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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

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: 001-37524

vTv Therapeutics Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-3916571**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4170 Mendenhall Oaks Pkwy High Point, NC	**27265**
(Address of principal executive offices)	**(Zip Code)**

(336) 841-0300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

Class of Stock	**Shares Outstanding as of November 3, 2016**
Class A common stock, par value $0.01 per share	9,693,254
Class B common stock, par value $0.01 per share	23,119,246

vTv THERAPEUTICS INC. AND SUBSIDIARIES
INDEX TO FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

PART I – FINANCIAL INFORMATION

The financial statements and other disclosures contained in this report include those of vTv Therapeutics Inc. ("we", the "Company" or the "Registrant"), which is the registrant, and those of vTv Therapeutics LLC ("vTv LLC"), which became the principal operating subsidiary of the Registrant in a series of reorganizational transactions that were completed (the "Reorganization Transactions") in connection with our initial public offering (the "IPO"), which was completed on August 4, 2015. As the Reorganization Transactions are considered to be among entities under common control, the Condensed Consolidated Financial Statements for periods prior to the IPO and Reorganization Transactions have been adjusted to combine TransTech Pharma, LLC ("TTP"), which was renamed vTvx Holdings I LLC ("vTvx Holdings I"), and High Point Pharmaceuticals, LLC ("HPP"), which was renamed vTvx Holdings II LLC ("vTvx Holdings II") (each of which was previously a separate entity), for presentation purposes. Unless the context suggests otherwise, references in this Quarterly Report on Form 10-Q to the "Company", "we", "us" and "our" refer (1) prior to the IPO and Reorganization Transactions, to TTP and HPP and (2) after our IPO and Reorganization Transactions, to vTv Therapeutics Inc. and its consolidated subsidiaries. For more information regarding the transactions described above, see Note 1, "Description of Business and Basis of Presentation," to our financial statements contained in this Quarterly Report on Form 10-Q.

vTv Therapeutics Inc.
Condensed Consolidated Balance Sheets
(in thousands, except number of shares and per share data)

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 51,058	$ 88,003
Accounts receivable, net	—	69
Prepaid expenses and other current assets	1,058	1,114
Total current assets	52,116	89,186
Property and equipment, net	493	624
Employee loans receivable - related party	3	49
Other long-term assets	2,103	1,673
Total assets	$ 54,715	$ 91,532
Liabilities, Redeemable Noncontrolling Interest and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 10,156	$ 6,627
Accounts payable and accrued expenses - related party	406	880
Deferred revenue	21	219
Total current liabilities	10,583	7,726
Other liabilities	225	245
Total liabilities	10,808	7,971
Commitments and contingencies		
Redeemable noncontrolling interest	155,147	161,531
Stockholders' deficit:		
Class A Common Stock, $0.01 par value; 100,000,000 shares authorized, 9,693,254 and 9,156,686 shares outstanding as of September 30, 2016 and December 31, 2015, respectively	97	92
Class B Common Stock, $0.01 par value; 100,000,000 shares authorized, 23,119,246 and 23,655,814 shares outstanding as of September 30, 2016 and December 31, 2015, respectively	232	237
Additional paid-in capital	122,838	117,686
Accumulated deficit	(234,407)	(195,985)
Total stockholders' deficit attributable to vTv Therapeutics Inc.	(111,240)	(77,970)
Total liabilities, redeemable noncontrolling interest and stockholders' deficit	$ 54,715	$ 91,532

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

vTv Therapeutics Inc.
Condensed Consolidated Statements of Operations - Unaudited
(in thousands, except number of shares and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	$ 38	$ 133	$ 596	$ 293
Operating expenses:				
Research and development	10,636	6,574	33,854	19,106
Research and development - related party	529	585	795	1,532
General and administrative	2,401	2,415	7,654	6,707
Total operating expenses	13,566	9,574	42,303	27,345
Operating loss	(13,528)	(9,441)	(41,707)	(27,052)
Other income (loss), net	2	(1)	2	(851)
Other expense - related party	—	(56)	—	(392)
Interest income (expense), net	21	4	63	(86)
Interest expense, net – related party	—	(328)	—	(1,667)
Loss before income taxes and noncontrolling interest	(13,505)	(9,822)	(41,642)	(30,048)
Income tax provision	—	—	—	—
Net loss before noncontrolling interest	(13,505)	(9,822)	(41,642)	(30,048)
Less: net loss attributable to noncontrolling interest	(9,512)	(5,719)	(29,340)	(5,719)
Net loss attributable to vTv Therapeutics Inc.	$ (3,993)	$ (4,103)	$ (12,302)	$ (24,329)
Net loss per share of vTv Therapeutics Inc. Class A Common Stock, basic and diluted	$ (0.41)	$ (0.49)	$ (1.30)	$ (3.05)
Weighted-average number of vTv Therapeutics Inc. Class A Common Stock, basic and diluted	9,691,362	8,305,368	9,495,926	7,976,183

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

vTv Therapeutics Inc.
Condensed Consolidated Statement of Changes in Redeemable Noncontrolling Interest and Stockholders' Deficit - Unaudited
(in thousands, except number of shares)

	Redeemable Noncontrolling Interest	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
		Shares	Amount	Shares	Amount			
Balances at December 31, 2015	**$ 161,531**	**9,156,686**	**$ 92**	**23,655,814**	**$ 237**	**$ 117,686**	**$ (195,985)**	**$ (77,970)**
Net loss	(29,340)	—	—	—	—	—	(12,302)	(12,302)
Share-based compensation	—	—	—	—	—	1,988	—	1,988
Exchange of Class B Common Stock for Class A Common Stock	(3,164)	536,568	5	(536,568)	(5)	3,164	—	3,164
Change in redemption value of noncontrolling interest	26,120	—	—	—	—	—	(26,120)	(26,120)
Balances at September 30, 2016	**$ 155,147**	**9,693,254**	**$ 97**	**23,119,246**	**$ 232**	**$ 122,838**	**$ (234,407)**	**$ (111,240)**

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

vTv Therapeutics Inc.
Condensed Consolidated Statements of Cash Flows - Unaudited
(in thousands)

	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities:		
Net loss before noncontrolling interest	$ (41,642)	$ (30,048)
Adjustments to reconcile net loss before noncontrolling interest to net cash used in operating activities:		
Loss (gain) on disposal of PP&E, net	(2)	—
Depreciation expense	216	361
Share-based compensation expense	1,988	304
Change in fair value of contingent distribution	—	695
Non-cash interest expense-distribution payable	—	27
Impairment loss on carrying value of land	—	48
Bad debt expense – related party	—	(2)
Changes in assets and liabilities:		
Accounts receivable	69	—
Prepaid expenses and other assets	56	(705)
Employee loans receivable - related party	46	12
Note receivable	—	(20)
Other long-term assets	(268)	(1,594)
Accounts payable and accrued expenses	3,417	1,544
Accounts payable and accrued expenses – related party	(474)	2,094
Deferred revenue	(198)	320
Other liabilities	9	(1,012)
Net cash used in operating activities	(36,783)	(27,976)
Cash flows from investing activities:		
Proceeds from sale of assets	4	—
Purchases of property and equipment	(87)	(42)
Net cash used in investing activities	(83)	(42)
Cash flows from financing activities:		
Proceeds from issuance of vTv Therapeutics Inc. Class A Common Stock sold in initial public offering, net of offering costs	—	105,773
Debt issuance costs	(50)	—
Payment of offering costs - related party	—	(1,329)
Proceeds from debt issuance – related party	—	19,289
Repayment of long-term obligations	(29)	(89)
Net cash (used in) provided by financing activities	(79)	123,644
Net (decrease) increase in cash and cash equivalents	(36,945)	95,626
Cash and equivalents, beginning of period	88,003	1,384
Cash and equivalents, end of period	$ 51,058	$ 97,010
Non-cash activities:		
Change in carrying value of net assets and liabilities not transferred to vTv Therapeutics, LLC as part of the Reorganization Transactions	$ —	$ 2,746
Change in redemption value of noncontrolling interest	26,120	209,427
Exchange of vTv Therapeutics Inc. Class B Common Stock and vTv Therapeutics, LLC member units for vTv Therapeutics Inc. Class A Common Stock	3,164	12,461

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

Note 1: Description of Business and Basis of Presentation

Description of Business

vTv Therapeutics Inc. (the "Company," the "Registrant," "we" or "us"), was incorporated in the state of Delaware in April 2015. The Company was formed to discover and develop orally administered small molecule drug candidates to fill significant unmet medical needs.

Initial Public Offering

On August 4, 2015, vTv Therapeutics Inc. consummated its initial public offering ("IPO") of 7,812,500 shares of its Class A common stock, par value $0.01 per share ("Class A Common Stock"), at a price of $15.00 per share. The IPO raised net proceeds of approximately $109.0 million after underwriting discounts and commissions but before expenses. vTv Therapeutics Inc. used the net proceeds of the IPO to acquire nonvoting common units ("vTv Units") of vTv Therapeutics LLC ("vTv LLC"), an entity created to hold substantially all of the assets and operations of vTvx Holdings I LLC (formerly known as TransTech Pharma, LLC, "TTP" or "vTvx Holdings I") and vTvx Holdings II LLC (formerly known as High Point Pharmaceuticals, LLC "HPP" or "vTvx Holdings II"), which assets and operations were transferred to such entity in a series of pre-IPO reorganization transactions (the "Reorganization Transactions"). vTv LLC is an entity under common control with vTv Therapeutics Inc. The Company intends to use the net proceeds from the IPO to fund clinical development, studies, and trials for its various products and other drug candidates, for working capital and other general corporate purposes.

Reorganization Transactions

During July 2015, TTP and HPP were renamed vTvx Holdings I LLC and vTvx Holdings II LLC, respectively. Concurrent with the IPO, the Company then entered into the following Reorganization Transactions, through which the operations of vTvx Holdings I and vTvx Holdings II were combined into vTv LLC:

(1) vTvx Holdings I and vTvx Holdings II contributed substantially all of their assets, including all of their personnel and operations (the "Contributed Assets"), to a newly formed holding company, vTv Therapeutics Holdings LLC ("vTv Therapeutics Holdings"), in return for interests of vTv Therapeutics Holdings. Assets that were not contributed included restricted cash, certain receivables unrelated to the combined operations and land included in property and equipment, net. Liabilities that were not assumed included debt, a contingent distribution payable and other related party liabilities. All assets and liabilities that were not contributed or assumed remained with vTvx Holdings I and vTvx Holdings II and are not reflected in the Condensed Consolidated Balance Sheet contained herein or the Condensed Consolidated Statements of Operations subsequent to August 4, 2015;

(2) vTv Therapeutics Holdings contributed the Contributed Assets to vTv LLC, a newly formed Delaware limited liability company, and, for administrative convenience, vTv Therapeutics Holdings directed that the assets be transferred directly to vTv LLC on behalf of vTv Therapeutics Holdings;

(3) vTv Therapeutics Inc. amended and restated its certificate of incorporation and by-laws to provide for two classes of common stock:

  (a) Class A Common Stock, which represents economic interests and has one vote per share, and

  (b) Class B common stock, par value $0.01 per share, ("Class B Common Stock"), which represents no economic interests and has one vote per share;

(4) vTv LLC amended and restated its limited liability company agreement (the "Amended and Restated LLC Agreement") to provide that it has

two classes of membership units:

  (a) One managing member unit, which represents no economic interests and has 100% of the voting power of vTv LLC; and

  (b) Non-voting vTv Units, which represent economic interests;

(5) vTv LLC issued the managing member unit to vTv Therapeutics Inc.;

(6) vTv LLC issued 25,000,000 vTv Units to vTv Therapeutics Holdings; and

(7) vTv Therapeutics Inc. issued 25,000,000 shares of Class B Common Stock, which represents no economic interests in the Company but has the right to cast one vote per share, to vTv Therapeutics Holdings which correspond to each vTv Unit held by vTv Therapeutics Holdings.

Below is a summary of the principal documents entered into in connection with the Reorganization Transactions:

Exchange Agreement - Pursuant to the terms of the exchange agreement among the Company, vTv LLC and the holders of vTv Units party thereto (the "Exchange Agreement"), but subject to the Amended and Restated LLC Agreement of vTv LLC, the vTv Units (along with a corresponding number of shares of the Class B Common Stock) are exchangeable for (i) shares of the Class A Common Stock on a one-for-one basis or (ii) cash (based on the fair market value of the Class A Common Stock as determined pursuant to the Exchange Agreement), at the option of vTv Therapeutics Inc. (as the managing member of vTv LLC), subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. Any decision to require an exchange for cash rather than shares of Class A Common Stock will ultimately be determined by the entire board of directors of vTv Therapeutics Inc. (the "Board of Directors"). On October 5, 2015, vTv Therapeutics Holdings was dissolved, and various holders of Class B Common Stock became parties to the Exchange Agreement.

Tax Receivable Agreement - The Tax Receivable Agreement among the Company, M&F TTP Holdings Two LLC ("M&F"), as successor in interest to vTv Therapeutics Holdings, and M&F TTP Holdings LLC provides for the payment by the Company to M&F (or certain of its transferees or other assignees) of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes (or, in some circumstances, the Company is deemed to realize) as a result of (a) the exchange of Class B Common Stock, together with the corresponding number of vTv Units, for shares of the Company's Class A Common Stock (or for cash), (b) tax benefits related to imputed interest deemed to be paid by the Company as a result of the Tax Receivable Agreement and (c) certain tax benefits attributable to payments under the Tax Receivable Agreement.

Investor Rights Agreement - The Company is party to an investor rights agreement with M&F, as successor in interest to vTv Therapeutics Holdings (the "Investor Rights Agreement"). The Investor Rights Agreement provides M&F with certain demand, shelf and piggyback registration rights with respect to its shares of Class A Common Stock and also provides M&F with certain governance rights, depending on the size of its holdings of Class A Common Stock. Under the Investor Rights Agreement, M&F was initially entitled to nominate a majority of the members of the Board of Directors and designate the members of the committees of the Board of Directors.

On October 1, 2015, vTvx Holdings I and vTvx Holdings II merged with and into vTv Therapeutics Holdings, with vTv Therapeutics Holdings continuing as the surviving limited liability company. On October 5, 2015, vTv Therapeutics Holdings was dissolved and made a liquidating distribution of shares of Class B Common Stock and the corresponding vTv Units to its members. As a result of the dissolution, M&F TTP Holdings LLC became the successor to vTv Therapeutics Holdings under the Investor Rights Agreement, the Exchange Agreement and the Tax Receivable Agreement pursuant to the terms of each respective agreement, and various other holders of Class B Common Stock became parties to the Exchange Agreement. On December 28, 2015, M&F TTP Holdings LLC contributed its shares of Class B Common Stock and the corresponding vTv Units to its subsidiary, M&F, which became the successor to M&F TTP Holdings LLC under the Investor Rights Agreement, Exchange Agreement and Tax Receivable Agreement pursuant to the terms of each respective agreement.

Principles of Consolidation

Subsequent to the IPO and the Reorganization Transactions, vTv Therapeutics Inc. is a holding company and its principal asset is a controlling equity interest in vTv LLC, the Company's principal operating subsidiary, which is a clinical-stage biopharmaceutical company engaged in the discovery and development of orally administered small molecule drug candidates to fill significant unmet medical needs.

The Company has determined that vTv LLC is a variable-interest entity ("VIE") for accounting purposes and that vTv Therapeutics Inc. is the primary beneficiary of vTv LLC because (through its managing member interest in vTv LLC and the fact that the senior management of vTv Therapeutics Inc. is also the senior management of vTv LLC) it has the power and benefits to direct all of the activities of vTv LLC, which include those that most significantly impact vTv LLC's economic performance. vTv Therapeutics Inc. has therefore consolidated vTv LLC's results pursuant to Accounting Standards Codification Topic 810, "Consolidation" in its consolidated financial statements. As of September 30, 2016, various holders own non-voting interests in vTv LLC, representing a 70.5% economic interest in vTv LLC, effectively restricting vTv Therapeutics Inc.'s interest to 29.5% of vTv LLC's economic results, subject to increase in the future, should vTv Therapeutics Inc. purchase additional vTv Units or should the holders of vTv Units decide to exchange such units (together with shares of Class B Common Stock) for shares of Class A Common Stock (or cash) pursuant to the Exchange Agreement. Other than its purchase of vTv Units with the net proceeds of the IPO, vTv Therapeutics Inc. has not

provided any financial or other support to vTv LLC. vTv Therapeutics Inc. will not be required to provide financial or other support for vTv LLC, although it will control its business and other activities through its managing member interest in vTv LLC, and its management is the management of vTv LLC. Because vTv Therapeutics Inc. is not a guarantor or obligor with respect to any of the liabilities of vTv LLC, absent any such guarantee or other arrangement, the creditors of vTv LLC do not have any recourse to the general credit of vTv Therapeutics Inc. Nevertheless, because vTv Therapeutics Inc. will have no material assets other than its interests in vTv LLC, any financial difficulties at vTv LLC could result in vTv Therapeutics Inc. recognizing a loss.

As the Reorganization Transactions are considered to be among entities under common control, the Condensed Consolidated Financial Statements for periods prior to the IPO and Reorganization Transactions have been adjusted to combine the historical financial statements of TTP and HPP (which were previously separate entities) for presentation purposes. The historical combined financial statements of these entities include assets and liabilities not transferred to the Company as part of the Reorganization Transactions, as discussed above.

Note 2: Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying Condensed Consolidated Balance Sheet as of September 30, 2016, Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2016, Condensed Consolidated Statement of Changes in Redeemable Noncontrolling Interest and Stockholders' Deficit for the nine months ended September 30, 2016 and Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015 are unaudited. These unaudited financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These financial statements should be read in conjunction with the audited financial statements and the accompanying notes for the year ended December 31, 2015 contained in the Company's Annual Report on Form 10-K. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of September 30, 2016 and the results of operations and cash flows for the nine months ended September 30, 2016 and 2015. The December 31, 2015 Condensed Consolidated Balance Sheet included herein was derived from the audited financial statements, but does not include all disclosures or notes required by GAAP for complete financial statements.

The financial data and other information disclosed in these notes to the financial statements related to the three and nine months ended September 30, 2016 and 2015 are unaudited. Interim results are not necessarily indicative of results for an entire year.

The Company does not have any components of other comprehensive income recorded within its Condensed Consolidated Financial Statements, and, therefore, does not separately present a statement of comprehensive income in its Condensed Consolidated Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On an ongoing basis, the Company evaluates its estimates, including those related to the grant date fair value of equity awards, the fair value of the Class B Common Stock, the useful lives of property and equipment, the fair value of the Company's membership units, the fair value of redeemable preferred units, the fair value of derivative liabilities, and the fair value of the Company's debt, among others. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable, the results of which form the basis for making judgments about the carrying value of assets and liabilities.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash on deposit with multiple financial institutions. The balances of these cash accounts frequently exceed insured limits.

There were no accounts receivable balances outstanding as of September 30, 2016. Accounts receivable at December 31, 2015 were $0.1 million with one customer representing 100% of this balance.

One and two customers represented 100% of the revenue earned during the three and nine months ended September 30, 2016. One customer represented 100% of the revenue during the three and nine months ended September 30, 2015.

Cash and Cash Equivalents

The Company considers any highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Collaboration Revenue and Accounts Receivable

The majority of the Company's collaboration revenue and accounts receivable is related to an exclusive global license agreement (the "License Agreement"), which the Company entered into on March 6, 2015 with Calithera Biosciences, Inc. ("Calithera"), granting Calithera exclusive world-wide rights to research, develop and commercialize the Company's portfolio of hexokinase II inhibitors. Under the terms of the License Agreement, Calithera paid the Company an initial license fee of $0.6 million and potential development and regulatory milestone payments totaling up to $30.5 million for the first licensed product, an additional $77.0 million in potential sales-based milestones, as well as royalty payments, based on tiered sales of the first commercialized licensed product. In addition, Calithera will fund up to $1.1 million during the first 12 months of the License Agreement for the costs associated with up to four full-time employees for the Company to develop additional hexokinase inhibitors under which the Company has recognized a total of $0.3 million through September 30, 2016. If Calithera develops additional licensed products, after achieving regulatory approval of the first licensed product, Calithera would owe additional regulatory milestone payments and additional royalty payments based on sales of such additional licensed products.

On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance based on its history of collections and write-offs and the current status of all receivables.

Revenue Recognition

The Company uses the revenue recognition guidance established by ASC Topic 605, "Revenue Recognition." The Company recognizes revenue when 1) persuasive evidence of an arrangement exists; 2) the service has been provided to the customer; 3) collection of the fee is reasonably assured; and 4) the amount of the fee to be paid by the customer is fixed or determinable. In determining the accounting for collaboration and alliance agreements, the Company follows the provisions of ASC Topic 605, Subtopic 25, "Multiple-Element Arrangements" ("ASC 605-25") and ASC 808 ("Collaborative Arrangements"). ASC 605-25 provides guidance on whether an arrangement that involves multiple revenue-generating activities or deliverables should be divided into separate units of accounting for revenue recognition purposes and, if division is required, how the arrangement consideration should be allocated among the separate units of accounting. If a deliverable has value on a stand-alone basis, the Company treats the deliverable as a separate unit of accounting. If the arrangement constitutes separate units of accounting according to the separation criteria of ASC 605-25, the consideration received is allocated among the separate units of accounting and the applicable revenue recognition criteria is applied to each unit. The Company determines how to allocate amounts received under agreements among the separate units based on the respective selling price of each unit. If the arrangement constitutes a single unit of accounting, the revenue recognition policy must be determined for the entire arrangement and the consideration received is recognized over the period of inception through the date the last deliverable within the single unit of accounting is expected to be delivered.

Collaboration research and development revenue is earned and recognized as research is performed and related expenses are incurred. Non-refundable upfront fees are recorded as deferred revenue and recognized into revenue as license fees and milestones from collaborations on a straight-line basis over the estimated period of the Company's substantive performance obligations. If the Company does not have substantive performance obligations, it recognizes non-refundable upfront fees into revenue ratably over the period during which the product deliverable is provided to the customer.

Revenue for non-refundable payments based on the achievement of milestone events under collaborative arrangements is recognized in accordance with ASC Topic 605, Subtopic 28, "Milestone Method" ("ASC 605-28"). Milestone events under the Company's collaboration agreements may include research, development, regulatory, commercialization, and sales events. Under ASC 605-28, a milestone payment is recognized as revenue when the applicable event is achieved if the event meets the definition of a milestone and the milestone is determined to be substantive. ASC 605-28 defines a milestone event as an event having all of the following characteristics: (1) substantive uncertainty regarding achievement of the milestone event exists at the inception of the arrangement; (2) the event can only be achieved based, in whole or in part, on either the Company's performance or a specific outcome resulting from the Company's performance; and (3) if achieved, the event will result in additional payment due to the

Company. The Company also treats events that can only be achieved based, in whole or in part, on either a third party's performance or a specific outcome resulting from a third party's performance as milestone events if the criteria of ASC 605-28 are otherwise satisfied.

Research and development costs that are reimbursable under collaboration agreements are recorded in accordance with ASC Topic 605, Subtopic 45, "Principal-Agent Considerations." Amounts reimbursed under a cost-sharing arrangement are reflected as reductions of research and development expense.

Research and Development

Major components of research and development costs include cash compensation, depreciation expense on research and development property and equipment, costs of preclinical studies, clinical trials and related clinical manufacturing, costs of drug development, costs of materials and supplies, facilities cost, overhead costs, regulatory and compliance costs, and fees paid to consultants and other entities that conduct certain research and development activities on the Company's behalf. Research and development costs are expensed as incurred.

The Company records accruals based on estimates of the services received, efforts expended and amounts owed pursuant to contracts with numerous contract research organizations. In the normal course of business, the Company contracts with third parties to perform various clinical study activities in the ongoing development of potential products. The financial terms of these agreements are subject to negotiation and variation from contract to contract and may result in uneven payment flows. Payments under the contracts depend on factors such as the achievement of certain events and the completion of portions of the clinical study or similar conditions. The objective of the Company's accrual policy is to match the recording of expenses in its financial statements to the actual services received and efforts expended. As such, expense accruals related to clinical studies are recognized based on the Company's estimate of the degree of completion of the event or events specified in the specific clinical study.

The Company records nonrefundable advance payments it makes for future research and development activities as prepaid expenses. Prepaid expenses are recognized as expense in the Condensed Consolidated Statements of Operations as the Company receives the related goods or services.

Income Taxes

In connection with the IPO, vTv Therapeutics Inc. was formed. From August 1, 2015, vTv Therapeutics Inc. has been subject to corporate level income taxes. Prior to July 30, 2015, TTP and HPP were taxed as partnerships, and all their income and deductions flowed through and were subject to tax at the partner level.

Share-Based Compensation

Compensation expense for share-based compensation awards issued is based on the fair value of the award at the date of grant, and compensation expense is recognized for those awards earned over the service period. The grant date fair value of the awards is estimated using the Black-Scholes option pricing formula. Due to the lack of sufficient historical trading information with respect to its own shares, the Company estimates expected volatility based on a portfolio of selected stocks of companies believed to have market and economic characteristics similar to its own. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The Company also estimates the amount of share-based awards that are expected to be forfeited based on historical employee turnover rates.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue From Contracts With Customers", that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU is based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. In addition, in March, April, and May 2016, the FASB issued final amendments to clarify the implementation guidance for principal versus agent considerations, identifying performance obligations and the accounting for licenses of intellectual property, and narrow-scope improvements and practical expedients, respectively. This ASU is effective for fiscal years beginning after December 15, 2017

including interim periods within that reporting period. The Company is currently evaluating the guidance to determine the Company's adoption method and the effect it will have on the Company's Condensed Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, "Amendments to the Consolidation Analysis", which significantly changes the consolidation analysis required under GAAP and will require companies to reevaluate all previous consolidation conclusions. The Company adopted the provisions of this guidance in the first quarter of 2016. The adoption of this statement did not have a significant impact on the Company's Condensed Consolidated Financial Statements.

In April 2015, the FASB issued ASU No. 2015-05, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement", ("ASU 2015-05"). The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The Company adopted this guidance in the first quarter of 2016 on a prospective basis for all arrangements entered into or materially modified after the effective date. The adoption of this guidance did not have a significant impact on the Company's Condensed Consolidated Financial Statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740) – Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The amendments in this update simplify the presentation of deferred income taxes by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. This ASU is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted as of the beginning of an interim or annual reporting period. The Company adopted this guidance in the first quarter of 2016. The adoption of this guidance did not have a significant impact on the Company's Condensed Consolidated Financial Statements as the Company's deferred tax assets were already classified as non-current.

In February 2016, the FASB issued ASU No. 2016-02, "Lease (Topic 842)" ("ASU 2016-02"), which increases transparency and comparability among companies accounting for lease transactions. The most significant change of this update will require the recognition by a lessee of lease assets and liabilities on its balance sheet for operating lease arrangements with lease terms greater than 12 months. This update will require a modified retrospective application which includes a number of optional practical expedients related to the identification and classification of leases commenced before the effective date. This ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 18, 2018. The Company is currently evaluating the guidance to determine the effect it will have on the Company's Condensed Consolidated Financial Statements.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"), which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company is currently evaluating the guidance to determine the effect it will have on the Company's Condensed Consolidated Financial Statements.

Note 3: Share-Based Compensation

During the three and nine months ended September 30, 2016, the Company has issued non-qualified stock option awards to certain employees of the Company. As of September 30, 2016, the Company had total unrecognized stock-based compensation expense of approximately $5.0 million, which is expected to be recognized over a weighted average period of 2.0 years. The weighted average grant date fair value of option grants during the three and nine months ended September 30, 2016 was $3.94 and $4.05 per option, respectively. The aggregate intrinsic value of the awards outstanding at September 30, 2016 was $0.3 million.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The fair value of stock options granted was estimated using the following assumptions during the nine months ended September 30, 2016:

Expected volatility	81.57% - 87.23%
Expected life of option, in years	5.00 - 5.99
Risk-free interest rate	1.22% - 1.42%
Expected dividend yield	0.00%

The following table summarizes the activity related to the stock option awards for the nine months ended September 30, 2016:

	Number of Shares	Weighted-Average Exercise Price
Awards outstanding at December 31, 2015	971,934	$ 11.31
Granted	129,500	5.80
Forfeited	(2,000)	9.22
Awards outstanding at September 30, 2016	1,099,434	$ 10.67
Options exercisable at September 30, 2016	287,825	$ 11.97
Weighted average remaining contractual term	8.9 Years	
Options vested and expected to vest at September 30, 2016	1,058,821	$ 10.73
Weighted average remaining contractual term	9.0 Years	

Compensation expense related to the grants of stock options is included in research and development and general and administrative expense as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Research and development	$ 252	$ 39	$ 735	$ 39
General and administrative	429	265	1,253	265
Total share-based compensation expense	$ 681	$ 304	$ 1,988	$ 304

Note 4: Commitments and Contingencies

Legal Matters

From time to time, the Company is involved in various legal proceedings arising in the normal course of business. If a specific contingent liability is determined to be probable and can be reasonably estimated, the Company accrues and discloses the amount. The Company is not currently a party to any material legal proceedings.

Columbia University Agreement

In May 2015, the Company entered into a worldwide exclusive agreement with Columbia University (“Columbia”) to license certain intellectual property from Columbia. Under the agreement, the Company is obligated to pay to Columbia (1) an annual fee of $0.1 million from 2015 through 2021, (2) a potential regulatory milestone payment of $0.8 million and (3) potential royalty payments at a single digit royalty rate based on net sales of licensed products as defined in the agreement.

Novo Nordisk

In February 2007, the Company entered into an Agreement Concerning Glucokinase Activator (“GKA”) Project with Novo Nordisk A/S (the “Novo License Agreement”) whereby we obtained an exclusive, worldwide, sublicensable license under certain Novo Nordisk intellectual property rights to discover, develop, manufacture, have manufactured, use and commercialize products for the prevention, treatment, control, mitigation or palliation of human or animal diseases or conditions. As part of this license grant, the Company obtained certain worldwide rights to Novo Nordisk’s GKA program, including rights to preclinical and clinical compounds such as *TTP399*. Under the terms of the Novo License Agreement, the Company has additional potential developmental and regulatory milestone payments totaling up to $115.0 million for approval of a product. The Company may also be obligated to pay an additional $75.0 million in potential sales-based milestones, as well as royalty payments, at mid-single digit royalty rates, based on tiered sales of commercialized licensed products.

Note 5: Stockholders’ Equity

During the nine months ended September 30, 2016, 536,568 shares of Class B Common Stock and an equal number of vTv Units were exchanged for 536,568 shares of Class A Common Stock pursuant to the terms of the Exchange Agreement discussed in Note 1.

Holders of Class A Common Stock and Class B Common Stock are entitled to one vote for each share held on all matters submitted to stockholders for their vote or approval. The holders of Class A Common Stock and Class B Common Stock vote

together as a single class on all matters submitted to stockholders for their vote or approval, except with respect to the amendment of certain provisions of the Company's amended and restated certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B Common Stock so as to affect them adversely, which amendments must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a class, or as otherwise required by applicable law. The voting power of the outstanding Class B Common Stock (expressed as a percentage of the total voting power of all common stock) will be equal to the percentage of vTv Units not held by the Company. Holders of Class B Common Stock are not entitled to receive dividends and will not be entitled to receive any distributions upon the liquidation, dissolution or winding up of the Company.

Note 6: Redeemable Noncontrolling Interest

The Company is subject to the Exchange Agreement with respect to the vTv Units representing the 70.5% noncontrolling interest in vTv LLC outstanding as of September 30, 2016 (see Note 1). The Exchange Agreement requires the surrender of an equal number of vTv Units and Class B Common Stock for (i) shares of Class A Common Stock on a one-for-one basis or (ii) cash (based on the fair market value of the Class A Common Stock as determined pursuant to the Exchange Agreement), at the Company's option (as the managing member of vTv LLC), subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. The exchange value is determined based on a 20 day volume weighted average price of the Class A Common Stock as defined in the Exchange Agreement, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications.

The redeemable noncontrolling interest is recognized at the higher of (1) the initial fair value plus accumulated earnings/losses associated with the noncontrolling interest or (2) the redemption value as of the balance sheet date. At September 30, 2016, the redeemable noncontrolling interest was recorded based on the redemption value as of the balance sheet date of $155.1 million.

Note 7: Related-Party Transactions

PharmaCore, Inc.

Certain controlling stockholders of the Company also control PharmaCore, Inc. ("PharmaCore"). As such, PharmaCore is considered to be a related party. The Company purchases chemistry and Good Manufacturing Practices manufacturing services from PharmaCore. Total purchases from PharmaCore for the three and nine months ended September 30, 2016 and 2015 were $0.5 million and $0.6 million for the three month periods and $0.8 million and $1.5 million for the nine month periods, respectively.

On April 17, 2007, the Company's Board of Directors approved $2.0 million of subordinated financing to be provided to PharmaCore. Advances were made and interest accrued before the Company entered into the Subordinated Promissory Note agreement (the "Note Agreement") with PharmaCore on June 9, 2008. The Note Agreement was amended on April 23, 2010 to provide an additional $2.9 million of subordinated financing, with the same terms as the original note. During the three and nine months ended September 30, 2015, the Company recorded interest income of $0.1 million and $0.4 million, respectively, related to this financing. This receivable balance was not contributed to the Company as part of the Reorganization Transactions.

Due to the uncertainty of the receivable's collectability, the Company had recorded an allowance for uncollectible amounts related to the PharmaCore receivable. During the three and nine months ended September 30, 2015 the Company recognized bad debt expense of $0.1 million and $0.4 million, respectively, on this receivable which is reflected in other income (expense) - related party within the Condensed Consolidated Statements of Operations.

MacAndrews & Forbes Incorporated

As of September 30, 2016, subsidiaries of MacAndrews & Forbes Incorporated (collectively "MacAndrews") hold 23,084,267 shares of the Company's Class B Common Stock and 2,400,666 shares of the Company's Class A Common Stock. As a result, MacAndrews' holdings represent approximately 77.7% of the combined voting power of the Company's outstanding common stock.

The Company has entered into several agreements with MacAndrews or its affiliates as part of the Reorganization Transactions as further detailed below and in Note 1:

Exchange Agreement

The Company and MacAndrews are party to the Exchange Agreement as discussed in Note 1. Any decision to require an exchange for cash rather than shares of Class A Common Stock will ultimately be determined by the entire Board of Directors. As of September 30, 2016, MacAndrews had not exchanged any shares under the provisions of this agreement.

Tax Receivable Agreement

The Company and MacAndrews are party to the Tax Receivable Agreement as discussed in Note 1. As no shares have been exchanged by MacAndrews pursuant to the Exchange Agreement (discussed above), the Company has not recognized any liability nor has it made any payments pursuant to the Tax Receivable Agreement as of September 30, 2016.

Investor Rights Agreement

The Company is party to the Investor Rights Agreement with M&F, as a successor in interest to vTv Therapeutics Holdings, as discussed in Note 1.

Note 8: Income Taxes

As a result of the IPO, the Company is subject to U.S. federal income taxes as well as state taxes. As a result of the Company's operating losses, the Company did not record income tax expense for the three and nine months ended September 30, 2016. Management has evaluated the positive and negative evidence surrounding the realization of its deferred tax assets, including the Company's history of losses, and under the applicable accounting standards determined that it is more-likely-than-not that the deferred tax assets will not be realized. The difference between the effective tax rate of the Company and the U.S. statutory tax rate of 34% is due to the valuation allowance against the Company's expected net operating losses.

As discussed in Note 1, the Company is party to a tax receivable agreement with a related party which provides for the payment by the Company to vTv Therapeutics Holdings (or certain of its transferees or other assignees) of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes (or, in some circumstances, the Company is deemed to realize) as a result of certain transactions. As there have been no transactions which are probable to occur which would trigger a liability under this agreement, the Company has not recognized any liability related to this agreement as of September 30, 2016.

Note 9: Net Loss per Share

Basic loss per share is computed by dividing net loss attributable to vTv Therapeutics Inc. by the weighted-average number of shares of Class A Common Stock outstanding during the period. Diluted loss per share is computed giving effect to all potentially dilutive shares. Diluted loss per share for all periods presented is the same as basic loss per share as the inclusion of potentially issuable shares would be antidilutive. Losses prior to the IPO and Reorganization Transactions would have been allocated to the original members of TTP and HPP.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted net loss per share of Class A Common Stock is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net loss	$ (13,505)	$ (9,822)	$ (41,642)	$ (30,048)
Less: Net loss attributable to noncontrolling interests	(9,512)	(5,719)	(29,340)	(5,719)
Net loss attributable to vTv Therapeutics Inc., basic and diluted	$ (3,993)	$ (4,103)	$ (12,302)	$ (24,329)
Denominator:				
Weighted-average vTv Therapeutics Inc. Class A Common Stock, basic and diluted	9,691,362	8,305,368	9,495,926	7,976,183
Net loss per share of vTv Therapeutics Inc. Class A Common Stock, basic and diluted	$ (0.41)	$ (0.49)	$ (1.30)	$ (3.05)

For the three and nine months ended September 30, 2016, 1,099,434 stock options were excluded from the calculation of diluted net loss per share because the effect of their inclusion would have been antidilutive. No such awards were outstanding as of September 30, 2015.

Shares of Class B Common Stock do not share in the Company's earnings and are not participating securities. Accordingly, separate presentation of loss per share of Class B Common Stock under the two-class method has not been provided. Each share of Class B Common Stock (together with a corresponding vTv Unit) is exchangeable for one share of Class A Common Stock. However, the 23,119,246 outstanding shares of Class B Common Stock were determined to be antidilutive for the three and nine months ended September 30, 2016. Therefore, they are not included in the computation of diluted net loss per share.

Note 10: Subsequent Events

On October 28, 2016, the Company and vTv LLC entered into a venture loan and security agreement (the "Loan Agreement") with Horizon Technology Finance Corporation and Silicon Valley Bank (together, the "Lenders") under which the Company and vTv LLC may borrow up to $25.0 million in three tranches of $12.5 million, $7.5 million and $5.0 million, respectively.

The Company borrowed the first tranche of $12.5 million upon closing of the transaction on October 28, 2016. Subject to certain customary funding conditions, the second tranche of $7.5 million and the third tranche of $5.0 million are available for borrowing by the Company no later than March 31, 2017 and June 30, 2017, respectively. Availability of the third tranche is also subject to receipt of an executed term sheet setting forth certain agreed upon upfront and clinical and regulatory milestone payments for the licensing or purchase of one of the Company's main drug candidates.

Each loan tranche bears interest at a floating rate equal to 10.5% plus the amount by which the one-month London Interbank Offer Rate ("LIBOR") exceeds 0.5%.

The Company has agreed to repay the first tranche of $12.5 million on an interest only basis monthly until May 1, 2018 followed by equal monthly payments of principal plus accrued interest through the scheduled maturity date for the first tranche loan on May 1, 2020. In addition, a final payment for the first tranche loan equal to $0.8 million will be due on May 1, 2020, or such earlier date specified in the Loan Agreement. The Company has agreed to repay any amounts advanced under the second and third tranches of $7.5 million and $5.0 million, respectively, in 18 monthly payments of interest only followed by 24 equal monthly payments of principal plus accrued interest through the scheduled maturity date for such loans which is 42 months following the date the Company draws down the second or third tranche loans, as applicable. In addition, a final payment equal to $0.5 million will be due on the scheduled maturity date for the second tranche loan and a final payment of $0.3 million will be due on the scheduled maturity date for the third tranche loan, or on such earlier date specified in the Loan Agreement.

If the Company repays all or a portion of the loan prior to the applicable maturity date, it will pay the Lenders a prepayment penalty fee, based on a percentage of the then outstanding principal balance equal to 4.0% during the first 18 months following the funding of the second tranche and 2.0% thereafter.

The Company's obligations under the Loan Agreement are secured by a first priority security interest in substantially all of its assets other than its intellectual property. Subject to certain conditions related to the Company's Phase 3 clinical trial of *azeliragon*, the Company may be required to grant a security interest in its intellectual property. The Company has agreed not to pledge or otherwise encumber its intellectual property assets, subject to certain exceptions.

The Loan Agreement includes customary affirmative and restrictive covenants, including, but not limited to, restrictions on the payment of dividends or other equity distributions and the incurrence of debt or liens upon the assets of the Company or its subsidiaries. The Loan Agreement does not contain any financial maintenance covenants. The Loan Agreement includes customary events of default, including payment defaults, covenant defaults, and material adverse change default. Upon the occurrence of an event of default and following any applicable cure periods, a default interest rate of an additional 5% will be applied to the outstanding loan balances, and the Lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Loan Agreement.

In connection with the Loan Agreement, the Company issued and is obligated to issue to the Lenders warrants to purchase shares of the Company's Class A Common Stock (the "Warrants"). On October 28, 2016, the Company issued Warrants to purchase 152,580 shares of its Class A Common Stock at a per share exercise price of $6.39 per share, which aggregate exercise price represents 6.0% of the principal amount borrowed under the first tranche of the Loan Agreement and 3.0% of the amount available under the second tranche of the Loan Agreement. Additionally, to the extent the second tranche is borrowed under the Loan Agreement, the Company is obligated to issue to the Lenders Warrants with respect to a number of shares such that the aggregate exercise price of such warrants is equal to 3.0% of the principal amount of the second tranche upon funding of the second tranche. To the extent that the third tranche is borrowed under the Loan Agreement, the Company is obligated to issue to the Lenders Warrants with respect to a number of shares such that the aggregate exercise price of such warrants is equal to 6.0% of third loan tranche upon funding of the third tranche. In each instance, the Warrants have or will have an exercise price equal to the lower of (a) the volume weighted average price per share of the Company's Class A Common Stock, as reported on the principal stock exchange on which the Company's Class A Common Stock is listed, for 10 trading days prior to the issuance of the applicable Warrants or (b) the closing price of a share of the Company's Class A Common Stock on the trading day prior to the issuance of the applicable Warrants. The Warrants will expire seven years from their date of issuance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this Quarterly Report on Form 10-Q, the "Company", the "Registrant", "we" or "us" refer to vTv Therapeutics Inc., "vTv LLC" refers to vTv Therapeutics LLC, "vTvx Holdings I" or "TTP" refer to vTvx Holdings I LLC (formerly known as TransTech Pharma, LLC), "vTvx Holdings II" or "HPP" refer to vTvx Holdings II LLC (formerly known as High Point Pharmaceuticals, LLC) and "vTv Therapeutics Holdings" refers to vTv Therapeutics Holdings LLC. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes that appear elsewhere in this report. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, assumptions and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report under "Part II, Other Information—Item 1A, Risk Factors." Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies and operations, financing plans, potential growth opportunities, potential market opportunities, potential results of our drug development efforts or trials, and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would" or similar expressions and the negatives of those terms. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's plans, estimates, assumptions and beliefs only as of the date of this report. Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Overview

We are a clinical-stage biopharmaceutical company engaged in the discovery and development of orally administered small molecule drug candidates to fill significant unmet medical needs. We have a pipeline of clinical drug candidates, led by our programs for the treatment of Alzheimer's disease ("AD") and type 2 diabetes. Our drug candidate for the treatment of AD, *azeliragon*, is an orally administered, small molecule antagonist targeting the receptor for advanced glycation endproducts ("RAGE"), and we have commenced patient enrollment in a Phase 3 clinical trial (the "STEADFAST Study") under a Food and Drug Administration ("FDA") agreed Special Protocol Assessment ("SPA"). Our type 2 diabetes drug candidates include *TTP399*, an orally administered, liver-selective glucokinase activator ("GKA"), for which we have recently completed our Phase 2b clinical trial (the "AGATA Study") with positive results, and *TTP273*, an orally administered, non-peptide agonist that targets the glucagon-like peptide-1 receptor ("GLP-1r"), for which we completed enrollment in a Phase 2 clinical trial in August 2016.

The following table summarizes our current drug candidates and their respective stages of development:

Program	Preclinical	Phase 1	Phase 2	Phase 3	Status	Milestones
Alzheimer's Disease						
Azeliragon (TTP488): RAGE Antagonist					Phase 3 sub-study A enrollment completed; Phase 3 sub-study B enrolling	Topline data expected early 2018 (sub-study A) and second half of 2018 (sub-study B)
Type 2 Diabetes						
TTP399: Glucokinase Activator					Phase 2b completed	Topline data reported August 2016
TTP273: Oral GLP-1r Agonist					Phase 2 enrollment completed	Topline data expected late 2016

Subsequent to our initial public offering (the "IPO") and the related reorganization transactions (the "Reorganization Transactions"), vTv Therapeutics Inc. is a holding company, and its principal asset is a controlling equity interest in vTv Therapeutics LLC ("vTv LLC"), the principal operating subsidiary. The Company has determined that vTv LLC is a variable-interest entity ("VIE") for accounting purposes and that vTv Therapeutics Inc. is the primary beneficiary of vTv LLC because (through its managing member interest in vTv LLC and the fact that the senior management of vTv Therapeutics Inc. is also the senior management of vTv LLC) it has the power to direct all of the activities of vTv LLC, which include those that most significantly impact vTv LLC's economic performance. vTv Therapeutics Inc. has therefore consolidated vTv LLC's results under the VIE accounting model in its consolidated financial statements.

As the Reorganization Transactions are considered to be among entities under common control, the Condensed Consolidated Financial Statements for periods prior to the IPO and Reorganization Transactions have been adjusted to combine TTP and HPP and (collectively with TTP or vTvx Holdings I, the "Predecessors") (which previously were separate entities) for presentation purposes.

To date, we have devoted substantially all of our resources to our research and development efforts relating to our drug candidates, including conducting clinical trials with our drug candidates, providing general and administrative support for these operations and protecting our intellectual property. We do not have any products approved for sale and have not generated any revenue from drug sales. From our inception through September 30, 2016, we (including our Predecessors) have funded our operations primarily through a combination of private placements of preferred equity, research collaboration agreements, upfront and milestone payments for license agreements, debt obligations and the completion of our IPO in August 2015.

We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. We anticipate that our expenses will increase substantially as we:

- continue the development of our lead drug candidate, *azeliragon*, for the treatment of AD;
- seek to obtain regulatory approvals for *azeliragon*;
- prepare for the potential commercialization of *azeliragon*;
- begin outsourcing the commercial manufacturing of *azeliragon* for any indications for which we receive regulatory approval;
- expand our research and development activities and advance our clinical programs, including our type 2 diabetes programs, *TTP399* and *TTP273*;
- maintain, expand and protect our intellectual property portfolio; and
- add operational, financial and management systems and personnel, including personnel to support our obligations as a public company.

We do not expect to generate revenue from drug sales unless and until we successfully complete development and obtain marketing approval for one or more of our drug candidates, which we expect will take a number of years and will be subject to significant uncertainty. Accordingly, we anticipate that we will need to raise additional capital prior to the commercialization of *azeliragon* or any of our other drug candidates. Until such time that we can generate substantial revenue from product sales, we expect to finance our operating activities through a combination of debt financings, equity offerings, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. Nevertheless, we may be unable to raise additional funds or enter into such other arrangements when needed, on favorable terms or at all, which would have a negative impact on our liquidity and financial condition and could force us to delay, reduce the scope or eliminate one or more of our research and development programs or commercialization efforts. Failure to receive additional funding could cause us to cease operations, in part or in full.

Glucokinase Activator Program Update

TTP399 is an orally administered, small molecule, liver-selective GKA in development as a new potential oral anti-diabetic drug ("OAD") for the treatment of type 2 diabetes with a novel mechanism of action. Liver-selective activation of glucokinase ("GK") that seeks to provide intensive glycemic control without inducing significant hypoglycemia. If approved, we believe *TTP399* would compete primarily with other OADs, including DPP-4 and SGLT-2 inhibitors. Our trials for *TTP399* suggest that our approach to GK activation has the potential to avoid the tolerability issues associated with other GKAs, such as activation of GK in the pancreas, stimulation of insulin secretion independent of glucose, hypoglycemia, increased lipids and liver toxicity. Further, we believe that *TTP399*, if approved, has the potential to normalize glycosylated hemoglobin ("HbA_{1c}") levels without having contraindication for renal impairment and with little risk of pancreatitis. Based on data from Phase 1 and 2 trials to date, we believe that *TTP399*, if approved, has the potential to be a first-in-class OAD due to its liver-selectivity and novel mechanism of action. We are continuing to explore options for further development of this product alone or in collaboration with a partner.

Glucokinase Activator Clinical and Regulatory Overview

In August 2016 we completed the AGATA Study, a 190-patient Phase 2b clinical study for *TTP399*. Topline results for this study showed achievement of the primary endpoint of statistically significant change from baseline in HbA_{1c} at six months of daily administration of 800 mg of *TTP399*. A total of 110 patients completed the six-month trial with 26 in the 800 mg arm. The reduction in HbA_{1c} was dose-dependent and sustained throughout the duration of the study. *TTP399* was also found to be well-tolerated.

We have completed eleven clinical trials of *TTP399*, summarized in the table below. In our Phase 1 and 2 clinical trials, *TTP399* was well tolerated with negligible incidence of hypoglycemia.

Study	Phase	Study Description	Completion Date
AGATA	Phase 2b	Multiple site, six-month, double-blind, parallel, repeat-dosing study to evaluate safety and efficacy	August 2016
TPP399-201	Phase 2a	Multiple site, six-week double-blind, parallel, repeat-dosing study to characterize PK and PD profiles in type 2 diabetes patients not well controlled on metformin	September 2012
GK01-117	Phase 1	A drug-drug interaction study with statins	October 2012
GK01-115	Phase 1	An open-label, single-dose, four-way crossover study in 30 healthy male subjects to compare PK of four formulations	November 2011
GK01-115	Phase 1	Single dose study healthy volunteers (“HV”) absolute and regional bioavailability	August 2011
TTP399-107	Phase 1	Capsule versus tablet bioavailability	May 2010
TTP399-106	Phase 1b	Ten day multi-dose study in diabetic patients not controlled on metformin	November 2010
TTP399-104	Phase 1	Single dose study HV encapsulated tablet	April 2009
TTP399-103	Phase 1	Ten day multi-dose study in HV	June 2009
TTP399-102	Phase 1b	Ten day multi-dose study in naïve diabetics	August 2008
TTP399-101	Phase 1	Single dose study in HV	December 2007

Completed Phase 2b AGATA Study

In August 2016 we completed a Phase 2b clinical trial of *TTP399*, the AGATA Study, which was a six-month trial to demonstrate proof-of-concept that the benefits from *TTP399* could be sustained over time. The AGATA Study was a multi-center adaptive Phase 2b, randomized, double-blind, placebo- and active- (sitagliptin) controlled, parallel group trial to evaluate the safety and efficacy of *TTP399* following six months of administration in 190 subjects with type 2 diabetes on a stable dose of metformin. The AGATA Study included subjects across four arms, including two doses of *TTP399* (400 mg and 800 mg), sitagliptin, which is a DPP-4 inhibitor, and placebo.

The primary endpoint of the AGATA Study was the change from baseline in HbA_{1c} at six months. The secondary endpoints, for which results have not been announced, included subject achievement of $HbA_{1c} < 7\%$ at six months, subject achievement of $HbA_{1c} < 6.5\%$ at six months, plasma glucose, lipids (triglycerides, total cholesterol, HDL cholesterol, and LDL cholesterol), insulin, lactate, C-peptide, glucagon, GLP-1 and body weight.

In the trial, *TTP399* demonstrated achievement of the primary endpoint of statistically significant change from baseline in HbA_{1c} at six months of daily administration of 800 mg of *TTP399*. The reduction in HbA1c was dose-dependent and sustained throughout the duration of the study. *TTP399* was also found to be well-tolerated. We are currently preparing a manuscript with more details of the results which will be submitted for publication to a major medical journal.

Financial Overview

Revenue

To date, we have not generated any revenue from drug sales. All of our revenue to date has been primarily derived from up-front proceeds and research fees under collaboration and license agreements and government grants.

In the future, we may generate revenue from a combination of product sales, license fees, milestone payments and royalties from the sales of products developed under licenses of our intellectual property. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of license fees, milestone and other payments, and the amount and timing of payments that we receive upon the sale of our products, to the extent any are successfully commercialized. If we fail to complete the development of our drug candidates in a timely manner or obtain regulatory approval for them, our ability to generate future revenue and our results of operations and financial position will be materially adversely affected.

Research and Development Expenses

Since our inception, we have focused our resources on our research and development activities, including conducting preclinical studies and clinical trials, manufacturing development efforts and activities related to regulatory filings for our drug candidates. We recognize research and development expenses as they are incurred. Our direct research and development expenses consist primarily of external costs such as fees paid to investigators, consultants, central laboratories and CROs, in connection with our clinical trials, and costs related to acquiring and manufacturing clinical trial materials. Our indirect research and development costs consist primarily of salaries, benefits and related overhead expenses for personnel in research and development functions and depreciation of leasehold improvements, laboratory equipment and computers. Since we typically use our employee and infrastructure resources across multiple research and development programs such costs are not allocated to the individual projects.

From the inception of our Predecessors, through September 30, 2016, we have incurred approximately $491.1 million in research and development expenses.

Our research and development expenses by project for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Direct research and development expense:				
Azeliragon	$ 6,287	$ 3,183	$ 21,372	$ 10,395
TTP399	749	1,178	2,396	2,947
TTP273	1,228	951	3,151	1,768
Other projects	685	54	1,139	686
Indirect research and development expense	2,216	1,793	6,591	4,842
Total research and development expense	$ 11,165	$ 7,159	$ 34,649	$ 20,638

We plan to incur significant research and development expenses for the foreseeable future as we continue the development of *azeliragon* and to further advance the development of our other drug candidates, subject to the availability of additional funding.

The successful development of our clinical and preclinical drug candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing or costs of the efforts that will be necessary to complete the remainder of the development of any of our clinical or preclinical drug candidates or the period, if any, in which material net cash inflows from these drug candidates may commence. This is due to the numerous risks and uncertainties associated with the development of our drug candidates, including:

- the uncertainty of the scope, rate of progress and expense of our ongoing, as well as any additional, clinical trials and other research and development activities;
- the potential benefits of our candidates over other therapies;
- our ability to market, commercialize and achieve market acceptance for any of our drug candidates that we are developing or may develop in the future;
- future clinical trial results;
- our ability to enroll patients in our clinical trials;
- the timing and receipt of any regulatory approvals, if any; and
- the filing, prosecuting, defending and enforcing of patent claims and other intellectual property rights, and the expense of doing so.

A change in the outcome of any of these variables with respect to the development of a drug candidate could mean a significant change in the costs and timing associated with the development of that drug candidate. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate will be required for the completion of clinical development of a drug candidate, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time with respect to the development of that drug candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, benefits and related costs for employees in executive, finance, corporate development and human resources and administrative support functions. Other significant general and administrative expenses include accounting and legal services, expenses associated with obtaining and maintaining patents, cost of various consultants, occupancy costs and information systems.

Our general and administrative expenses have increased and will continue to increase as we operate as a public company and commercialize our drug candidates. Such increases have been driven by higher costs for director and officer liability insurance, costs related to the hiring of additional personnel and increased fees for outside consultants, lawyers and accountants. We also expect to incur additional costs in future periods as we continue to establish our investor relations function, implement a system of internal control over financial reporting and a system of disclosure controls and procedures that are compliant with applicable requirements and with corporate governance requirements and other rules of the stock exchange on which we are listed and other similar requirements applicable to public companies.

Other Income (Expense), Net

Other income (expense), net primarily consists of expenses related to our capital structure prior to the IPO and Reorganization Transactions, such as interest expense and other expense related to the change in the fair value of an obligation to make distributions to a former officer in exchange for the repurchase of the officer's predecessor company units (the "Contingent Distributions"). Such expenses have not been recognized by us after the IPO as the related instruments were not assumed by vTv Therapeutics Inc. through the Reorganization Transactions.

Results of Operations

Comparison of the three months ended September 30, 2016 and 2015

The following table sets forth certain information concerning our results of operations for the periods shown:

(dollars in thousands) Statement of operations data:	Three Months Ended September 30, 2016	 2015	 Change
Revenue	$ 38	$ 133	$ (95)
Operating expenses:			
Research and development	11,165	7,159	4,006
General and administrative	2,401	2,415	(14)
Total operating expenses	13,566	9,574	3,992
Operating loss	(13,528)	(9,441)	(4,087)
Other income (expense), net	23	(381)	404
Loss before income taxes	(13,505)	(9,822)	(3,683)
Income tax provision	—	—	—
Net loss before noncontrolling interest	(13,505)	(9,822)	(3,683)
Less: net loss attributable to noncontrolling interest	(9,512)	(5,719)	(3,793)
Net loss attributable to vTv Therapeutics Inc.	$ (3,993)	$ (4,103)	$ 110

Revenue

Revenue was insignificant for the three months ended September 30, 2016 and were $0.1 million for the three months ended September 30, 2015. The revenue earned during the three months ended September 30, 2015 was primarily attributable to the global license agreement that we entered into with a third party customer in March 2015.

Research and Development Expenses

Research and development expenses were $11.2 million and $7.2 million for the three months ended September 30, 2016 and 2015, respectively. The increase in research and development expenses during the period of $4.0 million, or 56.0%, was primarily due to:

- An increase in clinical trial costs of $3.1 million for *azeliragon* in 2016 which was mainly driven by an increase of $2.6 million for the ongoing STEADFAST study due to higher enrollment in the 2016 period coupled with an increase of $0.4 million due to the initiation of a drug - drug interaction and other supporting studies in 2016;

- Costs related to *TTP399* in 2016 decreased $0.4 million from the three months ended September 30, 2015, due to the completion of the AGATA study in August 2016;
- An increase in clinical trial costs of $0.3 million for *TTP273* in 2016, as increases in costs of the LOGRA study, which was initiated in January 2016, outweighed the reduction in compound manufacturing costs that were incurred in the prior year period in preparation for the study; and
- An increase in other research and development costs of $0.4 million primarily driven by an increase in compensation costs due to share-based compensation expense recognized in 2016 as headcount was increased to support the management of the clinical trials mentioned above.

General and Administrative Expenses

General and administrative expenses remained consistent between the three months ended September 30, 2016 and 2015 as increases in compensation expense costs related to the addition of personnel to support our compliance with public company requirements and the expense related to share-based awards were offset by decreases in legal and professional fees, which were higher in the third quarter of 2015 due to our IPO.

Other Income (Expense), net

Other expense, net recognized in the three months ended September 30, 2015, primarily consisted of expenses related to our capital structure prior to the IPO and Reorganization Transactions, such as interest expense related to previously outstanding debt obligations and other expense related to the change in the fair value of our contingent distribution liability. Such expenses have not been recognized by us after the IPO, as we did not assume the related instruments in the Reorganization Transactions.

Comparison of the nine months ended September 30, 2016 and 2015

The following table sets forth certain information concerning our results of operations for the periods shown:

(dollars in thousands) Statement of operations data:	Nine Months Ended September 30, 2016	2015	Change
Revenue	$ 596	$ 293	$ 303
Operating expenses:			
Research and development	34,649	20,638	14,011
General and administrative	7,654	6,707	947
Total operating expenses	42,303	27,345	14,958
Operating loss	(41,707)	(27,052)	(14,655)
Other income (expense), net	65	(2,996)	3,061
Loss before income taxes	(41,642)	(30,048)	(11,594)
Income tax provision	—	—	—
Net loss before noncontrolling interest	(41,642)	(30,048)	(11,594)
Less: net loss attributable to noncontrolling interest	(29,340)	(5,719)	(23,621)
Net loss attributable to vTv Therapeutics Inc.	$ (12,302)	$ (24,329)	$ 12,027

Revenue

Revenue was $0.6 million and $0.3 million for the nine months ended September 30, 2016 and 2015, respectively. The revenue earned during the nine months ended September 30, 2016 and 2015 was primarily attributable to the global license agreement that we entered into with a third party customer in March 2015.

Research and Development Expenses

Research and development expenses were $34.6 million and $20.6 million for the nine months ended September 30, 2016 and 2015, respectively. The increase in research and development expenses during the period of $14.0 million, or 67.9%, was primarily due to:

- An increase in clinical trial costs of $11.0 million for *azeliragon* in 2016 which was mainly driven by an increase of $6.5 million for the ongoing STEADFAST study as enrollment has continued, an increase of $2.4 million in compound manufacturing costs and an increase of $1.8 million due to the initiation of a drug - drug interaction study in 2016;

- Costs related to *TTP399* decreased approximately $0.6 million which was driven by decreases in compound manufacturing costs driven by the sourcing of drug product for the AGATA study in the nine months September 30, 2015;
- An increase in clinical trial costs of $1.4 million for *TTP273* in 2016, which was mainly driven by the increased cost of the LOGRA study of $2.6 million due to its initiation in January 2016 offset by decreases in compound manufacturing costs of $1.3 million; and
- An increase in other research and development costs of $1.7 million primarily driven by an increase in compensation expense due to share-based compensation expense recognized in 2016 as headcount was increased to support the management of the clinical trials mentioned above.

General and Administrative Expenses

General and administrative expenses were $7.7 million and $6.7 million during the nine months ended September 30, 2016 and 2015, respectively. The increase in general and administrative expenses during this period of $0.9 million, or 14.1%, was due to an increase of approximately $1.6 million in compensation expense related to the addition of personnel to support our compliance with public company requirements and the expense related to share-based awards coupled with increases in other costs of approximately $0.5 million related to our transition to a public company. Such increases were offset by a reduction of approximately $1.0 million in legal and professional service expenses, which were higher in the first half of 2015 as we prepared for our IPO.

Other Income (Expense), net

Other expense, net recognized in the first nine months of 2015 primarily consisted of expenses related to our capital structure prior to the IPO and Reorganization Transactions, such as interest expense related to previously outstanding debt obligations and other expense related to the change in the fair value of our contingent distribution liability. Such expenses are no longer being recognized by us after the IPO, as we did not assume the related instruments in the Reorganization Transactions.

Liquidity and Capital Resources

We anticipate that we will continue to incur losses for at least the next several years as we continue our clinical trials. While we believe that we will continue to meet our liquidity requirements over at least the next 12 months, we expect that our research and development and general and administrative expenses will continue to increase and, as a result, we expect that we will need additional capital to continue to fund our operations. In October 2016, we entered into a $25.0 million loan agreement (the "Loan Agreement") with Horizon Technology Finance Corporation and Silicon Valley Bank (together, the "Lenders"), which is described in more detail below. Additionally, based on the positive results seen from our AGATA study in August 2016, we have begun discussions with other pharmaceutical companies regarding possible partnering opportunities for our GKA program which we believe may provide additional cash for use in our operations and the continuation of the clinical trials for our drug candidates.

Debt Transaction

On October 28, 2016, we and vTv LLC entered into the Loan Agreement which allows us and vTv LLC to borrow $12.5 million initially. Subject to certain customary funding conditions, the second tranche of $7.5 million and the third tranche of $5.0 million are available for borrowing by us no later than March 31, 2017 and June 30, 2017, respectively. Availability of the third tranche is also subject to receipt of an executed term sheet setting forth certain agreed upon upfront and clinical and regulatory milestone payments for the licensing or purchase of one of our main drug candidates. Each loan tranche bears interest at a floating rate equal to 10.5% plus the amount by which the one-month London Interbank Offer Rate ("LIBOR") exceeds 0.5%.

We have agreed to repay the first tranche of $12.5 million on an interest only basis monthly until May 1, 2018, followed by equal monthly payments of principal plus accrued interest through the scheduled maturity date for the first tranche loan on May 1, 2020. In addition, a final payment for the first tranche loan equal to $0.8 million will be due on May 1, 2020, or such earlier date specified in the Loan Agreement. We have agreed to repay any amounts advanced under the second and third tranches of $7.5 million and $5.0 million, respectively, in 18 monthly payments of interest only followed by 24 equal monthly payments of principal plus accrued interest through the scheduled maturity date for such loans, which is 42 months following the date we draw down the second or third tranche loans, as applicable. In addition, a final payment equal to $0.5 million will be due on the scheduled maturity date for the second tranche loan and a final payment of $0.3 million will be due on the scheduled maturity date for the third tranche loan, or on such earlier date specified in the Loan Agreement.

If we repay all or a portion of the loan prior to the applicable maturity date, it will pay the Lenders a prepayment penalty fee, based on a percentage of the then outstanding principal balance equal to 4.0% during the first 18 months following the funding of the second tranche and 2.0% thereafter.

In connection with the Loan Agreement, we issued and are obligated to issue to the Lenders warrants to purchase shares of our Class A common stock (the "Warrants"). On October 28, 2016, we issued Warrants to purchase 152,580 shares of our Class A common stock at a per share exercise price of $6.39 per share, which aggregate exercise price represents 6.0% of the principal amount borrowed under the first tranche of the Loan Agreement and 3.0% of the amount available under the second tranche of the Loan Agreement. Additionally, to the extent the second tranche is borrowed under the Loan Agreement, we are obligated to issue to the Lenders Warrants with respect to a number of shares such that the aggregate exercise price of such warrants is equal to 3.0% of the principal amount of the second tranche upon funding of the second tranche. To the extent that the third tranche is borrowed under the Loan Agreement, we are obligated to issue to the Lenders Warrants with respect to a number of shares such that the aggregate exercise price of such warrants is equal to 6.0% of third loan tranche upon funding of the third tranche. In each instance, the Warrants have or will have an exercise price equal to the lower of (a) the volume weighted average price per share of our Class A common stock, as reported on the principal stock exchange on which our Class A common stock is listed, for 10 trading days prior to the issuance of the applicable Warrants or (b) the closing price of a share of our Class A common stock on the trading day prior to the issuance of the applicable Warrants. The Warrants will expire seven years from their date of issuance.

The Loan Agreement includes customary affirmative and restrictive covenants, including, but not limited to, restrictions on the payment of dividends or other equity distributions and the incurrence of debt or liens upon the assets of the Company or its subsidiaries. The Loan Agreement does not contain any financial maintenance covenants. The Loan Agreement includes customary events of default, including payment defaults, covenant defaults and material adverse change default. Upon the occurrence of an event of default and following any applicable cure periods, a default interest rate of an additional 5% will be applied to the outstanding loan balances, and the Lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Loan Agreement.

Cash Flows

	Nine Months Ended September 30,	
(dollars in thousands)	**2016**	**2015**
Net cash used in operating activities	$ (36,783)	$ (27,976)
Net cash used in investing activities	(83)	(42)
Net cash (used in) provided by financing activities	(79)	123,644
Net (decrease) increase in cash and cash equivalents	$ (36,945)	$ 95,626

Operating Activities

For the nine months ended September 30, 2016, our net cash used in operating activities increased $8.8 million from the nine months ended September 30, 2015. The increased use of cash was primarily driven by the increased spending on our clinical trials and the related compound manufacturing costs. These increased uses of cash were partially offset by the timing of payments related to our clinical trial operations and the payments of professional fees related to the IPO in the nine months ended September 30, 2015.

Investing Activities

For the nine months ended September 30, 2016 and 2015, net cash used in investing activities was insignificant.

Financing Activities

For the nine months ended September 30, 2016, there was no significant net cash used in financing activities, compared to net cash provided by financing activities of $123.6 million for the nine months ended September 30, 2015. The cash provided by financing activities for the nine months ended September 30, 2015 consisted $104.4 million of proceeds from our IPO and $19.3 million of borrowings under related party loans that we did not assume as part of the Reorganization Transactions.

Future Funding Requirements

To date, we have not generated any revenue from drug product sales. We do not know when, or if, we will generate any revenue from drug product sales. We do not expect to generate significant revenue from drug sales unless and until we obtain regulatory approval of and commercialize *azeliragon* or any of our other drug candidates. At the same time, we expect our expenses to continue in connection with our ongoing development activities, particularly as we continue the research, development and clinical trials of, and seek regulatory approval for, our drug candidates. In addition, subject to obtaining regulatory approval of any of our drug candidates, we expect to incur significant commercialization expenses for product sales, marketing, manufacturing and distribution. We anticipate that we will need substantial additional funding in connection with our continuing operations. We will also continue to use cash to fund expenses related to our compliance with requirements applicable to us as a listed public company.

Based upon our current operating plan, we believe that our existing cash and cash equivalents and funds available to us under our Loan Agreement will enable us to fund our operating expenses and capital requirements through 2017. We intend to use our existing cash and cash equivalents to fund our Phase 3 clinical trial, the STEADFAST Study, and any additional clinical or preclinical studies necessary to support and to submit an application for *azeliragon*. However, our current cash, cash equivalents and funds available to us under our Loan Agreement will not be sufficient for us to complete the STEADFAST Study, and we will need to raise additional capital to complete the development and commercialization of *azeliragon*. We also plan to pursue partnering arrangements with other pharmaceutical companies for our GKA program. We have based our estimates on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development and commercialization of our drug candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures necessary to complete the development of our drug candidates.

Our future capital requirements will depend on many factors, including:

- the progress, costs, results and timing of the STEADFAST Study, and the clinical development of *azeliragon;*
- the willingness of the FDA to accept the STEADFAST Study, as well as our other completed and planned clinical and preclinical studies and other work, as the basis for review and approval of *azeliragon*;
- the outcome, costs and timing of seeking and obtaining FDA and any other regulatory approvals;
- the number and characteristics of drug candidates that we pursue, including our drug candidates in preclinical development;
- the ability of our drug candidates to progress through clinical development successfully;
- our need to expand our research and development activities;
- the costs associated with securing, establishing and maintaining commercialization capabilities;
- the costs of acquiring, licensing or investing in businesses, products, drug candidates and technologies;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- our need and ability to hire additional management and scientific and medical personnel;
- the effect of competing technological and market developments;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems;
- the economic and other terms, timing and success of our existing licensing arrangements and any collaboration, licensing or other arrangements into which we may enter in the future; and
- the amount of any payments we are required to make to M&F TTP Holdings LLC in the future under the Tax Receivable Agreement.

Until such time, if ever, as we can generate substantial revenue from drug sales, we expect to finance our cash needs through a combination of debt financings, equity offerings, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. We do not currently have any committed external source of funds other than those provided to us under the terms of the Loan Agreement as discussed above. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our common stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions,

such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams or drug candidates or grant licenses on terms that may not be favorable to us.

Disclosures About Contractual Obligations and Commitments

As of September 30, 2016, there were no material changes to the Company's total contractual cash obligations, as set forth in the contractual obligations and commitments disclosure included Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2015.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

Discussion of Critical Accounting Policies

For a discussion of our critical accounting policies and estimates, please refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting policies and estimates in 2016.

Forward-Looking Statements

This quarterly report includes certain forward-looking statements within the meaning of the federal securities laws regarding, among other things, our or management's intentions, plans, beliefs, expectations or predictions of future events, which are considered forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based upon assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. As you read this quarterly report, you should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions, including those described under the heading "Risk Factors" under Item 1A of Part I in our Annual Report on Form 10-K. Although we believe that these forward-looking statements are based upon reasonable assumptions, you should be aware that many factors, including those described under the heading "Risk Factors" under Item 1A of Part I in our Annual Report on Form 10-K, could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements.

Our forward-looking statements made herein are made only as of the date of this quarterly report. We expressly disclaim any intent, obligation or undertaking to update or revise any forward-looking statements made herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this quarterly report.

Effect of Recent Accounting Pronouncements

See discussion of recent accounting pronouncements in Note 2, "Summary of Significant Accounting Policies", to the Condensed Consolidated Financial Statements in this Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2016, our exposure to market risk is limited to our cash, cash equivalents and marketable securities, all of which have maturities of one year or less. The goals of our investment strategy are preservation of capital, fulfillment of liquidity needs and fiduciary control of cash and investments. We also seek to maximize income from our investments without assuming significant risk. To achieve our goals, we maintain a portfolio of cash equivalents and investments in a variety of securities that management believes to be of high credit quality. The securities in our investment portfolio are not leveraged, are classified as

available for sale and are, due to their short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that an increase in market rates would have a material negative impact on the value of our investment portfolio.

We do not have any material foreign currency exposure.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934) as of September 30, 2016. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2016, our disclosure controls and procedures were effective in causing material information relating to us (including our consolidated subsidiaries) to be recorded, processed, summarized and reported by management on a timely basis and to ensure the quality and timeliness of our public disclosures pursuant to SEC disclosure obligations.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of controls.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Changes to Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting other than those described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Website Availability of Reports and other Corporate Governance Information

The Company maintains a comprehensive corporate governance program, including Corporate Governance Guidelines for its Board of Directors, Board Guidelines for Assessing Director Independence and charters for its Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. The Company maintains a corporate investor relations website, www.vtvtherapeutics.com, where stockholders and other interested persons may review, without charge, among other things, corporate governance materials and certain SEC filings, which are generally available on the same business day as the filing date with the SEC on the SEC’s website http://www.sec.gov.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

In addition to the other information in this report, investors should carefully consider the risk factors set forth under the heading "Risk Factors" under Item 1A of Part I in our Annual Report on Form 10-K for the year ended December 31, 2015.

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

On July 8, 2016 and August 29, 2016, we issued an aggregate of 430 and 2,900 shares, respectively, of our Class A Common Stock, pursuant to notices of exchange received from certain holders of our Class B Common Stock. The shares of Class A Common Stock were issued in exchange for an aggregate of 3,330 shares of Class B Common Stock and 3,330 vTv Units, pursuant to the terms of the Exchange Agreement. We issued the shares of Class A Common Stock in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933.

Pursuant to the Exchange Agreement, the remaining 23,119,246 shares of Class B Common Stock (along with a corresponding number of vTv Units) may be exchanged at any time for (i) shares of Class A Common Stock on a one-for-one basis (for a maximum number of 23,119,246 shares of Class A Common Stock) or (ii) cash (based on the market price of the shares of Class A Common Stock), at the Company's option, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Certification of President and Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Document
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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.

Date: November 3, 2016

VTV THERAPEUTICS INC.
(Registrant)

By: /s/ Stephen L. Holcombe
Stephen L. Holcombe
President and Chief Executive Officer

By: /s/ Rudy C. Howard
Rudy C. Howard
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
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Exhibit 31.1

SECTION 302 CERTIFICATION

I, Stephen L. Holcombe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of vTv Therapeutics Inc. (the "registrant");

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)) 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) 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

   (c) 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.

Date: November 3, 2016

By: /s/ Stephen L. Holcombe
Stephen L. Holcombe
President and Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Rudy C. Howard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of vTv Therapeutics Inc. (the "registrant");

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)) 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) 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

   (c) 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 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.

Date: November 3, 2016

By: /s/ Rudy C. Howard
Rudy C. Howard
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of vTv Therapeutics Inc. (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen L. Holcombe, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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: November 3, 2016

By: /s/ Stephen L. Holcombe
Stephen L. Holcombe
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of vTv Therapeutics Inc. (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rudy C. Howard, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company 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: November 3, 2016

By: /s/ Rudy C. Howard
Rudy C. Howard
Chief Financial Officer