent legal advice the Executive agrees that the restrictions contained in this clause 22 (each of which constitutes an entirely separate, severable and independent restriction) are reasonable.

22.3 The Executive covenants with the Company that she will not without the prior written consent of the Company:

(a) for six months after the Restriction Date solicit or endeavour to entice away from the Company the business or custom of a Restricted Customer with a view to providing goods or services in competition with any Restricted Business;

(b) for six months after the Restriction Date solicit or endeavour to entice away from the Company the business or custom of a Prospective Customer with a view to providing goods or services in competition with any Restricted Business;

(c) for six months after the Restriction Date provide goods or services to, or otherwise have any business dealings with, any Restricted Customer in the course of any business concern, in competition with any Restricted Business;

(d) for six months after the Restriction Date provide goods or services to, or otherwise have any business dealings with, any Prospective Customer in the course of any business concern, in competition with any Restricted Business;

(e) for six months after the Restriction Date in the course of any business concern which is in competition with any Restricted Business offer to employ or engage

or otherwise endeavour to entice away from the Company any Restricted Employee;

(f) for six months after the Restriction Date interfere or endeavour to interfere with the supply of goods and/or services by any Restricted Supplier to the Company; and

(g) for six months after the Restriction Date be engaged or concerned in any capacity in any business concern, in competition with the Restricted Business.

22.4 For the avoidance of doubt, nothing in this clause 22 shall prevent the Executive from:

(a) holding as an investment by way of shares or other securities not more than 5% of the total issued share capital of any company; or

(b) being engaged or concerned in any business concern where the Executive's work or duties relate solely to geographical areas where the business concern 'is not in competition with the Restricted Business; or

(c) being engaged or concerned in any business concern where the Executive's work or duties relate solely to services or activities of a kind with which the Executive was not concerned to a material extent in the twelve months before the Termination Date.

22.5 The obligations undertaken by the Executive pursuant to this clause 22 extend to her acting not only on her own account but also on behalf of any other firm, company or other person and shall apply whether she acts directly or indirectly.

22.6 The Executive hereby undertakes with the Company that she will not at any time after the termination of the Employment in the course of carrying on any trade or business, claim, represent or otherwise indicate any present association with the Company or for the purpose of carrying on or retaining any business or custom, claim, represent or otherwise indicate any past association with the Company to its detriment.

22.7 While the restrictions in this clause 22 (on which the Executive has had the opportunity to take independent advice, as the Executive hereby acknowledges) are considered by the parties to be reasonable in all the circumstances, it is agreed that if any such restrictions, by themselves, or taken together, shall be found to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Company but would be considered reasonable if part or parts of the wording of such restrictions were deleted, the relevant restriction or restrictions shall apply with such deletions) as may be necessary to make it or them valid and effective,

22.8 If the Executive accepts alternative employment or engagement with any third party during the period of any of the restrictions in this clause 22 she will provide the third party with full details of these restrictions.

22.9 If the Executive's employment is transferred by reason of the Transfer of Undertakings (Protection of Employment) Regulations 2006 she will, if requested, enter into an agreement with the new employer that contains provisions that reflect the protections provided by the Company under this clause 22.

23. WHISTLEBLOWING

If the Executive wishes to make a disclosure under Sections 43A-L of the ERA she should do so without delay by contacting the chairman of the Board in writing, expressly stating that she wishes to make a qualifying disclosure. A 'qualifying disclosure' is defined for these purposes as a disclosure of information made in the public interest which, in the reasonable belief of the Executive, tends to show one or more of the following: a criminal offence, a risk to health and safety, a failure to comply with a legal obligation, a miscarriage of justice, environmental damage or concealment of any of these.

24. AMALGAMATION AND RECONSTRUCTION

24.1 If the Company is wound up for the purposes of reconstruction or amalgamation the Executive shall not as a result or by reason of any termination of the Employment or the redefinition of her duties within the Company arising or resulting from any reorganisation of the Group have any claim against the Company for damages for termination of the Employment or otherwise so long as she shall be offered employment with any concern or undertaking resulting from such reconstruction, reorganisation or amalgamation on terms and conditions no less favourable to the Executive than the terms contained in this Agreement.

25. DISCIPLINARY AND GRIEVANCE PROCEDURES

25.1 The Company's Grievance and Disciplinary Procedures will apply to the Executive. The Company aims to follow applicable best practice in relation to any disciplinary matter or dismissal involving the Executive. However, such practice is not a contractual entitlement of the Executive and the Company reserves the right not to do so.

26. NOTICES

26.1 Any notice or other document to be given under this Agreement shall be in writing and may be given personally to the Executive or to the Secretary of the Company (as the

case may be) or may be sent by first class post to, in the case of the Company, its registered office for the time being and in the case of the Executive either to her address shown on the face of this Agreement or to her last known place of residence, or may be sent by email to the parties' email addresses for service:

Party	Email Address
Company	
Executive	

26.2 Any notice or other written communication shall be deemed to have been served:

(a) if delivered personally, at the time of delivery;

(b) in the case of pre-paid recorded delivery or registered post, 48 hours from the time of posting;

(c) if sent by email, at the time of transmission (if sent during normal business hours, that is 9.30 to 17.30 local time) in the place from which it was sent or (if not sent during such normal business hours) at the beginning of the next Business Day in the place from which it was sent.

26.3 In proving service it shall be sufficient to prove that personal delivery was made, or that such notice or other written communication was properly addressed stamped and delivered into the custody of the postal authority as a recorded delivery or registered post or in the case of an email that an activity or other report from the sender can be produced recording the time the email was sent and the email address to which it was sent.

27. ENTIRE AGREEMENT AND FORMER SERVICE AGREEMENT(S)

This Agreement together with any documents referred to in it constitute the entire agreement between the parties and shall be in substitution for any previous letters of appointment, agreements or arrangements, (whether written, oral or implied), relating to the employment of the Executive, which shall be deemed to have been terminated by mutual consent. The Executive acknowledges that as at the date of this Agreement she has no outstanding claim of any kind against the Company and in entering into this Agreement she has not relied on any P re-Contractual Statement

28. GOVERNING LAW AND JURISDICTION

This Agreement, shall be governed by and interpreted in accordance with English law and the parties Irrevocably agree to the exclusive Jurisdiction of the English Courts.

29. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, and alt the counterparts together shall constitute one and the same instrument.

30. THIRD PARTY RIGHTS

The Executive and the Company do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Right of Third Parties) Act 1999 by any third party.

31. GENERAL

31.1 There are no collective agreements affecting the terms and conditions of the Executive's employment.

31.2 Any notice or other document to be given under this Agreement shall be in writing and may be given personally to the Executive or to the Secretary of the Company (as the case may be) or may be sent by first class post to, in the case of the Company, its registered office for the time being and in the case of the Executive either to her address shown on the face of this Agreement or to her last known place of residence.

31.3 Any such notice shall (unless the contrary is proved) be deemed served when in the ordinary course of the means of transmission it would first be received by the addressee in normal business hours. In proving such service it shall be sufficient to prove, where appropriate, that the notice was addressed properly and posted.

31.4 The various provisions and sub-provisions of this Agreement are severable and if any provision or any identifiable part of any provision is held to be unenforceable by any court of competent jurisdiction then such unenforceability shall not affect the enforceability of the remaining provisions or identifiable parts of them.

This Agreement has been executed and delivered as a deed on the date shown on the first page

Signed as a deed by	/s/ Gemma Brown	(Signature)
GEMMA BROWN	Gemma Brown	(Print name)
In the presence of a witness		(Witness name)
		(Witness signature)
	(Address of witness)	
Signed as a deed by	/s/ William Enright	(Signature)
VACCITECH PLC acting by a	William Enright	(Name)
Director		
In the presence of a witness		(Witness name)
		(Witness signature)
	(Address of witness)	

VACCITECH PLC

[*Name of Director or Officer*]
[*Address*]

[●] 20[●]

Dear [*Name of Director or Officer*],

Vaccitech plc (the "Company") and your role as a director/officer of the Company

As you are aware the articles of association of the Company (the "**Articles**") contain provisions, at Article 143, granting an indemnity to the directors and officers of the Company from time to time. We are taking this opportunity to afford you the direct benefit of this indemnity in the form of a deed for your benefit (this "**Deed**"). As you are aware the Companies Act 2006 (the "**Act**") imposes certain statutory limitations on the scope of this indemnity. For the avoidance of doubt the Company will maintain directors and officers insurance ("**D&O Cover**"), which is intended to operate for your protection in addition to this indemnity.

Any defined terms used in this letter (to the extent undefined) shall have the meanings given to them in the Articles.

1.1 Without prejudice to any indemnity to which you may otherwise be entitled pursuant to Article 143 of the Articles, the Company agrees to indemnify you against all liabilities, costs, charges and expenses incurred by you in the execution and discharge of your duties to the Company and any "Associated Company" of the Company (as defined by the Act for these purposes), including any liability incurred by you in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to be done or omitted by you as an officer of the Company or an Associated Company provided that no such indemnity shall extend to any liability arising out of your fraud or dishonesty or by you obtaining any personal profit or advantage to which you were not entitled. In addition, the Act prohibits this indemnity extending to:

1.1.1 any liability incurred by you to the Company or any Associated Company of the Company;

1.1.2 any fine imposed in any criminal proceedings;

1.1.3 any sum payable to a regulatory authority by way of a penalty in respect of your personal non-compliance with any requirement of a regulatory nature howsoever arising;

1.1.4 any amount for which you have become liable in defending any criminal proceedings in which you are convicted and such conviction has become final;

1.1.5 any amount for which you have become liable in defending any civil proceedings brought by the Company or any Associated Company of the Company in which a final judgment has been given against you; and

1.1.6 any amount for which you have become liable in connection with any application under sections 661(3) or (4) or 1157 of the Act in which the court refuses to grant you relief and such refusal has become final, however the D&O Cover in place is designed to provide cover for these specific areas which the Act prescribes that the indemnity cannot extend, and for which it is possible to obtain coverage on commercial terms.

1.2 Without prejudice and in addition to any indemnity to which you may otherwise be entitled pursuant to Article 143 of the Articles you shall be indemnified by the Company against all liabilities, costs, charges and expenses incurred by you in connection with the Company's activities as a trustee of an occupational pension scheme (as defined by section 150(5) of the Finance Act 2004) established under a trust provided that no such indemnity shall extend to

any liability arising out of your fraud or dishonesty or the obtaining by you of any personal profit or advantage to which you were not entitled and you shall not be entitled to be indemnified for:

1.2.1 any fine imposed in any criminal proceedings;

1.2.2 any sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising; and

1.2.3 any amount for which you have become liable in defending any criminal proceedings in which you are convicted and the conviction has become final.

1.3 The Company will, upon a reasonable request from you accompanied by actual or reasonable estimates of costs from those appointed to defend you, provide funds (either directly or indirectly) to you to meet expenditure incurred or to be incurred by you in any proceedings (whether civil or criminal) brought by any person or in relation to any investigation or action to be taken by a regulatory authority which relate to anything done or omitted or alleged to have been done or omitted by you as a director and/or officer of the Company or any Associated Company of the Company in respect of which it is alleged you have been guilty of negligence, default, breach of duty or breach of trust, provided that you will be obliged to repay any such amount no later than:

1.3.1 in the event that you are convicted in proceedings, the date when the conviction becomes final;

1.3.2 in the event that judgment is given against you in proceedings, the date when the judgment becomes final (except that such amount need not be repaid to the extent that such expenditure is recoverable hereunder or under any other valid indemnity given to you by the Company); or

1.3.3 in the event that the court refuses to grant you relief on any application under sections 661(3) or (4) or 1157 of the Act, the date when the refusal becomes final.

1.4 This indemnity does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

1.5 You agree to give written notice to the Company as soon as reasonably practical after receipt of any demand relating to any claim under this indemnity (or becoming aware of circumstances which are reasonably be expected to give rise to a demand relating to a claim) giving full details and providing copies of all relevant correspondence and you agree to keep the Company fully informed of the progress of any claim, including providing all such information in relation to any claim or losses or any other costs, charges or expenses incurred as the Company may reasonably request, and shall take all such action as the Company may reasonably request to avoid, dispute, resist, appeal, compromise or defend any claim.

1.6 For the avoidance of doubt:

1.6.1 if a company ceases to be a subsidiary of the Company after the date of this Deed, the Company shall only be liable to indemnify you in respect of liabilities in relation to that company which arose before the date on which that company ceased to be a subsidiary of the Company; and

1.6.2 as director or officer of any company which becomes a subsidiary of the Company after the date of this Deed, you shall be indemnified only in respect of liabilities arising after the date on which that company became a subsidiary of the Company.

1.7 For the purposes of clauses 1.1 to 1.3 of this Deed, a conviction or judgment becomes final:

1.7.1 if not appealed against, at the end of the period for bringing an appeal; or

1.7.2 if appealed against, at any time when the appeal (or any further appeal) is disposed of (and an appeal is disposed of if it (or any further appeal) is determined and the period

for bringing any further appeal has ended or if it is abandoned or otherwise ceases to have an effect).

1.8 This Deed shall remain in force until such time as any relevant limitation periods for bringing Claims against you have expired, or for so long as you remain liable for any losses, notwithstanding that you may have ceased to be a director or officer of the Company or any of its subsidiaries.

1.9 Any dispute or claim arising out of or in connection with this indemnity and waiver (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales and you and the Company irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this appointment or its subject matter or formation (including non-contractual disputes or claims).

1.10 A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or, or enjoy any benefit under, this Deed but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

IN WITNESS WHEREOF, this Deed has been executed as a deed by the Company and you, or such parties' duly authorized attorneys on the day and year first above written.

EXECUTED as a **DEED** and delivered by)
_____ for and on behalf of)
VACCITECH PLC) _____

In the presence of:

Witness signature: _____

Name: _____

Address: _____

_____

_____

Occupation: _____

EXECUTED as a **DEED** and delivered by)
[*Name of Director or Officer*])
) _____

In the presence of:

Witness signature: _____

Name: _____

Address: _____

_____

_____

Occupation: _____

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William Enright, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vaccitech plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

By: /s/ William Enright

William Enright
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gemma Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vaccitech plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

By: /s/ Gemma Brown

Gemma Brown
Chief Financial Officer
(Principal Financial
and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vaccitech plc (the "Company") on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his or her knowledge that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 10, 2022 By: /s/ William Enright

William Enright
Chief Executive Officer
(Principal Executive Officer)

Date: November 10, 2022 By: /s/ Gemma Brown

Gemma Brown
Chief Financial Officer
(Principal Financial and Accounting Officer)