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 March 31, 2022

OR

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

For the transition period from _____ to _____

Commission file number: 001-35285

Vaxart, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**59-1212264**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
170 Harbor Way, Suite 300, South San Francisco, CA 94080	**(650) 550-3500**
(Address of principal executive offices, including zip code)	(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, $0.0001 par value	**VXRT**	**The 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 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, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑
Non-accelerated filer ☐
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting company ☐

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

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

The Registrant had 126,445,811 shares of common stock, $0.0001 par value, outstanding as of May 6, 2022.

FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2022
TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

VAXART, INC.

Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 123,404	$ 143,745
Short-term investments	24,254	22,742
Accounts receivable	81	71
Prepaid expenses and other current assets	6,441	2,609
Total current assets	154,180	169,167
Long-term investments	9,349	16,210
Property and equipment, net	7,629	6,601
Right-of-use assets, net	12,870	13,168
Intangible assets, net	10,286	10,624
Goodwill	4,508	4,508
Other long-term assets	1,556	890
Total assets	$ 200,378	$ 221,168
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,017	$ 3,872
Current portion of operating lease liability	1,079	1,011
Current portion of liability related to sale of future royalties	836	836
Other accrued liabilities	5,103	5,064
Total current liabilities	11,035	10,783
Operating lease liability, net of current portion	11,837	11,997
Liability related to sale of future royalties, net of current portion	10,955	10,686
Other long-term liabilities	186	171
Total liabilities	34,013	33,637
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock: $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding as of March 31, 2022 and December 31, 2021	—	—
Common stock: $0.0001 par value; 150,000,000 shares authorized; 125,840,811 and 125,594,393 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	13	13
Additional paid-in capital	411,113	406,943
Accumulated deficit	(244,452)	(219,351)
Accumulated other comprehensive loss	(309)	(74)
Total stockholders' equity	166,365	187,531
Total liabilities and stockholders' equity	$ 200,378	$ 221,168

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

VAXART, INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Revenue:		
Revenue from customer service contracts	$ —	$ 13
Non-cash royalty revenue related to sale of future royalties	85	493
Total revenue	85	506
Operating expenses:		
Research and development	18,203	10,073
General and administrative	6,658	5,944
Total operating expenses	24,861	16,017
Operating loss	(24,776)	(15,511)
Other income (expense):		
Interest income	35	9
Non-cash interest expense related to sale of future royalties	(340)	(466)
Foreign exchange loss, net	—	(1)
Loss before income taxes	(25,081)	(15,969)
Provision for income taxes	20	38
Net loss	$ (25,101)	$ (16,007)
Net loss per share - basic and diluted	$ (0.20)	$ (0.14)
Shares used to compute net loss per share - basic and diluted	125,795,255	115,422,628
Comprehensive loss:		
Net loss	$ (25,101)	$ (16,007)
Unrealized loss on available-for-sale investments, net of tax	(235)	(5)
Comprehensive loss	$ (25,336)	$ (16,012)

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

VAXART, INC.

Condensed Consolidated Statements of Stockholders' Equity
For the Three Months Ended March 31, 2022 and 2021
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Three Months Ended March 31, 2022						
Balances as of December 31, 2021	125,594,393	$ 13	$ 406,943	$ (219,351)	$ (74)	$ 187,531
Issuance of common stock under September 2021 ATM, net of offering costs of $314	216,000	—	992	—	—	992
Issuance of common stock upon exercise of stock options	30,418	—	48	—	—	48
Stock-based compensation	—	—	3,130	—	—	3,130
Unrealized losses on available-for-sale investments	—	—	—	—	(235)	(235)
Net loss	—	—	—	(25,101)	—	(25,101)
Balances as of March 31, 2022	125,840,811	$ 13	$ 411,113	$ (244,452)	$ (309)	$ 166,365

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Three Months Ended March 31, 2021						
Balances as of December 31, 2020	110,271,093	$ 11	$ 272,274	$ (148,881)	$ —	$ 123,404
Issuance of common stock under October 2020 ATM, net of offering costs of $3,182	6,654,367	1	65,711	—	—	65,712
Issuance of common stock upon exercise of common stock warrants	830,722	—	1,649	—	—	1,649
Issuance of common stock upon exercise of stock options	207,730	—	231	—	—	231
Stock-based compensation	—	—	1,251	—	—	1,251
Unrealized losses on available-for-sale investments	—	—	—	—	(5)	(5)
Net loss	—	—	—	(16,007)	—	(16,007)
Balances as of March 31, 2021	117,963,912	$ 12	$ 341,116	$ (164,888)	$ (5)	$ 176,235

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

VAXART, INC.

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (25,101)	$ (16,007)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,131	996
Accretion of premium (discount) on investments	36	—
Stock-based compensation	3,130	1,251
Non-cash interest expense related to sale of future royalties	340	466
Non-cash revenue related to sale of future royalties	(71)	(334)
Change in operating assets and liabilities:		
Accounts receivable	(10)	(366)
Prepaid expenses and other assets	(4,498)	(2,694)
Accounts payable	113	2,281
Other accrued liabilities	(183)	(2,185)
Net cash used in operating activities	(25,113)	(16,592)
Cash flows from investing activities:		
Purchase of property and equipment	(1,346)	(615)
Purchases of investments	(8,522)	(19,944)
Proceeds from maturities of investments	13,600	—
Net cash provided by (used in) investing activities	3,732	(20,559)
Cash flows from financing activities:		
Net proceeds from issuance of common stock through ATM facilities	992	65,712
Proceeds from issuance of common stock upon exercise of common stock warrants	—	1,649
Proceeds from issuance of common stock upon exercise of stock options	48	231
Net cash provided by financing activities	1,040	67,592
Net (decrease) increase in cash and cash equivalents	(20,341)	30,441
Cash and cash equivalents at beginning of the period	143,745	126,870
Cash and cash equivalents at end of the period	$ 123,404	$ 157,311
Supplemental disclosure of non-cash financing activity:		
Operating lease liabilities arising from obtaining right-of-use assets	$ 125	$ —
Acquisition of property and equipment included in accounts payable and accrued expenses	$ 505	$ 303

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

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

NOTE 1. Organization and Basis of Presentation

General

Vaxart Biosciences, Inc. was originally incorporated in California in March 2004, under the name West Coast Biologicals, Inc. The Company changed its name to Vaxart, Inc. ("Private Vaxart") in July 2007, and reincorporated in the state of Delaware. On February 13, 2018, Private Vaxart completed a business combination with Aviragen Therapeutics, Inc. ("Aviragen"), pursuant to which Aviragen merged with Private Vaxart, with Private Vaxart surviving as a wholly owned subsidiary of Aviragen (the "Merger"). Pursuant to the terms of the Merger, Aviragen changed its name to Vaxart, Inc. (together with its subsidiaries, the "Company" or "Vaxart") and Private Vaxart changed its name to Vaxart Biosciences, Inc.

On October 13, 2020, the Company entered into the Open Market Sale Agreement, (the "October 2020 ATM") pursuant to which it could offer and sell, from time to time through sales agents, shares of its common stock having an aggregate offering price of up to $250 million. The Company incurred direct expenses of approximately $0.3 million in connection with filing a prospectus supplement, dated October 13, 2020, with the U.S. Securities and Exchange Commission (the "SEC"), and paid sales commissions of up to 4.5% of gross proceeds from the sale of shares. As of December 31, 2020, the Company had sold 692,651 shares for gross proceeds of $5.5 million which, after deducting sales commissions and expenses, resulted in net proceeds under the October 2020 ATM of $4.9 million in 2020.

In the three months ended March 31, 2021, the Company sold an additional 6,654,367 shares under the October 2020 ATM for gross proceeds of $68.9 million which, after deducting sales commissions and expenses, resulted in net proceeds of $65.7 million. A total of 13,932,490 shares were issued and sold under the October 2020 ATM for gross proceeds of $133.4 million which, after deducting sales commissions and expenses, resulted in net proceeds of $127.1 million.

On September 13, 2021, the October 2020 ATM was terminated, and on September 15, 2021, the Company entered into a Controlled Equity Offering Sales Agreement (the "September 2021 ATM"), pursuant to which it may offer and sell, from time to time through sales agents, shares of its common stock having an aggregate offering price of up to $100 million. The Company filed a prospectus supplement with the SEC on September 16, 2021, and will pay sales commissions of up to 3.0% of gross proceeds from the sale of shares. As of December 31, 2021, no shares had been issued under the September 2021 ATM. In the three months ended March 31, 2022, 216,000 shares were issued and sold under the September 2021 ATM for gross proceeds of $1.3 million, which, after deducting sales commissions and expenses incurred to date, resulted in net proceeds of $1.0 million.

The Company's principal operations are based in South San Francisco, California, and it operates in one reportable segment, which is the discovery and development of oral recombinant protein vaccines, based on its proprietary oral vaccine platform.

NOTE 2. Summary of Significant Accounting Policies

Basis of Presentation – The Company has prepared the accompanying condensed consolidated financial statements pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to these rules and regulations. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and footnotes related thereto for the year ended December 31, 2021, included in the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2022 (the "Annual Report"). Unless noted below, there have been no material changes to the Company's significant accounting policies described in Note 2 to the consolidated financial statements included in the Annual Report. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's financial position and the results of its operations and cash flows. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year or any future periods.

Basis of Consolidation – The condensed consolidated financial statements include the financial statements of Vaxart, Inc. and its subsidiaries. All significant transactions and balances between Vaxart, Inc. and its subsidiaries have been eliminated in consolidation.

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, liabilities, revenues and expenses and disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results and outcomes could differ from these estimates and assumptions.

Concentration of Credit Risk – Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents and available-for-sale investments. The Company places its cash, cash equivalents and available-for-sale investments at financial institutions that management believes are of high credit quality. The Company is exposed to credit risk in the event of default by the financial institutions holding the cash and cash equivalents to the extent such amounts are in excess of the federally insured limits. The Company has not experienced any losses on its deposits since inception.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

The primary focus of the Company's investment strategy is to preserve capital and meet liquidity requirements. The Company's investment policy addresses the level of credit exposure by limiting the concentration in any one corporate issuer or sector and establishing a minimum allowable credit rating.

Recent Accounting Pronouncements

The Company has reviewed all newly-issued accounting pronouncements that are not yet effective and concluded that they are either not applicable to its operations or their adoption is not expected to have a material impact on its financial position or results of operations.

NOTE 3. Fair Value of Financial Instruments

Fair value accounting is applied for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Financial instruments include cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities that approximate fair value due to their relatively short maturities.

Assets and liabilities recorded at fair value on a recurring basis in the balance sheets are categorized based upon the level of judgment associated with inputs used to measure their fair values. The accounting guidance for fair value provides a framework for measuring fair value and requires certain disclosures about how fair value is determined. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance also establishes a three-level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether such inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the reporting entity.

The three-level hierarchy for the inputs to valuation techniques is briefly summarized as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3 – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

The following table sets forth the fair value of the Company's financial assets that are measured on a recurring basis as of March 31, 2022 and December 31, 2021 (in thousands):

	Level 1	Level 2	Level 3	Total
March 31, 2022				
Recurring financial assets:				
Money market funds	$ 76,094	$ —	$ —	$ 76,094
U.S. Treasury securities	—	20,319	—	20,319
Commercial paper	—	6,882	—	6,882
Corporate debt securities	—	6,402	—	6,402
Total	$ 76,094	$ 33,603	$ —	$ 109,697

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Recurring financial assets:				
Money market funds	$ 70,978	$ —	$ —	$ 70,978
U.S. Treasury securities	—	24,997	—	24,997
Commercial paper	—	7,491	—	7,491
Corporate debt securities	—	6,464	—	6,464
Total	$ 70,978	$ 38,952	$ —	$ 109,930

The Company held no recurring financial liabilities as of March 31, 2022 or December 31, 2021, or in the three months ended March 31, 2022 or 2021.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

NOTE 4. Balance Sheet Components

(a) Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consisted of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
March 31, 2022							
Cash at banks	$ 47,310	$ —	$ —	$ 47,310	$ 47,310	$ —	$ —
Money market funds	76,094	—	—	76,094	76,094	—	—
U.S. Treasury securities	20,576	—	(257)	20,319	—	10,970	9,349
Commercial paper	6,882	—	—	6,882	—	6,882	—
Corporate debt securities	6,454	—	(52)	6,402	—	6,402	—
Total	$ 157,316	$ —	$ (309)	$ 157,007	$ 123,404	$ 24,254	$ 9,349

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
December 31, 2021							
Cash at banks	$ 72,767	$ —	$ —	$ 72,767	$ 72,767	$ —	$ —
Money market funds	70,978	—	—	70,978	70,978	—	—
U.S. Treasury securities	25,055	—	(58)	24,997	—	12,022	12,975
Commercial paper	7,491	—	—	7,491	—	7,491	—
Corporate debt securities	6,480	—	(16)	6,464	—	3,229	3,235
Total	$ 182,771	$ —	$ (74)	$ 182,697	$ 143,745	$ 22,742	$ 16,210

(b) Accounts Receivable

Accounts receivable comprises royalties receivable of $81,000 and $71,000 as of March 31, 2022 and December 31, 2021, respectively. The Company has provided no allowance for uncollectible accounts as of March 31, 2022 and December 31, 2021.

(c) Property and Equipment, Net

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

	March 31, 2022	December 31, 2021
Laboratory equipment	$ 5,537	$ 5,057
Office and computer equipment	526	481
Leasehold improvements	1,063	1,063
Construction in progress	2,178	1,305
Total property and equipment	9,304	7,906
Less: accumulated depreciation	(1,675)	(1,305)
Property and equipment, net	$ 7,629	$ 6,601

Depreciation expense was $370,000 and $75,000 for the three months ended March 31, 2022 and 2021, respectively. There were no impairments of the Company's property and equipment recorded in the three months ended March 31, 2022 or 2021.

(d) Right-of-Use Assets, Net

Right-of-use assets, net comprises facilities of $12.9 million and $13.2 million as of March 31, 2022 and December 31, 2021, respectively.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(e) Intangible Assets, Net

Intangible assets comprise developed technology and intellectual property. Intangible assets are carried at cost less accumulated amortization. Amortization is computed using the straight-line method over useful lives ranging from 1.3 to 11.75 years for developed technology and 20 years for intellectual property. As of March 31, 2022, developed technology and intellectual property had remaining lives of 7.6 and 5.75 years, respectively. Intangible assets consist of the following (in thousands):

	March 31, 2022	December 31, 2021
Developed technology	$ 10,600	$ 10,600
Intellectual property	80	80
Total cost	10,680	10,680
Less: accumulated amortization	(394)	(56)
Intangible assets, net	$ 10,286	$ 10,624

Total amortization expense for the three months ended March 31, 2022 and 2021, was $338,000 and $433,000, respectively. As of March 31, 2022, the estimated future amortization expense by year is as follows (in thousands):

Year Ending December 31,	Amount
2022 (nine months remaining)	$ 1,012
2023	1,350
2024	1,350
2025	1,350
2026	1,350
Thereafter	3,874
Total	$ 10,286

(f) Goodwill

Goodwill, which represents the excess of the purchase price over the fair value of assets acquired, comprises $4.5 million as of March 31, 2022 and December 31, 2021. As of March 31, 2022, there have been no indicators of impairment.

(g) Other Accrued Liabilities

Other accrued liabilities consist of the following (in thousands):

	March 31, 2022	December 31, 2021
Accrued compensation	$ 1,907	$ 2,786
Accrued clinical and manufacturing expenses	848	986
Accrued professional and consulting services	1,175	556
Other liabilities, current portion	1,173	736
Total	$ 5,103	$ 5,064

NOTE 5. Revenue

Royalty Agreement

The Company generates royalty revenue from the sale of Inavir in Japan, pursuant to a collaboration and license agreement that Aviragen entered into with Daiichi Sankyo Company, Limited (“Daiichi Sankyo”) in 2009. In September 2010, laninamivir octanoate was approved for sale by the Japanese Ministry of Health and Welfare for the treatment of influenza in adults and children, which Daiichi Sankyo markets as Inavir. Under the agreement, the Company currently receives a 4% royalty on net sales of Inavir in Japan. The last patent related to Inavir is set to expire in December 2029, at which time royalty revenue will cease. No royalty revenue was recognized in the three months ended March 31, 2022 and 2021. The Company recognized non-cash royalty revenue related to the sale of future royalties (see Note 6) of $85,000 and $493,000 in the three months ended March 31, 2022 and 2021, respectively. Both royalty revenue and the non-cash royalty revenue related to sale of future royalties are subject to a 5% withholding tax in Japan, for which $4,000 and $25,000 was included in income tax expense in the three months ended March 31, 2022 and 2021, respectively.

The Company’s royalty revenue is seasonal, in line with the flu season, so the majority of the Company’s royalty revenue and non-cash royalty revenue related to the sale of future royalties are earned in the first and fourth fiscal quarters.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

NOTE 6. Liabilities Related to Sale of Future Royalties

In April 2016, Aviragen entered into a Royalty Interest Acquisition Agreement (the "RIAA") with HealthCare Royalty Partners III, L.P. ("HCRP"). Under the RIAA, HCRP made a $20.0 million cash payment to Aviragen in consideration for acquiring certain royalty rights ("Royalty Rights") related to the approved product Inavir in the Japanese market. The Royalty Rights were obtained pursuant to the collaboration and license agreements (the "License Agreement") and a commercialization agreement that the Company entered into with Daiichi Sankyo. Per the terms of the RIAA, HCRP is entitled to the first $3.0 million plus 15% of the next $1.0 million in royalties earned in each year commencing on April 1, with any excess revenue being retained by the Company.

Under the relevant accounting guidance, due to a limit on the amount of royalties that HCRP can earn under the RIAA, this transaction is accounted for as a liability that is being amortized using the interest method over the life of the arrangement. The Company has no obligation to pay any amounts to HCRP other than to pass through to HCRP its share of royalties as they are received from Daiichi Sankyo. In order to record the amortization of the liability, the Company is required to estimate the total amount of future royalty payments to be received under the License Agreement and the payments that will be passed through to HCRP over the life of this agreement. Consequently, the Company imputes interest on the unamortized portion of the liability and records non-cash interest expense using an estimated effective interest rate. The royalties earned in each period that will be passed through to HCRP are recorded as non-cash royalty revenue related to sale of future royalties, with any excess not subject to pass-through being recorded as royalty revenue. When the pass-through royalties are paid to HCRP in the following quarter, the imputed liability related to sale of future royalties is commensurately reduced. The Company periodically assesses the expected royalty payments, and to the extent such payments are greater or less than the initial estimate, the Company adjusts the amortization of the liability and interest rate. As a result of this accounting, even though the Company does not retain HCRP's share of the royalties, it will continue to record non-cash revenue related to those royalties until the amount of the associated liability, including the related interest, is fully amortized.

The following table shows the activity within the liability account during the three months ended March 31, 2022 (in thousands):

Total liability related to sale of future royalties, start of period	$	11,522
Non-cash royalty revenue paid to HCRP		(71)
Non-cash interest expense recognized		340
Total liability related to sale of future royalties, end of period		11,791
Current portion		(836)
Long-term portion	$	10,955

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

NOTE 7. Leases

The Company has obtained the right of use for office and manufacturing facilities under six operating lease agreements with initial terms exceeding one year and has two operating lease agreements for facilities with initial terms of one year or less.

The Company obtained the right of use of real estate located in South San Francisco, California, in November 2020 under a lease that was scheduled to terminate on September 30, 2025, which has been extended until March 31, 2029, with no additional extension option. The Company also obtained the right of use of real estate located in South San Francisco, California, in June 2015 that was scheduled to terminate on April 30, 2020, with a five-year extension option that the Company exercised in July 2019, extending the lease until April 30, 2025, which has been further extended until March 31, 2029, with an option to extend for an additional eight years. In addition, the Company has the right of use of a facility located in South San Francisco, California, under a lease that, following a one-year extension, now terminates on July 31, 2022, with no extension option. Further, the Company has the right of use of a facility located in South San Francisco, California, under a lease that terminates on March 30, 2029, with a five-year renewal option. The Company also has the right of use of two facilities in Burlingame, California, under leases that terminate on May 31, 2025, both of which have two 30-month extension options. The Company has also identified short-term embedded leases for the rental of facilities in South San Francisco, California and Lodi, Wisconsin.

As of March 31, 2022, the weighted average discount rate for operating leases with initial terms of more than one year was 9.27% and the weighted average remaining term of these leases was 6.67 years. Discount rates were determined using the Company's marginal rate of borrowing at the time each lease commenced or was extended.

The following table summarizes the Company's undiscounted cash payment obligations for its operating lease liabilities with initial terms of more than twelve months as of March 31, 2022 (in thousands):

Year Ending December 31,	
2022 (nine months remaining)	$ 1,590
2023	2,168
2024	2,242
2025	2,316
2026	2,852
Thereafter	6,770
Undiscounted total	17,938
Less: imputed interest	(5,022)
Present value of future minimum payments	12,916
Current portion of operating lease liability	(1,079)
Operating lease liability, net of current portion	$ 11,837

The Company presently has no finance leases and no future obligations under operating leases with initial terms of one year or less.

Certain operating lease agreements for facilities include non-lease costs, such as common area maintenance, which are recorded as variable lease costs. Operating lease expenses for the three months ended March 31, 2022 and 2021, are summarized as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Lease cost		
Operating lease cost	$ 719	$ 662
Short-term lease cost	118	60
Variable lease cost	265	293
Sublease income	—	(36)
Total lease cost	$ 1,102	$ 979

Net cash outflows associated with operating leases totaled $889,000 and $934,000 in the three months ended March 31, 2022 and 2021, respectively.

In addition, in September 2021 the Company executed a lease for a facility in South San Francisco, California, with an initial term expiring on March 31, 2029, with an option to extend for an additional eight years. The lease was rent free until April 1, 2022, with escalating rent payments over the remaining life of the lease, under which minimum rent payments total $14.9 million. The lease includes tenant improvement provisions which are expected to cost the Company approximately $7 million, of which $678,000 had been expended by March 31, 2022, recorded within other long-term assets in the condensed consolidated balance sheet. The Company has concluded that the leasehold improvements are lessor-owned and determined that the lease has not yet commenced for accounting purposes. The cost of leasehold improvements incurred prior to lease commencement will be included in the related right-of-use asset when the lease is deemed to commence, which is expected to occur in the three months ending September 30, 2022.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

NOTE 8. Commitments and Contingencies

(a) Purchase Commitments

As of March 31, 2022, the Company had approximately $20.7 million of non-cancelable purchase commitments, principally for contract manufacturing and clinical services and leasehold improvements which are expected to be paid within the next year. In addition, the Company has operating lease commitments as detailed in Note 7 and a further commitment for an operating lease with rental payments totaling $14.9 million payable by March 31, 2029, which has been executed but has not yet commenced, for which we expect to spend a net total of approximately $7 million on leasehold improvements, of which $678,000 has already been expended and $6.1 million is included within non-cancelable purchase commitments, which will be recorded as right-of-use assets when the lease commences.

(b) Indemnifications

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless and defend indemnified parties for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has also entered into indemnification agreements with certain officers and directors which provide, among other things, that the Company will indemnify and advance expenses incurred in connection with certain actions, suits or proceedings to such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of the Company, and otherwise to the fullest extent permitted under Delaware law and the Company's Bylaws. The Company currently has directors' and officers' insurance.

(c) Litigation

From time to time the Company may be involved in legal proceedings arising in connection with its business. Based on information currently available, the Company believes that the amount, or range, of reasonably possible losses in connection with any pending actions against it in excess of established reserves, in the aggregate, is not material to its consolidated financial condition or cash flows. However, any current or future dispute resolution or legal proceeding, regardless of the merits of any such proceeding, could result in substantial costs and a diversion of management's attention and resources that are needed to run the Company successfully, and could have a material adverse impact on its business, financial condition and results of operations.

On August 4, 2020, a purported shareholder derivative complaint was filed in the Superior Court of California, San Mateo County, entitled *Godfrey v. Latour, et al.* An amended complaint was filed on September 4, 2020 and the case was re-named *Ennis v. Latour, et al*. A second amended complaint was filed on November 25, 2020. On March 15, 2021, the court sustained demurrers to the second amended complaint, without prejudice to file a further amended complaint. A third amended complaint was filed on June 11, 2021. The third amended complaint names certain current and former Vaxart directors as defendants, asserting claims against them for breach of fiduciary duty, unjust enrichment, and waste and seeking, among other things, an award of unspecified damages, certain equitable relief, and attorneys' fees and costs. The complaint also asserts claims for breach of fiduciary duty and aiding and abetting breach of fiduciary duty against Armistice Capital, LLC ("Armistice"). The third amended complaint challenges certain stock options granted to certain of the Company's officers and directors in June 2020; certain alleged statements and omissions made in the Company's April 24, 2020, proxy statement; and certain amendments to two warrants held by Armistice, as disclosed on June 8, 2020. The third amended complaint purports to bring the lawsuit derivatively on behalf of and for the benefit of the Company and names the Company as a "nominal defendant" against which no damages are sought. On August 31, 2021, the Company and certain of its directors (the "Vaxart Defendants"), as well as all other defendants, filed demurrers to the third amended complaint. The demurrer filed by the Vaxart Defendants has not yet been decided.

On September 8, 2020, a purported shareholder derivative complaint was filed in the Court of Chancery of the State of Delaware, entitled *Galjour v. Floroiu, et al.* On October 20, 2020, a purported shareholder derivative and class action complaint, entitled *Jaquith v. Vaxart, Inc.*, was filed in the Court of Chancery of the State of Delaware. On November 12, 2020, the two actions were consolidated under the caption *In re Vaxart, Inc. Stockholder Litigation* and the complaint filed in the Jaquith action was deemed the operative pleading. The operative complaint names certain current and former Vaxart directors as defendants, asserting claims against them for breach of fiduciary duty and unjust enrichment and seeking, among other things, an award of unspecified damages, certain equitable relief, and attorneys' fees and costs. The complaint also asserts claims for unjust enrichment and breach of fiduciary duty or alternatively aiding and abetting breach of fiduciary duty against Armistice. The complaint challenges certain stock options granted to certain of the Company's officers and directors between March 24, 2020 and June 15, 2020; certain alleged statements and omissions made in the Company's April 24, 2020, proxy statement; and certain amendments to two warrants held by Armistice, as disclosed on June 8, 2020. The complaint purports to bring all but one of the claims derivatively on behalf of and for the benefit of the Company. It also purports to bring one claim, for breach of fiduciary duty based on alleged statements and omissions in the Company's April 24, 2020, proxy statement, directly on behalf of a class of Vaxart stockholders. The complaint names the Company as a "nominal defendant" against which no damages are sought. On January 4, 2021, all defendants filed motions to dismiss. In a decision dated November 30, 2021 and corrected on December 1, 2021, the court dismissed the claims relating to the warrant amendments. The motions to dismiss the remaining claims have not yet been decided.

In August and September 2020, two substantially similar securities class actions were filed in the U.S. District Court for the Northern District of California. The first action, titled *Himmelberg v. Vaxart, Inc. et al.* was filed on August 24, 2020. The second action, titled *Hovhannisyan v. Vaxart, Inc. et al.* was filed on September 1, 2020 (together, the "Putative Class Action"). By Order dated September 17, 2020, the two actions were deemed related. On December 9, 2020, the court appointed lead plaintiffs and lead plaintiffs' counsel. On January 29, 2021, lead plaintiffs filed their consolidated amended complaint. On July 8, 2021, all defendants moved to dismiss the consolidated amended complaint. On May 14, 2021, the court granted lead plaintiffs' request to amend the consolidated amended complaint and denied defendants' motions to dismiss as moot. On June 10, 2021, lead plaintiffs filed an amended consolidated complaint. On August 9, 2021, lead plaintiffs filed a corrected amended consolidated complaint. The amended consolidated complaint names certain of Vaxart's current and former executive officers and directors, as well as Armistice, as defendants. It claims three violations of federal civil securities laws; violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5, as against the Company and all individual defendants; violation of Section 20(a) of the Exchange Act, as against Armistice and all individual defendants; and violation of Section 20A of the Exchange Act against Armistice. The amended consolidated complaint alleges that the defendants violated securities laws by misstating and/or omitting information regarding the Company's development of a norovirus vaccine, the vaccine manufacturing capabilities of a business counterparty, and the Company's involvement with Operation Warp Speed ("OWS"); and by engaging in a scheme to inflate Vaxart's stock price. The first amended consolidated complaint seeks to be certified as a class action for similarly situated shareholders and seeks, among other things, an unspecified amount of damages and attorneys' fees and costs. On July 8, 2021, all defendants moved to dismiss the first amended consolidated complaint. On December 22, 2021, the court granted in part and denied in part the motions to dismiss. The parties appeared at an initial case management conference on February 2, 2022, to set a schedule for the rest of the action. On February 8, 2022, the court entered a Case Management Plan, setting forth certain case deadlines.

On October 23, 2020, a complaint was filed in the U.S. District Court for the Southern District of New York, entitled *Roth v. Armistice Capital LLC, et al.* The complaint names Armistice and certain Armistice-related parties as defendants, asserting a violation of Exchange Act Section 16(b) and seeking the disgorgement of short-swing profits. The complaint purports to bring the lawsuit on behalf of and for the benefit of the Company and names the Company as a "nominal defendant" for whose benefit damages are sought.

On January 8, 2021, a purported shareholder, Phillip Chan, commenced a *pro se* lawsuit in the U.S. District Court for the Northern District of California titled *Chan v. Vaxart, Inc. et al.* (the "*Opt-Out Action*"). Because this complaint is nearly identical to an earlier version of a complaint filed in the Putative Class Action, the Opt-Out Action has been stayed pending resolution of the Putative Class Action.

On March 5, 2021, a purported shareholder, Kathleen Sanetel, served a demand letter on the Company's board of directors demanding that it investigate and commence appropriate legal action against certain members of the board of directors, certain executive officers, and Armistice to remedy purportedly wrongful conduct. On or about June 2, 2021, another purported shareholder, Jerry Besa, served a substantially identical demand letter. The specific allegations and alleged wrongful conduct set forth in the demand letter are, in all material respects, substantially similar to the allegations and claims made in the amended consolidated complaint in the Putative Class Action. After receipt of the Sanetel demand letter, the Board appointed a committee of the Board (the "Demand Committee") and delegated to the Demand Committee the authority to investigate the matters referenced in the demand letter and determine action(s), if any, to be taken by the Company in response to the demand. On February 10, 2022, a purported shareholder, Kevin Meehan, served a similar demand letter on the Company's current board of directors, premised on the same allegations and claims made in the amended consolidated complaint in the Putative Class Action and demanding the Company take legal action against the defendants in the Putative Class Action. On April 29, 2022, purported shareholder Vijay Gururaj served a letter informing the Company that he was joining in the March 5, 2021, Sanetel demand letter. The Demand Committee is working towards completing its evaluation of the Sanetel/Gururaj, Besa and Meehan demand letters.

No amounts have been accrued because the Company's management does not presently believe that any loss is probable and it is not possible to reasonably estimate the loss, or range of losses, if any, that may result from any of the ongoing litigation. The Company's legal costs incurred in its defense against these claims are expensed as incurred.

NOTE 9. Stockholders' Equity

(a) Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock, $0.0001 par value per share. The Company's board of directors may, without further action by the stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 5,000,000 shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of the Company's common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deterring or preventing a change of control or other corporate action. No shares of preferred stock are currently outstanding, and the Company has no present plan to issue any shares of preferred stock.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(b) Common Stock

The Company is authorized to issue 150,000,000 shares of common stock, $0.0001 par value per share. Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of common stock possess all voting power for the election of the Company's directors and all other matters requiring stockholder action. Holders of common stock are entitled to one vote per share on matters to be voted on by stockholders. Holders of common stock are entitled to receive such dividends, if any, as may be declared from time to time by the Company's board of directors in its discretion out of funds legally available therefor. In no event will any stock dividends or stock splits or combinations of stock be declared or made on common stock unless the shares of common stock at the time outstanding are treated equally and identically. As of March 31, 2022, no dividends had been declared by the board of directors.

In the event of the Company's voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, the holders of the common stock will be entitled to receive an equal amount per share of all of the Company's assets of whatever kind available for distribution to stockholders, after the rights of the holders of the preferred stock have been satisfied. There are no sinking fund provisions applicable to the common stock.

The Company had shares of common stock reserved for issuance as follows:

	March 31, 2022	December 31, 2021
Options issued and outstanding	13,253,647	10,216,106
RSUs issued and outstanding	245,625	—
Available for future grants of equity awards	2,269,093	5,582,742
Common stock warrants	232,434	232,434
Total	16,000,799	16,031,282

(c) Warrants

The following warrants were outstanding as of March 31, 2022, all of which contain standard anti-dilution protections in the event of subsequent rights offerings, stock splits, stock dividends or other extraordinary dividends, or other similar changes in the Company's common stock or capital structure, and none of which have any participating rights for any losses:

Securities into which warrants are convertible	Warrants Outstanding	Exercise Price	Expiration Date
Common Stock	5,000	$ 0.30	September 2024
Common Stock	44,148	$ 1.10	April 2024
Common Stock	26,515	$ 1.375	April 2024
Common Stock	29,150	$ 2.50	March 2025
Common Stock	100,532	$ 3.125	February 2025
Common Stock	16,175	$ 3.125	March 2024
Common Stock	10,914	$ 22.99	December 2026
Total	232,434		

In the event of a Fundamental Transaction (a transfer of ownership of the Company as defined in the warrant) within the Company's control, the holders of the unexercised common stock warrants exercisable for $0.30, $1.10 and $2.50 and those exercisable for $3.125 expiring in February 2025 shall be entitled to receive cash consideration equal to a Black-Scholes valuation, as defined in the warrant. If such Fundamental Transaction is not within the Company's control, the warrantholders would only be entitled to receive the same form of consideration (and in the same proportion) as the holders of the Company's common stock, hence these warrants are classified as a component of permanent equity.

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

NOTE 10. Equity Incentive Plans

On April 23, 2019, the Company's stockholders approved the adoption of the 2019 Equity Incentive Plan (the "2019 Plan"), under which the Company is authorized to issue incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards and restricted stock units, other stock awards and performance awards that may be settled in cash, stock, or other property. The 2019 Plan is designed to secure and retain the services of employees, directors and consultants, provide incentives for the Company's employees, directors and consultants to exert maximum efforts for the success of the Company and its affiliates, and provide a means by which employees, directors and consultants may be given an opportunity to benefit from increases in the value of the Company's common stock. Following adoption of the 2019 Plan, all previous plans were frozen, and on forfeiture, cancellation and expiration, awards under those plans are not assumed by the 2019 Plan.

The aggregate number of shares of common stock authorized for issuance under the 2019 Plan was initially 1,600,000 shares, which was increased through an amendment to the 2019 Plan adopted by the Company's stockholders (a "Plan Amendment") on June 8, 2020, to 8,000,000, and by a Plan Amendment on June 16, 2021, to 16,900,000. Further amendments to the 2019 Plan to increase the share reserve would require stockholder approval. Awards that are forfeited or canceled generally become available for issuance again under the 2019 Plan. Awards have a maximum term of ten years from the grant date and may vest over varying periods, as specified by the Company's board of directors for each grant.

In March 2022, the Company granted 245,625 restricted stock unit ("RSU") awards to employees which vest annually over four years, subject to each employee's continued service relationship with the Company. The related compensation cost, which is based on the grant date fair value of the Company's common stock multiplied by the number of RSUs granted, is recognized, net of estimated forfeitures, as an expense ratably over the service period.

A summary of stock option and RSU transactions in the three months ended March 31, 2022, is as follows:

	Shares Available For Grant	Number of Options Outstanding	Weighted Average Exercise Price	Number of RSUs Outstanding	Weighted Average Grant Date Fair Value
Balance at January 1, 2022	5,582,742	10,216,106	$ 4.96	—	$ —
Granted	(3,486,375)	3,240,750	$ 5.06	245,625	$ 5.09
Exercised	—	(30,418)	$ 1.57	—	$ —
Forfeited	172,726	(172,791)	$ 7.04	—	$ —
Balance at March 31, 2022	2,269,093	13,253,647	$ 4.97	245,625	$ 5.09

As of March 31, 2022, there were 13,253,647 options outstanding with a weighted average exercise price of $4.97, a weighted average remaining term of 8.75 years and an aggregate intrinsic value of $13.2 million. Of these options, 4,514,915 were vested, with a weighted average exercise price of $3.13, a weighted average remaining term of 7.55 years and an aggregate intrinsic value of $10.7 million. The Company received $48,000 for the 30,418 options exercised during the three months ended March 31, 2022, which had an intrinsic value of $101,000, and received $231,000 for the 207,730 options exercised during the three months ended March 31, 2021, which had an intrinsic value of $1.1 million.

The weighted average grant date fair value of options awarded in the three months ended March 31, 2022 and 2021, was $4.48 and $5.46, respectively. Their fair values were estimated using the following assumptions:

	Three Months Ended March 31,	
	2022	2021
Risk-free interest rate	1.62% - 2.55%	1.02% - 1.07%
Expected term (in years)	6.02 - 6.08	5.87 - 6.07
Expected volatility	125% - 126%	122% - 124%
Dividend yield	—%	—%

VAXART, INC.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

The Company measures the fair value of all stock-based awards on the grant date and records the fair value of these awards, net of estimated forfeitures, to compensation expense over the service period. Total stock-based compensation recognized for options and RSUs was as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Research and development	$ 2,027	$ 579
General and administrative	1,103	672
Total stock-based compensation	$ 3,130	$ 1,251

As of March 31, 2022, the unrecognized stock-based compensation cost related to outstanding unvested stock options and RSUs was $38.7 million, which the Company expects to recognize over an estimated weighted average period of 3.32 years.

NOTE 11. Net Loss Per Share

The following table presents the calculation of basic and diluted net loss per share (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2022	2021
Net loss	$ (25,101)	$ (16,007)
Shares used to compute net loss per share – basic and diluted	125,795,255	115,422,628
Net loss per share – basic and diluted	$ (0.20)	$ (0.14)

No adjustment has been made to the net loss in the three months ended March 31, 2022 or 2021, as the effect would be anti-dilutive due to the net loss.

The following potentially dilutive securities were excluded from the computation of diluted weighted average shares outstanding because they would have been antidilutive:

	Three Months Ended March 31,	
	2022	2021
Options to purchase common stock	10,903,711	6,834,510
Restricted stock units	10,917	—
Warrants to purchase common stock	232,434	622,942
Total potentially dilutive securities excluded from denominator of the diluted earnings per share computation	11,147,062	7,457,452

NOTE 12. Subsequent Events

Since March 31, 2022, the Company has issued 560,000 shares of common stock under the September 2021 ATM (see Note 1) for net proceeds totaling $2.8 million.

Changes in the status of litigation since March 31, 2022, are included in “Note 8. Commitments and Contingencies—(c) Litigation”.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K filed with the SEC on February 24, 2022. This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential" and similar expressions intended to identify forward-looking statements and reflect our beliefs and opinions on the relevant subject. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and in this Quarterly Report on Form 10-Q, particularly in the section entitled "Risk Factors" in Part II, Item 1A. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. These statements are based upon information available to us as of the filing date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and we caution investors against unduly relying upon these statements. In all events, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, change in circumstances, future events or otherwise, and you are advised to consult any additional disclosures that we may make directly to you or through reports that we, in the future, may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Company Overview and Background

We are a clinical-stage biotechnology company primarily focused on the development of oral recombinant vaccines based on our Vector-Adjuvant-Antigen Standardized Technology ("VAAST") proprietary oral vaccine platform. Our oral vaccines are designed to generate broad and durable immune responses that may protect against a wide range of infectious diseases and may be useful for the treatment of chronic viral infections and cancer. Our investigational vaccines are administered using a room temperature-stable tablet, rather than by injection.

We are developing prophylactic vaccine candidates that target a range of infectious diseases, including SARS-CoV-2 (the virus that causes coronavirus disease 2019 ("COVID-19")), norovirus (a widespread cause of acute gastro-intestinal enteritis) and seasonal influenza. We have completed a Phase 1 clinical trial for our first SARS CoV-2 vaccine candidate, that commenced in October 2020; the study met its primary and secondary endpoints. A Phase 2 study with our second SARS CoV-2 vaccine candidate commenced dosing in October 2021 and is currently ongoing. Three Phase 1 human studies for our norovirus vaccine candidate have been completed, including a study with a bivalent norovirus vaccine which, as we disclosed in September 2019, met its primary and secondary endpoints. Additional Phase 1 studies with our norovirus vaccine are currently ongoing. Our monovalent H1 influenza vaccine protected participants against H1 influenza infection in a Phase 2 challenge study, as published in 2020 (Lancet ID). In addition, we are in early development of a prophylactic vaccine targeting respiratory syncytial virus ("RSV") (a common cause of respiratory tract infection) and of our first therapeutic vaccine targeting cervical cancer and dysplasia caused by human papillomavirus ("HPV").

Vaxart Biosciences, Inc. was originally incorporated in California in March 2004, under the name West Coast Biologicals, Inc. and changed its name to Vaxart, Inc. ("Private Vaxart"), in July 2007, and reincorporated in the state of Delaware. On February 13, 2018, Private Vaxart completed a reverse merger (the "Merger"), with Aviragen Therapeutics, Inc. ("Aviragen"), pursuant to which Private Vaxart survived as a wholly owned subsidiary of Aviragen. Under the terms of the Merger, Aviragen changed its name to Vaxart, Inc. and Private Vaxart changed its name to Vaxart Biosciences, Inc.

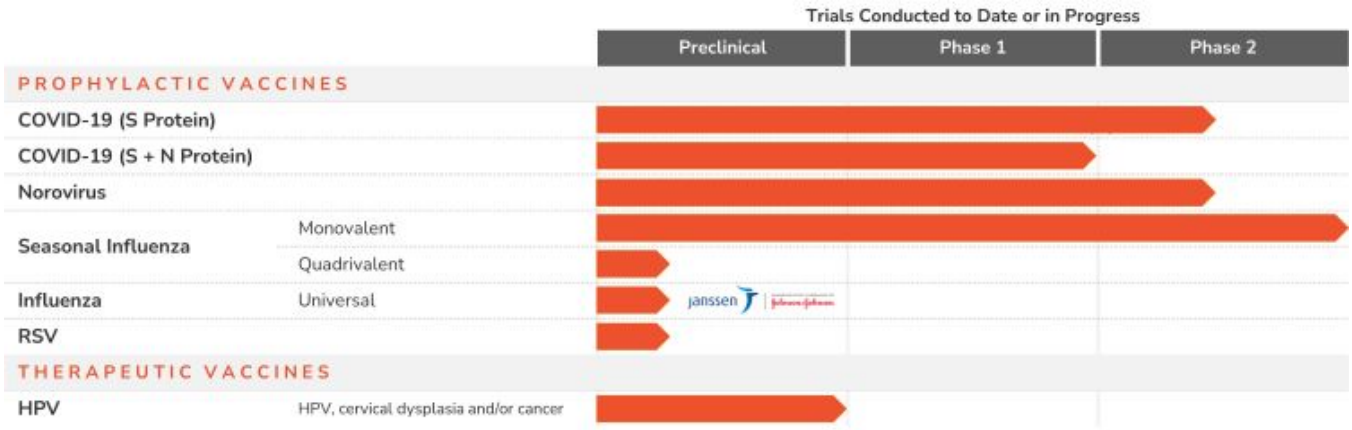
Business Update Regarding COVID-19

The COVID-19 outbreak has presented a substantial public health and economic challenge around the world and is affecting employers, employees, patients, communities and business operations, as well as the U.S. economy and financial markets. The full extent to which the COVID-19 outbreak will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19, the actions taken to contain it or treat its impact and the economic impact on local, regional, national and international markets.

To date, we have been able to continue our operations and do not anticipate any material interruptions in the foreseeable future. However, we are continuing to assess the potential impact of the COVID-19 pandemic and the development of other competing COVID-19 vaccines on our business and operations, including our expenses, supply chain and clinical trials. Our office-based employees have been mostly working from home since mid-March 2020 and will continue to do so until we believe it is safe to return to the workplace. Our partners have mostly continued to operate their facilities at or near normal levels. While we currently do not anticipate any interruptions in our operations, it is possible that the COVID-19 pandemic and response efforts may have an impact in the future on our operations and/or the operations of our third-party suppliers and partners. Any recovery from negative impacts to our business and related economic impact due to the COVID-19 outbreak may also be slowed or reversed by a number of factors, including the recent emergence of coronavirus strains with mutated S proteins.

Our Product Pipeline

The following table outlines the status of our oral vaccine development programs:



We are developing the following tablet vaccine candidates, which are based on our proprietary platform:

- ***Coronavirus Vaccine.*** COVID-19, a severe respiratory tract infection caused by the virus SARS-CoV-2, is a major cause of hospitalization and death in the U.S. and worldwide. According to the U.S. Centers for Disease Control and Prevention (the "CDC"), an outbreak of COVID-19 began in Wuhan, China, in late 2019 and rapidly spread worldwide. By May 8, 2022, more than 517 million COVID-19 cases had been identified globally, including in the United States, where the CDC had reported over 81 million infections and 995,000 deaths. While most COVID-19 restrictions, such as stay-at-home orders, have been lifted, COVID-19 continues to spread, particularly among the unvaccinated population, and remains a public health threat, not least due to the continuing emergence of new variants. The COVID-19 risk remains even greater in developing regions where vaccination rates still remain low.

  We are developing an oral tablet vaccine to protect against SARS-CoV-2 infection, the virus that causes COVID-19. We generated multiple vaccine candidates based on the published genome of SARS-CoV-2 and evaluated them in preclinical models for their ability to generate both mucosal and systemic immune responses. Of particular interest will be the mucosal immune responses, as coronavirus is primarily an infection of the respiratory tract. We believe the logistical advantages of an oral vaccine that is administered using a convenient room temperature-stable tablet could be of critical benefit when rolling out a major public health vaccination campaign. Given the recent emergence of coronavirus strains with mutated S proteins that are considered more contagious than the original strain, serum antibodies from injected vaccines may not adequately protect against these SARS-CoV-2 variants over time, whereas a vaccine that is able to create cross-reactive mucosal antibodies and T cells against conserved epitopes may have significant advantages.

  On September 14, 2020, we announced that the U.S. Food and Drug Administration (the "FDA") had cleared our Investigational New Drug ("IND") application to allow initiation of human clinical testing of our first oral COVID-19 (S and N proteins) vaccine candidate VXA-CoV2-1. On October 13, 2020, we announced that Phase 1 clinical testing had commenced and on February 3, 2021, we announced the preliminary results of the trial. The study achieved both its primary and secondary endpoints of safety and immunogenicity, respectively. We announced in February 2021 that we would evaluate vaccine candidates that contain just the Spike protein, and different variant-specific vaccines in research. After preclinical evaluations (including in non-human primate studies) showed that an improved antibody response could be achieved with a new vaccine candidate that expressed just the Spike protein, we decided to move this candidate forward for clinical evaluation. This new vaccine candidate, VXA-CoV2-1.1-S, was also able to elicit antibody responses against human coronavirus strain variants such as Beta (first identified in South Africa) and Delta (first identified in India) in animals. Further, this new vaccine candidate was tested in a vaccine breakthrough/transmission model led by Duke University and found to inhibit aerosol transmission to vaccine-naïve animals better than an injected S-protein-based vaccine candidate. These results were published in bioRxiv in October 2021.

  A new IND was filed for this S-only vaccine candidate in June 2021 and was cleared by the FDA in July 2021. We initiated dosing with this candidate in a Phase 2a clinical study in October 2021, with approximately 896 participants planned for enrollment utilizing a two-part study design. The first part of the study ("Part 1") is currently underway and planned enrollment is 48 participants aged 18 to 55 and 48 participants aged 56 to 75, in order to further evaluate safety and immunogenicity and to assess optimal dosage. Further, half the subjects in the trial will be prior vaccinated (have received two doses of an mRNA vaccine) to test the ability of the Vaxart COVID-19 vaccine candidate to boost immune responses and enhance variant-specific cross-reactivity, and half the subjects will be naïve to prior vaccinations. We expect data from this portion of the trial to be available in the third quarter of 2022. Upon dose selection from Part 1, the second part of the study is expected to enroll approximately 800 subjects aged 18 to 75 and be designed to test preliminary vaccine efficacy to protect against SARS-CoV-2 infection.

  Additionally, international Phase 1b and Phase 2 COVID-19 trials, including a placebo-controlled efficacy trial in India, are anticipated to begin this year, though there can be no assurance that these trials will occur.

- ***Norovirus Vaccine.*** Norovirus is the leading cause of acute gastroenteritis symptoms, such as vomiting and diarrhea, among people of all ages in the United States. Each year, on average, norovirus causes 19 to 21 million cases of acute gastroenteritis and contributes to 56,000 to 71,000 hospitalizations and 570 to 800 deaths, mostly among young children and older adults. Typical symptoms include dehydration, vomiting, diarrhea with abdominal cramps, and nausea. In a study by the CDC and Johns Hopkins University, published in 2016, the global economic impact of norovirus disease was estimated at $60 billion, $34 billion of which occurred in high income countries including the United States, Europe and Japan. An update by the lead authors estimated the burden in the U.S. alone to be $10.5 billion in 2018. Virtually all norovirus disease is caused by norovirus GI and GII genotypes, and we are developing a bivalent vaccine designed to protect against both. We anticipate that, if approved, the vaccine will be an annual, one-time administration ahead of the winter season when norovirus incidence is at its peak, similar to the influenza season.

In 2019, we completed the active phase of a Phase 1b clinical trial with our bivalent oral tablet vaccines for the GI.1 and GII.4 norovirus strains. Both the oral norovirus GI.1 and GII.4 vaccines were well tolerated with no serious adverse events reported. Most solicited and unsolicited adverse events were mild in severity, and there were no significant differences observed between the vaccine and placebo treatment groups.

Importantly, Vaxart's bivalent vaccine (GI.1 and GII.4 co-administered) demonstrated robust immunogenicity, with an IgA ASC response rate of 78% for the GI.1 strain and 93% for the GII.4 strain for the bivalent cohort of the study, when compared to 86% and 90%, respectively, for the two monovalent cohorts of the study. These results indicate that co-administration of the two vaccines, the intended approach for proceeding into phase 2 and 3 trials, shows no cross-interference, or reduction from the response observed with individual (monovalent) vaccine delivery.

We resumed clinical development of our norovirus vaccine candidate in late 2020 by planning the conduct of three clinical trials. In early 2021 we initiated dosing a subset of subjects (second dose after more than one year) in the Phase 1b bivalent study. In results announced on July 29, 2021, we reported that we were able to successfully boost immune responses with the G1.1 norovirus tablets in prior vaccinated subjects. These responses include IgA antibody secreting cells, as well as IgG and IgA serum antibody responses. In mid-2021 we initiated conduct of a placebo-controlled, dose ranging study in elderly adult subjects aged 55 to 80 to evaluate the safety and immunogenicity of the vaccine in the older population. This study has completed enrollment and study assessments through the active portion of the trial (4 weeks post last dose); sample analysis is currently underway with database lock and topline results are expected in the second quarter of 2022. Lastly, we also conducted an open-label trial to evaluate the optimal timing of boost administration in young adults in which 3 cohorts of subjects received their second dose (boost) at varying timepoints between 1 and 3 months post initial vaccination. This study was performed as data from trials with adenovirus vaccines indicate that boost administration at a later timepoint (e.g., 12 weeks) may offer a more robust immune response. This study has completed enrollment and study visits through the active phase; sample analysis is currently underway with database lock and topline results are also expected in the second quarter of 2022.

Within 2022, we plan to initiate Phase 2 clinical trials with our norovirus vaccines. The first trial, which has recently been initiated, is a Phase 2 norovirus challenge study which will evaluate safety, immunogenicity and clinical efficacy of a norovirus GI.1 vaccine against placebo control post viral challenge. The second clinical trial to be initiated will be a Phase 2 multi-center, placebo-controlled dose confirmation trial evaluating the safety and immunogenicity of Vaxart's bivalent norovirus vaccine in subjects aged 18 years and older. The data from these Phase 2 studies is expected to form the basis (safety, immunogenicity and preliminary efficacy data) for an End of Phase 2 Meeting with the FDA to gain concurrence on the scope and design of the Phase 3 pivotal efficacy study in adults over 18 years of age.

- ***Seasonal Influenza Vaccine.*** Influenza is a major cause of morbidity and mortality in the U.S. and worldwide and, according to the CDC, only 49% of eligible U.S. citizens were vaccinated in 2018/2019, with particularly low vaccination rates among adults between ages 18 and 49. We believe our oral tablet vaccine has the potential to improve the protective efficacy of currently available influenza vaccines and increase flu vaccination rates.

Influenza is one of the most common global infectious diseases, causing mild to life-threatening illness and even death. Approximately 350 million cases of seasonal influenza occur annually worldwide, of which three to five million cases are considered severe, causing 290,000 to 650,000 deaths per year. During the flu season of 2018/2019 there were 34,200 flu related deaths in the U.S. alone, according to the CDC. Very young children and the elderly are at the greatest risk. In the United States, between 5% and 20% of the population contracts influenza, 226,000 people are hospitalized with complications of influenza, and between 3,000 and 49,000 people die from influenza and its complications each year, with up to 90% of the influenza-related deaths occurring in adults older than 65. The total economic burden of seasonal influenza has been estimated to be $87.1 billion, including medical costs which average $10.4 billion annually, while lost earnings due to illness and loss of life amount to $16.3 billion annually.

We believe our tablet vaccine candidate may potentially address many of the limitations presented by injectable egg-based influenza vaccines for the following reasons: (i) our tablet vaccine candidates are designed to create broad and durable immune responses, which may provide more effective immunity and protect against additional strain variants; (ii) our vaccine is delivered as a room temperature-stable tablet, which we believe would provide a more convenient method of administration, enhancing patient acceptance and simplifying the distribution and administration process; (iii) we believe our tablet vaccine may be manufactured more rapidly than vaccines manufactured using egg-based methods by using recombinant methods; and (iv) using our tablet vaccine in lieu of egg-based vaccines would eliminate the risk of experiencing allergic reactions to egg protein.

In September 2018, we completed a $15.7 million contract with the U.S. Government through the Department of Health and Human Services, Office of Biomedical Advanced Research and Development Authority ("HHS BARDA") under which a Phase 2 challenge study of our H1N1 flu vaccine candidate was conducted. Previously, we had announced that, in healthy volunteers immunized and then experimentally infected with H1 influenza, our H1 influenza oral tablet vaccine reduced clinical disease by 39% relative to placebo. Fluzone, the market-leading injectable quadrivalent influenza vaccine, reduced clinical disease by only 27%. Our tablet vaccine also showed a favorable safety profile, indistinguishable from placebo.

On October 4, 2018, we presented data from the study demonstrating that our vaccine elicited a significant expansion of mucosal homing receptor plasmablasts to approximately 60% of all activated B cells. We believe these mucosal plasmablasts are a key indicator of a protective mucosal immune response and a unique feature of our vaccines. This data also indicates that our vaccines provide protection by inducing mucosal immunity (the first line of defense against mucosal infections such as flu, norovirus and RSV), marking what could be a key advantage over injectable vaccines.

In addition to our conventional seasonal flu vaccine, we entered into a research collaboration agreement with Janssen Vaccines & Prevention B.V. ("Janssen") in July 2019 to evaluate our proprietary oral vaccine platform for the Janssen universal influenza vaccine program. Under the agreement, we produced a non-GMP oral vaccine candidate containing certain proprietary antigens from Janssen and tested the product in a preclinical challenge model. The preclinical study has been completed and we have submitted a report to Janssen.

- ***RSV Vaccine.*** RSV is a major respiratory pathogen with a significant burden of disease in the very young and in the elderly.

Based on the positive results of our preclinical cotton rat study, we believe our proprietary oral vaccine platform has the potential to be the optimal vaccine delivery system for RSV, offering significant advantages over injectable vaccines.

- ***HPV Therapeutic Vaccine.*** Our first therapeutic oral vaccine candidate targets HPV-16 and HPV-18, the two strains responsible for 70% of cervical cancers and precancerous cervical dysplasia.

Cervical cancer is the fourth most common cancer in women worldwide and in the United States with about 13,000 new cases diagnosed annually in the United States according to the National Cervical Cancer Coalition.

We have tested our HPV-16 vaccine candidate in two different HPV-16 solid tumor models in mice. The vaccine elicited T cell responses and promoted migration of the activated T cells into the tumors, leading to tumor cell killing. Mice that received our HPV-16 vaccine showed a significant reduction in volume of their established tumors.

In October 2018, we filed a pre-IND meeting request with the FDA for our first therapeutic vaccine targeting HPV-16 and HPV-18 and we subsequently submitted our pre-IND briefing package. We received feedback from the FDA in January 2019 to support submission of an IND application to support initiation of clinical testing. Vaxart plans to initiate its clinical program of an oral HPV tableted vaccine with a clinical trial in young adult women with HPV 16 or 18 associated Cervical Intraepithelial Neoplasia (CIN) Grade 2/3 or 3, pending regulatory and IRB/EC approvals. The trial would evaluate the safety, immunogenicity and preliminary clinical efficacy with repeat dose vaccine administration against a placebo control group.

Antivirals

- Through the Merger, we acquired two royalty earning products, Relenza and Inavir. We also acquired three Phase 2 clinical stage antiviral compounds, which we have discontinued independent clinical development of. However, for one of these, Vapendavir, we have entered into an exclusive worldwide license agreement with Altesa Biosciences, Inc. ("Altesa") on July 6, 2021, permitting Altesa to develop and commercialize this capsid-binding broad spectrum antiviral.

- Relenza and Inavir are antivirals for the treatment of influenza, marketed by GlaxoSmithKline, plc ("GSK") and Daiichi Sankyo Company, Limited ("Daiichi Sankyo"), respectively. We have earned royalties on the net sales of Relenza and Inavir in Japan. The last patent for Relenza expired in July 2019 and the last patent for Inavir expires in December 2029. Sales of these antivirals vary significantly by quarter, because influenza virus activity displays strong seasonal cycles, and by year depending on the intensity and duration of the flu season and competition with other antivirals such as Tamiflu. Importantly, on February 23, 2018, Xofluza, a new drug that treats influenza developed by Shionogi, was approved in Japan. The drug has gained significant market share, substantially reducing sales of Inavir.

Financial Operations Overview

Revenue

Revenue from Customer Service Contracts

We earned revenue from a fixed price service contract, as amended, for a total of $617,000, which we completed in the first three months of 2021.

Royalty Revenue

We earn royalty revenue, net of amounts recognized as non-cash royalty revenue related to the sale of future royalties, based on a fixed percentage of net sales of Inavir, a treatment for influenza, from our licensee, Daiichi Sankyo, under a royalty agreement which will expire in December 2029.

Non-Cash Royalty Revenue Related to the Sale of Future Royalties

In April 2016, Aviragen sold certain royalty rights related to Inavir in the Japanese market for $20.0 million to HealthCare Royalty Partners III, L.P. ("HCRP"). We pay HCRP the first $3 million plus 15% of the next $1 million of royalties earned in annual periods ending on March 31. At the time of the Merger, the estimated future benefit to HCRP was remeasured at fair value and was estimated to be $15.9 million, which we account for as a liability and amortize using the effective interest method over the remaining estimated life of the arrangement. The estimated future benefit was remeasured as of December 31, 2021, when the fair value was estimated to be $11.5 million, resulting in a revaluation gain of $3.8 million. Even though we do not retain the related royalties under the transaction, as the amounts are remitted to HCRP, we will continue to record revenue related to these royalties until the amount of the associated liability and related interest is fully amortized.

Research and Development Expenses

Research and development expenses represent costs incurred on conducting research, such as developing our tablet vaccine platform, and supporting preclinical and clinical development activities of our tablet vaccine candidates. We recognize all research and development costs as they are incurred. Research and development expenses consist primarily of the following:

- employee-related expenses, which include salaries, benefits and stock-based compensation;
- expenses incurred under agreements with contract research organizations ("CROs"), that conduct clinical trials on our behalf;
- expenses incurred under agreements with contract manufacturing organizations ("CMOs"), that manufacture product used in the clinical trials;
- expenses incurred in procuring materials and for analytical and release testing services required to produce vaccine candidates used in clinical trials;
- process development expenses incurred internally and externally to improve the efficiency and yield of the bulk vaccine and tablet manufacturing activities;
- laboratory supplies and vendor expenses related to preclinical research activities;
- consultant expenses for services supporting our clinical, regulatory and manufacturing activities; and
- facilities, depreciation and allocated overhead expenses.

We do not allocate our internal expenses to specific programs. Our employees and other internal resources are not directly tied to any one research program and are typically deployed across multiple projects. Internal research and development expenses are presented as one total.

We incur significant external costs to manufacture our tablet vaccine candidates, and for CROs that conduct clinical trials on our behalf. We capture these expenses for each vaccine program. We do not allocate external costs incurred on preclinical research or process development to specific programs.

The following table shows our period-over-period research and development expenses, identifying external costs that were incurred in each of our vaccine programs and, separately, on preclinical research and process development (in thousands):

	Three Months Ended March 31,	
	2022	2021
External program costs:		
COVID-19 program	$ 1,530	$ 2,939
Norovirus program	2,199	454
Preclinical research	460	422
Process development	610	1,106
Total external costs	4,799	4,921
Internal costs	13,404	5,152
Total research and development	$ 18,203	$ 10,073

We expect that research and development expenses will increase in 2022 and beyond as we advance our tablet vaccine candidates into and through clinical trials, pursue regulatory approval of our tablet vaccine candidates and prepare for a possible commercial launch, all of which will also require a significant investment in manufacturing and inventory related costs. To the extent that we enter into licensing, partnering or collaboration agreements, a significant portion of such costs may be borne by third parties.

The process of conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We may never succeed in achieving marketing approval for our tablet vaccine candidates. The probability of successful commercialization of our tablet vaccine candidates may be affected by numerous factors, including clinical data obtained in future trials, competition, manufacturing capability and commercial viability. As a result, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our tablet vaccine candidates.

General and Administrative Expense

General and administrative expenses consist of personnel costs, allocated expenses and expenses for outside professional services, including legal, audit, accounting, public relations, market research and other consulting services. Personnel costs consist of salaries, benefits and stock-based compensation. Allocated expenses consist of rent, depreciation and other facilities-related expenses.

Results of Operations

The following table presents selected items in the condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2022 and 2021 (in thousands, except percentages):

	Three Months Ended March 31,		
	2022	2021	% Change
Revenue	$ 85	$ 506	(83)%
Operating expenses	24,861	16,017	55%
Operating loss	(24,776)	(15,511)	60%
Net non-operating income (expense)	(305)	(458)	(33)%
Loss before income taxes	(25,081)	(15,969)	57%
Provision for income taxes	20	38	(47)%
Net loss	$ (25,101)	$ (16,007)	57%

Total Revenue

The following table summarizes our revenues for the three months ended March 31, 2022 and 2021 (in thousands, except percentages):

	Three Months Ended March 31,		
	2022	2021	% Change
Revenue from customer service contracts	$ —	$ 13	(100)%
Non-cash royalty revenue related to sale of future royalties	85	493	(83)%
Total revenue	$ 85	$ 506	(83)%

Revenue from Customer Service Contracts

We earned revenue from customer service contracts of $13,000 in the three months ended March 31, 2021. This revenue was recognized from a fixed price contract executed in July 2019, as amended, for a total of $617,000, which we have now completed.

Non-cash Royalty Revenue Related to Sale of Future Royalties

For the three months ended March 31, 2022, non-cash royalty revenue related to sale of future royalties was $ 85,000, compared to $ 493,000 in the three months ended March 31, 2021, the decrease being due to a reduction in sales of Inavir in Japan. We do not recognize any royalty revenue from sales of Inavir until the first $3 million net of 5% withholding tax in years ending on March 31 has been recognized as non-cash royalty revenue related to sale of future royalties. We recognized no royalty revenue in the years ended March 31, 2022 and 2021, because net royalties were only $448,000 and $1.3 million, respectively. We believe royalties have been abnormally low for the last two years primarily because social distancing an mask wearing due to the COVID-19 pandemic have caused the number of influenza infections to decline. Due to the unpredictability of the impact of COVID-19 on future flu seasons we are unable to forecast the amount of royalty revenue, if any, and non-cash royalty revenue related to sale of future royalties that we will earn in the future.

Total Operating Expenses

The following table presents our operating expenses for the three months ended March 31, 2022 and 2021 (in thousands, except percentages):

	Three Months Ended March 31,		
	2022	2021	% Change
Research and development	$ 18,203	$ 10,073	81%
General and administrative	6,658	5,944	12%
Total operating expenses	$ 24,861	$ 16,017	55%

Research and Development

For the three months ended March 31,2022, research and development expenses increased by $8.1 million, or 81%, compared to the three months ended March 31,2021. The increase is primarily due to increased personnel costs, including stock-based compensation, facilities allocation related to headcount increases, manufacturing and clinical expenses related to our COVID-19 and norovirus vaccine candidates and higher depreciation.

We expect that research and development expenses will be significantly higher in 2022 and beyond than in 2021 as we continue to increase our headcount and incur significant expenditures on manufacturing and clinical trials for our COVID-19 and norovirus vaccine candidates.

General and Administrative

For the three months ended March 31, 2022, general and administrative expenses increased by $714,000, or 12%, compared to the corresponding period in 2021. The principal reasons are increased personnel costs, including stock-based compensation, partially offset by a net reduction in professional costs.

Other Income (Expense)

The following table presents our non-operating income and expenses for the three months ended March 31, 2022 and 2021, respectively (in thousands, except percentages):

	Three Months Ended March 31,		
	2022	2021	% Change
Interest income	$ 35	$ 9	289%
Non-cash interest expense related to sale of future royalties	(340)	(466)	(27)%
Foreign exchange loss, net	—	(1)	(100)%
Net non-operating income (expense)	$ (305)	$ (458)	(33)%

For the three months ended March 31, 2022, we recorded net non-operating expenses of $305,000, a 33% decrease from the $458,000 recorded in the three months ended March 31, 2021.

Interest income increased in the three months ended March 31, 2022, compared to the three months ended March 31, 2021, due to higher investment balances. Non-cash interest expense related to sale of future royalties, which relates to accounting for amounts that will become payable to HCRP for royalty revenue earned from Inavir as debt, decreased in the three months ended March 31, 2022, compared to the corresponding period in the prior year, as the outstanding balance due to HCRP was revalued as of December 31, 2021, resulting in a reduction of $3.8 million in the estimated liability.

Provision for Income Taxes

The following table presents our provision for income taxes for the three months ended March 31, 2022 and 2021, respectively (in thousands, except percentages):

	Three Months Ended March 31,		
	2022	2021	% Change
Foreign withholding tax on royalty revenue	$ 4	$ 25	(84)%
Foreign taxes payable on intercompany interest	14	13	8%
State income taxes	2	—	N/A
Provision for income taxes	$ 20	$ 38	(47)%

The provision for income taxes comprises $20,000 and $38,000 in the three months ended March 31, 2022 and 2021, respectively. The tax charge relates primarily to interest on an intercompany loan from a foreign subsidiary and a 5% withholding tax on royalty revenue earned on sales of Inavir in Japan, which is potentially recoverable as a foreign tax credit but expensed because we record a 100% valuation allowance against our deferred tax assets.

Liquidity and Capital Resources

Our primary source of financing is from the sale and issuance of common stock and common stock warrants in public offerings, along with proceeds from the exercise of warrants. In the past, we have also obtained funds from the issuance of secured debt and preferred stock and from collaboration agreements. In September 2021 we entered into a Controlled Equity Offering Sales Agreement (the "September 2021 ATM"), under which we may offer and sell, from time to time through sales agents, shares of our common stock having an aggregate offering price of up to $100 million. As of March 31, 2022, we had received net proceeds of $1.0 million from the sale of common stock under the September 2021 ATM. We incur direct expenses and pay sales commissions of up to 3.0% of gross proceeds from the sale of shares under the September 2021 ATM.

As of March 31, 2022, we had approximately $157.0 million of cash, cash equivalents and marketable securities. Since then, we have received net proceeds of $2.8 million from the sale of common stock under the September 2021 ATM, with approximately $92 million in net proceeds still available to us.

We believe our existing funds are sufficient to fund us for at least one year from the date of issuance of this Quarterly Report. To continue operations thereafter, we expect that we will need to raise further capital, through the sale of additional securities or otherwise. Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, most notably our ability to successfully commercialize our products and services.

We may fund a portion of our ongoing operations through partnering and collaboration agreements which, while reducing our risks and extending our cash runway, may also reduce our share of eventual revenues, if any, from our vaccine product candidates. We may be able to fund certain activities with assistance from government programs. The sale of additional equity would result in additional dilution to our stockholders. We may also fund our operations through debt financing, which would result in debt service obligations, and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. If we are unable to raise additional capital in sufficient amounts or on acceptable terms, we may be required to delay, limit, reduce, or terminate our product development or future commercialization efforts or grant rights to develop and market vaccine candidates that we would otherwise prefer to develop and market ourselves. Any of these actions could harm our business, results of operations and prospects.

Our future funding requirements will depend on many factors, including the following:

- the timing and costs of our planned preclinical studies for our product candidates;
- the timing and costs of our planned clinical trials of our product candidates;
- our manufacturing capabilities, including the availability of contract manufacturing organizations to supply our product candidates at reasonable cost;
- the number and characteristics of product candidates that we pursue;
- the outcome, timing and costs of seeking regulatory approvals;
- revenue received from commercial sales of our future products, which would be subject to receipt of regulatory approval;
- the terms and timing of any future collaborations, licensing, consulting or other arrangements that we may enter into;
- the amount and timing of any payments that may be required in connection with the licensing, filing, prosecution, maintenance, defense and enforcement of any patents or patent applications or other intellectual property rights; and
- the extent to which we in-license or acquire other products and technologies.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Net cash used in operating activities	$ (25,113)	$ (16,592)
Net cash provided by (used in) investing activities	3,732	(20,559)
Net cash provided by financing activities	1,040	67,592
Net (decrease) increase in cash and cash equivalents	$ (20,341)	$ 30,441

Net Cash Used in Operating Activities

Vaxart experienced negative cash flow from operating activities for the three months ended March 31, 2022 and 2021, in the amounts of $25.1 million and $16.6 million, respectively. The cash used in operating activities in the three months ended March 31, 2022, was due to cash used to fund a net loss of $25.1 million and an increase in working capital of $4.6 million, partially offset by adjustments for net non-cash income related to depreciation and amortization, accretion of premium on investments, stock-based compensation, non-cash interest expense related to sale of future royalties and non-cash revenue related to sale of future royalties totaling $4.6 million. The cash used in operating activities in the three months ended March 31, 2021, was due to cash used to fund a net loss of $16.0 million and an increase in working capital of $3.0 million, partially offset by adjustments for net non-cash income related to depreciation and amortization, stock-based compensation, non-cash interest expense related to sale of future royalties and non-cash revenue related to sale of future royalties totaling $2.4 million.

Net Cash Provided by (Used in) Investing Activities

In the three months ended March 31, 2022, we received $5.1 million from maturities of marketable securities, net of purchases, and used $1.3 million to purchase property and equipment. We used $19.9 million to purchase marketable securities, net of maturities, and $615,000 to purchase property and equipment in the three months ended March 31, 2021.

Net Cash Provided by Financing Activities

In the three months ended March 31, 2022, we received $992,000 from the sale of common stock under the September 2021 ATM and $48,000 from the exercise of stock options. In the three months ended March 31, 2021, we received $65.7 million from the sale of common stock under the October 2020 ATM and $1.9 million from the exercise of common stock warrants and stock options.

Contractual Obligations and Commercial Commitments

We have the following contractual obligations and commercial commitments as of March 31, 2022 (in thousands):

Contractual Obligation	Total	< 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years
Long Term Debt, HCRP	$ 17,790	$ 836	$ 6,368	$ 5,068	$ 5,518
Operating Leases	32,831	4,041	8,479	9,634	10,677
Purchase Obligations	20,687	20,687	—	—	—
Total	$ 71,308	$ 25,564	$ 14,847	$ 14,702	$ 16,195

Long Term Debt, HCRP. Under an agreement executed in 2016, we are obligated to pay HCRP the first $3 million plus 15% of the next $1 million of royalty revenues that we earn for sales of Inavir in each year ending on March 31. See Note 6 to the Condensed Consolidated Financial Statements in Part I, Item 1 for further details.

Operating leases. Operating lease amounts include future minimum lease payments under all our non-cancellable operating leases with an initial term in excess of one year, including a total of $14.9 million for one lease that has been executed but has not yet commenced, for which we expect to spend approximately $7 million on leasehold improvements, of which $6.8 million has either been expended already or is included in purchase obligations (see next paragraph), that will be recorded as right-of-use assets when the lease commences. See Note 7 to the Condensed Consolidated Financial Statements in Part I, Item 1 for further details of leases.

Purchase obligations. These amounts include an estimate of all open purchase orders and contractual obligations in the ordinary course of business, including commitments with contract manufacturers and suppliers for which we have not received the goods or services. We consider all open purchase orders, which are generally enforceable and legally binding, to be commitments, although the terms may afford us the option to cancel based on our business needs prior to the delivery of goods or performance of services.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. On an ongoing basis, we evaluate these estimates and judgments. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially from these estimates. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Accrued Research and Development Expenses

We record accrued expenses for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies, clinical trials and manufacturing activities. We record the estimated costs of research and development activities based upon the estimated amount of services provided and include the costs incurred but not yet invoiced within accrued liabilities in the condensed consolidated balance sheets and within research and development expense in the condensed consolidated statements of operations and comprehensive loss. These costs can be a significant component of our research and development expenses.

We estimate the amount of work completed through discussions with internal personnel and external service providers as to the progress or stage of completion of the services and the agreed-upon fee to be paid for such services. We make significant judgments and estimates in determining the accrued balance in each reporting period. As actual costs become known, we adjust our accrued estimates.

Intangible Assets

Intangible assets acquired in the Merger were initially recorded at their estimated fair values of $20.3 million for developed technology related to Inavir which was, until it was revalued, being amortized on a straight-line basis over the estimated period of future royalties of 11.75 years and $1.8 million for the developed technology related to Relenza which was fully amortized over the remaining royalty period of 1.3 years. The developed technology related to Inavir was revalued at $10.6 million as of December 31, 2021, resulting in an impairment loss of $3.0 million being recorded. The fair value is being amortized on a straight-line basis over 7.9 years, the estimated period of future royalties remaining as of December 31, 2021, when it was revalued. These valuations were prepared by an independent third party based on discounted cash flows of estimated future revenue streams, which are highly subjective, especially since the start of the COVID-19 pandemic due to the unpredictability of the duration of its impact on future flu seasons.

Stock-Based Compensation

We measure the fair value of all stock option awards to employees, non-executive directors and consultants on the grant date, and record the fair value of these awards, net of estimated forfeitures, as compensation expense over the service period. The fair value of options is estimated using the Black-Scholes valuation model and the expense recorded is affected by subjective assumptions regarding a number of variables, as follows:

Expected term – This represents the period that our stock-based awards granted are expected to be outstanding and is determined using the simplified method (the arithmetic average of its original contractual term and its average vesting term). We have very limited historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for our stock-based awards. Based on the weighted average applied to options awarded in three months ended March 31, 2022, a notional 10% decrease in expected term would have reduced the fair value and the related compensation expense by approximately 2.3%.

Expected volatility – This is a measure of the amount by which our common stock price has fluctuated or is expected to fluctuate. We measure volatility based on the historical volatility of our own stock over the retrospective period corresponding to the expected term of the options on the measurement date. Based on the weighted average applied to options awarded in three months ended March 31, 2022, a notional 10% decrease in expected volatility (from 125% to 113%) would have reduced the fair value and the related compensation expense by approximately 4.4%.

Risk-Free Interest Rate – This is based on the U.S. Treasury yield curve on the measurement date corresponding with the expected term of the stock-based awards.

Expected Dividend – We have not made any dividend payments and do not plan to pay dividends in the foreseeable future. Therefore, we use an expected dividend yield of zero.

Forfeiture Rate – This is a measure of the number of awards that are expected to not vest and is reassessed quarterly. An increase in the estimated forfeiture rate will cause a small decrease the related compensation expense early in the service period, but since the final expense recorded for each award is the number of options vested times their grant date fair value, it has no impact on the total expense recorded.

Recent Accounting Pronouncements

See the "Recent Accounting Pronouncements" in Note 2 to the Condensed Consolidated Financial Statements in Part I, Item 1 for information related to the issuance of new accounting standards in the first three months of 2022, none of which had a material impact on our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our investments in marketable debt securities. The primary objective of our investment activities is to preserve principal, maintain liquidity that is sufficient to meet cash needs and maximize total return without significantly increasing risk. To achieve this goal, we maintain our excess cash and cash equivalents in money market funds and debt securities. We do not enter into investments for trading or speculative purposes and we hold no equity securities. We presently have no borrowings or lines of credit.

Specifically, as of March 31, 2022, we had cash, cash equivalents and investments of approximately $157.0 million, which consist of bank deposits, money market funds, direct obligations of the U.S. government or its agencies, commercial paper and corporate bonds. All of our investments must satisfy high credit rating requirements at the time of purchase. Such interest-earning instruments carry a degree of interest rate risk, however, because our investments are rated highly and mostly short-term, we believe that our exposure to risk of loss due to interest rate changes is not significant.

Exchange Rate Sensitivity

Our royalty revenue, which is calculated in U.S. dollars, is based on sales in Japanese yen, so a 1% increase in the strength of the U.S. dollar against the yen would lead to a 1% reduction in royalty revenue. Presently, we are not retaining any cash related to our income from royalties and all of our other revenue, and substantially all of our expenses, assets and liabilities, are denominated in U.S. dollars. As a result, we have not experienced significant foreign exchange gains or losses recently and consider our exposure to exchange rate fluctuations to be insignificant.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer (who serves as our principal executive officer and principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our management has concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2022.

Changes in Internal Control over Financial Reporting

There was no material change in our internal control over financial reporting that occurred during the quarter ended March 31, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our President and Chief Executive Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Vaxart have been detected.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The information included in "Note 8. Commitments and Contingencies—(c) Litigation" to the Condensed Consolidated Financial Statements in Part I, Item 1 is incorporated by reference into this Item.

We may also from time to time be involved in legal proceedings arising in connection with our business. Based on information currently available, we believe that the amount, or range, of reasonably possible losses in connection with any pending actions against us in excess of established reserves, in the aggregate, is not material to our consolidated financial condition or cash flows. However, any current or future dispute resolution or legal proceeding, regardless of the merits of any such proceeding, could result in substantial costs and a diversion of management's attention and resources that are needed to run our business successfully, and could have a material adverse impact on our business, financial condition and results of operations.

Item 1A. Risk Factors

You should consider the risks and uncertainties described under Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which we filed with the Securities and Exchange Commission on February 24, 2022, together with all other information contained or incorporated by reference in this Quarterly Report on Form 10-Q, including the risk factor described below, when evaluating our business and our prospects. Other than as set forth below, there are no material changes to the risk factors set forth in Part I, Item 1A, in our Annual Report on Form 10-K for the year ended December 31, 2021.

The ongoing military conflict between Russia and Ukraine could cause geopolitical instability, economic uncertainty, financial markets volatility and capital markets disruption, which may adversely affect our revenue, financial condition, or results of operations.

The current military conflict between Russia and Ukraine may disrupt or otherwise adversely impact our operations and those of third parties upon which we rely. Related sanctions, export controls or other actions that have already been initiated or may in the future be initiated by nations including the U.S., the European Union or Russia (e.g., potential cyberattacks, disruption of energy flows, etc.) can adversely affect our business, our contract research organizations, contract manufacturing organizations and other third parties with which we conduct business. Resulting volatility, disruption, or deterioration in the credit and financial markets may further make any necessary debt or equity financing more difficult and more costly. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may be adversely impacted by deteriorating economic conditions, which could directly affect our ability to attain our operating goals and to accurately forecast and plan our future business activities.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibit	Filing Date
3.1	Certificate of Amendment to Restated Certificate of Incorporation of Vaxart, Inc.	Form 8-K	001-35285	3.1	April 24, 2019
3.2	Certificate of Amendment to Restated Certificate of Incorporation of Vaxart, Inc.	Form 8-K	001-35285	3.1	June 9, 2020
3.3	Amended and Restated Bylaws of Vaxart, Inc., effective as of April 7, 2021	Form 8-K	001-35285	3.1	April 13, 2021
10.1 #	Offer Letter, dated January 18, 2022, by and between the Company and Edward Berg	Form 10-K	001-35285	10.46	February 24, 2022
10.2 * #	Non-Employee Director Compensation Program, effective as of April 1, 2022				
31.1 *	Certification of Principal Executive and Financial Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1 §	Certification of Principal Executive and Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 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 - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL 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

\# Management contract or compensation plan or arrangement

§ In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certification furnished in Exhibit 32.1 hereto is deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

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

VAXART, INC.

Dated: May 9, 2022

By: /s/ ANDREI FLOROIU
Andrei Floroiu
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

VAXART, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the "Board") of Vaxart, Inc. (the "Company") shall receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this "Program"). This Program has been adopted under the Company's 2019 Equity Incentive Plan or its successor (the "Equity Plan") and shall be effective as of April 1, 2022 (the "Effective Date"). Except as provided in Section 3(b) below, the cash and equity compensation described in this Program shall be paid or be granted, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company and (each, a "Non-Employee Director"), unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion.

1. Compensation Philosophy. The Program is designed to enhance the Company's ability to attract and retain highly qualified Non-Employee Directors. The Program includes a cash component, which is designed to compensate Non-Employee Directors for their service on the Board and an equity component, which is designed to align the interests of Non-Employee Directors and stockholders. To enhance the alignment with stockholders, the Board generally attempts to structure the cash compensation for Non-Employee Directors at approximately the 25th to 50th percentile of the market data of the Company's compensation peer group and equity awards at approximately the 50th to 75th percentile of the market data. The Board, however, retains discretion to adjust specific compensation elements and levels above or below these guidelines to respond to market conditions, change in time commitments or other circumstances.

2. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual cash retainer of $40,000 for service on the Board.

(b) Additional Annual Retainers. In addition, each Non-Employee Director shall receive the following additional annual cash retainers, as applicable:

(i) *Chairperson of the Board*. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of $30,000 for such service.

(ii) *Audit Committee*. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $15,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of $7,500 for such service.

(iii) *Compensation Committee*. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $10,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of $5,000 for such service.

(iv) *Science and Technology Committee*. A Non-Employee Director serving as Chairperson of the Science and Technology Committee shall receive an additional annual retainer of $10,000 for such service. A Non-Employee Director serving as a member of the Science and Technology Committee (other than the Chairperson) shall receive an additional annual retainer of $5,000 for such service.

(v) *Nominating and Corporate Governance Committee*. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $10,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of $5,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 2(a) and 2(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 2(b), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter during which he or she actually served as a Non-Employee Director, or in such position, as applicable.

3. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The equity awards described below shall be granted under and shall be subject to the terms and provisions of the Equity Plan and shall be granted subject to the execution and delivery of award agreements in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of equity awards hereby are subject in all respects to the terms of the Equity Plan and the applicable award agreement.

(a) Initial Awards. Each Non-Employee Director who is initially elected or appointed to the Board after the Effective Date shall automatically be granted on the day of such first election or appointment, without further action of the Board: (i) a stock option to purchase 88,448 shares of the Company's common stock, and (ii) a restricted stock unit award covering 14,750 shares of the Company's common stock. The awards described in this Section 3(a) shall be referred to as "Initial Awards". No Non-Employee Director shall be granted more than one Initial Award.

(b) Annual Awards. Except as provided below, a Non-Employee Director who is serving on the Board as of the date of any annual meeting of the Company's stockholders after the Effective Date, and who will continue to serve as a Non-Employee Director immediately following such meeting, shall automatically be granted on the date of such annual meeting, without further action of the Board: (i) a stock option to purchase 44,224 shares of the Company's common stock, and (ii) a restricted stock unit award covering 7,375 shares of the Company's common stock. The awards described in this Section 3(b) shall be referred to as "Annual Awards". For the avoidance of doubt, a Non-Employee Director who is elected for the first time to the Board at an annual meeting of the Company's stockholders shall only receive an Initial Award in connection with such election and shall not receive any Annual Award on the date of such meeting as well. If a Non-Employee Director is initially elected or appointed to the Board other than at an annual meeting of the Company's stockholders, then the Annual Award for his or her initial term and partial Service Period (as defined below) shall be reduced proportionately, such that the fixed share numbers set forth in Sections 3(b)(i) and (ii) above will be multiplied by a fraction, the numerator of which is the number of days during the period commencing on (and including) the date of the initial election or appointment and ending on (and including) the last day of the applicable Service Period, and the denominator of which is the total number of days in the Service Period (with any resulting fractional shares rounded down to the nearest whole share). For this purpose, the term "Service Period" means the period commencing on (and including) the date of the annual meeting of the Company's stockholders that occurred immediately prior to the date that the Non-Employee Director was initially elected or appointed to the Board and ending on (and including) the date immediately prior to the date of the next occurring annual meeting of the Company's stockholders.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 3(a) above, but to the extent that they are otherwise entitled, will receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 3(b) above, determined as if they were initially elected or appointed to the Board as of the date of termination of employment.

(d) Terms of Awards Granted to Non-Employee Directors

(i) *Exercise Price*. The per share exercise price of each stock option granted to a Non-Employee Director shall equal the Fair Market Value (as defined in the Equity Plan) of a share of common stock on the date the option is granted.

(ii) *Vesting*. Each Initial Award shall vest and become exercisable in substantially equal installments on each of the first three anniversaries of the date of grant, subject to the Non-Employee Director continuing in service on the Board through each such vesting date. Each Annual Award shall vest and become exercisable on the earlier of (A) the first anniversary of the date of grant, or (B) the date immediately prior to the next annual meeting of the Company's stockholders following the date of grant, subject to the Non-Employee Director continuing in service on the Board through such vesting date. Unless the Board otherwise determines, no portion of an Initial Award or Annual Award which is unvested at the time of a Non-Employee Director's termination of service on the Board shall become vested thereafter. Upon a Change in Control, all outstanding equity awards granted under the Equity Plan that are held by a Non-Employee Director shall become fully vested and exercisable, irrespective of any other provisions of the Plan or any award agreement.

(iii) *Term*. The term of each stock option granted to a Non-Employee Director shall be ten years from the date the option is granted.

4. Compensation Limits. Notwithstanding anything to the contrary in this Program, all compensation payable under this Program will be subject to any limits on the maximum amount of Non-Employee Director compensation set forth in the Equity Plan, as in effect from time to time.

5. Insider Trading Policy. Each Non-Employee Director will be subject to the Insider Trading and Securities Law Compliance Policy of Vaxart, Inc. ("Insider Trading Policy"), and any transactions involving Company securities will be subject to the Insider Trading Policy and applicable securities laws and regulations.

* * * * *

Exhibit 31.1

CERTIFICATION

I, Andrei Floroiu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vaxart, Inc.;

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

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

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

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

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: May 9, 2022

By: /s/ ANDREI FLOROIU

Andrei Floroiu
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Andrei Floroiu, President and Chief Executive Officer of Vaxart, Inc. (the "Company"), hereby certifies that, to his knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2022, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

(2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Periodic Report and results of operations of the Company for the period covered by the Periodic Report.

Date: May 9, 2022

By: /s/ ANDREI FLOROIU

Andrei Floroiu
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

A signed original of this written statement required by Section 906 of 18 U.S.C. § 1350 has been provided to Vaxart, Inc. and will be retained by Vaxart, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.