UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2020
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: 001-36361

Aravive, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**2834**	**26-4106690**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

River Oaks Tower
3730 Kirby Drive, Suite 1200
Houston, Texas 77098
(Address of principal executive offices)
(936) 355-1910
(Registrant's Telephone Number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	ARAV	Nasdaq Global Select Market

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

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

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

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

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

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

As of October 30, 2020, there were 16,087,266 outstanding shares of common stock, par value $0.0001 per share, of Aravive, Inc.

ARAVIVE, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020

PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ARAVIVE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30, 2020 (unaudited)	December 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	$ 53,967	$ 65,134
Prepaid expenses and other current assets	1,469	3,079
Total current assets	55,436	68,213
Restricted cash	2,430	2,423
Property and equipment, net	561	1,808
Operating lease right-of-use assets	2,651	8,697
Intangible asset, net	126	219
Other assets	26	761
Total assets	$ 61,230	$ 82,121
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 1,693	$ 1,078
Accrued liabilities	1,469	1,497
Operating lease obligation, current portion	1,715	2,393
Total current liabilities	4,877	4,968
Contingent payable	295	264
Operating lease obligation	6,692	7,840
Total liabilities	11,864	13,072
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.0001 par value, 100,000,000 shares authorized at September 30, 2020 and December 31, 2019; 16,087,266 and 15,001,795 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	2	2
Additional paid-in capital	545,972	539,158
Accumulated deficit	(496,608)	(470,111)
Total stockholders' equity	49,366	69,049
Total liabilities and stockholders' equity	$ 61,230	$ 82,121

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

ARAVIVE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue				
Grant revenue	$ —	$ —	$ —	$ 4,753
Operating expenses				
Research and development	5,070	3,840	11,085	10,325
General and administrative	2,715	3,158	9,866	11,039
Loss on impairment of long-lived assets	2,914	—	5,784	—
Total operating expenses	10,699	6,998	26,735	21,364
Loss from operations	(10,699)	(6,998)	(26,735)	(16,611)
Interest income	8	232	251	811
Other income (expense), net	31	624	(13)	1,910
Net loss	$ (10,660)	$ (6,142)	$ (26,497)	$ (13,890)
Net loss per share - basic and diluted	$ (0.66)	$ (0.54)	$ (1.69)	$ (1.23)
Weighted-average common shares used to compute basic and diluted net loss per share	16,055	11,285	15,658	11,280

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

ARAVIVE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited)

(in thousands, except share data)

	Three and Nine Months Ended September 30, 2020				
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balances at January 1, 2020	15,001,795	$ 2	$ 539,158	$ (470,111)	$ 69,049
Issuance of common stock upon exercise of options	5,645	—	33	—	33
Issuance of common stock under employee benefit plans	8,492	—	—	—	—
Stock-based compensation	—	—	717	—	717
Net loss	—	—	—	(10,796)	(10,796)
Balances at March 31, 2020	15,015,932	2	539,908	(480,907)	59,003
Issuance of common stock in private placement, net of issuance costs of $78	931,098	—	4,922	—	4,922
Issuance of common stock upon exercise of options	13,844	—	53	—	53
Issuance of common stock under employee benefit plans	35,303	—	22	—	22
Stock-based compensation	—	—	488	—	488
Net loss	—	—	—	(5,041)	(5,041)
Balances at June 30, 2020	15,996,177	2	545,393	(485,948)	59,447
Issuance of common stock upon exercise of options	91,089	—	203	—	203
Stock-based compensation	—	—	376	—	376
Net loss	—	—	—	(10,660)	(10,660)
Balances at September 30, 2020	16,087,266	$ 2	$ 545,972	$ (496,608)	$ 49,366

	Three and Nine Months Ended September 30, 2019				
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balances at January 1, 2019	11,266,151	$ 1	$ 510,509	$ (450,565)	$ 59,945
Issuance of common stock under employee benefit plans	10,349	—	—	—	—
Stock-based compensation	—	—	1,048	—	1,048
Cumulative-effect adjustment to equity due to adoption of ASU 2016-02	—	—	—	(1,328)	(1,328)
Net loss	—	—	—	(4,704)	(4,704)
Balances at March 31, 2019	11,276,500	1	511,557	(456,597)	54,961
Issuance of common stock upon exercise of options	2,000	—	2	—	2
Issuance of common stock under employee benefit plans	6,080	—	11	—	11
Stock-based compensation	—	—	941	—	941
Net loss	—	—	—	(3,044)	(3,044)
Balances at June 30, 2019	11,284,580	1	512,511	(459,641)	52,871
Issuance of common stock under employee benefit plans	384	—	1	—	1
Stock-based compensation	—	—	800	—	800
Net loss	—	—	—	(6,142)	(6,142)
Balances at September 30, 2019	11,284,964	$ 1	$ 513,312	$ (465,783)	$ 47,530

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

ARAVIVE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities		
Net loss	$ (26,497)	$ (13,890)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,602	373
Impairment of long-lived assets	5,784	—
Stock-based compensation expense	1,581	2,789
Write-off lease receivable/prepaid commission assets	1,383	—
Changes in assets and liabilities		
Prepaid expenses and other assets	962	(2,892)
Accounts payable	615	1,938
Deferred revenue	—	(146)
Accrued and other liabilities	(1,823)	(181)
Net cash used in operating activities	(16,393)	(12,009)
Cash flows from financing activities		
Proceeds from issuance of common stock in connection with employee benefit plans	311	14
Proceeds from issuance of common stock in private placement	4,922	—
Net cash provided by financing activities	5,233	14
Net change in cash, cash equivalents, and restricted cash	(11,160)	(11,995)
Cash, cash equivalents, and restricted cash at beginning of period	67,557	59,388
Cash, cash equivalents, and restricted cash at end of period	$ 56,397	$ 47,393

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

1. Formation and Business of the Company

Aravive, Inc. ("Aravive" or the "Company") was incorporated on December 10, 2008 in the State of Delaware. Aravive is a clinical-stage oncology company developing transformative treatments designed to halt the progression of life-threatening diseases. Prior to its merger with Aravive Biologics, Inc. (the "Merger"), Aravive (then known as Versartis, Inc.) was an endocrine-focused biopharmaceutical company that was developing a long-acting recombinant human growth hormone for the treatment of growth hormone deficiency. The "Company" refers to Aravive as a combined company following the completion of the Merger with Aravive Biologics, Inc. ("Private Aravive"). The Merger became effective on October 12, 2018. On October 15, 2018, Versartis, Inc. changed its name to Aravive, Inc.

The Company's lead product candidate, AVB-500, is an ultrahigh-affinity, decoy protein that targets the GAS6-AXL signaling pathway by binding GAS6. By capturing serum GAS6, AVB-500 starves the AXL pathway of its signal, potentially halting the biological programming that promotes disease progression. AXL receptor signaling plays an important role in multiple types of malignancies by promoting metastasis, cancer cell survival, resistance to treatments, and immune suppression.

The Company's current development program benefits from the availability of a proprietary serum-based biomarker that it expects will help accelerate drug development by allowing the Company to select a pharmacologically active dose.

In the Company's completed Phase 1 clinical trial with its clinical lead product candidate, AVB-500, the Company has demonstrated proof of mechanism for AVB-500 in neutralizing GAS6. Importantly, AVB-500 had a favorable safety profile preclinically and in the first in human trial. In December 2018, the Company initiated the Phase 1b portion of a Phase 1b/2 clinical trial of AVB-500 combined with standard of care therapies in patients with platinum-resistant ovarian cancer which the Company has successfully completed in July 2020. In August 2018, the U.S. Food and Drug Administration ("FDA") designated as a Fast Track development program the investigation of the Company's lead development candidate, AVB-500, for platinum-resistant recurrent ovarian cancer. In January 2020, the Company announced that the FDA has cleared its Investigational New Drug ("IND") application for investigation of AVB-500, in the treatment of its second oncology indication, clear cell renal cell carcinoma ("ccRCC").

With the global spread of the ongoing novel coronavirus ("COVID-19") pandemic, the Company has implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on its employees and business. While the Company is experiencing limited financial impacts at this time, given the global economic slowdown, the overall disruption of global healthcare systems and the other risks and uncertainties associated with the pandemic, the Company's business, financial condition, results of operations and growth prospects could be materially adversely affected. As the Company advances its clinical programs, the Company is in close contact with its clinical research organizations ("CROs") and clinical sites and is assessing the impact of COVID-19 on its studies and current timelines and costs. With the recent and rapidly evolving impact of COVID-19 on patient recruitment in clinical trials and considering patient safety and trial integrity, Aravive has decided to amend its ccRCC trial to initiate treatment at a higher dose given the safety profile seen with the 15 mg/kg dosing cohort of the platinum resistant ovarian cancer ("PROC") trial. While this delayed first patient dosing, the overall timelines may not be significantly impacted given the higher starting dose, assuming the COVID-19 situation does not interfere with ongoing clinical studies. The Company terminated its IgA nephropathy ("IgAN") trial, which initiated in December 2019 in order to focus on oncology. If the COVID-19 pandemic continues and persists for an extended period of time, the Company could experience significant disruptions to its clinical development timeline, which would adversely affect its business, financial condition, results of operations and growth prospects.

In July 2016, Private Aravive was approved for a $20.0 million Product Development Award from the Cancer Prevention and Research Institute of Texas ("CPRIT Grant"). The CPRIT Grant was effective as of June 1, 2016 and terminated on November 30, 2019. Private Aravive's royalty and other obligations, including its obligation to repay the disbursed grant proceeds under certain circumstances, survive the termination of the agreement. The CPRIT Grant is subject to customary CPRIT funding conditions including a matching funds requirement where Private Aravive matched 50% of funding from the CPRIT Grant. Consequently, Private Aravive was required to raise $10.0 million in matching funds over the three-year project. Private Aravive raised all its required $10.0 million in matching funds.

Private Aravive's award from CPRIT requires it to pay CPRIT a portion of its revenues from sales of certain products, or received from its licensees or sublicensees, at tiered percentages of revenue in the low- to mid-single digits until the aggregate amount of such payments equals 400% of the grant award proceeds, and thereafter at a rate of less than one percent for as long as Private Aravive maintains government exclusivity. In addition, the grant contract also contains a provision that provides for repayment to CPRIT of the full amount of the grant proceeds under certain specified circumstances involving relocation of Private Aravive's principal place of business outside Texas.

As consideration for the rights granted as part of a license agreement with Stanford University, Private Aravive is obligated to pay yearly license fees and milestone payments, and a royalty based on net sales of products covered by the patent-related rights. More specifically, Private Aravive is obligated to pay Stanford University (i) annual license payments (ii) milestone payments of up to an aggregate of $1,000,000 upon achievement of clinical and regulatory milestones, and (iii) royalties equal to a percentage (in the low single digits) of net sales of licensed products; provided that the annual license payments made will offset (and be credited against) any royalties due in such license year. In the event of a sublicense to a third party of any rights based on the patents that are solely owned by Stanford University, Private Aravive is obligated to pay royalties to Stanford University equal to a percentage of what Private Aravive would have been required to pay to Stanford University had it sold the products under sublicense itself. In addition, in such event it is required to pay to Stanford University a percent of sublicensing income. In the event of a termination, Private Aravive will be obligated to pay all amounts that accrued prior to such termination.

Unaudited Interim Financial Information

In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2020 and, its results of operations for the three and nine months ended September 30, 2020 and 2019, and cash flows for the nine month period ended September 30, 2020, and 2019. The December 31, 2019 consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles in the United States of America ("GAAP"). The results for interim periods are not necessarily indicative of the results for the entire year or any other interim period. The accompanying consolidated financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto for the year ended December 31, 2019 included in the Company's Annual Report on Form 10-K filed by the Company on March 27, 2020, with the U.S. Securities and Exchange Commission (the "SEC").

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with GAAP. The preparation of the accompanying consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated statement of financial position as of September 30, 2020 and the results of operations for the three and nine months ended September 30, 2020 and cash flows for the nine months ended September 30, 2020 include the accounts of Aravive, Inc. and its wholly-owned subsidiary Private Aravive. The accompanying unaudited condensed consolidated statement of financial position as of December 31, 2019, the results of operations for the three and nine months ended September 30, 2019, and cash flows for the nine months period ended September 30, 2019 include the accounts of Aravive, Inc. and its wholly-owned subsidiaries, Versartis Cayman Holdings Company, incorporated in 2014, Versartis GmbH, incorporated in 2015 and Private Aravive, incorporated in 2007. After 2015, the Cayman and GmbH subsidiaries became dormant. In 2019, the Cayman and GmbH subsidiaries were liquidated in their respective countries and no longer exist as of December 31, 2019. All intercompany accounts and transactions have been eliminated. The U.S. dollar is the functional currency for all the Company's subsidiaries and consolidated operations.

Liquidity and Capital Resources

Since inception, the Company has incurred net losses and negative cash flows from operations. At September 30, 2020, the Company had an accumulated deficit of $496.6 million and working capital of $50.6 million. The Company expects to continue to incur losses from costs related to the development of AVB-500 and related administrative activities for the foreseeable future. As of September 30, 2020, the Company had a cash and cash equivalents balance of approximately $54.0 million consisting of cash and investments in highly liquid U.S. money market funds. While the Company believes that its existing cash and cash equivalents will be sufficient to sustain operations for at least the next 12 months from the issuance of these financial statements, based on its current business plan, the Company will need to obtain additional financing to advance its clinical development program to later stages of development and commercialize its clinical product candidate AVB-500. Although management has been successful in raising capital in the past, there can be no assurance that the Company will be successful or that any needed financing will be available in the future at terms acceptable to the Company.

Segments

The Company operates in one segment. Management uses one measurement of performance and does not segregate its business for internal reporting. All long-lived assets are maintained in the United States of America.

Concentration of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. All of the Company's cash and cash equivalents are held at several financial institutions that management believes are of high credit quality. Such deposits may exceed federally insured limits.

Risk and Uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, uncertainty of results of clinical trials and reaching milestones, including due to the COVID-19 pandemic, uncertainty of regulatory approval of the Company's potential drug candidates, uncertainty of market acceptance of the Company's products, competition from substitute products and larger companies, securing and protecting proprietary technology, strategic relationships and dependence on key individuals and sole source suppliers.

Products developed by the Company require clearances from the FDA, the Pharmaceuticals Medicines and Devices Agency ("PMDA"), or other international regulatory agencies prior to commercial sales. There can be no assurance that the products will receive the necessary clearances. If the Company is denied clearance, clearance is delayed or the Company is unable to maintain clearance, it could have a material adverse impact on the Company.

The Company expects to incur substantial operating losses for the next several years and will need to obtain additional financing in order to launch and commercialize any product candidates for which it receives regulatory approval.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses. With the global spread of the ongoing COVID-19 pandemic in the first quarter of 2020, the Company has implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on its business. The Company anticipates that the COVID-19 pandemic will have an impact on the clinical development timeline of AVB-500. The extent to which the COVID-19 pandemic impacts the Company's business, the clinical development of AVB-500, the business of the Company's suppliers and other commercial partners, the Company's corporate development objectives and the value of and market for the Company's common stock, will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the United States, Europe and other countries, and the effectiveness of actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global healthcare systems and the other risks and uncertainties associated with the pandemic could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In addition, to the extent the ongoing COVID-19 pandemic adversely affects the Company's business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties which the Company faces.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act ("The Act"). The Act includes several significant business tax provisions that, among other things, eliminate the taxable income limit for certain net operating losses (NOL) and allow businesses and individuals to carry back NOLs arising in 2018, 2019, and 2020 to the five prior tax years; suspend the excess business loss rules under section 461(l); accelerate refunds of previously generated corporate alternative minimum tax (AMT) credits; generally loosen the business interest limitation under section 163(j) from 30 percent to 50 percent (special partnership rules apply); and fix the "retail glitch" for qualified improvement property in the 2017 tax code overhaul known informally as the Tax Cuts and Jobs Act (TCJA, P.L. 115-97). It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Company has determined, based on its preliminary analysis, that the provisions of CARES Act are not expected to impact its 2020 financial statements. The Company will monitor the updates, both to its business as well as guidance issued with respect to CARES Act that could impact the current interpretation of the issued provisions.

Cash and Cash Equivalents, Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At September 30, 2020 and December 31, 2019, the Company's cash and cash equivalents were held at multiple institutions in the United States and included deposits in money market funds which were unrestricted as to withdrawal or use. Restricted cash consists of a letter of credit to secure the Company's obligations to the landlord under the right-of-use ("ROU") lease for the property located at 1020 Marsh Road, Menlo Park, California (the "1020 Space").

Property and Equipment, Net

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally between three and five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful life or the term of the lease. Maintenance and repairs are charged to expense as incurred, and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the balance sheet and any resulting gain or loss is reflected in operations in the period realized.

Leases

The Company leases all of its office space in conducting its business. At inception, the Company determines whether an agreement represents a lease and at commencement the Company evaluates each lease agreement to determine whether the lease is an operating or financing lease.

The Company records an operating lease ROU asset and an operating lease obligation on the consolidated balance sheet when entering into a lease. ROU assets represent the Company's ROU of the underlying asset for the lease term and the lease obligation represents the Company's commitment to make the lease payments arising from the lease. Lease obligations are recognized at the commencement date based on the present value of remaining lease payments over the lease term and ROU assets are calculated as the lease liability, adjusted by unamortized initial direct costs, unamortized lease incentives received, cumulative deferred or prepaid lease payments, and accumulated impairment losses. As the Company's leases do not provide an implicit rate, the Company has used an estimated incremental borrowing rate based on the information available at the adoption date in determining the present value of lease payments. The lease term may include options to extend or terminate the lease and the Company includes renewal options in its calculation of the estimated lease term when it is reasonably certain that the Company will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs such as common area costs and property taxes are expensed as incurred. Variable lease costs and short-term lease payments not included in the lease liability are classified within operating activities in the consolidated statements of cash flows. For all lease agreements, the Company has combined lease and nonlease components. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. These expenses are recognized within operating expenses in the consolidated statements of operations.

Impairment of Long-Lived Assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by the comparison of the carrying amount to the future net cash flows which the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value (i.e. determined through estimating projected discounted future net cash flows or other acceptable methods of determining fair value) arising from the asset. There were no such impairments of long-lived assets as of December 31, 2019.

The Company accounts for the sublease with EVA Automation, Inc. ("EVA") as an operating lease and reviews the ROU asset recorded associated with the sublease for impairment whenever events or changes in circumstances indicate that the carrying amount of the ROU asset may not be recoverable in accordance with ASC 360-10. Recoverability is measured if the lease cost for the term of the sublease exceeds the anticipated sublease income for the same period on an undiscounted basis and the Company shall treat this circumstance as an indicator that the carrying amount of the ROU asset may not be recoverable.

At the end of the first quarter ended March 31, 2020, the Company was informed by EVA, its sublease tenant, that EVA will not be in a position to pay future sublease rental payments and intends to exit the sublease. Given the uncertainty of the sublease tenant's ability to pay the remaining sublease rental payments, the Company determined the carrying amounts of the ROU asset and leasehold improvements associated with the 1020 Marsh Road facility may not be recoverable. Accordingly, the Company performed a recoverability test, using an undiscounted cash flow analysis as of March 31, 2020. Based on the undiscounted cash flow analysis, the Company determined that the ROU and leasehold improvement assets had net carrying values that exceeded their estimated

undiscounted future cash flows. The Company then measured the impairment of the asset group using a discounted cash flow analysis of the estimated future sublease payments to be received from an expected sublessee as the Company is currently marketing the 1020 Marsh Road location for subletting. In determining the fair value of the asset group, the Company utilized current real estate market rates, time needed to sublet the building and estimated a discount rate of 9.5%. As a result of the impairment analysis, the Company recognized an impairment charge against its ROU asset of and leasehold improvement assets of $2.4 million and $0.5 million, respectively, for the quarter ended March 31, 2020.

At the end of the third quarter ended September 30, 2020, the Company continued to evaluate the estimates used in the valuation used in the first quarter of 2020. Given the continued uncertainty due to the COVID-19 shut down and the significant negative impact to the real estate market as of the end of the third quarter, the Company determined the carrying amounts of the ROU asset and leasehold improvements associated with the 1020 Marsh Road facility may not be recoverable. Accordingly, the Company performed a recoverability test, using an undiscounted cash flow analysis as of September 30, 2020. Based on the undiscounted cash flow analysis, the Company determined that the ROU and leasehold improvement assets had net carrying values that exceeded their estimated undiscounted future cash flows. The Company then measured the impairment of the asset group using a discounted cash flow analysis of the estimated future sublease payments to be received from an expected sublessee as the Company is currently marketing the 1020 Marsh Road location for subletting. In determining the fair value of the asset group, the Company utilized current real estate market estimated rates, time needed to sublet the building and estimated a discount rate of 9.5%. As a result of the impairment analysis, the Company recognized an impairment charge against its ROU asset and leasehold improvement assets of $2.4 million and $0.5 million, respectively, for the quarter ended September 30, 2020. A total of $5.8 million was reported as an impairment loss on the Company's long-lived asset balances within the statement of operations for the nine month period ended September 30, 2020.

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, prepaid expenses, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these items.

Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy defines a three-level valuation hierarchy for disclosure of fair value measurements as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable, unadjusted quoted prices 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 supported by little or no market activity for the related assets or liabilities.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As of September 30, 2020 and December 31, 2019, the Company's cash and cash equivalents consist solely of Level 1 assets. Level 1 assets are comprised of highly liquid money market funds.

Preclinical and Clinical Trial Accruals

The Company's clinical trial accruals are based on estimates of patient enrollment and related costs at clinical investigator sites as well as estimates for the services received and efforts expended pursuant to contracts with multiple research institutions and CROs that conduct and manage clinical trials on the Company's behalf.

The Company estimates preclinical and clinical trial expenses based on the services performed, pursuant to contracts with research institutions and clinical research organizations that conduct and manage preclinical studies and clinical trials on its behalf. In accruing service fees, the Company estimates the time period over which services will be performed and the level of patient enrollment and activity expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Payments made to third parties under these arrangements in advance of the receipt of the related services are recorded as prepaid expenses until the services are rendered.

Research and Development

Research and development costs are charged to operations as incurred. Research and development costs include, but are not limited to, payroll and personnel expenses, laboratory supplies, consulting costs, external research and development expenses and allocated overhead, including rent, equipment depreciation, and utilities. Costs to acquire technologies to be used in research and development that have not reached technological feasibility and have no alternative future use are expensed to research and development costs when incurred.

Income Taxes

The Company accounts for income taxes under the asset and liability approach. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company assesses all material positions taken in any income tax return, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. Assessing an uncertain tax position begins with the initial determination of the position's sustainability and is measured at the largest amount of benefit that is greater than percent likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed, and the Company will determine whether (i) the factors underlying the sustainability assertion have changed and (ii) the amount of the recognized tax benefit is still appropriate. The recognition and measurement of tax benefits requires significant judgment. Judgments concerning the recognition and measurement of a tax benefit might change as new information becomes available.

Stock-Based Compensation

For stock options granted to employees, the Company recognizes compensation expense for all stock-based awards based on the grant-date estimated fair value. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service period. The fair value of stock options is determined using the Black-Scholes option pricing model. The determination of fair value for stock-based awards on the date of grant using an option pricing model requires management to make certain assumptions regarding a number of complex and subjective variables.

Stock-based compensation expense related to stock options granted to nonemployees is recognized based on the fair value of the stock options, determined using the Black-Scholes option pricing model, as they are earned. The awards generally vest over the time period the Company expects to receive services from the nonemployee.

Stock-based compensation expense, net of estimated forfeitures, is reflected in the condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating Expenses				
Research and development	$ 122	$ 120	$ 378	$ 318
General and administrative	254	680	1,203	2,471
Total	$ 376	$ 800	$ 1,581	$ 2,789

Net Loss per Share

Basic net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, stock options and restricted stock units are considered to be potentially dilutive securities. Because the Company has reported a net loss for each of the three and nine months ended September 30, 2020 and 2019, diluted net loss per share is the same as basic net loss per common share for those periods.

Intangible Asset

Intangible assets consist of an assembled workforce which was acquired as part of the Merger. Intangible assets with definite lives are amortized based on their pattern of economic benefit over their estimated useful lives and reviewed periodically for impairment. The estimated useful life of the assembled workforce is 3 years.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective is not expected to have a material impact on the Company's financial position or results of operations upon adoption.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). The new guidance simplifies the accounting for income taxes by eliminating certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period, hybrid taxes and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. For public companies, the amendments in this ASU are effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted in interim or annual periods with any adjustments reflected as of the beginning of the annual period that includes that interim period. Additionally, entities that elect early adoption must adopt all the amendments in the same period. Amendments are to be applied prospectively, except for certain amendments that are to be applied either retrospectively or with a modified retrospective approach through a cumulative effect adjustment recorded to retained earnings. The Company is currently evaluating ASU 2019-12 and its impact on its condensed consolidated financial statements and financial statement disclosures.

3. Balance Sheet Components

Prepaid expenses and other current assets (in thousands)

	September 30, 2020	December 31, 2019
Preclinical and clinical prepaid expenses	$ 918	$ 531
Lease receivable	—	900
Unbilled receivable from CPRIT	—	1,604
Other	551	44
Total	$ 1,469	$ 3,079

Property and equipment, net (in thousands)

	September 30, 2020	December 31, 2019
Equipment and furniture	$ 1,416	$ 1,442
Buildings, leasehold and building improvements	2,674	2,674
	4,090	4,116
Less: Accumulated depreciation and amortization	(2,525)	(2,308)
Impairment loss	(1,004)	—
Property and equipment, net	$ 561	$ 1,808

During the first quarter ended March 31, 2020 and the third quarter ended September 30, 2020, the Company determined leasehold improvements were impaired as described in Note 2. Depreciation expense was approximately $0.1 million for the three months ended September 30, 2020 and 2019, respectively and $0.2 million and $0.3 million for the nine months ended September 30, 2020 and 2019, respectively.

Accrued Liabilities (in thousands)

	September 30, 2020	December 31, 2019
Payroll and related	$ 974	$ 1,248
Preclinical and clinical	244	5
Professional services	121	32
Other	130	212
Total	$ 1,469	$ 1,497

4. Fair Value Measurements

The Company's financial instruments consist principally of cash and cash equivalents, accounts payable and accrued liabilities. The remaining financial instruments are reported on the Company's consolidated balance sheets at amounts that approximate current fair value. The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	Fair Value Measurements at September 30, 2020 (unaudited)	
	Total	Level 1
Assets		
Money market funds	$ 52,205	$ 52,205

	Fair Value Measurements at December 31, 2019	
	Total	Level 1
Assets		
Money market funds	$ 63,691	$ 63,691

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. There were no transfers within the hierarchy during the periods ended September 30, 2020 or December 31, 2019.

Nonrecurring fair value measurements

As disclosed in Note 2, the Company recorded an impairment charge of approximately $5.8 million related to right-of-use and leasehold improvement assets. This impairment charge was derived using Level 3 inputs and the fair value of the long-lived assets was derived by using a discounted cash flow analysis of the 1020 Space.

5. Leases

In March 2017, the Company entered into an operating facility lease agreement for approximately 34,500 rentable square feet located at the 1020 Space. The lease commenced in August 2017 for a period of 87 months with one renewal option for a five-year term. The Company did not include the renewal option period as the Company determined it was not reasonably certain the lease would be renewed as of the modification date.

In October 2018, the Company executed a sublease agreement in Palo Alto, California for approximately 4,240 square feet for office space. The rental term of the sublease commenced on October 30, 2018 and expired August 31, 2020.

In August 2020, the Company entered into a lease agreement in North Carolina for approximately 4,128 square feet for office space. The monthly lease payments will be approximately $9 thousand per month for a period of 63 months with a three-month rent abatement period. The lease is expected to commence in the fourth quarter of 2020.

The Company's rent expense including both short-term and variable lease components of $0.1 million associated with the facility leases was $0.6 million for the three months ended September 30, 2020 and 2019. The Company's rent expense including both short-term and variable lease components of $0.3 million and $0.4 million associated with the facility leases was $1.9 million for the nine months ended September 30, 2020 and 2019. Cash paid for amounts included in the measurement of lease obligations for operating cash flows from operating leases for the nine months ended September 30, 2020 and 2019 was $2.0 million. As of September 30, 2020, the Company's operating leases had a weighted average remaining lease term of 4.1 years and a weighted average discount rate of 7.75%, which approximates the Company's incremental borrowing rate.

As of September 30, 2020, minimum lease payments under non-cancelable operating leases by period were expected to be as follows (in thousands):

Year Ending December 31,	
2020 (3 months remaining)	$ 325
2021	2,429
2022	2,878
2023	2,959
2024	2,524
Total future minimum lease payments	11,115
Less: discount	(2,708)
Total operating lease obligations	8,407
Less current operating lease obligations	(1,715)
Noncurrent operating lease obligations	$ 6,692

1020 Marsh Sublease

In August 2018, the Company entered into an operating sublease agreement with EVA for the 1020 Space. The 1020 Space sublease commenced on October 1, 2018 for 72 months. EVA was entitled to an abatement of base rent of approximately $0.9 million for the first five full calendar months of the term of the sublease. Lease income associated with this sublease is recorded in other income in the accompanying consolidated statement of operations. At the end of the first quarter ended March 31, 2020, the Company was informed by EVA that it will not be in a position to pay future sublease rental payments and intends to exit the sublease. For the nine months ended September 30, 2020, the Company recorded an impairment charge to long-lived assets as previously discussed in Note 2. In addition, associated with this impairment charge the Company recorded a write down totaling $1.4 million related to a straight-line sublease rent receivable balance and previously capitalized commission charges, which has been recorded in other expense within the condensed consolidated statement of operations for the nine months ended September 30, 2020. Overall, for the three and nine months ended September 30, 2020, the Company recorded sublease income associated with this sublease of $47 thousand and a loss of $13 thousand. For the three and nine months ended September 30, 2019, the Company recognized sublease income of approximately $0.6 million and $1.9 million, respectively. During the nine months ended September 30, 2020, cash received from EVA was $1.2 million, which amount was included in the change in prepaid expenses and other current assets for operating cash flows. During the three and nine months ended September 30, 2019, cash received from EVA was $0.6 million and $1.4 million, respectively.

6. Commitments and Contingencies

Purchase Commitments

The Company conducts research and development programs through a combination of internal and collaborative programs that include, among others, arrangements with contract manufacturing organizations and contract research organizations. The Company had contractual arrangements with these organizations including license agreements with milestone obligations and service agreements with obligations largely based on services performed.

In the normal course of business, the Company enters into various firm purchase commitments related to certain preclinical and clinical studies.

Contingencies

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. The Company's exposure under these agreements is unknown because it involves

claims that may be made against the Company in the future but have not yet been made. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

7. Stockholders' Equity

Common Stock

On April 6, 2020, the Company, entered into an investment agreement (the "Investment Agreement"), by and among the Company, Eshelman Ventures, LLC, a North Carolina limited liability company (the "Investor"), and, solely for purposes of Article IV and Article V of the Investment Agreement, Fredric N. Eshelman, Pharm.D.

On April 8, 2020, pursuant to the Investment Agreement, the Investor purchased 931,098 shares of the Company's unregistered common stock for an aggregate purchase price of approximately $5.0 million. The Company recorded the amount received net of expenses of approximately $78 thousand.

Equity Incentive Plans

The Company's Board of Directors (the "Board") and stockholders approved the 2019 Equity Incentive Plan (the "2019 Plan"), which became effective on September 12, 2019. The 2019 Plan is a successor to and continuation of all prior plans including the Company's 2014 Equity Incentive Plan and Private Aravive's 2017 Equity Incentive Plan and the 2010 Equity Incentive Plan, as amended (the "Prior Plans"). As of September 30, 2020, the total number of shares of common stock available for issuance under the 2019 Plan was approximately 1,573,254. In addition, if the shares subject to outstanding stock options or other awards under the Prior Plans: (I) terminate or expire prior to exercise or settlement; (II) are not issued because the award is settled in cash; (III) are forfeited because of failure to vest; (IV) or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, such shares will become available for issuance under the 2019 Plan. Unless the Board provides otherwise, beginning January 1, 2020 with an expiration date of January 1, 2029, the total number of shares of common stock available for issuance will automatically increase annually on January 1 of each calendar year by 4.5% of the total number of issued and outstanding shares of common stock as of December 31 of the immediately preceding year. The 2019 Plan provides for granting of equity awards to employees, directors and consultants, including incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and performance awards.

Activity under the Company's stock option plan is set forth below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balances, January 1, 2020	1,820,160	$ 10.70		
Options granted	779,460	9.28		
Options cancelled	(284,901)	17.65		
Options exercised	(110,578)	2.65		
Balances, September 30, 2020	2,204,141	$ 9.70	6.0	$ 4,757
Outstanding and expected to vest as of September 30, 2020	2,100,932	$ 9.79	5.9	$ 4,756
Exercisable as of September 30, 2020	1,546,264	$ 10.61	4.7	$ 4,737

The intrinsic values of outstanding, vested and exercisable options were determined by multiplying the number of shares by the difference in exercise price of the options and the fair value of the common stock.

Stock Options Granted to Employees

During the nine months ended September 30, 2020 and 2019, the Company granted stock options to officers, directors and employees to purchase shares of common stock with a weighted-average grant date fair value of $7.82 and $4.69 per share, respectively. The fair value is being expensed over the vesting period of the options, which is usually 4 years on a straight-line basis as the services are being provided. No tax benefits were realized from options and other share-based payment arrangements during the periods.

As of September 30, 2020, total unrecognized employee stock-based compensation related to stock options granted was $3.4 million, which is expected to be recognized over the weighted-average remaining vesting period of 2.9 years.

The fair value of employee stock options was estimated using the Black-Scholes model with the following weighted-average assumptions:

	September 30, 2020	September 30, 2019
Expected volatility	112.3%	111.0%
Risk-free interest rate	0.97%	2.4%
Dividend yield	0.0%	0.0%
Expected life (in years)	6.0	6.0

Restricted Stock Units

Restricted stock units are shares of common stock which are forfeited if the employee leaves the Company prior to vesting. These stock units offer employees the opportunity to earn shares of the Company's stock over time, rather than options that give the employee the right to purchase stock at a set price. As a result of these restricted stock units, the Company recognized $0.4 million in compensation expense during the three months ended September 30, 2019 and the amount of compensation expense recognized for the three months ended September 30, 2020 was immaterial. The Company recognized $0.3 million and $1.2 million during the nine months ended September 30, 2020 and 2019, respectively.

8. Net loss per share

The following table summarizes the computation of basic and diluted net loss per share of the Company (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net loss	$ (10,660)	$ (6,142)	$ (26,497)	$ (13,890)
Basic and diluted net loss per share	$ (0.66)	$ (0.54)	$ (1.69)	$ (1.23)
Weighted-average shares used to compute basic and diluted net loss per share	16,055	11,285	15,658	11,280

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common shares and dilutive common stock equivalents outstanding for the period, determined using the treasury-stock method and the as-if converted method, for convertible securities, if inclusion of these is dilutive. Because the Company has reported a net loss for each of the three and nine months ended September 30, 2020 and 2019, the Company did not have dilutive common stock equivalents and therefore diluted net loss per share is the same as basic net loss per share for those periods.

The following potentially dilutive securities outstanding at the end of the nine months ending September 30, 2020 and 2019 have been excluded from the computation of diluted shares outstanding:

	Nine Months Ended September 30,	
	2020	2019
Options to purchase common stock	2,204,141	1,995,793
Restricted stock units	1,441	95,924

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

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto for the year ended December 31, 2019, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed on March 27, 2020 (the "Annual Report") with the U.S. Securities and Exchange Commission (the "SEC"). This discussion, particularly information with respect to our future results of operations or financial condition, business strategy, plans and objectives for future operations and the uncertain negative impacts that current uncertainty in the global markets resulting from the worldwide COVID-19 pandemic may have on our business, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special note regarding forward-looking statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in this Quarterly Report on Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements. References in this Quarterly Report on Form 10-Q to "we," "us," "our" and similar first-person expressions refer to Aravive, Inc. (formerly known as Versartis, Inc.) and its subsidiary, Private Aravive. References to "Versartis, Inc." or "Private Aravive" refer to those respective companies prior to the completion of their merger in October 2018.

Special note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "strategy," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below and those identified under Part 1, Item 1A of the Annual Report. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are a clinical-stage oncology company developing transformative treatments designed to halt the progression of life-threatening diseases.

Our lead product candidate, AVB-500, is an ultrahigh-affinity, decoy protein that targets the GAS6-AXL signaling pathway. By capturing serum GAS6, AVB-500 starves the AXL pathway of its signal, potentially halting the biological programming that promotes disease progression. AXL receptor signaling plays an important role in multiple types of malignancies by promoting metastasis, cancer cell survival, resistance to treatments, and immune suppression.

Our current development program benefits from the availability of a proprietary serum-based biomarker that we expect will help accelerate drug development and reduce risk by allowing us to select a pharmacologically active dose.

In our completed Phase 1 clinical trial with our clinical lead product candidate, AVB-500, we have demonstrated proof of mechanism for AVB-500 in neutralizing GAS6. Importantly, AVB-500 had a favorable safety profile preclinically and in the first in human trial and Phase 1b portion of the Phase1b/2 clinical trial. In December 2018, we initiated the Phase 1b portion of a Phase 1b/2 clinical trial of AVB-500 combined with standard of care therapies in patients with platinum-resistant ovarian cancer, which we successfully completed in July 2020. In August 2018, the U.S. Food and Drug Administration ("FDA") designated as a Fast Track development program the investigation of our lead development candidate, AVB-500, for platinum-resistant recurrent ovarian cancer. In January 2020, we announced that the FDA has cleared our Investigational New Drug ("IND") application for investigation of AVB-500, in the treatment of our second oncology indication, clear cell renal cell carcinoma ("ccRCC").

We expect to initiate a pivotal trial of AVB-500 in Platinum Resistant Ovarian Cancer during the fourth quarter 2020/first quarter 2021 and are on-track to initiate the Phase 1b/2 trial of AVB-500 in Clear Cell Renal Cell Carcinoma during the fourth quarter 2020.

With the global spread of the ongoing novel coronavirus ("COVID-19") pandemic, we have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our employees and our business. While we are experiencing limited financial impacts at this time, given the global economic slowdown, the overall disruption of global healthcare systems and the other risks and uncertainties associated with the pandemic, our business, financial condition, results of operations and growth prospects could be materially adversely affected. As we advance our clinical programs, we are in close contact with our clinical research organizations and clinical sites and are assessing the impact of COVID-19 on our planned studies and current timelines and costs. With the recent and rapidly evolving impact of COVID-19 on patient recruitment in clinical trials and considering patient safety and trial integrity, we have decided to amend our ccRCC trial to initiate treatment at a higher dose given the safety profile seen with the 15 mg/kg dosing cohort of the platinum resistant ovarian cancer ("PROC") trial and the initiation of the 20 mg/kg dosing cohort. While this may delay first patient dosing, the overall timelines may not be significantly impacted given the higher starting dose, assuming the COVID-19 situation does not interfere with ongoing clinical studies. We have terminated our IgA nephropathy ("IgAN") trial, which initiated in December 2019, in order to focus on oncology. If the COVID-19 pandemic continues and persists for an extended period of time, we could experience significant disruptions to our clinical development timeline, which would adversely affect our business, financial condition, results of operations and growth prospects.

Recent developments

Equity Distribution Agreement

On September 4, 2020, we entered into an equity distribution agreement with Piper Sandler & Co. ("Piper Sandler") and Cantor Fitzgerald & Co. ("Cantor Fitzgerald") to sell shares of the Company's common stock, par value $0.0001 per share, from time to time, through an "at the market offering" program having an aggregate offering price of up to $60,000,000 through which Piper Sandler and Cantor Fitzgerald will act as sales agents.

Phase 1b/2 clinical trial of AVB-500

On July 23, 2020, we issued a press release announcing the successful completion of the Phase 1b clinical trial of AVB-500 combined with standard of care therapies in patients with platinum-resistant ovarian cancer, the selection of the recommended Phase 2 dose (RP2D) and other results of the trial.

The Phase1b results are set forth below:

The safety of AVB-500 has been studied in 84 subjects, including 31 healthy volunteers in a Phase 1a trial and 53 patients with PROC in a Phase 1b trial (40 in 10 mg/kg cohort, 6 in 15 mg/kg cohort, and 7 in 20 mg/kg cohort). The primary objective of the PROC trial was to assess safety of AVB-500 in combination with paclitaxel (PAC) or pegylated liposomal doxorubicin (PLD). Secondary endpoints included objective response rate (ORR), CA-125 response, clinical benefit rate, progression free survival (PFS), overall survival, pharmacokinetic (PK) profile, GAS6 serum levels, and anti-drug antibody titers.

Safety Data: Analysis of all safety data to date demonstrates that AVB-500 has been generally well-tolerated with no dose-limiting toxicities or unexpected safety signals. There have been no AVB-500-related significant adverse events reported to date. There were two types of adverse events that were considered related to AVB-500, as determined by an independent medical monitor: infusion reactions and fatigue. A premedication regimen was designed and implemented during the trial to manage potential infusion reactions.

Pharmacokinetics: Prior data analysis of 31 patients from the 10 mg/kg cohort showed that blood trough levels of AVB-500 demonstrated statistically significant correlation with clinical activity, as patients who achieved minimal efficacious concentration (MEC) >13.8 mg/L demonstrated a greater likelihood of response and prolonged PFS. Updated modeling using actual data from all enrolled patients demonstrated that the 20 mg/kg dose is not predicted to improve PFS relative to the 15 mg/kg so the dose of 15 mg/kg was selected as the RP2D for AVB-500.

Preliminary Efficacy: While the Phase 1b trial was a safety trial and not powered to demonstrate efficacy, the investigator-assessed best response (RECIST V1.1) to AVB-500 across all cohorts supports promising clinical activity:

10 mg/kg cohort, 37 out of 40 patients evaluable:

- 31% ORR (5/16) among those treated with AVB-500 in combination with PAC, with 1 complete response ("CR"). Patients given AVB-500 plus PAC who achieved MEC of AVB-500 demonstrated improved ORR of 50% (4/8), with 1 CR.
- The PFS among those who achieved MEC of AVB-500 was 7.5 months versus 2.28 months with those below MEC (p=0.0062).
- 21.6% ORR (8/37) in all evaluable patients, regardless of their MEC or use of PAC or PLD.
- All responses have been confirmed.

15 mg/kg cohort, 5 out of 6 patients evaluable:

- All 5 patients in this cohort experienced clinical benefit, with 1 CR (continuing to show CR 3 months after discontinuing chemotherapy while on AVB-500 as single agent), 2 partial responses ("PR"), and 2 stable disease ("SD").
- All responses have been confirmed.

20 mg/kg cohort, 7 out of 7 patients evaluable:

- Of the 7 patients in this cohort, there was 1 PR (with CR of target lesion; confirmed), 1 SD, and 5 with progressive disease ("PD").
- A post-hoc analysis of tumor expression showed that 4 patients whose best response was PD did not express GAS6 (3) and/or had low amounts of AXL (2) on immunohistopathology of their tumors. While they were enrolled per protocol in the Phase 1b trial, these patients do not appear to be representative of the eventual AVB-500 target population, as they are mostly rare subtypes of PROC and such patients based on their clinical characteristics will not be eligible for the pivotal trial.

Other notable findings:

- AVB-500 plus PAC appeared to perform better than AVB-500 plus PLD.
    - Across all cohorts, AVB-500 plus PAC data show an ORR of 35% (8/23, including 2 CRs) compared to ORR of 15% (4/26) in AVB-500 plus PLD.

- AVB-500 plus chemo appeared to perform better in patients without previous exposure to bevacizumab.
    - In a subgroup analysis of patients who had not been previously exposed to bevacizumab in their prior lines of therapy, AVB-500 yielded an ORR of 60% (6/10 including 2 CR) when combined with PAC and an ORR of 19% (3/16) when combined with PLD. For reference, control arms of the third-party AURELIA Trial of bevacizumab (NCT00976911) showed ORR of 30.2% (out of 55 patients total) with PAC alone and 7.8% (out of 64 patients total) with PLD alone.

- Serum levels of soluble AXL (sAXL)/GAS6 ratio seemed to correlate with response to AVB-500.
    - In the entire Phase 1b cohort, patients with a high sAXL/GAS6 ratio had 30% ORR (10/33) versus 0% ORR (0/15) in patients with a low sAXL/GAS6 ratio. In the PAC cohort, patients with a high sAXL/GAS6 ratio had 43% ORR (6/14) versus 0% ORR (0/7) in patients with a low sAXL/GAS6 ratio. Notably, patients with high sAXL/GAS6 ratio who had not previously received bevacizumab achieved ORR of 71% (5/7).
    - Historically, high sAXL has been associated with a poor prognosis; however, AVB-500 plus PAC or PLD appeared correlated with improved clinical outcomes in this population.
    - Use of serum biomarkers such as sAXL/GAS6 ratio as potential stratification biomarker(s) will be explored in future clinical trials.

- While not powered to demonstrate efficacy, drug exposure levels correlated with clinical response, supporting the use of higher dose of AVB-500. AVB-500 combined with PAC had better clinical responses in patients whose trough levels were above the minimal efficacious concentration (MEC) of 13.8mg/L compared to those patients whose trough levels were below the MEC.

- AVB-500 performed well in late line therapy and showed improved clinical benefit in patients who were on their third and fourth lines of therapy or who progressed in less than 3 months following their last platinum-containing regimen.

Note

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our operations for the three and nine months ended September 30, 2020 and 2019.

Financial overview

Revenue

To date, we have not generated any revenue from commercial sales of any of our product candidates. However, we generated grant revenue of $3.1 million and $4.8 million for the three and nine months ended September 30, 2019 from a $20 million Product Development Award granted in 2016 from the Cancer Prevention and Research Institute of Texas (the "CPRIT Grant") to Private Aravive.

In the future, we may generate revenue from a variety of sources, including product sales if we develop products which are approved for sale, license fees, milestones, research and development and royalty payments in connection with strategic collaborations or government contracts, or licenses of our intellectual property.

Research and development expenses

We recognize both internal and external research and development expenses as incurred. Our external research and development expenses consist primarily of:

- the cost of acquiring and manufacturing clinical trial and other materials, including expenses incurred under agreements with contract manufacturing organizations;
- expenses incurred under agreements with contract research organizations, investigative sites, and consultants that conduct our clinical trials;
- other costs associated with development activities, including additional studies; and
- facility costs, including rent.

Internal research and development costs consist primarily of salaries and related fringe benefit costs for our employees (such as workers' compensation and health insurance premiums), stock-based compensation charges and travel costs.

General and administrative expenses

General and administrative expenses consist principally of personnel-related costs, professional fees for legal, consulting, audit and tax services, rent and other general operating expenses not included in research and development.

Other income (expense), net

Other income (expense), net is primarily comprised of sublease income for our 1020 Marsh Road property lease and gains and losses on foreign currency transactions related to third party contracts with foreign-based contract manufacturing organizations. Additionally, included during the quarter ended March 31, 2020 was a write-down of our straight-line sublease rent receivable balance and previously capitalized commission charges related our sublease tenant, EVA Automation, Inc. ("EVA").

Critical accounting policies, significant judgments and use of estimates

Our management's discussion and analysis of financial condition and results of operations are based upon our unaudited consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of these consolidated 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 our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable in the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are more fully described in Note 2 of the accompanying unaudited consolidated financial statements and in Note 2 to our audited consolidated financial statements contained in the Annual Report.

Impairment of Long-Lived Assets

We review property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by the comparison of the carrying amount to the future net cash flows which the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value (i.e. determined through estimating projected discounted future net cash flows or other acceptable methods of determining fair value) arising from the asset.

At the end of the first quarter ended March 31, 2020, we were informed by EVA, our sublease tenant, it will not be in a position to pay future sublease rental payments and intends to exit the sublease. Given the uncertainty of the sublease tenant's ability to pay the remaining sublease rental payments, we determined the carrying amounts of the right-of-use asset and leasehold improvements associated with the 1020 Marsh Road facility may not be recoverable. Accordingly, we performed a recoverability test, using an undiscounted cash flow analysis as of March 31, 2020. Based on the undiscounted cash flow analysis, we determined that the right-of-

use and leasehold improvement assets had net carrying values that exceeded their estimated undiscounted future cash flows. We then measured the impairment of the asset group using a discounted cash flow analysis of the estimated future sublease payments to be received from an expected sublessee as we currently plan to market the 1020 Marsh Road location for subletting. The most significant estimates used by management in determining the fair value of the asset group were as follows: current real estate market rates for the 1020 Marsh property; estimated time needed to sublet the building to another tenant; and a discount rate of 9.5%.

At the end of the third quarter ended September 30, 2020, we continued to evaluate the estimates used in the valuation used in the first quarter of 2020. Given the continued uncertainty due to the COVID-19 shut down and significant impact to the estimated real estate market, we determined the carrying amounts of the ROU asset and leasehold improvements associated with the 1020 Marsh Road facility may not be recoverable. Accordingly, we performed a recoverability test, using an undiscounted cash flow analysis as of September 30, 2020. Based on the undiscounted cash flow analysis, we determined that the right-of-use and leasehold improvement assets had net carrying values that exceeded their estimated undiscounted future cash flows. We then measured the impairment of the asset group using a discounted cash flow analysis of the estimated future sublease payments to be received from an expected sublessee as we currently plan to market the 1020 Marsh Road location for subletting. The most significant estimates used by management in determining the fair value of the asset group were as follows: current real estate market rates for the 1020 Marsh property; estimated time needed to sublet the building to another tenant; and a discount rate of 9.5%.

Other than described above, there have been no significant or material changes in our critical accounting policies during the nine months ended September 30, 2020, as compared to those disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Use of Estimates” in the Annual Report.

Results of operations

Comparison of the Three and Nine Months Ended September 30, 2020 and 2019

The following table summarizes our net loss during the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,		Increase/ (Decrease)		Nine Months Ended September 30,		Increase/ (Decrease)	
	2020	2019			2020	2019		
Revenue:								
Grant revenue	$ —	$ —	$ —		$ —	$ 4,753	$ (4,753)	
Operating expenses:								
Research and development	5,070	3,840	1,230	32%	11,085	10,325	760	7%
General and administrative	2,715	3,158	(443)	-14%	9,866	11,039	(1,173)	-11%
Loss on impairment of long-lived assets	2,914	—	—		5,784	—	5,784	
Total operating expenses	10,699	6,998	3,701	53%	26,735	21,364	5,371	25%
Loss from operations	(10,699)	(6,998)	3,701	53%	(26,735)	(16,611)	10,124	61%
Interest income	8	232	(224)	-96%	251	811	(560)	-69%
Other income (expense), net	31	624	(593)	-95%	(13)	1,910	1,923	-101%
Net loss	$ (10,660)	$ (6,142)	$ 4,518	74%	$ (26,497)	$ (13,890)	$ 12,607	91%

Grant revenue

Grant revenue for the nine months ended September 30, 2019 was $4.7 million, which was derived solely from the CPRIT Grant for the research and development of AVB-500. There was no grant revenue subsequent to the second quarter ended June 30, 2019.

Research and development expense

Research and development expense increased by $1.2 million, or 32%, to $5.1 million for the three months ended September 30, 2020 from $3.8 million for the same period in 2019. For the nine months ended September 30, 2020 research and development expense increased $0.8 million or 7% to $11.1 million from $10.3 million for the same period in 2019. The increase in both the three and nine months ended September 30, 2020 was primarily due to the timing of our clinical trial expenses and an increase in our compensation expense as we further built out our research and development team for our upcoming clinical trials.

General and administrative expense

General and administrative expense decreased by $0.4 million, or 14%, to $2.7 million for the three months ended September 30, 2020 from $3.2 million for the same period in 2019. For the nine months ended September 30, 2020 general and administrative expense decreased $1.2 million or 11% to $9.9 million from $11.0 million from the same period in 2019. The decrease in both the three and nine months ended September 30, 2020 was primarily driven by a lower stock based compensation expense along with reduced accounting and consulting fees.

Loss on impairment of long-lived assets

The Company incurred non-cash charges for impairment of our long-lived assets of $2.9 million and $5.8 million for the three and nine months ended September 30, 2020. We measured the impairment of the asset group using a discounted cash flow analysis of the estimated future sublease payments to be received from an expected sublessee as we currently plan to market the 1020 Marsh Road location for subletting.

Interest income

Interest income decreased primarily due to a significant drop in interest rates in the three and nine months ended September 30, 2020 as compared to the same period in 2019.

Other income (expense), net

Other income decreased by $0.6 million, or 95%, to $31,000 for the three months ended September 30, 2020 from $0.6 million for the same period in 2019. The decrease is due to the failure of EVA to make subtenant payments and there being no further cash received from the security deposit subsequent to July 2020 when the security deposit was exhausted compared to 2019 when income was being received according to our sublease terms with EVA. Other expense increased for the nine months ended September 30, 2020 primarily due to a write-down of $1.4 million related to our straight-line sublease rent receivable balance and previously capitalized commission charges from the EVA sublease in the nine months ended September 30, 2020 as compared to the sublease income recorded in the nine months ended September 30, 2019.

Liquidity and capital resources

Since our inception and through September 30, 2020, we have financed our operations through private placements of our equity securities, debt financing, CPRIT Grant proceeds, and our initial public offering in 2014 along with additional common stock offerings in January 2015, October of 2016 and December 2019, as well as a $40.0 million upfront payment received from our strategic license agreement with Teijin. At September 30, 2020, we had cash and cash equivalents of approximately $54.0 million, a majority of which is invested in money market funds at several highly rated financial institutions. As a result of the Merger with Private Aravive, we acquired approximately $5.3 million of additional cash and cash equivalents, and as a merged company our primary use of our capital has been to fund our clinical development programs, specifically for our product candidate AVB-500. Specifically, this quarter, our research and development expenses were primarily related to our ongoing Phase1b/2 clinical trial of AVB-500 combined with standard of care therapies in patients with platinum-resistant ovarian cancer. We anticipate our research and development expenses to increase once we initiate our pivotal PROC trial during the fourth quarter 2020/first quarter 2021 and recommence dosing patients in our clear cell renal cell carcinoma program, which is expected to initiate in late 2020. For our recent strategic collaboration agreement with WuXi Biologics to develop novel high-affinity bispecific antibodies targeting cancer and fibrosis using the WuXiBody platform, research and development expenses will not be significant for the next one to two years, until we discover a lead product candidate, if ever. During the nine months ended September 30, 2020 we received approximately $1.6 million of additional funding from our CPRIT Grant. As of September 30, 2020, we have received all funds from the CPRIT Grant.

We believe, based on our current business plan, that our existing cash and cash equivalents will be sufficient to sustain operations for at least the next 12 months. We will need to obtain additional financing to pursue our clinical development programs, build out our pipeline and fund operations for the foreseeable future and we will continue to seek funds through equity or debt financings, collaborative or other arrangements with corporate sources, or through other sources of financing. Although management has been successful in raising capital in the past, there can be no assurance that we will be successful or that any needed financing will be available in the future at terms acceptable to us. Our failure to raise capital as and when needed could have a negative impact on our financial condition and our ability to pursue our business strategies. We anticipate that we will need to raise substantial additional capital, the requirements of which will depend on many factors, including:

- the rate of progress, design and cost of any future potential clinical studies;
- the timing of, and costs involved in, seeking and obtaining approvals from the FDA and other regulatory authorities;
- the cost of preparing to manufacture on a larger scale;
- the costs of commercialization activities if any future product candidate is approved, including product sales, marketing, manufacturing and distribution;
- the degree and rate of market acceptance of any products launched by us or future partners;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- our ability to enter into additional collaboration, licensing, commercialization or other arrangements and the terms and timing of such arrangements;
- the emergence of competing technologies or other adverse market developments; and

- the impact to the global capital markets resulting from the COVID-19 pandemic.

If we are unable to raise additional funds when needed, we may be required to delay, reduce, or terminate some or all of potential development programs and clinical trials. We may also be required to sell or license to others technologies or clinical product candidates or programs that we would prefer to develop and commercialize ourselves. In addition, our liquidity could be adversely impacted if we do not find a replacement subtenant within a reasonable period of time. See Item 1A. Risk Factors "The failure of EVA to fulfill its payment obligations with respect to the office space that we subleased to it in Menlo Park, California or our inability to find a new subtenant for the space in a timely manner will reduce or potentially eliminate our sublease income which would adversely affect our cash position."

Cash flows

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods presented below:

	Nine Months September 30,	
	2020	2019
	(In thousands)	
Net cash (used in) provided by:		
Operating activities	$ (16,393)	$ (12,009)
Financing activities	5,233	14
Net decrease in cash and cash equivalents	$ (11,160)	$ (11,995)

Cash used in operating activities

Net cash used in operating activities was $16.4 million and $12.0 million during the nine months ended September 30, 2020 and 2019, respectively, which was primarily due to the use of funds in our operations related to the development of AVB-500, our product candidate. Cash used in operating activities for the nine months ended September 30, 2020 increased compared to the same period in 2019 due the ramp up in clinical trials along with beginning the treatment of our second oncology indication, ccRCC.

Cash provided by financing activities

Net cash provided by financing activities was $4.9 million during the nine months ended September 30, 2020 related to proceeds from issuance and sale of common stock in a private placement offering along with $0.3 million in proceeds from issuance of common stock in connection with employee benefit plans.

Contractual obligations and commitments

During the nine months ended September 30, 2020, there were no other material changes to our contractual obligations and commitments described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report.

Off-balance sheet arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest rate and market risk

The primary objective of our investment activities is to preserve our capital to fund our operations. We also seek to maximize income from our cash and cash equivalents without assuming significant risk. To achieve our objectives, we invest our cash and cash equivalents in money market funds. As of September 30, 2020, we had cash and cash equivalents of approximately $54.0 million consisting of cash and investments in highly liquid U.S. money market funds. A portion of our investments may be subject to interest rate risk and could decrease in value if market interest rates increase. However, because our investments are substantially all short-term in duration, we believe that our exposure to interest rate risk is not significant and a 1% movement in market interest rates would not have a significant impact on the total value of our portfolio. We actively monitor changes in interest rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation as of September 30, 2020 was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our "disclosure controls and procedures." Rule 13a-15(e) under the Exchange Act defines "disclosure controls and procedures" as controls and other procedures of a company that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to a company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at September 30, 2020.

Changes in Internal Control over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2020, and has concluded that there was no change during such quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

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. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met. As set forth above, our Chief Executive Officer and Chief Financial Officer have concluded, based on the evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

PART II: OTHER INFORMATION

Item 1. Legal proceedings

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should consider carefully the following risks, together with all the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and notes thereto. If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. As a result, the trading price of our common stock could decline and you could lose part or all of your investment. The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," contained in the Annual Report. Except as disclosed below, there have been no material changes from the risk factors disclosed in the Annual Report.

Risks related to our financial position and capital requirements.

Coronavirus could adversely impact our business, including our clinical trials.

Since December 2019, a novel strain of coronavirus, COVID-19, has spread to multiple countries, including the United States and other countries in which we have planned or active clinical trial sites. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. In response to the COVID-19 pandemic, many state, local, and foreign governments have put in place, and others in the future may put in place, quarantines, executive orders, shelter-in-place orders, and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception that such orders or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions, and cancellation or postponement of events, among other effects that could negatively impact productivity and disrupt our operations.

As the COVID-19 pandemic continues to spread around the globe, we will likely experience disruptions that could severely impact our business and clinical trials, including:

- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials and difficulty in having clinical sites perform nonessential services such as scans;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others;
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
- delays in receiving approval from local regulatory authorities to initiate our planned clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;
- interruption in global shipping that may affect the transport of clinical trial materials, such as investigational drug product used in our clinical trials;
- changes in local regulations as part of a response to the COVID-19 outbreak which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;
- delay in the timing of interactions with the FDA due to absenteeism by federal employees or by the diversion of their efforts and attention to approval of other therapeutics or other activities related to COVID-19; and
- refusal of the FDA to accept data from clinical trials in affected geographies outside the United States.

In response to the spread of COVID-19 as well as public health directives and orders, we have implemented work-from-home policies to support the community efforts to reduce the transmission of COVID-19 and protect employees, complying with guidance from federal, state and local government and health authorities. We implemented a number of measures to ensure employee safety and business continuity. We have closed our offices with our administrative employees continuing their work outside of our offices. Business travel has been limited, and online and teleconference technology is generally used to meet virtually rather than in person. The effects of the governmental orders and our work-from-home policies may negatively impact productivity, disrupt our business and delay our clinical programs and timelines, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course.

In addition, the COVID-19 outbreak could disrupt our operations due to absenteeism by infected or ill members of management or other employees, or absenteeism by members of management and our consultants. COVID-19 illness could also impact members of our Board of Directors resulting in absenteeism from meetings of the directors or committees of directors, and making it more difficult to convene the quorums of the full Board of Directors or its committees needed to conduct meetings for the management of our affairs.

The global outbreak of the COVID-19 outbreak continues to rapidly evolve. The extent to which the COVID-19 outbreak may impact our business and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. We do not yet know the full extent of potential delays or impacts on our business, operations, or the global economy as a whole. While the spread of COVID-19 may eventually be contained or mitigated, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the global economy will recover, either of which could seriously harm our business.

We have incurred significant losses since inception and expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability.

We have incurred significant operating losses in each year since our inception and expect to incur substantial and increasing losses for the foreseeable future. As of September 30, 2020, we had an accumulated deficit of approximately $496.6 million. Our historical financial statements prior to the fourth quarter of 2018 are solely those of Versartis, Inc., and our accumulated deficit does not reflect the cumulative deficit of Private Aravive.

To date, we have financed our operations primarily through private placements of our equity securities, debt financing, CPRIT Grant proceeds, and our initial public offering in 2014 along with additional common stock offerings in January 2015, October 2016, and December 2019 as well as a $40.0 million upfront payment received from our strategic license agreement with Teijin. A significant portion of Private Aravive's funding has been through the $20.0 million CPRIT Grant. We have devoted substantially all of our efforts to research and development, including clinical studies, but have not completed development of any product candidate, and our Phase 3 clinical trial of somavaratan failed to meet its primary endpoint. We anticipate that our expenses will increase to the extent we:

- continue the research and development of our only product candidate, AVB-500, and any future product candidates;
- conduct additional clinical studies of AVB-500 in the future, including our planned pivotal PROC trial, P1b/2 ccRCC trial and other later stage clinical trials with larger patient populations;
- seek to discover or in-license additional product candidates;
- seek regulatory approvals for AVB-500 and any future product candidates that successfully complete clinical studies;
- establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize AVB-500 or other future product candidates if they obtain regulatory approval, including process improvements in order to manufacture AVB-500 at commercial scale; and
- enhance operational, financial and information management systems and hire more personnel, including personnel to support development of AVB-500 and any future product candidates and, if a product candidate is approved, our commercialization efforts.

To be profitable in the future, we must succeed in developing and eventually commercializing AVB-500 as well as other products with significant market potential. This will require us to be successful in a range of activities, including advancing AVB-500 and any future product candidates, completing clinical studies of these product candidates, obtaining regulatory approval for these product candidates and manufacturing, marketing and selling those products for which we may obtain regulatory approval. We may not succeed in these activities and may never generate revenue that is sufficient to be profitable in the future. Even if we are profitable, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to achieve sustained profitability would depress the value of our company and could impair our ability to raise capital, expand our business, diversify our product candidates, market our product candidates, if approved, or continue our operations.

To date, our only completed clinical trial with AVB-500 has been our completed Phase 1 clinical trial with 42 dosed subjects and the Phase1b portion of the Phase1b/2 clinical trial with 53 dosed subjects. We expect our research and development expenses to increase significantly as our product candidates advance in clinical development. Because of numerous risks and uncertainties involved in our business, the timing or amount of increased development expenses cannot be accurately predicted and, our expenses could increase beyond expectations if we are required by the FDA, or comparable non-U.S. regulatory authorities, to perform studies or clinical trials in addition to those we currently anticipate. Even if our product candidate is approved for commercial sale, we anticipate incurring significant costs associated with the commercial launch of and the related commercial-scale manufacturing requirements for our product candidate. As a result, we expect to continue to incur significant and increasing operating losses and negative cash flows for the foreseeable future. Because of the numerous risks and uncertainties associated with biopharmaceutical product development and commercialization, we are unable to accurately predict the timing or amount of future expenses or when, or if, we will be able to achieve or maintain profitability. These losses have had and will continue to have an adverse effect on our financial position and working capital.

We will need additional funds to support our operations, and such funding may not be available to us on acceptable terms, or at all, which would force us to delay, reduce or suspend our research and development programs and other operations or commercialization efforts. Raising additional capital may subject us to unfavorable terms, cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our product candidates and technologies.

The completion of the development and the potential commercialization of AVB-500 and any future product candidates, should they receive approval, will require substantial funds. As of September 30, 2020, we had approximately $54.0 million in cash and cash equivalents. We believe that our existing cash and cash equivalents, will be sufficient to sustain operations for at least the next 12 months based on our existing business plan; however, our existing cash and cash equivalents will not be sufficient to enable us to complete the clinical development and commercialization of AVB-500. Our future financing requirements will depend on many factors, some of which are beyond our control, including the following:

- the rate of progress and cost of our future clinical studies;
- the timing of, and costs involved in, seeking and obtaining approvals from the FDA and other regulatory authorities;
- the cost of preparing to manufacture AVB-500 on a larger scale, should we elect to do so;
- the costs of commercialization activities if AVB-500 or any future product candidate is approved, including product sales, marketing, manufacturing and distribution;
- the degree and rate of market acceptance of any products launched by us or future partners;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- our ability to enter into additional collaboration, licensing, commercialization or other arrangements and the terms and timing of such arrangements;
- the emergence of competing technologies or other adverse market developments;
- the costs of attracting, hiring and retaining qualified personnel; and
- the impact to the global capital markets resulting from the COVID-19 pandemic.

We do not have any material committed external source of funds or other support for our development efforts. Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing and distribution arrangements. Additional financing may not be available to us when we need it or it may not be available on favorable terms. In addition, certain SEC and Nasdaq limitations with respect to fundraising may make it more difficult to raise additional funds. If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to AVB-500 or potential future product candidates, technologies, future revenue streams or research programs, or grant licenses on terms that may not be favorable to us. If we raise additional capital through public or private equity offerings, the ownership interest of our

existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of, or suspend one or more of our clinical studies or research and development programs or our commercialization efforts.

The failure of EVA to fulfill its payment obligations with respect to the office space that we subleased to it in Menlo Park, California or the our inability to find a new subtenant for the space in a timely manner will reduce or potentially eliminate our sublease income which would adversely affect our cash position**.**

Since April 2020, EVA has defaulted on its obligation to pay rent and common area maintenance charges under the sublease for our 1020 Marsh property which has resulted in a decrease in sublease income available to offset our lease payments owed to the landlord. As of November 1, 2020, the aggregate base rent due to us under the sublease is approximately $9.3 million. Upon the execution of the sublease, EVA was obligated to provide to us a cash security deposit of $760,727, which we have fully drawn down on for the missed April, May, June and a portion of July rent payments and therefore future rent payments, including those made by us for a portion in July and the full August and September payment have been paid by us without our receipt of subtenant income or funds derived from the security deposit. EVA has since advised us that they will be unable to continue to make future sublease payments. If EVA continues to fail to make lease payments under the sublease, we will not receive sublease income to offset our lease payments to the landlord of the property until such time as we are able to secure a new sub-tenant and enter into a new sublease agreement. There can be no assurance given that we be able to resublet the space for the same rent as EVA is obligated to pay us or at all. At this time, it is difficult for us to ascertain the impact of this default and the extent to which it could reduce or potentially eliminate our sublease income, which would have a material adverse impact on our cash position.

Risks related to our business

Reliance on government funding for our programs may impose requirements that limit our ability to take certain actions, and subject us to potential financial penalties, which could materially and adversely affect our business, financial condition and results of operations.

A significant portion of our funding has been through a grant Private Aravive received from CPRIT. The CPRIT Grant (as described below) includes provisions that reflect the government's substantial rights and remedies, many of which are not typically found in commercial contracts, including powers of the government to potentially require repayment of all or a portion of the grant award proceeds, in certain cases with interest, in the event we violate certain covenants pertaining to various matters that include any potential relocation outside of the State of Texas. Although the CPRIT Grant terminated on November 30, 2019, our royalty and other obligations, including our obligation to repay the disbursed grant proceeds under certain circumstances, to maintain certain records and documentation, to notify CPRIT of certain unexpected adverse events and our obligation to use reasonable efforts to ensure that any new or expanded preclinical testing, clinical trials, commercialization or manufacturing related to any aspect to our CPRIT project take place in Texas, survive the termination of the agreement. In addition, if we relocate our principal place of business outside of Texas within the three year period after the date of final payment of grant, we are required to repay to CPRIT all grant funds received. We have received the full $20.0 million of the grant proceeds and have expended all of the grant award proceeds by the agreement termination date.

Our award from CPRIT requires us to pay CPRIT a portion of our revenues from sales of certain products by us, or received from our licensees or sublicensees, at tiered percentages of revenue in the low- to mid-single digits until the aggregate amount of such payments equals 400% of the grant award proceeds, and thereafter at a rate of less than one percent for as long as we maintain government exclusivity, subject to our right, under certain circumstances, to make a one-time payment in a specified amount to CPRIT to terminate such payment obligations. In addition, the grant contract also contains a provision that provides for repayment to CPRIT of some amount not to exceed the full amount of the grant proceeds under certain specified circumstances involving relocation of our principal place of business outside Texas.

In order to meet the requirements that any new or expanded preclinical testing, clinical trials, commercialization or manufacturing related to any aspect of our CPRIT project take place in Texas, we will need to hire additional qualified personnel and vendors with expertise in preclinical testing, clinical research and testing, government regulation, formulation and manufacturing, sales and marketing and accounting and financing located in Texas. We will compete for qualified individuals, vendors, clinical trial sites, manufacturers with numerous biopharmaceutical companies, universities and other research institutions. Competition for such individuals is intense, and there can be no assurance that the search for such personnel will be successful, especially in light of the territorial restrictions imposed by CPRIT.

If we fail to maintain compliance with any such requirements that may apply to us now or in the future, we may be subject to potential liability and to termination of our contracts, including potentially the repayment of the full CPRIT Grant, which could result in significant expense to us.

Risks related to the ownership of our common stock

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future. From January 1, 2015 through September 30, 2020 the reported sale price of our common stock has fluctuated between $3.07 and $144.00 per share. The ongoing COVID-19 pandemic has caused broad stock market and industry fluctuations, including a significant decline in our stock price. The stock market in general and the market for biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may experience losses on their investment in our common stock. The market price for our common stock may be influenced by many factors, including the following:

- investor reaction to our business strategy and clinical data;
- the success of competitive products or technologies;
- results of clinical studies of AVB-500 or future product candidates or those of our competitors;
- regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our products;
- introductions and announcements of new products by us, results of clinical trials, our commercialization partners, or our competitors, and the timing of these introductions or announcements;
- actions taken by regulatory agencies with respect to our products, clinical studies, manufacturing process or sales and marketing terms;
- variations in our financial results or those of companies that are perceived to be similar to us;
- the success of our efforts to acquire or in-license additional products or product candidates;
- developments concerning our collaborations, including but not limited to those with our sources of manufacturing supply and our commercialization partners;
- developments concerning our ability to bring our manufacturing processes to scale in a cost-effective manner;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our products;
- our ability or inability to raise additional capital and the terms on which we raise it;
- the recruitment or departure of key personnel;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- declines in the market prices of stocks generally;
- actual or anticipated changes in earnings estimates or changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally;
- trading volume of our common stock;
- sales of our common stock by us or our stockholders;
- general economic, industry and market conditions;
- other events or factors, including those resulting from such events, or the prospect of such events, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics, such as the ongoing COVID-19 pandemic, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere, could disrupt our operations, disrupt the operations of our suppliers or result in political or economic instability; and
- the other risks described in this “Risk factors” section.

These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. Since the stock price of our common stock has fluctuated in the past, has been recently volatile and may be volatile in the future, investors in our common stock could incur substantial losses. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our current executive officers, directors, and entities under our control, and principal stockholders will continue to maintain the ability to control or significantly influence all matters submitted to stockholders for approval.

As of September 30, 2020, our current executive officers, directors and entities under their control, and principal stockholders, in the aggregate, owned shares representing approximately 24.3% of our common stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these stockholders, if they choose to act together, will control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporation by Reference			
		Form	SEC File No.	Exhibit	Filing Date
11.1	Equity Distribution Agreement, dated as of September 4, 2020, by and among Aravive, Inc., Piper Sandler & Co., and Cantor Fitzgerald & Co.	S-3	333-248612	1.1	9/4/20
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.				
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.				
32.1*+	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.				
32.2*+	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				

* Filed Herewith.

\+ This certification accompanies the Quarterly Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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.

ARAVIVE, INC.
(Registrant)

Date: November 5, 2020

By:/s/ Gail McIntyre
Gail McIntyre
Chief Executive Officer
(Principal Executive Officer)

ARAVIVE, INC.
(Registrant)

Date: November 5, 2020

By:/s/ Vinay Shah
Vinay Shah
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gail McIntyre, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aravive, 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 5, 2020

By: /s/ Gail McIntyre
Name: Gail McIntyre
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Vinay Shah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aravive, 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 5, 2020

By: /s/ Vinay Shah
Name: Vinay Shah
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

I, Gail McIntyre, Chief Executive Officer (Principal Executive Officer) of Aravive, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2020 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

Dated: November 5, 2020

By: /s/ Gail McIntyre
Name: Gail McIntyre
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

I, Vinay Shah, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) of Aravive, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2020 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

Dated: November 5, 2020

By: /s/ Vinay Shah
Name: Vinay Shah
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)