

NOVAVAX, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
	(in thousands, except share and per share information)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 106,307	\$ 144,353
Marketable securities	50,996	91,126
Restricted cash	28,234	30,314
Prepaid expenses and other current assets	17,774	22,037
Total current assets	203,311	287,830
Restricted cash	890	4,590
Property and equipment, net	35,987	40,184
Intangible assets, net	7,873	9,225
Goodwill	53,563	51,673
Other non-current assets	869	799
Total assets	\$ 302,493	\$ 394,301
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 5,613	\$ 5,685
Accrued expenses	29,610	24,508
Accrued interest	5,078	5,078
Deferred revenue	25,625	30,079
Other current liabilities	7,749	1,056
Total current liabilities	73,675	66,406
Deferred revenue	2,500	2,500
Convertible notes payable	317,763	316,339
Other non-current liabilities	10,287	14,602
Total liabilities	404,225	399,847
Commitments and contingencies	—	—
Stockholders' deficit:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; no shares issued and outstanding at December 31, 2017 and 2016	—	—
Common stock, \$0.01 par value, 600,000,000 shares authorized at December 31, 2017 and 2016; and 323,684,820 shares issued and 323,229,390 shares outstanding at December 31, 2017 and 271,701,397 shares issued and 271,245,967 shares outstanding at December 31, 2016	3,237	2,717
Additional paid-in capital	1,020,457	935,997
Accumulated deficit	(1,114,359)	(929,996)
Treasury stock, 455,430 shares, cost basis at both December 31, 2017 and 2016	(2,450)	(2,450)
Accumulated other comprehensive loss	(8,617)	(11,814)
Total stockholders' deficit	(101,732)	(5,546)
Total liabilities and stockholders' deficit	\$ 302,493	\$ 394,301

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2017	2016	2015
	(in thousands, except per share information)		
Revenue:			
Government contract	\$ —	\$ 2,184	\$ 33,344
Grant and other	31,176	13,169	2,906
Total revenue	<u>31,176</u>	<u>15,353</u>	<u>36,250</u>
Expenses:			
Research and development	168,435	237,939	162,644
General and administrative	34,451	46,527	30,842
Total expenses	<u>202,886</u>	<u>284,466</u>	<u>193,486</u>
Loss from operations	(171,710)	(269,113)	(157,236)
Other income (expense):			
Investment income	1,946	2,143	660
Interest expense	(14,072)	(12,965)	(241)
Other income (expense)	67	(31)	(120)
Net loss	<u>\$ (183,769)</u>	<u>\$ (279,966)</u>	<u>\$ (156,937)</u>
Basic and diluted net loss per share	<u>\$ (0.63)</u>	<u>\$ (1.03)</u>	<u>\$ (0.60)</u>
Basic and diluted weighted average number of common shares outstanding	<u>292,669</u>	<u>270,802</u>	<u>262,248</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Net loss	\$ (183,769)	\$ (279,966)	\$ (156,937)
Other comprehensive income (loss):			
Net unrealized (losses) gains on marketable securities available-for-sale	(50)	54	42
Foreign currency translation adjustment	3,247	(2,744)	(2,561)
Other comprehensive income (loss)	<u>3,197</u>	<u>(2,690)</u>	<u>(2,519)</u>
Comprehensive loss	<u>\$ (180,572)</u>	<u>\$ (282,656)</u>	<u>\$ (159,456)</u>

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NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Operating Activities:			
Net loss	\$ (183,769)	\$ (279,966)	\$ (156,937)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation and amortization	9,817	8,505	5,983
Loss on disposal of property and equipment	269	374	681
Amortization of debt issuance costs	1,424	1,305	—
Lease incentives received	1,933	1,963	2,792
Non-cash stock-based compensation	19,809	19,160	13,431
Other	2,715	663	1,460
Changes in operating assets and liabilities:			
Restricted cash	5,780	3,301	(36,204)
Prepaid expenses and other assets	2,590	(1,119)	(1,790)
Accounts payable and accrued expenses	5,192	(4,808)	9,075
Deferred revenue	(4,456)	(6,057)	36,140
Other liabilities	—	1,212	(721)
Net cash used in operating activities	(138,696)	(255,467)	(126,090)
Investing Activities:			
Capital expenditures	(4,189)	(18,202)	(18,268)
Purchases of marketable securities	(218,045)	(356,556)	(228,521)
Proceeds from maturities of marketable securities	258,202	402,775	225,519
Net cash provided by (used in) investing activities	35,968	28,017	(21,270)
Financing Activities:			
Principal payments of capital leases	(37)	(71)	(67)
Principal payments of notes payable	—	(395)	(600)
Changes in restricted cash	—	(819)	(126)
Proceeds from issuance of convertible notes	—	325,000	—
Payments of costs related to issuance of convertible notes	—	(9,966)	—
Payments for capped call transactions and costs	—	(38,521)	—
Net proceeds from sales of common stock	63,425	—	204,275
Proceeds from the exercise of stock options and employee stock purchases	1,152	3,802	4,801
Net cash provided by financing activities	64,540	279,030	208,283
Effect of exchange rate on cash and cash equivalents	142	(335)	(150)
Net (decrease) increase in cash and cash equivalents	(38,046)	51,245	60,773
Cash and cash equivalents at beginning of year	144,353	93,108	32,335
Cash and cash equivalents at end of year	\$ 106,307	\$ 144,353	\$ 93,108
Supplemental disclosure of non-cash activities:			
Capital expenditures included in accounts payable and accrued expenses	\$ 15	\$ 697	\$ 2,797
Supplemental disclosure of cash flow information:			
Cash interest payments	\$ 12,188	\$ 6,189	\$ 96

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