

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

or

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

For the transition period from _____ to _____

Commission file number: 001-35285

Aviragen Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

59-1212264
(I.R.S. Employer
Identification No.)

2500 Northwinds Parkway, Suite 100, Alpharetta, GA 30009
(Address of principal executive offices, including zip code)

(678) 221 3343
(Registrant's telephone number, including area code)

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

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

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

The number of shares outstanding of the registrant's common stock, par value \$0.10 per share at November 3, 2017 was 38,649,237 shares.

Table of Contents

[PART I: FINANCIAL INFORMATION](#)

Item 1. Financial Statements	
Condensed Consolidated Balance Sheets as of September 30, 2017 and June 30, 2017 (unaudited)	3
Condensed Consolidated Statements of Operations for the Three Months Ended September 30, 2017 and 2016 (unaudited)	4
Condensed Consolidated Statement of Stockholders' Equity for the Three Months ended September 30, 2017 (unaudited)	5
Condensed Consolidated Statements of Cash Flows for the Three Months Ended September 30, 2017 and 2016 (unaudited)	6
Notes to the Condensed Consolidated Financial Statements (unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3. Quantitative and Qualitative Disclosures About Market Risk	17
Item 4. Controls and Procedures	17
PART II: OTHER INFORMATION	18
Item 1. Legal Proceedings	18
Item 1A. Risk Factors	18
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3. Defaults Upon Senior Securities	18
Item 4. Mine Safety Disclosure	19
Item 5. Other Information	19
Item 6. Exhibits	19
Signatures	20
Exhibit Index	21

PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

Aviragen Therapeutics, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in millions, except share amounts)

	<u>September 30,</u> <u>2017</u>	<u>June 30, 2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19.6	\$ 17.7
Short-term investments	14.5	20.9
Accounts receivable, net of allowance	0.1	0.6
Prepaid and other current assets	0.3	0.7
Total current assets	<u>34.5</u>	<u>39.9</u>
Non-current assets:		
Property and equipment, net	0.2	0.2
Total assets	<u>\$ 34.7</u>	<u>\$ 40.1</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1.3	\$ 1.4
Accrued expenses	2.2	2.9
Short-term note payable	0.2	0.2
Liability related to sale of future royalties, current portion	1.5	1.4
Total current liabilities	<u>5.2</u>	<u>5.9</u>
Non-current liabilities:		
Long-term note payable, net of current portion	0.1	0.1
Liability related to sale of future royalties, net of current portion	15.4	15.3
Other long-term liabilities, net of current portion	0.1	0.1
Total liabilities	<u>20.8</u>	<u>21.4</u>
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, \$0.10 par value: 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.10 par value: 200,000,000 shares authorized; 38,649,237 shares issued and outstanding at September 30, 2017 and June 30, 2017	3.9	3.9
Additional paid-in capital	160.1	159.6
Accumulated other comprehensive income	19.0	19.0
Accumulated deficit	<u>(169.1)</u>	<u>(163.8)</u>
Total stockholders' equity	<u>13.9</u>	<u>18.7</u>
Total liabilities and stockholders' equity	<u>\$ 34.7</u>	<u>\$ 40.1</u>

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

Aviragen Therapeutics, Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(in millions, except share and per share amounts)

	Three Months Ended September 30,	
	2017	2016
Revenue:		
Royalty revenue	\$ -	\$ 0.1
Non-cash royalty revenue related to the sale of future royalties	0.1	-
Total revenue	0.1	0.1
Operating expense:		
Research and development	2.8	7.6
General and administrative	2.3	2.2
Foreign exchange (gain) loss, net	-	(0.1)
Total operating expense	5.1	9.7
Loss from operations	(5.0)	(9.6)
Other (expense) income:		
Non-cash interest expense on liability related to sale of future royalties	(0.4)	(0.4)
Interest income	0.1	-
Total other (expense) income	(0.3)	(0.4)
Loss before tax	(5.3)	(10.0)
Income tax expense	-	-
Net loss	<u>\$ (5.3)</u>	<u>\$ (10.0)</u>
Basic and diluted net loss per share	\$ (0.14)	\$ (0.26)
Basic and diluted weighted-average shares outstanding	38,649,237	38,640,487

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

Aviragen Therapeutics, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(unaudited)
(in millions, except for share amounts)

	<u>Common Stock</u>		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balances at June 30, 2017	38,649,237	\$ 3.9	\$ 159.6	\$ (163.8)	\$ 19.0	\$ 18.7
Net loss	-	-	-	(5.3)	-	(5.3)
Share-based compensation	-	-	0.5	-	-	0.5
Balances at September 30, 2017	<u>38,649,237</u>	<u>\$ 3.9</u>	<u>\$ 160.1</u>	<u>\$ (169.1)</u>	<u>\$ 19.0</u>	<u>\$ 13.9</u>

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

Aviragen Therapeutics, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in millions)

	Three Months Ended	
	September 30,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net loss	\$ (5.3)	\$ (10.0)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	0.5	0.4
Non-cash interest expense related to sale of future royalties	0.4	0.4
Non-cash royalty revenue related to sale of future royalties	(0.1)	-
Change in operating assets and liabilities:		
Accounts receivable	0.5	-
Prepaid expenses and other current assets	0.4	(1.2)
Accounts payable and accrued expenses	(0.9)	(0.3)
Net cash used in operating activities	<u>(4.5)</u>	<u>(10.7)</u>
Cash flows from investing activities:		
Purchases of short and long-term investments	(7.0)	-
Maturity of short-term investments	13.4	6.9
Net cash provided by investing activities	<u>6.4</u>	<u>6.9</u>
Increase (decrease) in cash and cash equivalents	1.9	(3.8)
Cash and cash equivalents at beginning of period	17.7	49.7
Cash and cash equivalents at end of period	<u>\$ 19.6</u>	<u>\$ 45.9</u>

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

Aviragen Therapeutics, Inc.
Notes to the Condensed Consolidated Financial Statements (unaudited)
(for the quarterly period ended September 30, 2017)

1) Company Overview

Aviragen Therapeutics, Inc., together with its wholly owned subsidiaries (“Aviragen”, or the “Company”) is a biopharmaceutical company focused on the discovery and development of direct-acting antivirals to treat infections that have limited therapeutic options and affect a significant number of patients globally. The Company has three Phase 2 clinical stage compounds: BTA074 (teslexivir), an antiviral treatment for condyloma caused by human papillomavirus types 6 & 11; vapendavir, a capsid inhibitor for the prevention or treatment of rhinovirus (“RV”) upper respiratory infections; and BTA585 (enzaplatovir), a fusion protein inhibitor in development for the treatment of respiratory syncytial virus infections. The Company also has a preclinical RSV non-fusion inhibitor program. The Company is incorporated in the state of Delaware and its corporate headquarters are located in Alpharetta, Georgia.

Although several of the Company’s influenza product candidates have been successfully developed and commercialized to-date by other larger pharmaceutical companies under collaboration, license or commercialization agreements with the Company, it has not independently developed or received regulatory approval for any product candidate, and the Company does not currently have any sales, marketing or commercial capabilities. Therefore, it is possible that the Company may not successfully derive any significant product revenues from any product candidates that it is developing now, or may develop in the future. The Company expects to incur losses for the foreseeable future as it intends to support the clinical and preclinical development of its product candidates.

On October 30, 2017, the Company announced that it had entered into a definitive Agreement and Plan of Merger and Reorganization dated October 27, 2017, among the Company, Agora Merger Sub, Inc. and Vaxart, Inc. (the “Merger Agreement”) pursuant to which Vaxart., a privately-held clinical-stage company focused on developing oral recombinant vaccines from its proprietary delivery platform, would become a wholly-owned subsidiary of the Company (the “Merger”). This transaction marks the culmination of the Company’s Strategic Review process which was initiated in April. The Merger will result in a combined company focused on developing orally-delivered vaccines and therapeutics to address a variety of viral infections.

The exchange ratio in the merger agreement was determined by Vaxart assigning \$60,000,000 in value to Aviragen for its financial and clinical assets, and \$90,000,000 in value for its own assets. On a pro forma basis after giving effect to the number of shares of Aviragen common stock that will be issued to Vaxart security holders in the Merger and assuming no adjustments for cash balances as provided for in the Merger Agreement, current Vaxart security holders will own approximately 60% of the combined company and current Aviragen security holders will own approximately 40% of the combined company. The transaction has been approved by the boards of directors of both companies. The Merger is expected to close in the first quarter of 2018, subject to the approval of the stockholders of each company as well as other customary conditions.

Upon closing of the Merger, the name of the combined company will become Vaxart, Inc. and shares of the combined company are expected to continue trading on the NASDAQ Capital Market under the proposed ticker symbol VXRT. Wouter Latour, M.D., will serve as Chief Executive Officer of the combined company.

Prior to the completion of the proposed merger, the Company plans to continue to finance its operations with existing cash, cash equivalents and investments.

(2) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. All material adjustments considered necessary for a fair presentation have been included. Certain information and footnote disclosure normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to instructions, rules and regulations prescribed by the U.S. Securities and Exchange Commission (“SEC”). Except as disclosed herein, there has been no material change in the information disclosed in the notes to the condensed consolidated financial statements included in the Company’s Annual Report on Form 10-K that was filed with the SEC on September 1, 2017.

[Table of Contents](#)

The unaudited interim condensed consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All inter-company transactions and balances are eliminated in consolidation.

Operating results for the three months ended September 30, 2017 are not necessarily indicative of those in future quarters or the annual results that may be expected for the Company's fiscal year ending June 30, 2018. For a more complete discussion of the Company's significant accounting policies and other information, this report should be read in conjunction with the consolidated financial statements for the fiscal year ended June 30, 2017 included in the Company's Annual Report on Form 10-K.

The Company's significant accounting policies have not changed since June 30, 2017.

Recently Issued Accounting Standards

In May 2014, the FASB issued authoritative accounting guidance related to revenue from contracts with customers. This guidance is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This guidance is effective for annual reporting periods beginning after December 15, 2017. Accordingly, the Company will adopt this guidance on July 1, 2018. Companies may use either a full retrospective or a modified retrospective approach to adopt this guidance. The Company is evaluating which transition approach to use and its impact, if any, on its consolidated financial statements.

In January 2016, the FASB issued guidance related to financial instruments - overall recognition and measurement of financial assets and financial liabilities. The guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The update to the standard is effective for public companies for interim and annual periods beginning after December 15, 2017. Accordingly, the standard is effective for the Company on July 1, 2018. The Company is currently evaluating the impact that the standard will have on the consolidated financial statements.

In February 2016, the FASB issued new guidance on leases. This guidance replaces the prior lease accounting guidance in its entirety. The underlying principle of the new standard is the recognition of lease assets and lease liabilities by lessees for substantially all leases, with an exception for leases with terms of less than twelve months. The standard also requires additional quantitative and qualitative disclosures. The guidance is effective for interim and annual reporting periods beginning after December 15, 2018, and early adoption is permitted. The standard requires a modified retrospective approach, which includes several optional practical expedients. Accordingly, the standard is effective for the Company on July 1, 2019. The Company is currently evaluating the impact that this guidance will have on the consolidated financial statements.

In August 2016, the FASB issued new guidance on how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for the Company beginning July 1, 2018. Early adoption is permitted. We do not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

(3) Fair Value Measurements

A fair value hierarchy has been established that requires the Company to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy describes three levels of inputs that may be used to measure fair value:

- | | |
|----------------|--|
| Level 1 | Quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; 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 assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. |

[Table of Contents](#)

The following table sets forth the financial assets and liabilities that were measured at fair value on a recurring basis at September 30, 2017 and June 30, 2017, by level within the fair value hierarchy. The assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company's short-term investments have been classified as Level 2, which have been initially valued at the transaction price and subsequently revalued, at the end of each reporting period, utilizing a third party pricing service. The pricing service utilizes industry standard valuation models and observable market inputs to determine value that include surveying the bond dealer community, obtaining benchmark quotes, incorporating relevant trade data, and updating spreads daily. There have been no transfers of assets or liabilities between the fair value measurement classifications.

(in millions)	Total	Quoted Prices in	Significant	Significant
		Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
September 30, 2017				
Cash equivalents	\$ 17.0	\$ 6.3	\$ 10.7	\$ —
Short-term investments available-for-sale	14.5	—	14.5	—
Total	\$ 31.5	\$ 6.3	\$ 25.2	\$ —

(in millions)	Total	Quoted Prices in	Significant	Significant
		Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2017				
Cash equivalents	\$ 10.9	\$ 5.9	\$ 5.0	\$ —
Short-term investments available-for-sale	20.9	—	20.9	—
Total	\$ 31.8	\$ 5.9	\$ 25.9	\$ —

Cash equivalents consist primarily of money market funds. Short-term investments consist of certificates of deposit, corporate securities, U.S. Treasury securities and U.S. agency securities, classified as available-for-sale and have maturities less than 365 days from the date of acquisition.

The following table shows the unrealized gains and losses and fair values for those investments as of September 30, 2017 and June 30, 2017 aggregated by major security type:

(in millions)	At Cost	Unrealized	Unrealized	At Fair Value
		Gains	(Losses)	
September 30, 2017				
Money market funds	\$ 6.3	\$ -	\$ -	\$ 6.3
Corporate notes	9.7	-	-	9.7
Commercial paper	15.5	-	-	15.5
Total	\$ 31.5	\$ -	\$ -	\$ 31.5

[Table of Contents](#)

(in millions)

June 30, 2017	At Cost	Unrealized Gains	Unrealized (Losses)	At Fair Value
Money market funds	\$ 5.9	\$ —	\$ —	\$ 5.9
Commercial paper	8.5	—	—	8.5
Corporate notes	17.4	—	—	17.4
Total	<u>\$ 31.8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 31.8</u>

As of September 30, 2017 and June 30, 2017, the Company had investments in an unrealized gain (loss) position below material disclosure thresholds in the table above. The Company determined that the unrealized gains and losses on these investments were temporary in nature and expected the security to mature at its stated maturity principal. All available-for-sale securities held at September 30, 2017, will mature in less than one year. The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying value because of the short-term nature of these financial instruments at September 30, 2017 and June 30, 2017, respectively. The fair value of the Company's short-term note payable, which is measured using Level 2 inputs, approximates book value, at September 30, 2017 and June 30, 2017.

(4) Accrued and Other Current Liabilities

Accrued expenses consist of the following (in millions):

	September 30, 2017	June 30, 2017
Professional fees	\$ 0.4	\$ 0.4
Salary and benefits	0.4	0.4
Research and development expenses	1.3	1.8
Other accrued expenses	0.1	0.3
Total accrued expenses and other liabilities	<u>\$ 2.2</u>	<u>\$ 2.9</u>

(5) Liabilities Related to Sale of Future Royalties

In April 2016, the Company sold certain royalty rights related to the approved product Inavir[®], sold by Daiichi Sankyo Company, Limited ("Daiichi Sankyo") in the Japanese market, for \$20 million to HealthCare Royalty Partners III, L.P. ("HCRP"). Under the relevant accounting guidance, due to a limit on the amount of royalties that HCRP can earn under the arrangement, this transaction was accounted for as a liability that will be amortized using the interest method over the life of the arrangement. The Company has no obligation to pay any amounts to HCRP other than to pass through to HCRP its share of royalties as they are received from Daiichi Sankyo. In order to record the amortization of the liability, the Company is required to estimate the total amount of future royalty payments to be received under the License Agreement with Daiichi Sankyo and the payments that will be passed through to HCRP over the life of the agreement. The sum of the pass through amounts less the net proceeds received will be recorded as non-cash interest expense over the life of the liability. Consequently, the Company imputes interest on the unamortized portion of the liability and records non-cash interest expense using an estimated effective interest rate. The Company will periodically assess the expected royalty payments, and to the extent such payments are greater or less than the initial estimate, the Company will adjust the amortization of the liability and interest rate. As a result of this accounting, even though the Company does not retain HCRP's share of the royalties, it will continue to record non-cash revenue related to those royalties until the amount of the associated liability and related interest is fully amortized.

[Table of Contents](#)

The following table shows the activity within the liability account during the three months ended September 30, 2017:

	in millions
Total Liability related to sale of future royalties, June 30, 2017	\$ 16.7
Non-cash royalty revenue paid to HCRP	(0.2)
Non-cash interest expense recognized	0.4
Total Liability related to sale of future royalties, September 30, 2017	\$ 16.9

(6) Net Loss per share

Basic and diluted net loss per share has been computed based on net loss and the weighted-average number of common shares outstanding during the applicable period. For diluted net loss per share, common stock equivalents (shares of common stock issuable upon the exercise of stock options and unvested restricted stock units) are excluded from the calculation as their inclusion would be anti-dilutive. The Company has excluded all anti-dilutive share-based awards to purchase common stock in periods indicating a loss, as their effect is anti-dilutive.

The following tables set forth the computation of historical basic and diluted net loss per share.

	Three Months Ended September 30,	
	2017	2016
Net loss (in millions)	\$ (5.3)	\$ (10.0)
Weighted-average shares outstanding	38,649,237	38,640,487
Dilutive effect of restricted stock and stock options	-	-
Shares used to compute diluted earnings per share	38,649,237	38,640,487
Basic net loss per share	\$ (0.14)	\$ (0.26)
Diluted net loss per share	\$ (0.14)	\$ (0.26)
Number of anti-dilutive share-based awards excluded from computation	7,452,999	5,806,900

(7) Licenses, Royalty Collaborative and Contractual Arrangements*Royalty agreements*

The Company entered into a royalty-bearing research and license agreement with GlaxoSmithKline (“GSK”) in 1990 for the development and commercialization of zanamivir, a neuraminidase inhibitor marketed by GSK as Relenza[®] to treat influenza. Under the terms of the agreement, the Company licensed zanamivir to GSK on an exclusive, worldwide basis. Most of the Company’s Relenza[®] patents have expired and the only substantial remaining intellectual property related to the Relenza[®] patent portfolio is scheduled to expire in July 2019 in Japan. Until that patent expires, the Company will receive a 7% royalty on GSK’s annual net sales of Relenza[®] in Japan.

The Company also generates royalty revenue from the sale of Inavir[®] (laninamivir octanoate or LANI) in Japan, pursuant to a collaboration and license agreement and a related commercialization agreement (collectively, the “Inavir[®] License Agreement”) with Daiichi Sankyo. Under the Inavir[®] License Agreement, the Company currently receives a 4% royalty on net sales of Inavir[®] in Japan and is eligible to earn sales milestone payments. Under the Inavir[®] License Agreement, the Company and Daiichi Sankyo have cross-licensed the world-wide rights to develop and commercialize the related intellectual property, and have agreed to share equally in any royalties, license fees, or milestone or other payments received from any third party licenses outside of Japan. The patent relating to hydrates and the crystalline form of LANI used in Inavir[®] expires in 2021 (not including extensions) in the U.S. and EU and in 2024 in Japan. In February 2015, a patent containing claims relevant to the manufacture of Inavir[®] was issued in Japan and expires in December 2029.

[Table of Contents](#)

In April 2016, the Company entered into a Royalty Interest Acquisition Agreement (“Agreement”) with HCRP. Under the Agreement, HCRP made a \$20 million cash payment to the Company in consideration for acquiring from the Company certain royalty rights (“Royalty Rights”) related to Inavir[®] in the Japanese market.

The following tables summarize the key components of the Company’s revenues (in millions):

	Three Months Ended September 30,	
	2017	2016
	(in millions)	
Royalty revenue - Relenza [®]	\$ -	\$ 0.1
Non-cash royalty revenue related to the sale of future royalties	0.1	-
Total revenue	\$ 0.1	\$ 0.1

Collaborative and contract arrangements

In July 2016, the Company entered into an exclusive, worldwide license for RSV replication inhibitors intellectual property with Georgia State University Research Foundation (“GSURF”) in exchange for an upfront fee, future milestone payments and royalties on future net sales of any products that utilize the underlying RSV intellectual property. The Company has an obligation to make a minimum payment of \$10,000 to GSURF annually until the license agreement expires or is terminated. The Company also entered into a two year sponsored research agreement with GSURF for annual sponsored research payments.

(8) Subsequent Events

On October 30, 2017, the Company announced that it had entered into the Merger Agreement pursuant to which Vaxart., a privately-held clinical-stage company focused on developing oral recombinant vaccines from its proprietary delivery platform, would become a wholly-owned subsidiary of the Company. This transaction marks the culmination of the Company’s Strategic Review process which was initiated in April. The Merger will result in a combined company focused on developing orally-delivered vaccines and therapeutics to address a variety of viral infections.

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In most cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plan," "intend," "anticipate," "believe," "estimate," "project," "predict," "forecast," "potential," "likely" or "possible", as well as the negative of such expressions, and similar expressions intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- *our expectations as to when enrollment will be completed and top-line safety and efficacy data for BTA074 (teslexivir), are expected;*
- *our anticipation that we will generally incur net losses from operations in the future due to our intention to continue to support the preclinical and clinical development of our product candidates;*
- *our future financing requirements, the factors that may influence the timing and amount of those requirements and our ability to fund them;*
- *the number of months that our current cash, cash equivalents, investments and anticipated future proceeds from existing royalty-bearing licenses will allow us to operate; and*
- *the expected post-Merger share ownership split between Vaxart and Aviragen stockholders and anticipated timing of the closing of the Merger.*

Various important factors could cause actual results, performance, events or achievements to materially differ from those expressed or implied by forward-looking statements, including the U.S. Food and Drug Administration ("FDA") or a similar regulatory body in another country, a data safety monitoring board, or an institutional review board delaying, limiting, suspending or terminating any of the Company's clinical development programs at any time for a lack of safety, efficacy, tolerability, anti-viral activity, commercial viability, regulatory or manufacturing issues, or any other reason whatsoever; the Company's ability to secure, manage and retain qualified third-party clinical research, preclinical research, data management and contract manufacturing organizations upon which it relies to assist in the design, development, implementation and execution of the clinical and preclinical development of all its product candidates; and these third-party organizations fulfilling their contractual obligations on a timely and satisfactory basis; the safety or efficacy data from planned or ongoing future preclinical and clinical studies of any of its product candidates not supporting the clinical development of that product candidate; the successful enrollment of the requisite number of study participants on a timely basis; the Company's ability to comply with applicable government regulations in various countries and regions in which we are conducting, or expect to conduct, clinical trials; the Company's ability to retain and recruit sufficient staff, including key executive management and employees, to manage our business; the Company's ability to maintain, protect or defend its proprietary rights from unauthorized use by others, or not infringe on the intellectual property rights of others; our ability to successfully manage our expenses, operating results and financial position in line with our plans and expectations; the condition of the financial equity and debt markets and our ability to raise sufficient funding in such markets; changes in the general economic business or competitive conditions in the industry or with respect to our product candidates; potential employee resignations on short notice; provisions in certificate of incorporation, bylaws and laws of Delaware containing provisions that could delay or discourage a change in control of the Company; the Company's obtaining the requisite stockholder approval and other conditions to the Merger being satisfied; and other cautionary statements contained elsewhere in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended June 30, 2017, as filed with the U.S. Securities and Exchange Commission on September 1, 2017.

There may be events in the future that we are unable to predict accurately, or over which we have no control. You should completely read this Form 10-Q and the documents that we reference herein that have been filed or incorporated by reference as exhibits and with the understanding that our actual future results may be materially different from what we expect. Our business, financial condition, results of operations, and prospects may change. We may not update these forward-looking statements, even though our situation may change in the future, unless we have an obligation under the federal securities laws to update and disclose material developments related to previously disclosed information. We qualify all of the information presented in this Form 10-Q, and particularly our forward-looking statements, by these cautionary statements.

[Table of Contents](#)

Aviragen is a registered trademark of Aviragen Therapeutics Inc., Relenza[®] is a registered trademark of GlaxoSmithKline plc, and Inavir[®] is a registered trademark of Daiichi Sankyo Company, Ltd.

References to “we,” “us,” and “our” refer to Aviragen Therapeutics, Inc. and its subsidiaries.

The following is a discussion and analysis of the major factors contributing to our results of operations for the three months ended September 30, 2017, and our financial condition at that date, and should be read in conjunction with the financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Company Overview

We are focused on the discovery and development of direct-acting antivirals to treat infections that have limited therapeutic options and affect a significant number of patients globally. The Company has three Phase 2 clinical stage compounds: BTA074 (teslexivir), an antiviral treatment for condyloma caused by human papillomavirus types 6 & 11; vapendavir, a capsid inhibitor for the prevention or treatment of rhinovirus (“RV”) upper respiratory infections; and BTA585 (enzaplatovir), a fusion protein inhibitor in development for the treatment of respiratory syncytial virus infections.

Although several of our influenza product candidates have been successfully developed and commercialized to date by other larger pharmaceutical companies under license, collaboration or commercialization agreements with us, we have not independently developed or received regulatory approval for any product candidate, and we do not currently have any sales, marketing or commercial capabilities. Therefore, it is possible that we may not derive any significant product revenues from any product candidates that we are developing now, or may develop in the future. We expect to incur losses for the foreseeable future as we intend to support the clinical and preclinical development of our product candidates.

On October 30, 2017, the Company announced that it had entered into the Merger Agreement pursuant to which Vaxart., a privately-held clinical-stage company focused on developing oral recombinant vaccines from its proprietary delivery platform, would become a wholly-owned subsidiary of the Company. This transaction marks the culmination of the Company’s Strategic Review process which was initiated in April. The Merger will result in a combined company focused on developing orally-delivered vaccines and therapeutics to address a variety of viral infections.

The exchange ratio in the merger agreement was determined by Vaxart assigning \$60,000,000 in value to Aviragen for its financial and clinical assets, and \$90,000,000 in value for its own assets. On a pro forma basis after giving effect to the number of shares of Aviragen common stock that will be issued to Vaxart security holders in the Merger and assuming no adjustments for cash balances as provided for in the Merger Agreement, current Vaxart security holders will own approximately 60% of the combined company and current Aviragen security holders will own approximately 40% of the combined company. The transaction has been approved by the boards of directors of both companies. The Merger is expected to close in the first quarter of 2018, subject to the approval of the stockholders of each company as well as other customary conditions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Results of Operations discusses our financial results, which (except to the extent described in the Notes thereto) have been presented in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

We base our estimates and judgments on historical experience, current economic and industry conditions, and various other factors that we believe to be reasonable under the circumstances. This forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe there have been no changes to our critical accounting policies that require significant judgment and estimates as discussed in detail in our 2017 annual 10-K filing:

- Use of estimates
- Revenue recognition
- Accrued expenses
- Share-based compensation

For a description of recent accounting policies and the impact on our financial statements, refer to Note 2 in the condensed consolidated financial statements.

Results of Operations for the Three months ended September 30, 2017 and September 30, 2016

Summary. For the three months ended September 30, 2017, we reported a net loss of \$5.3 million, as compared to a net loss of \$10.0 million in the same period of the prior fiscal year. Basic and diluted net loss per share was \$0.14 for the three month period ended September 30, 2017, as compared to a basic and diluted net loss per share of \$0.26 in the same period of 2016. The following commentary provides details underlying changes from last year in the major line items of our statement of operations:

Revenue. Revenue remained the same at \$0.1 million for the three month periods ended September 30, 2017 and 2016. The following table summarizes the key components of our revenue for the three months ended September 30, 2017 and 2016:

	Three Months Ended September 30,	
	2017	2016
	(in millions)	
Royalty revenue - Relenza®	\$ -	\$ 0.1
Non-cash royalty revenue related to the sale of future royalties	0.1	-
Total revenue	<u>\$ 0.1</u>	<u>\$ 0.1</u>

Research and Development Expense. Research and development expense decreased to \$2.8 million for the three months ended September 30, 2017 from \$7.6 million for the same period in 2016. The following table summarizes the components of our research and development expense for the three months ended September 30, 2017 and 2016.

	Three Months Ended September 30,	
	(in millions)	
	2017	2016
Direct preclinical, clinical and product development expenses	\$ 1.9	\$ 6.4
Salaries, benefits and share-based compensation expenses	0.8	1.1
Depreciation and facility related expenses	0.1	0.1
Total research and development expense	<u>\$ 2.8</u>	<u>\$ 7.6</u>

[Table of Contents](#)

Direct preclinical, clinical and product development expense decreased largely due to reduced clinical trial activity and manufacturing costs, as two of our three Phase 2 clinical trials came to a close in the end of the prior fiscal year. Salaries, benefits and share-based compensation expenses decrease due to a reduction in headcount during the fourth quarter of fiscal 2017.

General and Administrative Expense. General and administrative expense increased to \$2.3 million for the three months ended September 30, 2017 from \$2.2 million for the same period in 2016. The following table summarizes the components of our general and administrative expense for the three months ended September 30, 2017 and 2016.

	Three Months Ended September 30, (in millions)	
	2017	2016
Salaries, benefits and share-based compensation expenses	\$ 1.1	\$ 1.0
Professional and legal fees expenses	0.6	0.4
Other expenses	0.6	0.8
Total general and administrative expense	<u>\$ 2.3</u>	<u>\$ 2.2</u>

Foreign Exchange Loss (Gain), net. The impact of foreign exchange changed from a gain of \$0.1 million in the three months ended September 30, 2016 to no gain or loss for the three months ended September 30, 2017. The negative impact on foreign exchange on our statement of operations was due to fluctuations in foreign currency exchange rates versus the U.S. dollar, largely related to the British Pound and Australian dollar. The vast majority of our cash holdings are held in the U.S. dollar. We re-measure all of our foreign assets and liabilities at the period-end exchange rate and the net effect of these translation adjustments is shown as a foreign currency loss or gain.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended September 30, 2017, cash and cash equivalents increased by \$1.9 million. This increase was primarily the result of the maturities of our short-term investments.

Net cash used by operating activities was \$4.5 million for the three months ended September 30, 2017, which reflected our net loss during the period of \$5.3 million, a net decrease in operating liabilities of \$0.9 million, partially offset by net non-cash adjustments of \$0.8 million and a net decrease in operating assets of \$0.9 million. Non-cash adjustments consist of \$0.4 million in non-cash interest expense and \$0.5 million in share-based compensation expense, partially offset by \$0.1 million in non-cash royalty income.

Our net loss resulted largely from our funding of research and development activities including conducting clinical and preclinical studies, manufacturing and formulation of our product candidates, as well as ongoing general and administrative expenses. The net changes in operating assets and liabilities primarily reflects a \$0.9 million decrease in accounts payable and accrued expense due to reduced clinical trial activity, offset by a \$0.4 million decrease in prepaid expenses, also due to reduced clinical trial activity and a \$0.5 million decrease in receivables, which is largely related to royalty income.

Net cash provided by investing activities during the three months ended September 30, 2017 consisted of the maturity of \$13.4 million of investments, partially offset by the purchase of \$7.0 million of investments.

At September 30, 2017, our cash, cash equivalents and investments totaled \$34.1 million. Our cash and cash equivalents are currently held in the form of short-term deposits with large U.S. banks. Our short-term investments consist primarily of highly-rated corporate securities.

Based on our current strategy and operating plan, and considering the potential costs associated with advancing the preclinical and clinical development of our product candidates, we believe that our existing cash, cash equivalents and investments of approximately \$34.1 million as of September 30, 2017, along with the anticipated proceeds from existing royalty-bearing licenses will enable us to operate for a period of at least 12 months from the date of this report.

[Table of Contents](#)

We have an ATM facility in place, which may allow us to quickly access the equity capital markets if we think it is prudent to do so and if market conditions allow. However, we currently do not have any commitments for future funding, nor do we anticipate that we will generate significant revenue, aside from revenue from existing royalty-bearing arrangements.

On October 30, 2017, the Company announced that it had entered into the Merger Agreement pursuant to which Vaxart, a privately-held clinical-stage company focused on developing oral recombinant vaccines from its proprietary delivery platform, would become a wholly-owned subsidiary of the Company. This transaction marks the culmination of the Company's Strategic Review process which was initiated in April. The Merger will result in a combined company focused on developing orally-delivered vaccines and therapeutics to address a variety of viral infections.

Contractual and Commercial Commitments

There have been no material changes from the information included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2017.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined in Item 303(a)(4) (ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

ITEM 3: Quantitative and Qualitative Disclosures about Market Risk

There has been no material change in our assessment of sensitivity to market risk since our presentation set forth in Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in the our Annual Report on Form 10-K for the fiscal year ended June 30, 2017.

ITEM 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings that are incidental to the conduct of its business. The Company is not involved in any pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition or results of operations.

ITEM 1A. RISK FACTORS

Risks Related to Investment in our Business

Any investment in our business involves a high degree of risk. Before making an investment decision, you should carefully consider the information we include in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and accompanying notes, and the additional information in the other reports we file with the Securities and Exchange Commission along with the risks described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2017. These risks may result in material harm to our business and our financial condition and results of operations. In this event, the market price of our common stock may decline and you could lose part or all of your investment.

Risks Related to Our Pending Merger

Because the lack of a public market for Vaxart shares makes it difficult to evaluate the fairness of the Merger, the stockholders of Vaxart may receive consideration in the Merger that is less than the fair market value of the Vaxart shares and/or we may pay more than the fair market value of the Vaxart shares.

The outstanding capital stock of Vaxart is privately held and is not traded in any public market. The lack of a public market makes it extremely difficult to determine the fair market value of Vaxart. Because the percentage of our equity to be issued to Vaxart securityholders was determined based on our negotiations with Vaxart, it is possible that the value of our common stock to be issued to Vaxart securityholders will be less than the fair market value of Vaxart, or we may pay more than the aggregate fair market value for Vaxart.

There is no assurance that the proposed Merger between us and Vaxart will be completed in a timely manner or at all. If the Merger with Vaxart is not consummated, our business could suffer materially and our stock price could decline.

The consummation of the proposed Merger between us and Vaxart is subject to a number of closing conditions, including the approval by our stockholders of the issuance of our shares in the Merger and other customary closing conditions. If the conditions are not satisfied or waived, the Merger will not occur or will be delayed.

If the proposed Merger between us and Vaxart is not consummated, we may be subject to a number of material risks, and our business and stock price could be adversely affected, as follows:

- we have incurred and expect to continue to incur significant expenses related to the proposed Merger with Vaxart even if the Merger is not consummated;
- we could be obligated to pay Vaxart up to a \$1.95 million termination fee under certain circumstances pursuant to the Merger Agreement;
- the market price of our common stock may decline to the extent that the current market price reflects a market assumption that the proposed Merger will be completed; and
- we may not be able to pursue an alternate merger transaction if the proposed Merger with Vaxart is not completed.

The market price of our common stock following the Merger may decline as a result of the Merger.

The market price of our common stock may decline as a result of the Merger for a number of reasons including if:

- investors react negatively to the prospects of the combined organization's business and prospects from the Merger;
- the effect of the Merger on the combined organization's business and prospects is not consistent with the expectations of financial or industry analysts; or
- the combined organization does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by financial or industry analysts.

During the pendency of the Merger, we may not be able to enter into a business combination with another party at a favorable price because of restrictions in the Merger Agreement, which could adversely affect our business.

Covenants in the Merger Agreement impede the ability of Aviragen to make acquisitions, subject to certain exceptions relating to fiduciaries duties, or complete other transactions that are not in the ordinary course of business, pending completion of the Merger. As a result, if the Merger is not completed, we may be at a disadvantage to our competitors during that period. In addition, while the Merger Agreement is in effect, each party is generally prohibited from soliciting, initiating, encouraging or entering into certain extraordinary transactions, such as a merger, sale of assets or other business combination outside the ordinary course of business, with any third party, subject to, in the case of Aviragen, certain exceptions. These restrictions apply even if such transactions could be favorable to our stockholders.

Certain provisions of the Merger Agreement may discourage third parties from submitting competing proposals, including proposals that may be superior to the arrangements contemplated by the Merger Agreement.

The terms of the Merger Agreement prohibit each of Aviragen and Vaxart from soliciting competing proposals or cooperating with persons making unsolicited acquisition proposals, except in the case of Aviragen if Aviragen's board of directors determines in good faith, after consultation with our outside financial advisors and outside legal counsel, that an unsolicited alternative competing proposal is or is reasonably likely to result in a superior competing proposal and that failure to enter into discussions with the proponent of the proposal is reasonably likely to be inconsistent with the board's fiduciary duties. In addition, even if our board of directors desires to terminate the Merger Agreement to accept a superior competing proposal, the Merger Agreement requires that we must first hold a meeting of our stockholders before we can terminate the Merger Agreement. If we or Vaxart terminate the Merger Agreement under certain circumstances, including terminating because of a decision of our board of directors to recommend a superior proposal, we would be required to pay a termination fee of \$1.95 million to Vaxart. This termination fee and the other requirements of the Merger Agreement described above may discourage third parties from submitting competing proposals to us or our stockholders, and may cause our board of directors to be less inclined to recommend an alternative proposal.

Some Aviragen executive officers and directors have interests in the Merger that are different from yours and that may influence them to support or approve the Merger without regard to your interests.

Certain officers and directors of Aviragen participate in arrangements that provide them with interests in the Merger that are different from yours, including, among others, the continued service as an officer or director of the combined organization and continued indemnification, severance payments upon termination of employment and acceleration of stock options.

Failure to obtain stockholder approval for the proposed reverse stock split may result in our stock being delisted from the NASDAQ Capital Market.

We are required pursuant to the terms of the Merger Agreement to submit to our stockholders a proposal to approve an amendment to our certificate of incorporation to authorize our board of directors to effect a reverse stock split of all outstanding shares of our common stock. If our proposal for implementing a reverse stock split is not approved by our stockholders, we will likely not be able to regain compliance with the minimum bid price requirement of the NASDAQ Stock Market LLC ("Nasdaq") and as a consequence, Nasdaq will provide us written notification that our common stock will be delisted. Upon receipt of such delisting letter, we may appeal the determination to the Hearings Panel (the "Panel"). At the hearing, we will be required to provide a plan to regain compliance. If the Panel decides to continue with delisting of the Company, the Panel's decision may be appealed to the Nasdaq Listing and Hearing Review Council but such appeal will not stay the delisting process. There can be no assurance that, if the Company does appeal any delisting determination, any such appeal would be successful.

The issuance of shares of our common stock to Vaxart stockholders in the pending Merger will dilute substantially the voting power of our current stockholders.

If the pending Merger is completed, each outstanding share of Vaxart common stock will be converted into the right to receive a number of shares of our common stock equal to the exchange ratio determined pursuant to the Merger Agreement. Immediately following the Merger, our equityholders are expected to own approximately 40% of the outstanding capital stock of the combined company on a fully diluted basis, and the Vaxart equityholders are expected to own approximately 60% of the outstanding capital stock of the combined company on a fully diluted basis. Accordingly, the issuance of shares of our common stock to Vaxart stockholders in the merger will reduce significantly the relative voting power of each share of our common stock held by our current equityholders. Consequently, our equityholders as a group will have significantly less influence over the management and policies of the combined company after the Merger than prior to the Merger.

The pendency of the Merger could have an adverse effect on the trading price of our common stock and our business, financial condition, results of operations or business prospects.

While there have been no significant adverse effects to date, the pendency of the Merger could disrupt our businesses in the following ways, including:

- the attention of our management may be directed toward completion of the Merger and related matters and may be diverted from the day-to-day business operations; and
- third parties may seek to terminate or renegotiate their relationships with us as a result of the Merger, whether pursuant to the terms of their existing agreements with us or otherwise.

Should they occur, any of these matters could adversely affect the trading price of our common stock or harm our financial condition, results of operations or business prospects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

[Table of Contents](#)

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits to this report are listed in the Exhibit Index, which is incorporated into this Item 6 by reference.

SIGNATURES

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

Aviragen Therapeutics, Inc.

Date: November 7, 2017

By: /s/ Joseph M. Patti
Joseph M. Patti
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Mark P. Colonnese
Mark P. Colonnese
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Title	Filed with this Form 10-Q	Incorporation by Reference		
			Form	File No.	Date Filed
31.1*	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended	X			
31.2*	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended	X			
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350	X			
101	The following financial information from the Aviragen Therapeutics, Inc. Quarterly Report on Form 10-Q for the period ended September 30, 2017 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations for the Three months, (iii) the Condensed Statements of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements	X			

* This certification is being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of Aviragen Therapeutics, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Joseph M. Patti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aviragen Therapeutics, 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.

Dated: November 7, 2017

By: /s/ Joseph M. Patti
Joseph M. Patti
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Mark P. Colonnese, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aviragen Therapeutics, 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.

Dated: November 7, 2017

By: /s/ Mark P. Colonnese
Mark P. Colonnese
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report on Form 10-Q of Aviragen Therapeutics, Inc. (“the Company”) for the quarterly period ended September 30, 2017 (the “Report”), I, Joseph M. Patti, Chief Executive Officer of the Company, and Mark P. Colonnese, Chief Financial Officer of the Company each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: November 7, 2017

By: /s/ Joseph M. Patti
Joseph M. Patti
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Mark P. Colonnese
Mark P. Colonnese
Chief Financial Officer
(Principal Financial Officer)