

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

or

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

For the transition period from _____ to _____

Commission File No. 001-40267

NEXTGEN ACQUISITION CORP. II

(Exact name of registrant as specified in its charter)

<u>Cayman Islands</u> (State or other jurisdiction of incorporation or organization)	<u>98-1576914</u> (I.R.S. Employer Identification No.)
<u>2255 Glades Road, Suite 324A Boca Raton, FL</u> (Address of Principal Executive Offices)	<u>33431</u> (Zip Code)

(561)-208-8860

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units, each consisting of one Class A ordinary share, par value \$0.0001, and one-fifth of one redeemable warrant	NGCAU	Nasdaq Capital Market
Class A ordinary shares, par value \$0.0001 per share	NGCA	Nasdaq Capital Market
Redeemable warrants, each warrant exercisable for one Class A ordinary share, each at an exercise price of \$11.50 per share	NGCAW	Nasdaq Capital Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of November 18, 2021, there were 38,259,457 Class A ordinary shares, par value \$0.0001, and 9,564,864 Class B ordinary shares, \$0.0001 par value, issued and outstanding.

NEXTGEN ACQUISITION CORP. II
Quarterly Report on Form 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**NEXTGEN ACQUISITION CORP. II
CONDENSED CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2021 (UNAUDITED)**

Assets:

Current assets:

Cash	\$ 3,152
Prepaid expenses	782,790
Total current assets	<u>785,942</u>
Investments held in Trust Account	382,614,309
Total Assets	<u><u>\$ 383,400,251</u></u>

Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Equity (Deficit):

Current liabilities:

Accounts payable	\$ 192,353
Accrued expenses	194,868
Due to related party	708
Note payable	770,000
Total current liabilities	<u>1,157,929</u>

Derivative warrant liabilities	24,225,300
Deferred underwriting commissions	13,390,810
Total liabilities	<u>38,774,039</u>

Commitments and Contingencies

Class A ordinary shares subject to possible redemption: 38,259,457 shares at \$10.00 per share	382,594,570
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Shareholders' Equity (Deficit):

Preference shares, \$0.0001 par value; 5,000,000 shares authorized; none issued or outstanding	-
Class A ordinary shares, \$0.0001 par value; 500,000,000 shares authorized	-
Class B ordinary shares, \$0.0001 par value; 50,000,000 shares authorized; 9,564,864 shares issued and outstanding	956
Additional paid-in capital	-
Accumulated deficit	(37,969,314)
Total shareholders' deficit	<u>(37,968,358)</u>
Total Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Deficit	<u><u>\$ 383,400,251</u></u>

NEXTGEN ACQUISITION CORP. II
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended September 30, 2021 and
for the Period from January 11, 2021 (Inception) Through September 30, 2021

	For The Three Months Ended September 30, 2021	For the Period From January 11, 2021 (Inception) Through September 30, 2021
General and administrative expenses	\$ 1,235,728	\$ 2,492,441
General and administrative expenses - related party	60,000	140,000
Total operating expenses	<u>(1,295,728)</u>	<u>(2,632,441)</u>
Other income (expenses):		
Loss upon issuance of private placement warrants	-	(8,689)
Change in fair value of derivative warrant liabilities	12,545,230	(3,531,550)
Offering costs - derivative warrant liabilities	-	(605,594)
Net gain from investments held in Trust Account	4,924	19,739
Net income (loss)	<u>\$ 11,254,426</u>	<u>\$ (6,758,535)</u>
Weighted average shares outstanding of Class A ordinary shares	<u>38,259,457</u>	<u>28,153,778</u>
Basic and diluted net income (loss) per share, Class A ordinary shares	<u>\$ 0.24</u>	<u>\$ (0.18)</u>
Weighted average shares outstanding of Class B ordinary shares	<u>9,564,864</u>	<u>9,294,304</u>
Basic and diluted net income (loss) per share, Class B ordinary shares	<u>\$ 0.24</u>	<u>\$ (0.18)</u>

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

NEXTGEN ACQUISITION CORP. II
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
For the Three Months Ended September 30, 2021 and
for the Period from January 11, 2021 (Inception) Through September 30, 2021

	Ordinary Shares				Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Class A		Class B				
	Shares	Amount	Shares	Amount			
Balance - January 11, 2021 (inception)	-	\$ -	-	\$ -	-	-	\$ -
Issuance of Class B ordinary shares to Sponsor	-	-	10,062,500	1,006	23,994	-	25,000
Excess cash received over the fair value of the private warrants	-	-	-	-	221,890	-	221,890
Accretion of Class A ordinary shares subject to possible redemption amount	-	-	-	-	(245,884)	(28,481,756)	(28,727,640)
Net loss	-	-	-	-	-	(664,970)	(664,970)
Balance - March 31, 2021 (unaudited), as restated	-	-	10,062,500	1,006	-	(29,146,726)	(29,145,720)
Forfeiture of Class B ordinary shares	-	-	(497,636)	(50)	50	-	-
Accretion of Class A ordinary shares subject to possible redemption amount (over-allotment)	-	-	-	-	(50)	(2,729,023)	(2,729,073)
Net loss	-	-	-	-	-	(17,347,991)	(17,347,991)
Balance - June 30, 2021 (unaudited), as restated	-	-	9,564,864	956	-	(49,223,740)	(49,222,784)
Net income	-	-	-	-	-	11,254,426	11,254,426
Balance - September 30, 2021 (unaudited)	<u>-</u>	<u>\$ -</u>	<u>9,564,864</u>	<u>\$ 956</u>	<u>\$ -</u>	<u>\$ (37,969,314)</u>	<u>\$ (37,968,358)</u>

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period from January 11, 2021(Inception) Through September 30, 2021

Cash Flows from Operating Activities:

Net loss	\$ (6,758,535)
Adjustments to reconcile net loss to net cash used in operating activities:	
General and administrative expenses paid by related party in exchange for issuance of Class B ordinary shares	25,000
Net gain from investments held in Trust Account	(19,739)
Change in fair value of derivative warrant liabilities	3,531,550
Offering costs - derivative warrant liabilities	605,594
Changes in operating assets and liabilities:	
Prepaid expenses	(782,790)
Accounts payable	192,353
Accrued expenses	124,868
Due to related party	708
Net cash used in operating activities	(3,080,991)

Cash Flows from Investing Activities:

Cash deposited in Trust Account	(382,594,570)
Net cash used in investing activities	(382,594,570)

Cash Flows from Financing Activities:

Proceeds from note payable to related party	855,500
Repayment of note payable to related party	(160,000)
Proceeds received from initial public offering, gross	382,594,570
Proceeds received from private placement	10,160,580
Offering costs paid	(7,771,937)
Net cash provided by financing activities	385,678,713

Net increase in cash 3,152

Cash - beginning of the period -

Cash - end of the period **\$ 3,152**

Supplemental disclosure of noncash financing activities:

Offering costs included in accrued expenses	\$ 70,000
Offering costs paid by related party under promissory note	\$ 74,500
Deferred underwriting commissions	\$ 13,390,810

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

NEXTGEN ACQUISITION CORP. II
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION, BUSINESS OPERATIONS

NextGen Acquisition Corp. II (the "Company") is a blank check company incorporated as a Cayman Islands exempted company on January 11, 2021. The Company was incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses ("Business Combination").

As of September 30, 2021, the Company had not yet commenced operations. All activity for the period from January 11, 2021 (inception) through September 30, 2021 relates to the Company's formation and the initial public offering (the "Initial Public Offering"), which is described below. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the Initial Public Offering.

As of September 30, 2021, the Company's wholly owned subsidiary, Pulsar Merger Sub, Inc., had not commenced operations and had no (or nominal) assets or liabilities.

The Company's sponsor is NextGen Sponsor II LLC, a Cayman Islands limited liability company (the "Sponsor"). The registration statement for the Company's Initial Public Offering was declared effective on March 22, 2021. On March 25, 2021, the Company consummated its Initial Public Offering of 35,000,000 units (the "Units" and, with respect to the Class A ordinary shares included in the Units being offered, the "Public Shares"), at \$10.00 per Unit, generating gross proceeds of \$350.0 million (see Note 3), and incurring offering costs of approximately \$19.7 million, of which approximately \$12.3 million was for deferred underwriting commissions (see Note 6). The Company granted the underwriters a 45-day option to purchase up to an additional 5,250,000 Units at the Initial Public Offering price to cover over-allotments, if any. On April 9, 2021, the Underwriters partially exercised the over-allotment option and on April 13, 2021, purchased an additional 3,259,457 Units from the Company (the "Over-Allotment Units"), generating gross proceeds of \$32,594,570, and forfeited the remainder of the option.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement ("Private Placement") of 6,333,333 warrants (each, a "Private Placement Warrant" and collectively, the "Private Placement Warrants"), at a price of \$ 1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of \$9.5 million (see Note 4). In connection with the Underwriters' partial exercise of their over-allotment option, the Sponsor purchased an additional 434,594 Private Placement Warrants (the "Additional Private Placement Warrants"), generating gross proceeds to the Company of approximately \$651,891.

Upon the closing of the Initial Public Offering and the Private Placement, \$350.0 million (\$10.00 per Unit) of the net proceeds of the Initial Public Offering and certain of the proceeds of the Private Placement were placed in a trust account ("Trust Account") with Continental Stock Transfer & Trust Company acting as trustee and invested in United States government treasury bills with a maturity of 185 days or less or in money market funds investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended (the "Investment Company Act"), as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below. In connection with the closing and sale of the Over-Allotment Units and the Additional Private Placement Warrants (together, the "Over-Allotment Closing"), a total of \$32,594,570 in proceeds from the Over-Allotment Closing (which amount includes \$1,140,810 of the Underwriters' deferred discount) was placed in the Trust Account.

The Company's management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and the sale of Private Placement

Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company's initial Business Combination must be with one or more operating businesses or assets with a fair market value equal to at least 80% of the net assets held in the Trust Account (excluding the amount of any deferred underwriting commissions and taxes payable on the income earned on the Trust Account) at the time the Company signs a definitive agreement in connection with the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

NEXTGEN ACQUISITION CORP. II
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company will provide its holders of Public Shares (the "Public Shareholders") with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (\$10.00 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations). The per-share amount to be distributed to Public Shareholders who redeem their Public Shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). These Public Shares were recorded at a redemption value and classified as temporary equity, in accordance with Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to the amended and restated memorandum and articles of association which will be adopted by the Company upon the consummation of the Initial Public Offering (the "Amended and Restated Memorandum and Articles of Association"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission (the "SEC"), and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each Public Shareholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the holders of the Founder Shares prior to this Initial Public Offering (the "Initial Shareholders") agreed to vote their Founder Shares (as defined in Note 5) and any Public Shares purchased during or after the Initial Public Offering in favor of a Business Combination. In addition, the Initial Shareholders agreed to waive their redemption rights with respect to their Founder Shares and Public Shares in connection with the completion of a Business Combination. In addition, the Company agreed not to enter into a definitive agreement regarding an initial Business Combination without the prior consent of the Sponsor.

Notwithstanding the foregoing, the Company's Amended and Restated Memorandum and Articles of Association provides that a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the Class A ordinary shares sold in the Initial Public Offering, without the prior consent of the Company.

The Company's Sponsor, executive officers and directors agreed not to propose an amendment to the Company's Amended and Restated Memorandum and Articles of Association that would affect the substance or timing of the Company's obligation to provide for the redemption of its Public Shares in connection with a Business Combination or to redeem 100% of its Public Shares if the Company does not complete a Business Combination, unless the Company provides the Public Shareholders with the opportunity to redeem their Class A ordinary shares in conjunction with any such amendment.

If the Company is unable to complete a Business Combination within 24 months from the closing of the Initial Public Offering, or March 25, 2023 (the "Combination Period"), the Company will (i) cease all operations except for the purpose of winding up; (2) as promptly as reasonably possible but not more than 10 business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (less up to \$100,000 of interest to pay dissolution expenses and which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish Public Shareholders' rights as shareholders (including the right to receive further liquidating distributions, if any); and (3) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject in each case to the Company's obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law.

NEXTGEN ACQUISITION CORP. II
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Initial Shareholders agreed to waive their liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Initial Shareholders should acquire Public Shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company's Public Shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only \$10.00 per share initially held in the Trust Account. In order to protect the amounts held in the Trust Account, the Sponsor agreed that it will be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or other similar agreement or business combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per Public Share and (ii) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). In the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have vendors, service providers (except the Company's independent registered public accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Proposed Virgin Orbit Business Combination

On August 22, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), with Pulsar Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("Merger Sub"), and Vieco USA, Inc., a Delaware corporation ("Vieco USA").

The Merger Agreement provides that, among other things and upon the terms and subject to the conditions thereof, the following transactions will occur (together with the other agreements and transactions contemplated by the Merger Agreement, the “Virgin Orbit Business Combination”):

(i) at the closing of the transactions contemplated by the Merger Agreement (the “Closing”), upon the terms and subject to the conditions of the Merger Agreement and in accordance with the Delaware General Corporation Law, Merger Sub will merge with and into Vieco USA, the separate corporate existence of Merger Sub will cease and Vieco USA will be the surviving corporation and a wholly owned subsidiary of the Company (the “Merger”);

(ii) in the event that the Vieco Cash Election (as defined below) is not exercised, as a result of the Merger, among other things, each share of common stock of Vieco USA that is issued and outstanding immediately prior to the effective time of the Merger (the “Effective Time”) (other than in respect of Excluded Shares (as defined in the Merger Agreement)) will be cancelled and converted into the right to receive a number of shares of common stock, par value \$0.0001 per share, of Virgin Orbit Holdings, Inc. (“Virgin Orbit Common Stock”) equal to the Exchange Ratio (as defined in the Merger Agreement) (the “Stock Consideration”);

(iii) in the event the amount of cash available in the Trust Account (as defined below), after deducting any redemptions by the Company’s shareholders, plus the PIPE Investment Amount (as defined in the Merger Agreement) exceeds \$500,000,000 (such excess amount, the “Available Cash Consideration Amount”), then Vieco USA may, prior to the Election Deadline (as defined in the Merger Agreement), elect that holders of common stock of Vieco USA receive in exchange for shares of common stock of Vieco USA a portion of the consideration payable under the Merger Agreement in cash, in lieu of shares of Virgin Orbit Common Stock, up to the amount of the Available Cash Consideration Amount (the “Vieco Cash Election” and, such amount of cash consideration, the “Cash Consideration”). If the Vieco Cash Election is exercised by Vieco USA prior to the Election Deadline, then at the Effective Time, each share of common stock of Vieco USA that is issued and outstanding immediately prior to the Effective Time (other than in respect of Excluded Shares) will be cancelled and converted into the right to receive (a) the applicable portion of the Cash Consideration and (b) the applicable portion of the Stock Consideration, as reduced to account for the Cash Consideration;

(iv) the Company will change its jurisdiction of incorporation by deregistering as an exempted company in the Cayman Islands and continuing and domesticating as a corporation incorporated under the laws of the State of Delaware and change its name to “Virgin Orbit Holdings, Inc.”

NEXTGEN ACQUISITION CORP. II NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors of the Company has unanimously (i) approved and declared advisable the Merger Agreement, the Virgin Orbit Business Combination and the other transactions contemplated thereby and (ii) resolved to recommend approval of the Merger Agreement and related matters by the shareholders of the Company.

Concurrently with the execution of the Merger Agreement, the Company entered into initial subscription agreements (the “Initial Subscription Agreements”) with certain investors (collectively, the “Initial PIPE Investors”), pursuant to, and on the terms and subject to the conditions of which, the PIPE Investors have collectively subscribed for 10,000,000 shares of the Virgin Orbit Common Stock for an aggregate purchase price equal to \$100,000,000 (the “Initial PIPE Investment”), a portion of which is expected to be funded by one or more affiliates of the Sponsor and certain additional investors (which may include mutual funds and existing shareholders of the Company). Under the Merger Agreement, the Company may enter into subsequent subscription agreements (together with the Initial Subscription Agreements, the “Subscription Agreements”) with certain investors (collectively with the Initial PIPE Investors, the “PIPE Investors”) on substantially similar terms to the Initial Subscription Agreements, subject to the consent of Vieco USA (any such subsequent investments, together with the Initial PIPE Investment, the “PIPE Investment”). The PIPE Investment will be consummated substantially concurrently with the Closing.

The consummation of the proposed Virgin Orbit Business Combination is subject to certain conditions as further described in the Merger Agreement.

For further details on the contemplated merger, please see the Form 8-K filed with the SEC on August 23, 2021, and the prospectus/proxy statement included in the Registration Statement on Form S-4 that the Company has filed with the SEC relating to the proposed Virgin Orbit Business Combination (the “Virgin Orbit Disclosure Statement”). Unless specifically stated, this Quarterly Report does not give effect to the proposed Virgin Orbit Business Combination and does not contain the risks associated with the proposed Virgin Orbit Business Combination. Such risks and effects relating to the proposed Virgin Orbit Business Combination is included in the Virgin Orbit Disclosure Statement.

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that, while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Liquidity and Going Concern

As of September 30, 2021, the Company had approximately \$3,000 in its operating bank account and a working capital deficit of approximately \$72,000.

To date, the Company’s liquidity needs were satisfied through a payment of \$25,000 from the Sponsor in exchange for the issuance of the Founder Shares (as defined below), the loan under the promissory note from the Sponsor of \$300,000 (see Note 5) to the Company and the net proceeds from the consummation of the Private Placement not held in the Trust Account. The Company fully repaid the promissory note upon closing of the Initial Public Offering. In addition, in order to finance transaction costs in connection with a Business Combination, the Company’s officers, directors and Initial Shareholders may, but are not obligated to, provide the Company Working Capital Loans (see Note 5).

NEXTGEN ACQUISITION CORP. II NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On August 12, 2021, the Company issued a promissory note, pursuant to which the Company may borrow up to an aggregate principal amount of \$1,500,000. The promissory note is non-interest bearing and payable on the earlier of (i) March 25, 2023 and (ii) the effective date of a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination. As of September 30, 2021, there was \$770,000 outstanding under the promissory note.

In connection with the Company’s assessment of going concern considerations in accordance with Financial Accounting Standard Board’s Accounting Standards Updated (“ASU”) 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”, management has determined that the Company does not have sufficient liquidity to meet its obligations in the next twelve months. These conditions raise substantial doubt about the Company’s ability to continue as a going concern until the earlier of the consummation of the Business Combination or the date the Company is required to liquidate. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited condensed consolidated financial statements are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. Operating results for the three months ended September 30, 2021 and for the period from January 11, 2021 (inception) through September 30, 2021 are not necessarily indicative of the results that may be expected through December 31, 2021.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the prospectus filed by the Company with the SEC on March 25, 2021.

Restatement of Previously Issued Financial Statements

In preparation of the Company’s unaudited condensed consolidated financial statements as of and for quarterly period ended September 30, 2021, the Company concluded it should restate its previously issued financial statements to classify all Class A ordinary shares subject to possible redemption in temporary equity. In accordance with the SEC and its staff’s guidance on redeemable equity instruments, ASC 480-10-S99, redemption provisions not solely within the control of the Company require ordinary shares subject to redemption to be classified outside of permanent equity. The Company had previously classified a portion of its Class A ordinary shares in permanent equity. Although the Company did not specify a maximum redemption threshold, its amended and stated memorandum and articles of association currently provides that, the Company will not redeem its public shares in an amount that would cause its net tangible assets to be less than \$5,000,001. As a result, the Company restated its previously filed financial statements to present all redeemable Class A ordinary shares as temporary equity and to recognize accretion from the initial book value to redemption value at the time of its Initial Public Offering (including exercise of the over-allotment option). The Company’s previously filed financial statements that contained the error were reported in the Company’s Form 8-K filed with the SEC on March 31, 2021 (the “Post-IPO Balance Sheet”) and the Company’s Form 10-Qs for the quarterly periods ended March 31, 2021 and June 30, 2021 (the “Affected Quarterly Periods”).

The impact of the restatement to the Post-IPO Balance Sheet is an increase to Class A ordinary shares subject to possible redemption of approximately \$4.3 million, a decrease to additional paid-in capital of \$5.6 million, an increase to the accumulated deficit of \$28.7 million, and the reclassification of par value of 3,433,013 Class A ordinary shares from permanent equity to Class A ordinary shares subject to possible redemption.

As of March 25, 2021	As Restated	Adjustment	As Restated
Total assets	\$ 353,411,664	-	\$ 353,411,664
Total liabilities	\$ 32,741,792	-	\$ 32,741,792
Class A ordinary shares subject to possible redemption	315,669,870	34,330,130	350,000,000
Preferred shares	-	-	-
Class A ordinary shares	343	(343)	-
Class B ordinary shares	1,006	-	1,006
Additional paid-in capital	5,632,580	(5,632,580)	-
Accumulated deficit	(633,927)	(28,697,207)	(29,331,134)
Total shareholders’ equity (deficit)	\$ 5,000,002	\$ (34,330,130)	\$ (29,330,128)
Total Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders’ Equity (Deficit)	\$ 353,411,664	\$ -	\$ 353,411,664

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The impact of the restatement on the financial statements for the Affected Quarterly Periods is presented below.

The table below presents the effect of the financial statement adjustments related to the restatement discussed above of the Company’s previously reported balance sheet as of March 31, 2021:

Form 10-Q (March 31, 2021) - for the period from January 11, 2021 (inception) through March 31, 2021

As of March 31, 2021	As Reported	Adjustment	As Restated
Total assets	\$ 352,238,041	-	\$ 352,238,041
Total liabilities	\$ 31,383,762	-	\$ 31,383,762
Class A ordinary shares subject to possible redemption	315,854,270	34,145,730	350,000,000
Preferred shares	-	-	-
Class A ordinary shares	341	(341)	-
Class B ordinary shares	1,006	-	1,006
Additional paid-in capital	5,663,632	(5,663,632)	-
Accumulated deficit	(664,970)	(28,481,757)	(29,146,727)
Total shareholders’ equity (deficit)	\$ 5,000,009	\$ (34,145,730)	\$ (29,145,721)
Total Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders’ Equity (Deficit)	\$ 352,238,041	\$ -	\$ 352,238,041

The table below presents the effect of the financial statement adjustments related to the restatement discussed above of the Company’s previously reported statement of cash flows for the period from January 11, 2021 (inception) through March 31, 2021:

Form 10-Q (March 31, 2021) - for the period from January 11, 2021 (inception) through March 31, 2021

	As Reported	Adjustment	As Restated
Cash Flow from Operating Activities	\$ (1,148,996)	\$ -	\$ (1,148,996)
Cash Flows from Investing Activities	\$ (350,000,000)	\$ -	\$ (350,000,000)
Cash Flows from Financing Activities	\$ 352,305,454	\$ -	\$ 352,305,454
Supplemental Disclosure of Noncash Financing Activities:			
Offering costs included in accrued expenses	\$ 70,000	\$ -	\$ 70,000
Offering costs paid by related party under promissory note	\$ 74,500	\$ -	\$ 74,500
Deferred underwriting commissions	\$ 12,250,000	\$ -	\$ 12,250,000
Initial value of Class A ordinary shares subject to possible redemption	\$ 315,854,270	\$ (315,854,270)	\$ -

The table below presents the effect of the financial statement adjustments related to the restatement discussed above of the Company's previously reported balance sheet as of June 30, 2021:

Form 10-Q (June 30, 2021) - for the period from January 11, 2021 (inception) through June 30, 2021

As of June 30, 2021	As Reported	Adjustment	As Restated
Total assets	<u>\$ 383,961,447</u>	<u>-</u>	<u>\$ 383,961,447</u>
Total liabilities	<u>\$ 50,589,661</u>	<u>-</u>	<u>\$ 50,589,661</u>
Class A ordinary shares subject to possible redemption	328,371,780	54,222,790	382,594,570
Preferred shares	-	-	-
Class A ordinary shares	543	(543)	-
Class B ordinary shares	956	-	956
Additional paid-in capital	23,011,468	(23,011,468)	-
Accumulated deficit	(18,012,961)	(31,210,779)	(49,223,740)
Total shareholders' equity (deficit)	<u>\$ 5,000,006</u>	<u>\$ (54,222,790)</u>	<u>\$ (49,222,784)</u>
Total Liabilities, Class A Ordinary Shares Subject to Possible Redemption and Shareholders' Equity (Deficit)	<u>\$ 383,961,447</u>	<u>\$ -</u>	<u>\$ 383,961,447</u>

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The table below presents the effect of the financial statement adjustments related to the restatement discussed above of the Company's previously reported statement of cash flows for the period from January 11, 2021 (inception) through June 30, 2021:

Form 10-Q (June 30, 2021) - for the period from January 11, 2021 (inception) through June 30, 2021

	As Reported	Adjustment	As Restated
Cash Flow from Operating Activities	\$ (1,879,536)	\$ -	\$ (1,879,536)
Cash Flows from Investing Activities	\$ (382,594,570)	\$ -	\$ (382,594,570)
Cash Flows from Financing Activities	\$ 384,908,713	\$ -	\$ 384,908,713
Supplemental Disclosure of Noncash Financing Activities:			
Offering costs included in accrued expenses	\$ 70,000	\$ -	\$ 70,000
Offering costs paid by related party under promissory note	\$ 74,500	\$ -	\$ 74,500
Deferred underwriting commissions	\$ 13,390,810	\$ -	\$ 13,390,810
Initial value of Class A ordinary shares subject to possible redemption	\$ 334,712,170	\$ (334,712,170)	\$ -
Change in value of Class A ordinary shares subject to possible redemption	\$ (6,340,391)	\$ 6,340,391	\$ -

The table below presents the effect of the financial statement adjustments related to the restatement discussed above of the Company's previously reported statement of shareholders' equity for the period from January 11, 2021 (inception) through June 30, 2021

For the Three Months Ended June 30, 2021 and for the Period From January 11, 2021 (Inception) through June 30, 2021

	Total Shareholders' Equity (Deficit), As Reported	Adjustment	Total Shareholders' Equity (Deficit), As Restated
Balance - January 11, 2021 (inception)	\$ -	\$ -	\$ -
Issuance of Class B ordinary shares to Sponsor	25,000	-	25,000
Sale of units in initial public offering, less fair value of derivative liabilities for public warrants	340,235,810	(340,235,810)	-
Excess cash received over the fair value of the private warrants	221,890	-	221,890
Offering costs	(18,963,451)	18,963,451	-
Shares subject to possible redemption	(315,854,270)	315,854,270	-
Accretion of Class A ordinary shares subject to possible redemption amount	-	(28,727,640)	(28,727,640)
Net loss	(664,970)	-	(664,970)
Balance - March 31, 2021 (Unaudited)	<u>\$ 5,000,009</u>	<u>\$ (34,145,729)</u>	<u>\$ (29,145,720)</u>
Sale of units in initial public offering, less fair value of derivative liabilities for public warrants	31,603,700	(31,603,700)	-
Offering costs	(1,738,203)	1,738,203	-
Forfeiture of Class B ordinary shares	-	-	-
Shares subject to possible redemption	(12,517,509)	12,517,509	-
Accretion of Class A ordinary shares subject to possible redemption amount	-	(2,729,073)	(2,729,073)
Net loss	(17,347,991)	-	(17,347,991)
Balance - June 30, 2021 (Unaudited)	<u>\$ 5,000,006</u>	<u>\$ (54,222,790)</u>	<u>\$ (49,222,784)</u>

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In connection with the change in presentation for the Class A ordinary shares subject to possible redemption, the Company has restated its earnings per share calculation to allocate income and losses shared pro rata between the two classes of shares. This presentation contemplates a Business Combination as the most likely outcome, in which case, both classes of shares participate pro rata in the income and losses of the Company. The impact to the reported amounts of weighted average shares outstanding and basic and diluted earnings per ordinary share is presented below for the Affected Quarterly Periods:

	EPS for Class A ordinary shares		
	As Reported	Adjustment	As Adjusted
Form 10-Q (March 31, 2021) - for the period from January 11, 2021 (inception) through March 31, 2021			
Net loss	\$ (664,970)	\$ -	\$ (664,970)
Weighted average shares outstanding	33,156,919	(29,800,755)	3,356,164
Basic and diluted earnings per share	\$ -	\$ (0.05)	\$ (0.05)
Form 10-Q (June 30, 2021) - three months ended June 30, 2021			
Net loss	\$ (17,347,991)	\$ -	\$ (17,347,991)
Weighted average shares outstanding	31,599,183	6,230,455	37,829,638
Basic and diluted earnings per share	\$ -	\$ (0.37)	\$ (0.37)
Form 10-Q (June 30, 2021) - for the period from January 11, 2021 (inception) through June 30, 2021			
Net loss	\$ (18,012,961)	\$ -	\$ (18,012,961)
Weighted average shares outstanding	31,713,657	(9,228,919)	22,484,738
Basic and diluted earnings per share	\$ -	\$ (0.57)	\$ (0.57)

	EPS for Class B ordinary shares		
	As Reported	Adjustment	As Adjusted
Form 10-Q (March 31, 2021) - for the period from January 11, 2021 (inception) through March 31, 2021			
Net loss	\$ (664,970)	\$ -	\$ (664,970)
Weighted average shares outstanding	8,922,428	(172,428)	8,750,000
Basic and diluted earnings per share	\$ 0.07	\$ (0.12)	\$ (0.05)
Form 10-Q (June 30, 2021) - three months ended June 30, 2021			
Net loss	\$ (17,347,991)	\$ -	\$ (17,347,991)
Weighted average shares outstanding	15,687,865	(6,230,456)	9,457,409
Basic and diluted earnings per share	\$ (1.11)	\$ 0.74	\$ (0.37)
Form 10-Q (June 30, 2021) - for the period from January 11, 2021 (inception) through June 30, 2021			
Net loss	\$ (18,012,961)	\$ -	\$ (18,012,961)
Weighted average shares outstanding	12,676,421	(3,533,895)	9,142,526
Basic and diluted earnings per share	\$ (1.42)	\$ 0.85	\$ (0.57)

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Emerging growth company

As an emerging growth company, the Company may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. This may make comparison of the Company's financial statement with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company had no cash equivalents as of September 30, 2021.

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Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal Deposit Insurance Corporation coverage limit of \$250,000, and investments held in Trust Account. At September 30, 2021, the Company had not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Investments held in trust account

The Company's portfolio of investments is comprised of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or investments in money market funds that invest in U.S. government securities and generally have a readily determinable fair value, or a combination thereof. When the Company's investments held in the Trust Account are comprised of U.S. government securities, the investments are classified as trading securities. When the Company's investments held in the Trust Account are comprised of money market funds, the investments are recognized at fair value. Trading securities and investments in money market funds are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in net gain from cash equivalents held in Trust Account in the accompanying unaudited condensed consolidated statement of operations. The estimated fair values of investments held in the Trust Account are determined using available market information.

Fair value of financial instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers consist of:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Derivative warrant liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued share purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company accounts for 7,651,891 warrants issued in connection with its Initial Public Offering including over-allotment ("Public Warrants") and 6,767,927 Private Placement Warrants as derivative warrant liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's statements of operations. The fair value of warrants issued by the Company in connection with the Initial Public Offering and Private Placement has been estimated using Monte-Carlo simulations at each measurement date.

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Offering costs associated with the Initial Public Offering

Offering costs consisted of legal, accounting, underwriting fees and other costs incurred through the Initial Public Offering that were directly related to the Initial Public Offering. Offering costs are allocated to the separable financial instruments issued in the Initial Public Offering based on a relative fair value basis, compared to total proceeds received. Offering costs associated with warrant liabilities are expensed as incurred, presented as non-operating expenses in the statements of operations. Offering costs associated with the Class A ordinary shares were charged against the carrying value of the Class A ordinary shares subject to possible redemption upon the completion of the Initial Public Offering. The Company classifies deferred underwriting commissions as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

Class A ordinary shares subject to possible redemption

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Class A ordinary shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable Class A ordinary shares (including Class A ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, Class A ordinary shares are classified as shareholders' equity. The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of the Initial Public Offering (including exercise of the over-allotment option), 38,259,457 Class A ordinary shares subject to possible redemption are presented as temporary equity, outside of the shareholders' equity section of the Company's balance sheet.

Effective with the closing of the Initial Public Offering (including exercise of the over-allotment option), the Company recognized the accretion from initial book value to redemption amount, which resulted in charges against additional paid-in capital (to the extent available) and accumulated deficit.

Net loss per ordinary share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share." The Company has two classes of shares, which are referred to as Class A ordinary shares and Class B ordinary shares. Income and losses are shared pro rata between the two classes of shares. Net income (loss) per ordinary

share is calculated by dividing the net income (loss) by the weighted average number of ordinary shares outstanding for the respective period.

The calculation of diluted net income (loss) per ordinary share does not consider the effect of the warrants underlying the Units sold in the Initial Public Offering and the Private Placement Warrants to purchase 14,419,818 Class A ordinary shares because their exercise is contingent upon future events and their inclusion would be anti-dilutive under the treasury stock method. As a result, diluted net income (loss) per share is the same as basic net income (loss) per share for the three months ended September 30, 2021 and for the period from January 11, 2021 (inception) through September 30, 2021. Accretion associated with the redeemable Class A ordinary shares is excluded from earnings per share as the redemption value approximates fair value.

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The table below presents a reconciliation of the numerator and denominator used to compute basic and diluted net income (loss) per share for each class of ordinary shares:

	<u>For the Three Months Ended</u> <u>September 30, 2021</u>		<u>For the Period From January 11,</u> <u>2021 (Inception) Through</u> <u>September 30, 2021</u>	
	<u>Class A</u>	<u>Class B</u>	<u>Class A</u>	<u>Class B</u>
Basic and diluted net income (loss) per ordinary shares:				
<i>Numerator:</i>				
Allocation of net income (loss)	\$ 9,003,541	\$ 2,250,885	\$ (5,081,123)	\$ (1,677,412)
<i>Denominator:</i>				
Basic and diluted weighted average ordinary shares outstanding	38,259,457	9,564,864	28,153,778	9,294,304
Basic and diluted net income (loss) per ordinary share	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ (0.18)</u>	<u>\$ (0.18)</u>

Income taxes

The Company complies with the accounting and reporting requirements of ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company's management determined that the Cayman Islands is the Company's only major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of September 30, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

There is currently no taxation imposed on income by the Government of the Cayman Islands. In accordance with Cayman federal income tax regulations, income taxes are not levied on the Company. Consequently, income taxes are not reflected in the Company's financial statement. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Recent accounting pronouncements

In August 2020, the FASB issued ASU No. 2020-06, Debt --Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging --Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. The Company early adopted the ASU on January 11, 2021 (inception). Adoption of the ASU did not impact the Company's financial position, results of operations or cash flows.

The Company's management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE 3. INITIAL PUBLIC OFFERING

On March 25, 2021, the Company consummated its Initial Public Offering of 35,000,000 Units, at \$10.00 per Unit, generating gross proceeds of \$350.0 million, and incurring offering costs of approximately \$19.7 million, of which approximately \$12.3 million was for deferred underwriting commissions.

On April 9, 2021, the Underwriters partially exercised the over-allotment option and on April 13, 2021, purchased an additional 3,259,457 Units from the Company, generating gross proceeds of \$32,594,570, and forfeited the remainder of the option.

Each Unit consists of one Class A ordinary share and one-fifth of one Public Warrant. Each whole Public Warrant entitles the holder to purchase one Class A ordinary share at an exercise price of \$11.50 per share, subject to adjustment (see Note 6).

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NOTE 4. RELATED PARTY TRANSACTIONS

Founder Shares

On January 18, 2021, the Sponsor subscribed for an aggregate of 11,500,000 Class B ordinary shares, par value \$0.0001 per share (the "Founder Shares"), for an aggregate purchase price of \$25,000. On March 22, 2021 the Sponsor effected a surrender of 1,437,500 Class B ordinary shares to the Company for no consideration, resulting in a decrease in the total number of Class B ordinary shares outstanding from 11,500,000 to 10,062,500. The holders of the Founder Shares agreed to forfeit up to an aggregate of

1,312,500 Founder Shares, on a pro rata basis, to the extent that the option to purchase additional Units is not exercised in full by the underwriters. On April 13, 2021, the underwriters partially exercised the over-allotment, thus, 497,636 Class B ordinary shares were forfeited.

The Initial Shareholders agreed not to transfer, assign or sell any of their Founder Shares until the earlier to occur of (A) one year after the completion of the initial Business Combination; and (B) subsequent to the initial Business Combination (x) if the last reported sale price of Class A ordinary shares equals or exceeds \$12.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination or (y) the date on which the Company completes a liquidation, merger, share exchange, reorganization or other similar transaction that results in all of the Public Shareholders having the right to exchange their ordinary shares for cash, securities or other property.

Private Placement Warrants

Simultaneously with the closing of the Initial Public Offering, the Company consummated the Private Placement of 6,333,333 Private Placement Warrants, at a price of \$1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of \$9.5 million. In connection with the Underwriters' partial exercise of their over-allotment option, the Sponsor purchased an additional 434,594 Private Placement Warrants, generating gross proceeds to the Company of approximately \$651,891.

Each whole Private Placement Warrant is exercisable for one whole share of Class A ordinary shares at a price of \$11.50 per share. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless. The Private Placement Warrants will be non-redeemable for cash and exercisable on a cashless basis so long as they are held by the Sponsor or its permitted transferees.

The Sponsor and the Company's officers and directors agreed, subject to limited exceptions, not to transfer, assign or sell any of their Private Placement Warrants until 30 days after the completion of the initial Business Combination.

Related Party Loans

On January 18, 2021, the Sponsor agreed to loan the Company up to \$300,000 pursuant to a promissory note. The promissory note was non-interest bearing, unsecured and due upon the closing of the Initial Public Offering. The Company borrowed \$160,000 under the promissory note and repaid the promissory note in full upon closing of the Initial Public Offering.

On August 12, 2021, the Company issued a promissory note to Sponsor, pursuant to which the Company may borrow up to an aggregate principal amount of \$1,500,000. The promissory note is non-interest bearing and payable on the earlier of (i) March 25, 2023 and (ii) the completion of the Business Combination. As of September 30, 2021, there was \$770,000 outstanding under the promissory note.

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor, members of the Company's founding team or any of their affiliates may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1.5 million of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.50 per warrant. The warrants would be identical to the Private Placement Warrants. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. As of September 30, 2021, the Company had no borrowings under the Working Capital Loans.

NEXTGEN ACQUISITION CORP. II NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Due to Related Party

During the period from January 11, 2021 through September 30, 2021, the Sponsor paid approximately \$,000 expenses on behalf of the Company. As of September 30, 2021, outstanding balance for such expenses were approximately \$1,000, included in due to related party in current liabilities, on the accompanying condensed consolidated balance sheets.

Administrative Services Agreement

Commencing on the date that the Company's securities were first listed on Nasdaq, the Company agreed to pay the Sponsor a total of \$20,000 per month for office space, administrative, financial and support services. Upon the Company's liquidation, the Company will cease paying these monthly fees. The Company incurred approximately \$60,000 and \$140,000 in administrative expenses under the agreement, which is recognized in the accompanying unaudited condensed consolidated statements of operations for the three months ended September 30, 2021 and for the period from January 11, 2021 (inception) through September 30, 2021 within General and administrative expenses – related party, respectively. As of September 30, 2021, there was no outstanding balance under the administrative services agreement.

In addition, the Sponsor, officers and directors, or any of their respective affiliates, will be reimbursed for any out-of-pocket expenses incurred in connection with activities on the Company's behalf such as identifying potential target businesses and performing due diligence on suitable Business Combinations. The audit committee will review on a quarterly basis all payments that were made by the Company to the Sponsor, directors, officers or any of their respective affiliates.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Registration and Shareholder Rights

The holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants or warrants issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) are entitled to registration rights pursuant to a registration and shareholder rights agreement signed upon the effective date of the Initial Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company registers such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of the initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were entitled to an underwriting discount of \$0.20 per unit, or \$7.7 million in the aggregate, paid upon the closing of the Initial Public Offering (including the closing of over-allotment). In addition, \$0.35 per unit, or approximately \$13.4 million in the aggregate will be payable to the underwriters for deferred underwriting commissions. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

Deferred Legal Fees

The Company's legal counsel agreed to defer their fees in excess of \$250,000 until the consummation of the Company's initial Business Combination. In the event, either (x) the initial Business Combination is not consummated within two years of the Initial Public Offering and the proceeds of the Initial Public Offering are returned to investors, or (y) the legal counsel declined to represent the Company in the initial Business Combination due to a conflict, the legal counsel will write off such deferred amounts.

The deferred amount is an unrecognized contingent liability, as closing of a potential business combination was not considered probable as of September 30, 2021. As of September 30, 2021, there was approximately \$4.5 million in deferred legal fees.

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NEXTGEN ACQUISITION CORP. II NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6. CLASS A ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION

The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of future events. The Company is authorized to issue 500,000,000 Class A ordinary shares with a par value of \$0.0001 per share. Holders of the Company's Class A ordinary shares are entitled to one vote for each share. As of September 30, 2021, there were 38,259,457 Class A ordinary shares outstanding, which were all subject to possible redemption and are classified outside of permanent equity in the condensed consolidated balance sheet.

The Class A ordinary shares subject to possible redemption reflected on the condensed consolidated balance sheet is reconciled on the following table:

Gross proceeds	\$ 382,594,570
Less:	
Fair value of Public Warrants at issuance	(10,755,060)
Offering costs allocated to Class A ordinary shares subject to possible redemption	(20,701,653)
Plus:	
Accretion on Class A ordinary shares subject to possible redemption amount	31,456,713
Class A ordinary shares subject to possible redemption	<u>\$ 382,594,570</u>

NOTE 7. SHAREHOLDERS' EQUITY

Preference Shares — The Company is authorized to issue 5,000,000 preference shares with a par value of \$0.0001 per share. As of September 30, 2021, there were no preference shares issued or outstanding.

Class A Ordinary Shares — The Company is authorized to issue 500,000,000 Class A ordinary shares with a par value of \$0.0001 per share. Holders of the Company's Class A ordinary shares are entitled to one vote for each share. As of September 30, 2021, there were 38,259,457 Class A ordinary shares issued and outstanding subject to possible redemption in the accompanying unaudited condensed consolidated balance sheets (see Note 6).

Class B Ordinary Shares — The Company is authorized to issue 50,000,000 Class B ordinary shares with a par value of \$0.0001 per share. As of September 30, 2021, there were 9,564,864 Class B ordinary shares issued and outstanding (see Note 4).

Holders of the Class A ordinary shares and holders of the Class B ordinary shares will vote together as a single class on all matters submitted to a vote of the shareholders, except as required by law. Each ordinary share will have one vote on all such matters.

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NEXTGEN ACQUISITION CORP. II NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Class B ordinary shares will automatically convert into Class A ordinary shares at the time of the initial Business Combination, or earlier at the option of the holder, on a one-for-one basis, subject to adjustment for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like, and subject to further adjustment as provided herein. In the case that additional Class A ordinary shares, or equity-linked securities, are issued or deemed issued in excess of the amounts issued in the Initial Public Offering and related to the closing of the initial Business Combination, the ratio at which the Class B ordinary shares will convert into Class A ordinary shares will be adjusted (unless the holders of a majority of the issued and outstanding Class B ordinary shares agree to waive such anti-dilution adjustment with respect to any such issuance or deemed issuance) so that the number of Class A ordinary shares issuable upon conversion of all Class B ordinary shares will equal, in the aggregate, on an as-converted basis, 20% of the sum of all ordinary shares issued and outstanding upon the completion of the Initial Public Offering plus all Class A ordinary shares and equity-linked securities issued or deemed issued in connection with the initial Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in the initial Business Combination. In no event will the Class B ordinary shares convert into Class A ordinary shares at a rate of less than one to one.

NOTE 8. WARRANTS

Public Warrants may only be exercised for a whole number of shares. No fractional Public Warrants will be issued upon separation of the Units and only whole Public Warrants will trade. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Initial Public Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the issuance of the Class A ordinary shares issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder (or the Company permits holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement). The Company agreed that as soon as practicable, but in no event later than 15 business days after the closing of the initial Business Combination, the Company will use its commercially reasonable efforts to file with the SEC a registration statement covering the issuance of the Class A ordinary shares issuable upon exercise of the warrants, and the Company will use its commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of the initial Business Combination and to maintain the effectiveness of such registration statement and a current prospectus relating to those Class A ordinary shares until the warrants expire or are redeemed; provided that if the Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement.

The warrants have an exercise price of \$11.50 per share, subject to adjustments, and will expire five years after the completion of a Business Combination or earlier upon

redemption or liquidation. In addition, if (x) the Company issues additional Class A ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than \$9.20 per ordinary share (with such issue price or effective issue price to be determined in good faith by the board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the consummation of the initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of Class A ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the “Market Value”) is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the \$18.00 per share redemption trigger price described under “Redemption of warrants for cash when the price per Class A ordinary share equals or exceeds \$18.00” and “Redemption of warrants for Class A ordinary shares when the price per Class A ordinary share equals or exceeds \$10.00” will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the \$10.00 per share redemption trigger price described under the caption “Redemption of warrants when the price per Class A ordinary share equals or exceeds \$10.00” will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

NEXTGEN ACQUISITION CORP. II
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A ordinary shares issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers’ permitted transferees. If the Private Placement Warrants are held by someone other than the Initial Shareholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Redemption of warrants for cash when the price per Class A ordinary share equals or exceeds \$18.00:

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except as described herein with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the last reported sale price of Class A ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders (the “Reference Value”) equals or exceeds \$18.00 per share (as adjusted for share sub-divisions, share dividends, rights issuances, consolidations, reorganizations, recapitalizations and the like).

The Company will not redeem the warrants as described above unless a registration statement under the Securities Act covering the issuance of the Class A ordinary shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those Class A ordinary shares is available throughout the 30-day redemption period. If and when the warrants become redeemable by the Company, it may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of warrants for Class A ordinary shares when the price per Class A ordinary share equals or exceeds \$10.00:

Once the warrants become exercisable, the Company may redeem the outstanding warrants (including both Public Warrants and Private Placement Warrants):

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days’ prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to an agreed table based on the redemption date and the “fair market value” of Class A ordinary shares;
- if, and only if, the Reference Value equals or exceeds \$10.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like); and
- if the Reference Value is less than \$18.00 per share (as adjusted), the Private Placement Warrants must also concurrently be called for redemption on the same terms as the outstanding Public Warrants, as described above.

The “fair market value” of Class A ordinary shares shall mean the average reported last sale price of Class A ordinary shares for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

In no event will the Company be required to net cash settle any warrant. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company’s assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

NEXTGEN ACQUISITION CORP. II
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. FAIR VALUE MEASUREMENTS

The following table presents information about the Company’s financial assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2021 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

Fair Value Measured as of September 30, 2021		
Level 1	Level 2	Level 3

Assets				
Investments held in Trust Account - mutual fund	\$	382,614,309	\$	-
Liabilities:				
Derivative warrant liabilities - Public warrants	\$	12,855,180	\$	-
Derivative warrant liabilities - Private warrants	\$	-	\$	11,370,120

Transfers to/from Levels 1, 2, and 3 are recognized at the beginning of the reporting period. The estimated fair value of Public Warrants was transferred from a Level 3 fair value measurement to a Level 1 measurement, when the Public Warrants were separately listed and traded in May 2021. There were no other transfers to/from Levels 1, 2, and 3 during the three and nine months ended September 30, 2021.

Level 1 assets include investments in mutual fund that invest solely in U.S. government securities. The Company uses inputs such as actual trade data, quoted market prices from dealers or brokers, and other similar sources to determine the fair value of its investments.

For periods where no observable traded price is available, the fair value of the Public and Private Placement Warrants has been estimated using a Monte-Carlo simulation model. For periods subsequent to the detachment of the Public Warrants from the Units, the fair value of the Public Warrants is based on the observable listed price for such warrants. The estimated fair value of the Public and Private Placement Warrants, prior to the Public Warrants being traded in an active market, was determined using Level 3 inputs. Inherent in a Monte-Carlo simulation model are assumptions related to the Unit price, expected volatility, risk-free interest rate, term to expiration, and dividend yield. The Unit price is based on the publicly traded price of the Units as of the measurement date. The Company estimated the volatility for the Public and Private Placement Warrants based on the implied volatility from the traded prices of warrants issued by other special purpose acquisition companies. The risk-free interest rate is based on interpolated U.S. Treasury rates, commensurate with a similar term to the Public and Private Placement Warrants. The term to expiration was calculated as the contractual term of the Public and Private Placement Warrants, assuming one year to a Business Combination from the IPO date. Finally, the Company does not anticipate paying a dividend. Any changes in these assumptions can change the valuation significantly. For the three months ended September 30, 2021, the Company recognized a gain of approximately \$12.5 million presented as change in fair value of derivative warrant liabilities on the accompanying statements of operations. For the period from January 11, 2021 (inception) through September 30, 2021, the Company recognized a loss of approximately \$3.5 million presented as change in fair value of derivative warrant liabilities on the accompanying statements of operations.

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NEXTGEN ACQUISITION CORP. II NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The change in the fair value of the derivative warrant liabilities, measured using Level 3 inputs, for the period from January 11, 2021 (inception) through September 30, 2021 is summarized as follows:

Derivative warrant liabilities at March 25, 2021 (inception)	\$	-
Issuance of Public and Private Warrants		19,042,300
Change in fair value of derivative warrant liabilities		<u>(314,250)</u>
Derivative warrant liabilities at March 31, 2021		18,728,050
Issuance of Public and Private Warrants - over-allotment		1,651,460
Transfer of Public Warrants to Level 1 Measurement		(10,607,720)
Change in fair value of derivative warrant liabilities		<u>7,486,420</u>
Derivative warrant liabilities at June 30, 2021	\$	17,258,210
Change in fair value of derivative warrant liabilities		<u>(5,888,090)</u>
Derivative warrant liabilities at September 30, 2021	\$	<u><u>11,370,120</u></u>

The following table provides quantitative information regarding Level 3 fair value measurements inputs at their measurement dates:

	At initial issuance	As of September 30, 2021
Exercise price	\$ 11.50	\$ 11.50
Stock Price	\$ 9.72	\$ 9.91
Option term (in years)	6.67	5.25
Volatility	20%	23.5%
Risk-free interest rate	1.21%	1.14%

NOTE 10. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, the Company borrowed \$338,000 pursuant to the Working Capital Loans. As of November 19, 2021, there was \$1,108,000 of outstanding borrowings under the Working Capital Loans.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

References to "we", "us", "our" or the "Company" are to NextGen Acquisition Corp. II, except where the context requires otherwise. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this report.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Such statements include, but are not limited to, possible business combinations, including our proposed Virgin Orbit Business Combination, and the financing thereof, and related matters, as well as all other statements other than statements of historical fact included in this Quarterly Report on Form 10-Q. Factors that might cause or contribute to such a discrepancy include, but are not limited to,

those described in our other Securities and Exchange Commission (“SEC”) filings.

Overview

We are a blank check company incorporated as a Cayman Islands exempted company on January 11, 2021. We were incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (“Business Combination”).

Our sponsor is NextGen Sponsor II LLC, a Cayman Islands limited liability company (the “Sponsor”). The registration statement for our Initial Public Offering was declared effective on March 22, 2021. On March 25, 2021, we consummated its Initial Public Offering of 35,000,000 units (the “Units” and, with respect to the Class A ordinary shares included in the Units being offered, the “Public Shares”), at \$10.00 per Unit, generating gross proceeds of \$350.0 million, and incurring offering costs of approximately \$19.7 million, of which approximately \$12.3 million was for deferred underwriting commissions. We granted the underwriter a 45-day option to purchase up to an additional 5,250,000 Units at the Initial Public Offering price to cover over-allotments, if any. On April 9, 2021, the Underwriters partially exercised the over-allotment option and on April 13, 2021, purchased an additional 3,259,457 Units (the “Over-Allotment Units”), generating gross proceeds of \$32,594,570, and forfeited the remainder of the option.

Simultaneously with the closing of the Initial Public Offering, we consummated the private placement (“Private Placement”) of 6,333,333 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”), at a price of \$1.50 per Private Placement Warrant with the Sponsor, generating gross proceeds of \$9.5 million. In connection with the Underwriters’ partial exercise of their over-allotment option, the Sponsor purchased an additional 434,594 Private Placement Warrants (the “Additional Private Placement Warrants”), generating gross proceeds to the Company of approximately \$651,891.

Upon the closing of the Initial Public Offering and the Private Placement, \$350.0 million (\$10.00 per Unit) of the net proceeds of the Initial Public Offering and certain of the proceeds of the Private Placement was placed in a trust account (“Trust Account”) with Continental Stock Transfer & Trust Company acting as trustee and invested in United States government treasury bills with a maturity of 185 days or less or in money market funds investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended (the “Investment Company Act”), as determined by us, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below. In connection with the closing and sale of the Over-Allotment Units and the Additional Private Placement Warrants (together, the “Over-Allotment Closing”), a total of \$32,594,570 in proceeds from the Over-Allotment Closing (which amount includes \$1,140,810 of the Underwriters’ deferred discount) was placed in the Trust Account.

Our management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and the sale of Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. Our initial Business Combination must be with one or more operating businesses or assets with a fair market value equal to at least 80% of the net assets held in the Trust Account (excluding the amount of any deferred underwriting commissions and taxes payable on the income earned on the Trust Account) at the time we sign a definitive agreement in connection with the initial Business Combination. However, we will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

If we are unable to complete a Business Combination within 24 months from the closing of the Initial Public Offering, or March 25, 2023, we will (i) cease all operations except for the purpose of winding up; (2) as promptly as reasonably possible but not more than 10 business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (less up to \$100,000 of interest to pay dissolution expenses and which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish Public Shareholders’ rights as shareholders (including the right to receive further liquidating distributions, if any); and (3) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject in each case to our obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law.

Restatement of Previously Issued Financial Statements

In preparation of our unaudited condensed consolidated financial statements as of and for quarterly period ended September 30, 2021, we concluded we should restate our previously issued financial statements to classify all Class A ordinary shares subject to possible redemption in temporary equity. In accordance with the SEC and its staff’s guidance on redeemable equity instruments, ASC 480-10-S99, redemption provisions not solely within our control require ordinary shares subject to redemption to be classified outside of permanent equity. We had previously classified a portion of its Class A ordinary shares in permanent equity. Although we did not specify maximum redemption threshold, our amended and stated memorandum and articles of association currently provides that, we will not redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001. As a result, we restated our previously filed financial statements to present all redeemable Class A ordinary shares as temporary equity and to recognize accretion from the initial book value to redemption value at the time of our Initial Public Offering (including exercise of the over-allotment option). Our previously filed financial statements that contained the error were reported in the Form 8-K filed with the SEC on March 31, 2021 (the “Post-IPO Balance Sheet”) and the Form 10-Qs for the quarterly periods ended March 31, 2021 and June 30, 2021 (the “Affected Quarterly Periods”).

Liquidity and Going Concern

As of September 30, 2021, the Company had approximately \$3,000 in its operating bank account and a working capital deficit of approximately \$372,000.

To date, the Company’s liquidity needs were satisfied through a payment of \$25,000 from the Sponsor in exchange for the issuance of the Founder Shares (as defined below), the loan under the promissory note from the Sponsor of \$300,000 (see Note 5) to the Company and the net proceeds from the consummation of the Private Placement not held in the Trust Account. The Company fully repaid the promissory note upon closing of the Initial Public Offering. In addition, in order to finance transaction costs in connection with a Business Combination, the Company’s officers, directors and Initial Shareholders may, but are not obligated to, provide the Company Working Capital Loans (see Note 5).

On August 12, 2021, the Company issued a promissory note, pursuant to which the Company may borrow up to an aggregate principal amount of \$1,500,000. The promissory note is non-interest bearing and payable on the earlier of (i) March 25, 2023 and (ii) the effective date of a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination. As of September 30, 2021, there was \$770,000 outstanding under the promissory note.

In connection with the Company’s assessment of going concern considerations in accordance with Financial Accounting Standard Board’s Accounting Standards Updated (“ASU”) 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”, management has determined that the Company does not have sufficient liquidity to meet its obligations in the next fourteen months. However, management has determined that it has access to funds from the Company’s Sponsor that are sufficient to fund our working capital needs until the earlier of the consummation of a Business Combination or a minimum one year from the date of issuance of these financial statements.

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that, while it is reasonably possible that the virus could have a negative effect on our financial position, results of our operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statement. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Proposed Virgin Orbit Business Combination

The Merger Agreement provides that, among other things and upon the terms and subject to the conditions thereof, the following transactions will occur (together with the other agreements and transactions contemplated by the Merger Agreement, the “Virgin Orbit Business Combination”):

(i) at the closing of the transactions contemplated by the Merger Agreement (the “Closing”), upon the terms and subject to the conditions of the Merger Agreement and in accordance with the Delaware General Corporation Law, Merger Sub will merge with and into Vieco USA, the separate corporate existence of Merger Sub will cease and Vieco USA will be the surviving corporation and a wholly owned subsidiary of the Company (the “Merger”);

(ii) in the event that the Vieco Cash Election (as defined below) is not exercised, as a result of the Merger, among other things, each share of common stock of Vieco USA that is issued and outstanding immediately prior to the effective time of the Merger (the “Effective Time”) (other than in respect of Excluded Shares (as defined in the Merger Agreement)) will be cancelled and converted into the right to receive a number of shares of common stock, par value \$0.0001 per share, of Virgin Orbit Holdings, Inc. (“Virgin Orbit Common Stock”) equal to the Exchange Ratio (as defined in the Merger Agreement) (the “Stock Consideration”);

(iii) in the event the amount of cash available in the Trust Account (as defined below), after deducting any redemptions by the Company’s shareholders, plus the PIPE Investment Amount (as defined in the Merger Agreement) exceeds \$500,000,000 (such excess amount, the “Available Cash Consideration Amount”), then Vieco USA may, prior to the Election Deadline (as defined in the Merger Agreement), elect that holders of common stock of Vieco USA receive in exchange for shares of common stock of Vieco USA a portion of the consideration payable under the Merger Agreement in cash, in lieu of shares of Virgin Orbit Common Stock, up to the amount of the Available Cash Consideration Amount (the “Vieco Cash Election” and, such amount of cash consideration, the “Cash Consideration”). If the Vieco Cash Election is exercised by Vieco USA prior to the Election Deadline, then at the Effective Time, each share of common stock of Vieco USA that is issued and outstanding immediately prior to the Effective Time (other than in respect of Excluded Shares) will be cancelled and converted into the right to receive (a) the applicable portion of the Cash Consideration and (b) the applicable portion of the Stock Consideration, as reduced to account for the Cash Consideration;

(iv) the Company will change its jurisdiction of incorporation by deregistering as an exempted company in the Cayman Islands and continuing and domesticating as a corporation incorporated under the laws of the State of Delaware and change its name to “Virgin Orbit Holdings, Inc.”

The board of directors of the Company has unanimously (i) approved and declared advisable the Merger Agreement, the Virgin Orbit Business Combination and the other transactions contemplated thereby and (ii) resolved to recommend approval of the Merger Agreement and related matters by the shareholders of the Company.

Concurrently with the execution of the Merger Agreement, the Company entered into initial subscription agreements (the “Initial Subscription Agreements”) with certain investors (collectively, the “Initial PIPE Investors”), pursuant to, and on the terms and subject to the conditions of which, the PIPE Investors have collectively subscribed for 10,000,000 shares of the Virgin Orbit Common Stock for an aggregate purchase price equal to \$100,000,000 (the “Initial PIPE Investment”), a portion of which is expected to be funded by one or more affiliates of the Sponsor and certain additional investors (which may include mutual funds and existing shareholders of the Company). Under the Merger Agreement, the Company may enter into subsequent subscription agreements (together with the Initial Subscription Agreements, the “Subscription Agreements”) with certain investors (collectively with the Initial PIPE Investors, the “PIPE Investors”) on substantially similar terms to the Initial Subscription Agreements, subject to the consent of Vieco USA (any such subsequent investments, together with the Initial PIPE Investment, the “PIPE Investment”). The PIPE Investment will be consummated substantially concurrently with the Closing.

The consummation of the proposed Virgin Orbit Business Combination is subject to certain conditions as further described in the Merger Agreement.

For further details on the contemplated merger, please see the Form 8-K filed with the SEC on August 23, 2021, and the prospectus/proxy statement included in the Registration Statement on Form S-4 that the Company has filed with the SEC relating to the proposed Virgin Orbit Business Combination (the “Virgin Orbit Disclosure Statement”). Unless specifically stated, this Quarterly Report does not give effect to the proposed Virgin Orbit Business Combination and does not contain the risks associated with the proposed Virgin Orbit Business Combination. Such risks and effects relating to the proposed Virgin Orbit Business Combination is included in the Virgin Orbit Disclosure Statement.

Results of Operations

Our entire activity from January 11, 2021 (inception) through March 22, 2021, was in preparation for the Initial Public Offering, and since our Initial Public Offering, our activity has been limited to the search for a prospective initial Business Combination. We will not generate any operating revenues until the closing and completion of our initial Business Combination.

For the three months ended September 30, 2021, we had a net gain of approximately \$11.3 million which consisted of approximately \$12.5 million from change in fair value of warrant liabilities, approximately \$5,000 gain on investment held in Trust Account, which was offset by approximately \$1.2 million general and administrative expense and \$60,000 of related party administrative fees.

For the period from January 11, 2021 (inception) through September 30, 2021, we had a net loss of approximately \$6.8 million which consisted of approximately \$2.5 million general and administrative expense and approximately \$140,000 of related party administrative fees, approximately \$9,000 of loss upon issuance of private placement warrants, approximately \$3.5 million loss from change in fair value of warrant liabilities and approximately \$606,000 of offering costs – derivative warrant liabilities, which was partially offset by approximately \$20,000 gain on investment held in Trust Account.

Contractual Obligations

Registration and Shareholder Rights

The holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants or warrants issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) are entitled to registration rights pursuant to a registration and shareholder rights agreement signed upon the effective date of the Initial Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that we register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the completion of the initial Business Combination. We will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were entitled to an underwriting discount of \$0.20 per unit, or \$7.0 million in the aggregate, paid upon the closing of the Initial Public Offering. In addition, \$0.35 per unit, or approximately \$12.3 million in the aggregate will be payable to the underwriters for deferred underwriting commissions. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

In connection with the Over-Allotment Closing on April 13, 2021, the underwriters were entitled to an additional fee of \$651,891 paid upon closing, and \$1,140,810 in deferred underwriting commissions.

Critical Accounting Policies and Estimates

This management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to fair value of financial instruments and accrued expenses. We base our estimates on historical experience, known trends and events and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We have identified the following as our critical accounting policies:

Class A Ordinary Shares subject to possible redemption

We account for our Class A ordinary shares subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Class A ordinary shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable Class A ordinary shares (including Class A ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) are classified as temporary equity. At all other times, Class A ordinary shares are classified as shareholders' equity. Our Class A ordinary shares feature certain redemption rights that are considered to be outside of our control and subject to the occurrence of uncertain future events. Accordingly, as of the Initial Public Offering (including exercise of the over-allotment option), 38,259,457 Class A ordinary shares subject to possible redemption are presented as temporary equity, outside of the shareholders' equity section of our condensed consolidated balance sheet.

Effective with the closing of the Initial Public Offering (including exercise of the over-allotment option), we recognized the accretion from initial book value to redemption amount, which resulted in charges against additional paid-in capital (to the extent available) and accumulated deficit.

Derivative warrant liabilities

We do not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. We evaluate all of our financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

We issued 7,651,891 warrants to purchase Class A ordinary shares to investors in our Initial Public Offering and issued 6,767,927 Private Placement Warrants including over-allotment. All of our outstanding warrants are recognized as derivative liabilities in accordance with ASC 815-40. Accordingly, we recognized the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statements of operations. The fair value of warrants issued by us in connection with the Initial Public Offering and Private Placement has been estimated using Monte-Carlo simulations at each measurement date.

Recent Accounting Pronouncements

Our management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Off-Balance Sheet Arrangements

As of September 30, 2021, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K and did not have any commitments or contractual obligations.

JOBS Act

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We qualify as an "emerging growth company" and under the JOBS Act are allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. We are electing to delay the adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As such, our financial statements may not be comparable to companies that comply with public company effective dates.

Additionally, we are in the process of evaluating the benefits of relying on the other reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an "emerging growth company," we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis) and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our Initial Public Offering or until we are no longer an "emerging growth company," whichever is earlier.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2021, we were not subject to any market or interest rate risk. The net proceeds of our Initial Public Offering and the sale of the private placement warrants held in the Trust Account will be invested in U.S. government treasury obligations with a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act which invest only in direct U.S. government treasury obligations. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

We have not engaged in any hedging activities since our inception and we do not expect to engage in any hedging activities with respect to the market risk to which we are exposed.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended September 30, 2021, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer has concluded that during the period covered by this report, our disclosure controls and procedures were not effective as of September 30, 2021, because of a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, the Company's management has concluded that our control around the interpretation and accounting for certain complex features of the Class A ordinary shares and warrants issued by the Company was not effectively designed or maintained. This material weakness resulted in the restatement of the Company's balance sheet as of March 25, 2021 and its interim financial statements for the quarters ended March 31, 2021 and June 30, 2021. Additionally, this material weakness could result in a misstatement of the warrant liability, Class A ordinary shares and related accounts and disclosures that would result in a material misstatement of the financial statements that would not be prevented or detected on a timely basis.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2021 covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting except for the below:

The Chief Financial Officer performed additional accounting and financial analyses and other post-closing procedures including consulting with subject matter experts related to the accounting for certain complex features of the Class A ordinary shares and warrants. The Company's management has expended, and will continue to expend, a substantial amount of effort and resources for the remediation and improvement of our internal control over financial reporting. While we have processes to properly identify and evaluate the appropriate accounting technical pronouncements and other literature for all significant or unusual transactions, we have expanded and will continue to improve these processes to ensure that the nuances of such transactions are effectively evaluated in the context of the increasingly complex accounting standards.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

On September 30, 2021, the Company received a demand on behalf of purported Company stockholder Evan Trimas (the "Trimas Demand"). In addition, on October 6, 2021, the Company received a demand on behalf of purported Company stockholder Matthew Hopkins (the "Hopkins Demand"). On October 18, 2021, NextGen received a demand on behalf of purported NextGen stockholder Matthew Whitfield (the "Whitfield Demand," and together with the Trimas Demand and Hopkins Demand, the "Demands"). The Demands allege that the proxy statement/prospectus forming part of the registration statement on Form S-4 that the Company filed with the SEC on September 16, 2021 omits material information or contains disclosure deficiencies that prejudice the Company's stockholders' ability to make a fully informed decision with respect to the proposed Business Combination with Vieco USA. The Demands request that the Company disseminate additional disclosures before the consummation of the Business Combination with Vieco USA. NextGen believes these claims lack merit.

Item 1A. Risk Factors

The risk factors disclosed in "Risk Factors" included in our prospectus filed with the SEC on March 25, 2021 and our Quarterly Report for the quarterly period ended March 31, 2021 filed on Form 10-Q with the SEC on May 26, 2021 are hereby incorporated by reference.

We have identified a material weakness in our internal control over financial reporting as of September 30, 2021. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.

In connection with the preparation of the Company's financial statements as of September 30, 2021, the Company reevaluated the classification of the Class A ordinary shares subject to possible redemption. After consultation with our independent registered public accounting firm, our management and our audit committee concluded that the previously issued financial statements as of March 25, 2021, March 31, 2021 and June 30, 2021 and for the periods from January 11, 2021 (inception) through March 31, 2021, from January 11, 2021 (inception) through June 30, 2021, and the three months ended June 30, 2021 should be restated to report all Class A ordinary shares subject to possible redemption as temporary equity.

As described elsewhere in this Quarterly Report on Form 10-Q, we identified a material weakness in our internal control over financial reporting related to the accounting for the Company's Class A ordinary shares subject to possible redemption. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis.

As a result of this material weakness, and the material weakness related to the reclassification of our warrants and other accounting matters which resulted in the revision of our audited opening balance sheet as of March 25, 2021, our management has concluded that our internal control over financial reporting was not effective as of September 30, 2021. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We have taken a number of measures to remediate the material weaknesses, and continue to evaluate steps to remediate the material weaknesses. However, these remediation measures may be time consuming and costly and there is no assurance that these initiatives will ultimately have the intended effects. If we are unable to remediate our material weaknesses in a timely manner or we identify additional material weaknesses, we may be unable to provide required financial information in a timely and reliable manner and we may incorrectly report financial information. If our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to timely file would cause us to be ineligible to utilize short form registration statements on Form S-3 or Form S-4, which may impair our ability to obtain capital in a timely fashion to execute our business strategies or issue shares to effect an acquisition. If any of these events were to occur, it could have a material adverse effect on our business.

In addition, the existence of material weaknesses or a significant deficiency in internal control over financial reporting could adversely affect our reputation or investor perceptions of us, which could have a negative effect on the trading price of our securities.

We can provide no assurance that the measures we have taken and plan to take in the future will remediate the material weaknesses identified or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting. In addition, even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements.

We may face litigation and other risks as a result of the material weakness in our internal control over financial reporting.

As a result of such material weaknesses, the changes in accounting for the warrants and for Class A ordinary shares subject to redemption, and other matters raised or that may in the future be raised by the SEC, we face potential for litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the material weaknesses in our internal control over financial reporting and the preparation of our financial statements. As of the date of this Quarterly Report on Form 10-Q, we have no knowledge of any such litigation or dispute. However, we can provide no assurance that such litigation or dispute will not arise in the future. Any such litigation or dispute, whether successful or not, could have a material adverse effect on our business, results of operations and financial condition or our ability to complete a business combination.

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

Unregistered Sales

Concurrently with the execution of the Merger Agreement, the Company entered into the Initial Subscription Agreements with certain Initial PIPE Investors, pursuant to, and on the terms and subject to the conditions of which, the PIPE Investors have collectively subscribed for 10,000,000 shares of the Virgin Orbit Common Stock for an aggregate purchase price equal to \$100,000,000, a portion of which is expected to be funded by one or more affiliates of the Sponsor and certain additional investors (which may include mutual funds and existing shareholders of the Company). Under the Merger Agreement, the Company may enter into subsequent subscription agreements with certain investors on substantially similar terms to the Initial Subscription Agreements, subject to the consent of Vieco USA. The PIPE Investment will be consummated substantially concurrently with the Closing. These issuances were made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

No underwriting discounts or commissions were paid with respect to such sales.

Use of Proceeds

On March 25, 2021, we consummated the Initial Public Offering of 35,000,000 units (the "Units"), at \$10.00 per Unit, generating gross proceeds of \$350.0 million, and incurring offering costs of approximately \$19.7 million, inclusive of approximately \$12.3 million in deferred underwriting commissions. On April 9, 2021, the underwriters partially exercised the over-allotment option and on April 13, 2021, purchased an additional 3,259,457 Units, generating gross proceeds of \$32,594,570, and forfeited the remainder of the option.

In connection with the Initial Public Offering and the over-allotment, we incurred offering costs of approximately \$21.5 million, inclusive of approximately \$13.4 million in deferred underwriting commissions. Other incurred offering costs consisted principally of preparation fees related to the Initial Public Offering. After deducting the underwriting discounts and commissions (excluding the deferred portion, which amount will be payable upon consummation of the Initial Business Combination, if consummated) and the Initial Public Offering expenses, \$382.6 million of the net proceeds from our Initial Public Offering and certain of the proceeds from the private placement of the Private Placement Warrants (or \$10.00 per Unit sold in the Initial Public Offering) was placed in the Trust Account. The net proceeds of the Initial Public Offering and certain proceeds from the sale of the Private Placement Warrants are held in the Trust Account and invested as described elsewhere in this Quarterly Report on Form 10-Q.

There has been no material change in the planned use of the proceeds from the Initial Public Offering and Private Placement as is described in the Company's final prospectus related to the Initial Public Offering.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits.

No.	Description of Exhibit
2.1(1)	Agreement and Plan of Merger, dated as of August 22, 2021, by and among the Company, Pulsar Merger Sub, Inc., and Vieco USA, Inc.
10.1(1)	Sponsor Support Agreement, dated August 22, 2021, by and among the Company, the Sponsor, Vieco USA and the persons set forth on Schedule I thereto
10.2(1)	Stockholder Support Agreement, dated August 22, 2021, by and among the Company, Vieco USA and Vieco 10 Limited
10.3(1)	Form of Subscription Agreement
10.4(1)	Form of Amended and Restated Registration Rights Agreement
10.5(1)	Form of Stockholders' Agreement
31.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

(1) Previously filed with the Company's Current Report on Form 8-K filed on August 23, 2021 and incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 19, 2021

NEXTGEN ACQUISITION CORP. II

/s/ Patrick T. Ford

Name: Patrick T. Ford

Title: Chief Financial Officer and Secretary

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

I, Patrick T. Ford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 of NextGen Acquisition Corp. II;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 19, 2021

By: /s/ Patrick T. Ford
Patrick T. Ford
Chief Financial Officer and Secretary
(Principal Executive Officer and
Principal Financial Officer)

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

In connection with the Quarterly Report of NextGen Acquisition Corp. II (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), I certify, in the capacity and on the date indicated below, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 19, 2021

By: /s/ Patrick T. Ford
Patrick T. Ford
Chief Financial Officer and Secretary
(Principal Executive Officer and
Principal Financial Officer)