Table of Contents

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 March 31, 2023
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	**26-4106690**
(State or other jurisdiction of incorporation or organization)	**(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 May 5, 2023, there were 59,844,850 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 MARCH 31, 2023

PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ARAVIVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2023	December 31, 2022
	(unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	$ 35,924	$ 53,689
Prepaid expenses and other current assets	3,139	4,281
Total current assets	39,063	57,970
Restricted cash	2,458	2,445
Property and equipment, net	240	270
Operating lease right-of-use assets	1,277	1,462
Other assets	6	6
Total assets	$ 43,044	$ 62,153
Liabilities and stockholders' (deficit) equity		
Current liabilities		
Accounts payable	$ 9,794	$ 8,765
Accrued liabilities	4,646	6,738
Operating lease obligation, current portion	2,170	2,195
Current portion of deferred revenue	3,582	4,414
Total current liabilities	20,192	22,112
Deferred revenue, net of current portion	28	621
Operating lease obligation, net of current portion	1,347	1,882
Warrant liability	60,088	26,881
Total liabilities	81,655	51,496
Commitments and contingencies (Note 6)		
Stockholders' (deficit) equity		
Common stock, $0.0001 par value, 250,000,000 shares authorized at March 31, 2023 and 100,000,000 shares authorized at December 31, 2022; 59,844,850 shares issued and outstanding at March 31, 2023 and December 31, 2022	6	6
Additional paid-in capital	627,466	626,778
Accumulated deficit	(666,083)	(616,127)
Total stockholders' (deficit) equity	(38,611)	10,657
Total liabilities and stockholders’ (deficit) equity	$ 43,044	$ 62,153

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 March 31,	
	2023	**2022**
Revenue		
Collaboration revenue	$ 1,491	$ 1,092
Total revenue	1,491	1,092
Operating expenses		
Research and development	15,915	13,002
General and administrative	3,489	3,088
Total operating expenses	19,404	16,090
Loss from operations	(17,913)	(14,998)
Other income (expense), net:		
Interest income	467	10
Change in fair value of warrant liability	(33,207)	1,228
Other income, net	697	703
Total other income (expense), net	(32,043)	1,941
Net loss	$ (49,956)	$ (13,057)
Net loss per share - basic and diluted	$ (0.66)	$ (0.62)
Weighted-average common shares used to compute basic and diluted net loss per share	75,715	21,130

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

ARAVIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(unaudited)
(in thousands, except share data)

	Three Months Ended March 31, 2023				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders' (Deficit)
	Shares	Amount	Capital	Deficit	Equity
Balances at January 1, 2023	59,844,850	$ 6	$ 626,778	$ (616,127)	$ 10,657
Stock-based compensation	—	—	688	—	688
Net loss	—	—	—	(49,956)	(49,956)
Balances at March 31, 2023	59,844,850	$ 6	$ 627,466	$ (666,083)	$ (38,611)

	Three Months Ended March 31, 2022				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balances at January 1, 2022	21,039,594	$ 2	$ 582,025	$ (539,805)	$ 42,222
Issuance of common stock and common stock warrants in registered direct offering, net of issuance costs of $706	3,185,216	—	9,291	—	9,291
Issuance of common stock in at the market offering, net of issuance costs of $3	54,763	—	123	—	123
Stock-based compensation	—	—	620	—	620
Net loss	—	—	—	(13,057)	(13,057)
Balances at March 31, 2022	24,279,573	$ 2	$ 592,059	$ (552,862)	$ 39,199

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

ARAVIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (49,956)	$ (13,057)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	215	222
Stock-based compensation expense	688	620
Warrant issuance costs	—	123
Warrant liability fair value adjustment	33,207	(1,228)
Changes in assets and liabilities		
Prepaid expenses and other assets	1,142	95
Accounts payable	1,029	1,589
Deferred revenue	(1,425)	(1,092)
Accrued and other liabilities	(2,652)	(162)
Net cash used in operating activities	(17,752)	(12,890)
Cash flows from financing activities		
Proceeds from issuance of common stock and common stock warrants in direct offering, net of issuance costs	—	19,168
Proceeds from issuance of common stock in at the market offering	—	123
Net cash provided by financing activities	—	19,291
Net change in cash, cash equivalents, and restricted cash	(17,752)	6,401
Cash, cash equivalents, and restricted cash at beginning of period	56,134	61,855
Cash, cash equivalents, and restricted cash at end of period	$ 38,382	$ 68,256

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

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

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 Biologics, Inc. (“Aravive Biologics”), the Company's wholly owned subsidiary, was incorporated in 2007. Aravive is a clinical-stage oncology company developing transformative treatments designed to halt the progression of life-threatening diseases, including cancer and fibrosis.

Batiraxcept (formerly AVB-500), is an ultrahigh-affinity, decoy protein that targets the GAS6-AXL signaling pathway. By capturing serum GAS6, batiraxcept 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.

In July 2016, Aravive Biologics 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 expected to allow Aravive Biologics to develop the product candidate referenced above through clinical trials. The CPRIT Grant was effective as of June 1, 2016 and terminated on November 30, 2019. The Company has received all $20 million of the grant proceeds and has incurred all of the grant award proceeds by the termination date. Aravive Biologics’ royalty and other obligations, including its obligation to repay the disbursed grant proceeds under certain circumstances, survive the termination of the grant contract. The CPRIT Grant was subject to customary CPRIT funding conditions including a matching funds requirement where Aravive Biologics matched 50% of funding from the CPRIT Grant. Consequently, Aravive Biologics was required to raise $10.0 million in matching funds over the three-year project. Aravive Biologics raised all of its required $10.0 million in matching funds.

Aravive Biologics’ 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 Aravive Biologics maintains government exclusivity.

In April 2020, the Company entered into a license and collaboration agreement with WuXi Biologics (Hong Kong) Limited, the objective of which is to identify and develop novel high-affinity bispecific antibodies against CCN2, also known as connective tissue growth factor ("CTGF"), implicated in cancer and fibrosis, and identified from a similar target discovery screen that identified the significance of the AXL/GAS6 pathway in cancer. However, in August 2022, the Company temporarily halted work on the CTGF program with WuXi in an effort to focus all resources on the clinical programs.

In November 2020, the Company entered into a collaboration and license agreement with 3D Medicines Inc. ("3D Medicines") (the “Agreement or the 3D Medicine Agreement”), whereby the Company granted 3D Medicines an exclusive license to develop and commercialize products that contain batiraxcept as the sole drug substance for the diagnosis, treatment or prevention of human oncological diseases, in mainland China, Taiwan, Hong Kong and Macau (the "Territory") for an upfront cash payment of $12 million. During the second quarter of 2021, the Company received a $6 million development milestone from 3D Medicines, for completing our first clinical milestone with 3D Medicines, dosing the first patient in its Phase 3 trial of batiraxcept in PROC.

In August 2021, the Company received a $3 million development milestone payment from 3D Medicines based on the Center for Drug Evaluation ("CDE") of the China National Medical Products Administration ("NMPA") approval of the Investigational New Drug application ("IND") submitted by 3D Medicines to participate in the Company’s international batiraxcept Phase 3 PROC clinical trial.

In October 2022, the Company received a $6 million development milestone payment from 3D Medicines based on the initiation of the global Phase 3 platinum resistant ovarian cancer ("PROC") clinical trial in the Territory for the development of batiraxcept.

As consideration for the rights granted as part of a license agreement that Aravive Biologics entered into in 2012 with Leland Stanford Junior University (“Stanford University”) for intellectual and tangible property rights relating to biologic inhibitors for therapeutic targeting the receptor tyrosine kinase AXL, Aravive Biologics 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, Aravive Biologics 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, Aravive Biologics is obligated to pay royalties to Stanford University equal to a percentage of what Aravive Biologics 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, Aravive Biologics will be obligated to pay all amounts that accrued prior to such termination.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

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 March 31, 2023 and, its results of operations for the three months ended March 31, 2023 and 2022, the condensed consolidated statement of stockholders' (deficit) equity for the three months ended March 31, 2023 and 2022, and cash flows for the three months ended March 31, 2023 and 2022. The December 31, 2022 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, 2022 included in the Company's Annual Report on Form 10-K filed by the Company on March 15, 2023, 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated statement of financial position as of March 31, 2023, the results of operations for the three months ended March 31, 2023 and 2022, the condensed consolidated statement of stockholders' (deficit) equity for the three months ended March 31, 2023 and 2022, and the consolidated statement cash flows for the three months ended March 31, 2023 and 2022 include the accounts of Aravive, Inc. and its wholly-owned subsidiary Aravive Biologics. All intercompany accounts and transactions have been eliminated. The U.S. dollar is the functional currency for the Company's subsidiary and consolidated operations.

Going Concern Uncertainty

Since inception, the Company has incurred net losses and negative cash flows from operations. At March 31, 2023, the Company had an accumulated deficit of $666.1 million and working capital of $18.9 million. The Company expects to continue to incur losses from costs related to the development of batiraxcept and related administrative activities for the foreseeable future. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability of the recorded assets or the classification of liabilities that may be necessary should the Company be unable to continue as a going concern. As of March 31, 2023, the Company had a cash and cash equivalents balance of $35.9 million consisting of cash and investments in highly liquid U.S. money market funds. The Company intends to seek additional capital through equity and/or debt financings, collaborative or other funding arrangements with partners or through other sources of financing to fulfill its operating and capital requirement for at least the next 12 months to advance its clinical development program to later stages of development and potentially commercialize its clinical product candidate batiraxcept. Although management has been successful in raising capital in the past, there can be no assurance that the Company will be successful in raising capital in the future or that any needed financing will be available in the future at terms acceptable to the Company. If the Company is unable to raise additional funds when needed, the Company may be required to delay, reduce, or terminate some or all of its development programs and clinical trials. The Company may also be required to sell or license to others technologies or clinical product candidates or programs that it would prefer to develop and commercialize itself.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

Segments

The Company operates in one segment. Management uses one measurement of profitability 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, 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 U.S. Food and Drug Administration ("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.

The Company relies on third-party manufacturers to purchase from their third-party vendors the materials necessary to produce product candidates and manufacture product candidates for clinical studies. The Company also depends on third-party suppliers for key materials and services used in research and development, as well as manufacturing processes, and are subject to certain risks related to the loss of these third-party suppliers or their inability to supply adequate materials and services. The Company does not control the manufacturing processes of the contract development and manufacturing organizations ("CDMO"s), with whom it contracts and is dependent on these third parties for the production of its therapeutic candidates in accordance with relevant regulations (such as current Good Manufacturing Practices "cGMP"), which includes, among other things, quality control, quality assurance and the maintenance of records and documentation. In addition, the Company is dependent upon third-party suppliers for the materials needed to construct its cGMP facility as well as the equipment that will be needed to run the facility.

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 March 31, 2023 and December 31, 2022, the Company's cash and cash equivalents were held in multiple institutions within 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 under the right-of-use lease.

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 consolidated balance sheets and any resulting gain or loss is reflected in operations in the period realized.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

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 right-of-use ("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 lease inception 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 non-lease 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.

Warrant Liability

Warrants for the purchase of shares of common stock issued in connection with the October 2022 financing (the "October 2022 Warrants") were classified as liabilities on the consolidated balance sheets as of December 31, 2022 because the Company did not have enough authorized shares to cover the outstanding warrants, if exercised. In January 2023, the Company amended its Certificate of Incorporation to increase the number of its authorized shares of common stock from 100 million to 250 million. However, the October 2022 Warrants provide the holder the option to require the Company to purchase the warrants for cash at the Black Scholes Value upon occurrence of certain fundamental transactions. The Company has determined that such fundamental transactions are not within the Company's control because certain holders of the warrants hold the majority seats in the Company's board of directors. Consequently, because the Company does not control the events that may lead to the cash redemption of the warrants, the October 2022 Warrants remain classified as liabilities as of March 31, 2023. The change in estimated fair value during the period was recognized as a component of other income (expense), net in our statement of operations for the period ended March 31, 2023 and reflected accordingly in the reconciliation of net loss to net cash used in operating activities.

The Company estimated the fair value of these liabilities using assumptions that are based on the individual characteristics of the warrants on the valuation date. The Company used the Black-Scholes option-pricing model and the fair value of the underlying stock to determine the fair value of these liabilities. The valuation model is based on inputs as of the valuation dates, including the estimated volatility of our stock, the remaining contractual term of the warrants and the risk-free interest rates. Refer to Note 3.

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 March 31, 2023.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, restricted cash, 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.

The Company's financial instruments consist of Level 1 assets and Level 3 liabilities as of March 31, 2023 and December 31, 2022. Level 1 securities are comprised of highly liquid money market funds. Level 3 liabilities are comprised of warrant liabilities.

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 Clinical Research Organizations ("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 CROs 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.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

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 more than likely to be 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 March 31,	
	2023	2022
Operating Expenses		
Research and development	$ 265	$ 233
General and administrative	423	387
Total	$ 688	$ 620

Net Loss per Share of Common Stock

Basic net loss per common 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 the three months ended March 31, 2023 and 2022, and the effect of the Company's common stock equivalents is anti-dilutive, diluted net loss per common share is the same as basic net loss per common share for those periods.

Collaborative Arrangements

The Company records the elements of its collaboration agreements that represent joint operating activities in accordance with ASC Topic 808, *Collaborative Arrangements* (ASC 808). Accordingly, the elements of the collaboration agreements that represent activities in which both parties are active participants and to which both parties are exposed to the significant risks and rewards that are dependent on the commercial success of the activities are recorded as collaborative arrangements. The Company considers the guidance in ASC 606-10-15, *Revenue from Contracts with Customers – Scope and Scope Exceptions*, in determining the appropriate treatment for the transactions between the Company and its collaborative partner and the transactions between the Company and third parties. Generally, the classification of transactions under the collaborative arrangements is determined based on the nature and contractual terms of the arrangement along with the nature of the operations of the participants. Currently, the Company has one collaboration agreement with 3D Medicines, see Note 4 for further discussion.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

Revenue Recognition

The Company's sole source of revenue for 2023 and 2022 has been generated through its collaboration and license agreement. The Company's collaboration and license agreements frequently contain multiple elements including (i) intellectual property licenses, and (ii) research and development services. Consideration received under these arrangements may include upfront payments, research and development funding, cost reimbursements, milestone payments, payments for product sales and royalty payments.

The Company follows ASC 606, *Revenue from Contracts with Customers* (ASC 606) for recognition of its collaboration and license agreements. Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for goods or services and excludes sales incentives and amounts collected on behalf of third parties. The Company analyzes the nature of these performance obligations in the context of individual agreements in order to assess the distinct performance obligations.

The Company applies the following five-step model to recognize revenue: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as the Company satisfies each performance obligation.

i) Identify the contract with a customer. The Company considers the terms and conditions of its agreements to identify contracts within the scope of ASC 606. The Company concludes it has a contract with a customer when the contract is approved, each party's rights regarding the goods and services to be transferred can be identified, the payment terms for the goods and services can be identified, it has been determined that the customer has the ability and intent to pay and the contract has commercial substance. The Company uses judgment in determining the customer's ability and intent to pay, which is based upon factors including the customer's historical payment experience or, for new customers, credit and financial information pertaining to the customers.

ii) Identify the performance obligations in the contract. Performance obligations in the agreements are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. The Company's performance obligations generally consist of intellectual property licenses and research and development services with respect to license and service agreements, and the manufacture and supply of product for product sales agreements.

iii) Determine the transaction price. The Company determines the transaction price based on the consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. In determining the transaction price, any variable consideration would be considered, to the extent applicable, if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. In accordance with the royalty exception under ASC 606 for licenses of intellectual property, the transaction price excludes future royalty payments to be received from the Company's customers. None of the Company's revenue generating contracts contain consideration payable to its customer or a significant financing component.

iv) Allocate the transaction price to performance obligations in the contract. If the contract contains a single performance obligation, the entire transaction price is allocated to that performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price.

v) Recognize revenue when, or as we satisfy a performance obligation. Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised goods or services to a customer. The Company recognizes revenue when control of the goods or services is transferred to the customers for an amount that reflects the consideration that the Company expect to receive in exchange for those goods or services.

Performance Obligations

The following is a general description of principal goods and services from which the Company generates revenue.

License to Intellectual Property

The Company generates revenue from licensing its intellectual property ("IP") including know-how and development and commercialization rights. The license provides a customer with the right to further research, develop and commercialize internally-discovered or collaborated drug candidates, or the right to use batiraxcept to further research, develop and commercialize customer drug candidates. The consideration the Company receives is in the form of nonrefundable upfront consideration related to the functional intellectual property licenses and is recognized when the Company transfers such license to the customer unless the license is combined with other goods or services into one performance obligation, in which case the revenue is recognized over a period of time based on the estimated pattern in which the Company satisfies the combined performance obligation. The Company's licensing agreements are generally cancelable.

Research and Development Services

The Company generates revenue from research and development services it provides to its customers and primarily includes clinical trials, and assistance during regulatory approval application process. Revenue associated with these services is recognized based on the Company's estimate of total consideration to be received for such services and the pattern in which the Company perform the services. The pattern of performance is generally determined to be the amount of incurred costs related to the service portion of the contract with the customer as a percentage of total expected costs associated with the service portion of the contract.

Contracts with Multiple Performance Obligations

Most of the Company's collaboration and license agreements with customers contain multiple promised goods or services. Based on the characteristics of the promised goods and services the Company analyzes whether they are separate or combined performance obligations. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The estimated standalone selling price is based on the adjusted market assessment approach including estimated present value of future cash flows and cost-plus margin approach, taking into consideration the type of services, estimates of hourly market rates, and stage of the development.

Variable Consideration

The Company's contracts with customers primarily include two types of variable consideration: (i) development and regulatory milestone payments, which are due to the Company upon achievement of specific development and regulatory milestones and (ii) one-time sales-based payments and sales-based royalties associated with licensed intellectual property.

Due to uncertainty associated with achievement of the development and regulatory milestones, the related milestone payments are excluded from the contract consideration and the corresponding revenue is not recognized until the Company concludes it is probable that reversal of such milestone revenue will not occur. As part of the Company's evaluation of the constraint, the Company considers numerous factors, including whether the achievement of the milestone is outside of the Company's control, contingent upon regulatory approval or dependent on licensee efforts.

Product sales-based royalties under licensed intellectual property and one-time payments are accounted for under the royalty exception. The Company recognizes revenue for sales-based royalties under licensed intellectual property and one-time payments at the later of when the sales occur or the performance obligation is satisfied or partially satisfied.

The transaction price is reevaluated each reporting period and as uncertain events are resolved or other changes in circumstances occur.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by us 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 June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04, ASU No. 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-02 and ASU 2020-03 to provide additional guidance on the credit losses standard. Adoption of the ASUs is on a modified retrospective basis. The Company adopted this ASU on January 1, 2023. The adoption of this new standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

3. Fair Value Measurements

The Company's financial instruments consist principally of cash and cash equivalents, prepaid expenses, accounts payable, accrued liabilities, and a warrant liability. These 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 March 31, 2023 (unaudited)			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Money market funds	$ 32,759	$ 32,759	$ —	$ —
Liabilities				
Warrant liability	$ 60,088	$ —	$ —	$ 60,088

	Fair Value Measurements at December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Money market funds	$ 52,905	$ 52,905	$ —	$ —
Liabilities				
Warrant liability	$ 26,881	$ —	$ —	$ 26,881

Warrant Liability

The Company's warrant liability for the October 2022 warrants which was classified as a derivative liability on the consolidated balance sheet as of March 31, 2023 and December 31, 2022 contained unobservable inputs that reflected the Company's own assumptions in which there was little, if any, market activity at the measurement date and was classified as a Level 3 input. Refer to Note 2.

The fair value of the warrants was estimated using the Black-Scholes option-pricing model. As of December 31, 2022, the fair value of the common share has been adjusted for a discount for lack of marketability due to the uncertainty and timing of obtaining shareholder approval to increase the Company's authorized number of common shares. For warrants that do not have a fixed termination date, the expected terms represent the periods that the warrants are expected to be outstanding based upon managements' estimate. The risk-free interest rates are based on the U.S. Constant Maturity treasury curve commensurate with the time outstanding. The expected dividend is zero as the Company has not paid nor does it anticipate paying any dividends on its common stock in the foreseeable future. The expected volatilities are estimated by our historical volatility over a similar time period.

The assumptions used in calculating the estimated fair value at the end of the reporting period represent the Company's best estimate. However, inherent uncertainties are involved. If factors or assumptions change, the estimated fair value could be materially different.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

At December 31, 2022 and March 31, 2023, the Company estimated the fair values of the financial liability arising from the October 2022 Warrants using the following weighted average assumptions:

	October 2022 Warrants	
	March 31, 2023	December 31, 2022
Expected term (in years)	1.7	1.9
Expected volatility	70.9%	49.9%
Risk-free interest rate	4.30%	4.48%
Expected dividend yield	0.00%	0.00%
Fair value of common share	$ 2.00	$ 1.25
Exercise price	$ 0.7949	$ 0.7949

The following table provides a summary of changes in the estimated fair value of the Company's warrant liability (in thousands):

	October 2022 Warrants
Balance at December 31, 2022	$ 26,881
Change in fair value	33,207
Balance at March 31, 2023	$ 60,088

Fair Value Hierarchy Transfers

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 March 31, 2023 or December 31, 2022.

4. Collaboration and License Agreement

On November 6, 2020, the Company entered into the 3D Medicines Agreement, whereby the Company granted 3D Medicines an exclusive license to develop and commercialize products that contain batiraxcept as the sole drug substance, for the diagnosis, treatment or prevention of human oncological diseases, in China, Taiwan, Hong Kong and Macau (the "Territory").

Under the terms of the Agreement, the Company was paid $27 million (inclusive of $15 million in milestone payments) and is eligible to receive from 3D Medicines cash payments of up to an aggregate of $207 million (inclusive of the $27 million received) in clinical development, regulatory and commercial milestone payments. There can be no guarantee that any additional milestones will in fact be met. The Company is obligated to make certain payments to The Board of Trustees of Stanford University based on certain amounts received from 3D Medicines under the Agreement pursuant to the existing license agreement by and between the Company and Stanford, dated January 25, 2012, and as amended to date.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

The Company will also be entitled to receive tiered royalties ranging from low double digits to mid-teens on sales in the Territory, if any, of products containing batiraxcept. Royalties are payable with respect to each jurisdiction in the Territory until the latest to occur of: (i) the last-to-expire of specified patent rights in such jurisdiction in the Territory; or (ii) ten (10) years after the first commercial sale of a product in such jurisdiction in the Territory. In addition, royalties payable under the Agreement will be subject to reduction on account of generic competition under certain specified conditions, with any such reductions capped at certain percentages of the amounts otherwise payable during the applicable royalty payment period.

Under the terms and conditions of the Agreement, 3D Medicines will be solely responsible for the development and commercialization of licensed products in the Territory.

If either the Company or 3D Medicines materially breaches the Agreement and does not cure such breach, the non-breaching party may terminate the Agreement in its entirety. Either party may also terminate the Agreement, upon written notice, if the other party files for bankruptcy, is dissolved or has a receiver appointed for substantially all of its property. The Company may terminate the Agreement if 3D Medicines, its affiliates or its sublicensees challenges the validity or enforceability of any of the Company's patents covering any of the licensed compounds or products or ceases substantially all development and commercialization of licensed products in the Territory for a specified period, subject to certain exceptions. 3D Medicines may also terminate the Agreement for convenience provided certain notice is provided to the Company.

The Agreement contemplates that the Company will enter into ancillary arrangements with 3D Medicines, including a clinical supply agreement and a manufacturing technology transfer agreement.

The Company assessed this arrangement in accordance with ASC 606 and identified the following performance obligations: 1) license to intellectual property, batiraxcept, and 2) research and development services, including conducting clinical trials. The Company concluded that each of these performance obligations were distinct because 3D Medicines can benefit from the good or service either on its own or together with other resources that are readily available, and each performance obligation is separately identifiable from other promises within the contract. Specifically, the batiraxcept drug was in a Phase 3 clinical trial at the time that 3D Medicines acquired the license and the Company concluded that: (i) the R&D services for such later-stage, Phase 3 IP, primarily involved validating the drug's efficacy, and (ii) the ongoing R&D services do not significantly modify or customize the drug compound such that the IP is not significantly different at the end of the arrangement as a result of those services.

The estimated total transaction price was allocated between performance obligations based on their relative standalone selling prices. The Company uses a discounted cash flow approach and an expected cost plus a margin approach to estimate the standalone selling price for the performance obligations. The Company allocated the $27.0 million transaction price as such: $14.5 million to the research and development services performance obligation and $12.5 million to the license to intellectual property. Accordingly, the Company will recognize revenue related to the allocable research and development services obligation on a proportional performance basis as the underlying services are performed pursuant to the current development plan which is commensurate with the period and consistent with the pattern over which the Company's research and development services obligation is satisfied. The Company will recognize the revenue related to the license to intellectual property at a point in time. This is due to the fact the license was determined to be a functional license due to current stage in development of batiraxcept. Batiraxcept has been developed, dosing levels have already been determined and the drug is currently in a Phase III clinical trial related to its PROC study.

As of March 31, 2023, no clinical or regulatory milestones have been assessed as probable of being reached and thus have been fully constrained. The Company continues to re-assess the probability of achievement of future milestones at the end of each reporting period.

The Company recognized in revenue $1.5 and $1.1 million related to the research and development services for the three months ended March 31, 2023 and 2022, respectively. The Company recognized no revenue related to the intellectual property for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, the Company had a contract liability balance of approximately $3.6 million, with materially all of the balance being classified as current, which consists of deferred revenue related to a portion of the payment received from 3D Medicines. The Company recognized revenue of $1.5 million for the three months ended March, 2023, related to the contract liability balance of $5.0 million as of December 31, 2022. As of March 31, 2023, the service period for the future research and development services is expected to occur over the next 1.3 years.

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 Marsh Facility. 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.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

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 commenced in the fourth quarter of 2020.

The Company's operating lease cost including both short-term and variable lease components of $0.1 million associated with the facility leases was $0.5 million for the three months ended March 31, 2023 and 2022. Cash paid for amounts included in the measurement of lease obligations for operating cash flows from operating leases was $0.8 million and $0.7 million for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, the Company's operating leases had a weighted average remaining lease term of 1.7 years and a weighted average discount rate of 7.61%, which approximates the Company's incremental borrowing rate.

As of March 31, 2023, minimum lease payments under non-cancelable operating leases by period were expected to be as follows (in thousands):

Year Ending December 31,	
2023 (9 months remaining)	2,285
2024	2,619
2025	116
2026	30
Total future minimum lease payments	5,050
Less: discount	$ (1,533)
Total lease liabilities	$ 3,517

1020 Marsh Facility Sublease

On June 8, 2021, the Company entered into an operating sublease with a subtenant (the "Subtenant") for the 1020 Marsh Facility. The final agreement and consent received from the landlord was obtained on July 13, 2021. The term of the sublease has commenced on August 1, 2021 and continues through October 31, 2024, unless the master lease is terminated earlier due to a breach by Subtenant. Subtenant will also pay to the Company, as additional rent, an amount equal to the Company's share of operating expenses attributable to the subleased premises due under the master lease. The terms entered into for this sublease agreement did not result in an impairment of the Company's long-lived assets for the three months ended March 31, 2023. Lease income associated with this sublease is recorded in other income in the accompanying consolidated statements of operations. The Company has recorded lease income associated with this sublease of approximately $0.7 million for the three months ended March 31, 2023 and 2022. During the three months ended March 31, 2023 and 2022, cash received from the Subtenant was $0.7 million which was included in operating cash flows.

Future base rent the Subtenant shall pay to the Company over the sublease term as of March 31, 2023, are as follows (in thousands):

Year Ending December 31,	
2023 (9 months remaining)	1,786
2024	2,029
Total	$ 3,815

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.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

Indemnification

In accordance with the Company's amended and restated Certificate of Incorporation and amended and restated bylaws, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date and the Company has a director and officer insurance policy that may enable it to recover a portion of any amounts paid for future claims.

Litigation

The Company may from time to time be involved in legal proceedings arising from the normal course of business. There are no pending or threatened legal proceedings as of March 31, 2023.

7. Common Stock and Common Stock Warrants

The Amended and Restated Certificate of Incorporation authorizes the Company to issue 250,000,000 shares of common stock as of March 31, 2023. The Certificate of Incorporation was amended on January 17, 2023 to increase the number of shares of common stock that the Company may issue from 100,000,000 to 250,000,000. Common stockholders are entitled to dividends as and when declared by the Company's Board of Directors (the "Board"), subject to the rights of holders of all classes of stock outstanding having priority rights as to dividends. There have been no dividends declared to date. The holder of each share of common stock is entitled to one vote.

At the Market Offering Program

In September 2020, the Company filed a shelf registration statement on Form S-3 with the SEC which was declared effective by the SEC on November 20, 2020 (the "Form S-3"). On September 4, 2020, the Company entered into an Equity Distribution Agreement with Piper Sandler & Co. and Cantor Fitzgerald to sell shares of the Company's common stock, par value $0.0001 per common 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. During the three months ended March 31, 2022, the Company sold 54,763 of common stock that were registered under the Form S-3 pursuant to the terms of the Equity Distribution Agreement and received proceeds net of discounts and offering costs of $0.1 million under the Equity Distribution Agreement. The Company did not sell any common stock nor receive any proceeds under the Equity Distribution Agreement during the three months ended March 31, 2023.

Registered Direct Offerings

Related Party Transaction

On March 31, 2022, the Company closed a registered direct offering of the Company's common stock with a single healthcare-focused institutional investor and Eshelman Ventures, LLC a related party, pursuant to which the Company issued 3,185,216 shares of common stock (consisting of 2,325,000 shares for the investor and 860,216 shares for Eshelman Ventures), 1,665,025 pre-funded warrants issued to the investor and common stock warrants to purchase up to 4,850,241 shares of common stock (consisting of 3,990,025 common stock warrants for the investor and 860,216 common stock warrants for Eshelman Ventures) in a registered direct offering priced at-the-market under Nasdaq rules. The combined purchase price of each share of common stock and accompanying common stock warrant was $2.005 for the institutional investor and $2.325 for Eshelman Ventures, LLC. The purchase price per pre-funded warrant and accompanying common stock warrant was $2.004 for the institutional investor. The net proceeds from the offering was $9.3 million, after deducting underwriting discounts, commission and offering expenses. The 3,990,025 common stock warrants issued to the institutional investor are exercisable immediately, will expire five years from the exercisable date and have an exercise price of $1.88 per share. The 860,216 common stock warrants issued to Eshelman Ventures, LLC are exercisable upon the approval by the Company's stockholders of the exercise of previously issued securities, the January 2022 Warrants, will expire five years following the exercise date and have an exercise price of $2.20 per share. The 1,665,025 pre-funded warrants are exercisable at any time until all of the pre-funded warrants are exercised in full and have an exercise price of $0.001. The Company evaluated the pre-funded warrants and the common stock warrants under ASC 480, *Distinguishing Liabilities from Equity*, and ASC 815, *Derivatives and Hedging*, and determined the warrants meet the requirements to be classified in permanent equity.

The 1,665,025 pre-funded warrants issued to the institutional investor were exercised on June 6, 2022.

As of March 31, 2023, the Company has outstanding common stock warrants related to the registered direct offering as set forth below:

Number of Shares	Exercise Price	Expiration Date
3,990,025	$1.88	March 30, 2027
860,216	$2.20	March 30, 2027

Private placement equity financing

On October 27, 2022, the Company closed on definitive agreements with new biotechnology investors, existing investors, Company management and certain Company directors for the issuance and sale of an aggregate of 45,178,811 shares of its common stock (or pre-funded warrants in lieu thereof) and warrants to purchase up to an aggregate of 45,178,811 shares of common stock and/or pre-funded warrants in a private placement offering priced at-the-market under Nasdaq rules. The purchase price per share and accompanying warrant was $0.9199 for all who participated in the deal (or $0.9198 per pre-funded warrant and accompanying warrant). Fifty percent of the warrants have an exercise price of $0.7949 per share and will expire on the date that is the later of: (i) 15 months from the date an increase in the number of authorized shares of common stock is effected, or (ii) one month after the public announcement of the topline Phase 3 platinum-resistant ovarian cancer ("PROC") data. The remaining 50% of the warrants will have an exercise price of $0.7949 per share and will expire 30 months from the date an increase in the number of authorized shares of common stock is effected. All of the warrants other than the pre-funded warrants are exercisable for cash only. The net proceeds from the private placement equity financing were approximately $40 million and will be used to fund the Company's clinical development programs.

As of March 31, 2023, the Company has outstanding common stock warrants related to the private placement as set forth below:

Security	Number of Shares	Exercise Price	Expiration Date
Pre-Funded	15,870,199	$0.0001	No expiration
Series A	22,589,410	$0.7949	April 16, 2024 (1)
Series B	22,589,401	$0.7949	July 16, 2025

(1) These warrants expire on the date that is the later of: (i) 15 months from the date an increase in the number of authorized shares of common stock is effected (which occurred on January 17, 2023), or (ii) one month after the public announcement of the topline Phase 3 platinum-resistant ovarian cancer PROC data.

8. Stock Based Awards

Equity Incentive Plans

The Company's 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 Aravive Biologics 2017 Equity Incentive Plan and the 2010 Equity Incentive Plan, as amended (Prior Plans). As of March 31, 2023, the total number of shares of common stock available for issuance under the 2019 Plan was 702,785. 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 expiration 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.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

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, 2023	4,570,432	$ 2.50		
Options granted	2,707,654	1.67		
Options expired	(43,838)	6.18		
Balances, March 31, 2023	7,234,248	$ 2.17	8.1	$ 3,677
Outstanding and expected to vest as of March 31, 2023	6,286,788	$ 2.22	7.9	$ 3,328
Exercisable as of March 31, 2023	2,619,503	$ 2.74	5.6	$ 1,814

The intrinsic values of outstanding, expected-to-vest 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. There were no stock options exercised during the three months ended March 31, 2022 or 2023, respectively.

Stock Options Granted to Employees

During each of the three months ended March 31, 2023 and 2022, 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 $1.43 and $1.79 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 March 31, 2023, total unrecognized employee stock-based compensation related to stock options granted was $5.3 million, which is expected to be recognized over the weighted-average remaining vesting period of 2.5 years.

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

	March 31, 2023	March 31, 2022
Expected volatility	115.9%	112.0%
Risk-free interest rate	3.5%	1.7%
Dividend yield	0.0%	0.0%
Expected life (in years)	6.0	6.1

Determining Fair Value of Stock Options – The fair value of each grant of stock options was determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected Volatility – The expected volatility is based on the historical volatility of our common stock over the most recent period commensurate with the estimated expected term of our stock options.

Risk-Free Interest Rate – The risk-free rate assumption was based on the U.S. Treasury instruments with terms that were consistent with the expected term of the Company's stock options.

ARAVIVE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *(unaudited)*

Expected Dividend – The expected dividend assumption was based on the Company's history and expectation of dividend payouts.

Expected Term – The expected term of stock options represents the weighted average period the stock options are expected to be outstanding. For option grants that are considered to be "plain vanilla", the Company has opted to use the simplified method for estimating the expected term as provided by the SEC. The simplified method calculates the expected term as the average time-to-vesting and the contractual life of the options.

Forfeiture Rate – Forfeitures were estimated based on historical experience.

Fair Value of Common Stock – The fair value of the underlying common stock is based upon quoted prices on Nasdaq.

9. Net Loss Per Share of Common Stock

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 March 31,	
	2023	**2022**
Net loss	$ (49,956)	$ (13,057)
Basic and diluted net loss per share	$ (0.66)	$ (0.62)
Weighted-average shares used to compute basic and diluted net loss per share	75,715	21,130

Basic net loss attributable to common stockholders per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Weighted-average number of common shares outstanding for the period includes the weighted average effect of the Company's 15,870,199 pre-funded warrants, the exercise of which is not subject to contingencies and requires little or no consideration. Diluted net loss attributable to common stockholders per share is computed by dividing the net loss attributable to common stockholders 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 months ended March 31, 2023 and 2022, the Company did not have dilutive common stock equivalents and therefore diluted net loss per common share is the same as basic net loss per common share for those periods.

The following potentially dilutive securities outstanding at the end of the three months ended March 31, 2023 and 2022 have been excluded from the computation of diluted shares outstanding:

	Three Months Ended March 31,	
	2023	**2022**
Options to purchase common stock	7,234,248	3,677,075
Common stock warrants	50,029,052	4,850,241
Pre-funded warrants to purchase common stock	—	4,545,455

10. Balance Sheet Components

Accrued Liabilities (in thousands)

	March 31,	
	2023	**2022**
Payroll and related	$ 1,030	$ 801
Clinical	3,383	7,769
Sublease prepayment	233	228
Other	—	42
Total	$ 4,646	$ 8,840

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, 2022, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed on March 15, 2023 (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, 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 and under Part 1, Item 1A of the Annual Report 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. and its subsidiary, Aravive Biologics, Inc. ("Aravive Biologics").

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, including cancer and fibrosis.

Batiraxcept (formerly AVB-500), is an ultrahigh-affinity, decoy protein that targets the GAS6-AXL signaling pathway. By capturing serum GAS6, batiraxcept 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 has accelerated batiraxcept drug development by allowing us to select a pharmacologically active dose and may potentially identify the cancer patients that have the best chance of responding to batiraxcept.

In our completed Phase 1 clinical trial in healthy volunteers with batiraxcept, we have demonstrated proof of mechanism for batiraxcept in neutralizing GAS6. Importantly, batiraxcept had a favorable safety profile preclinically and in the first in human trial and Phase 1b clinical trial in cancer patients.

In August 2018, the FDA designated as a Fast Track development program the investigation of batiraxcept for platinum-resistant recurrent ovarian cancer.

In December 2018, we initiated our Phase 1b clinical trial of batiraxcept combined with standard of care therapies in patients with PROC, for which we reported results in July 2020.

In April 2020, we entered into a license and collaboration agreement with WuXi, the objective of which is to identify and develop novel high-affinity bispecific antibodies against CCN2, also known as CTGF, implicated in cancer and fibrosis and identified from a similar target discovery screen that identified the significance of the AXL/GAS6 pathway in cancer. However, in August 2022, the Company temporarily halted work on the CTGF program with WuXi in an effort to focus all resources on the clinical programs.

In November 2020, we entered into the 3D Medicines Agreement, whereby we granted 3D Medicines an exclusive license to develop and commercialize products that contain batiraxcept as the sole drug substance, for the diagnosis, treatment or prevention of human oncological diseases, in the Territory.

During the fourth quarter of 2020, we initiated our Phase 1b portion of the Phase 1b/2 trial of batiraxcept in clear cell renal cell Cancer (“ccRCC”) and we dosed our first patient in the trial in March 2021.

During the first quarter 2021, we initiated our registrational Phase 3 trial of batiraxcept in PROC and we dosed our first patient in the trial in April 2021.This global, randomized, double-blind, placebo-controlled trial is designed to evaluate efficacy and safety of batiraxcept at a dose of 15 mg/kg in combination with paclitaxel versus paclitaxel alone.

In May 2021, we announced expansion of batiraxcept development programs into first line pancreatic ductal adenocarcinoma (“PDAC”) with the goal of initiating the trial by end of 2021. We dosed our first patient in August 2021.

In June 2021, we announced initial safety, pharmacokinetic, and pharmacodynamic results from the batiraxcept Phase 1b portion of the Phase 1b/2 clinical trial in ccRCC.

In October 2021, the EMA granted orphan drug designation for batiraxcept for the treatment of PROC, following a recommendation from the Committee for Orphan Medicinal Products.

In November 2021, we announced preliminary data from our Phase 1b trial evaluating batiraxcept in combination with cabozantinib for treatment of ccRCC.

In January 2022, we announced that we had dosed the first patient in the Phase 2 portion of the Phase 1b/2 study of batiraxcept in combination with cabozantinib for treatment of ccRCC.

In March 2022, we announced updated data and new biomarker data from our Phase 1b trial of batiraxcept in ccRCC.

In May 2022, we provided updated data and information at our Key Opinion Leader symposium.

In October 2022, we received a $6 million development milestone payment from 3D Medicines based on the initiation of the global Phase 3 platinum resistant ovarian cancer (“PROC”) clinical trial in the Territory for the development of batiraxcept.

In November 2022, the FDA designated as a Fast Track development program the investigation of batiraxcept for treatment of patients with advanced or metastatic ccRCC who have progressed after 1 or 2 prior lines of systemic therapy that include both immuno-oncology (IO)-based and vascular endothelial growth factor tyrosine kinase inhibitor (VEGF-TKI)-based therapies (either in combination or sequentially).

In January 2023, we announced complete enrollment in the global Phase 3 “PROC clinical trial.

Important Note

This Management’s Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our operations for the three months ended March 31, 2023 and 2022.

References in this report to “we,” “us,” “our” and similar first-person expressions refer to Aravive, Inc. and its subsidiaries, including Aravive Biologics.

Recent Clinical Developments

FDA Orphan Drug Designation Granted to Batiraxcept for the Treatment of Pancreatic Cancer

As of February 28, 2023, we announced that the U.S. Food and Drug Administration (FDA) has granted Orphan Drug Designation (ODD) to batiraxcept for the treatment of pancreatic ductal adenocarcinoma cancer (PDAC).

The FDA's Office of Orphan Products Development grants ODD status to a drug or biological product to prevent, diagnose or treat a rare disease or condition affecting fewer than 200,000 people in the USA. Companies that are granted ODD are eligible for incentives, including tax credits for qualified clinical trials, exemption from user fees and up to seven years of market exclusivity after approval of the orphan indication.

Recent Financial Developments

On October 27, 2022, we closed a private placement offering with new biotechnology investors, existing investors, our management and certain of our directors for the issuance and sale of an aggregate of 45,178,811 shares of our common stock, or pre-funded warrants in lieu thereof (the "October Pre-Funded Warrants" and together with the March Pre-Funded Warrants, the "Pre-Funded Warrants") and warrants (the "October Warrants" and together with the March Common Warrant, the "Warrants") to purchase up to an aggregate of 45,178,811 shares of common stock or pre-funded warrants (the "Private Placement") priced at-the-market under Nasdaq rules. The purchase price per share and accompanying warrant was $0.9199 for all investors who participated in the deal (or $0.9198 per pre-funded warrant and accompanying October Warrant). Fifty percent of the October Warrants have an exercise price of $0.7949 per share and will expire on the date that is the later of: (i) 15 months from the date an increase in the number of authorized shares of common stock is effected, or (ii) one month after the public announcement of the topline Phase 3 PROC data. The remaining 50% of the October Warrants have an exercise price of $0.7949 per share and will expire 30 months from the date an increase in the number of authorized shares of common stock is effected. All of the October Warrants other than the October Pre-funded warrants are exercisable for exchange of cash from the warrant holder. The net proceeds were approximately $40 million and will be used to fund our clinical development programs. Pursuant to the terms of the registration rights agreements that we entered into, we were required to file a registration statement registering the shares of common stock issued and the shares of common stock underlying the October Warrants and October Pre-funded Warrants, underlying the pre-funded warrant. The registration statement was filed on November 18, 2022 and declared effective by the SEC on November 28, 2022.

Financial Overview

Revenue

To date, we have not generated any revenue from commercial sales of any of our product candidates. However, for the three months ended March 31, 2023 and 2022, we generated approximately $1.5 million and $1.1 million in collaboration revenue, respectively, from the 3D Medicine Agreement, which represents a portion of initial signing and milestone payments received from 3D Medicines that is recognized at the time it is probable the milestone will be met and a portion of the milestone that is deferred and recognized over the PROC trial period.

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; and
- other costs associated with development activities, including additional studies;

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, Net

Other income, net is primarily comprised of sublease income for our 1020 Marsh Facility lease, gains and losses on foreign currency transactions related to third party contracts with foreign-based contract manufacturing organizations and change in fair value of the warrant liability.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon financial statements that we have prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, and related disclosures. On an on-going basis, we evaluate these estimates, including those related to revenue recognition and estimated future research and development expenses, warrant liabilities and share-based compensation. Estimates are based on historical experience, information received from third parties and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Historically, revisions to our estimates have not resulted in a material change to the financial statements.

Collaboration Revenue

We enter into out-license and collaboration agreements under which we license certain rights to our product candidate to third parties and which to date are within the scope of ASC 606. The terms of these arrangements typically include payment to us of one or more of the following: non-refundable, up-front license fees; development, regulatory, and commercial milestone payments; payments for manufacturing supply services we provide through our contract manufacturers; and royalties on net sales of licensed products. Each of these payments may result in license, collaboration and other revenue, except for revenues from royalties on net sales of licensed products, which are classified as royalty revenues.

For elements of our collaboration agreements that are accounted for pursuant to ASC 606, we must develop assumptions that require judgment to determine whether the individual promises should be accounted for as separate performance obligations or as a combined performance obligation, and to determine the stand-alone selling price for each performance obligation identified in the contract. We use key assumptions to determine the stand-alone selling price, which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates, and probabilities of technical and regulatory success. If the license to our intellectual property is determined to be distinct from the other performance obligations identified in an out-license and collaboration arrangement, we recognize revenue from non-refundable, up-front fees allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. For licenses that are bundled with other promises, we utilize our judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. With regard to the 3D Medicines collaboration agreement, we recognize revenue related to amounts allocated to the identified performance obligation on a proportional performance basis as the underlying services are performed.

The preceding estimates and judgments materially affect our recognition of collaboration revenues. Changes in our estimates of forecasted development costs could impact proportional performance percentages and could have a material effect on collaboration revenue recorded in the period in which we determine that change occurs.

Clinical Trial Accruals

Our 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 Clinical Research Organization (“CROs”) that conduct and manage clinical trials on our behalf.

Our estimates of preclinical and clinical trial expenses are based on the services performed, pursuant to contracts with research institutions and CROs that conduct and manage preclinical studies and clinical trials on our behalf. In accruing service fees, we estimate 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, we 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.

The preceding estimates and judgment materially affect our research and development expenses. Changes in our estimates of patient enrollment and related costs could have a material effect on our research and development expenses.

Stock-Based Compensation

For purposes of calculating stock-based compensation, we estimate the fair value of share-based compensation awards using a Black-Scholes option-pricing model. The determination of the fair value of stock-based compensation awards utilizing the Black-Scholes model is affected by our stock price and a number of assumptions, including but not limited to expected stock price volatility over the term of the awards and the expected term of stock options.

If factors change and we employ different assumptions, share-based compensation expense may differ significantly from what we have recorded in the past. If there is a difference between the assumptions used in determining stock-based compensation expense and the actual factors which become known over time, we may change the input factors used in determining stock-based compensation expense for future grants. These changes, if any, may materially impact our results of operations in the period such changes are made. For actual forfeitures, we recognize the adjustment to compensation expense in the period the forfeitures occur.

Additional Information

Refer to Note 2 to the condensed consolidated financial statements for more information on accounting pronouncements that have impacted or are expected to materially impact our consolidated financial condition, results of operations, or cash flows.

Results of Operations

Comparison of the Three Months Ended March 31, 2023 and 2022

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

	Three Months Ended March 31,		Increase/ (Decrease)	
	2023	2022		
Revenue:				
Collaboration revenue	$ 1,491	$ 1,092	$ 399	37%
Operating expenses:				
Research and development	15,915	13,002	2,913	22%
General and administrative	3,489	3,088	401	13%
Total operating expenses	19,404	16,090	3,314	21%
Loss from operations	(17,913)	(14,998)	2,915	19%
Total other income (expense), net	(32,043)	1,941	33,984	(A)
Net loss	$ (49,956)	$ (13,057)	$ 36,899	283%

(A) Not meaningful

Collaboration Revenue

In November 2020, we entered into the 3D Medicines Agreement. Collaboration revenue for the three months ended March 31, 2023 and 2022 was $1.5 million and $1.1 million, respectively. The increase in revenue in 2023 compared to the same period in 2022 was driven primarily by increased expenditures related to the Phase 3 PROC trial, which drives the recognition of deferred revenue over the trial period.

Research and Development Expense

	Three Months Ended March 31,	
	2023	**2022**
Research and development expenses		
PROC	$ 6,436	$ 5,330
ccRCC	1,229	1,087
PDAC	662	1,145
CMC (1)	4,723	2,910
Other personnel and unallocated (2)	2,865	2,530
Total research and development expense	$ 15,915	$ 13,002

(1) We currently have one product candidate, batiraxcept, that is used in our clinical trials across all indications. Costs related to production and testing for CMC activities are not allocated on a program-by-program basis.

(2) Costs (primarily personnel) are related to all research and development programs and are not allocated on a program-by-program basis.

Research and development expense increased by $2.9 million, or 22%, to $15.9 million for the three months ended March 31, 2023, from $13.0 million for the same period in 2022. The most significant driver of the increase in research and development expense was CMC costs, which increased to $4.7 million for the three months ended March 31, 2023 from $2.9 million for the same period in 2022. The increase in CMC costs was driven primarily by drug product production and associated process performance qualification work performed in 2023. The increase in research and development expense was also driven significantly by the advancement of our ongoing Phase 3 PROC trial, where costs increased to $6.4 million for the three months ended March 31, 2023 from $5.3 million for the same period in 2022. The increase in PROC expenses was driven primarily by increased CRO costs related to increased enrollment in the study. Research and development costs associated with our Phase 1b/2 ccRCC trial increased to $1.2 million for the three months ended March 31, 2023 from $1.1 million for the same period in 2022. The increase was driven primarily by increased CRO costs related to investigator site grants. Researched and development costs associated with our Phase 1 PDAC trial decreased to $0.7 million for the three months ended March 31, 2023 from $1.1 million for the same period in 2022. The decrease was driven primarily by decreased CRO costs due to reduced study enrollment as many patients originally enrolled have come off study. Other research and development expense increased to $2.9 million for the three months ended March 31, 2023 from $2.5 million for the same period in 2022. The increase was driven primarily by increased employee compensation allocated to research and development activities.

General and Administrative Expense

General and administrative expense increased by $0.4 million, or 13%, to $3.5 million in the three months ended March 31, 2023 from $3.1 million for the same period in 2022. The increase during the three months ended March 31, 2023 compared to the same period in 2022 was primarily driven by higher legal expense, consulting expense, accounting and audit fees, and stock-based compensation expense.

Other Income (Expense), Net

Total other income (expense), net fluctuated by $34.0 million from other income of $1.9 million for the three months ended March 31, 2022 to other expense of $32.0 million for the three months ended March 31, 2023. This fluctuation was primarily driven by the changes in fair value of our warrant liabilities, which resulted in other income of $1.2 million for the three months ended March 31, 2022 and other expense of $33.2 million for the three months ended March 31, 2023. The increased loss on the fair value of our warrant liabilities is due to our stock price rising in relation to the exercise price of the warrants and other factors.

Liquidity and Capital Resources

Since our inception and through March 31, 2023, we have financed our operations through private placements of our equity securities, public offerings of our equity securities, debt financing, CPRIT grant proceeds, sales of common stock through our at-the-market facility as well as payments received from license agreements. As of March 31, 2023, we had an accumulated deficit of approximately $666.1 million, primarily as a result of research and development and general and administrative expenses, and working capital of approximately $18.9 million. As of March 31, 2023, we had cash and cash equivalents of approximately $35.9 million, a majority of which is invested in money market funds at several highly rated financial institutions.

During 2021 and 2022, our primary sources of funding have been milestone payments from 3D Medicines and proceeds from the sale of our common stock and other securities. In November 2020, June 2021 and August 2021, we received $12 million, $6 million and $3 million, respectively, in upfront and milestone payments from 3D Medicines pursuant to the 3D Medicines Agreement we entered into with them. In October 2022, we received a $6 million milestone payment from 3D Medicines. On February 18, 2021, we received approximately $21 million from the purchase by Eshelman Ventures of 2,875,000 shares of our common stock. On September 4, 2020, we entered into an equity distribution agreement (the "Equity Distribution Agreement") with Piper Sandler and Cantor Fitzgerald to sell shares of our common stock, 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. During the year ended December 31, 2021, we sold 1,432,627 shares of common stock for net proceeds of $9.8 million under the Equity Distribution Agreement. On January 5, 2022, we received approximately $9.9 million in net proceeds from the purchase by Eshelman Ventures, LLC of pre-funded warrants to purchase up to 4,545,455 shares of our common stock. In March 2022, we received approximately $9.3 million in net proceeds, in the aggregate, from the purchase by Eshelman Ventures, LLC and a single healthcare-focused institutional investor of 3,185,216 shares of our common stock, 1,665,025 March Pre-Funded Warrants and March Common Stock Warrants to purchase up to 4,850,241 shares of our common stock in a registered direct offering. In October 2022, we received approximately $40 million in net proceeds from a private placement offering from new biotechnology investors, existing investors, our management and certain of our Directors for the issuance and sale of an aggregate of 45,178,811 shares of our common stock (or October Pre-Funded Warrants in lieu thereof) and October Common Warrants to purchase up to an aggregate of 45,178,811 shares of common stock in a private placement offering priced at-the-market under Nasdaq rules. The purchase price per share and accompanying October Common Warrant was $0.9199 for all investors who participated in the deal (or $0.9198 per October Pre-Funded Warrant and accompanying October Common Warrant). During the year ended December 31, 2022, we sold 54,763 shares of common stock for net proceeds of $0.1 million under the Equity Distribution Agreement. We sold no shares of common stock and received no net proceeds under the Equity Distribution Agreement during the three months ended March 31, 2023.

As of March 31, 2023, we had cash and cash equivalents of approximately $35.9 million. We believe that our existing cash and cash equivalents will be sufficient to sustain operations beyond our PROC Phase 3 top line results and into the fourth quarter of 2023 and that we will need to obtain additional financing in order to advance our clinical development program to later stages of development, build out our pipeline and fund operations beyond the fourth quarter of 2023. We intend to provide financing for the foregoing by seeking funds through equity or debt financings, collaborative or other arrangements with corporate sources, or through other sources of financing. These factors raised substantial doubt about our ability to continue as a going concern. The consolidated financial statements included in this Quarterly Report on Form 10-Q do not include any adjustments relating to the recoverability of the recorded assets or the classification of liabilities that may be necessary should we be unable to continue as a going concern. 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 complete clinical trials and 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, cost of our clinical studies and results of our clinical studies, including the need to conduct additional trials if requested by the FDA;
- 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; and
- the emergence of competing technologies or other adverse market developments.

If we are unable to raise additional funds when needed, we may be required to delay, reduce, or terminate some or all of our 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.

Cash Flows

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Net cash (used in) provided by:		
Operating activities	$ (17,752)	$ (12,890)
Financing activities	—	19,291
Net (decrease) increase in cash and cash equivalents	$ (17,752)	$ 6,401

Cash Used in Operating Activities

Net cash used in operating activities was $17.8 million and $12.9 million during the three months ended March 31, 2023 and 2022, respectively, which was primarily due to the use of funds in our operations related to the development of batiraxcept, our product candidate. Cash used in operating activities for the three months ended March 31, 2023 increased compared to the same period in 2022 due primarily to the ramp up in our Phase 3 trial of batiraxcept in PROC along with continuing costs related to our trial of our second oncology indication, ccRCC and our new third oncology indication, pancreatic adenocarcinoma.

Cash Provided by Financing Activities

There was no net cash provided by financing activities during the three months ended March 31, 2023. Financing activities related to the three months ended March 31, 2022 included a registered direct offering of our securities with proceeds of $9.3 million, issuance of Pre-Funded Warrants with proceeds of $9.9 million, along with at the market offering proceeds of $0.1 million.

Contractual Obligations and Commitments

During the three months ended March 31, 2023, 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.

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

We did not sell any equity securities during the three months ended March 31, 2023 in transactions that were not registered under the Securities Act other than as disclosed in our filings with the SEC.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation as of March 31, 2023 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 the reasonable assurance level at March 31, 2023.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's 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 securities 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

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 March 31, 2023, we had an accumulated deficit of approximately $666.1 million.

To date, we have financed our operations primarily through private placements of our equity securities, debt financing, CPRIT grant proceeds, at-the-market offerings of our common stock, public offerings of our securities as well as upfront and milestone payments received from license agreements. We have devoted substantially all of our efforts to research and development, including clinical studies, but have not completed development of any product candidate. We anticipate that our expenses will increase to the extent we:

- continue the research and development of our only product candidate, batiraxcept, and any future product candidates;
- conduct additional clinical studies of batiraxcept in the future, especially later stage trials that involve a larger number of patients;
- seek to discover or in-license additional product candidates;
- seek regulatory approvals for batiraxcept and any future product candidates that successfully complete clinical studies;
- establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize batiraxcept or other future product candidates if they obtain regulatory approval, including process improvements in order to manufacture batiraxcept at commercial scale; and
- enhance operational, financial and information management systems and hire more personnel, including personnel to support development of batiraxcept 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 batiraxcept as well as other products with significant market potential. This will require us to be successful in a range of activities, including advancing batiraxcept 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.

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, batiraxcept, is approved for commercial sale, we anticipate incurring significant costs associated with the commercial launch of and the related commercial-scale manufacturing requirements for batiraxcept. 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.

There is uncertainty regarding our ability to maintain liquidity sufficient to operate our business effectively, which raises substantial doubt about our ability to continue as a going concern.

Our consolidated unaudited financial statements as of March 31, 2023 have been prepared under the assumption that we will continue as a going concern for the next twelve months. Our management concluded that our recurring losses from operations and the fact that we have not generated significant revenue or positive cash flows from operations raise substantial doubt about our ability to continue as a going concern for the next twelve months after issuance of our financial statements. Our ability to continue as a going concern is dependent upon our ability to obtain additional equity or debt financing, attain further operating efficiencies, reduce expenditures, and, ultimately, to generate revenue. Since inception, we have incurred net losses and negative cash flows from operations. At March 31, 2023, we had an accumulated deficit of $666.1 million and working capital of $18.9 million. We expect to continue to incur losses from expenses related to the development of batiraxcept and related administrative activities for the foreseeable future. As of March 31, 2023, we had a cash and cash equivalents balance of approximately $35.9 million consisting of cash and investments in highly liquid U.S. money market funds. At December 31, 2022, we had an accumulated deficit of $616.1 million and working capital of $35.9 million. We expect to continue to incur losses from expenses related to the development of batiraxcept and related administrative activities for the foreseeable future. As of December 31, 2022, we had a cash and cash equivalents balance of approximately $53.7 million consisting of cash and investments in highly liquid U.S. money market funds. We believe that our current cash and cash equivalents will be sufficient to fund our current planned operations into the fourth quarter of 2023 but that we will need to seek additional capital to fulfill our operating and capital requirement for the next 12 months to advance our clinical development program to later stages of development and commercialize our clinical product candidate. Our auditors also included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2022 with respect to this uncertainty. Our ability to continue as a going concern is dependent upon our ability to obtain additional equity or debt financing, attain further operating efficiencies, reduce expenditures, and, ultimately, to generate revenue. Since inception, we have incurred net losses and negative cash flows from operations. 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. As such, we cannot conclude that such plans will be effectively implemented within one year after the date that the financial statements included in this Quarterly Report on Form 10-Q are filed with the SEC and there is uncertainty regarding our ability to maintain liquidity sufficient to operate our business effectively, which raises substantial doubt about our ability to continue as a going concern.

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.

The completion of the development and the potential commercialization of batiraxcept and any future product candidates, should they receive approval, will require substantial funds. In addition, we expect our manufacturing costs to significantly increase this year as we prepare for submission of a BLA and potential commercialization. As of March 31, 2023, we had approximately $35.9 million in cash and cash equivalents. We believe that our existing cash and cash equivalents will be sufficient to fund our current planned operations into the fourth quarter of 2023 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 batiraxcept. 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 number of patients in our clinical trials and the length of time of progression of their disease;
- the timing of, and costs involved in, seeking and obtaining approvals from the FDA and other regulatory authorities;
- the cost of preparing to manufacture batiraxcept on a larger scale, should we elect to do so;
- the costs of commercialization activities if batiraxcept 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; and
- the costs of attracting, hiring and retaining qualified personnel.

We do not have any material committed external source of funds or other support for our development efforts. Although we have entered into an at-the-market facility with Piper Sandler & Co. (“Piper Sandler”), and Cantor Fitzgerald & Co. (“Cantor Fitzgerald”), as sales agents, there can be no assurance that we will meet all of the conditions necessary to continue to use such facility or that we can generate sufficient proceeds from the sale of securities pursuant to such facility to support our operations. 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. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that may impact our ability to conduct our business and may be negatively impacted by inflation. 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 limitations due to our non-affiliate float being less than $75 million and certain Nasdaq Stock Market Global limitations with respect to fundraising, including limitations on the use of our shelf registration statement, may make it more difficult to raise additional funds. 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.

Our 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 May 5, 2023, our current executive officers, directors and entities under their control, and principal stockholders, in the aggregate, beneficially owned shares representing approximately 60.2% of our common stock. Dr. Fredric N. Eshelman, our Executive Chairman beneficially owns 55.5% of our common stock. As a result, Dr. Eshelman acting on his own, 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, Dr. Eshelman 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
3.1	Amended and Restated Bylaws	S-1/A	333-193997	3.4	03/06/2014
3.2	Amended and Restated Certificate of Incorporation	8-K	001-36361	3.1	03/26/2014
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation	8-K	001-36361	3.1	06/01/2017
3.4	Certificate of Amendment of Amended to the Amended and Restated Certificate of Incorporation, as amended	8-K	001-36361	3.1	09/12/2017
3.5	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended	8-K	001-36361	3.1	10/16/2018
3.6	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended	8-K	001-36361	3.2	10/16/2018
3.7	Certificate of Correction to Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended	10-K	001-36361	3.6	03/15/2019
3.8	Certificate of Amendment of amended and restated certificate of incorporation of Aravive, Inc.	8-K	001-36361	3.1	01/18/2023
10.1	Amendment No. 3 to Offer Letter dated as of February 1, 2023 by and between Aravive, Inc. and Gail McIntyre, Ph.D.	8-K	001-36361	10.1	02/06/2023
10.2	Amendment No. 1 to Offer Letter dated as of February 1, 2023 by and between Aravive, Inc. and Rudy Howard	8-K	001-36361	10.2	02/06/2023
10.3	Amendment No. 1 to Offer Letter dated as of February 1, 2023 by and between Aravive, Inc. and Robert Geller, M.D.	8-K	001-36361	10.3	02/06/2023
10.4	Amendment No. 1 to Offer Letter dated as of February 1, 2023 by and between Aravive, Inc. and Leonard Scott Dove, Ph.D.	8-K	001-36361	10.4	02/06/2023
10.5	Offer Letter, dated April 10, 2023, by and between Aravive, Inc. and Maria Carolina Petrini	8-K	001-36361	10.1	4/11/2023
10.6	Inducement Stock Option Grant Notice and Aravive, Inc. Inducement Stock Option Agreement, dated April 10, 2023, by and between Aravive, Inc. and Maria Carolina Petrini	8-K	001-36361	10.2	4/11/2023
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	Inline XBRL Instance Document				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)				

* 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.

\# Indicated management contract or compensatory plan

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: May 10, 2023

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

ARAVIVE, INC.
(Registrant)

Date: May 10, 2023

By:/s/ Rudy Howard
Rudy Howard
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: May 10, 2023

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, Rudy Howard, 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: May 10, 2023

By: /s/ Rudy Howard
Name: Rudy Howard
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 March 31, 2023 (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: May 10, 2023

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, Rudy Howard, 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 March 31, 2023 (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: May 10, 2023

By: /s/ Rudy Howard
Name: Rudy Howard
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)