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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 June 30, 2019

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: 001-35420

ChemoCentryx, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**94-3254365**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
850 Maude Avenue Mountain View, California	**94043**
(Address of Principal Executive Offices)	**(Zip Code)**

(650) 210-2900
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**CCXI**	**The Nasdaq Stock Market LLC**

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

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

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

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

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

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

The number of outstanding shares of the registrant's common stock, par value $0.001 per share, as of July 31, 2019 was 58,250,202.

CHEMOCENTRYX, INC.

QUARTERLY REPORT ON FORM 10-Q
For the quarterly period ended June 30, 2019

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHEMOCENTRYX, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and par value data)
(unaudited)

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 38,745	$ 28,088
Short-term investments	160,612	148,896
Accounts receivable from related party	—	2,058
Prepaid expenses and other current assets	2,646	2,342
Total current assets	202,003	181,384
Property and equipment, net	1,496	1,536
Long-term investments	23,766	—
Operating lease right-of-use assets	2,273	—
Other assets	273	390
Total assets	$ 229,811	$ 183,310
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 974	$ 966
Accrued and other current liabilities	14,573	12,969
Deferred revenue from related party	41,115	50,461
Total current liabilities	56,662	64,396
Long-term debt, net	19,738	19,689
Noncurrent deferred revenue from related party	80,174	84,100
Other non-current liabilities	1,777	387
Total liabilities	158,351	168,572
Commitments		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value, 200,000,000 shares authorized; 58,209,745 and 50,652,238 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	58	51
Additional paid-in capital	472,661	389,398
Note receivable	(16)	(16)
Accumulated other comprehensive income (loss)	353	(198)
Accumulated deficit	(401,596)	(374,497)
Total stockholders' equity	71,460	14,738
Total liabilities and stockholders' equity	$ 229,811	$ 183,310

See accompanying notes.

CHEMOCENTRYX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Collaboration and license revenue from related party	$ 7,173	$15,022	$ 15,500	$ 24,568
Total revenue	7,173	15,022	15,500	24,568
Operating expenses:				
Research and development	17,624	17,759	32,978	32,501
General and administrative	5,570	4,748	11,071	9,408
Total operating expenses	23,194	22,507	44,049	41,909
Loss from operations	(16,021)	(7,485)	(28,549)	(17,341)
Other income (expense):				
Interest income	1,418	792	2,539	1,405
Interest expense	(547)	(181)	(1,089)	(355)
Total other income, net	871	611	1,450	1,050
Net loss	$(15,150)	$ (6,874)	$(27,099)	$(16,291)
Basic and diluted net loss per common share	$ (0.26)	$ (0.14)	$ (0.49)	$ (0.33)
Shares used to compute basic and diluted net loss per common share	58,056	49,542	55,226	49,198

See accompanying notes.

CHEMOCENTRYX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net loss	$(15,150)	$(6,874)	$(27,099)	$(16,291)
Unrealized gain (loss) on available-for-sale securities	357	65	551	(118)
Comprehensive loss	$(14,793)	$(6,809)	$(26,548)	$(16,409)

See accompanying notes.

CHEMOCENTRYX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except share data)
(unaudited)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Note Receivable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance as of March 31, 2019	57,725,915	$ 58	$ 467,047	$ (16)	$ (4)	$ (386,446)	$ 80,639
Net loss	—	—	—	—	—	(15,150)	(15,150)
Unrealized gain on investments	—	—	—	—	357	—	357
Issuance of common stock under equity incentive and employee stock purchase plans	483,830	—	2,716	—	—	—	2,716
Employee stock-based compensation	—	—	2,841	—	—	—	2,841
Compensation expense related to options granted to consultants	—	—	57	—	—	—	57
Balance as of June 30, 2019	58,209,745	$ 58	$ 472,661	$ (16)	$ 353	$ (401,596)	$ 71,460

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Note Receivable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2018	50,652,238	$ 51	$ 389,398	$ (16)	$ (198)	$ (374,497)	$ 14,738
Net loss	—	—	—	—	—	(27,099)	(27,099)
Unrealized gain on investments	—	—	—	—	551	—	551
Issuance of common stock through Equity Distribution Agreement, net of issuance costs (Note 9)	6,491,196	6	73,270	—	—	—	73,276
Issuance of common stock under equity incentive and employee stock purchase plans	1,173,930	1	5,567	—	—	—	5,568
Repurchased shares upon vesting of restricted stock units for tax withholdings	(107,619)	—	(1,174)	—	—	—	(1,174)
Employee stock-based compensation	—	—	5,503	—	—	—	5,503
Compensation expense related to options granted to consultants	—	—	97	—	—	—	97
Balance as of June 30, 2019	58,209,745	$ 58	$ 472,661	$ (16)	$ 353	$ (401,596)	$ 71,460

See accompanying notes.

CHEMOCENTRYX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except share data)
(unaudited)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Note Receivable	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance as of March 31, 2018	49,071,361	$ 49	$ 371,749	$ (16)	$ (302)	$ (345,948)	$ 25,532
Net loss	—	—	—	—	—	(6,874)	(6,874)
Unrealized gain on investments	—	—	—	—	65	—	65
Issuance of common stock under equity incentive and employee stock purchase plans	1,238,627	1	7,548	—	—	—	7,549
Employee stock-based compensation	—	—	2,423	—	—	—	2,423
Compensation expense related to options granted to consultants	—	—	203	—	—	—	203
Balance as of June 30, 2018	50,309,988	$ 50	$ 381,923	$ (16)	$ (237)	$ (352,822)	$ 28,898

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Note Receivable	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2017	48,837,060	$ 49	$ 368,553	$ (16)	$ (119)	$ (289,200)	$ 79,267
Net loss	—	—	—	—	—	(16,291)	(16,291)
Adoption of ASC Topic 606, Revenue from Contracts with Customers	—	—	—	—	—	(47,331)	(47,331)
Unrealized loss on investments	—	—	—	—	(118)	—	(118)
Issuance of common stock under equity incentive and employee stock purchase plans	1,552,513	1	8,676	—	—	—	8,677
Repurchased shares upon vesting of restricted stock units for tax withholdings	(79,585)	—	(473)	—	—	—	(473)
Employee stock-based compensation	—	—	4,629	—	—	—	4,629
Compensation expense related to options granted to consultants	—	—	538	—	—	—	538
Balance as of June 30, 2018	50,309,988	$ 50	$ 381,923	$ (16)	$ (237)	$ (352,822)	$ 28,898

See accompanying notes.

CHEMOCENTRYX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2019	**2018**
Operating activities		
Net loss	$ (27,099)	$(16,291)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation	5,600	5,167
Depreciation of property and equipment	276	227
Amortization of right-of-use assets	523	—
Noncash interest income, net	(1,061)	(480)
Changes in assets and liabilities:		
Accounts receivable due from related party	2,058	50,926
Prepaids and other current assets	(340)	(475)
Other assets	117	53
Accounts payable	8	(378)
Other liabilities	29	2,480
Deferred revenue from related party	(13,272)	8,063
Net cash provided by (used in) operating activities	(33,161)	49,292
Investing activities		
Purchases of property and equipment, net	(236)	(631)
Purchases of investments	(154,889)	(99,762)
Sales of investments	4,967	—
Maturities of investments	116,270	62,450
Net cash used in investing activities	(33,888)	(37,943)
Financing activities		
Proceeds from issuance of common stock	73,276	—
Proceeds from exercise of stock options and employee stock purchase plan	5,604	7,881
Employees' tax withheld and paid for restricted stock units	(1,174)	(473)
Borrowings under credit facility agreement, net of issuance costs	—	9,975
Net cash provided by financing activities	77,706	17,383
Net increase in cash and cash equivalents	10,657	28,732
Cash and cash equivalents at beginning of period	28,088	40,020
Cash and cash equivalents at end of period	$ 38,745	$ 68,752
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 871	$ 173
Right-of-use assets obtained in exchange for lease obligations (1)	$ 2,796	$ —

(1) Amounts for the six months ended June 30, 2019 include the transition adjustment of $1,301 for the adoption of Topic 842.

See accompanying notes.

CHEMOCENTRYX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019
(unaudited)

1. Description of Business

ChemoCentryx, Inc. (the Company) commenced operations in 1997. The Company is a clinical-stage biopharmaceutical company focused on developing new medications targeted at inflammatory disorders, autoimmune diseases and cancer. The Company's principal operations are in the United States and it operates in one segment.

Unaudited Interim Financial Information

The financial information filed is unaudited. The Condensed Consolidated Financial Statements included in this report reflect all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for the fair statement of the results of operations for the interim periods covered and of the financial condition of the Company at the date of the interim balance sheet. The December 31, 2018 Condensed Consolidated Balance Sheet was derived from audited financial statements. The results for interim periods are not necessarily indicative of the results for the entire year or any other interim period. The Condensed Consolidated Financial Statements should be read in conjunction with the Company's financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on March 11, 2019.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Concentration of Credit Risk

The Company invests in a variety of financial instruments and, by its policy, limits the amount of credit exposure with any one issuer, industry or geographic area.

Accounts receivable are typically unsecured and are concentrated in the pharmaceutical industry and government sector. Accordingly, the Company may be exposed to credit risk generally associated with pharmaceutical companies and government funded entities. The Company has not historically experienced any significant losses due to concentration of credit risk.

Accounts receivable consists of the following (in thousands):

	June 30, 2019	December 31, 2018
Vifor (International) Ltd., and/or its affiliates, or collectively, Vifor	$ —	$ 2,058

Net Loss Per Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents.

Diluted net loss per share is computed by dividing net loss attributable to common stockholders by the sum of the weighted-average number of common shares outstanding and dilutive common stock equivalent shares outstanding for the period. The Company's potentially dilutive common stock equivalent shares, which include incremental common shares issuable upon (i) the exercise of outstanding stock options and warrants, (ii) vesting of restricted stock units (RSUs) and restricted stock awards (RSAs), and (iii) the purchase from contributions to the 2012 Employee Stock Purchase Plan (the ESPP), (calculated based on the treasury stock method), are only included in the calculation of diluted net loss per share when their effect is dilutive.

For the six months ended June 30, 2019 and 2018, the following potentially dilutive securities were excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:

	Six Months Ended June 30,	
	2019	2018
Options to purchase common stock, including purchases from contributions to ESPP	11,000,944	10,827,826
Restricted stock units	402,261	480,454
Restricted stock awards	41,332	37,713
Warrants to purchase common stock	150,000	150,000
	11,594,537	11,495,993

Comprehensive Loss

Comprehensive loss comprises net loss and other comprehensive loss. For the periods presented, other comprehensive loss consists of unrealized gains and losses on the Company's available-for-sale securities. For the six months ended June 30, 2019, amounts reclassified from accumulated other comprehensive loss to net loss for unrealized gains (losses) on available-for-sale securities were not significant, and were recorded as part of other income, net in the Condensed Consolidated Statements of Operations. For the three months ended June 30, 2019 and three and six months ended June 30, 2018, there were no sales of investments and therefore there were no reclassifications.

Leases

The Company determines if an arrangement includes a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, accrued and other current liabilities and other non-current liabilities on the Company's Condensed Consolidated Balance Sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company uses the incremental borrowing rate based on the information available at lease commencement date in determining the present value of future payments. The operating lease ROU asset also excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise any such options. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company has elected not to apply the recognition requirements for short-term leases. For lease agreements with lease and non-lease components, the Company generally accounts for them separately.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The new standard requires the Company to recognize the assets and liabilities that arise from leases on the balance sheet and disclose qualitative and quantitative information about its leasing arrangements. On January 1, 2019, the Company adopted this new standard using the modified retrospective approach in accordance with Leases – Targeted Improvements (ASU No. 2018-11). The Company elected the package of practical expedients permitted under the transition guidance within ASU No. 2018-11, which among other things, allowed the Company to carry forward the historical lease classification of those leases in place as of January 1, 2019. Results for the three and six months ended June 30, 2019 are presented under Topic 842. Prior period amounts have not been adjusted and continue to be reported in accordance with the Company's historical accounting under previous lease guidance, ASC Topic 840, Leases (Topic 840).

The impact of the adoption of Topic 842 on the accompanying Condensed Consolidated Balance Sheet as of January 1, 2019 was as follows (in thousands):

	December 31, 2018	Adjustments Due to the Adoption of Topic 842	January 1, 2019
Balance Sheet			
Assets:			
Operating lease right-of-use assets	$ —	$ 1,301	$ 1,301
Liabilities:			
Operating lease liabilities:			
Accrued and other current liabilities (1)	12,969	955	13,924
Other non-current liabilities (2)	387	346	733

(1) Includes deferred rent and current portion of operating lease liabilities
(2) Includes deferred rent and non-current portion of operating lease liabilities

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. The new standard replaces the incurred loss impairment methodology under the current standard with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company will be required to use a forward-looking expected credit loss model for accounts receivable and other financial instruments. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The new standard will be effective for the Company on January 1, 2020, with early adoption permitted on January 1, 2019. The Company is currently evaluating the impact of the adoption of this standard on its financial statements and does not expect the adoption of this accounting guidance to have a material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, Compensation – Stock Compensation (Topic 718). The new standard simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The Company adopted this new standard on January 1, 2019. The adoption of this accounting guidance did not have a material impact on the consolidated financial statements.

The Company has reviewed other recent accounting pronouncements and concluded they are either not applicable to the business or that no material effect is expected on the consolidated financial statements as a result of future adoption.

In August 2018, the SEC adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification. These amendments eliminated, modified, or integrated into other SEC requirements certain disclosure rules. Among the amendments was the requirement to present an analysis of changes in stockholders' equity in the interim financial statements included in quarterly reports on Form 10-Q. The analysis, which can be presented as a footnote or separate statement, is required for the current and comparative quarter and year-to-date interim periods. The amendments became effective for the Company in its interim financial statements for the quarter ended March 31, 2019. The adoption of these SEC amendments did not have a material effect on the Company's financial position, results of operations, cash flows or stockholders' equity.

3. Cash Equivalents and Investments

The amortized cost and fair value of cash equivalents and investments at June 30, 2019 and December 31, 2018 were as follows (in thousands):

	June 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market fund	$ 35,712	$ —	$ —	$ 35,712
U.S. treasury securities	39,874	75	—	39,949
Commercial paper	25,815	—	—	25,815
Asset-backed securities	31,327	46	—	31,373
Corporate debt securities	86,957	237	(5)	87,189
Total available-for-sale securities	$219,685	$ 358	$ (5)	$220,038
Classified as:				
Cash equivalents				$ 35,660
Short-term investments				160,612
Long-term investments				23,766
Total available-for-sale securities				$220,038

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market fund	$ 22,073	$ —	$ —	$ 22,073
U.S. treasury securities	23,013	—	(13)	23,000
Commercial paper	45,683	—	—	45,683
Asset-backed securities	29,127	—	(34)	29,093
Corporate debt securities	55,228	—	(151)	55,077
Total available-for-sale securities	$175,124	$ —	$ (198)	$174,926
Classified as:				
Cash equivalents				$ 26,030
Short-term investments				148,896
Total available-for-sale securities				$174,926

Cash equivalents in the tables above exclude cash of $3.1 million and $2.1 million as of June 30, 2019 and December 31, 2018, respectively. All available-for-sale securities held as of June 30, 2019 had contractual maturities of less than two years. There have been no significant realized gains or losses on available-for-sale securities for the periods presented. The Company applies the specific identification method to determine the cost basis of the securities sold. No significant available-for-sale securities held as of June 30, 2019 have been in a continuous unrealized loss position for more than 12 months. As of June 30, 2019, unrealized losses on available-for-sale investments are not attributed to credit risk and are considered to be temporary. The Company believes that it is more-likely-than-not that investments in an unrealized loss position will be held until maturity or the recovery of the cost basis of the investment. The Company believes it has no other-than-temporary impairments on its securities because it does not intend to sell these securities and it believes it is not more likely than not that it will be required to sell these securities before the recovery of their amortized cost basis. To date, the Company has not recorded any impairment charges on marketable securities related to other-than-temporary declines in market value.

4. Fair Value Measurements

The Company determines the fair value of financial assets and liabilities using three levels of inputs as follows:

Level 1—Inputs which include quoted prices in active markets for identical assets and liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, 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.

Recurring Fair Value Measurements

The Company's financial assets subject to fair value measurements on a recurring basis and the level of inputs used in such measurements were as follows as of June 30, 2019 and December 31, 2018 (in thousands):

	June 30, 2019			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market fund	$35,712	$ —	$ —	$ 35,712
U.S. treasury securities	—	39,949	—	39,949
Commercial paper	—	25,815	—	25,815
Asset-backed securities	—	31,373	—	31,373
Corporate debt securities	—	87,189	—	87,189
Total assets	$35,712	$184,326	$ —	$220,038

	December 31, 2018			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market fund	$22,073	$ —	$ —	$ 22,073
U.S. treasury securities	—	23,000	—	23,000
Commercial paper	—	45,683	—	45,683
Asset-backed securities	—	29,093	—	29,093
Corporate debt securities	—	55,077	—	55,077
Total assets	$22,073	$152,853	$ —	$174,926

During the six months ended June 30, 2019, there were no transfers between Level 1 and Level 2 financial assets. When the Company uses observable market prices for identical securities that are traded in less active markets, the Company classifies its marketable debt instruments as Level 2. When observable market prices for identical securities are not available, the Company prices its marketable debt instruments using non-binding market consensus prices that are corroborated with observable market data; quoted market prices for similar instruments; or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data. Non-binding market consensus prices are based on the proprietary valuation models of pricing providers or brokers. These valuation models incorporate a number of inputs, including non-binding and binding broker quotes; observable market prices for identical or similar securities; and the internal assumptions of pricing providers or brokers that use observable market inputs and, to a lesser degree, unobservable market inputs. The Company corroborates non-binding market consensus prices with observable market data using statistical models when observable market data exists. The discounted cash flow model uses observable market inputs, such as LIBOR-based yield curves, currency spot and forward rates, and credit ratings.

Other Fair Value Measurements

The carrying amount and estimated fair value of financial instruments not recorded at fair value at June 30, 2019 and December 31, 2018 were as follows (in thousands):

	June 30, 2019		December 31, 2018	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long-term debt, net (1)	$19,738	$ 20,049	$19,689	$ 19,847

(1) Carrying amounts of long-term debt were net of unamortized debt discounts of $262,000 and $311,000 as of June 30, 2019 and December 31, 2018, respectively.

The fair value of the Company's long-term debt is estimated using the net present value of future debt payments, discounted at an interest rate that is consistent with market interest rates, which is a Level 2 input.

5. Accrued and Other Current Liabilities

Accrued and other current liabilities consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Research and development related	$ 9,470	$ 8,466
Compensation related	2,086	2,767
Consulting and professional services	1,027	811
Current portion of operating lease liability	1,308	—
Other	682	925
	$14,573	$ 12,969

6. Long-term Debt

On December 28, 2017 (the Closing Date), the Company entered into a Loan and Security Agreement with Hercules Capital, Inc. (Hercules) which the Company amended in December 2018, pursuant to which term loans in an aggregate principal amount of up to $50.0 million (the Credit Facility) are available to the Company in three tranches, subject to certain terms and conditions. As of June 30, 2019, the Company had borrowed $20.0 million under the Credit Facility and the remaining available amount had expired.

Advances under the Credit Facility bear an interest rate equal to the greater of either (i) 8.05% plus the prime rate as reported from time to time in The Wall Street Journal minus 4.75%, and (ii) 8.05%. At June 30, 2019, the interest rate on the outstanding borrowings under the Credit Facility was 8.80%. For advances made under the first and second tranches, the Company will make interest-only payments through July 1, 2021, and will then repay the principal balance and interest on the advances in equal monthly installments after the interest-only period and continuing through December 1, 2022.

The Company may prepay advances under the Credit Facility, in whole or in part, at any time, subject to a prepayment charge equal to: (a) 1.5% of the amount so prepaid, if such prepayment occurs during the second year following the Closing Date; and (b) 1.0% of the amount so prepaid, if such prepayment occurs after the second year following the Closing Date. The Credit Facility is secured by substantially all of the Company's assets, excluding intellectual property.

In addition, Hercules has the right to participate, in an amount up to $2.0 million, in any subsequent equity financing broadly marketed to multiple investors in an amount greater than $20.0 million. The Credit Facility also includes customary affirmative restrictions on the payment of dividends and negative covenants, and events of default, the occurrence and continuance of which provide Hercules with the right to demand immediate repayment of all principal and unpaid interest under the Credit Facility, and to exercise remedies against the Company and the collateral securing the Credit Facility. The Company was in compliance with all loan covenants for all periods presented.

The Company will pay an end-of-term charge for each tranche it draws down, which will occur on the earliest of (i) the applicable tranche maturity date; (ii) the date that the Company prepays all of the outstanding principal under such tranche in full, or (iii) the date the loan payments are accelerated due to an event of default. For the first and second tranches, the end of term charge will be $0.9 million and $0.3 million, respectively.

In addition, the Company paid a commitment charge of 1% of the advances made under the Credit Facility, with a minimum charge of $162,500 paid on the Closing Date. Also, the Company reimbursed Hercules for costs incurred related to the Credit Facility. These charges were recorded as discounts to the carrying value of the loan and are amortized over the term of the loan using the effective interest method.

As of June 30, 2019, the Company had outstanding borrowings under the Credit Facility of $19.7 million, net of discounts of $0.3 million. Future minimum principal payments, which exclude the end of term charge, related to the Credit Facility as of June 30, 2019 are as follows (in thousands):

	Amounts
Year ending December 31:	
Remaining of fiscal year 2019	$ —
2020	—
2021	6,363
2022	13,637
Total minimum payments	20,000
Less: amount representing debt discount	(262)
Present value of remaining debt payments	19,738
Less: current portion	—
Noncurrent portion	$19,738

7. Commitments

Operating Leases

As described further in "Note 2. Summary of Significant Accounting Policies", the Company adopted Topic 842 as of January 1, 2019. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

In May 2004, the Company entered into a noncancelable operating lease for its current office and primary research facility located in Mountain View, California. The Company received a discounted lease rate during the first year of the agreement. In August 2012, the Company entered into an amendment to the lease agreement for the same facility to extend the term through April 2019. In April 2017, the Company entered into a second amendment to the lease agreement for the same facility to extend the term of the lease through April 2020. In May 2019, the Company entered into a third amendment to the lease agreement for the same facility to extend the term of the lease through April 2021.

The balance sheet classification of the Company's operating lease liabilities was as follows (in thousands):

	June 30, 2019	December 31, 2018
Accrued and other current liabilities (1)	$ 1,308	$ 244
Other non-current liabilities (2)	1,378	143
Total lease liabilities	$ 2,686	$ 387

(1) Includes current portion of operating lease liabilities as of June 30, 2019 and deferred rent as of December 31, 2018
(2) Includes non-current portion of operating lease liabilities as of June 30, 2019 and deferred rent as of December 31, 2018

The component of lease costs, which was included in operating expenses in the Company's Condensed Consolidated Statements of Operations, was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Operating lease cost	$ 324	$ 268	$ 592	$ 536

Cash paid for amounts included in the measurement of lease liabilities for the six months ended June 30, 2019 was $565,000 and was included in net cash used in operating activities in the Company's Condensed Consolidated Statements of Cash Flows.

Future minimum lease payments under all noncancelable operating leases as of June 30, 2019 are as follows (in thousands):

	Operating leases
Year ending December 31:	
Remaining of fiscal year 2019	$ 751
2020	1,659
2021	579
Total minimum payments	2,989
Less: interest	(303)
Present value of lease liabilities	$ 2,686

As of June 30, 2019, the weighted-average remaining lease term was 1.8 years and the weighted-average operating discount rate used to determine the operating lease liability was 11.0%.

8. Related-Party Transactions

Vifor

Vifor held 10,676,825 shares of the Company's common stock as of June 30, 2019. The Company has collaboration agreements with Vifor: the Avacopan Agreements and the CCX140 Agreements (each as described below). See "Note 2. Summary of Significant Accounting Policies – Concentration of Credit Risk" for additional information on accounts receivable balance due from Vifor.

Avacopan Agreements

In May 2016, the Company entered into an exclusive collaboration and license agreement with Vifor pursuant to which the Company granted Vifor exclusive rights to commercialize avacopan in Europe and certain other markets (the Avacopan Agreement). Avacopan is the Company's lead drug candidate for the treatment of patients with anti-neutrophil cytoplasmic auto-antibody associated vasculitis (AAV) and other rare diseases. The Avacopan Agreement also provided Vifor with an exclusive option to negotiate during 2016 a worldwide license agreement for one of the Company's other drug candidates, CCX140, an orally-administered inhibitor of the chemokine receptor known as CCR2. In connection with the Avacopan Agreement, the Company received a non-refundable upfront payment of $85.0 million, comprising $60.0 million in cash and $25.0 million in the form of an equity investment to purchase 3,333,333 shares of the Company's common stock at a price of $7.50 per share.

In February 2017, Vifor and the Company expanded the Vifor territories under the Avacopan Agreement to include all markets outside the United States and China (the Avacopan Amendment). In connection with this February 2017 arrangement, the Company received a $20.0 million upfront payment for the expanded rights. In June 2018, Vifor and the Company further expanded the Vifor territories under the Avacopan Agreement to provide Vifor with exclusive commercialization rights in China (the Avacopan Letter Agreement, and together with the Avacopan Agreement and the Avacopan Amendment, the Avacopan Agreements). The Company retains control of ongoing and future development of avacopan (other than country-specific development in the licensed territories) and all commercialization rights to avacopan in the United States. In consideration for the Avacopan Letter Agreement, the Company received a $5.0 million payment for the expanded rights.

Upon achievement of certain regulatory and commercial milestones with avacopan, the Company will receive additional payments of up to $460.0 million under the Avacopan Agreement. In addition, the Company will receive royalties, with rates ranging from the low teens to the mid-twenties, on future potential net sales of avacopan by Vifor in the licensed territories. In December 2017, the Company achieved a $50.0 million regulatory milestone when the European Medicines Agency (EMA) validated the Company's Conditional marketing authorisation (CMA) application for avacopan for the treatment of AAV.

The Company identified the following material promises under the Avacopan Agreements: (1) the license related to avacopan; (2) the development and regulatory services for the submission of the marketing authorisation application (MAA); and (3) an exclusive option to negotiate a worldwide license agreement for CCX140, which expired in 2016. The Company considered that the license has standalone functionality and is capable of being distinct. However, the Company determined that the license is not distinct from the development and regulatory services within the context of the agreement because Vifor is dependent on the Company to execute the development and regulatory activities in order for Vifor to benefit from the license. As such, the license is combined with the development and regulatory services into a single performance obligation. The exclusive option related to CCX140 is a separate performance obligation and the Company determined that its transaction price is not material. As such, the transaction price under this arrangement is allocated to the license and the development and regulatory services.

As of June 30, 2019, the transaction price of $153.0 million consists of the following:

- $78.0 million upfront payment under the May 2016 Avacopan Agreement. Of the total $85.0 million upfront payment received under the May 2016 Avacopan Agreement, $7.0 million was allocated to the issuance of 3,333,333 shares of the Company's common stock valued at $2.10 per share, the closing stock price on the effective date of the agreement, May 9, 2016. The remaining $78.0 million was allocated to the transaction price under this arrangement;
- $20.0 million upfront payment under the February 2017 Avacopan Amendment;
- $50.0 million regulatory milestone payment achieved upon the validation of the Company's CMA application by the EMA, for avacopan for the treatment of AAV in December 2017; and
- $5.0 million non-refundable upfront payment under the Avacopan Letter Agreement.

The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

The Company determined that the combined performance obligation will be performed over the duration of the contract, which began on the effective date of May 9, 2016 and ends upon completion of development and regulatory services. The Company uses a cost-based input method to measure proportional performance and to calculate the corresponding amount of revenue to recognize. The Company believes this is the best measure of progress because other measures do not reflect how the Company transfers its performance obligation to Vifor. In applying the cost-based input method of revenue recognition, the Company measures actual costs incurred relative to budgeted costs to fulfill the combined performance obligation. These costs consist primarily of third-party contract costs. Revenue is recognized based on actual costs incurred as a percentage of total budgeted costs as the Company completes its performance obligations.

For the three and six months ended June 30, 2019, the Company recognized $5.5 million and $12.1 million of collaboration and license revenue under the Avacopan Agreements, respectively, as compared to $12.9 million and $21.1 million during the same respective periods in 2018.

CCX140 Agreements

In December 2016, the Company entered into a second collaboration and license agreement with Vifor pursuant to which the Company granted Vifor exclusive rights to commercialize CCX140 (the CCX140 Agreement) in markets outside the United States and China. CCX140 is an orally-administered inhibitor of the chemokine receptor known as CCR2. The Company retains marketing rights in the United States and China, while Vifor has commercialization rights in the rest of the world. Pursuant to the CCX140 Agreement, the Company is responsible for the clinical development of CCX140 in rare renal diseases and is reimbursed for Vifor's equal share of such development cost. Vifor retains an option to solely develop and commercialize CCX140 in more prevalent forms of chronic kidney disease (CKD). Should Vifor later exercise the CKD option, the Company would receive co-promotion rights for CKD in the United States. Under the terms of the CCX140 Agreement, the Company received a non-refundable upfront payment of $50.0 million in 2017.

In June 2018, the Company and Vifor entered into a letter agreement to expand Vifor's rights to include the right to exclusively commercialize CCX140 in China (the CCX140 Letter Agreement). In connection with the CCX140 Letter Agreement, the Company received a non-refundable payment of $5.0 million. The Company and Vifor also entered into an amendment to the CCX140 Agreement (the CCX140 Amendment, and together with the CCX140 Agreement and the CCX140 Letter Agreement, the CCX140 Agreements) to clarify the timing of certain payments with respect to development funding of the CCX140 program by Vifor, and the Company received a non-refundable payment of $11.5 million. The Company retains control of ongoing and future development of CCX140 (other than country-specific development in the licensed territories), and all commercialization rights to CCX140 in the United States.

Upon achievement of certain regulatory and commercial milestones with CCX140, the Company will receive additional payments of up to $625.0 million under the CCX140 Agreement. In addition, the Company will receive tiered royalties, with rates ranging from ten to the mid-twenties, on net sales of CCX140 in the licensed territories.

The Company identified the following material promises under the CCX140 Agreements: (1) the license related to CCX140; and (2) the development and regulatory services for the submission of the MAA. The Company considered that the license has standalone functionality and is capable of being distinct. However, the Company determined that the license is not distinct from the development and regulatory services within the context of the agreement because Vifor is dependent on the Company to execute the development and regulatory activities in order for Vifor to benefit from the license. As such, the license is combined with the development and regulatory services into a single performance obligation.

As of June 30, 2019, the transaction price of $113.5 million consists of the following:

- $50.0 million upfront payment under the CCX140 Agreement;
- $58.5 million of CCX140 development funding by Vifor; and

- $5.0 million non-refundable upfront payment under the CCX140 Letter Agreement.

The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

The Company determined that the combined performance obligation will be performed over the duration of the contract, which began on the effective date of December 22, 2016 and ends upon completion of development and regulatory services. The Company uses a cost-based input method to measure proportional performance and to calculate the corresponding amount of revenue to recognize. The Company believes this is the best measure of progress because other measures do not reflect how the Company transfers its performance obligation to Vifor. In applying the cost-based input method of revenue recognition, the Company measures actual costs incurred relative to budgeted costs to fulfill the combined performance obligation. These costs consist primarily of third-party contract costs. Revenue is recognized based on actual costs incurred as a percentage of total budgeted costs as the Company completes its performance obligations. For the three and six months ended June 30, 2019, the Company recognized $1.7 million and $3.4 million of collaboration and license revenue under the CCX140 Agreements, respectively, as compared to $2.0 million and $3.3 million during the same respective periods in 2018.

The following table presents the contract assets and liabilities for all of the Company's revenue contracts as of the following dates (in thousands):

	June 30, 2019	December 31, 2018
Contract asset:		
Accounts receivable	$ —	$ 2,058
Contract liability:		
Deferred revenue	(121,289)	(134,561)

During the three and six months ended June 30, 2019, the Company recognized the following revenue as a result of changes in the contract asset and the contract liability balances (in thousands):

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Revenue recognized in the period from:		
Amount included in contract liability at the beginning of the period	$ 7,169	$ 15,329
Performance obligations satisfied (or partially satisfied) in previous periods	$ (2,860)	$ (3,517)

9. Stockholders' Equity

Stock Options

During the six months ended June 30, 2019, the Company had the following activities under its equity incentive plans:

	Available for Grant	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance at December 31, 2018	1,708,516	10,720,200	$ 8.39		
Shares authorized	2,000,000	—			
Granted (1)	(2,046,863)	1,817,042	11.62		
Exercised (2)	107,619	(871,960)	6.00		
Forfeited and expired (3)	679,380	(672,713)	7.25		
Outstanding at June 30, 2019	2,448,652	10,992,569	$ 9.18	6.38	$ 17,073,103
Vested and expected to vest, net of estimated forfeiture at June 30, 2019		10,614,798	$ 9.12	6.28	$ 16,913,005
Exercisable at June 30, 2019		7,172,134	$ 8.68	5.00	$ 13,895,017

(1) The difference between shares granted in the number of shares available for grant and outstanding options represents the RSUs and RSAs granted for the period.
(2) Shares presented as available for grant represents shares repurchased for tax withholding upon vesting of RSUs.
(3) The difference between shares forfeited and expired in the number of shares available for grant and outstanding options represents the RSUs canceled during the period.

Restricted Stock

During the six months ended June 30, 2019, the activity for restricted stock is summarized as follows:

	Shares	Weighted Average Grant-Date Fair Value
Balance at December 31, 2018	467,632	$ 8.47
Granted	229,821	11.54
Vested	(247,193)	8.32
Canceled	(6,667)	10.86
Unvested at June 30, 2019	443,593	$ 10.10

Stock-based Compensation

Total stock-based compensation expense was $2.9 million and $5.6 million during the three and six months ended June 30, 2019, respectively, and $2.7 million and $5.2 million during the same periods ended June 30, 2018, respectively. As of June 30, 2019, $19.8 million, $3.0 million and $93,000 of total unrecognized compensation expenses associated with outstanding employee stock options, unvested restricted stock, and the ESPP, net of estimated forfeitures, were expected to be recognized over a weighted-average period of 2.69, 1.59 and 0.38 years, respectively.

Equity Distribution Agreement

In December 2018, the Company entered into an Equity Distribution Agreement (EDA), pursuant to which the Company may offer and sell, from time to time, shares of the Company's common stock, par value $0.001 per share, having an aggregate offering price of up to $75.0 million. For the six months ended June 30, 2019, the Company sold 6,491,196 shares of its common stock pursuant to its EDA for net proceeds of $73.3 million. These sales fully exhausted the amount available under the EDA. Accordingly, no further sales will be made under the EDA.

10. Subsequent Event

Lease Agreement

In July 2019, the Company entered into a ten-year operating lease for a 96,463 square foot facility in San Carlos, California to replace its current headquarters located in Mountain View, California, for which the lease expires in April 2021. Upon execution of the lease agreement, the Company provided the landlord an approximately $1.1 million security deposit in the form of a letter of credit. Subject to certain conditions pursuant to the lease, the Company expects monthly rent payments on the new facility to commence in the second quarter of 2021. The Company will pay an initial annual base rent of approximately $6.5 million, which is subject to scheduled 3% annual increases, plus certain operating expenses. The Company has been provided a tenant improvement allowance of $15.4 million plus an additional allowance of up to $4.8 million for the same. If the additional allowance is provided, such amount will be repaid by the Company as additional rent in equal monthly payments at a rate of 7% per annum through the initial term of the lease. The Company has the right to sublease the facility, subject to landlord consent. The Company also has the option to extend the lease for five years.

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

The following discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this Quarterly Report on Form 10-Q and the financial statements and accompanying notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the Securities and Exchange Commission, or SEC, on March 11, 2019.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan," "aim," "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "potential" or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of our preclinical studies and clinical trials, and our research and development programs;
- our ability to advance drug candidates into, and successfully complete, clinical trials;
- the commercialization of our drug candidates;
- the implementation of our business model, strategic plans for our business, drug candidates and technology;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our drug candidates and technology;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the timing or likelihood of regulatory filings and approvals;
- our ability to maintain and establish collaborations or obtain additional government grant funding;
- our financial performance; and
- developments relating to our competitors and our industry.

These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 11, 2019.

Any forward-looking statement in this Quarterly Report on Form 10-Q reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, industry and future growth. Given these uncertainties, you should not place undue reliance on these forward-looking statements. For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

ChemoCentryx®, the ChemoCentryx logo, Traficet™ and Traficet-EN™ are our trademarks in the United States, the European Community, Australia and Japan. EnabaLink® and RAM® are our trademarks in the United States. Each of the other trademarks, trade names or service marks appearing in this Quarterly Report on Form 10-Q belongs to its respective holder.

Unless the context requires otherwise, in this Quarterly Report on Form 10-Q the terms "ChemoCentryx," "we," "us" and "our" refer to ChemoCentryx, Inc., a Delaware corporation, and our subsidiaries taken as a whole unless otherwise noted.

Overview

ChemoCentryx is a biopharmaceutical company developing new medications targeted at inflammatory disorders, autoimmune diseases and cancer. Each of our drug candidates is designed to selectively block a specific chemoattractant receptor, leaving the rest of the immune system intact. Our drug candidates are small molecules, which are orally administered, and, if approved, could address unmet medical needs, including improved efficacy, and offer significant quality of life benefits, since patients swallow a capsule or pill instead of having to visit a clinic for an infusion or undergo an injection.

In 2016, we executed on our strategy to form an alliance with a partner that could provide upfront fees and milestone payments to support the clinical development of our two leading drug candidates, avacopan and CCX140, to registration and pay us royalties upon sales in international markets, while we develop our own commercial infrastructure to sell directly in the United States.

To help communicate the breadth of our drug discovery platform, we have segmented our pipeline into early stage and late stage drug candidates.

Late Stage Drug Candidates

We have chosen to focus initially on orphan indications, where drug candidates tend to enjoy a faster path to market and better reimbursement. Our leading drug candidates address areas of clear unmet need, where the current standard of care, or SOC, is insufficient to halt progression of the disease and/or where today's treatment options come with serious side effects, such as those which accompany the prolonged use of steroids:

Avacopan (CCX168) - Inhibition of Complement-Mediated Pathways in Orphan Diseases

Avacopan (formerly CCX168) is an orally-administered complement inhibitor targeting the C5a receptor, or C5aR, and is being developed for orphan diseases, including (i) anti-neutrophil cytoplasmic auto-antibody associated vasculitis, or AAV, a devastating autoimmune disease that damages blood vessels and can lead to kidney failure, pulmonary failure and damage to other tissues; (ii) complement 3 glomerulopathy, or C3G, a debilitating disease that can lead to kidney failure; and (iii) moderate to severe hidradenitis suppurativa, or HS, a chronic, inflammatory, debilitating skin disease characterized by recurrent, painful, nodules and abscesses, ultimately leading to the formation of draining fistulas (also known as sinus tracts) as well as scarring.

Avacopan has been granted orphan drug designation by the U.S. Food and Drug Administration, or FDA, for the treatment of AAV and C3G and by the European Medicines Agency, or EMA, for the treatment of C3G and microscopic polyangiitis and granulomatosis with polyangiitis, both forms of AAV. Additionally, avacopan was granted PRIority MEdicines, or PRIME, designation from the EMA, to expedite its clinical development, and to potentially accelerate its marketing authorization.

Following completion of two randomized, placebo controlled Phase II clinical trials in patients with AAV, in which avacopan was well-tolerated and provided effective steroid-free control of the disease, we launched the ADVOCATE Phase III trial in December 2016. The FDA and the EMA concurred with the design of the study. ADVOCATE is a randomized, double-blind two-arm study which enrolled 331 patients at over 200 sites in the United States, Canada, Europe, Australia, New Zealand and Japan. Patient enrollment of the ADVOCATE Phase III trial was completed in September 2018 and we expect to report topline data from this trial in the fourth quarter of 2019. Additionally, we launched a registration-supporting clinical trial to study avacopan for the treatment of patients with C3G, the ACCOLADE trial, for which we aim to complete enrollment in 2019 and initiated a large placebo-controlled Phase IIb clinical trial, the AURORA trial, for the treatment of patients with moderate to severe HS in the fourth quarter of 2018.

CCX140 - Chronic and Orphan Kidney Diseases

CCX140, an orally-administered inhibitor of the chemokine receptor known as CCR2, has been in development for diabetic nephropathy, or DN, a form of chronic kidney disease, or CKD, and is now being developed for focal segmental glomerulosclerosis, or FSGS, a rare renal disease characterized by progressive proteinuria, excess protein in the urine, and impaired renal function. CCX140 has been granted orphan drug designation by the FDA for the treatment of FSGS.

A global Phase II clinical trial of CCX140 in patients with DN met its primary endpoint by demonstrating that CCX140 given orally once daily added to a SOC renin-angiotensin-aldosterone system inhibitor treatment resulted in a statistically significant reduction in proteinuria, beyond that achieved with SOC alone, with the most pronounced effect shown in the patients with highest levels of proteinuria. Based on the safety and efficacy data related to reduction in proteinuria observed in the Phase II trial in DN, we launched two Phase II clinical trials, the LUMINA trials, of CCX140 for the treatment of primary FSGS, with the LUMINA-2 trial being for patients with nephrotic range proteinuria and the LUMINA-1 trial being for patients with sub-nephrotic proteinuria, for which there are currently no FDA-approved treatments. Patient enrollment completion of LUMINA-1 is expected in mid-August 2019, with topline data anticipated in the first half of 2020.

Kidney Health Alliance with Vifor

In May 2016, we announced a partnership, which we refer to as the Avacopan Agreement, with Vifor (International) Ltd., and/or its affiliates, or collectively, Vifor, a European-based world leader specializing in kidney disease. While under this agreement we retained all rights to the United States and China, we granted Vifor exclusive commercialization rights to avacopan in Europe and certain other international markets. In December 2016, we entered into an additional agreement with Vifor, which we refer to as the CCX140 Agreement, relating to CCX140, our other late stage drug candidate. Under the CCX140 Agreement, we again retained all rights to the United States and China and we granted Vifor exclusive worldwide commercialization rights outside of the United States and China. In February 2017, we announced a further agreement with Vifor that harmonized the geographic commercialization rights underlying the agreements for both drug candidates, which we refer to as the Avacopan Amendment. In June 2018, we entered into additional agreements with Vifor to further expand Vifor's exclusive commercialization rights to include China under the Avacopan Agreement (the Avacopan Letter Agreement) and the CCX140 Agreement (the CCX140 Letter Agreement).

We have secured $215 million in upfront cash and milestone payments pursuant to our agreements with Vifor and are eligible for additional substantial milestone payments. Through our alliance, we maintain the commercialization rights to avacopan and CCX140 in the United States, and also retain control of the clinical development programs for orphan renal disease. Vifor gained the exclusive commercialization rights for all other international markets, and is obligated to pay us tiered royalties, with rates ranging from ten to the mid-twenties, on potential net sales.

At a future time defined in the CCX140 Agreement, Vifor has an option to solely develop and commercialize CCX140 in more prevalent forms of CKD. Should Vifor later exercise the CKD option, we would receive co-promotion rights for CKD in the United States, and we estimate that the clinical development and registration process for CKD would end at approximately the same time as Orphan Drug exclusivity.

Early Stage Drug Candidates

While we have focused initially on kidney and dermatological diseases, our target-specific and selective approach designed to stop the spread of inflammatory disease-inducing cells shows promise in other disease areas. Over time we plan to bring forward drug candidates to treat a range of inflammatory and autoimmune disorders, as well as cancer, where our drug candidate CCX872 has shown promise in a Phase Ib trial for advanced pancreatic cancer. We expect that our ability to do so will grow as we increase our scale and to the extent that we start to earn revenues and royalties from the commercialization of our late stage kidney disease franchise.

Since commencing our operations in 1997, our efforts have focused on research, development and the advancement of our drug candidates into and through clinical trials. As a result, we have incurred significant losses. We have funded our operations primarily through the sale of convertible preferred and common stock, contract revenue under our collaborations, government contracts and grants and borrowings under equipment financing arrangements.

As of June 30, 2019, we had an accumulated deficit of $401.6 million. We expect to continue to incur net losses as we develop our drug candidates, expand clinical trials for our drug candidates currently in clinical development, expand our research and development activities, expand our systems and facilities, seek regulatory approvals and engage in commercialization preparation activities in anticipation of FDA approval of our drug candidates. In addition, if a product is approved for commercialization, we will need to expand our organization. Significant capital is required to launch a product and many expenses are incurred before revenues are received. We are unable to predict the extent of any future losses or when we will become profitable, if at all.

Critical Accounting Policies and Significant Judgments and Estimates

We adopted Accounting Standards Codification Topic 842, *Leases,* on January 1, 2019, resulting in changes to our accounting policies for leases. There have been no material changes in significant judgments and estimates for our critical accounting policies during the six months ended June 30, 2019, as compared to those disclosed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 11, 2019.

Results of Operations

Revenue

We have not generated any revenue from product sales. For the periods presented, our revenues were derived from collaboration and license revenue related to the Avacopan Agreement and the CCX140 Agreement, in each case, as amended, and the related letter agreements. Total revenue for the three and six month periods ended June 30, 2019, as compared to the same periods in the prior year, was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Collaboration and license revenue from related party	$ 7,173	$15,022	$15,500	$24,568
Total revenue	$ 7,173	$15,022	$15,500	$24,568
Dollar decrease	$(7,849)		$ (9,068)	
Percentage decrease	-52%		-37%	

We use a cost-based input method to measure proportional performance and to calculate the corresponding amount of revenue to recognize. In applying the cost-based input method of revenue recognition, we measure actual costs incurred relative to budgeted costs to fulfill the combined performance obligation. These costs consist primarily of third-party contract costs. Revenue is recognized based on actual costs incurred as a percentage of total budgeted costs as we complete our performance obligations.

The decrease in revenue from 2018 to 2019 for the three and six month periods was primarily due to lower actual costs incurred and higher total budgeted costs associated with avacopan-related activities.

Research and development expenses

Research and development expenses represent costs incurred to conduct basic research, the discovery and development of novel small molecule therapeutics, development of our suite of proprietary drug discovery technologies, preclinical studies and clinical trials of our drug candidates. We recognize all research and development expenses as they are incurred. These expenses consist primarily of salaries and related benefits, including stock-based compensation, third-party contract costs relating to research, formulation, manufacturing, preclinical study and clinical trial activities, laboratory consumables, and allocated facility costs. Total research and development expenses for the three and six month periods ended June 30, 2019, as compared to the same periods in the prior year, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Research and development expenses	$17,624	$17,759	$32,978	$32,501
Dollar increase (decrease)	$ (135)		$ 477	
Percentage increase (decrease)	-1%		1%	

Research and development expenses remained relatively consistent from 2018 to 2019 for the three and six month periods ended June 30, 2019. Expenses decreased for the avacopan ADVOCATE Phase III pivotal trial as the study was fully enrolled in 2018, while Phase II clinical expenses increased primarily due to patient enrollment of the avacopan AURORA Phase IIb clinical trial in patients with HS and the two CCX140 LUMINA Phase II clinical trials in patients with FSGS.

The following table summarizes our research and development expenses by project (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Phase I	$ 190	$ 789	$ 328	$ 1,079
Phase II	6,635	4,891	11,276	8,018
Phase III	7,693	8,045	14,721	15,691
Research and drug discovery	3,106	4,034	6,653	7,713
Total R&D	$17,624	$17,759	$32,978	$32,501

We track development expenses that are directly attributable to our clinical development candidates by phase of clinical development. Such development expenses include third-party contract costs relating to formulation, manufacturing, preclinical studies and clinical trial activities. We allocate research and development salaries, benefits or indirect costs to our development candidates and we have included such costs in research and development expenses. All remaining research and development expenses are reflected in "Research and drug discovery" which represents early stage drug discovery programs. Such expenses include allocated employee salaries and related benefits, stock-based compensation, consulting and contracted services to supplement our in-house laboratory activities, laboratory consumables and allocated facility costs associated with these earlier stage programs.

At any given time, we typically have several active early stage research and drug discovery projects. Our internal resources, employees and infrastructure are not directly tied to any individual research or drug discovery project and are typically deployed across multiple projects. As such, we do not maintain information regarding these costs incurred for our early stage research and drug discovery programs on a project specific basis. We expect our research and development expenses to increase as we advance our development programs further and increase the number and size of our clinical trials. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time consuming. We or our partners may never succeed in achieving marketing approval for any of our drug candidates. The probability of success for each drug candidate may be affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability. Our strategy includes entering into additional partnerships with third parties for the development and commercialization of some of our independent drug candidates.

The successful development of our drug candidates is highly uncertain and may not result in approved products. Completion dates and completion costs can vary significantly for each drug candidate and are difficult to predict for each product. Given the uncertainty associated with clinical trial enrollments and the risks inherent in the development process, we are unable to determine the duration and completion costs of the current or future clinical trials of our drug candidates or if, or to what extent, we will generate revenues from the commercialization and sale of any of our drug candidates. We anticipate we will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each drug candidate, as well as ongoing assessment as to each drug candidate's commercial potential. We will need to raise additional capital or may seek additional strategic alliances in the future in order to complete the development and commercialization of our drug candidates, including avacopan, CCX140 and CCX872.

General and administrative expenses

Total general and administrative expenses for the three and six month periods ended June 30, 2019, as compared to the same periods in the prior year, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
General and administrative expenses	$ 5,570	$ 4,748	$11,071	$9,408
Dollar increase	$ 822		$ 1,663	
Percentage increase	17%		18%	

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation and travel expenses, in executive, finance, business and corporate development and other administrative functions. Other general and administrative expenses include allocated facility-related costs not otherwise included in research and development expenses, legal costs of pursuing patent protection of our intellectual property, and professional fees for auditing, tax, and legal services.

The increases from 2018 to 2019 for the three and six month periods were primarily due to higher employee-related expenses, including those associated with our commercialization planning efforts, and higher professional fees.

We anticipate that our general and administrative expenses will increase substantially in the future primarily due to pre-commercial activities and personnel costs to support the potential launch of avacopan for the treatment of AAV in the United States.

Other income, net

Other income, net primarily consists of interest income earned on our marketable securities. Total other income, net for the three and six month periods ended June 30, 2019, as compared to the same periods in the prior year, was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest income	$ 1,418	$ 792	$ 2,539	$1,405
Interest expense	(547)	(181)	(1,089)	(355)
Total other income, net	$ 871	$ 611	$ 1,450	$1,050
Dollar increase	$ 260		$ 400	
Percentage increase	43%		38%	

The increases in total other income, net from 2018 to 2019 for the three and six month periods were primarily due to increased interest income resulting from higher cash and investment balances and rate of return on the investment portfolio in 2019, partially offset by increased interest expense due to additional borrowings under the loan and security agreement, or Credit Facility, with Hercules Capital, Inc., or Hercules. We expect interest expense to increase in future periods if interest rates continue to rise.

Liquidity and Capital Resources

As of June 30, 2019, we had approximately $223.1 million in cash, cash equivalents and investments. The following table shows a summary of our cash flows for the six months ended June 30, 2019 and 2018 (in thousands):

	Six Months Ended June 30,	
	2019	2018
Cash provided by (used in)		
Operating activities	$(33,161)	$ 49,292
Investing activities	$(33,888)	$(37,943)
Financing activities	$ 77,706	$ 17,383

Operating activities. Net cash used in operating activities was $33.2 million for the six months ended June 30, 2019, compared to net cash provided by operating activities of $49.3 million for the same period in 2018. This decrease was primarily due to a higher net loss and changes in working capital items driven by the receipt of a $50.0 million milestone payment in connection with the Avacopan Agreement, a $10.0 million upfront commitment under the Avacopan Amendment, a $10.0 million of aggregate payments under the June 2018 Avacopan Letter Agreement and the CCX140 Letter Agreement and a $11.5 million payment for CCX140 development funding by Vifor in the 2018 period.

Investing activities. Net cash used in investing activities for the periods presented primarily relate to the purchases, sales and maturities of investments used to fund the day-to-day needs of our business. Following the March 2019 issuance of common stock through our Equity Distribution Agreement, or EDA, with Piper Jaffray & Co., we invested the majority of our net proceeds received in short and long-term investments. For the same period in 2018, the use of cash in investing activities presented represents the investment of funds received under the Avacopan Agreement, as amended, and the related letter agreements.

Financing activities. Net cash provided by financing activities was $77.7 million for the six months ended June 30, 2019, compared to $17.4 million for the same period in 2018. Net cash provided by financing activities for the six months ended June 30, 2019 included net proceeds of $73.3 million from the issuance of common stock under the EDA. Net cash provided by financing activities for both periods presented included proceeds from the exercise of stock options and stock purchases from contributions to our 2012 Employee Stock Purchase Plan, and cash used for tendered ChemoCentryx, Inc. common stock to satisfy employee tax withholding requirements upon vesting of restricted stock units.

In December 2017, we entered into the Credit Facility with Hercules, which provided for borrowings of up to $50.0 million in three tranches, subject to certain terms and conditions. Through June 30, 2019, we borrowed $20.0 million under the Credit Facility and the remaining $30.0 million of available borrowings expired as of June 30, 2019. We intend to use the net proceeds from the Credit Facility for general corporate purposes, which may include the repayment of debt and working capital. We were in compliance with all loan covenants as of June 30, 2019. See "Note 6. Long-term Debt" in the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information regarding our borrowings.

As of June 30, 2019, we had approximately $223.1 million in cash, cash equivalents and investments. We believe that our available cash, cash equivalents and investments will be sufficient to fund our anticipated level of operations for at least 12 months following our financial statement issuance date, August 5, 2019. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the terms and timing of any other collaborative, licensing and other arrangements that we may establish;
- the initiation, progress, timing and completion of preclinical studies and clinical trials for our drug candidates and potential drug candidates;
- the number and characteristics of drug candidates that we pursue;
- the progress, costs and results of our clinical trials;
- the outcome, timing and cost of regulatory approvals;
- delays that may be caused by changing regulatory approvals;
- the cost and timing of hiring new employees to support continued growth;
- the costs involved in filing and prosecuting patent applications and enforcing and defending patent claims;
- the cost and timing of procuring clinical and commercial supplies of our drug candidates;
- the cost and timing of establishing sales, marketing and distribution capabilities; and
- the extent to which we acquire or invest in businesses, products or technologies.

Contractual Obligations and Commitments

There have been no material changes outside the ordinary course of our business to the contractual obligations we reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 11, 2019, other than as set forth below.

In May 2019, we entered into a third amendment to the existing lease agreement for our current headquarters in Mountain View. See "Note 7. Commitments" in the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for details of the amendment. In July 2019, we entered into a new lease agreement (the Lease) in San Carlos, California to replace our current headquarters located in Mountain View, California. See "Note 10. Subsequent Event" in the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional details of the Lease.

Recent Accounting Pronouncements

See "Note 2. Summary of Significant Accounting Policies" in the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for a full description of recently issued accounting pronouncements, including the respective expected dates of adoption and effects on our consolidated financial position and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risks at June 30, 2019 have not changed significantly from those discussed in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 11, 2019, other than the following:

Advances under the Credit Facility bear an interest rate equal to the greater of (i) 8.05% plus the prime rate as reported from time to time in The Wall Street Journal minus 4.75%, and (ii) 8.05%. We are affected by market risk exposure primarily through the effect of changes in interest rates on amounts payable under the Credit Facility. At June 30, 2019, borrowings under the Credit Facility totaled $20.0 million with an interest rate of 8.80%. We are obligated to make interest-only payments through July 1, 2021, at which point we will then be obligated to repay the principal balance and interest on the advances in equal monthly installments after the interest-only period and continuing through December 1, 2022. If the amount outstanding under the Credit Facility remained at this level for an entire year and interest rate increased by 1%, our annual interest expense would increase by an additional $200,000. See "Note 6. Long-term Debt" in the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information regarding our borrowings.

Item 4. Controls and Procedures

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

As of June 30, 2019, management, with the participation of our Disclosure Committee, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial and Administrative Officer, to allow timely decisions regarding required disclosures.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective. Based on this evaluation, our Chief Executive Officer and Chief Financial and Administrative Officer concluded that, as of June 30, 2019, the design and operation of our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the three months ended June 30, 2019, 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

Not Applicable.

Item 1A. Risk Factors

There have been no material changes to the risk factors included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 11, 2019.

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

Not Applicable.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

A list of exhibits is set forth on the Exhibit Index immediately preceding the signature page of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description
10.1	Third Amendment to Lease, dated May 1, 2019, by and between Google Inc. and the Registrant.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following information from the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Loss, (iv) Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Condensed Consolidated Financial Statements.

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.

CHEMOCENTRYX, INC.

Date: August 5, 2019

/s/ Thomas J. Schall, Ph.D.

Thomas J. Schall, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 5, 2019

/s/ Susan M. Kanaya

Susan M. Kanaya
Executive Vice President,
Chief Financial and Administrative Officer and Secretary
(Principal Financial Officer)

Date: August 5, 2019

/s/ Pui San Kwan

Pui San Kwan
Vice President, Finance
(Principal Accounting Officer)

Exhibit 10.1

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (this "**Amendment**") is made and entered into as of April 5, 2019 but effective as of May 1, 2019 (the "**Effective Date**"), by and between GOOGLE LLC, a Delaware limited liability company ("**Landlord**" or "**Lessor**"), and CHEMOCENTRYX, INC., a Delaware corporation ("**Tenant**" or "**Lessee**").

RECITALS:

A. Landlord and Tenant are parties to that certain Lease (as defined below), pursuant to which Landlord is currently leasing to Tenant, and Tenant is currently leasing from Landlord, certain space (the "**Premises**") containing approximately 35,755 rentable square feet located at that certain building addressed as 840-850 Maude Avenue, Mountain View, California (the "**Building**"). As used herein, "**Lease**" shall mean and refer, collectively, to the following document(s):

i. Standard Industrial / Commercial Multi-Tenant Lease – Net dated as of April 20, 2004 (the "**Original Lease**"), between Portola Land Company, a California limited partnership ("**Portola**") (as predecessor-in-interest to Landlord), and Tenant (incorrectly referred to as "ChemoCentryx Inc., a Delaware corporation"); and

ii. First Amendment to Lease dated as of August 16, 2012 (the "**First Amendment**"), between Portola (as predecessor-in-interest to Landlord), and Tenant (incorrectly referred to as "ChemoCentryx, a Delaware corporation"); and

iii. Second Amendment to Lease dated as of April 13, 2017 (the "**Second Amendment**"), between Google Inc., a Delaware corporation (as predecessor-in-interest to Landlord), and Tenant.

B. Landlord and Tenant now desire to amend the Lease (i) to further extend the Term of the Lease, and (ii) to modify various terms and provisions of the Lease, all as hereinafter provided.

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Capitalized Terms. All capitalized terms when used herein shall have the same meanings given such terms in the Lease unless expressly superseded by the terms of this Amendment.

2. Extension of Lease Term. The Term of the Lease, as previously extended, which is currently scheduled to expire on April 30, 2020, is hereby extended for a period of one (1) year (the "**Extended Term**"), commencing on May 1, 2020 (the "**Extended Term Commencement Date**") and expiring on April 30, 2021, unless sooner terminated pursuant to the terms of the Lease, as hereby amended.

3. Tenant Termination Right. Notwithstanding anything to the contrary contained in the Lease, as hereby amended, Tenant shall have the right to terminate this Lease at any time during the Extended Term by providing one hundred and twenty (120) days' prior written notice of termination (the **"Tenant Termination Notice"**) to Landlord, in which event, this Lease shall terminate and the **"Lease Expiration Date"** shall be the date which is one hundred and twenty (120) days after the delivery of the Tenant Termination Notice.

4. Landlord Termination Right. Notwithstanding anything to the contrary contained in the Lease, as hereby amended, Landlord shall have the right to terminate this Lease at any time during the Extended Term by providing not less than one hundred and twenty (120) days' prior written notice of termination (the "**Landlord Termination Notice**") to Tenant, in which event, this Lease shall terminate, and the "**Lease Expiration Date**" shall be the date which is specified as the Lease Expiration Date in the Landlord Termination Notice (which such date shall be no less than one hundred and twenty (120) days after the delivery of the Landlord Termination Notice (the period comprised of the actual number of days commencing on the date Tenant receives the Landlord Termination Notice and ending on the Lease Expiration Date being referred to herein as the "**Landlord Termination Notice Period**")).

5. Rent. Prior to the Extended Term, the Base Rent payable by Tenant shall continue to be as set forth in the Lease. During the Extended Term, Tenant shall pay Base Rent to Landlord for the Premises as set forth in the following schedule:

Period of Extended Term	Annual Base Rent	Monthly Installment of Base Rent
05/01/20 – 04/30/21	$1,737,693.00	$144,807.75

Tenant shall continue to pay Tenant's Share of operating expenses and tax expenses in accordance with the terms of the Lease.

6. Condition of Premises. Tenant is currently in possession of the Premises and shall continue to accept and occupy the Premises and the Building in their current "AS IS" condition as of the Effective Date and the Extended Term Commencement Date without any agreements, representations, understandings or obligations on the part of Landlord to perform or pay for any alterations, repairs or improvements to the Premises, except as otherwise expressly set forth in the Lease, as hereby amended.

7. Landlord's Address for Notices. Effective as of the Effective Date, all notices, consents, demands and other communications delivered by Tenant to Landlord pursuant to and in accordance with the Lease must be addressed to the following addresses:

Originals sent to:

Google LLC
1600 Amphitheatre Parkway
Mountain View, California 94043
Attention: Lease Administration

and

Google LLC
1600 Amphitheatre Parkway
Mountain View, California 94043
Attention: Legal Department / RE Matters

With a copy sent to:

Google LLC
c/o CBRE, Inc.
225 West Santa Clara Street, Suite 1200
San Jose, CA 95113
Attention: Sandy Izumi

8. Energy Performance Disclosure Information.Tenant hereby acknowledges that Landlord may be required to disclose certain information concerning the energy performance of the Building pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively, the "**Energy Disclosure Requirements**"). Tenant hereby acknowledges prior receipt of the Data Verification Checklist, as defined in the Energy Disclosure Requirements (the "**Energy Disclosure Information**"), and agrees that Landlord has timely complied in full with Landlord's obligations under the Energy Disclosure Requirements. Tenant hereby acknowledges and agrees that: (i) Landlord makes no representation or warranty regarding the energy performance of the Building or the accuracy or completeness of the Energy Disclosure Information; (ii) the Energy Disclosure Information is for the current occupancy and use of the Building and that the energy performance of the Building may vary depending on future occupancy and/or use of the Building; and (iii) Landlord shall have no liability to Tenant for any errors or omissions in the Energy Disclosure Information. If and to the extent not prohibited by applicable laws, Tenant hereby waives any right Tenant may have to receive the Energy Disclosure Information, including, without limitation, any right Tenant may have to terminate the Lease, as hereby amended, as a result of Landlord's failure to disclose such information. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and/or liabilities relating to, arising out of and/or resulting from the Energy Disclosure Requirements, including, without limitation, any liabilities arising as a result of Landlord's failure to disclose the Energy Disclosure Information to Tenant prior to the Effective Date. Tenant's acknowledgment of the AS-IS condition of the Premises pursuant to the terms of the Lease, as hereby amended, shall be deemed to include the energy performance of the Building. Tenant further acknowledges that pursuant to the Energy Disclosure Requirements, Landlord may be required in the future to disclose information concerning Tenant's energy usage to certain third parties, including, without limitation, prospective purchasers, lenders and tenants of

the Building (the "**Tenant Energy Use Disclosure**"). Tenant shall cooperate with Landlord with respect to any Tenant Energy Use Disclosure. Without limiting the generality of the foregoing, Tenant shall, within ten (10) days following request from Landlord, disclose to Landlord all information requested by Landlord in connection with such Tenant Energy Use Disclosure, including, but not limited to, the amount of power or other utilities consumed within the Premises for which the meters for such utilities are in Tenant's name, the number of employees working within the Premises, the operating hours for Tenant's business in the Premises, and the type and number of equipment operated by Tenant in the Premises. Tenant acknowledges that this information shall be provided on a non-confidential basis and may be provided by Landlord to the applicable utility providers, the California Energy Commission (and other governmental entities having jurisdiction with respect to the Energy Disclosure Requirements), and any third parties to whom Landlord is required to make any Tenant Energy Use Disclosure. Tenant hereby: (A) consents to all such Tenant Energy Use Disclosures; and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use Disclosure. Tenant agrees that neither Landlord nor any direct or indirect partner, member, manager, shareholder, director, officer, principal, employee or agent of Landlord (collectively, the "**Landlord Parties**") shall be liable for, and Tenant hereby releases the Landlord Parties from, any and all loss, cost, damage, expense and liability relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. In addition, Tenant represents to Landlord that any and all information provided by Tenant to Landlord pursuant to this Section shall be, to the best of Tenant's knowledge, true and correct in all material respects, Tenant acknowledges that Landlord shall rely on such information.

9. Statutory CASp Disclosure. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection and with advice of counsel, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, the Building, and/or the Project to the extent permitted by applicable laws now or hereafter in effect; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to applicable laws now or hereafter in effect, then Landlord and Tenant hereby agree as follows (which constitute the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord on or before the Second Extended Term Commencement Date; (B) any CASp inspection timely requested by Tenant shall be conducted (1) between the hours of 9:00 a.m. and 5:00 p.m. on any business day, (2) only after ten (10) days' prior

written notice to Landlord of the date of such CASp inspection, (3) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, the Building, or the Project in any way, (4) in accordance with all of the provisions of the Lease applicable to Tenant contracts for construction, and (5) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports and/or certificates prepared by the CASp in connection with such CASp inspection (collectively, the **"CASp Reports")** and all other costs and expenses in connection therewith; (C) Landlord shall be an express third party beneficiary of Tenant's contract with the CASp, and any CASp Reports shall be addressed to both Landlord and Tenant; (D) Tenant shall deliver a copy of any CASp Reports to Landlord within two (2) business days after Tenant's receipt thereof; (E) any information generated by the CASp inspection and/or contained in the CASp Reports shall not be disclosed by Tenant to anyone other than (I) contractors, subcontractors and/or consultants of Tenant, in each instance who have a need to know such information and who agree in writing not to further disclose such information, or (II) any governmental entity, agency or other person, in each instance to whom disclosure is required by law or by regulatory or judicial process; (F) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards, including, without limitation, any violations disclosed by such CASp inspection; and (G) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building, and/or the Project located outside the Premises that are Landlord's obligation to repair as set forth in the Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by applicable laws to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within ten (10) business days after Tenant's receipt of an invoice therefor from Landlord.

10. Brokers. Landlord and Tenant each hereby represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, except for CBRE, Inc., representing Landlord (the "**Broker**"), and that it knows of no other real estate broker or agent who is entitled to a commission in connection with this Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any breach of the foregoing representation and warranty by the indemnifying party in connection with this Amendment.

11. Authority. If Tenant is a corporation, trust, limited liability company or partnership, each individual executing this Amendment on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Amendment

and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after Landlord's written request, deliver to Landlord satisfactory evidence of such authority, and, upon demand by Landlord, Tenant shall also deliver to Landlord satisfactory evidence of: (i) good standing in Tenant's state of formation; and (ii) qualification to do business in California.

12. Counterparts. This Amendment may be executed in any number of counterparts, which may be delivered electronically, via facsimile or by other means. Each party may rely upon signatures delivered electronically or via facsimile as if such signatures were originals. Each counterpart of this Amendment shall be deemed to be an original, and all such counterparts (including those delivered electronically or via facsimile), when taken together, shall be deemed to constitute one and the same instrument.

13. No Options. Notwithstanding anything to the contrary contained in the Lease, as hereby amended, Tenant hereby acknowledges and agrees that except as otherwise expressly set forth above in this Amendment: (i) Tenant has no (A) options to extend or renew the Lease, (B) early termination options, (C) options or rights to expand the Premises or to lease additional space in the real property of which the Premises are a part, (D) rights of first offer and/or rights of first refusal to lease any space in the real property of which the Premises are a part, and (E) options or preferential rights to purchase all or any portion of the Premises or the real property of which the Premises are a part nor any other rights or interests with respect to the Premises or the real property of which the Premises are a part, other than as "Tenant" under the Lease; and (ii) Tenant is not entitled to any improvement allowance, free or abated rent or any other concessions under the Lease.

14. No Further Modification. Except as set forth in this Amendment, all of the terms and provisions of the Lease are hereby ratified and confirmed and shall remain unmodified and in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

[SIGNATURES CONTAINED ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed by their duly authorized representatives as of the date first above written.

"LANDLORD":	"TENANT":
GOOGLE LLC, a Delaware limited liability company	CHEMOCENTRYX, INC. a Delaware corporation
By: /s/ David Radcliffe	By: /s/ Thomas J. Schall, Ph.D.
Name: David Radcliffe	Name: Thomas J. Schall, Ph.D.
Title: VP, Real Estate	Title: Chief Executive Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Schall, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ChemoCentryx, 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(s) 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(s) 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.

/s/ Thomas J. Schall, Ph.D.
Thomas J. Schall, Ph.D.
Chief Executive Officer

Date: August 5, 2019

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Susan M. Kanaya, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ChemoCentryx, 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(s) 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(s) 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.

/s/ Susan M. Kanaya
Susan M. Kanaya
Chief Financial and Administrative Officer

Date: August 5, 2019

Exhibit 32.1

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Quarterly Report on Form 10-Q of ChemoCentryx, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Schall, Ph.D., as Chief Executive Officer of the Company, 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:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2019

/s/ Thomas J. Schall, Ph.D.
Thomas J. Schall, Ph.D.
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Quarterly Report on Form 10-Q of ChemoCentryx, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan M. Kanaya, as Chief Financial and Administrative Officer of the Company, 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:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2019

/s/ Susan M. Kanaya
Susan M. Kanaya
Chief Financial and Administrative Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.