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

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 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** | **59-1212264** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(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 | ☐ | 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 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 May 8, 2017 was 38,649,237 shares.

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**PART I. FINANCIAL INFORMATION**
**ITEM 1. Financial Statements**

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

| | March 31, 2017 | June 30, 2016 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 11.8 | $ 49.7 |
| Short-term investments | 25.8 | 19.3 |
| Accounts receivable, net of allowance | 6.6 | 0.7 |
| Prepaid and other current assets | 2.2 | 2.7 |
| Total current assets | 46.4 | 72.4 |
| Non-current assets: | | |
| Property and equipment, net | 0.3 | 0.3 |
| Total assets | $ 46.7 | $ 72.7 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 1.8 | $ 3.9 |
| Accrued expenses | 3.0 | 3.6 |
| Short-term note payable | 0.3 | 0.4 |
| Liability related to sale of future royalties, current portion | 0.4 | 1.3 |
| Total current liabilities | 5.5 | 9.2 |
| Non-current liabilities: | | |
| Long-term note payable, net of current portion | 0.1 | 0.3 |
| Liability related to sale of future royalties, net of current portion | 16.7 | 16.8 |
| Other long-term liabilities, net of current portion | 0.2 | 0.2 |
| Total liabilities | 22.5 | 26.5 |
| | | |
| 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 and 38,640,487 shares issued and outstanding at March 31, 2017 and June 30, 2016, respectively | 3.9 | 3.9 |
| Additional paid-in capital | 159.1 | 157.6 |
| Accumulated other comprehensive income | 19.0 | 19.0 |
| Accumulated deficit | (157.8) | (134.3) |
| Total stockholders' equity | 24.2 | 46.2 |
| Total liabilities and stockholders' equity | $ 46.7 | $ 72.7 |

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 March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Revenue: | | | | |
| Royalty revenue | $ 4.1 | $ 5.3 | $ 5.8 | $ 8.8 |
| Non-cash royalty revenue related to the sale of future royalties | 0.8 | - | 3.0 | - |
| Total revenue | 4.9 | 5.3 | 8.8 | 8.8 |
| | | | | |
| Operating expense: | | | | |
| Research and development | 6.8 | 8.5 | 24.6 | 20.4 |
| General and administrative | 1.8 | 2.3 | 6.0 | 6.7 |
| Foreign exchange (gain) loss, net | 0.1 | (0.3) | 0.1 | 0.2 |
| Total operating expense | 8.7 | 10.5 | 30.7 | 27.3 |
| Loss from operations | (3.8) | (5.2) | (21.9) | (18.5) |
| Other (expense) income: | | | | |
| Non-cash interest expense on liability related to sale of future royalties | (0.5) | - | (1.4) | - |
| Interest income | 0.1 | - | 0.1 | 0.1 |
| Total other (expense) income | (0.4) | - | (1.3) | 0.1 |
| | | | | |
| Loss before tax | (4.2) | (5.2) | (23.2) | (18.4) |
| Income tax expense | 0.2 | - | 0.3 | - |
| Net loss | $ (4.4) | $ (5.2) | $ (23.5) | $ (18.4) |
| | | | | |
| Basic and diluted net loss per share | $ (0.11) | $ (0.14) | $ (0.61) | $ (0.48) |
| | | | | |
| Basic and diluted weighted-average shares outstanding | 38,647,487 | 38,640,254 | 38,642,786 | 38,633,786 |

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)

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balances at June 30, 2016** | 38,640,487 | $ 3.9 | $ 157.6 | $ (134.3) | $ 19.0 | $ 46.2 |
| Net loss | - | - | - | (23.5) | - | (23.5) |
| Common stock issued | 8,750 | - | - | - | - | - |
| Share-based compensation | - | - | 1.5 | - | - | 1.5 |
| **Balances at March 31, 2017** | 38,649,237 | $ 3.9 | $ 159.1 | $ (157.8) | $ 19.0 | $ 24.2 |

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)

| | Nine Months Ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| **Cash flows from operating activities:** | | |
| Net loss | $ (23.5) | $ (18.4) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Share-based compensation | 1.4 | 1.6 |
| Non-cash interest expense related to sale of future royalties | 1.4 | - |
| Non-cash royalty revenue related to sale of future royalties | (3.0) | - |
| | | |
| Change in operating assets and liabilities: | | |
| Accounts receivables | (5.2) | 2.5 |
| Prepaid expenses and other current assets | 0.5 | (0.8) |
| Accounts payable and accrued expenses | (2.8) | (0.1) |
| Net cash used in operating activities | (31.2) | (15.2) |
| **Cash flows from investing activities:** | | |
| Purchases of short and long-term investments | (26.8) | (13.5) |
| Maturity of short-term investments | 20.3 | 14.9 |
| Purchases of property and equipment | - | (0.1) |
| Net cash (used in) provided by investing activities | (6.5) | 1.3 |
| **Cash flows from financing activities:** | | |
| Payment on note payable | (0.2) | (0.2) |
| Net cash used in financing activities | (0.2) | (0.2) |
| Decrease in cash and cash equivalents | (37.9) | (14.1) |
| Cash and cash equivalents at beginning of period | 49.7 | 44.7 |
| **Cash and cash equivalents at end of period** | $ 11.8 | $ 30.6 |

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

## 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: vapendavir, a capsid inhibitor for the prevention or treatment of rhinovirus (RV) upper respiratory infections; BTA585 (enzaplatovir), a fusion protein inhibitor in development for the treatment of respiratory syncytial virus infections; and BTA074, an antiviral treatment for condyloma caused by human papillomavirus types 6 & 11. We also have preclinical RSV non-fusion inhibitor program that we believe complements our F-protein inhibitor BTA585. 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.

In April 2017, the Company announced that it plans to explore a wide range of strategic alternatives that include a business combination or strategic merger, in-licensing clinical stage programs, an acquisition, or other transaction that would complement the Company's current pipeline and could maximize both near and long-term value for its shareholders. The Company has retained Stifel, Nicolaus & Company, Incorporated to serve as its financial advisor in the process. During the strategic alternatives process, the Company plans to continue to finance its operations with its existing cash. The Company's ability to continue to support its operations is dependent, in the near-term, upon managing its cash resources (including royalty revenue received under existing licenses) as it continues with its ongoing clinical development activities. Aviragen does not have a defined timeline for the exploration of strategic alternatives and there can be no assurance that the process will result in any strategic alternative being announced or consummated. Aviragen does not intend to discuss or disclose further developments during this process unless and until its Board of Directors has approved a specific action or otherwise determined that further disclosure is appropriate.

## (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 consolidated financial statements included in the Company's Annual Report on Form 10-K that was filed with the SEC on September 13, 2016.

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 and nine months ended March 31, 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, 2017. 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, 2016 included in the Company's Annual Report on Form 10-K.

The Company's significant accounting policies have not changed since June 30, 2016, except as described below in Recently Adopted Accounting Standards.

***Recently Adopted Accounting Standards***

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-09 - Improvements to Employee Share-Based Payment Accounting. This ASU simplifies several aspects of the accounting for employee share-based payments, including the accounting for employer tax withholding on share-based compensation, forfeitures and the financial statement presentation of excess tax benefits and deficiencies. The ASU also clarifies the statement of cash flows presentation for certain components of share-based awards.

The Company has elected to early adopt ASU 2016-09 for the three months ended March 31, 2017 using a modified retrospective approach, effective as if adopted the first day of the fiscal year, July 1, 2016. As a result of the adoption, the Company made an accounting policy election to account for forfeitures as they occur. The impact of the change in accounting policy has been recorded as a $0.1 million cumulative effect adjustment as a decrease to the Company's accumulated deficit and an increase to additional paid-in capital as of January 1, 2017 to reflect actual forfeitures versus the previously-estimated forfeiture rate.

The amendments within the ASU related to the recognition of excess tax benefits and deficiencies and tax withholding requirements were adopted prospectively, with no impact to prior periods in the Statement of Stockholder's Equity.

***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 August 2014, the FASB issued authoritative accounting guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. This guidance is effective for annual reporting ending after December 15, 2016, and for annual periods and interim periods thereafter, with early application permitted. Accordingly, the standard is effective for the Company on June 30, 2017. The adoption of this guidance is not expected to have a material impact on the Company's 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.

The following table sets forth the financial assets and liabilities that were measured at fair value on a recurring basis at March 31, 2017 and June 30, 2016, 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)<br>**March 31, 2017** | **Total** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
|---|---|---|---|---|
| Cash equivalents | $ 7.4 | $ 7.4 | $ — | $ — |
| Short-term investments available-for-sale | 25.8 | — | 25.8 | — |
| Total | $ 33.2 | $ 7.4 | $ 25.8 | $ — |

| (in millions)<br>**June 30, 2016** | **Total** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
|---|---|---|---|---|
| Cash equivalents | $ 1.5 | $ 1.5 | $ — | $ — |
| Short-term investments available-for-sale | 19.3 | 10.0 | 9.3 | — |
| Total | $ 20.8 | $ 11.5 | $ 9.3 | $ — |

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 March 31, 2017 and June 30, 2016 aggregated by major security type:

| (in millions) **March 31, 2017** | At Cost | Unrealized Gains | Unrealized (Losses) | At Fair Value |
|---|---|---|---|---|
| Money market funds | $ 7.4 | $ - | $ - | $ 7.4 |
| Corporate notes | 19.8 | - | - | 19.8 |
| Commercial paper | 5.0 | - | - | 5.0 |
| Certificates of deposit | 1.0 | - | - | 1.0 |
| Total | $ 33.2 | $ - | $ - | $ 33.2 |

| (in millions) **June 30, 2016** | At Cost | Unrealized Gains | Unrealized (Losses) | At Fair Value |
|---|---|---|---|---|
| Money market funds | $ 1.5 | $ — | $ — | $ 1.5 |
| Debt securities of U.S. government agencies | 2.0 | — | — | 2.0 |
| U.S. Treasury securities | 7.0 | — | — | 7.0 |
| Corporate notes | 2.9 | 0.1 | — | 3.0 |
| Certificates of deposit | 7.3 | — | — | 7.3 |
| Total | $ 20.7 | $ 0.1 | $ — | $ 20.8 |

As of March 31, 2017, the Company had no investments in an unrealized gain (loss) position. As of June 30, 2016, the Company had investments in an unrealized gain position. The Company determined that the unrealized gains 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 March 31, 2017, will mature within a one year period. 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 respectively, at March 31, 2017 and June 30, 2016. The fair value of the Company's short-term note payable, which is measured using Level 2 inputs, approximates book value, at March 31, 2017 and June 30, 2016.

### (4) Accrued and Other Current Liabilities

Accrued expenses consist of the following (in millions):

| | March 31, 2017 | June 30, 2016 |
|---|---|---|
| Professional fees | $ 0.4 | $ 0.1 |
| Salary and benefits | 0.4 | 0.6 |
| Research and development expenses | 2.2 | 2.2 |
| Other accrued expenses | - | 0.7 |
| Total accrued expenses and other liabilities | $ 3.0 | $ 3.6 |

### (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. As of March 31, 2017 and June 30, 2016, the amount receivable from Daiichi Sankyo related to the HCRP transaction was $0.8 million and $0.2 million, respectively, which has been included in "Accounts Receivable" in the accompanying condensed consolidated balance sheets.

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.

The following table shows the activity within the liability account during the nine months ended March 31, 2017:

| | in millions |
|---|---|
| Total Liability related to sale of future royalties, June 30, 2016 | $ 18.1 |
| Non-cash royalty revenue paid to HCRP | (2.4) |
| Non-cash interest expense recognized | 1.4 |
| Total Liability related to sale of future royalties, March 31, 2017 | $ 17.1 |

**(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 March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Net loss (in millions) | $ (4.4) | $ (5.2) |
| Weighted-average shares outstanding | 38,647,487 | 38,640,254 |
| Dilutive effect of restricted stock and stock options | - | - |
| Shares used to compute diluted earnings per share | 38,647,487 | 38,640,254 |
| Basic net loss per share | $ (0.11) | $ (0.14) |
| Diluted net loss per share | $ (0.11) | $ (0.14) |
| Number of anti-dilutive share-based awards excluded from computation | 6,635,527 | 4,639,959 |

| | Nine Months Ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Net loss (in millions) | $ (23.5) | $ (18.4) |
| Weighted-average shares outstanding | 38,642,786 | 38,633,786 |
| Dilutive effect of restricted stock and stock options | - | - |
| Shares used to compute diluted earnings per share | 38,642,786 | 38,633,786 |
| Basic net loss per share | $ (0.61) | $ (0.48) |
| Diluted net loss per share | $ (0.61) | $ (0.48) |
| Number of anti-dilutive share-based awards excluded from computation | 6,635,527 | 4,639,959 |

## (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 ("NI") 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 and has been entitled to receive royalty payments of 7% of GSK's annual net sales of Relenza® in the U.S., Europe, Japan and certain other countries as well as 10% of GSK's annual net sales of Relenza® in Australia, New Zealand, South Africa and Indonesia. 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.

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. Patents on the composition of matter for LANI in Japan generally expire in 2024.

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 Sellers certain royalty rights ("Royalty Rights") related to the approved product Inavir® in the Japanese market. The Royalty Rights were obtained pursuant to the Inavir License Agreement.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (in millions) | |
| Royalty revenue - Relenza® | $ 1.1 | $ 1.7 |
| - Inavir® | 3.0 | 3.6 |
| Non-cash royalty revenue related to the sale of future royalties | 0.8 | - |
| Total revenue | $ 4.9 | $ 5.3 |

| | Nine Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (in millions) | |
| Royalty revenue - Relenza® | $ 2.7 | $ 4.5 |
| - Inavir® | 3.1 | 4.3 |
| Non-cash royalty revenue related to the sale of future royalties | 3.0 | - |
| Total revenue | $ 8.8 | $ 8.8 |

*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) Share-based Compensation**

For the three month period ended March 31, 2017 and 2016, the Company recorded share-based compensation expense related to grants from equity incentive plans of $0.5 million and $0.5 million, respectively. For the nine month period ended March 31, 2017 and 2016, the Company recorded share-based compensation expense related to grants from equity incentive plans of $1.4 million and $1.6 million, respectively. No income tax benefit was recognized in the statements of operations and no share-based compensation expense was capitalized as part of any assets for the three month and nine month periods ended March 31, 2017 and 2016.

*Stock Options*
The fair value of each stock option award was estimated at its respective date of grant using the Black-Scholes method with the following assumptions:

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Weighted-average risk-free interest rate | 1.27% | 1.10% | 1.19% | 1.50% |
| Dividend yield | — | — | — | — |
| Expected weighted-average volatility | .65 | .76 | .71 | .75 |
| Expected weighted-average life of options (years) | 2.0 | 6.0 | 4.2 | 4.5 |
| Weighted-average fair value of options granted | $ 0.24 | $ 0.88 | $ 0.58 | $ 1.34 |

The risk-free rate interest rate is based on the expected life of the option and the corresponding U.S. Treasury bond. The expected term of stock options granted is derived from actual and expected option behavior and represents the period of time that options granted are expected to be outstanding. Expected volatility is based on the historical volatility of the Company's publicly traded common stock.

A summary of the Company's outstanding stock option activity for the nine months ended March 31, 2017 is as follows:

| | Number of Stock Options | Weighted Average Exercise Price Per Option | Weighted-Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value($000) |
|---|---|---|---|---|
| Outstanding at June 30, 2016 | 4,751,423 | $ 4.07 | | - |
| Granted | 2,392,000 | 1.02 | | |
| Exercised | — | — | | |
| Forfeited | (337,193) | 2.35 | | |
| Expired | (170,703) | 4.46 | | |
| Outstanding at March 31, 2017 | 6,635,527 | $ 3.05 | 7.5 | $ - |

The total intrinsic value of stock options exercised during the three month period ended March 31, 2017 was zero, and no cash proceeds were received by the Company. Further, no actual tax benefits were realized, as the Company currently records a full valuation allowance for all tax benefits due to uncertainties with respect to its ability to generate sufficient taxable income in the future.

The following tables summarize information relating to outstanding and exercisable options as of March 31, 2017:

| | | | March 31, 2017 | | | | |
|---|---|---|---|---|---|---|---|
| | | | Outstanding Weighted Average | | | Exercisable | |
| Exercise Prices | | | Number of Stock Options | Remaining Contractual Life (In Years) | Weighted Average Exercise Price | Number of Stock Options | Weighted Average Exercise Price |
| $0.65 | — | $1.21 | 1,082,000 | 9.99 | $ 0.65 | 0 | $ 0.00 |
| $1.30 | — | $1.95 | 1,684,167 | 9.28 | 1.38 | 37,217 | 1.76 |
| $2.02 | — | $3.98 | 2,468,750 | 6.42 | 2.47 | 1,295,566 | 2.49 |
| $4.05 | — | $34.86 | 1,400,610 | 5.33 | 7.93 | 1,354,360 | 8.03 |
| | | | 6,635,527 | 7.50 | $ 3.05 | 2,687,143 | 5.27 |

As of March 31, 2017 there was $2.4 million of unrecognized share-based compensation expense related to all unvested share-based awards. This balance is expected to be recognized over a weighted-average period of approximately 1.6 years.

**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 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;*
- *a wide range of strategic alternatives that the Company plans to explore that may include a business combination or strategic merger, in-licensing clinical stage programs, an acquisition, or other transaction that would complement the Company's current pipeline;*

*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 success of our strategic alternatives exploration process and other cautionary statements contained elsewhere in this Quarterly Report on Form10-Q and in the Company's Annual Report on Form 10-K for the year ended June 30, 2016, as filed with the U.S. Securities and Exchange Commission on September 13, 2016.*

*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.*

*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 and nine months ended March 31, 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: vapendavir, a capsid inhibitor for the prevention or treatment of rhinovirus (RV) upper respiratory infections; BTA585 (enzaplatovir), a fusion protein inhibitor in development for the treatment of respiratory syncytial virus infections; and BTA074, an antiviral treatment for condyloma caused by human papillomavirus types 6 & 11. We also have preclinical RSV non-fusion inhibitor program that we believe complements our F-protein inhibitor BTA585.

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.

In April 2017, we announced that we plan to explore a wide range of strategic alternatives that include a business combination or strategic merger, in-licensing clinical stage programs, an acquisition, or other transaction that would complement our current pipeline and could maximize both near and long-term value for our shareholders. We have retained Stifel, Nicolaus & Company, Incorporated to serve as our financial advisor in the process. During the strategic alternatives process, we plan to continue to finance our operations with its existing cash. The Company's ability to continue to support its operations is dependent, in the near-term, upon managing its cash resources (including royalty revenue received under existing licenses) as we continue with our ongoing clinical development activities. We do not have a defined timeline for the exploration of strategic alternatives and we can provide no assurance that the process will result in any strategic alternative being announced or consummated. We do not intend to discuss or disclose further developments during this process unless and until our Board of Directors has approved a specific action or otherwise determined that further disclosure is appropriate.

**Recent Clinical Highlights and Updates**

***Strategic Review Process.*** The Company is actively engaged, with the assistance of its financial advisor, Stifel, Nicolaus & Company, Incorporated, in evaluating a wide range of strategic alternatives that include a business combination or strategic merger, in-licensing clinical stage programs, an acquisition, or other transaction that would complement the Company's pipeline.

***BTA074.*** The Phase 2 trial of BTA074, a topical antiviral treatment for condyloma caused by human papillomavirus (HPV), is ongoing with completion of enrollment in the 210 patient trial anticipated in the second half of 2017. Top-line safety and efficacy data are expected in the first half of 2018.

***Vapendavir.*** On February 13, 2017 the Company announced top-line data from its Phase 2b SPIRITUS trial, a multi-center, randomized, double-blind, placebo controlled, dose-ranging study of vapendavir in moderate to severe asthmatics with a rhinovirus (RV) infection. Vapendavir did not demonstrate a statistically significant reduction in the primary endpoint, asthma control questionnaire-6 (ACQ-6) at day 14 compared to placebo; however, Vapendavir did demonstrate an antiviral effect and clinical benefit in subjects dosed within 24 hours of symptom onset, consistent with that observed in earlier clinical trials with the drug. The Company is working with several key opinion leaders in evaluating a potential clinical development path for the drug based on the consistent antiviral effect observed in all of its Phase 2 clinical studies, and its favorable safety profile.

***RSV Programs.*** On February 1, 2017 the Company announced top-line data from its double-blind, placebo-controlled Phase 2a study of BTA585 in adults challenged intranasally with respiratory syncytial virus (RSV). The data indicate there was not a significant reduction in the primary endpoint, which was viral load. The overall safety profile of BTA585 was favorable and consistent across treatment groups. The Company continues to progress non-clinical activities in support of its response to the U.S. Food and Drug Administration regarding the clinical hold on BTA585 for the treatment of respiratory syncytial virus (RSV) infections. In addition the Company is making progress in identifying several compounds for its non-nucleoside inhibitor program in the same indication.

***Overhead Expense.*** The Company has reduced its headcount by approximately 25% and has taken several additional steps to preserve cash during the strategic review process.

**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 2016 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 March 31, 2017 and March 31, 2016***

*Summary.* For the three months ended March 31, 2017, we reported a net loss of $4.4 million, as compared to a net loss of $5.2 million in the same period of the prior fiscal year. Basic and diluted net loss per share was $0.11 for the three month period ended March 31, 2017, as compared to a basic and diluted net loss per share of $0.14 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 decreased to $4.9 million for the three month period ended March 31, 2017 from $5.3 million in the same period in 2016 mainly due to a $0.6 million decrease in Relenza® royalties which was partially offset by a $0.2 million increase in Inavir® royalties. Of the total $3.8 million Inavir royalties earned for the three months ended March 31, 2017, $0.8 million are related to the sale of certain royalty rights to HealthCare Royalty Partners III, L.P. (HCRP) in April 2016 and will be passed through to HCRP. These are accounted for as non-cash royalty revenue in the condensed consolidated statement of operations. The following table summarizes the key components of our revenue for the three months ended March 31, 2017 and 2016:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (in millions) | |
| Royalty revenue - Relenza® | $ 1.1 | $ 1.7 |
| - Inavir® | 3.0 | 3.6 |
| Non-cash royalty revenue related to the sale of future royalties | 0.8 | - |
| Total revenue | $ 4.9 | $ 5.3 |

*Research and Development Expense.* Research and development expense decreased to $6.8 million for the three months ended March 31, 2017 from $8.5 million for the same period in 2016. The following table summarizes the components of our research and development expense for the three months ended March 31, 2017 and 2016.

| | Three Months Ended March 31, (in millions) | |
|---|---|---|
| | 2017 | 2016 |
| Direct preclinical, clinical and product development expenses | $ 5.9 | $ 7.1 |
| Salaries, benefits and share-based compensation expenses | 0.8 | 1.1 |
| Depreciation and facility related expenses | 0.1 | 0.3 |
| Total research and development expense | $ 6.8 | $ 8.5 |

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, and reductions in overhead during the period.

*General and Administrative Expense.* General and administrative expense decreased to $1.8 million for the three months ended March 31, 2017 from $2.3 million for the same period in 2016. The following table summarizes the components of our general and administrative expense for the three months ended March 31, 2017 and 2016.

| | Three Months Ended March 31, (in millions) | |
|---|---|---|
| | 2017 | 2016 |
| Salaries, benefits and share-based compensation expenses | $ 1.0 | $ 1.2 |
| Professional and legal fees expenses | 0.3 | 0.3 |
| Other expenses | 0.5 | 0.8 |
| Total general and administrative expense | $ 1.8 | $ 2.3 |

*Foreign Exchange Loss (Gain), net.* The impact of foreign exchange changed from a gain of $0.3 million in March 31, 2016 to a loss of $0.1 million for three months ended March 31, 2017. The negative impact on foreign exchange on our condensed consolidated 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.

***Results of Operations for the Nine months ended March 31, 2017 and March 31, 2016***

*Summary.* For the nine months ended March 31, 2017, we reported a net loss of $23.5 million, as compared to a net loss of $18.4 million in the same period of the prior fiscal year. Basic and diluted net loss per share was $0.61 for the nine month period ended March 31, 2017, as compared to a basic and diluted net loss per share of $0.48 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 was $8.8 million for both the nine month periods ended March 31, 2017 and 2016. Relenza® royalty revenue for the nine months ended March 31, 2017 decreased while Inavir® revenue increased compared to the same period in 2016. Of the total $6.1 million Inavir royalties earned for the nine months ended March 31, 2017, $3.0 million are related to the sale of certain royalty rights to HCRP in April 2016 and will be passed through to HCRP. These are accounted for as non-cash royalty revenue in the condensed consolidated statement of operations. The following table summarizes the key components of our revenue for the nine months ended March 31, 2017 and 2016.

| | Nine Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (in millions) | |
| Royalty revenue - Relenza® | $ 2.7 | $ 4.5 |
| - Inavir® | 3.1 | 4.3 |
| Non-cash royalty revenue related to the sale of future royalties | 3.0 | - |
| Total revenue | $ 8.8 | $ 8.8 |

*Research and Development Expense.* Research and development expense increased to $24.6 million for the nine months ended March 31, 2017 from $20.4 million for the same period in 2016. The following table summarizes the components of our research and development expense for the nine months ended March 31, 2017 and 2016.

| | Nine Months Ended March 31, (in millions) | |
|---|---|---|
| | 2017 | 2016 |
| Direct preclinical, clinical and product development expenses | $ 21.5 | $ 16.5 |
| Salaries, benefits and share-based compensation expenses | 2.8 | 3.1 |
| Depreciation and facility related expenses | 0.3 | 0.8 |
| Total research and development expense | $ 24.6 | $ 20.4 |

Direct preclinical, clinical and product development expense increased largely due to clinical and manufacturing costs associated with the Phase 2a challenge trial for BTA585, the Phase 2b SPIRITUS clinical trial for vapendavir, and clinical and chemistry expenses for BTA074 for the Phase 2 clinical trial that was initiated in February 2016.

*General and Administrative Expense.* General and administrative expense was $6.0 million for the nine months ended March 31, 2017 compared to $6.7 million for the same period in 2016. The following table summarizes the components of our general and administrative expense for the nine months ended March 31, 2017 and 2016.

| | Nine Months Ended March 31, (in millions) | |
|---|---|---|
| | **2017** | **2016** |
| Salaries, benefits and share-based compensation expenses | $ 3.0 | $ 3.7 |
| Professional and legal fees expenses | 1.2 | 0.9 |
| Other expenses | 1.8 | 2.1 |
| Total general and administrative expense | $ 6.0 | $ 6.7 |

Salaries, benefits and share-based compensation decreased primarily due to a reduction in administrative personnel. Professional and legal fees expenses increased due to timing of fees incurred compared to the same period in the prior year.

*Foreign Exchange Loss (Gain), net.* The impact of foreign exchange changed from a loss of $0.2 million in March 31, 2016 to a loss of $0.1 million for the nine months ended March 31, 2017. The positive impact on foreign exchange on our condensed consolidated 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 nine months ended March 31, 2017, cash and cash equivalents decreased by $37.9 million. This decrease was primarily the result of our operating activities and purchases of short-term investments.

Net cash used by operating activities was $31.2 million for the nine months ended March 31, 2017, which reflected our net loss during the period of $23.5 million, net non-cash adjustments of $0.2 million, a net increase in operating assets of $4.7 million and a net decrease in operating liabilities of $2.8 million. Non-cash adjustments consist of $3.0 million in non-cash royalty income, offset by $1.4 million in non-cash interest expense and $1.4 million in share-based compensation expense.

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 change in operating assets reflects a $0.5 million decrease in prepaid expenses and $5.2 million increase in trade accounts receivable, which is largely related to royalty income, and a $2.8 million decrease in accounts payable and accrued expenses.

Net cash used in investing activities during the nine months ended March 31, 2017 consisted of the purchase of $26.8 million of investments, partially offset by the maturity of $20.3 million of investments.

At March 31, 2017, our cash, cash equivalents and investments totaled $37.6 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 certificates of deposit and 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 $37.6 million and our accounts receivable as of March 31, 2017, which includes $3.0 million in Relenza royalties and $2.8 million in Inavir royalties that will be retained by the Company, will enable us to operate for a period of at least 12 months.

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.

In April 2017, we announced that we plan to explore a wide range of strategic alternatives that include a business combination or strategic merger, in-licensing clinical stage programs, an acquisition, or other transaction that would complement our current pipeline and could maximize both near and long-term value for our shareholders. We have retained Stifel, Nicolaus & Company, Incorporated to serve as our financial advisor in the process. During the strategic alternatives process, we plan to continue to finance our operations with its existing cash. The Company's ability to continue to support its operations is dependent, in the near-term, upon managing its cash resources (including royalty revenue received under existing licenses) as we continue with our ongoing clinical development activities. We do not have a defined timeline for the exploration of strategic alternatives and we can provide no assurance that the process will result in any strategic alternative being announced or consummated. We do not intend to discuss or disclose further developments during this process unless and until our Board of Directors has approved a specific action or otherwise determined that further disclosure is appropriate.

**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, 2016.

**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, 2016.

**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 March 31, 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

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, 2016. 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. We have described below those risks that reflect substantive changes from, or additions to, the risks described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

***Our exploration of strategic alternatives process may not be successful.***

In April 2017, we engaged Stifel, Nicolaus and Company, Incorporated (“Stifel”) as our advisor to assist with the exploration of strategic alternatives. Stifel is providing a range of advisory services aimed to enhance stockholder value. The alternatives to be considered may include, but are not limited to, the potential for a business combination or strategic merger, in-licensing clinical stage programs, an acquisition or other strategic transactions. We have and expect to continue to devote substantial time and resources to exploring strategic alternatives; however, there can be no assurance that such activities will result in any agreements or transactions that will enhance stockholder value. In addition, potential strategic transactions that require stockholder approval may not be approved by our stockholders. Further, any strategic transaction that is completed ultimately may not deliver the anticipated benefits or enhance stockholder value.

Furthermore, we may acquire additional businesses, products or product candidates that complement or augment our existing business. Integrating any newly acquired business, product or product candidate could be expensive and time-consuming. We may not be able to integrate any acquired business, product or product candidate successfully. Our future financial performance will depend, in part, on our ability to manage any future growth effectively and our ability to integrate any acquired businesses.

If no transactions with respect to potential business alternatives are identified and completed, our board of directors may decide to pursue a dissolution and liquidation of our company. If our board of directors were to approve and recommend, and our stockholders were to approve, a dissolution and liquidation of our company, we would be required under Delaware corporate law to pay our outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to our stockholders. As a result of this requirement, a portion of our assets may need to be reserved pending the resolution of such obligations. In addition, we may be subject to litigation or other claims related to a dissolution and liquidation of our company. If a dissolution and liquidation were pursued, our board of directors, in consultation with its advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, holders of our common stock may be delayed in receiving any payout or may lose their entire investment in the event of a bankruptcy, liquidation, dissolution or winding up of our company.

***We are substantially dependent on our remaining employees to facilitate the consummation of a strategic transaction.***

Our ability to successfully complete a strategic transaction depends in large part on our ability to retain certain of our remaining personnel. Despite our efforts to retain these employees, one or more may terminate their employment with us on short notice. The loss of the services of any of these employees could potentially harm our ability to evaluate and pursue strategic alternatives, as well as fulfill our reporting obligations as a public company.

***Our certificate of incorporation, our bylaws, and the laws of Delaware contain provisions that could discourage, delay or prevent a change in our control or in our management.***

Certain provisions of our restated certificate of incorporation, our bylaws and the laws of Delaware, the state in which we are incorporated, may discourage, delay or prevent a change in control of us or a change in our directors or management that stockholders may consider favorable. These provisions:

- allow the authorized number of directors to be changed only by resolution of our Board of Directors;
- removal of Directors from office at any time, but only by the affirmative vote of the holders of at least seventy-five (75%) of the voting power of all of the then-outstanding shares of capital stock of the corporation entitled to vote generally in the election of Directors;
- authorize our Board of Directors to issue without stockholder approval, up to 5,000,000 shares of preferred stock, the rights of which will be determined at the discretion of the Board of Directors that, if issued, could operate as a "poison pill" to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that is not approved by our Board of Directors;
- establish advance notice requirements for stockholder nominations to our Board of Directors or for stockholder proposals that can be acted on at stockholder meetings;
- limit who may call stockholder meetings; and
- contain a fair price provision.

In addition, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may, unless certain criteria are met, prohibit large stockholders, in particular those owning 15% or more of the voting rights of our common stock, from merging or combining with us for a prescribed period of time. These provisions could discourage proxy contests and make it more difficult for you and other stockholders to remove and elect directors and take other corporate actions. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**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: May 8, 2017

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

By: /s/ Mark 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 |
| 10.1 | Employee Stock Option Grant Form | X | | | |
| 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 December 31, 2016 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.

Exhibit 10.1

**Stock Option No: 000XXX**

**EMPLOYEE STOCK OPTION AGREEMENT**

EMPLOYEE STOCK OPTION AGREEMENT, dated as of {GRANT DATE} (this "Agreement"), by and between AVIRAGEN THERAPEUTICS, INC., a Delaware corporation (the "Company"), and **{Name}** (the "Optionee").

R E C I T A L S:

**WHEREAS**, the Company has previously adopted the Aviragen Therapeutics, Inc. 2016 Equity Incentive Plan (as amended, restated and/or supplemented from time to time, the "Plan") in order to attract, retain and motivate service providers of the Company and its Subsidiaries, and so that such individuals may participate in the long-term growth of the Company and its Subsidiaries; and

**WHEREAS**, the Company desires to grant to the Optionee an option to purchase a specified number of shares of the Company's common stock, par value $0.10 per share ("Shares") pursuant to the Plan and the terms and conditions contained in this Agreement.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Company and the Optionee, intending to be legally bound, agree as follows:

Section 1. Grant of Option. The Company grants to the Optionee, pursuant to the Plan and the terms and conditions of this Agreement, an option to purchase that number of Shares and at the exercise price set forth on Schedule A (the "Option"). This Option shall have the tax status set forth on Schedule A. Because Schedule A designates this Option as a Non-Qualified Option, it shall be treated as such and shall not be treated as an Incentive Stock Option.

Section 2. Term of Option. Unless earlier terminated pursuant to the Plan or the other provisions of this Agreement, the Option shall terminate at the close of business on the date specified on Schedule A as the Expiration Date (the "Expiration Date").

(a) (i) Except as otherwise provided in Section 2(d) and Section 2(e) below, upon the Optionee's termination of employment with the Company or any Subsidiary for any reason whatsoever, the then unvested portion of the Option shall immediately terminate without any compensation, payment or other consideration due, and (ii) except as otherwise provided in Section 2(b), Section 2(c), Section 2(d) and Section 2(e) below, the portion of the Option that is then vested shall remain exercisable until the earlier of the 90$^{th}$ day following the date of such termination and the Expiration Date, and any part of the Option which is not exercised within such period shall terminate on the last day of such period without any compensation, payment or other consideration due. In the case of any contradiction between any provision of the Plan and the provisions of this Section 2, the provisions of this Section 2 shall control. Section 7.2 of the Plan shall not apply to this Option.

(b) If the Optionee's employment is terminated for Cause, the unexercised portion of the Option (whether or not vested) will terminate immediately upon the Optionee's termination of employment, without any compensation, payment or other consideration due.

(c) Except as otherwise provided in Section 2(e) below, if the Optionee's employment with the Company or any Subsidiary terminates by reason of his or her death or Disability, then the portion of the Option which is then vested may be exercised at any time prior to the earlier of the Expiration Date and twelve (12) months after such termination of employment, and any part of the Option which is not exercised within such period shall terminate on the last day of such period without any compensation, payment or other consideration due.

(d) If at any time the Optionee's employment is terminated by either the Company or a Subsidiary without Cause (but not due to the Optionee's death or Disability), then any portion of the Option which is outstanding and unvested upon such termination shall become immediately vested upon such termination and the entire Option shall be exercisable through the earlier of the date that is 18 months after the date of such termination of employment and the Expiration Date, and any part of the Option which is not exercised within such period shall terminate on the last day of such period without any compensation, payment or other consideration due.

(e) If upon or following a Change in Control, the Optionee's employment is terminated as the result of the Optionee's death or Disability or by the Optionee for Good Reason, then any portion of the Option which is outstanding and unvested upon such termination shall become immediately vested upon such termination and the entire Option shall be exercisable through the earlier of the date that is 18 months after the date of such termination of employment and the Expiration Date, and any part of the Option which is not exercised within such period shall terminate on the last day of such period without any compensation, payment or other consideration due.

(f) For all purposes of this Agreement, the Optionee's employment with the Company or any Subsidiary shall terminate at the time when the employment relationship between the Optionee and the Company or any Subsidiary is terminated for any reason, which time shall be conclusively determined by the Committee. No termination of employment shall be deemed to occur (i) when there is a simultaneous reemployment of the Optionee by the Company or any Subsidiary, (ii) at the discretion of the Committee, and subject to applicable law, when a leave of absence has been granted by the Company or a Subsidiary, and (iii) at the discretion of the Committee, when the termination is followed by the simultaneous establishment of a consulting relationship between the Company or a Subsidiary and the Optionee. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to termination of employment, including, but not by way of limitation, the question of whether a termination of employment resulted from a discharge for Cause.

Section 3. Vesting. The Option shall vest in installments as provided on Schedule A, conditioned on the Optionee's continuous employment with the Company or any Subsidiary from the Date of Grant specified on Schedule A through and including the applicable vesting date.

Section 4. Manner of Exercise.

(a) To exercise the Option, the Optionee shall provide written notice of such exercise in the form provided in Annex 1 to the Secretary of the Company (or such other Person designated in writing by the Company for this purpose) at the Company's then principal office. The notice shall specify the number of Shares for which the Option is being exercised and shall be accompanied by a payment to the Company in full of the aggregate exercise price (in accordance with the procedures set forth in Annex 1), plus the amount of the withholding taxes determined by the Company to be due upon the purchase of such number of Shares (unless the Committee shall have consented to the making of other arrangements with the Optionee with respect to the payment of such withholding taxes). Notwithstanding Section 6.1(c) of the Plan, if the Optionee desires to satisfy the exercise price due upon exercise of the Option by directing the Company to reduce the number of Shares deliverable upon such exercise, the Optionee shall only be entitled to satisfy the exercise price in such manner with the prior express written consent of the Committee.

(b) Delivery of the notice of exercise shall constitute an irrevocable election to purchase the Shares specified in the notice, and the date on which the Company receives the notice accompanied by payment in full of the exercise price for the Shares covered by the notice and the applicable withholding taxes shall be the date as of which the Shares shall be deemed to have been issued.

(c) To exercise the Option following the Optionee's death, the Persons who acquire the right to exercise the Option must prove to the Committee's satisfaction that they have duly acquired the Option and that they have paid (or have provided for payment of) any taxes, such as estate, transfer, inheritance or death taxes, payable with respect to the Option or the Shares to which it relates, in addition to satisfying the other terms and conditions set forth in this Agreement.

Section 5. Transferability. If the Option granted is designated on Schedule A as an "Incentive Stock Option," the Option may be transferred only by will or the laws of descent and distribution and may be exercised during the Optionee's lifetime only by the Optionee. If this Option is designated on Schedule A as a "Non-Qualified Option," the Option may be transferred in accordance with Section 12 of the Plan.

Section 6. Withholding Taxes. Upon the exercise of the Option (or any portion thereof), the Optionee shall pay to the Company or a Subsidiary (or otherwise make arrangements satisfactory to the Committee for the payment of) the amount of the Federal, state, local, and foreign income, employment, and other taxes required, in the Company's sole judgment, to be collected or withheld with respect to the Option. Except as provided below, such amount shall be paid to the Company or a Subsidiary in cash. In the Committee's discretion, the Optionee's tax obligations may be paid by the surrender of that number of whole Shares with a Fair Market Value (valued on the date of exercise) as shall be equal to, but does not exceed, the minimum statutory amounts required to be collected or withheld by the Company or any Subsidiary with respect to the exercise of the Option.

Section 7. Lock-Up Period. The Optionee agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any firm commitment underwritten public offering of any securities of the Company under the Securities Act of 1933, as amended (the "Securities Act"), the Optionee shall not sell or otherwise transfer any Shares or other securities of the Company (other than any securities of the Company being registered in such offering) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, without the prior written consent of the Company and the Managing Underwriter, commencing on the initial date that securities are offered for sale under such offering and continuing for up to 180 days (the "Market Standoff Period") thereafter or such greater period as provided by FINRA Rule 2241. The Optionee further agrees to execute promptly such agreements as may be reasonably requested by the Managing Underwriter in connection with such offering that are not inconsistent with this Section and that are deemed reasonably necessary by such Managing Underwriter to further evidence or to give further effect hereto. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

Section 8. Rights in Shares Before Issuance and Delivery. The Optionee shall not have any rights as a stockholder of the Company with respect to the Shares underlying the Option unless and until such Shares have been issued to the Optionee as fully paid Shares. No adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date the Shares are issued, except as provided in Section 8 of the Plan.

Section 9. No Right to Employment. Nothing contained in this Agreement shall be construed to confer on the Optionee any right to continue as an employee or other service provider of the Company or any Subsidiary, or to derogate from any right of the Company or any Subsidiary to terminate the Optionee's employment or other service at any time, for any reason.

Section 10. Qualifications to Exercise. Notwithstanding anything in this Agreement to the contrary, in no event may the Option be exercisable if the Company shall, at any time and in its sole discretion, determine that (a) the listing, registration or qualification of any Shares otherwise deliverable upon such exercise is required upon any securities exchange or under any state, federal, or foreign law, or (b) the consent or approval of any regulatory body is necessary or desirable in connection with such exercise. In such event, such exercise shall be held in abeyance and shall not be effective unless and until such listing, registration, qualification or approval shall have been effected or obtained free of any conditions not acceptable to the Company (regardless of any termination of the Option prior to such listing, registration, qualification or approval). The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. The Company shall not be required to issue fractional Shares upon the exercise of the Option.

Section 11. Conditions to Transfer. As a condition to the exercise of the Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. The certificate issued to evidence such Shares may bear appropriate legends summarizing these restrictions.

Section 12. Entire Agreement. This Agreement and the Plan contain the entire agreement between the parties with respect to the Option and supersede all prior agreements and understandings among the parties related to such matters.

Section 13. Administration. All questions of interpretation concerning this Agreement, the Plan, or any other form of agreement or other document employed by the Company in the administration of the Plan or the Option shall be determined by the Committee. All such determinations by the Committee shall be final, binding, and conclusive upon all Persons having an interest in the Option, unless fraudulent or made in bad faith. In addition, all other actions, decisions, and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or the Option or other agreement(s) shall be final, binding and conclusive upon all Persons having an interest in the Option.

Section 14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and upon the Optionee and his or her permitted transferees, heirs, executors, administrators and legal representatives.

Section 15. Further Instruments. The parties to this Agreement agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

Section 16. Amendment; Termination; Waiver. This Agreement may be amended or terminated, and its terms or covenants waived, only by a written instrument executed on behalf of the Company (as authorized by the Committee) and the Optionee.

Section 17. Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Optionee by the Company or any Subsidiary, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of the Company's headquarters (with respect to the Company), the address of the Optionee in the records of the Company (with respect to the Optionee), or at such other address as such party may designate in writing from time to time to the other party.

Unless otherwise specified by the Optionee in writing, all documents relating to the Plan (including, without limitation, the Plan, this Agreement, the Plan prospectus and any reports of the Company provided generally to the Company's stockholders) may be delivered to the Optionee electronically. Such means of electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or other means of electronic delivery specified by the Company. In addition, if permitted by the Company, the Optionee may deliver electronically Schedule A and the Form of Exercise Notice attached as Annex 1 to the Company or to such third party involved in administering the Plan as the Company may designate from time to time.

The Optionee acknowledges that the Optionee has read this Section 17 and consents to the electronic delivery of the Plan documents. The Optionee acknowledges that he or she may request from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing. The Optionee further acknowledges that the Optionee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Optionee understands that the Optionee must provide the Company or any designated third party administrator with a paper copy of any documents if the Optionee's attempted electronic delivery of such documents fails. The Optionee may revoke his or her consent to the electronic delivery of documents described in this Section or may change the electronic mail address to which such documents are to be delivered (if Optionee has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by postal service or electronic mail. The Optionee understands that he or she is not required to consent to electronic delivery of documents described in this Section 17.

Section 18. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

**Section 19. JURISDICTION, WAIVER OF JURY TRIAL. BY ENTERING INTO THIS AGREEMENT, THE COMPANY AND THE OPTIONEE IRREVOCABLY SUBMIT TO AND ACCEPT GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION OF THE FEDERAL COURTS LOCATED IN FULTON COUNTY, GEORGIA (OR IF FEDERAL JURISDICTION DOES NOT EXIST, IN THE STATE COURTS LOCATED THEREIN) AND ALL DISPUTES RELATING TO THIS AGREEMENT OR THE PLAN SHALL BE HEARD EXCLUSINVELY IN SUCH COURTS. THE COMPANY AND THE OPTIONEE HEREBY ACCEPT SERVICE OF PROCESS PURSUANT TO THE LAWS OF THE STATE OF GEORGIA AND THE RULES OF ITS COURTS, WAIVE ANY DEFENSE OF FORUM NON CONVENIENS AND AGREE TO BE BOUND BY ANY JUDGMENT RENDERED BY SUCH COURTS ARISING OUT OF, RELATED TO, OR IN CONNECTION WITH, THIS AGREEMENT OR THE PLAN.**

**THE COMPANY AND THE OPTIONEE IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT OR THE PLAN.**

Section 20. Defined Terms/Construction. Capitalized terms used in this Agreement and not otherwise defined in this Agreement have the meanings ascribed to them in the Plan. Captions and titles contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

Section 21. The Plan. The Optionee acknowledges having received a copy of the Plan. The Option is subject to all of the terms and provisions of the Plan, all of which are incorporated by reference. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first set forth above.

AVIRAGEN THERAPEUTICS, INC.

By: _____

Name:

Title:

OPTIONEE

_____

[Name]

SCHEDULE A

Name of Optionee: [ NAME ]

Option Number: 000XXX

Date of Grant: [GRANT DATE]

Option Exercise Price: $[_____] per share

Number of Shares Subject to Option: [_____]

The Option is designated as an ___ Incentive Stock Option _ __ Non-Qualified Option.

| **Vesting Date or Event** | **Shares Vested** |
|---|---|
| | [____] |
| | [____] |
| | [____] |
| | [____] |
| | [____] |
| | [____] |
| | [____] |

Expiration Date: [_____]

ANNEX 1

FORM OF ELECTION TO EXERCISE

(To be executed upon exercise of Option).

The undersigned elects to exercise the right pursuant to the stock option agreement between the undersigned and Aviragen Therapeutics, Inc. (the "Company"), dated as of _____, 20_____ (the "Agreement"), to purchase _____ shares of the Company's common stock, par value $0.10 per share ("Shares").

Choose one or more of the following options:

_____ Cash payment for _____ Shares in the amount of $_____.

_____ Payment for _____ Shares through a cashless exercise arrangement. The undersigned's broker must forward the amount of cash necessary to purchase the Shares. Such broker will receive the Shares, and will forward the net proceeds of the cashless exercise to the undersigned.

The undersigned requests that certificates for the Shares be registered in the name of the undersigned.

Dated: _____, 20____

_____

Optionee

_____

Social Security Number

**Exhibit 31.1**

**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: May 8, 2017

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

**Exhibit 31.2**

**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: May 8, 2017

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

**Exhibit 32.1**

**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 March 31, 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: May 8, 2017

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

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