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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

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 001-36365

SCYNEXIS, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

101 Hudson Street
Suite 3610
Jersey City, New Jersey
(Address of principal executive offices)

56-2181648
(I.R.S. Employer
Identification No.)

07302-6548
(Zip Code)

(201)-884-5485
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No
As of May 1, 2018, there were 46,843,441 shares of the registrant's Common Stock outstanding.

SCYNEXIS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCYNEXIS, INC.

UNAUDITED CONDENSED BALANCE SHEETS

(in thousands, except share and per share data)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,223	\$ 11,469
Short-term investments	36,477	32,424
Prepaid expenses and other current assets	645	1,067
Total current assets	<u>64,345</u>	<u>44,960</u>
Other assets	585	576
Deferred offering costs	230	314
Restricted cash	328	—
Total assets	<u>\$ 65,488</u>	<u>\$ 45,850</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,331	\$ 3,833
Accrued expenses	937	1,705
Deferred revenue, current portion	257	257
Loan payable, current portion	3,599	4,349
Warrant liability	2,728	—
Total current liabilities	<u>10,852</u>	<u>10,144</u>
Deferred revenue, non-current	57	121
Warrant liabilities	6,571	3,872
Loan payable, long term	11,164	10,303
Total liabilities	<u>28,644</u>	<u>24,440</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, authorized 5,000,000 shares as of March 31, 2018 and December 31, 2017; 0 shares issued and outstanding as of March 31, 2018 and December 31, 2017	—	—
Common stock, \$0.001 par value, 125,000,000 shares authorized as of March 31, 2018, and December 31, 2017; 46,843,441 and 28,971,651 shares issued and outstanding as of March 31, 2018, and December 31, 2017, respectively	47	29
Additional paid-in capital	246,049	226,631
Accumulated deficit	<u>(209,252)</u>	<u>(205,250)</u>
Total stockholders' equity	<u>36,844</u>	<u>21,410</u>
Total liabilities and stockholders' equity	<u>\$ 65,488</u>	<u>\$ 45,850</u>

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

SCYNEXIS, INC.

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2018	2017
Revenue	\$ 64	\$ 64
Operating expenses:		
Research and development, net	5,326	4,020
Selling, general and administrative	1,971	2,060
Total operating expenses	7,297	6,080
Loss from operations	(7,233)	(6,016)
Other (income) expense:		
Amortization of debt discount	111	100
Interest income	(167)	(69)
Interest expense	379	345
Warrant liabilities fair value adjustment	(3,554)	(1,523)
Total other income	(3,231)	(1,147)
Net loss	\$ (4,002)	\$ (4,869)
Warrant liability fair value adjustment	—	(1,523)
Net loss attributable to common stockholders - diluted	\$ (4,002)	\$ (6,392)
Net loss per share attributable to common stockholders - basic		
Net loss per share - basic	\$ (0.12)	\$ (0.19)
Net loss per share attributable to common stockholders - diluted		
Net loss per share - diluted	\$ (0.12)	\$ (0.25)
Weighted average common shares outstanding		
Basic	33,579,025	25,364,429
Diluted	33,579,025	25,562,027

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

SCYNEXIS, INC.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (4,002)	\$ (4,869)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1	1
Stock-based compensation expense	425	396
Accretion/amortization of investment discount/premium	(58)	100
Amortization of debt discount	111	100
Change in fair value of warrant liabilities	(3,554)	(1,523)
Changes in deferred rent	(4)	(5)
Changes in operating assets and liabilities:		
Prepaid expenses, other assets, and deferred costs	422	(549)
Accounts payable and accrued expenses	(1,496)	(359)
Deferred revenue	(64)	(64)
Net cash used in operating activities	<u>(8,219)</u>	<u>(6,772)</u>
Cash flows from investing activities:		
Maturities of investments	11,980	6,000
Purchases of property and equipment	(10)	(2)
Purchase of investments	(15,975)	(18,161)
Net cash used in investing activities	<u>(4,005)</u>	<u>(12,163)</u>
Cash flows from financing activities:		
Proceeds from common stock issued	30,192	3,277
Payments of deferred offering costs and underwriting discounts and commissions	(1,906)	(108)
Proceeds from employee stock purchase plan issuance	20	18
Net cash provided by financing activities	<u>28,306</u>	<u>3,187</u>
Net increase in cash, cash equivalents, and restricted cash	<u>16,082</u>	<u>(15,748)</u>
Cash, cash equivalents, and restricted cash at beginning of period	11,469	35,656
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 27,551</u>	<u>\$ 19,908</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 379</u>	<u>\$ 345</u>
Cash received for interest	<u>\$ 128</u>	<u>\$ 60</u>
Noncash financing and investing activities:		
Deferred offering costs included in accounts payable and accrued expenses	<u>\$ 224</u>	<u>—</u>
Deferred offering costs reclassified to additional-paid-in capital	<u>\$ 84</u>	<u>\$ 10</u>

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

SCYNEXIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

1. Description of Business and Basis of Preparation

Organization

SCYNEXIS, Inc. ("SCYNEXIS" or the "Company") is a Delaware corporation formed on November 4, 1999. SCYNEXIS is a biotechnology company, headquartered in Jersey City, New Jersey, committed to positively impacting the lives of patients suffering from difficult-to-treat and often life-threatening infections by delivering innovative anti-infective therapies. The Company is developing its lead product candidate, SCY-078, as the first representative of a novel oral and intravenous triterpenoid antifungal family for the treatment of several fungal infections, including serious and life-threatening invasive fungal infections.

The Company has incurred losses and negative cash flows from operations since its initial public offering ("IPO") in May 2014 and expects to continue to incur losses. The Company's liquidity over the next 12 months could be materially affected by, among other things: its ability to raise capital through equity offerings, debt financings, other non-dilutive third-party funding (e.g., grants), strategic alliances and licensing or collaboration arrangements; key SCY-078 development and regulatory events; costs related to its development of SCY-078; and other factors.

Shelf Registration Filing

On October 30, 2015, the Company filed a shelf registration statement on Form S-3 with the SEC, which was declared effective on November 16, 2015. The registration statement contained two prospectuses:

- a base prospectus which covers the offering, issuance and sale by the Company of up to a maximum aggregate offering price of \$150.0 million of the Company's common stock, preferred stock, debt securities and warrants, including common stock or preferred stock issuable upon conversion of debt securities, common stock issuable upon conversion of preferred stock, or common stock, preferred stock or debt securities issuable upon the exercise of warrants (the "Shelf Registration"), and
- a prospectus covering the offering, issuance and sale by the Company of up to a maximum aggregate offering price of \$40.0 million of the Company's common stock that may be issued and sold under a Controlled Equity Offering Sales AgreementSM (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor"). Pursuant to the Sales Agreement, the Company may sell from time to time, at its option, up to an aggregate of \$40.0 million of the Company's common stock, through Cantor, as sales agent. Pursuant to the Sales Agreement, sales of the common stock, if any, will be made under the Company's previously filed and currently effective registration statement on Form S-3 (File No. 333-207705).

The common stock that may be offered, issued and sold by the Company under the Sales Agreement is included in the \$150.0 million of securities that may be offered, issued and sold by the Company under the base prospectus. Upon termination of the Sales Agreement with Cantor, any portion of the \$40.0 million included in the Sales Agreement that is not sold pursuant to the Sales Agreement will be available for sale in other offerings pursuant to the base prospectus and a corresponding prospectus supplement. In addition, the Company has conducted two offerings of common stock and warrants under the registration statement, including \$52.5 million relating to the offer and sale of shares issuable pursuant to the warrants sold. As a result, as of March 31, 2018, the remaining amount of common stock and other allowable securities to be offered under the Sales Agreement and Shelf Registration (including any unsold portion of the \$40.0 million included in the Sales Agreement but excluding the sale of shares pursuant to the outstanding warrants) was \$23.9 million and \$28.2 million, respectively. The Shelf Registration will expire on November 16, 2018. The Company intends to file a new shelf registration on Form S-3 with the SEC prior to the expiration of the Shelf Registration.

March 2018 Public Offering

On March 8, 2018, the Company completed a public offering (the "March 2018 Public Offering") of its common stock and warrants pursuant to the Company's effective Shelf Registration. The Company sold an aggregate of 17,751,500 shares of the Company's common stock and warrants to purchase up to 21,301,800 shares of the Company's common stock at a public offering price of \$1.69 per share. Net proceeds from the March 2018 Public Offering were approximately \$27.9 million, after deducting the underwriting discount and estimated offering expenses. See Note 8 for further details.

Unaudited Interim Financial Information

The accompanying unaudited financial statements and notes have been prepared in accordance with accounting principles generally accepted in the United States, or US GAAP, as contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification" or "ASC") for interim financial information. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the results of operations, financial position, and cash flows. The results of operations for the three months ended March 31, 2018, are not necessarily indicative of the results for the full year or the results for any future periods. These interim financial statements should be read in conjunction with the financial statements and notes set forth in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 13, 2018.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 periods. Actual results could differ from those estimates. Significant estimates include: determination of the fair value of stock-based compensation grants; the estimate of services and effort expended by third-party research and development service providers used to recognize research and development expense; and the estimates and assumptions utilized in measuring the warrant liability fair value each reporting period.

2. Summary of Significant Accounting Policies

Concentration of Credit Risk

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist principally of cash on deposit and cash equivalents held with one bank which exceed FDIC insured limits and certain short-term investments. Ongoing credit evaluations of the customer's financial condition are performed and independent credit ratings for the associated counterparties are reviewed by the Company and collateral is not required. The Company's money market fund investment (recognized as cash and cash equivalents) is with what the Company believes to be a high quality issuer. The Company has not experienced any losses in such account.

Cash, Cash Equivalents, and Restricted Cash

The Company considers any highly liquid investments with a remaining maturity of three months or less when purchased to be cash and cash equivalents. The Company's cash and cash equivalents include cash on deposit and a money market fund. The Company reported cash, cash equivalents, and restricted cash of \$27.6 million as of March 31, 2018. See Note 7 for further details on the nature of the restricted cash.

Short-Term Investments

The Company's held-to-maturity investments in U.S. government securities, commercial paper, and its overnight repurchase agreement are carried at amortized cost and any premiums or discounts are amortized or accreted through the maturity date of the investment. Any impairment that is not deemed to be temporary is recognized in the period identified.

Deferred Offering Costs

Deferred offering costs are expenses directly related to the Form S-3 filed with the SEC on October 30, 2015 and declared effective on November 16, 2015. These costs consist of legal, accounting, printing, and filing fees that the Company has capitalized, including fees incurred by the independent registered public accounting firm directly related to the Shelf Registration. Deferred costs associated with the Shelf Registration are reclassified to additional paid in capital on a pro-rata basis when the Company completes offerings under the Shelf Registration, with any remaining deferred offering costs to be charged to the results of operations at the end of the three-year life of the Shelf Registration.

Warrant Liabilities

On June 21, 2016, the Company sold an aggregate of 9,375,000 shares of common stock and warrants (the "June 2016 Public Offering") to purchase up to 4,218,750 shares of the Company's common stock under the Shelf Registration at a public offering price of \$2.40 per share of common stock sold. On March 8, 2018, the Company sold 17,751,500 shares of its common stock and warrants to purchase up to 21,301,800 shares of the Company's common stock under the Shelf Registration at a public offering price of \$1.69 per share of common stock sold. The Company accounted for these warrants as liabilities measured at fair value. The fair values of these warrants have been determined using the Black-Scholes valuation model ("Black-Scholes"). The warrants are subject to remeasurement at each balance sheet date, using Black-Scholes, with any changes in the fair value of the outstanding warrants recognized in the accompanying statements of operation. See Note 8 for further details.

Comprehensive Loss

The Company has no items of comprehensive income or loss other than net loss.

Revenue Recognition and Deferred Revenue

The Company has entered into arrangements involving the sale or license of intellectual property and the provision of other services. When entering into any arrangement involving the sale or license of intellectual property rights and other services, the Company determines whether the arrangement is subject to accounting guidance in ASC 606, *Revenue from Contracts with Customers* ("Topic 606"), which became effective in the current period (the Company has elected to use the modified retrospective approach for contracts that are not completed contracts and there was no cumulative adjustment recognized in the current period) as well as ASC 808, *Collaborative Arrangements* ("Topic 808"). If the Company determines that an arrangement includes goods or services that are central to the Company's business operations for consideration, the Company will then identify the performance obligations in the contract using the unit-of-account guidance in Topic 606. For a distinct unit-of-account that is within the scope of Topic 606, the Company applies all of the accounting requirements in Topic 606 to that unit-of-account, including the recognition, measurement, presentation and disclosure requirements. For a distinct unit-of-account that is not within the scope of Topic 606, the Company will recognize and measure the distinct unit-of-account based on other authoritative ASC Topics or on a reasonable, rational, and consistently applied policy election.

Analyzing the arrangement to identify performance obligations requires the use of judgment. In arrangements that include the sale or license of intellectual property and other promised services, the Company first identifies if the licenses are distinct from the other promises in the arrangement. If the license is not distinct, the license is combined with other services into a single performance obligation. Factors that are considered in evaluating whether a license is distinct from other promised services include, for example, whether the counterparty can benefit from the license without the promised service on its own or with other readily available resources and whether the promised service is expected to significantly modify or customize the intellectual property.

The Company classifies non-refundable upfront payments, milestone payments and royalties received for the sale or license of intellectual property as revenues within its statements of operations because the Company views such activities as being central to its business operations. For the sale of intellectual property that is distinct, fixed consideration and variable consideration are included in the transaction price and recognized in revenue immediately to the extent that it is probable that there would not be a significant reversal of cumulative revenue in the future. For the license of intellectual property that is distinct, fixed and variable consideration (to the extent there will not be a significant reversal in the future) are also recognized immediately in income, except for consideration received in the form of royalty or sales-based milestones, which is recorded when the customer's subsequent sales or usages occur. If the sale or license of intellectual property is not distinct, revenue is deferred and recognized over the estimated period of the Company's combined performance obligation. For contractual arrangements that meet the definition of a collaborative arrangement under Topic 808, consideration received for any units-of-account that are outside the scope of Topic 606 are recognized in the statements of operations by considering (i) the nature of the arrangement, (ii) the nature of the Company's business operations, and (iii) the contractual terms of the arrangement.

The Company's August 2013 development, license, and supply agreement with R-Pharm, CJSC ("R-Pharm"), combined with the supplemental arrangement in November 2014 (the "R-Pharm Agreement"), is a collaborative arrangement pursuant to Topic 808. The Company received a non-refundable upfront payment of \$1.5 million from R-Pharm in August 2013 which is being recognized over the estimated relationship period of 70 months for the combined performance obligation that includes the license of intellectual property and the participation on a joint steering committee. The Company recognized revenue from this upfront payment of \$0.1 million for the three months ended March 31, 2018 and 2017. The Company is entitled to receive other payments under the R-Pharm Agreement including development and sales-based milestones and royalties; however, the variable consideration was fully constrained as of March 31, 2018. The reimbursements due from R-Pharm for specified research and development costs incurred by the Company are classified as a reduction to research and development expense in the accompanying statements of operations. The reimbursements due to the Company are recorded as a reduction of expense when (i) the reimbursable expenses have been incurred by the Company, (ii) persuasive evidence of a cost reimbursement arrangement exists, (iii) reimbursable costs are fixed or determinable, and (iv) the collection of the reimbursement payment is reasonably assured. The Company recorded receivables for unpaid reimbursement amounts due from R-Pharm of \$0.3 million as of March 31, 2018 and December 31, 2017, which are presented in prepaid expenses and other current assets in the accompanying balance sheets.

In July 2016, the Company entered into an Asset Purchase agreement with UK-based Cypralis Limited (or "Cypralis"), a life sciences company, for the sale of its cyclophilin inhibitor assets. Cypralis also acquired all patents, patent applications and know-how related to the acquired portfolio. In connection with the Asset Purchase agreement, the Company is eligible to receive milestone payments upon the successful progression of Cypralis clinical candidates into later stage clinical studies and royalties payable upon product commercialization. The Company retains the right to repurchase the portfolio assets from

Cypralis if abandoned or deprioritized. For the three months ended March 31, 2018, there was no revenue recognized associated with this agreement given the variable consideration associated with the sale of intellectual property to Cypralis was fully constrained as of March 31, 2018. Additionally, in October 2014 we entered into a license agreement with Waterstone Pharmaceutical HK Limited (or “Waterstone”) and granted Waterstone an exclusive, worldwide license to develop and commercialize certain non-strategic compounds. The Company is entitled to receive potential milestones and royalties from Waterstone and for the three months ended March 31, 2018, there was no revenue recognized by the Company associated with this agreement.

Research and Development

Major components of research and development costs include clinical trial activities and services, including related drug formulation, manufacturing, and other development, preclinical studies, cash compensation, stock-based compensation, fees paid to consultants and other entities that conduct certain research and development activities on the Company’s behalf, materials and supplies, legal services, and regulatory compliance.

The Company is required to estimate its expenses resulting from its obligations under contracts with clinical research organizations, clinical site agreements, vendors, and consultants in connection with conducting SCY-078 clinical trials and preclinical development. The financial terms of these contracts are subject to negotiations which vary from contract to contract, and may result in payment flows that do not match the periods over which materials or services are provided to the Company under such contracts. The Company’s objective is to reflect the appropriate development and trial expenses in its financial statements by matching those expenses with the period in which the services and efforts are expended. For clinical trials, the Company accounts for these expenses according to the progress of the trial as measured by actual hours expended by CRO personnel, investigator performance or completion of specific tasks, patient progression, or timing of various aspects of the trial. For preclinical development services performed by outside service providers, the Company determines accrual estimates through financial models, taking into account development progress data received from outside service providers and discussions with applicable Company and service provider personnel.

Information about the Company’s gross research and development expenses and the reimbursements due under the collaboration arrangement with R-Pharm for the three months ended March 31, 2018 and 2017, is presented as follows (in thousands):

	Three Months Ended March 31,	
	2018	2017
Research and development expense, gross	\$ 5,326	\$ 4,039
Less: Reimbursement of research and development expense	—	19
Research and development expense, net of reimbursements	\$ 5,326	\$ 4,020

Patent Expenses

Costs related to filing and pursuing patent applications, as well as costs related to maintaining the Company's existing patent portfolio, are recorded as expense as incurred since recoverability of such expenditures is uncertain.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company’s principal or, in absence of a principal, most advantageous market for the specific asset or liability. The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs when determining fair value. The three tiers are defined as follows:

- Level 1 — Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 — Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3 — Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Amortization of Debt Discount

The Company's term loan in the amount of \$15.0 million (the "Term Loan") with Solar Capital Ltd. ("Solar") is recorded net of debt discount which comprised issuance costs, customary closing and final fees, and the fair value of the warrants issued in conjunction with the Term Loan (Note 8). The resulting debt discount is being amortized over the term of the Term Loan using the straight-line method, which approximates the effective interest method, and the amortization of debt discount is included in the accompanying statements of operations.

Income Taxes

The Company provides for deferred income taxes under the asset and liability method, whereby deferred income taxes result from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that the Company believes is more likely than not to be realized.

The Company recognizes uncertain tax positions when the positions will be more likely than not sustained based solely upon the technical merits of the positions.

Certain modifications made to an outstanding incentive stock option award at any time after the initial grant dates which are considered to be "material modifications", as defined within the Internal Revenue Code, may result in the affected award being recharacterized as a non-statutory stock option. The effects of any recharacterization modification for purposes of income tax accounting are recognized on a prospective basis.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based payment awards made to employees, officers, and directors based on the estimated fair values of the awards as of grant date. The Company values equity instruments and stock options granted to employees and non-employee directors using the Black-Scholes valuation model. The value of the award is recorded as expense over the requisite service periods and the Company recognizes forfeitures as they occur in the period.

Basic and Diluted Net Loss per Share of Common Stock

The Company calculates net loss per common share in accordance with ASC 260, *Earnings Per Share* ("Topic 260"). Basic and diluted net loss per common share was determined by dividing net loss applicable to common stockholders by the weighted average number of common shares outstanding during the period.

The following potentially dilutive shares of common stock have not been included in the computation of diluted net loss per share for all periods as the result would be anti-dilutive.

	<u>March 31,</u>	
	<u>2018</u>	<u>2017</u>
Warrants to purchase Series C-1 Preferred	14,033	14,033
Warrants to purchase common stock associated with Loan Agreement	122,435	122,435
Warrants to purchase common stock associated with June 2016 Public Offering	4,218,750	—
Warrants to purchase common stock associated with March 2018 Public Offering - Series 1	13,313,625	—
Warrants to purchase common stock associated with March 2018 Public Offering - Series 2	7,988,175	—
Stock options	4,152,734	2,770,029

Effect of Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, Leases, or ASU 2016-02. The new guidance requires lessees to recognize the assets and liabilities arising from leases on the balance sheet. For public companies, ASU 2016-02 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the impact that the implementation of ASU 2016-02 will have on the Company's financial statements.

3. Short-term Investments

The following table summarizes the held-to-maturity securities held at March 31, 2018 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of March 31, 2018				
U.S. government securities	\$ 10,990	\$ 5	\$ (6)	\$ 10,989
Commercial paper	7,487	—	—	7,487
Overnight repurchase agreement	18,000	—	—	18,000
Total short-term investments	<u>\$ 36,477</u>	<u>\$ 5</u>	<u>\$ (6)</u>	<u>\$ 36,476</u>

All held-to-maturity short-term investments at March 31, 2018 will mature in less than one year. The gross unrealized gains and losses for the Company's commercial paper and overnight repurchase agreement are not significant. The Company carries short-term investments at amortized cost. The fair value of the short-term investments is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Prepaid SCY-078 development services	\$ 48	\$ 384
Prepaid insurance	96	279
Other prepaid expenses	158	62
Other receivable due from R-Pharm	251	251
Other current assets	92	91
Total prepaid expenses and other current assets	<u>\$ 645</u>	<u>\$ 1,067</u>

5. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Accrued research and development expenses	\$ 355	\$ 609
Accrued employee bonus compensation	261	763
Employee withholdings	32	29
Other accrued expenses	289	304
Total accrued expenses	<u>\$ 937</u>	<u>\$ 1,705</u>

6. Borrowings

On September 30, 2016, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Solar, in its capacity as administrative and collateral agent and as lender. Pursuant to the Loan Agreement, Solar is providing the Company with a 48-month secured Term Loan in the amount of \$15.0 million. The Term Loan bears interest at a floating rate equal to the LIBOR rate in effect plus 8.49% and the Company was required to make interest-only payments on the Term Loan beginning November 1, 2016 through March 1, 2018. Beginning April 1, 2018 (the "Amortization Date"), the Company was required to make monthly payments of interest plus equal monthly principal payments from April 1, 2018 through September 30, 2020 (the "Maturity Date"). In March 2018, the Loan Agreement was amended and the Company is required to make monthly payments of interest plus equal monthly principal payments from October 1, 2018 through the Maturity Date of the Term Loan. The final fee payable at the Maturity Date was also increased by thirty thousand dollars. The Company will continue to pay interest-only payments through October 1, 2018. Except as described above, all other terms and provisions of the Loan Agreement remain in full force and effect. The ultimate term of the Term Loan was not extended and the equal monthly payments of principal will be calculated based on the remaining term of the Term Loan. The obligations under the Loan Agreement are secured by a lien on substantially all assets of the Company other than its intellectual property, which is subject to a negative pledge.

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The Loan Agreement contains customary affirmative covenants, including covenants regarding the payment of taxes and other obligations, maintenance of insurance, reporting requirements and compliance with applicable laws and regulations. Further, the Loan Agreement contains customary negative covenants limiting the ability of the Company, among other things, to incur debt, grant liens, make investments, make acquisitions, make certain restricted payments and sell assets, subject to certain exceptions, and maintain certain minimum liquidity requirements. Upon the occurrence and during the continuance of an event of default, the lenders may declare all outstanding principal and accrued but unpaid interest under the Loan Agreement immediately due and payable and may exercise the other rights and remedies provided for under the Loan Agreement and related loan documents. The events of default under the Loan Agreement include payment defaults, cross defaults with certain other agreements, breaches of covenants or representations and warranties, the occurrence of a material adverse effect and certain bankruptcy events. The Company has the right to prepay the Term Loan in whole at any time and the Loan Agreement contains customary prepayment and closing fees.

Pursuant to the Loan Agreement, on September 30, 2016 (the "Closing Date"), the Company issued to Solar a warrant (the "Solar Warrant") to purchase an aggregate of up to 122,435 shares of the Company's common stock at an exercise price of \$3.6754 per share. The Solar Warrant will expire five years from the date of the grant. The Solar Warrant is classified as equity and was recorded at its relative fair value at issuance in the stockholders' equity section of the balance sheet (See Note 8).

Future principal debt payments on the currently outstanding Term Loan payable as of March 31, 2018 are as follows (in thousands):

2018	\$	1,875
2019		7,500
2020		5,625
Total principal payments		15,000
Final fee due at maturity		780
Total principal and final fee payment		15,780
Unamortized discount and debt issuance costs		(1,017)
Less current portion		(3,599)
Loan payable, long term	\$	11,164

7. Commitments and Contingencies

Leases

The Company leases its headquarters facilities under a long-term non-cancelable operating lease. On July 13, 2015, the Company entered into a sublease (the "Sublease") that became effective July 22, 2015, to sublet certain premises consisting of 10,141 square feet of space (the "Subleased Premises") located at 101 Hudson Street, Jersey City, New Jersey from Optimer Pharmaceuticals, Inc. The term of the Sublease commenced on August 1, 2015 (the "Commencement Date") and is scheduled to expire on July 30, 2018. No base rent was due under the Sublease until one month after the Commencement Date. Under the Sublease, the Company is obligated to pay monthly base rent of approximately twenty-five thousand dollars per month, which amount increases by 3% annually on each anniversary of the Commencement Date. In addition, the Company was required to fund a security deposit with the sublandlord in the amount of \$0.1 million.

On March 1, 2018, the Company entered into a long-term lease agreement for approximately 19,275 square feet of office space in Jersey City, New Jersey. The lease term is eleven years from the commencement date which is the later of July 1, 2018 or the substantial completion of certain improvements to the leased space, with total lease payments of \$7.3 million over the lease term. The Company has the option to renew for two consecutive five-year periods from the end of the first term. Under the lease, the Company must furnish a security deposit in the form of a standby letter of credit in the amount of \$0.3 million, which will be reduced by fifty-five thousand dollars every two years for ten years after the commencement of the lease. The security deposit is classified as restricted cash in the accompanying balance sheets. The Company's lease is for a fully built-out space, which the landlord is currently renovating at its own cost of up to \$1.3 million.

Rent expense was approximately \$0.1 million for the three months ended March 31, 2018 and 2017. Future minimum lease payments for all operating leases as of March 31, 2018 are as follows (in thousands):

2018	\$	510
2019		498
2020		508
2021		518
2022		529
Thereafter		4,919
Total	\$	<u>7,482</u>

License Arrangement with Potential Future Expenditures

As of March 31, 2018, the Company had a license arrangement with Merck Sharp & Dohme Corp., or Merck, that involves potential future expenditures. Under the license arrangement, the Company exclusively licensed from Merck its rights to SCY-078 in the field of human health. SCY-078 is the Company's lead product candidate. Pursuant to the terms of the license agreement, Merck is eligible to receive milestone payments from the Company that could total \$19.0 million upon occurrence of specific events, including initiation of a Phase 3 clinical study, new drug application, and marketing approvals in each of the U.S., major European markets and Japan. In addition, Merck is eligible to receive tiered royalties from the Company based on a percentage of worldwide net sales of SCY-078. The aggregate royalty percentages are mid- to high-single digits.

In December 2014, the Company and Merck entered into an amendment to the license agreement that deferred the remittance of a milestone payment due to Merck, such that no amount would be due upon initiation of the first Phase 2 clinical trial of a product containing the SCY-078 compound (the "Deferred Milestone"). The amendment also increased, in an amount equal to the Deferred Milestone, the milestone payment that would be due upon initiation of the first Phase 3 clinical trial of a product containing the SCY-078 compound. In December 2016 and January 2018, the Company entered into second and third amendments, respectively, to the license agreement with Merck which clarified what would constitute the initiation of a Phase 3 clinical trial for the purpose of milestone payment. Except as described above, all other terms and provisions of the license agreement remain in full force and effect.

The Company has two additional licensing agreements for other compounds that could require it to make payments of up to \$2.3 million upon achievement of certain milestones by the Company.

Clinical Development Arrangements

The Company has entered into, and expects to continue to enter into, contracts in the normal course of business with various third parties who support its clinical trials, preclinical research studies, and other services related to its development activities. The scope of the services under these agreements can generally be modified at any time, and the agreement can be terminated by either party after a period of notice and receipt of written notice.

Legal Proceeding

On March 8, 2017, a purported stockholder class action lawsuit was filed in the United States District Court for the District of New Jersey against the Company and certain of its current and former officers, captioned Gibson v. Scynexis, Inc., et al. The action was filed on behalf of a putative class of all persons who purchased or otherwise acquired the Company's securities (1) pursuant or traceable to the Company's IPO, or (2) on the open market between May 2, 2014, and March 2, 2017. It asserts claims for violation of Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The complaint seeks, among other things, compensatory damages and attorneys' fees and costs on behalf of the putative class. The Company believes that the claims lack merit and intends to defend the litigation vigorously.

ASC Topic 450, *Contingencies*, requires a loss contingency to be accrued by a charge to operating results if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Legal costs in connection with a loss contingency are expensed as incurred. As of March 31, 2018, the Company has not recognized a liability associated with the class action lawsuit contingency.

8. Stockholder's Equity

Authorized, Issued, and Outstanding Common Stock

The Company's common stock has a par value of \$0.001 per share and consists of 125,000,000 authorized shares as of March 31, 2018, and December 31, 2017; 46,843,441 and 28,971,651 shares were issued and outstanding at March 31, 2018, and December 31, 2017, respectively. The following table summarizes common stock share activity for the three months ended March 31, 2018 (dollars in thousands):

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2017	28,971,651	\$ 29	\$ 226,631	\$ (205,250)	\$ 21,410
Net loss	—	—	—	(4,002)	(4,002)
Stock-based compensation expense	—	—	425	—	425
Common stock issued through employee stock purchase plan	13,591	—	20	—	20
Common stock issued under Shelf Registration, net of expenses	17,852,193	18	18,980	—	18,998
Common stock issued for vested restricted stock units	6,006	—	(7)	—	(7)
Balance, March 31, 2018	<u>46,843,441</u>	<u>\$ 47</u>	<u>\$ 246,049</u>	<u>\$ (209,252)</u>	<u>\$ 36,844</u>

Shares Reserved for Future Issuance

The Company had reserved shares of common stock for future issuance as follows:

	March 31, 2018	December 31, 2017
Outstanding stock options	4,152,734	3,075,994
Outstanding Series C-1 Preferred warrants	14,033	14,033
Warrants to purchase common stock associated with June 2016 Public Offering	4,218,750	4,218,750
Warrants to purchase common stock associated with March 2018 Public Offering - Series 1	13,313,625	—
Warrants to purchase common stock associated with March 2018 Public Offering - Series 2	7,988,175	—
Warrants to purchase common stock associated with Loan Agreement	122,435	122,435
For possible future issuance under 2014 Equity Incentive Plan (Note 9)	528,197	492,382
For possible future issuance under Employee Stock Purchase Plan (Note 9)	99,437	83,617
For possible future issuance under 2015 Inducement Plan (Note 9)	5,000	5,000
Total common shares reserved for future issuance	<u>30,442,386</u>	<u>8,012,211</u>

Warrants Associated with Convertible Preferred Stock Issuances

In July 2006, the Company issued warrants to purchase 196,923 shares of Series C-1 Preferred Stock, which converted into the right to purchase 14,033 shares of common stock in connection with the Company's IPO; however, the Company refers to these warrants as its Series C-1 Preferred warrants. The Series C-1 Preferred warrants were issued in conjunction with a loan financing agreement with an original exercise price of \$3.25 per share of Series C-1 Preferred, which converted into an exercise price of \$45.61 per share of common stock in connection with the Company's IPO. These warrants remain outstanding as of March 31, 2018 and will expire on May 7, 2019, which is the five year anniversary of the Company's IPO. The fair value at the date of grant for these instruments was \$0.5 million, which was recorded as a debt discount. The debt discount related to these warrants was fully amortized as of December 31, 2010. The Company determined that the warrants should be recorded as a derivative liability and stated at fair value at each reporting period. As of March 31, 2018 and December 31, 2017, the fair value of the warrant derivative liability was zero.

Warrants Associated with June 2016 and March 2018 Public Offerings

On June 21, 2016, the Company completed the June 2016 Public Offering of its common stock and warrants pursuant to the Company's effective Shelf Registration. Each purchaser received a warrant to purchase 0.45 of a share for each share purchased in the June 2016 Public Offering. There is not expected to be any trading market for the warrants. Each warrant was exercisable immediately upon issuance, will expire five years from the date of issuance, and has an exercise price of \$3.00 per share.

On March 8, 2018, the Company completed the March 2018 Public Offering and sold 17,751,500 shares of its common stock and warrants to purchase up to 21,301,800 shares of the Company's common stock. Each purchaser received a warrant to purchase 0.75 of a share of common stock (the "Series 1 warrants") and 0.45 of a share of common stock (the "Series 2 warrants") for each share purchased in the March 2018 Public Offering. The Series 1 warrants to purchase in the aggregate up to 13,313,625 shares of common stock have a 53-week term and an exercise price of \$1.85 per share, and the Series 2 warrants to purchase in the aggregate up to 7,988,175 shares of common stock have a five-year term and an exercise price of \$2.00 per share. There is not expected to be any market for the warrants and each warrant is exercisable immediately upon issuance, subject to certain limitations on beneficial ownership.

The warrants contain a provision where the warrant holder has the option to receive cash, equal to the Black-Scholes fair value of the remaining unexercised portion of the warrant, as cash settlement in the event that there is a fundamental transaction (contractually defined to include various merger, acquisition or stock transfer activities). Due to this provision, ASC 480, *Distinguishing Liabilities from Equity*, requires that these warrants be classified as liabilities. The fair values of these warrants have been determined using the Black-Scholes valuation model, and the changes in the fair value are recorded in the accompanying statements of operations. During the three months ended March 31, 2018 and 2017, the Company recorded a gain of \$3.6 million and a gain of \$1.5 million, respectively, due to the change in fair value of the warrant liabilities. As of March 31, 2018, the fair value of the warrant liabilities was \$9.3 million.

Warrant Associated with Loan Agreement

Pursuant to the Loan Agreement, on the Closing Date the Company issued to Solar the Solar Warrant to purchase an aggregate of up to 122,435 shares of the Company's common stock at an exercise price of \$3.6754 per share. The Solar Warrant will expire five years from the date of the grant. The Solar Warrant was classified as equity and recorded at its relative fair value at issuance in the stockholders' equity section of the balance sheet.

9. Stock-based Compensation

2009 Stock Option Plan

The Company had a share-based compensation plan (the "2009 Stock Option Plan") under which the Company granted options to purchase shares of common stock to employees, directors, and consultants as either incentive stock options or nonqualified stock options. Incentive stock options could be granted with exercise prices not less than 100% to 110% of the fair market value of the common stock. Options granted under the plan generally vest over three to four years and expire 10 years from the date of grant.

2014 Equity Incentive Plan

In February 2014, the Company's board of directors adopted the 2014 Equity Incentive Plan, or the 2014 Plan, which was subsequently ratified by its stockholders and became effective on May 2, 2014 (the "Effective Date"). The 2014 Plan, as amended on June 18, 2014 and February 25, 2015, is the successor to and continuation of the 2009 Stock Option Plan. As of the Effective Date, no additional awards will be granted under the 2009 Stock Option Plan, but all stock awards granted under the 2009 Stock Option Plan prior to the Effective Date will remain subject to the terms of the 2009 Stock Option Plan. All awards granted on and after the Effective Date will be subject to the terms of the 2014 Plan. The 2014 Plan provides for the grant of the

following awards: (i) incentive stock options, (ii) nonstatutory stock options, (iii) stock appreciation rights, (iv) restricted stock awards, (v) restricted stock unit awards, and (vi) other stock awards. Employees, directors, and consultants are eligible to receive awards. Options granted under the plan generally vest over three to four years and expire in 10 years from the date of grant.

Under the 2014 Plan, after giving effect to the increases to the share reserve approved by the Company's stockholders in September 2014, and June 2015, but excluding the automatic increases discussed below, the aggregate number of shares of common stock that could be issued from and after the Effective Date (the "share reserve") could not exceed the sum of (i) 1,122,731 new shares, (ii) the shares that represented the 2009 Stock Option Plan's available reserve on the Effective Date, and (iii) any returning shares from the 2009 Stock Option Plan. Under the 2014 Plan, the share reserve will automatically increase on January 1st of each year, for a period of not more than 10 years, commencing on January 1, 2015, and ending on January 1, 2024, in an amount equal to 4.0% of the total number of shares of capital stock outstanding on December 31st of the preceding calendar year. The board of directors may act prior to January 1st of a given year to provide that there will be no increase in the share reserve or that the increase will be a lesser number of shares than would otherwise occur.

Pursuant to the terms of the 2014 Plan, on January 1, 2018 and 2017, the Company automatically added 1,158,866 and 984,376 shares to the total number shares of common stock available for future issuance under the 2014 Plan, respectively. As of March 31, 2018, there were 528,197 shares of common stock available for future issuance under the 2014 Plan.

2015 Inducement Plan

On March 26, 2015, the Company's board of directors adopted the 2015 Inducement Plan, or the 2015 Plan. The 2015 Plan has a share reserve covering 450,000 shares of common stock. During the three months ended March 31, 2018, there were no grants of the Company's common stock under the 2015 Inducement Plan. As of March 31, 2018, there were 5,000 shares of common stock available for future issuance under the 2015 Plan.

The activity for the 2009 Stock Option Plan, 2014 Plan and 2015 Plan for the three months ended March 31, 2018, is summarized as follows:

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (\$000)
Outstanding — January 1, 2018	3,075,994	\$ 5.59	7.23	\$ 151
Granted	1,111,470	\$ 1.76		
Exercised	—	\$ —		
Forfeited/Cancelled	(34,730)	\$ 4.53		
Outstanding — March 31, 2018	4,152,734	\$ 4.57	7.68	\$ —
Exercisable — March 31, 2018	1,859,894	\$ 6.73	5.87	\$ —
Vested or expected to vest — March 31, 2018	4,152,734	\$ 4.57	7.68	\$ —

Restricted stock unit ("RSU") activity under the 2014 Plan for the three months ended March 31, 2018, is summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Non-vested at December 31, 2017	64,365	\$ 2.70
Granted	51,550	\$ 1.69
Vested	(9,701)	\$ 3.11
Forfeited/Cancelled	(5,239)	\$ 3.02
Non-vested at March 31, 2018	100,975	\$ 2.13

The fair value of RSUs is based on the market price of the Company's common stock on the date of grant. RSUs are only issued to non-executive employees and vest 25% annually over a four-year period from the date of grant. Upon vesting, the RSUs are net share settled to cover the required withholding tax with the remaining shares issued to the holder. The Company recognizes compensation expense for such awards ratably over the corresponding vesting period.

2014 Employee Stock Purchase Plan

In February 2014, the Company's board of directors adopted the 2014 Employee Stock Purchase Plan ("ESPP"), which was subsequently ratified by the Company's stockholders and became effective on May 2, 2014. The purpose of the ESPP is to provide means by which eligible employees of the Company and of certain designated related corporations may be given an opportunity to purchase shares of the Company's common stock, and to seek and retain services of new and existing employees and to provide incentives for such persons to exert maximum efforts for the success of the Company. Common stock that may be issued under the ESPP will not exceed 47,794 shares, plus the number of shares of common stock that are automatically added on January 1st of each year for a period of ten years, commencing on January 1, 2015 and ending on January 1, 2024, in an amount equal to the lesser of (i) 0.8% of the total number of shares of outstanding common stock on December 31 of the preceding calendar year, and (ii) 29,411 shares of common stock. Similar to the 2014 Plan, the board of directors may act prior to January 1st of a given year to provide that there will be no increase in the share reserve or that the increase will be a lesser number of shares than would otherwise occur. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code.

In the three months ended March 31, 2018, the number of shares of common stock available for issuance under the ESPP was automatically increased by 29,411 shares pursuant to the terms of the ESPP and the Company issued 13,591 shares of common stock under the ESPP. During the three months ended March 31, 2017, the number of shares of common stock available for issuance under the ESPP was automatically increased by 29,411 shares pursuant to the terms of the ESPP and the Company issued 7,667 shares of common stock under the ESPP. As of March 31, 2018, there were 99,437 shares of common stock available for future issuance under the ESPP.

Compensation Cost

The compensation cost that has been charged against income for stock awards under the 2009 Stock Option Plan, the 2014 Plan, the 2015 Plan, and the ESPP was \$0.4 million for the three months ended March 31, 2018 and 2017. The total income tax benefit recognized in the statements of operations for share-based compensation arrangements was zero for the three months ended March 31, 2018 and 2017. Cash received from options exercised was zero for the three months ended March 31, 2018, and 2017.

Stock-based compensation expense related to stock options is included in the following line items in the accompanying statements of operations (in thousands):

	Three Months Ended March 31,	
	2018	2017
Research and development	\$ 108	\$ 94
Selling, general and administrative	317	302
Total	<u>\$ 425</u>	<u>\$ 396</u>

10. Fair Value Measurements

The carrying amounts of certain financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses approximate their respective fair values due to the short-term nature of such instruments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period, pursuant to the policy described in Note 2. This determination requires significant judgments to be made. The following table summarizes the conclusions reached as of March 31, 2018 and December 31, 2017 for financial instruments measured at fair value on a recurring basis (in thousands):

	Balance	Fair Value Hierarchy Classification		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2017				
Cash on deposit	\$ 1,316	\$ 1,316	—	—
Money market funds	10,153	10,153	—	—
Total assets	<u>\$ 11,469</u>	<u>\$ 11,469</u>	<u>—</u>	<u>—</u>
Warrant liability	\$ 3,872	—	—	\$ 3,872
Total liabilities	<u>\$ 3,872</u>	<u>—</u>	<u>—</u>	<u>\$ 3,872</u>
March 31, 2018				
Cash on deposit	\$ 376	\$ 376	—	—
Restricted cash	328	328	—	—
Money market funds	26,847	26,847	—	—
Total assets	<u>\$ 27,551</u>	<u>\$ 27,551</u>	<u>—</u>	<u>—</u>
Warrant liabilities	\$ 9,299	—	—	\$ 9,299
Total liabilities	<u>\$ 9,299</u>	<u>—</u>	<u>—</u>	<u>\$ 9,299</u>

The Company measures cash equivalents at fair value on a recurring basis. The fair value of cash equivalents is determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets.

Level 3 financial liabilities consist of the warrant liability for which there is no current market such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. The Company uses the Black-Scholes option valuation model to value the Level 3 warrant liability at inception and on subsequent valuation dates. This model incorporates transaction details such as the Company’s stock price, contractual terms, maturity, risk free rates, as well as volatility.

A reconciliation of the beginning and ending balances for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows (in thousands):

Balance - January 1, 2018	\$ 3,872
March 2018 Public Offering - Series 1 Warrants	3,481
March 2018 Public Offering - Series 2 Warrants	5,500
Gain adjustment to fair value	(3,554)
Balance - March 31, 2018	<u>\$ 9,299</u>

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

Operating results for the three months ended March 31, 2018, are not necessarily indicative of results that may occur in future interim periods or future fiscal years. Some of the statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to our management and involve significant elements of subjective judgment and analysis. Words such as "expects," "will," "anticipate," "target," "goal," "intend," "plan," "believe," "seek," "estimate," "potential," "should," "could," variations of such words, and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed under the heading "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2018. These and many other factors could affect our future financial and operating results. We undertake no obligation to update any forward-looking statement to reflect events after the date of this Quarterly Report on Form 10-Q.

Overview

SCYNEXIS, Inc. is a biotechnology company committed to positively impacting the lives of patients suffering from difficult-to-treat and often life-threatening infections by delivering innovative anti-infective therapies. We are developing our lead product candidate, SCY-078, as the first representative of a novel oral and intravenous (IV) triterpenoid antifungal family in clinical development for the treatment of several serious fungal infections, including invasive candidiasis (IC), invasive aspergillosis (IA), refractory invasive fungal infections (rIFI) and vulvovaginal candidiasis (VVC). SCY-078 is a structurally distinct glucan synthase inhibitor that has been shown to be effective *in vitro* and *in vivo* against a broad range of human fungi pathogens such as *Candida* and *Aspergillus* species, including multidrug-resistant strains, as well as *Pneumocystis* species. *Candida* and *Aspergillus* species are the fungi responsible for approximately 85% of all invasive fungal infections in the United States (U.S.) and Europe. To date, we have characterized the pharmacokinetics and safety profile of oral and IV formulations of SCY-078 in multiple Phase 1 studies. In a Phase 2 study, evaluating oral SCY-078 as a step-down therapy in patients with invasive candidiasis, we confirmed that oral SCY-078 achieved the intended plasma exposure for efficacy and was well-tolerated. In another Phase 2 proof-of-concept study, evaluating oral SCY-078 in women with VVC, we observed numerically higher clinical cure rates at test-of-cure visit and fewer recurrences of infection at the four-month follow-up when compared to oral fluconazole, the standard of care (SoC) for VVC. The U.S. Food and Drug Administration (FDA) has granted Qualified Infectious Disease Product (QIPD) and Fast Track designations for the formulations of SCY-078 for the indications of IC (including *candidemia*), IA, and VVC indications, and has granted Orphan Drug designations for the IC and IA indications. These indications may provide us with additional market exclusivity and expedited regulatory paths.

We recently completed enrollment of patients in a Phase 2b dose-finding study of oral SCY-078 for the treatment of VVC (DOVE study). More than 180 women with moderate to severe acute VVC were randomized to one of five different regimens of oral SCY-078 or oral fluconazole, the current SoC for VVC. We expect to report top-line results for this study by July 2018.

In April 2018, we received confirmation of our eligibility to continue to benefit from the provisions for administrative and financial assistance for Small and Medium Enterprise (SME) by the European Medicines Agency (EMA). Additionally, more than 450 subjects and patients have been exposed to SCY-078 to date, and there are no observed changes to the overall safety profile of SCY-078, relative to the previous knowledge of this investigational drug.

We continue to accelerate and expand our clinical programs, leveraging the versatility of the SCY-078 platform, to target indications with significant unmet medical needs and considerable commercial opportunity.

On March 8, 2018, we completed a public offering of our common stock and warrants pursuant to our Form S-3 shelf registration statement filed with the SEC on October 30, 2015 and declared effective on November 16, 2015 (Shelf Registration). We sold an aggregate of 17,751,500 shares of our common stock and warrants to purchase up to 21,301,800 shares of our common stock at a public offering price of \$1.69 per share. Net proceeds from the offering were approximately \$27.9 million, after deducting the underwriting discount and offering expenses. Additionally, in March 2018, we amended our Loan and Security Agreement (Loan Agreement) with Solar Capital Ltd. (Solar) to extend when we are required to start making principal payments, and we will now make payments of interest plus equal monthly principal payments starting October 1, 2018 through the Maturity Date of the Term Loan.

We have operated as a public entity since we completed our initial public offering in May 2014, which we refer to as our IPO. We also completed a follow-on public offering of our common stock in April 2015 and public offerings of our common stock and warrants in June 2016 and March 2018. As of March 31, 2018, we had received an aggregate of \$141.2 million in net proceeds from the issuance of our common stock in these four offerings. Our principal source of liquidity is cash and cash equivalents and short-term investments, which totaled \$63.7 million as of March 31, 2018.

We have incurred net losses since our inception, including the year ended December 31, 2017, and the three months ended March 31, 2018. As of March 31, 2018, our accumulated deficit was \$209.3 million. We anticipate that we will continue to incur losses for at least the next several years. We expect that our research and development expenses will continue to increase as we continue to execute our research and drug development strategy. We also expect that we will continue to incur selling, general and administrative expenses to support our public reporting company operations. As a result, we will need additional capital to fund our operations, which we may obtain through one or more of equity offerings, debt financings, other non-dilutive third-party funding (e.g., grants), strategic alliances and licensing or collaboration arrangements. We may offer shares of our common stock pursuant to our Shelf Registration, including the related at-the-market facility entered into on April 11, 2016 with Cantor Fitzgerald & Co. (Cantor).

We are an emerging growth company. Under the Jumpstart Our Business Startups Act of 2012, or JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time that those standards apply to private companies. We have irrevocably elected not to adopt this exemption from new or revised accounting standards, and therefore, we will be subject to the same new or revised accounting standards as other public companies that are not "emerging growth companies."

Collaborations and Licensing Agreements

We are party to a number of licensing and collaboration agreements with partners in human health, including: (1) Merck, a pharmaceutical company, under which we exclusively licensed the rights to SCY-078 in the field of human health, and agreed to pay Merck milestones upon the occurrence of specified events as well as tiered royalties based on worldwide sales of SCY-078 when and if it is approved (in 2014, Merck assigned the patents to us related to SCY-078 that it had exclusively licensed to us and, as contemplated by the agreement, we will continue to pay milestones and royalties); (2) R-Pharm, CJSC, or "R-Pharm," a leading supplier of hospital drugs in Russia, granting it exclusive rights in the field of human health to develop and commercialize SCY-078 in Russia and several non-core markets, under which we are entitled to receive potential milestones and royalties and reimbursement for certain development costs incurred by us; (3) Waterstone, an international pharmaceutical business, granting Waterstone exclusive worldwide rights to development and commercialization of SCY-635 for the treatment of viral diseases in humans, under which we are entitled to receive potential milestones and royalties; and (4) Cypralis Limited, or "Cypralis," a life sciences company, transferring to it certain cyclophilin inhibitor assets of ours, under which we are eligible to receive milestone payments upon the successful progression of certain Cypralis clinical candidates into later stage clinical studies and royalties payable upon product commercialization.

Components of Operating Results

Revenue

Revenue consists of the continued amortization of a non-refundable upfront payment received under our collaboration arrangement with R-Pharm. The R-Pharm arrangement and our revenue recognition policy is described within Note 2 to our unaudited interim financial statements in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Research and Development Expense

Research and development expense consists of expenses incurred while performing research and development activities to discover, develop, or improve potential product candidates we seek to develop. This includes conducting preclinical studies and clinical trials, manufacturing and other development efforts, and activities related to regulatory filings for product candidates. We recognize research and development expenses as they are incurred. Our research and development expense primarily consists of:

- costs related to executing preclinical and clinical trials, including related drug formulation, manufacturing and other development;
- salaries and personnel-related costs, including benefits and any stock-based compensation for personnel in research and development functions;
- fees paid to consultants and other third parties who support our product candidate development and intellectual property protection;
- other costs in seeking regulatory approval of our products; and
- allocated overhead.

Our SCY-078 project was the only significant research and development project during the periods presented. We plan to increase our research and development expense for the foreseeable future as we continue our effort to develop SCY-078 and to potentially develop our other product candidates, subject to the availability of additional funding.

The successful development of product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing or costs required to complete the remaining development of any product candidates. This is due to the numerous risks and uncertainties associated with the development of product candidates.

Selling, General and Administrative Expense

Selling, general and administrative expense consists primarily of salaries and personnel-related costs, including employee benefits and any stock-based compensation. This includes personnel in executive, finance, human resources, business development, and administrative support functions. Other expenses include facility-related costs not otherwise allocated to research and development expense, professional fees for accounting, auditing, tax and legal services, consulting costs for general and administrative purposes, information systems maintenance and marketing efforts.

Other Expense (Income)

All of our other expense (income) recognized in the three months ended March 31, 2018, consists of interest income, amortization of debt discount, interest expense, and the warrant liability fair value adjustment.

Results of Operations for the Three Months Ended March 31, 2018 and 2017

The following table summarizes our results of operations for the three months ended March 31, 2018 and 2017, together with the changes in those items in dollars and percentage (dollars in thousands):

	Three Months Ended March 31,			
	2018	2017	Period-to-Period Change	
Revenue	\$ 64	\$ 64	\$ —	— %
Operating expenses:				
Research and development, net	5,326	4,020	1,306	32.5 %
Selling, general and administrative	1,971	2,060	(89)	(4.3) %
Total operating expenses	7,297	6,080	1,217	20.0 %
Loss from operations	(7,233)	(6,016)	(1,217)	20.2 %
Other (income) expense:				
Amortization of debt discount	111	100	11	11.0 %
Interest income	(167)	(69)	(98)	142.0 %
Interest expense	379	345	34	9.9 %
Warrant liabilities fair value adjustment	(3,554)	(1,523)	(2,031)	133.4 %
Total other income	(3,231)	(1,147)	(2,084)	181.7 %
Net loss	\$ (4,002)	\$ (4,869)	\$ 867	(17.8) %

Revenue. For the three months ended March 31, 2018, revenue remained consistent when compared to the three months ended March 31, 2017. Revenue in both periods consisted of the continued amortization of a non-refundable upfront payment received under our collaboration arrangement with R-Pharm.

Research and Development. For the three months ended March 31, 2018, research and development expenses increased to \$5.3 million from \$4.0 million for the three months ended March 31, 2017. The increase of \$1.3 million, or 33%, for the three months ended March 31, 2018 was primarily driven by an increase of \$0.7 million in pre-clinical development expense, a \$0.7 million increase in clinical development expense, a \$0.4 million increase in chemistry, manufacturing, and controls (CMC), and a net increase of \$0.2 million in other research and development costs; offset by a decrease in consulting expense of \$0.7 million. The \$0.7 million increase in pre-clinical development for the three months ended March 31, 2018, was primarily driven by the expense recognized for certain toxicology and other studies in support of our planned clinical activities. The \$0.7 million increase in clinical development expense for the three months ended March 31, 2018, was primarily driven by the expense recognized for the ongoing DOVE and FURI studies that began enrolling patients in the third and fourth quarters of 2017, respectively. The \$0.4 million increase in CMC for the three months ended March 31, 2018, was primarily driven by increased costs associated with the development and manufacture of the liposomal IV formulation of SCY-078. The \$0.7 million decrease in consulting expense for the three months ended March 31, 2018, was primarily due to the increase in full time employees from the comparable prior period.

Selling, General & Administrative. For the three months ended March 31, 2018, selling, general and administrative expenses remained consistent when compared to the three months ended March 31, 2017.

Amortization of Debt Discount. During each of the three months ended March 31, 2018 and 2017, we recognized \$0.1 million in amortization of debt discount. The debt discount comprised issuance costs, customary closing and final fees, and the fair value of the warrants issued in conjunction with the Loan Agreement with Solar.

Interest Income. During the three months ended March 31, 2018 and 2017, we recognized \$0.2 million and \$0.1 million, respectively, in interest income associated with our short-term investments.

Interest Expense. During the three months ended March 31, 2018 and 2017, we recognized \$0.4 million and \$0.3 million, respectively, in interest expense associated with the Loan Agreement with Solar.

Warrant Liabilities Fair Value Adjustment. On June 21, 2016, we sold an aggregate of 9,375,000 shares of common stock and warrants to purchase up to 4,218,750 shares of our common stock at a public offering price of \$2.40 per share of common stock sold. On March 8, 2018, we sold an aggregate of 17,751,500 shares of common stock and warrants to purchase up to 21,301,800 shares of the Company's common stock at a public offering price of \$1.69 per share of common stock. We accounted for these warrants as liability instruments measured at their fair value. The fair values of these warrants have been determined using the Black-Scholes valuation model ("Black-Scholes"). The warrants are subject to remeasurement at each balance sheet date, using Black-Scholes, with any changes in the fair value of the outstanding warrants recognized in the accompanying statements of operation. For the three months ended March 31, 2018, we recognized a \$3.6 million gain in the fair value adjustment related to the warrant liabilities primarily due to the decrease in our stock price during the quarter. For the three months ended March 31, 2017, we recognized a \$1.5 million gain in the fair value adjustment related to the warrant liability, primarily due to the decrease in our stock price during the quarter.

Liquidity and Capital Resources

Sources of Liquidity

Through March 31, 2018, we have funded our operations from net proceeds from debt and equity issuances and through revenue from development services. As of March 31, 2018, we had cash and cash equivalents and short-term investments of approximately \$63.7 million, compared to \$43.9 million as of December 31, 2017. The increase in our cash and cash equivalents and short-term investments was primarily due to the March 2018 public offering offset by our continued development costs associated with our lead product candidate, SCY-078. We have incurred net losses since our inception, including the three months ended March 31, 2018. As of March 31, 2018, our accumulated deficit was \$209.3 million.

We anticipate that we will continue to incur losses for at least the next several years. We expect our research and development expenses to increase and we will continue to incur selling, general and administrative expenses to support our operations. As a result, we will need additional capital to fund our operations, which we may obtain through one or more of equity offerings, debt financings, or other non-dilutive third-party funding (e.g., grants), strategic alliances and licensing or collaboration arrangements. We may offer shares of our common stock pursuant to our Shelf Registration, including the related at-market-facility entered into on April 11, 2016 with Cantor. During the three months ended March 31, 2018, we received net proceeds of \$0.2 million under our at-the-market facility.

Cash Flows

The following table sets forth the significant sources and uses of cash for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,	
	2018	2017
Cash, cash equivalents, and restricted cash, January 1	\$ 11,469	\$ 35,656
Net cash used in operating activities	(8,219)	(6,772)
Net cash used in investing activities	(4,005)	(12,163)
Net cash provided by financing activities	28,306	3,187
Net increase in cash, cash equivalents, and restricted cash	16,082	(15,748)
Cash, cash equivalents, and restricted cash, March 31	\$ 27,551	\$ 19,908

Operating Activities

The \$1.4 million increase in net cash used in operating activities for the three months ended March 31, 2018, as compared to the three months ended March 31, 2017, was primarily due to increases in costs associated with SCY-078 development efforts. We expect that our research and development expenses will increase as we pursue our SCY-078 development efforts and we expect we will continue to incur selling, general and administrative expenses to support our operations.

Net cash used in operating activities of \$8.2 million for the three months ended March 31, 2018, primarily consisted of the \$4.0 million net loss adjusted for non-cash charges that included the gain on change in fair value of the warrant liabilities of \$3.6 million and stock-based compensation expense of \$0.4 million, plus a net unfavorable change in operating assets and liabilities of \$1.1 million. The net unfavorable change in operating assets and liabilities was primarily due to a decrease in accounts payable and accrued expenses of \$1.5 million, offset in part by an increase in prepaid expenses, other assets, and deferred costs of \$0.4 million. The \$1.5 million decrease in accounts payable and accrued expenses was primarily due to a \$0.8 million decrease in accrued bonuses that were paid during the three months ended March 31, 2018.

Net cash used in operating activities of \$6.8 million for the three months ended March 31, 2017, primarily consisted of the \$4.9 million net loss adjusted for non-cash charges that included the non-cash component for the change in fair value of warrant liability of \$1.5 million and stock-based compensation expense of \$0.4 million, plus a net unfavorable change in operating assets and liabilities of \$1.0 million. The net unfavorable change in operating assets and liabilities included a decrease in accounts payable and accrued expenses of \$0.4 million and an increase in prepaid expenses, other assets, and deferred costs of \$0.5 million. The increase in prepaid expenses, other assets, and deferred costs is primarily due to a \$0.6 million increase in prepaid SCY-078 development services.

Investing Activities

Net cash used in investing activities of \$4.0 million for the three months ended March 31, 2018 consisted primarily of purchases and maturities of short-term investments of \$16.0 million and \$12.0 million, respectively.

Net cash used in investing activities of \$12.2 million for the three months ended March 31, 2017, consisted of \$18.2 million of investment purchases, partially offset by the maturity of investments of \$6.0 million.

Financing Activities

Net cash provided by financing activities of \$28.3 million for the three months ended March 31, 2018, consisted of gross proceeds from common stock issued under the Shelf Registration of \$30.2 million, partially offset by related underwriting discounts and commissions and offering expenses totaling \$1.9 million.

Net cash provided by financing activities for the three months ended March 31, 2017, consisted of gross proceeds from common stock issued under the Shelf Registration of \$3.3 million, partially offset by related underwriting discounts and commissions and offering expenses totaling \$0.1 million.

Future Funding Requirements

To date, we have not generated any revenue from product sales. We do not know when, or if, we will generate any revenue from product sales. We do not expect to generate significant revenue from product sales unless and until we obtain regulatory approval of and commercialize SCY-078. In addition, we expect our expenses to increase in connection with our ongoing development activities, particularly as we continue the research, development and clinical trials of, and seek regulatory approval for, product candidates. We anticipate that we will need substantial additional funding in connection with our continuing future operations.

Based upon our existing operating plan, we believe that our existing cash and cash equivalents and short-term investments will enable us to fund our operating requirements into 2020. We are continually evaluating our operating plan and assessing the optimal cash utilization for of our SCY-078 development strategy. 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 product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenses necessary to complete the development of product candidates.

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

- the progress, and costs, of the clinical development of SCY-078;
- the outcome, costs and timing of seeking and obtaining FDA and any other regulatory approvals;
- the ability of product 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 and manufacturing capabilities;
- 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 costs associated with our securities litigation and the outcome of that litigation;
- our need to implement additional, as well as to enhance existing, internal systems and infrastructure, including financial and reporting processes and systems and the associated compliance costs; and
- 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.

Until such time, if ever, as we can generate substantial revenue from product sales, we expect to finance our cash needs through a combination of net proceeds from equity offerings, debt financings, or other non-dilutive third-party funding (e.g., grants), strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities as we did in April 2015, June 2016, and March 2018, 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, 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 sales of assets, other third-party funding, strategic alliances and licensing or collaboration arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us.

Contractual Obligations, Commitments and Contingencies

Our commitments and contingencies, including payment obligations under license agreements that are contingent upon future events such as our achievement of specified development, regulatory and commercial milestones, have been described within Notes 6 and 7 to our unaudited interim financial statements in Part 1 of this Quarterly Report on Form 10-Q. During the quarter ended March 31, 2018, we entered into a long-term lease agreement for approximately 19,275 square feet of office space in Jersey City, New Jersey. Other than the entry into this lease, our contractual obligations and commitments have not changed materially from those disclosed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2018.

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.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our interim financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our financial statements, as well as the reported revenues and expenses during the reported periods. We evaluate these estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting policies, significant judgments, and estimates are described within Note 2 to our unaudited interim financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosure about Market Risk.

This item is not applicable to smaller reporting companies.

Item 4. Controls and Procedures.

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of March 31, 2018, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of March 31, 2018, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2018, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Securities Exchange Act of 1934, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information called for by this item is incorporated herein by reference to Note 7 of Notes to the Financial Statements contained elsewhere in this report under the caption Legal Proceeding.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no material changes to our risk factors since our Annual Report on Form 10-K for the year ended December 31, 2017 except as noted below.

Other Risks Relating to Our Business

New European Privacy Regulations may Impose Additional Liability Risk on Us.

Effective May 25, 2018, the EU will implement the General Data Protection Regulation, or GDPR, a broad data protection framework that expands the scope of current EU data protection law to non-European Union entities that process, or control the processing of, the personal information of EU subjects, including clinical trial data. The GDPR allows for the imposition of fines and/or corrective action on entities that improperly use or disclose the personal information of EU subjects, including through a data security breach. Accordingly, data security breaches experienced by us, our collaborators or contractors could lead to significant fines, required corrective action, loss of trade secrets or other intellectual property, or could lead to the public exposure of personally identifiable information (including sensitive personal information) of our employees, collaborators, clinical trial patients, and others. A data security breach or privacy violation that leads to disclosure or modification of or prevents access to patient information, including personally identifiable information or protected health information, could harm our reputation, compel us to comply with federal and/or state breach notification laws, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenue. The GDPR will impose several requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification and the use of third party processors in connection with the processing of personal data. The GDPR will also impose strict rules on the transfer of personal data out of the EU to the United States, will provide an enforcement authority and will impose large penalties for noncompliance, including the potential for fines of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater. The GDPR will increase our responsibility and liability in relation to personal data that we process, including in clinical trials, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, which could divert management's attention and increase our cost of doing business. If we are unable to prevent such data security breaches or privacy violations or implement satisfactory remedial measures, our operations could be disrupted, and we may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information, including sensitive patient data. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Moreover, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. While we have implemented security measures to protect our data security and information technology systems, such measures may not prevent such events.

Item 6. Exhibits.

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation (Filed with the SEC as Exhibit 3.1 to our current report on Form 8-K, filed with the SEC on May 12, 2014, SEC File No. 001-36365, and incorporated by reference here).
3.2	Amended and Restated By-Laws (Filed with the SEC as Exhibit 3.4 to our Registration Statement on Form S-1, filed with the SEC on February 27, 2014, SEC File No. 333-194192, and incorporated by reference here).
4.1	Reference is made to Exhibits 3.1 and 3.2.
4.2	Fifth Amended and Restated Investor Rights Agreement, dated December 11, 2013 (Filed with the SEC as Exhibit 10.21 to our Registration Statement on Form S-1, filed with the SEC on February 27, 2014, SEC File No. 333-194192), and incorporated by reference here).
10.1#	Third Amendment to License Agreement between SCYNEXIS, Inc. and Merck Sharp & Dohme Corp. dated December 21, 2016.
10.2	First Amendment to Loan and Security Agreement between SCYNEXIS, Inc. and Solar Capital Ltd. dated March 30, 2018.
10.3	2017 Bonuses and 2018 Compensation Arrangements with Executive Officers (Filed with the SEC in Item 5.02 of our Current Report on Form 8-K, filed with the SEC on February 15, 2018, SEC File No. 001-36365, and incorporated by reference here).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15(d)-14(a) of the Exchange Act
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 13a-14(b) or 15d-14(b) of the Exchange Act
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema Linkbase Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Labels Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

- Portions of this exhibit have been omitted pursuant to a request for confidential treatment, which portions were omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

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

SCYNEXIS, INC.

By: /s/ Marco Taglietti, M.D.
Marco Taglietti, M.D.
Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2018

By: /s/ Eric Francois
Eric Francois
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 8, 2018

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.1

THIRD AMENDMENT TO TERMINATION AND LICENSE AGREEMENT

THIS THIRD AMENDMENT TO TERMINATION AND LICENSE AGREEMENT (the “**Third Amendment**”) is made and entered into as of January 5th 2018 by and between Merck Sharp & Dohme Corp., a New Jersey corporation with a place of business at One Merck Drive, Whitehouse Station, NJ 08889 (“**Merck**”) and SCYNEXIS, Inc., a Delaware corporation with a principal place of business at 101 Hudson Street, Suite 3610, Jersey City, NJ 07302 (“**Scynexis**”).

RECITALS

WHEREAS, Scynexis and Merck are parties to a Termination and License Agreement dated as of May 24, 2013 (the “**Original Agreement**”), as amended by a letter agreement dated as of December 3, 2014 (the “**First Amendment**”) and a Second Amendment to Termination and License Agreement dated as of December 21, 2016 (the “**Second Amendment**”; the Original Agreement as amended by the First Amendment and the Second Amendment are collectively referred to herein as the “**Agreement**”); and

WHEREAS, the Parties desire to enter into this Third Amendment to amend or clarify the provisions of Section 5 on the timing of payment of certain milestone payments under the Agreement.

NOW, THEREFORE, Merck and Scynexis hereby agree as follows:

1. Definitions. Unless otherwise defined herein, capitalized terms used in this Third Amendment have the meanings assigned thereto in the Agreement.
2. New Trial.
 - a. Scynexis is initiating a trial identified as SCY-078-305 and entitled “Open-Label Study to Evaluate the Efficacy, Safety and Pharmacokinetics of SCY-078 in Patients with *Candida auris* (CARES)” (the “**CARES Trial**”).
 - b. The CARES Trial, depending on results and data obtained, may, with the agreement of the FDA to accept the data, satisfy the requirements of a registration trial.
3. Timing of Milestone Payment under Section 5.1(b). Under Section 5.1(b) of the Agreement, a milestone payment of [*] is due upon Initiation of the first Phase III Clinical Trial for Product. The Parties hereby agree that the CARES Trial shall not be considered a Phase III

Clinical Trial for purposes of Section 5.1(b) until such time as the FDA agrees in writing to accept data from the CARES Trial as sufficient for registration and preparation of an NDA submission; *provided, however,* that upon such FDA acceptance the CARES Trial shall be considered to be Initiated.

4. No Other Amendments. Except as amended hereby, the Agreement shall remain in full force and effect. Nothing in this Third Amendment shall modify Section 5.1(b) with respect to any Clinical Trial other than the CARES Trial as set forth herein. Any references to the Agreement after the date of this Third Amendment shall be deemed to refer to the Agreement as amended by this Third Amendment.

5. Counterparts. This Third Amendment may be signed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Signatures to this Third Amendment may be provided by facsimile transmission or PDF file, which shall be deemed to be original signatures.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment as of the date first above written.

MERCK SHARP & DOHME CORP.

SCYNEXIS, INC.

By:	<u>/s/ Meeta Chatterjee</u>	By:	<u>/s/ Marco Taglietti</u>
Name:	<u>Meeta Chatterjee</u>		Marco Taglietti
Title:	<u>Head, Strategy, Transactions, Ops</u>		President and CEO

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS **FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "**Amendment**"), dated as of March 30, 2018 (the "**Amendment Effective Date**"), is made among Scynexis, Inc., a Delaware corporation (the "**Borrower**"), Solar Capital Ltd., a Maryland corporation ("**Solar**"), in its capacity as collateral agent (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**") and the Lenders listed on Schedule 1.1 of the Loan and Security Agreement (as defined below) or otherwise a party hereto from time to time including Solar in its capacity as a Lender (each a "**Lender**" and collectively, the "**Lenders**").

The Borrower, the Lenders and Collateral Agent are parties to a Loan and Security Agreement dated as of September 30, 2016 (as amended, restated or modified from time to time, the "**Loan and Security Agreement**"). The Borrower has requested that the Lenders agree to certain amendments to the Loan and Security Agreement. The Lenders have agreed to such request, subject to the terms and conditions hereof.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan and Security Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan and Security Agreement.

(b) **Interpretation.** The rules of interpretation set forth in Section 1.1 of the Loan and Security Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Loan and Security Agreement.

(a) The Loan and Security Agreement shall be amended as follows effective as of the Amendment Effective Date:

(i) Amended Definition. The definition of "Final Fee" is hereby amended by replacing "\$750,000" with "\$780,000" therein.

(ii) Amended and Restated Definition. The definition of "Amortization Date" is hereby amended and restated in its entirety as follows:

"Amortization Date" is October 1, 2018.

(b) **References Within Loan and Security Agreement.** Each reference in the Loan and Security Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment.

SECTION 3 Conditions of Effectiveness. The effectiveness of Section 2 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent:

(a) **Fees and Expenses.** The Borrower shall have paid (i) all invoiced costs and expenses then due in accordance with Section 5(e), and (ii) all other fees, costs and expenses, if any, due and payable as of the Amendment Effective Date under the Loan and Security Agreement.

(b) **This Amendment.** Collateral Agent shall have received this Amendment, executed by Collateral Agent, the Lenders and the Borrower.

(c) **Officer's Certificate.** Collateral Agent shall have received a certificate of an officer of the Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Agreement, in form acceptable to Collateral Agent and the Lenders.

(d) **Representations and Warranties; No Default.** On the Amendment Effective Date, after giving effect to the amendment of the Loan and Security Agreement contemplated hereby:

(i) The representations and warranties contained in Section 4 shall be true and correct on and as of the Amendment Effective Date as though made on and as of such date; and

(ii) There exist no Events of Default or events that with the passage of time would result in an Event of Default.

SECTION 4 Representations and Warranties. To induce the Lenders to enter into this Amendment, the Borrower hereby confirms, as of the date hereof, (a) that the representations and warranties made by it in Section 5 of the Loan and Security Agreement and in the other Loan Documents are true and correct in all material respects; *provided, however,* that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; (b) that there has not been and there does not exist a Material Adverse Change; and (c) that the information included in the Perfection Certificate delivered to Collateral Agent on the Effective Date remains true and correct, subject to changes reflected in Borrower's monthly Compliance Certificates. For the purposes of this Section 4, (i) each reference in Section 5 of the Loan and Security Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment, and (ii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and warranties shall be true, correct and complete as of such earlier date).

SECTION 5 Miscellaneous.

(a) **Loan Documents Otherwise Not Affected; Reaffirmation.** Except as expressly amended pursuant hereto or referenced herein, the Loan and Security Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. The Lenders' and Collateral Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future. The Borrower hereby reaffirms the grant of security under Section 4.1 of the Loan and Security Agreement and hereby reaffirms that such grant of security in the Collateral secures all Obligations under the Loan and Security Agreement, including without limitation any Term Loans funded on or after the Amendment Effective Date, as of the date hereof.

(b) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Collateral Agent shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto.

(c) **Release.** In consideration of the agreements of Collateral Agent and each Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Collateral Agent and each Lender, and its successors and assigns, and its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, Lenders and all such other persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at

law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Loan Agreement, or any of the other Loan Documents or transactions thereunder or related thereto. Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) **No Reliance.** The Borrower hereby acknowledges and confirms to Collateral Agent and the Lenders that the Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(e) **Costs and Expenses.** The Borrower agrees to pay to Collateral Agent within ten (10) days of its receipt of an invoice (or on the Amendment Effective Date to the extent invoiced on or prior to the Amendment Effective Date), the out-of-pocket costs and expenses of Collateral Agent and the Lenders party hereto, and the fees and disbursements of counsel to Collateral Agent and the Lenders party hereto (including allocated costs of internal counsel), in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the Amendment Effective Date or after such date.

(f) **Binding Effect.** This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(g) **Governing Law.** **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL.**

(h) **Complete Agreement; Amendments.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

(i) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(j) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(k) **Loan Documents.** This Amendment and the documents related thereto shall constitute Loan Documents.

[Balance of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

Scynexis, Inc.,
as Borrower

By: /s/ Eric Francois
Title: CFO

COLLATERAL AGENT AND LENDER:

SOLAR CAPITAL LTD.,
as Collateral Agent and a Lender

By: /s/ Anthony J Storino
Name: Anthony J Storino
Title: Authorized Signatory

[Signature Page to First Amendment to Loan and Security Agreement]

CERTIFICATIONS

I, Marco Taglietti, certify that:

1. I have reviewed this Form 10-Q of SCYNEXIS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: May 8, 2018

/s/ Marco Taglietti, M.D.

Marco Taglietti, M.D.
Chief Executive Officer

CERTIFICATIONS

I, Eric Francois, certify that:

1. I have reviewed this Form 10-Q of SCYNEXIS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: May 8, 2018

/s/ Eric Francois

Eric Francois
Chief Financial Officer

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Marco Taglietti, Chief Executive Officer of SCYNEXIS, Inc. (the “Company”), and Eric Francois, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2018, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of May 8, 2018.

/s/ Marco Taglietti, M.D.

Marco Taglietti, M.D.
Chief Executive Officer

/s/ Eric Francois

Eric Francois
Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of SCYNEXIS, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.