LUMIRADX GROUP LIMITED

Parent Accs.

09206123.

STRATEGIC REPORT, DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Registered Number: 09198288

CONTENTS

	Page
Officers	3
Strategic Report	4 – 8
Report of Directors	9-11
Statement of Directors' Responsibilities	12
Report of the Independent Auditor to the Members of LumiraDx Group Limited	13 – 15
Consolidated Statement of Profit and Loss and Comprehensive Income	16
Consolidated Statement of Financial Position	17
Company Statement of Financial Position	18
Consolidated Statements of Changes in Equity	19
Company Statements of Changes in Equity	20
Consolidated Statements of Cash Flows	21
Notes to the Financial Statements	22 – 54

LUMIRADX GROUP LIMITED

Directors	Dr J F McAleer Dr D Scott R Zwanziger
Registered Office	3 More London Riverside London SE1 2AQ
Independent Auditor	KPMG LLP Statutory Auditor 15 Canada Square London E14 5GL
Registered Number	09198288

The Directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report on the Group for the year ended 31 December 2021.

Review of the business

Market Need

The Group believes that the current healthcare system is in crisis. Countries and economies across the globe continue to be challenged by rising healthcare costs attributable in significant part to fragmented care and treatment of long-term conditions. Healthcare organizations continue to wrestle with operational inefficiency, reduced reimbursements, avoidable costs and preventable errors, all while aspiring to improve patient outcomes, consumer experience, and the bottom line.

The Group believes that the healthcare systems face significant challenges to deliver safe, cost effective diagnosis, treatment and care for people in communities across the world due to: (i) lack of ability to provide accurate, relevant, actionable diagnostic results for patients in real time, (ii) lack of communication and coordination across different venues of care which hinders proactive, informed and cost effective diagnosis and treatment; and (iii) difficulty engaging and activating patients to become more accountable for their own health with the guidance of their physician and support of their care team. The existing diagnostic products on the market today do not fulfill the needs of the health community to achieve their goals or overcome these issues. The Group is developing products and solutions to address these challenges head on.

The solutions and products the Group is developing will address these needs and can be deployed in a very wide variety of care venues such as hospital, physician offices, outpatient clinics, retail clinics, urgent care centers, pharmacies and with home health agencies. Just as these products and solutions offer significant value in a variety of care settings, they also offer significant value on a global basis regardless of economic or current infrastructure conditions.

The Group's Vision

The Group's vision is to provide enabling technologies to achieve better outcomes, improve the experience and results for patients and their care teams, and reduce costs. We believe

- patient health outcomes need to and will be improved
- better outcomes can be achieved while lowering costs
- the convergence of multiple technologies will be instrumental in achieving these objectives
- innovators and organizations that challenge the status quo will lead the way to improvements
- LumiraDx will be a key enabler in the achievement of these goals

Strategy and competitive advantage

The Group's strategy is to commercialize a patented next generation point of care diagnostic platform. The LumiraDx Platform is an innovative, next generation point of care diagnostic system that combines a small, portable instrument, advanced low cost test strips with seamless digital connectivity. The Group plans to deliver unmatched value through unmatched advantages in clinical diagnostic performance, disruptively low pricing on a broad menu of tests all performed on a single, easy to use Platform. LumiraDx will enable providers to be more effective clinically, operationally and economically.

2021 Performance

The Group realized a loss of $159.5 million for the year ended 31 December 2021. The loss was a result of continued investment in research and development for our products and services and sales and administrative expenses related to commercializing the Platform as well as additional costs related to the Group's parent company listing on the NASDAQ exchange in the United States. These investments in growth (operational costs) increased year over year by $104.2 million, while generating gross profits of $151.5 million. Gross profits increased $98.6 million as the Group had a full year of Platform sales in 2021.

During 2020, the Group received Emergency Use Authorization in the United States for its SARS-CoV-2 antigen test, part of the LumiraDx Platform. As of December 31, 2021, the Group had placed more than 21,000 Instruments across nearly 100 countries and had more than 1,600 staff across the globe. The Group also has a CE Marks on its SARS-

CoV-2 antigen pool test, SARS-CoV-2 & Flu A/B tests, INR test, CRP test and D-Dimer test.

Future Developments

The Group continues to focus on growth, through internal research and development, collaborations with external research and development partners and the expansion of its distribution network and manufacturing capabilities. The Group expects to continue to add additional assays to the LumiraDx Platform in 2022, with more than 30 tests in various phases of development.

Principal Risks and Uncertainties

Our business is subject to many risks as we enter a pivotal point in the commercialization of our Platform. These risks could have a material and adverse impact on our business, results of operations, financial condition and cash flows and our future prospects would likely be materially and adversely affected.

We have engaged in a large, broad-scale launch of our SARS-CoV-2 antigen test and we are relying on such test to create brand awareness and a revenue base to support our cost infrastructure as well as to create an installed base of our Instrument.

We have limited commercial experience with our Platform, and our launch of additional tests, including our SARS-CoV-2 antigen test, which has been launched in Europe and the U.S., may be delayed, be less successful than we anticipate, or fail for any of the reasons that large commercial launches are ultimately unsuccessful.

Operations of the type and scope that we plan are subject to many uncertainties, and many that are undertaken are unsuccessful. We cannot be certain that we will be able to achieve our business objectives as described in this prospectus, and potential investors should give serious consideration to that possibility prior to making an investment in this offering.

Funding for continued operations

In March 2022 the Group entered into privately negotiated subscription agreements with certain investors wherein the Group sold and investors purchased $56,500 of Convertible Senior Subordinated Notes due 2027. The notes bear annual interest of 6%, payable semi-annually in arrears starting September 1, 2022. The notes mature on March 1, 2027 and are convertible at the holder's option at an initial conversion rate of approximately $9.22 per share.

In April 2022 the Group consummated the first closing of a private placement offering pursuant to which it received an initial investment of $26.1 million in cash and entered into a Instrument Financing Agreement with USB Focus Fund LumiraDx 2A, LLC, USB Focus Fund LumiraDx 2B, LLC and certain other related investors (collectively, the "Investors"), and Pear Tree Partners, L.P. The terms of the Instrument Financing Agreement provide that the Investors may invest up to an aggregate maximum amount of $50 million in the Group, or such higher amount as agreed to by the Company and the Investors (the "Invested Amount"), in one or more closings, in order to fund the purchase of additional LumiraDx instruments, allowing the Group to further expand instrument placements. In consideration of such investment, the Group has agreed to pay to the Investors on a semi-annual basis and over a three-year period (subject to extension in certain events), a payment that is equal to 20% of the total gross amount invoiced by the Group in respect of sales of test strips for use in such funded LumiraDx instruments which are allocated to the Invested Amount by the Company in accordance with the terms of the Instrument Financing Agreement (the "Instrument Financing Payments"). In June 2022 the Group closed an additional $15.4 million with the Investors.

The 2021 Senior Secured Loan matures in March 2024 and contains customary covenants including achieving certain revenue levels for the years ending December 31, 2021, 2022 and 2023 and maintaining minimum liquidity levels. The Group met the 2021 revenue covenant and has met the minimum liquidity levels. For the 2022 revenue covenant and quarterly liquidity levels, the Group's short-term revenue prospects and liquidity levels will vary with the amount of demand for its SARS-CoV-2 products. While the directors believe that the Group's SARS-CoV-2 products will continue to remain in high demand as COVID-19 vaccines are available, the continued efficacy of such vaccines or the mitigation of the COVID-19 pandemic earlier than expected for any other reason could negatively impact demand for the Group's Platform and sales of its Instrument, test strips and other products. In addition, competitors may produce more accurate tests or tests which receive more favorable demand, both of which may impact the Group's revenue streams and ability to meet the covenants.

On June 17, 2022, the Group entered into a second amendment to the 2021 Senior Secured Loan, to provide for, among other things, immediate revisions to the minimum net sales and the minimum liquidity covenants (the

"Amendment"). If the Group completes a Qualifying Financing as defined in the Amendment, further revisions to the covenants take effect.

In July, the Group closed a secondary public stock offering. The gross proceeds from the offering were $75 million. In addition to the shares being sold in the public offering, the Group also sold additional shares to raise gross proceeds of approximately $25.0 million in a concurrent private placement to one of its existing investors, the Bill & Melinda Gates Foundation. The underwriters had a 30-day option to purchase additional common shares at the public offering price and purchased $7 million of shares in August. In total, the Group received net proceeds of approximately $100 million after fees and commissions.

The Group does expect it will require additional capital to reach profitability and the directors expect to raise this capital through fundraising activities in the future. The Group has consistently been successful in raising capital to support the development of the business and expects to be able to continue to raise the funds required to reach profitability and achieve a sustainable level of cash generation.

We manage our risks by continuing to raise additional capital, managing and limiting our spending and ensuring adequate cash reserves.

Going concern

The Group currently meets its day-to-day working capital requirements primarily from cash raised through debt and equity, including $56.5 million in convertible notes issued in March 2022 and approximately $100 million in net proceeds from a public stock issuance in July and August 2022. With the Group's existing cash balances and the committed amounts, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through the investors financing described above, to meet its liabilities as they fall due for that period.

Research & Development

Our ability to continue to commercialize our planned products, gain market acceptance of them, generate sales and revenue, and achieve profitability is uncertain. If the commercialization of our systems is delayed or, once we have commercialized them, they do not gain market acceptance, we will be unable to generate significant sales, which will prevent us from achieving profitability. We operate in a very competitive market. Even if we are able to launch and commercialize our planned products, they may not achieve market acceptance, which would prevent us from achieving profitability. In addition, the regulatory assessment process for our products and services is expensive, time consuming, and uncertain and may prevent us from obtaining required approvals for the commercialization of our products. In addition, our products or services could infringe on the intellectual property rights of others, which may require costly litigation and, if we are not successful, could also cause us to pay substantial damages and limit our ability to sell some or all of our products.

We manage the risks associated with our product development and commercialization by employing experienced executives and employees in the industry. We continue to dedicate significant funding to our development efforts and monitor our progress continuously.

Employees

We are highly dependent on the principal members of our management. The loss of services of any of these persons could seriously harm our product development and commercialization efforts. In addition, we will require additional skilled personnel in areas such as assay development, manufacturing, instrumentation, quality control, project management, regulatory affairs, specialized IT personnel, intellectual property management and sales and marketing. Demand for personnel with these skills in our industry is extremely high and is likely to remain high. As a result, competition for and retention of personnel, particularly for employees with technical expertise, is intense and the turnover rate is high. If we are unable to hire, train and retain a sufficient number of qualified employees, our ability to conduct and expand our business could be seriously reduced. The inability to retain and hire qualified personnel could also hinder the planned expansion of our business.

We manage the risks associated with retention of key executives by providing long term incentives, in the form of stock options, for many of our key executives. In addition, some of our key executives are significant shareholders in the Company. We believe management's stock ownership positions reduces the likelihood of turnover and drives strong engagement.

Key Performance Indicators (KPIs)

Our business began commercialization in late 2020 focused on COVID-related products. As we continue to expand our management monitors the execution of business plans both for performance against key milestones and cash spending to ensure we are progressing effectively and efficiently toward our plan and vision.

Section 172 Statement

The Directors are required to include a statement of how they have had regard to stakeholders to promote the success of the Company, in accordance with section 172 of the Companies Act 2006. Under section 172, a Director must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members, as a whole, and in doing so have regard to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly, as between members of the Company.

In accordance with the QCA Code, as well as what is most likely to promote the success of the Group in the long term, the Board considers the interests of the Group's employees and other stakeholders in its decision making and understands the importance of taking into account their views and considers the impact of the Group's activities on the community, environment and its reputation.

Decision Making

We are a next-generation POC diagnostic company addressing the current limitations of legacy POC systems by bringing lab-comparable performance to the POC in minutes on a single instrument with a low cost of ownership. We are focused on transforming community-based healthcare by providing critical diagnostic information to healthcare providers at the point of need, thereby enabling more informed medical decisions to improve health outcomes while lowering costs.

In response to the COVID-19 pandemic and the resulting acute need for timely diagnostic information, we developed our SARS-CoV-2 antigen test, SARS-CoV-2 antigen pool test, SARS-CoV-2 antibody test, SARS-CoV-2 & Flu A/B tests, SARS-CoV-2 & RSV test and SARS-CoV-2 Ag Ultra and Ultra Pool tests for use in community-based healthcare settings. These tests have demonstrated highly accurate results within minutes on our Instrument. We have commercialized our SARS-CoV-2 antigen test in the EEA, Japan, India, Brazil, the United States and other countries to customers, including the National Health Service and CVS Pharmacy Inc. and have made shipments of Instruments and SARS-CoV-2 antigen test strips to a number of countries in Africa as part of our collaboration with BMGF. PLOS Medicine published a living systematic review and meta-analysis of more than 60 SARS-CoV-2 antigen tests and ranked our test as most sensitive and accurate. Our SARS-CoV-2 antigen test is currently being used and implemented in various testing programs across the globe, including in accident and emergency departments, care homes, retail pharmacies and other primary care settings. We are also supporting testing in schools, workplaces, travel and events where there continues to be a need for diagnostic testing.

For further details on how the company is managed please see the Corporate Governance Statement in the Directors' Report.

Employee Engagement

Our employees are fundamental to the success of our business. We aim to be a responsible employer in our approach to the pay and benefits of employees. The health, safety and wellbeing of our employees is one of the primary considerations in the way we do business. In 2021, the following activities have been performed:

- Established Employee Resource Groups.
- Quarterly business briefing, where the Group's senior managers present and are available to answer questions.
- Established an Employee Share Purchase Plan in connection with the Group's ultimate parent listing on the NASDAQ

Business Relationships

We are fully committed to effectively engage with all our stakeholders. As we operate in a highly connected environment; the views, decisions and actions of our stakeholders have a considerable impact on our business. Therefore, our success depends on our ability to engage and work together effectively and constructively. In 2021 examples included:

- Commenced quarterly earnings announcements and conference calls to provide information to stakeholders.
- Attended key industry congresses
- Ongoing communication with our suppliers to develop deeper relationships with companies in our supply chains as well as develop strategic relationships with our key suppliers.
- Regular exchange with HM Government and its various departments, UK and international NGOs, trade bodies and industry associations as well as other stakeholders to build trust, understand positions, identify trends as well as build on and consolidate partnerships.

Community and Environment

We have developed and launched our Platform with the aim of transforming the delivery of healthcare in community-based healthcare settings. We believe our Platform's user-friendly setup, competitive cost structure and potential for a broad test menu make it an attractive instrument for roll out in settings where POC testing has traditionally been more challenging, such as low and middle income countries. In addition, our Platform allows customers to consolidate multiple POC instruments to a single instrument reducing waste generated from testing.

Culture and Values

We are an organization with a strong sense of integrity. Doing the right thing, working ethically and with high quality in all we do is at the heart of our values. We want to maintain high ethical and social standards in our business dealings; in our efforts to protect the environment; and to ensure good citizenship. We are committed to the respect of human rights and principles of sustainability. For us, this includes the responsible – that is, the efficient and effective – use of available resources, at present and in the future. We achieve sustainability when we establish an acceptable balance between the economic requirements of our corporation and the valid expectations of all those who share in our success (the stakeholders). We conduct an open and constructive dialog with all relevant stakeholders.

On Behalf of the Board,

DocuSigned by:

Ron Zwanziger

C908F391606845A...

Director

30 September 2022

The Directors present their Report and the audited Financial Statements for the year ended 31 December 2021. Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Strategic Report and includes: Review of the Business, Principal Risks and Uncertainties and Future Developments.

Principal Activity

The Company's and the Group's principal activity during the period was the research, development and launch of products in its patented next generation point of care diagnostic platform. The Company was incorporated on 1 September 2014.

Dividends

The Directors do not recommend the payment of a dividend.

Research and Development

Our research & development activities principally take place in our facilities in Stirling, United Kingdom and Waltham, United States. We utilize both internal and external resources to continue development on our novel diagnostics platform. We consider our efforts to be on track with our business and strategic plans, as adjusted where required from time to time, for our vision to achieve better outcomes, improve the experience and results for patients and their care teams, and reduce healthcare costs.

Financial Risk Management

The Company's financial risk management activities are described in the financial statement footnotes.

Directors

The Directors of the Company during the year ended 31 December 2021, and up to the date of approval of the Financial Statements, were:

Dr J F McAleer (appointed 18 November 2014)
Dr D Scott (appointed 18 November 2014)
R Zwanziger (appointed 1 September 2014)

Provision of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Under Section 487 of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier. KPMG LLP has signified its willingness to continue in office as auditor.

Streamlined Energy and Carbon Reporting (SECR)

This report was undertaken in accordance with the Streamlined Energy and Carbon ("SECR") Reporting requirements outlined in the Companies Act (2006) for large quoted and unlisted companies which requires LumiraDx UK Ltd to report on its Greenhouse Gas (GHG) emissions.

The Company has opted to exclude information from the group report which relates to subsidiaries which would not be obliged to report in its own right under SECR.

This report contains details on annual GHG emissions, total energy consumption for LumiraDx UK Ltd (09206123) *covering our offices, transport assets, and energy efficiency and environmental management actions implemented* during the financial year. This report contains our SECR disclosure for the 2021 financial year.

Methodology

Scope of analysis and data collection

Over 2021 we have collected primary data from energy consumption across our sites and business travel activities including: grid electricity consumption (kWh), natural gas consumption (kWh), and employee mileage claims (Grey Fleet).

Calculation Methodology

We have used the BEIS and Greenhouse Gas Protocol Corporate Reporting Standard (GHG Protocol) methodology for compiling this GHG data and have calculated our GHG emissions in accordance with the UK Government's reporting guidelines for Company Reporting. To ensure consistency in our reporting we are reporting all GHG emissions in units of CO_2e (carbon dioxide equivalent), and have used 2021 GHG Conversion Factors for Company Reporting, published annually by Defra and BEIS.

Where incomplete electricity consumption and gas consumption datasets have had to be used, we have estimated consumption based on the pro-rated average of previous months. For electricity consumption's missing data, we used the electricity consumption from nearby sites to calculate an average value. For gas consumption's missing data, we used the gas consumption of all sites to calculate an average value.

GHG Emissions Scopes

The following reporting scopes (as outlined by the Greenhouse Gas Protocol) are included within this disclosure:

- **Scope 1 Emissions:** direct emissions from sources which LumiraDx UK Ltd owns or controls. This includes natural gas consumption across our sites.
- **Scope 2 Emissions:** indirect emissions relating solely to the generation of purchased electricity that is consumed by LumiraDx UK Ltd across our sites.
- **Scope 3 Emissions:** indirect emissions relating solely to business travel by LumiraDx UK Ltd employees using their own vehicles (Grey Fleet).

Energy Consumption

The table below displays our annual energy consumption for electricity, natural gas, and mileage from Grey Fleet vehicles. As per SECR reporting requirements this information is presented in kilowatt hours (kWh).

Emissions Source	**GHG Scope (GHG Protocol)**	**Reporting Units**	**2021 (1st Jan – 30th Dec)**
Electricity	Scope 2	Kilowatt hour (kWh)	3,555,135
Grey Fleet	Scope 3	Kilowatt Hour (kWh)	272,093
Natural Gas	Scope 1	Kilowatt Hour (kWh)	116,745
Total Energy Consumption (kWh)	-	-	**3,943,973**

GHG Emissions Reporting

In accordance with the SECR Emissions Reporting requirements our GHG Emissions disclosure is outlined below. Results have been split by GHG Emissions Scope as outlined by the GHG Protocol calculation methodology.

GHG Emissions Scope	Result Units	2021	Percentage of GHG Emissions
Scope 1	tonnes CO_2e	21.38	2.50%
Scope 2	tonnes CO_2e	754.86	89.50%
Scope 3	tonnes CO_2e	66.94	7.90%
Total GHG Emissions	**tonnes CO_2e**	**843.18**	**100%**
GHG Emissions Intensity	**tonnes CO_2e/£M turnover**	**2.69**	**-**

Total GHG Emissions for Scope 1 and Scope 2 for the reporting period 1st Jan 2021 – 31st Dec 2021 are 843.18 tonnes CO_2e. Of our total GHG emissions Scope 1 accounts for 2.5%, Scope 2 accounts for 89.5%, and Scope 3 counts for 7.9%. These results will act as our baseline GHG emissions which will be used as a benchmark for future performance to be disclosed.

Energy Efficiency & Environmental Management

During the reporting year LumiraDx UK Ltd has been focusing on transitioning to a renewable energy tariffs. Currently, 80% of our sites have transitioned; with the remaining 20% due to be transitioned once contractual obligations allow. LumiraDx UK Ltd are keen to increase the energy efficiency of our operations and utilise on-site renewable energy sources where possible. Our sites within the highest energy consumption, are currently undergoing structural surveys for the installation of solar PV arrays. Providing permission is obtained, installations will commence by the end of 2022 and will increase the proportion of energy from renewable sources.

During the 2021 financial year, we have also installed EV chargers at two of our larger sites and plan to install further charge points across other sites by the end of 2022. This initiative is designed to support and encourage our employees to transition to electric or hybrid vehicles. To encourage recycling and reduce waste uplift from our largest site, we have installed baling and compacting equipment to enhance our existing waste management activities.

On Behalf of the Board

DocuSigned by:

R Zwanziger Ron Zwanziger

Director C908F391606845A...

Date: 30 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- *make judgements and estimates that are reasonable, relevant and reliable;*
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

On Behalf of the Board

DocuSigned by:

Ron Zwanziger

C908F391606845A...

R Zwanziger

Director

30 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUMIRADX GROUP LIMITED

Opinion

We have audited the financial statements of LumiraDx Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Consolidated statement of profit and loss and comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which indicates that the group's ability to continue as a going concern may be dependent on its ability to obtain waivers of covenant violations, or restructure or reschedule its maturing loan obligations. These events and conditions, along with the other matters explained in note 2, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, and the audit committee, as to the group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board minutes; and
- considering remuneration incentive schemes including the granting of share options to directors and employees.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the group level and request to component audit teams to report to the group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that product revenue is recorded in the wrong period and the risk that group and component management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk related to going concern in response to the company's increased spending in respect of launching its COVID-19 test and associated instrument.

We performed procedures including:

- identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting
- documentation. These included those posted to unusual accounts and those posted to revenue accounts; and
- evaluated the business purpose of significant unusual transactions.
- assessing significant accounting estimates for bias
- considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe but plausible downsides that could arise from these risks individually and collectively,

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: product safety, recognising the nature of the group's activities is the manufacture and sale of Diagnostic systems and tests. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement.

We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sabira Datoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL

30 September 2022

	Note	YEAR ENDED DECEMBER 31, 2020	YEAR ENDED DECEMBER 31, 2021
		(in thousands, except share data and EPS)	
Revenue			
Products	4	$ 135,656	$ 415,654
Services	4	3,497	5,774
Total Revenue		139,153	421,428
Cost of sales			-
Products		(84,456)	(268,835)
Services		(1,750)	(1,053)
Total Cost of Sales		(86,206)	(269,888)
Gross Profit		**52,947**	**151,540**
Research and development expenses		(107,539)	(130,221)
Selling, marketing and administrative expenses		(46,122)	(119,070)
Listing expenses	27	-	(8,595)
Operating Loss		**(100,714)**	**(106,346)**
Finance income	6	22,500	60
Finance expense	6	(12,416)	(50,209)
Net finance income/(expense)		**10,084**	**(50,149)**
Loss before Tax		**(90,630)**	**(156,495)**
Tax credit/(expense) for the period	7	9,946	(2,844)
Loss for the period		**$ (80,684)**	**$ (159,339)**
Loss/(gain) attributable to non-controlling interest	9	(17)	174
Net loss attributable to equity holders of parent—basic and diluted		**$ (80,667)**	**$ (159,513)**

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

	Note	AS OF DECEMBER 31, 2020	AS OF DECEMBER 31, 2021
		(in thousands, except share data)	
ASSETS			
Non–Current Assets			
Other non-current assets		$ 241	$ 569
Intangibles and goodwill	10	40,723	37,048
Right-of-use assets	24	10,386	27,746
Property, plant and equipment	11	87,082	173,397
Total Non-Current Assets		138,432	238,760
Current Assets			
Inventories	12	85,516	149,055
Tax receivable	7	20,680	15,022
Trade and other receivables	13	117,455	121,870
Restricted cash	2	2,455	-
Cash and cash equivalents		155,753	114,261
Total Current Assets		381,859	400,208
TOTAL ASSETS		**$ 520,291**	**$ 638,968**
LIABILITIES AND EQUITY			
Liabilities			
Non-Current Liabilities			
Debt due after more than one year	17	$ (80,620)	$ (301,129)
Lease liabilities		(1,986)	(25,514)
Deferred tax liabilities	19	(1,230)	(779)
Total Non-Current Liabilities		(83,836)	(327,422)
Current Liabilities			
Debt due within one year	17	(395)	(191)
Government and other grants	21	(44,037)	(38,941)
Trade and other payables	20	(95,246)	(98,276)
Lease liabilities due within one year		(9,119)	(5,582)
Total Current Liabilities		(148,797)	(142,990)
Equity			
Share capital and share premium	14	(110,556)	(110,556)
Foreign currency translation reserve		19,905	19,706
Other reserves	14	(611,139)	(653,145)
Accumulated deficit		413,925	574,984
Total equity attributable to equity holders of the parent		(287,865)	(169,011)
Non-controlling interests	9	207	455
Total Equity		**(287,658)**	**(168,556)**
TOTAL EQUITY AND LIABILITIES		**$ (520,291)**	**$ (638,968)**

These Financial Statements were approved by the Board of Directors on 30 September 2022 and were signed on its behalf by:

DocuSigned by:

Ron Zwanziger

C908F391608845A...

R Zwanziger, Director

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

	Note	AS OF DECEMBER 31, 2020	AS OF DECEMBER 31, 2021
ASSETS			
Non–Current Assets			
Investment in subsidiaries	12	89,743	93,061
Loans to group undertakings due after more than one year	15	566,248	841,365
Total Non-Current Assets		655,991	934,426
Current Assets			
Loans to group undertakings due within one year	15	37,983	56,014
Trade and other receivables	17	52,640	96,174
Cash and cash equivalents		115,921	31,871
Total Current Assets		206,544	184,059
TOTAL ASSETS		**862,535**	**1,118,485**
LIABILITIES AND EQUITY			
Liabilities			
Non-Current Liabilities			
Debt due after more than one year		(82,821)	(319,041)
Total Non-Current Liabilities		(82,821)	(319,041)
Current Liabilities			
Trade and other payables	23	(10,844)	(35,023)
Government and other grants	?	(42,182)	(38,910)
Total Current Liabilities		(53,026)	(73,933)
Equity			
Share capital		-	-
Share premium	18	(110,556)	(110,556)
Other reserves	18	(613,640)	(652,549)
Accumulated deficit		(2,492)	37,594
Total Equity		**(726,688)**	**(725,511)**
TOTAL EQUITY AND LIABILITIES		**(862,535)**	**(1,118,485)**

These Financial Statements were approved by the Board of Directors on 30 September 2022 and were signed on its behalf by:

DocuSigned by:

Ron Zwanziger

C908F391606845A...

R Zwanziger, Director

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

	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVES	OTHER RESERVES	ACCUMULATED DEFICIT	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
	(in thousands)							
Balance at January 1, 2020	$ —	$ 110,556	$ (2,341)	$ 374,226	$ (333,258)	$ 149,183	$ (194)	$ 148,989
Loss for the period	—	—	—	—	(80,667)	(80,667)	(17)	(80,684)
Other comprehensive loss								
Currency translation differences	—	—	(17,564)	—	—	(17,564)	4	(17,560)
Total comprehensive loss for the period	—	—	**(17,564)**	—	**(80,667)**	**(98,231)**	**(13)**	**(98,244)**
Equity compensation plans	—	—	—	3,191	-	3,191	—	3,191
Capital contributions	—	—	—	233,315	-	233,315	—	233,315
Issue of other equity instruments	—	—	—	407	—	407	—	407
Transaction with owners, recognized directly in equity	—	-	—	**236,913**	-	**236,913**	—	**236,913**
Changes in non-controlling interests	—	—	—	—	—	-	—	—
Balance at December 31, 2020	**$ —**	**$ 110,556**	**$ (19,905)**	**$ 611,139**	**$ (413,925)**	**$ 287,865**	**$ (207)**	**$ 287,658**
Balance at January 1, 2021	$ —	$ 110,556	$ (19,905)	$ 611,139	$ (413,925)	$ 287,865	$ (207)	$ 287,658
Loss for the period	—	—	—	—	(159,513)	(159,513)	174	(159,339)
Other comprehensive loss								
Currency translation differences	—	—	199	—	—	199	—	199
Total comprehensive loss for the period	—	—	**199**	—	**(159,513)**	**(159,314)**	**174**	**(159,140)**
Equity compensation plans	—	—	—	33,909	-	33,909	—	33,909
Capital Contributions	—	—	—	2,961	—	2,961	—	2,961
Issue of other equity instruments	—	—	—	5,136	—	5,136	—	5,136
Transaction with owners, recognized directly in equity	—	—	—	**42,006**	-	**42,006**	—	**42,006**
Changes in non-controlling interests	—	—	—	—	(1,546)	(1,546)	(422)	(1,968)
Balance at December 31, 2021	**$ —**	**$ 110,556**	**$ (19,706)**	**$ 653,145**	**$ (574,984)**	**$ 169,011**	**$ (455)**	**$ 168,556**

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

	Attributable to owners of the Company				
	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	ACCUMULATED DEFECIT	TOTAL EQUITY
Balance at 1 January 2020	-	110,556	376,727	(22,177)	465,106
Income for the period	-	-	-	24,669	24,669
Other comprehensive income					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**24,669**	**24,669**
Capital Contributions	-	-	233,315	-	233,315
Equity compensation plans	-	-	3,191	-	3,191
Issue of other equity instruments	-	-	407	-	407
Transaction with owners, recognised directly in equity	**-**	**-**	**236,913**	**-**	**236,913**
Changes in non-controlling interests	-	-	-		-
Balance at 31 December 2020	**-**	**110,556**	**613,640**	**2,492**	**726,688**
Balance at 1 January 2021	-	110,556	613,640	2,492	726,688
Income for the period	-	-	-	(40,086)	(40,086)
Other comprehensive income					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**(40,086)**	**(40,086)**
Capital Contributions	-	-	5,000	-	5,000
Equity compensation plans	-	-	33,909	-	33,909
Transaction with owners, recognised directly in equity	**-**	**-**	**38,909**	**-**	**38,909**
Changes in non-controlling interests	-	-	-		-
Balance at 31 December 2021	**-**	**110,556**	**652,549**	**(37,594)**	**725,511**

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

	YEAR ENDED DECEMBER 31, 2020	YEAR ENDED DECEMBER 31, 2021
Cash Flows from Operating Activities		
Loss for the period	$ (80,684)	$ (159,339)
Adjustments to reconcile loss for the year to net cash used in operating activities:		
Depreciation	8,527	22,868
Amortization	2,387	2,827
Net finance expenses	(10,084)	50,173
Equity based share based payment transactions	3,191	33,909
Increase in tax receivable	(11,269)	(4,663)
Changes to working capital:		
Inventories	(73,302)	(66,874)
Trade and other receivables	(96,537)	3,599
Trade payables and other liabilities	100,997	(5,433)
Net Cash used in Operating Activities	**(156,774)**	**(122,933)**
Cash Flows from Investing Activities		
Purchases of property, plant, equipment	(64,381)	(106,346)
Net Cash used in Investing Activities	**(64,381)**	**(106,346)**
Cash Flows from Financing Activities		
Capital Contribution from parent	233,315	3,545
Proceeds from debt issuance, net of issuance costs	62,391	361,830
Repayment of principal portion of lease liabilities	(3,054)	(5,429)
Cash interest paid, net of interest received	(4,621)	(21,336)
Early extinguishment of debt	(3,600)	(3,637)
Cash issued for non-controlling interest	-	(1,968)
Repayments of debt	(40,396)	(140,552)
Net Cash generated from Financing Activities	**244,035**	**192,453**
Net Increase / (Decrease) in Cash and Cash Equivalents	**$ 22,880**	**$ (36,826)**
Movement in Cash and Cash Equivalents		
Cash and cash equivalents at the beginning of the year	$ 136,422	$ 158,208
Exchange loss on cash and cash equivalents	(1,094)	(7,121)
Net Increase / (decrease) in cash and cash equivalents	22,880	(36,826)
Cash and Cash Equivalents at the end of the year	**$ 158,208**	**$ 114,261**

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

1. GENERAL INFORMATION

These consolidated financial statements are the Annual Financial Statements of LumiraDx Group Limited ("the Company") and its subsidiaries ("the Group").

The Company is a private limited company which is incorporated and domiciled in England and Wales. Its registered office address is 3 More Riverside, London, SE1 2AQ. The subsidiaries of the Company are listed in Note 12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Basis of preparation of Financial Statements

The consolidated Financial Statements of LumiraDx Group Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the EU. These financial statements are prepared at the request of the Directors to meet other regulatory and contractual commitments.

The Financial Statements have been prepared under the historical cost convention.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements, are disclosed in Note 3.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Statement of Comprehensive Income. The loss for the Company for the period was $40,086,000 (2020: $24,669,000 income).

Going concern

The Group has financed its operations principally through issuances of debt and equity securities, and the Group requires ongoing additional funding to continue to develop its commercial operations and research and development projects for future products.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that the Group will have sufficient funds to meet their liabilities as they fall due for that period (the going concern period).

The Group has minimum committed expenses including payroll for current employees, lease and other contractual commitments and interest payments on debt obligations of approximately $13,000 per month; however, the Group will be required to spend considerably more in order to continue to execute on its entire strategic business plan.

In March 2022 the Group entered into privately negotiated subscription agreements with certain investors wherein the Group sold and investors purchased $56,500 of Convertible Senior Subordinated Notes due 2027. The notes bear annual interest of 6%, payable semi-annually in arrears starting September 1, 2022. The notes mature on March 1, 2027 and are convertible at the holder's option at an initial conversion rate of approximately $9.22 per share.

In April 2022 the Group consummated the first closing of a private placement offering pursuant to which it received an initial investment of $26.1 million in cash and entered into an Instrument Financing Agreement with USB Focus Fund LumiraDx 2A, LLC, USB Focus Fund LumiraDx 2B, LLC and certain other related investors (collectively, the "Investors"), and Pear Tree Partners, L.P. The terms of the Instrument Financing Agreement provide that the Investors may invest up to an aggregate maximum amount of $50 million in the Group, or such higher amount as agreed to by the Company and the Investors (the "Invested Amount"), in one or more closings, in order to fund the purchase of additional LumiraDx instruments, allowing the Group to further expand instrument placements. In consideration of such investment, the Group has agreed to pay to the Investors on a semi-annual basis and over a three-year period (subject to extension in certain events), a payment that is equal to 20% of the total gross amount invoiced by the

Group in respect of sales of test strips for use in such funded LumiraDx instruments which are allocated to the Invested Amount by the Company in accordance with the terms of the Instrument Financing Agreement (the "Instrument Financing Payments"). In June 2022 the Group closed an additional $15.4 million with the Investors.

The 2021 Senior Secured Loan matures in March 2024 and contains customary covenants including achieving certain revenue levels for the years ending December 31, 2021, 2022 and 2023 and maintaining minimum liquidity levels. The Group met the 2021 revenue covenant and has met the minimum liquidity levels. For the 2022 revenue covenant and quarterly liquidity levels, the Group's short-term revenue prospects and liquidity levels will vary with the amount of demand for its SARS-CoV-2 products. While the directors believe that the Group's SARS-CoV-2 products will continue to remain in high demand as COVID-19 vaccines are available, the continued efficacy of such vaccines or the mitigation of the COVID-19 pandemic earlier than expected for any other reason could negatively impact demand for the Group's Platform and sales of its Instrument, test strips and other products. In addition, competitors may produce more accurate tests or tests which receive more favorable demand, both of which may impact the Group's revenue streams and ability to meet the covenants.

On June 17, 2022, the Group entered into a second amendment to the 2021 Senior Secured Loan, to provide for, among other things, immediate revisions to the minimum net sales and the minimum liquidity covenants (the "Amendment"). If the Group completes a Qualifying Financing as defined in the Amendment, further revisions to the covenants take effect.

In July, the Group closed a secondary public stock offering. The gross proceeds from the offering were $75 million. In addition to the shares being sold in the public offering, the Group also sold additional shares to raise gross proceeds of approximately $25.0 million in a concurrent private placement to one of its existing investors, the Bill & Melinda *Gates Foundation. The underwriters had a 30-day option to purchase additional common shares at the public offering* price and purchased $7 million of shares in August. In total, the Group received net proceeds of approximately $100 million after fees and commissions.

The directors believe that, if necessary, they will be able to obtain waivers of covenant violations or restructure the existing obligations, although there are no guarantees that these will be achieved. The directors believe the Group and company will be able to meet their liabilities as they fall due for the going concern period and have therefore prepared the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Group's and the company's ability to continue as a going concern and therefore, to continue realizing their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.2 Basis of consolidation

The consolidated Financial Statements consolidate the Financial Statements of LumiraDx Group Limited and its subsidiary undertakings made up to 31 December 2021.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. *The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either* at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries are accounted for at cost less impairment. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

2.3 Investments

The major investments of the Group are listed in Note 12. Ownership interests equal voting rights.

The Group assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. Any impairment loss is recognised immediately in profit or loss.

2.4 Changes in accounting policy and disclosure

In 2021 the Group did not implement, nor were they aware of, any new accounting pronouncements that had a material impact on the Group's financial statements.

2.5 Revenue recognition

The Group's revenue is generated primarily from the sale of diagnostic products, including instruments and consumables. The Group's services revenue includes the maintenance on software licenses, access to hosted cloud offerings and training, support and other services related to the Group's diagnostic products.

Revenue from the sale or lease of goods and services rendered are recognized when a promise in a customer contract ("performance obligation") has been satisfied by transferring control of the promised goods and services to the customer. Control of a promised good or service refers to the ability to direct the use of, and to obtain substantially all of the remaining benefits from, those goods or services. Control is usually transferred upon shipment or upon receipt of goods by the customer, or as services are rendered, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized ("transaction price") is based on the consideration the Group expects to receive in exchange for its goods and services, excluding amounts collected on behalf of third parties such as value added taxes or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative standalone selling prices.

The determination of the standalone selling price requires judgment. The Group's determination of the standalone selling price for each performance obligation varies based on the geography and customer type. Generally, the standalone selling prices are based on observable prices. When observable prices are not available, the standalone selling price for products and services and for determination of amounts allocated for lease consideration in contracts with customers is based on a cost-plus margin approach.

Instruments may be sold together with other goods such as test strips, reagents and other consumables as well as services under a single contract or under several contracts that are combined for revenue recognition purposes. Revenue is recognized upon satisfaction of each of the performance obligations in the contract.

2.6 Research and development

Expenditure on research and development activities is recognised in profit or loss as incurred. The Group will capitalize development expenditures once the Group incurs expenditures related to technologies or products under development with proven technical feasibility. The development projects undertaken by the Group are subject to technical, regulatory and other uncertainties, such that, technical feasibility is deemed not to have been met prior to obtaining marketing approval by the regulatory authorities in major markets.

2.7 Foreign Currency Translation

(a) *Functional and presentation currency*

Items included in each of the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Group Financial Statements are presented in US Dollars (stated in 000's) which is the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All foreign exchange gains and losses are presented in the income statement within 'Finance income' and 'Finance expense'.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.8 Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. No depreciation is charged on assets in the course of construction ahead of their productive use.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Land and buildings – length of the lease up to 15 years
- Plant and equipment - 3-15 years
- Fixtures and fittings - 3-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

2.9 Right-of-Use Assets

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate which is based on the Group's recent borrowings.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.11 (d).

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the *operating segment level. Currently the Group operates in a single segment and the goodwill is assessed at a* single CGU.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Patents

Acquired patents and patent applications are shown at acquired cost less accumulated amortisation. Amortisation will be calculated using the straight line method to allocate the cost of patents over their estimated useful economic lives, calculated as the lower of management's estimated useful life or the time remaining on the granted patent, once brought into use.

(c) Intangible assets acquired in a Business Combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Separately recognised intangible assets comprise customer relationships and contracts, supplier relationships, technology and software. Amortisation is calculated either using the straight line method or over the asset's economic useful life based on cash flow projections. Customer related intangibles and supplier relationships are amortised over 7 to 10 years. Technology and software are amortised over 8 to 10 years.

(d) Impairment of Non-Financial Assets

Assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial instruments

(a) Classification

From 1 January 2018 the Group classifies its financial instruments in the following categories (as disclosed in Note 27): amortised cost or fair value through profit or loss (equity investments).

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group classifies its financial assets as loans and receivables which comprise 'trade and other receivables' and 'cash and cash equivalents'. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Financial liabilities at amortised cost comprise trade and other payables, loans and other financial liabilities.

(b) ***Recognition and Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, loans and receivables are measured at amortised cost (with the exception of equity investments which are measured at fair value through profit or loss) using the effective interest method less a provision for impairment.

The Financial liabilities are initially recognised at the amount to be required to be paid, less, when material, a discount to reduce the payables to fair value. Financing costs are recorded as a reduction of the proceeds from the financing. If the costs relate to more than one element of a financing transactions, the financing costs are recorded as a proportional reduction of the proceeds of the separate elements. Financial liabilities are subsequently measured at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(c) ***Derecognition***

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Derecognition also takes place for certain assets when the Group write-off balances pertaining to the assets deemed to be uncollectible.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Where there has been a significant modification of a financial liability the Group derecognises the original financial liability and recognises the modified liability at fair value with any difference between the amortised cost of the derecognised liability and the fair value of the modified liability being recognised in comprehensive income.

(d) ***Impairment of financial assets***

At each Statement of Financial Position date, the Group assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the Income Statement.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal repayments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group recognises loss allowances for expected credit losses ("ECL") for financial assets measured at amortised cost.

For trade and other receivables, the Group measures the allowance for doubtful accounts at an amount equal to lifetime ECL.

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are carried at the original invoiced amount less allowances made for doubtful accounts, trade discounts, cash discounts and similar allowances. An allowance for doubtful accounts is recorded for expected credit losses over the term of the receivables. These are based on specific indicators, such as the ageing of customer balances and other specific credit circumstances. Trade and other receivables are written off when there is no reasonable expectation of recovery. The Group applies the simplified approach prescribed by IFRS 9, which requires / permits the use of the lifetime expected loss provision from initial recognition of the receivables.

2.13 Cash and cash equivalents

In the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and bank overdrafts. In the Consolidated Statement of Financial Position, bank overdrafts, if any, are shown within borrowings in current liabilities.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

2.15 Provisions and charges

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The present value of the liability is remeasured at the reporting date.

2.16 Borrowing costs

Borrowing costs are recognised in the Income Statement in the period in which they are incurred.

2.17 Share capital

Ordinary Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.18 Share based payment

The Company operates equity-settled, share-based compensation plans under which the entity receives services or other consideration from employees and other unrelated parties for equity instruments of the Company. The fair value of the services and consideration received in exchange for the grant of options is recognised as an expense and as a component of equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

2.19 Taxation

The tax expense or credit comprises current and deferred tax. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Subsidiaries within the Group may be eligible for tax credits related to qualifying research and development expenditures. The Group records an asset as a reduction in tax expense when it determines the receipt of a tax credit is probable.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.20 Pension Obligations

The Group makes contributions to defined contribution pension plans for employees. The Group has no legal or constructive obligations to pay further contributions. The contributions are recognised as employee benefit expense when they are paid.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below.

Revenue Recognition

The Group's sales transactions may consist of various performance obligations that are satisfied at different times. It requires judgment to determine when different obligations are satisfied, including whether enforceable commitments for further obligations exist and when they arise. Depending on the determination of the performance obligations and the point in time or period over which those obligations are fulfilled, this may result in all revenue being calculated at inception, and either being recognized at once or on contract completion or spread over the term of a longer performance obligation.

In the accounting for contracts that contain promises to deliver more than one good or service, the Group has to determine how to allocate the total transaction price to the performance obligations of the contract. The Group allocates the total transaction price of a customer contract to the distinct performance obligations under the contract based on their standalone selling prices. The best evidence of this is an observable price from the standalone sales of the good or service to similarly situated customers. However, where standalone selling prices are not observable, it requires judgment to estimate the cost of satisfying a performance obligation and adding an appropriate margin to that good or service.

Nonrecurring valuations

The Group's nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require fair value determinations as of the applicable valuation date. In making these determinations, the Group is required to make estimates and assumptions that affect the recorded amounts, including, but not limited to expected future cash flows, and discount rates, and remaining useful lives of long-lived assets. To assist in making these fair value determinations, the Group may engage third party valuation specialists. Estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or credit. Estimates of fair value are based upon assumptions management believes to be reasonable, but which are inherently uncertain. A significant portion of our long-lived assets were initially recorded through the application of acquisition accounting and all of our long-lived assets are subject to impairment assessments.

The Group regularly review whether changes to estimated useful lives are required in order to accurately reflect the economic use of our intangible assets with finite lives.

The Group had net intangible assets of $24,732 and $21,442 as of December 31, 2020 and 2021, respectively. Management has reviewed the estimated value as of December 31, 2021.

Share-Based Payments

The Group operates equity-settled, share-based compensation plans under which the Group receives services or other consideration from employees and other unrelated parties for our equity instruments. The fair value of the services and consideration received in exchange for the grant of options is recognized as an expense and as a component of equity. The total amount to be expensed over the vesting period is determined by reference to the fair *value of the options granted. The fair value of the share options was determined using a Black-Scholes valuation* model. No performance conditions were included in the fair value calculations.

Fair Value of Share Options

The fair value of each award on the grant date is estimated using the Black-Scholes option pricing model. The Black-Scholes model requires the input of highly subjective assumptions, including the expected volatility, the risk-free rate, expected life and the dividend yield. The expected volatility is based on the historical volatility of several comparable companies in the same industry. The expected life is based on the longer of each tranche's respective weighted-average vesting term or the expected term to a liquidity event. The risk-free rate for periods within the contractual life of the options is based on the market yield of U.S. Treasury Bonds in effect at the time of grant. The dividend yield is based on the Company's expected dividend policy over the contractual life of the options.

The assumptions used to estimate the fair value of the share options granted are as follows:

		2021	
	2020*	Employees	Founders
Grant date fair value ($)	1,634 to 3,861	1.37 to 4.02	1.26 to 2.85
Exercise price ($)	1,793 to 3,861	9.89 to 16.39	16.96 to 17.05
Volatility	35-40%	40.0%	40.0%
Dividend yield	—	—	—
Expected life of option (years)	2-2.5	4-6.25	4-6.25
Annual risk free interest rate	0.2-1.6%	0.78-1.22%	0.78-1.22%
Total fair value of options granted	$ 6,716	$ 8,567	$ 43,887

**Amounts not adjusted for 2021 share splits*

Fair Value of Ordinary Shares

The Group utilizes the fair value of ordinary shares when determining the fair value of financial instruments as well as determining the fair value of the ordinary shares underlying its options when performing the fair value calculations with the Black-Scholes option pricing model. Therefore, the directors have estimated the fair value of the Group's ordinary shares at various dates, with input from management, considering the third-party valuations of ordinary shares. The valuations of ordinary shares were performed using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the AICPA Practice Guide. In addition, the directors considered various objective and subjective factors, along with input from management and the independent third-party valuation firm, to determine the fair value of ordinary shares, including: external market conditions affecting the industry, trends within the industry, the results of operations, financial position, status of our research and development efforts, our stage of development and business strategy, and the lack of an active public market for the Group's ordinary shares, and the likelihood of achieving a liquidity event such as an initial public offering, or IPO.

The valuations of the Group's ordinary shares were prepared using an option pricing method, or OPM, and a probability-weighted expected return method, or PWERM. The PWERM is a scenario-based methodology that estimates the fair value of ordinary shares based upon an analysis of future values for the Group, assuming various outcomes. The ordinary shares' value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available, as well as the rights of each share class. The future value of the ordinary shares under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the ordinary shares. The OPM treats ordinary shares and preferred shares as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the ordinary shares have value only if the funds available for distribution to shareholders exceeded the value of the preferred share liquidation preferences at the time of the liquidity event, such as a strategic sale or a merger. A discount for lack of marketability of the ordinary shares is then applied to arrive at an estimate of value for the ordinary shares.

In addition to considering the results of these third-party valuations, the directors considered various objective and subjective factors to determine the fair value of ordinary shares as of each grant date, including:

- the prices at which the Group issued ordinary and preferred shares and the superior rights and preferences of the preferred shares relative to the ordinary shares at the time of each grant;
- the progress of the Group's research and development programs;
- the stage of development and the Group's business strategy;
- external market conditions affecting the Group's industry and trends within the industry;
- the Group's financial position, including cash on hand, and historical and forecasted performance and operating results;
- the lack of an active public market for the Group's ordinary shares and preferred shares;
- the likelihood of achieving a liquidity event, such as an IPO, in light of prevailing market conditions; and
- the analysis of IPOs and the market performance of similar companies in the Group's industry.

The Group utilizes the fair value of its Ordinary shares when determining the fair value of financial instruments, as well as determining the Group estimates.

The assumptions underlying these valuations represented management's best estimates, which involved inherent uncertainties and the application of management's judgment. As a result, if the assumptions or estimates used had been significantly different, the fair value of ordinary shares and share-based payment expense could be materially different.

Product Reserves

The Group provides standard commercial warranties on its products. Separately, the Group also periodically performs field service actions related to safety matters and other product campaigns. Pursuant to these warranties and field service actions, the Group will repair or replace products that are defective in materials or workmanship. The Group accrues the estimated cost of both base warranty coverages and field service actions at the time of sale. Provisions for warranties of $5,801 (2020: $6,557) are recorded in the balance sheet within trade and other payables (Note 20). The Group is able to service Platform instruments returned by customers. The Group has estimated the number of returned instruments that are anticipated being able to be serviced and returned to customers and have reserved against those instruments not expected to be serviced.

The Group maintains an allowance for excess or obsolete inventories. The allowance is based on a review of inventory materials on hand, which the Group compares with estimated future usage. In addition, the Group reviews the inventories and compares parts costs with current market value and writes down any parts with costs in excess of current market value to net realizable value. Provisions for inventories of $22,829 (2020: $13,186) are recorded in the balance sheet within inventory.

These estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends such as competitive pricing and new product introductions, estimated inventory levels, and the shelf life of products. As 2020 was the first year of significant sales of its diagnostic platform, the Group has limited history to make these estimates. If actual future results vary, these estimates may need to be adjusted, with an effect on sales and earnings in the period of the adjustment. Actual results could differ from these estimates.

4. REVENUE

Disaggregation of Revenue

	2020			2021		
REVENUE STREAM	REVENUE FROM CONTRACTS WITH CUSTOMERS	REVENUE FROM OTHER SOURCES	TOTAL	REVENUE FROM CONTRACTS WITH CUSTOMERS	REVENUE FROM OTHER SOURCES	TOTAL
Products	$ 133,794	$ 862	$ 135,656	$ 414,114	$ 1,540	$ 415,654
Services	3,497	—	3,497	5,774	—	5,774
Total Revenue	**$ 137,291**	**$ 862**	**$ 139,153**	**$ 419,888**	**$ 1,540**	**$ 421,428**

Revenue from diagnostic products is recognized at the time the performance obligations are met. Service revenue is recognized over the contractual term. Revenue from other sources represents lease revenue on instruments.

Contract Balances

Service revenue is typically billed in advance giving rise to a contract liability balance. The deferred balance as of December 31, 2021 and 2020 is $1,517 and $1,760, respectively. As the Company generally recognizes revenue as goods are sold for product revenue, the Company does not have other material contract asset or liability balances as of December 31, 2021.

Remaining performance obligations in (partially) unsatisfied long-term contracts:

	DEFERRED REVENUE	
	2020	2021
Balance at start of the period	2,639	1,760
Recognized revenue from prior years' invoicing	(2,348)	(1,760)
Amounts invoiced to be recognized over time	2,509	4,149
Recognized revenue from current year invoicing	(1,131)	(2,703)
Foreign exchange impact	91	71
Balance at end of the period	1,760	1,517

Remaining performance obligations in (partially) unsatisfied long-term contracts are included in deferred revenue. For contracts that have an original duration of one year or less, the Group has elected the practical expedient to not disclose the transaction price for remaining performance obligations at the end of each reporting period and at which point in time the Group expects to recognise these sales.

5. SEGMENTS

Basis for segmentation:

The CEO is the Group's chief operating decision maker ("CODM"). The regular internal reporting to the CEO, which fulfils the criteria to constitute a segment, is done for the Group as a whole, and we therefore report the total Group as the Group's only segment. Revenue from external customers by country, based on the destination of the customer is as follows:

ANALYSIS OF REVENUE BY COUNTRY:	2020	2021
United States	$ 54,655	$ 250,755
Italy	24,098	65,659
United Kingdom	39,936	56,282
Germany	1,462	16,261
Colombia	8,789	12,101
Sweden	3,128	6,954
Netherlands	101	2,610
Switzerland	581	2,491
Brazil	3,209	2,320
Japan	—	2,251
Austria	1,622	2,002
Spain	—	1,014
Denmark	1,354	98
Other	218	630
Total revenue	**$ 139,153**	**$ 421,428**

In 2021 the Group had 1 significant customer which accounted for 45% of the Group's revenue. In 2020 the Group had 2 significant customers which accounted for 29% and 17% of the Group's revenue, respectively.

Non-current assets by country are as follows:

ANALYSIS OF NON-CURRENT ASSETS BY COUNTRY:	2020	2021
United Kingdom	$ 115,135	$ 199,312
United States	7,985	22,537
Italy	9,280	10,600
Colombia	4,306	3,780
Sweden	593	630
Other	1,133	1,901
Total	**$ 138,432**	**$ 238,760**

6. EXPENSES BY NATURE

The operating loss of $106,346,000 (2020: $100,714,000) is stated after charging:

Group	2020	2021
Depreciation (Note 14)	5,717	17,275
Amortisation (Note 13)	2,387	2,827
Lease Liability Payments (Note 27)	3,054	5,429
Auditor remuneration (Note 7)	1,627	1,100

7. AUDITOR REMUNERATION

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor:

	2020	2021
Fees payable to the Company's auditor for the audit of the Group and consolidated Financial Statements	1,627	1,086

8. STAFF COSTS

The Group and Company incurred the following staff costs (including Directors):

	2020	2021
Wages and salaries	49,340	104,464
Social security costs	5,770	10,851
Pension costs	2,070	4,347
Share option expense (Note 18)	3,191	33,909
Total	**60,371**	**153,571**

Directors' Emoluments

The Directors' emoluments in respect of qualifying services were:

Company	2020	2021
Directors' salary and fees	537	1,745
Social security costs	62	60
Other benefits	62	19
Total	**661**	**1,824**

The Company's Directors are the Key Management Personnel for the Group, and their compensation is included in the Directors' emoluments above.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was $767,000 (2020: $257,000), and Company pension contributions of $15,000 (2020: $15,000) were made to a money purchase scheme on their behalf. They were not granted any share options in 2021 or 2020, nor were they entitled to any benefits under long term incentive plans.

No amounts were paid to third parties in respect of directors' services in 2021 or 2020. The average monthly number of staff, including the Directors, during the financial period was as follows:

	2020	2021
	No.	No.
Sales, general and administrative	320	387
Research and development	297	417
Manufacturing	169	525
Total	**786**	**1,329**

9. FINANCE INCOME AND FINANCE EXPENSE

	2020	2021
Net gain on conversion of convertible financial instruments	$ -	$ -
Change in fair value of 2020 convertible notes (Note 17)	-	-
Change in fair value of Series B preferred shares (Note 16)	-	-
Interest Income	$ 581	$ 60
Foreign exchange gain	21,908	-
Other	11	-
Finance income	**$ 22,500**	**$ 60**
Interest expense (cash)	$ (5,202)	$ (21,396)
Interest expense (non-cash)	(816)	(3,803)
Lease liability interest expense (Note 24)	(751)	(2,501)
Foreign exchange loss	-	(14,594)
Debt extinguishment fee (cash)	-	(3,636)
Debt extinguishment fee (non-cash)	(5,647)	(4,170)
Other	-	(109)
Finance expense	**$ (12,416)**	**$ (50,209)**

10. INCOME TAXES

TAX CREDIT FOR THE PERIOD	**2020**	**2021**
Current income credit / (tax)		
- Current year	$ 10,320	$ (4,087)
- Prior years	(767)	—
Total current income credit / (tax)	**9,553**	**(4,087)**
Deferred income tax credit		
- Current year	393	1,243
- Prior years	—	—
Total deferred income credit	**393**	**1,243**
Total income tax credit/(expense)	**$ 9,946**	**$ (2,844)**

Included in current year income credit are $nil (2020: $10,479,000) and $nil (2020: $772,000) related to the research and development tax credits for the current year and prior years, respectively.

The prior year adjustment, in relation to the research and development tax credit, has arisen following an increase in the eligible expenditure included within the claim filing made with the tax authorities.

In 2021, the group transitioned from the small company scheme to the research and development expenditure credit scheme ("RDEC"), see Note 21.

Reconciliation of effective tax rate:

In the March 3, 2021 U.K. budget, it was announced that the U.K. tax rate will increase to 25% from April 1, 2023. This will not have a consequential effect on the Group's recognized deferred taxes, however the Group has substantial unrecognized U.K. net operating losses (Note 19).

	2020	2021
Loss for the period before taxation	$ 90,630	$ 156,495
Tax benefit at standard U.K. rate at 19%	17,220	29,734
Difference in overseas tax rates	145	(700)
Expenses not deductible for tax purposes	(5,389)	7,359
Tax losses for which no deferred tax asset was recognized	(7,235)	(33,018)
Share-based payment (not deductible for tax purposes)	(572)	(6,443)
Research and development credit	4,804	—
Adjustments for prior year	767	—
Other timing differences and adjustments	206	224
Income tax credit/(expense)	**$ 9,946**	**$ (2,844)**
Effective tax rate	11%	-2%

11. NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries with Non-controlling interests:

	2020		2021	
	LUMIRADX COLOMBIA HOLDINGS LIMITED*	LUMIRADX HEALTHCARE LTDA.	LUMIRADX COLOMBIA HOLDINGS LIMITED*	LUMIRADX HEALTHCARE LTDA.
Non-current assets	$ 430	$ 93	$ 189	$ 237
Current assets	6,986	2,001	8,627	1,517
Non-current liabilities	(6,119)	(3,016)	(5,643)	(3,594)
Current liabilities	(1,730)	(504)	(3,213)	(543)
Net assets/(liabilities) (100%)	**(433)**	**(1,426)**	**(40)**	**(2,383)**
Carrying amount of Non-controlling interest	**921**	**(1,128)**	**805**	**(1,260)**
Revenue	8,789	3,208	12,101	2,320
Profit/(loss)	817	(2,023)	1,609	(879)
Other comprehensive gain	(5)	40	-	-
Total comprehensive profit/(loss) (100%)	**812**	**(1,983)**	**1,609**	**(879)**
Profit/(loss) allocated to non-controlling interest	286	(303)	306	(132)
Other comprehensive loss allocated to non-controlling interest	(2)	6	—	—
Cash flows from operating activities	731	(352)	1,810	(701)
Cash flows from investment activities	(184)	(18)	(98)	(38)
Cash flows from financing activities	—	700	-	500
Net increase/(decrease) in cash and cash equivalents	**$ 547**	**$ 330**	**$ 1,712**	**$ (239)**

**—Represents the consolidation of LumiraDx Colombia Holdings Limited and LumiraDx SAS, a wholly owned subsidiary of LumiraDx Colombia Holdings Limited*

External parties hold 19% (2020: 35%) of the share capital of LumiraDx Colombia Holdings Limited. In 2021 the Group acquired an additional 16% of LumiraDx Colombia Holdings Limited for $1,968. External parties hold 15% (2020: 15%) of the share capital of LumiraDx Healthcare, Ltda.

12. INVESTMENTS

Principal Subsidiaries

NAME	COUNTRY OF INCORPORATION AND RESIDENCE	NATURE OF BUSINESS	PROPORTION OF EQUITY SHARES HELD BY COMPANY 2020	2021
LumiraDx Brazil Holdings Limited	United Kingdom	Holding Company	100%	100%
LumiraDx Healthcare Ltda	Brazil	Distributor of medical diagnostics	98%	98%
LumiraDx Colombia Holdings Limited	United Kingdom	Holding Company	65%	81%
Lumira SAS	Colombia	Distributor of medical diagnostics	100% *	100% *
Lumira SAS	France	Distributor of medical diagnostics	n/a	100%
LumiraDx GmbH	Germany	Distributor of medical diagnostics	100%	100%
LumiraDx AB	Sweden	Distributor of medical diagnostics	100%	100%
LumiraDx UK Limited	United Kingdom	Manufacture and distribution of medical diagnostics	100%	100%
LumiraDx Technology Limited	United Kingdom	Research and development	100%	100%
LumiraDx Ltd.	United Kingdom	Distributor of medical diagnostics	100%	100%
LumiraDx International Limited	United Kingdom	Holding Company	100%	100%
LumiraDx Investment Limited	United Kingdom	Holding Company	100%	100%
LumiraDx Care Solutions UK Limited	United Kingdom	Healthcare IT and services	100%	100%
LumiraDx, Inc	United States	Healthcare IT and services	100%	100%
ACS Acquisition LLC	United States	Healthcare IT and services	100%	100%
LumiraDx Healthcare LLC	United States	Healthcare IT and services	100%	100%
Biomedical Service S.r.l.	Italy	Distributor of medical diagnostics	100%	100%
LumiraDx AS	Norway	Distributor of medical diagnostics	100%	100%
LumiraDx GmbH	Austria	Distributor of medical diagnostics	100%	100%
LumiraDx GmbH	Switzerland	Distributor of medical diagnostics	100%	100%
LumiraDx Japan KK	Japan	Distributor of medical diagnostics	100%	100%
LumiraDx Oy	Finland	Distributor of medical diagnostics	100%	100%
LumiraDx A/S	Denmark	Distributor of medical diagnostics	100%	100%
LumiraDx Healthcare S.L.	Spain	Distributor of medical diagnostics	100%	100%
SureSensors Ltd.	United Kingdom	Developer and manufacturer of medical diagnostics	100%	100%
LumiraDx (Pty) Limited	South Africa	Distributor of medical diagnostics	100%	100%
LumiraDx B.V.	Netherlands	Distributor of medical diagnostics	100%	100%
LumiraDx Benelux B.V.	Netherlands	Distributor of medical diagnostics	n/a	100%
LumiraDx Limited	Ireland	Distributor of medical diagnostics	n/a	100%
LumiraDx Healthcare Private Limited	India	Distributor of medical diagnostics	n/a	100%
CA Healthcare Acquisition Corp.	United States	Holding Company	0%	100%

** - LumiraDx Colombia Holdings Limited holds 100% of the equity shares of Lumira SAS*

All subsidiary undertakings are included in the consolidation. All subsidiaries are held directly by the Company. The proportion of the voting rights in the subsidiary undertaking held directly by the Company does not differ from the proportion of equity shares held.

Investments in subsidiaries

At 1 January 2020	**83,579**
Capital contributions to subsidiary	6,164
At 31 December 2020	**89,743**
Capital contributions to subsidiary	3,318
At 31 December 2021	**93,061**

The Group has taken advantage of the exemptions in section 479A to 479C of the Companies Act 2006 meaning that all the Company's UK subsidiaries are exempt from an audit, excluding LumiraDx Colombia Holdings Limited and LumiraDx Investment Limited.

13. GOODWILL AND INTANGIBLE ASSETS

	GOODWILL	PATENTS	CUSTOMER INTANGIBLES	SUPPLIER RELATIONSHIPS	TECHNOLOGY AND SOFTWARE	TOTAL
Cost						
At January 1, 2020	$ 15,391	$ 18,122	$ 8,731	$ 2,856	$ 11,177	$ 56,277
Additions	—	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Exchange differences	600	549	408	—	156	1,713
At December 31, 2020	15,991	18,671	9,139	2,856	11,333	57,990
Amortization						
At January 1, 2020	—	2,710	4,034	1,043	6,957	14,744
Charge for the period	—	831	951	286	319	2,387
Impairments	—	—	—	—	—	—
Exchange differences	—	54	62	—	20	136
At December 31, 2020	—	3,595	5,047	1,329	7,296	17,267
Net Book Value						
At December 31, 2020	$ 15,991	$ 15,076	$ 4,092	$ 1,527	$ 4,037	$ 40,723
Cost						
At January 1, 2021	$ 15,991	$ 18,671	$ 9,139	$ 2,856	$ 11,333	$ 57,990
Additions	—	—	—	—	—	—
Exchange differences	(385)	(178)	(278)	—	(48)	(889)
At December 31, 2021	15,606	18,493	8,861	2,856	11,285	57,101
Amortization						
At January 1, 2021	—	3,595	5,047	1,329	7,296	17,267
Charge for the period	—	890	1,317	286	334	2,827
Exchange differences	—	(16)	(21)	—	(4)	(41)
At December 31, 2021	—	4,469	6,343	1,615	7,626	20,053
Net Book Value						
At December 31, 2021	$ 15,606	$ 14,024	$ 2,518	$ 1,241	$ 3,659	$ 37,048

Amortization of $2,652 (2020: $2,224) has been charged to Selling, marketing, and administrative expenses and $175 (2020: $163) Research and development expenses.

Patents and intellectual property

Intangible assets in use	Type of intangible asset	Net book value	Remaining amortization period
Acquired Patents	Patents	8,033	9 years
Acquired Technology	Technology	356	2 years
Acquired Supplier relationships	Supplier relationships	1,243	4 years
Acquired Customer-related intangible	Customer-related	2,517	5-6 years
Acquired Technology	Technology	1,180	7 years

Intangible assets under development	Type of intangible asset	Net book value	Remaining amortization period
Technology License	Technology	2,120	*n/a*
Patent License	Patents	5,301	*n/a*
Patents	Patents	692	*n/a*

Impairment Review—Goodwill

Goodwill is tested for impairment at the operating segment level, this being the level at which goodwill is monitored for internal management purposes. As detailed in *Note 5*, the Group does not have multiple operating segments and is engaged in a single business activity of the manufacture and sale of point of care medical diagnostics. The recoverable amount of the goodwill has been calculated with reference to the present value of the future cash flows expected to be derived from the cash generating unit (value in use). In calculating this value, management have used the following assumptions:

- Five years of cash flow projections are based on the Group's long term financial projections, including the launch and commercialization of its new diagnostic products and services. These projects are based on the Group's existing commercial experience and its overall understanding of new product launches.
- A terminal value based on a perpetual growth rate of 5% (2020 3%) for free cash flow
- A discount rate of 25% (2020: 25%) calculated using a risk-free interest rate of 1.5% (2020: 1.5%) and appropriate market risk and small company specific risk premiums

Reasonable changes in (i) the Group's ability to achieve the commercial milestones included in the projections, (ii) the discount rate, or (iii) the perpetual growth rate would not lead to an impairment.

Impairment Review—Intangible Assets

Whilst the Group has no intangible assets with indefinite useful lives, there are intangible assets under development which are not yet available for use. These represent elements of the underlying technology which will ultimately support the Group's future product launches.

The recoverable amount of the assets have been calculated with reference to the present value of the future cash flows expected to be derived from the assets (value in use). In calculating this value, management have used the following assumptions:

- Five years of cash flow projections are based on the Group's long term financial projections, including the launch and commercialization of products and services related to the underlying technology. These projects are based on the Group's existing commercial experience and its overall understanding of new product launches.
- A discount rate of 25% (2020: 25%) calculated using a risk-free interest rate of 1.5% (2020: 1.5%) and appropriate market risk and small company specific risk premiums

Reasonable changes in (i) the Group's ability to achieve the commercial milestones included in the projections, (ii) the discount rate, or (iii) the perpetual growth rate would not lead to an impairment.

14. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	FIXTURES AND FITTINGS	PLANT AND EQUIPMENT	UNDER CONSTRUCTION	TOTAL
Cost					
At January 1, 2020	$ 3,054	$ 3,115	$ 17,287	$ 10,432	$ 33,888
Additions	3,686	1,115	25,831	33,749	64,381
Transfers	—	(22)	22	—	—
Disposals	—	(126)	(137)	(406)	(669)
Exchange differences	366	64	1,799	2,090	4,319
At December 31, 2020	**7,106**	**4,146**	**44,802**	**45,865**	**101,919**
Accumulated Depreciation					
At January 1, 2020	**1,067**	**2,014**	**5,666**	**—**	**8,747**
Charge for the period	841	618	4,258	—	5,717
Transfers	—	(1)	1	—	—
Disposals	—	(47)	(135)	—	(182)
Exchange differences	151	52	352	—	555
At December 31, 2020	**2,059**	**2,636**	**10,142**	**—**	**14,837**
Carrying Amount					
At December 31, 2020	**$ 5,047**	**$ 1,510**	**$ 34,660**	**$ 45,865**	**$ 87,082**
Cost					
At January 1, 2021	$ 7,106	$ 4,146	$ 44,802	$ 45,865	$ 101,919
Additions	28,047	4,144	72,186	1,969	106,346
Transfers	—	2,137	(2,137)	—	—
Disposals	(67)	(452)	(91)	—	(610)
Exchange differences	(562)	(322)	(2,084)	(574)	(3,542)
At December 31, 2021	**34,524**	**9,653**	**112,676**	**47,260**	**204,113**
Accumulated Depreciation					
At January 1, 2021	**2,059**	**2,636**	**10,142**	**—**	**14,837**
Charge for the period	2,773	2,204	12,298	—	17,275
Transfers	—	1,686	(1,686)	—	—
Disposals	(21)	(366)	(91)	—	(478)
Exchange differences	(106)	(223)	(589)	—	(918)
At December 31, 2021	**4,705**	**5,937**	**20,074**	**—**	**30,716**
Carrying Amount					
At December 31, 2021	***$ 29,819***	**$ 3,716**	**$ 92,602**	**$ 47,260**	**$ 173,397**

Depreciation expense of $5,355 (2020: $1,676) has been charged to Research and development expenses and $11,920 (2020: $4,041) to Selling, marketing and administrative expenses.

Assets under construction are comprised of manufacturing equipment to be placed in service in 2022. Commitments related to property, plant and equipment are referenced in Note 23.

COMPANY

The Company's property, plant and equipment is fully depreciated at 1 January 2020.

15. LOANS TO GROUP UNDERTAKINGS

	2020	2021
Loans to group undertakings:		
Loans to group undertakings due after more than one year	566,248	841,365
Loans to group undertakings due within one year	37,983	56,014
Total	**604,231**	**897,379**

Amounts owed by group undertakings as of 31 December 2021 had the following terms:

Company Name	Loan Value	Denomination of loan	Interest Rate per annum	Repayment Date
LumiraDx, Inc.	3,900	US Dollars	5.13%	1 January 2024
	4,219	US Dollars	4.50%	1 January 2025
	1,179	US Dollars	4.00%	30 June 2025
LumiraDx International Limited	15,000	US Dollars	4.00%	18 February 2025
	250	US Dollars	4.00%	1 January 2023
	5,000	US Dollars	4.00%	1 January 2024
	5,303	US Dollars	4.00%	15 March 2025
LumiraDx Technology Limited	2,025	Pound sterling	4.00%	12 May 2022
	485	Pound sterling	4.00%	1 January 2023
	-	Pound sterling	4.00%	1 January 2024
LumiraDx Care Solutions UK Limited	2,025	Pound sterling	4.00%	1 January 2023
	207	Pound sterling	4.00%	30 June 2023
	-	Pound sterling	4.00%	1 January 2024
LumiraDx UK Limited	20,246	Pound sterling	4.25%	27 May 2025
	53,989	Pound sterling	4.25%	1 January 2022
	87,732	Pound sterling	4.75%	1 January 2023
	134,973	Pound sterling	4.75%	1 January 2024
	229,454	Pound sterling	4.75%	22 March 2025
	67,487	Pound sterling	4.75%	9 December 2023
	134,973	Pound sterling	4.75%	31 May 2024
	93,110	Pound sterling	4.75%	27 May 2025
LumiraDx GmbH (Switzerland)	658	Swiss franc	2.00%	1 January 2024
	438	Swiss franc	2.00%	1 October 2024
	358	Swiss franc	2.00%	1 January 2023
	8	Swiss franc	2.00%	1 December 2024
	76	Swiss franc	2.00%	31 March 2024
LumiraDx B.V.	23,697	US Dollars	3.00%	30 October 2025
LumiraDx A/S	152	Euro	3.00%	30 April 2025
LumiraDx Japan Co., Ltd.	1,042	Japanese Yen	3.00%	30 October 2025
LumiraDx GmbH (Austria)	5,209	Euro	3.00%	30 October 2025
LumiraDx Limited	4,184	US Dollars	3.00%	30 October 2025

Accrued interest on the loans to group undertakings was $77,305 at 31 December 2021.

Amounts owed by group undertakings as of 31 December 2020 had the following terms:

Company Name	Loan Value	Denomination of loan	Interest Rate per annum	Repayment Date
LumiraDx, Inc.	2,495	US Dollars	4.00%	23 December 2021
	3,900	US Dollars	5.13%	1 January 2024
	4,219	US Dollars	4.50%	1 January 2025
	2,209	US Dollars	4.00%	30 June 2025
LumiraDx International Limited	15,000	US Dollars	4.00%	18 February 2021
	250	US Dollars	4.00%	1 January 2023
	5,000	US Dollars	4.00%	1 January 2024
	2,924	US Dollars	4.00%	15 March 2025
LumiraDx Technology Limited	1,500	Pound sterling	4.00%	12 May 2022
	800	Pound sterling	4.00%	1 January 2023
	239	Pound sterling	4.00%	1 January 2024
LumiraDx Care Solutions UK Limited	1,500	Pound sterling	4.00%	1 January 2023
	250	Pound sterling	4.00%	30 June 2023
	508	Pound sterling	4.00%	1 January 2024
LumiraDx UK Limited	20,488	Pound sterling	4.25%	27 May 2021
	54,636	Pound sterling	4.25%	1 January 2022
	88,783	Pound sterling	4.75%	1 January 2023
	136,589	Pound sterling	4.75%	1 January 2024
	232,201	Pound sterling	4.75%	22 March 2025
	18,741	Pound sterling	4.75%	9 December 2023
LumiraDx GmbH (Switzerland)	600	Swiss franc	2.00%	1 January 2024
	400	Swiss franc	2.00%	1 October 2024
	224	Swiss franc	2.00%	1 January 2023
LumiraDx B.V.	10,775	US Dollars	3.00%	30 October 2025

Accrued interest on the loans to group undertakings was $42,828,000 at 31 December 2020.

16. INVENTORY

	2020	2021
Finished goods	$ 50,054	$ 78,245
Raw Materials	37,789	86,613
WIP	10,859	7,026
Finished goods Reserves	(3,734)	(15,835)
Raw Materials Reserves	(5,702)	(6,007)
WIP Reserves	(3,750)	(987)
Total Inventory	**$ 85,516**	**$ 149,055**

The increase in inventory for the year ended December 31, 2021 is a result of the building of inventory to meet the continued growth in product demand that has occurred since commercialization of COVID-19 products.

During 2021, the amount of inventories recognized as an expense within cost of sales was $114,195 (2020: $70,261, 2019: $11,914). The amount of inventory write-downs recognized as an expense was $6,830 (2020: $16,493, 2019: $120).

Included in reserves is $12,891 (2020: $8,148) related to returned instruments that management expects to be unable to refurbish.

17. TRADE AND OTHER RECEIVABLES

	2020	2021	2020	2021
Trade receivables	$ 83,941	$ 75,207	$ -	$ -
Reserves on trade receivables	(661)	(1,681)	-	-
VAT receivable	11,034	6,515	305	4
Prepaids	10,970	11,519	3,370	298
Other receivables	4,011	9,408	101	-
Intercompany receivable	8,160	20,902	48,864	95,872
Total trade and other receivables	**$ 117,455**	**$ 121,870**	**$ 52,640**	**$ 96,174**

Trade receivables comprise customer receivables and include an allowance for doubtful accounts of $1,681 (2020: $661). Trade receivables relate to existing customers with no significant defaults in the past. The Group has no material reserve for expected credit losses in respect of Other receivables as of December 31, 2021 and 2020. The Group retains all risks associated with these receivables until fully recovered.

The fair value of all receivables is the same as their carrying values stated above.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

18. SHARE CAPITAL, PREMIUM AND OTHER RESERVES

Under the Articles of Association, the Company only has one class of share in issue, A Ordinary Shares, all of which rank equally. Under the Articles, LumiraDx Group Limited also can issue a second class of shares, Common Shares. The Common Shares will be equivalent to the A Ordinary Shares, except that the A Ordinary Shares are entitled to 10 votes per shares on any resolution proposed to Shareholders whereas Common Shares will have 1 Vote per share. Currently no Common Shares have been issued.

On 29 September 2016, LumiraDx Limited acquired 100% of the issued share capital of LumiraDx Group Limited following the agreement of an Exchange Offer, which was effective from 28 September 2016. LumiraDx Limited acquired all shares in LumiraDx Group Limited, and in exchange LumiraDx Limited issued to the shareholders of LumiraDx Group Limited a corresponding number of shares on a share-for-share basis.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since the date of incorporation from the translation of the financial statements of operations with functional currencies different from the Company.

Other reserves

Other reserves are comprised of Capital contributions and equity compensation. In 2016, as part of the debt offering to US Boston, described in Note 20, the Parent Company issued 13,067 warrants to purchase its A Ordinary Shares at a fixed price of $611.628 per share. The warrants have a ten-year life and were issued on 30 September 2016. The issue date fair value of the warrants is included in Other Reserves. On 28 September 2016, the Parent Company amended its Secured Fixed Rate Loan Notes with Fitlinxx, Inc and granted Fitlinxx the right to convert 50% of the principal amount of the Notes into A Ordinary Shares of the Parent Company at a conversion price of $611.628 per share. The issue date fair value of the loan conversion rights is included in Other Reserves. In 2018, Fitlinxx converted 25% of the principal amount and 1,586 A Ordinary shares were issued by the Parent Company. In 2020, Fitlinxx converted the remaining 25% of the principal amount and the Parent Company issued 1,587 A Ordinary Shares.

Shares authorized, fully paid and allocated:

SHARES AUTHORIZED, FULLY PAID AND ALLOCATED	A ORDINARY SHARES 2020	A ORDINARY SHARES 2021
In issue at start of period	326,740	326,740
February Subdivision (220:1)	—	71,556,060
Merger Subdivision at the LMDX Conversion Factor (1.60806264:1)	—	43,709,245
In issue at December - fully paid and allocated	**326,740**	**115,592,045**

As of 31 December 2021 and 2020 the Company did not have any Common Shares outstanding.

On February 1, 2021 the Board of Directors of the Company approved a stock split of the issued and outstanding A Ordinary and common shares of the Company on a 220 for 1 basis. In accordance with IAS 33, the earnings per share calculations have been presented for the stock split retrospectively. In connection with the merger, in order to achieve an exchange ratio of one LMDX common share for each CAH share, the Company effected a subdivision, immediately prior to the merger, of all issued, and authorized but unissued, LMDX ordinary shares and LMDX common shares at a ratio of 1.60806264:1.

19. SHARE BASED PAYMENTS

Share options for Parent Company shares are granted to directors, employees and certain service providers. The share options have a vesting period of 1-4 years with shares being exercisable pro rata per year from the date of issue. All share options granted have a contractual life of 10 years from the date of grant. Share options are settled in equity.

For the employee based share options, if the owner of the share option ceases to be employed by the Company, the option lapses within a short period of departure of such employee. 6,773,837 share options have been forfeited to date. Management has not anticipated any stock options to be forfeited due to termination of employment prior to the assumed exercise date.

Movements on number of share options and their related exercise price are as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at January 1, 2020	54,198,851	$ 1.67
Granted	3,073,940	9.39
Exercised	(15,920)	(2.56)
Forfeited	(44,221)	(3.81)
Outstanding at December 31, 2020	57,212,650	2.09
Granted	26,557,293	16.45
Exercised	(104,200)	(1.00)
Forfeited	(92,112)	(9.72)
Outstanding at December 31, 2021	83,573,631	6.72
Exercisable at December 31, 2020	45,770,544	1.44
Exercisable at December 31, 2021	66,322,324	$ 5.28

On February 1, 2021 the Board of Directors of the Company approved a stock split of the issued and outstanding A Ordinary and common shares of the Company on a 220 for 1 basis. In accordance with IAS 33, the earnings per share calculations have been presented for the stock split retrospectively. In connection with the merger, in order to achieve an exchange ratio of one LMDX common share for each CAH share, the Company effected a subdivision, immediately prior to the merger, of all issued, and authorized but unissued, LMDX ordinary shares and LMDX common shares at a ratio of 1.60806264:1.

On January 15, 2021, the Company granted "founder options" over ordinary shares to each of the three Founder Directors. Each Founder Director was granted a fully vested option over 5,235,851 ordinary shares. On April 15, 2021, the Company granted each Founder Director a further option over 2,819,577 ordinary shares. These options will vest over a two year period subject to the satisfaction of performance conditions. In each instance, the exercise price of these options is equal an exercise price per ordinary share of $17.05.

In 2021, 104,200 options (2020: 15,920) were exercised at a weighted average exercise price of $1.00 (2020: $2.56). The options outstanding at December 31, 2021 have an exercise price in the range of $0.2 to 17.05 (2020: $0.2to10.91) and a weighted average contractual life of 6.63 years (2020: 6.47).

Share based compensation expense of $2,406 (2020: $1,890, 2019: $2,523) has been charged to Research and development expenses and $31,503 (2020: $1,301, 2019: $1,447) to Selling, marketing and administrative expenses.

20. DEBT

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	CURRENCY	NOMINAL INTEREST RATE	YEAR OF MATURITY	2020 FACE VALUE	2020 CARRYING AMOUNT	2020 FAIR VALUE	2021 FACE VALUE	2021 CARRYING AMOUNT	2021 FAIR VALUE
Unsecured Loan	USD	2.00%	2024	$ 18,000	$ 18,000	$ 18,849	$ 14,242	$ 14,242	$ 14,557
2020 Senior Secured Loans	USD	8.00%	2022	65,000	62,339	62,351	—	—	—
2021 Senior Secured Loans	USD	8.00%	2024	—	—	—	300,000	286,815	283,893
Instrument Financing Loans	EUR	1.70-2.60%	2022-2023	676	676	676	263	263	263

2020 Senior Secured Loan

In October 2020, the Company entered into a senior secured term loan and security agreement ("2020 Senior Secured Loan") to borrow up to $100,000. The Company borrowed $65,000 in October 2020 which was used, in part, to repay the Senior Secured Loan. Under the terms of the 2020 Senior Secured Loan an additional $35,000 was available upon the achievement of certain commercial milestones. On January 13, 2021, the Company achieved the commercial milestones and drew an additional $35,000 on the 2020 Senior Secured Loan.

The 2020 Senior Secured Loan is subject to an interest rate of 8.0% per annum payable in quarterly installments, which, under the terms of the 2020 Senior Secured Loan, was due to increase after January 31, 2021 if an "IPO" or "Qualifying Investment" was not completed before January 31, 2021. The issuance of the Series B Preferred Shares in November 2020 constitutes a "Qualifying Investment" for the purposes of the 2020 Senior Secured Loan, and therefore, the interest rate will remain at 8% per annum for the term of the 2020 Senior Secured Loan. The 2020 Senior Secured Loan also provides an ability to incur additional incremental term loans, or incremental term loans, in an aggregate amount of up to $150,000 during the initial 12 month period on an uncommitted basis. The Senior Secured Loan matures October 5, 2022. Debt issuance costs were recorded as a reduction of the proceeds. The discount on the issuance will be recognized using the effective interest method until the maturity date of October 5, 2022.

In connection with the 2020 Senior Secured Loan, on November 6, 2020 the Company issued warrants to purchase up to 1,000 common shares at an exercise price equal to $4,644.96 per common share, recorded in Other Reserves (*Note 14*).

On January 15, 2021 the Group agreed to borrow $40,000 in incremental term loans under and on substantially the same terms as the 2020 Senior Secured Loan.

2021 Senior Secured Loan

On March 23, 2021, the Group refinanced the $100,000 in outstanding amounts under the 2020 Senior Secured Loan and the $40,000 borrowed in January 2021 with a $300,000 loan ("2021 Senior Secured Loan"). The loan matures in three years and bears interest at 8% annually, paid quarterly. Debt issuance costs were recorded as a reduction of the proceeds. The discount on the issuance will be recognized using the effective interest method until the maturity date.

In connection with the 2021 Senior Secured Loan, the Company issued warrants to purchase up to 1,485,848 common shares at an exercise price equal to $10.00 per common share, recorded in Other Reserves (*Note 14*).

Senior Secured Loans

On September 20, 2019, LumiraDx Investment Ltd, a subsidiary of the Company, issued Senior Secured Loans in the amount of $40,000. The Senior Secured Loans are secured generally by all the Group's assets and mature on September 20, 2023. The Senior Secured Loans carry an interest rate of 11.5% paid quarterly. The Group can draw two additional loans in the amount of $25,000 each upon the achievement of certain commercial milestones. The Company also issued the lenders 2,284 10 year warrants to purchase A Ordinary Shares at a fixed price of $1,459.89 per share.

The fair value of the warrants was recorded in Other reserves in equity. Senior Secured Loans were recorded at a fair value of $37,265. Debt issuance costs were recorded as a reduction of the proceeds. The discount on the issuance will be recognized using the effective interest method until the maturity date of September 20, 2023.

In October 2020, in connection with the issuance of the 2020 Senior Secured Loan, LumiraDx Investment Ltd settled the balance of the Senior Secured Loans with a payment of $43,600, including $3,600 incurred as a prepayment penalty (*Note 6*).

Unsecured Loans

On October 17, 2019, the Group issued an Unsecured Loan in the amount of $18,000 to a tax-exempt private foundation. The terms of the loan include restrictions on the use of the proceeds for specific programs and commitments to provide access to the Group's future products to support the foundation's charitable purposes. The Unsecured Loan matures on October 17, 2024. The Unsecured Loan carries an interest rate of 2% paid quarterly.

Instrument Financing Loans

Instrument financing loans are used to finance the cost of installing instruments at customer locations where the Group retains title of the instruments.

Balance at January 1, 2020	$	56,446
Changes from financing cash flows		
Proceeds from borrowings, net of issuance costs		
2020 Senior Secured Loan		62,391
Repayments of borrowings		
Senior Secured Loans		(40,000)
Instrument Financing Loans		(396)
Total changes from financing cash flows		**21,995**
Other changes		
Warrants		
2020 Senior Secured Loan		(407)
Loss on extinguishment of debt		
Senior Secured Loans		2,047
Amortization of debt issuance costs		
Senior Secured Loans		500
2020 Senior Secured Loan		355
Foreign exchange impact		
Instrument Financing Loans		79
Total other changes		**2,574**
Balance at December 31, 2020		**81,015**
Less: Debt due within one year		**(395)**
	$	**80,620**
Changes from financing cash flows		
Proceeds from borrowings, net of issuance costs		
2020 Senior Secured Loan	$	34,125
Incremental term loan		39,000
2021 Senior Secured Loan		288,513
Instrument Financing Loans		192
Repayments of borrowings		
2020 Senior Secured Loan		(100,000)
Incremental term loan		(40,000)
Instrument Financing Loans		(552)
Total changes from financing cash flows		**221,278**
Other changes		
Reclassification of Unsecured Loan amounts to grant liability in accordance with IAS 20		(3,758)
Warrants		
2021 Senior Secured Loan		(5,136)
Loss on extinguishment of debt		
2020 Senior Secured Loan		3,170
Incremental term loan		1,000
Amortization of debt issuance costs		
2020 Senior Secured Loan		366
2021 Senior Secured Loan		3,437
Foreign exchange impact		
Instrument Financing Loans		(52)
Total other changes		**(973)**
Balance at December 31, 2021		**301,320**
Less: Debt due within one year		**(191)**
	$	**301,129**

21. LEASE LIABILITY

	2020	2021
Due in less than one year	$ 3,149	$ 5,546
Due between one and five years	9,018	25,151
Due in more than five years	2,269	16,301
Total	**$ 14,436**	**$ 46,998**

22. DEFERRED TAX ASSET AND LIABILITY

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2020	2021
Deferred taxes:		
- Liabilities	$ 1,230	$ 779
Total net deferred tax liabilities	**$ 1,230**	**$ 779**

The analysis and movement of deferred tax assets and liabilities is as follows:

	JANUARY 1, 2021	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	DECEMBER 31, 2021
Deferred tax liabilities				
Intangible assets	$ 1,727	$ (383)	$ (106)	$ 1,238
Deferred tax assets				
Net operating losses and other timing differences	(497)	197	(159)	(459)
Net deferred tax liability	**$ 1,230**	**$ (186)**	**$ (265)**	**$ 779**

	JANUARY 1, 2020	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	DECEMBER 31, 2020
Deferred tax liabilities				
Intangible assets	$ 2,036	$ (393)	$ 84	$ 1,727
Deferred tax assets				
Net operating losses and other timing differences	(477)	-	(20)	(497)
Net deferred tax liability	**$ 1,559**	**$ (393)**	**$ 64**	**$ 1,230**

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The realization of the tax benefit related to losses in certain jurisdictions were determined to not be probable. As such, the Group did not recognize deferred tax assets of $78,602 for U.K. tax losses and $10,615 for U.S. tax losses and other temporary timing differences. The Group has material carried forward tax losses in the U.K. and U.S. Losses in the U.K. do not expire whereas losses in the U.S. expire on various dates up to 2037 if not utilized.

The utilization of the U.S. net operating loss carry-forwards may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of U.S. net operating loss carry-forwards that can be utilized annually to offset future taxable income. The Company has not yet completed an evaluation of ownership changes through December 31, 2019. To the extent an ownership change has occurred or does occurs in the future, the U.S. net operating loss carry-forwards may be subject to limitation.

23. TRADE AND OTHER PAYABLES

	2020	2021	2020	2021
Trade payables	$ 57,898	$ 58,061	$ 2,651	$ 1,715
Accrued expenses and other liabilities	23,301	26,366	2,349	1,860
Accrued interest	5,730	6,239	5,730	6,224
Warranty provision	6,557	5,801	-	-
Deferred revenue	1,760	1,517	-	-
Intercompany payable	-	292	114	25,224
Total trade and other payables	**$ 95,246**	**$ 98,276**	**$ 10,844**	**$ 35,023**

24. GOVERNMENT AND OTHER GRANTS

The Group has received grants from government and private entities. These include grants in respect of research and development activities, expansion of manufacturing capabilities and deployment of the Group's products in certain geographical markets.

The Group has recorded $8,602 and $1,473 as a reduction in research and development expenses in 2021 and 2020 respectively, to reflect the usage of grant funds and research and development tax expenditures. The Group had liabilities of $38,941 and $44,037 as of December 31, 2021 and 2020, respectively, for these unspent grant funds.

As of December 31, 2021 the Group had $26,211 (2020: $10,000) related to a grant for manufacturing equipment. The Group will recognize the grant over the useful life of the equipment. In 2021, the Group reduced manufacturing expenses by $3,784 (2020: $nil).

25. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and interest rate risk), credit risk and liquidity risk.

Market risk

(a) *Currency risk*
The majority of the Group's sales and purchase transactions are denominated in either US dollars or UK sterling. The exchange risk is managed by maintaining bank accounts denominated in those currencies.

A 10% percent strengthening of the UK sterling against the US dollar at 31 December 2021 would have had an impact of increasing the loss before tax for the period by $26,910,000 on the basis that all other variables remain constant.

The Group considers the impact of foreign currency risk to be not significant given the Group's net balance sheet exposure.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2020	2021
US Dollars	45,863	51,568
U.K. Pounds	46,093	27,089
Euros	10,825	24,057
Colombian Pesos	3,473	3,398
Swiss Francs	8	992
Swedish Krona	1,903	954
Brazilian Reals	900	783
Other	230	957
	109,295	**109,798**

(b) *Cash flow and interest rate risk*

The Group mainly raises debt on a fixed rate basis for bonds and notes in US dollars. The primary objective of the Group's interest rate management is to protect the net interest result while managing the overall cost of borrowing.

The Group's debt is carried at fixed interest rates.

Credit risk

Credit risk represents the risk of loss the Group would incur if operators and counterparties fail to fulfil their credit obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. For banks and financial institutions, the Group maintains it accounts with major international banks with "A" ratings. Credit risk relating to accounts receivable balances are managed on a case-by-case basis.

At 31 December 2021 the Group has trade receivables of $75,207,000 (2020: $83,941,000). New clients are analysed before standard payment and delivery terms and conditions are offered. The credit quality of the customer is assessed taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Management does not expect any losses from non-performance by these counterparties.

Loss allowance as of January 1, 2020:	$	674
Loss allowance recognized during the year		119
Balances written off during the year		(132)
Balances recovered during the year		—
Loss allowance at December 31, 2020:		**661**
Loss allowance recognized during the year		1,253
Balances written off during the year		(222)
Balances recovered during the year		(12)
Loss allowance at December 31, 2021:	$	**1,680**

At December 31, 2021 trade receivables of $1,811,000 (2020: $3,581,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is 3 months and above.

At December 31, 2021 trade receivables included 1 significant customer that accounted for 29% of the balance.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group is reliant on its ability to raise additional investment capital from the issuance of both debt and equity securities to fund its business operating plans and future obligations. The Group believes it will continue to be successful in raising additional investment capital to meet its obligations.

The following are the undiscounted contracted maturities of financial liabilities, including interest payments for the period ending 31 December 2021:

NON-DERIVATIVE FINANCIAL LIABILITY	EFFECTIVE INTEREST RATE*	YEAR OF MATURITY	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	1—2 YEARS	2—5 YEARS
Unsecured Loan	10.55%	2024	14,242	15,040	285	285	14,470
2021 Senior Secured Loan	10.02%	2024	286,815	354,133	24,333	24,333	305,467
Instrument Financing Loans	1.7-2.6%	2022-2023	263	263	191	72	—
Trade and other payables			98,276	98,276	98,276	—	—
Total			399,596	467,712	123,085	24,690	319,937

The following are the undiscounted contracted maturities of financial liabilities, including interest payments for the period ending 31 December 2020:

NON-DERIVATIVE FINANCIAL LIABILITY	EFFECTIVE INTEREST RATE*	YEAR OF MATURITY	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	1—2 YEARS	2—5 YEARS
Unsecured Loan	10.55%	2024	18,000	19,369	360	360	18,649
2020 Senior Secured Loans	10.32%	2022	62,339	74,161	5,200	68,961	—
Instrument Financing Loans	1.7-2.6%	2021-2023	676	705	409	212	84
Trade and other payables			95,246	95,246	95,246	—	-
Total			**176,261**	**189,481**	**101,215**	**69,533**	**18,733**

26. COMMITMENTS

Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As of December 31, 2020	As of December 31, 2021
Capital	$ 51,264	$ 15,641
Inventory	35,631	43,573
Total	$ 86,895	$ 59,214

The capital commitments relate to contracts to purchase property, plant and equipment.

27. LEASES – GROUP AS LESSEE

The Group leases various offices, facilities, and equipment. The lease terms are between 1 and 5 years.

Right-of-use assets		
Net Carrying Amount		
December 31, 2020	$	10,386
December 31, 2021		27,746
Depreciation expense for the year ended		
December 31, 2020	$	2,810
December 31, 2021		5,593

During 2021, additions to right-of-use assets amounted to $23,038000 (2020: $10,233,000).

AMOUNTS RECOGNIZED IN PROFIT AND LOSS	2020	2021
Depreciation expense of right-of-use-assets	$ 2,810	$ 5,593
Interest expense on lease liabilities	751	2,501
	$ 3,561	**$ 8,094**

Variable lease payment terms are deemed an insignificant portion of the overall liability at 31 December 2021.

The total cash outflow for leases in 2021 amounts to $5,429,000 (2020: $3,054,000).

28. RELATED PARTY TRANSACTIONS

The Company's Directors are the Key Management Personnel for the Group. The total Director's emoluments for 2021 were $30,197,000 (2020: $661,000). Included in the Director's emoluments for 2021 is $28,376,000 of stock compensation expense (2020: $62,000).

		2020		2021
Salaries and wages	$	537	$	1,743
Stock compensation expense		62	$	28,376
Pension and other post-employment benefits		33	$	60
Other employee benefits		29	$	18
Total	$	661	$	30,197

For the purposes of these remuneration disclosures the values for equity compensation plans are calculated based on the fair value used in Note 19.

29. ULTIMATE CONTROLLING PARTY

On 29 September 2016, the Company proceeded with a restructuring whereby a new Cayman Islands incorporated company, LumiraDx Limited became the new holding company of the group. From 29 September 2016, the Company is a wholly owned subsidiary of LumiraDx Limited, an exempted company limited by shares incorporated in the Cayman Islands (registered number 314391) with registered offices situated at the offices of Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108.

30. EVENT AFTER THE REPORTING PERIOD

Financing

Convertible Notes

In March 2022 the Group entered into privately negotiated subscription agreements with certain investors wherein the Group sold and investors purchased $56.5 million of Convertible Senior Subordinated Notes due 2027. The notes bear annual interest of 6%, payable semi-annually in arrears starting September 1, 2022. The notes mature on March 1, 2027 and are convertible at the holder's option at an initial conversion rate of approximately $9.22 per share.

Instrument Financing Agreement

On April 27, 2022 the Group consummated the first closing of a private placement offering pursuant to which it received an initial investment of $26.1 million in cash and entered into a Instrument Financing Agreement (the "Instrument Financing Agreement") with USB Focus Fund LumiraDx 2A, LLC, USB Focus Fund LumiraDx 2B, LLC and certain other related investors (collectively, the "Investors"), and Pear Tree Partners, L.P. The terms of the Instrument Financing Agreement provide that the Investors may invest up to an aggregate maximum amount of $50 million in the Company, or such higher amount as agreed to by the Group and the Investors (the "Invested Amount"), in one or more closings, in order to fund the purchase of additional LumiraDx instruments, allowing the Group to further expand instrument placements. In consideration of such investment, the Group has agreed to pay to the Investors on a semi-annual basis and over a three-year period (subject to extension in certain events), a payment that is equal to 20% of the total gross amount invoiced by the Group in respect of sales of test strips for use in such funded LumiraDx instruments which are allocated to the Invested Amount by the Group in accordance with the terms of the Instrument Financing Agreement (the "Instrument Financing Payments").

If by the end of the applicable three-year term, the Investors have not received, in aggregate, Instrument Financing Payments equal to or in excess of two times the Invested Amount, the Group shall, at its sole discretion, either: (i) issue to the Investors an aggregate amount of the Group's common shares, $0.0000028 par value per common share, equal in value to the difference between the Target Return and the total Instrument Financing Payments received by the Investors, at a price per Common Share equal to the volume-weighted average price of the Common Shares for the 20 Nasdaq trading day period immediately following the applicable Expiry Date, but subject to a minimum price per Common Share of $7.25; or (ii) pay to the Investors the applicable Instrument Financing Shortfall in cash.

In June 2022 the Group closed an additional $15.4 million with the Investors.

Loan Amendments

On June 17, 2022, the Group entered into a second amendment to the 2021 Senior Secured Loan, to provide for, among other things, revisions to the minimum net sales and the minimum liquidity covenants (the "Amendment").

If the Group completes a Qualifying Financing as defined in the Amendment, further revisions to the covenants take effect.

In exchange for the covenant amendments described above, the Group agreed to an increase in the facility fee to be paid to Pharmakon on any repayment, including prepayment, of amounts borrowed under the Loan Agreement and agreed to amend the exercise price for 1,485,848 outstanding warrants to purchase common shares of the Group that are held by the lender. The warrants were issued with an original exercise price equal to $10.00 per common share. In connection with the Amendment described above, the exercise price was changed from $10.00 to, in the event of a Qualifying Financing that is completed on or prior to December 31, 2022, a price equal to the lower of the offer price to investors in such Qualifying Financing or the per share daily volume-weighted average price of the common shares calculated on the basis of the ten Nasdaq trading days ending on the trading day immediately prior to the announcement of a Qualifying Financing. If a Qualifying Financing has not been completed on or prior to December 31, 2022, the amended exercise price for the warrants would be determined on the basis of the per share daily volume-weighted average price of the common shares calculated on the basis of the ten Nasdaq trading days ending December 31, 2022.

In July 2022 the Group entered into a third amendment which reduced the definition of Qualifying Financing to be at least $100.0 million (or its equivalent in another currency or currencies).

Public Offering

In July 2022, the Group closed a secondary public stock offering. The gross proceeds from the offering were $75 million. In addition to the shares being sold in the public offering, the Group also sold additional shares to raise gross proceeds of approximately $25.0 million in a concurrent private placement to one of its existing investors, the Bill & Melinda Gates Foundation. The underwriters of the public offering had a 30-day option to purchase additional common shares at the public offering price and purchased $7 million of shares in August 2022. In total, the Group received net proceeds of approximately $100 million after fees and commissions.