GLYCOMIMETICS INC
Form 10-Q
May 05, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2015

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 001-36177

GlycoMimetics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**06-1686563**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

401 Professional Drive, Suite 250

Gaithersburg, Maryland	**20879**
(Address of principal executive offices)	**(Zip Code)**

(240) 243-1201

(Registrant s telephone number, including area code)

N/A

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ¨ No x

The number of outstanding shares of the registrant s common stock, par value $0.001 per share, as of the close of business on May 1, 2015 was 19,007,133.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

GLYCOMIMETICS, INC.

Balance Sheets

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 46,566,894	$ 55,198,923
Prepaid expenses and other current assets	777,079	916,249
Total current assets	47,343,973	56,115,172
Property and equipment, net	420,365	452,270
Prepaid research and development expenses	696,531	696,531
Total assets	$ 48,460,869	$ 57,263,973
Liabilities & stockholders equity		
Current liabilities:		
Accounts payable	$ 1,183,492	$ 874,028
Accrued bonuses	226,015	753,786
Accrued expenses	2,626,207	4,735,719
Current portion of deferred rent	67,965	97,012
Total current liabilities	4,103,679	6,460,545
Total liabilities	4,103,679	6,460,545
Stockholders equity:		
Preferred Stock; $0.001 par value; 5,000,000 shares authorized, no shares issued and outstanding at March 31, 2015 and December 31, 2014		
Common stock; $0.001 par value; 100,000,000 shares authorized, 19,007,133 shares issued and outstanding at March 31, 2015; 18,939,838 shares issued and outstanding at December 31, 2014	19,008	18,940
Additional paid-in capital	125,844,286	125,181,463
Accumulated deficit	(81,506,104)	(74,396,975)
Total stockholders equity	44,357,190	50,803,428
Total liabilities and stockholders equity	$ 48,460,869	$ 57,263,973

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

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GLYCOMIMETICS, INC.

Unaudited Statements of Operations and Comprehensive Loss

	Three Months Ended March 31,	
	2015	**2014**
Revenue	$	$
Costs and expenses:		
Research and development expense	5,207,730	3,881,720
General and administrative expense	1,904,963	1,224,903
Total costs and expenses	7,112,693	5,106,623
Loss from operations	(7,112,693)	(5,106,623)
Other income	3,564	4,773
Net loss and comprehensive loss	$ (7,109,129)	$ (5,101,850)
Basic and diluted net loss per common share	$ (0.37)	$ (0.30)
Basic and diluted weighted average number of common shares	18,961,531	17,232,566

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

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GLYCOMIMETICS, INC.

Unaudited Statements of Cash Flows

	Three Months Ended March 31,	
	2015	**2014**
Operating activities		
Net loss	$ (7,109,129)	$ (5,101,850)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	44,245	34,620
Stock-based compensation expense	587,514	292,216
Changes in assets and liabilities:		
Prepaid expenses and other current assets	139,169	1,854,053
Accounts payable	299,464	652,147
Accrued expenses	(2,637,283)	(292,758)
Deferred rent	(29,047)	(25,476)
Net cash used in operating activities	(8,705,067)	(2,587,048)
Investing activities		
Purchases of property and equipment	(2,339)	(13,920)
Net cash used in investing activities	(2,339)	(13,920)
Financing activities		
Proceeds from issuance of common stock, net of issuance costs		57,256,393
Proceeds from exercise of stock options	75,377	
Net cash provided by financing activities	75,377	57,256,393
Net change in cash and cash equivalents	(8,632,029)	54,655,425
Cash and cash equivalents, beginning of period	55,198,923	2,310,603
Cash and cash equivalents, end of period	$ 46,566,894	$ 56,966,028
Supplemental disclosure of non-cash investing activities:		
Property asset acquisition included in accounts payable	$ 10,000	$
Supplemental disclosure of non-cash financing activities:		
Conversion of Series A convertible preferred stock to common stock	$	$ 38,805,055

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

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GLYCOMIMETICS, INC.

Notes to Unaudited Financial Statements

1. Description of the Business

GlycoMimetics, Inc. (the Company), a Delaware corporation headquartered in Gaithersburg, Maryland, was incorporated on April 4, 2003 and commenced operations on May 21, 2003. The company is a clinical stage biotechnology company focused on the discovery and development of novel glycomimetic drugs to address unmet medical needs resulting from diseases in which carbohydrate biology plays a key role. Glycomimetics are molecules that mimic the structure of carbohydrates involved in important biological processes. Using its expertise in carbohydrate chemistry and knowledge of carbohydrate biology, the Company is developing a pipeline of proprietary glycomimetics that inhibit disease-related functions of carbohydrates, such as the roles they play in inflammation, cancer and infection.

The Company s executive personnel have devoted substantially all of their time to date to the planning and organization of the Company, the process of hiring scientists, initiating research and development programs and securing adequate capital for anticipated growth and operations. The Company has not commercialized any of its drug candidates or commenced commercial operations. The Company is subject to a number of risks similar to those of other companies in similar development stages, including dependence on key individuals, the need to develop commercially viable drugs, competition from other companies, many of whom are larger and better capitalized, and the need to obtain adequate additional financing to fund the development of its drug candidates. The Company has incurred significant operating losses since inception and has relied on its ability to fund its operations through private and public equity financings, and management expects operating losses and negative operating cash flows to continue for the foreseeable future. As the Company continues to incur losses, profitability will be dependent upon the successful development, approval, and commercialization of its drug candidates and achieving a level of revenues adequate to support the Company s cost structure. The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional capital. Management intends to fund future operations through additional public or private equity or debt offerings and may seek additional capital through arrangements with strategic partners or from other sources.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements were prepared based on the accrual method of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Unaudited Financial Statements

The accompanying balance sheet as of March 31, 2015 and statements of operations and comprehensive loss and cash flows for the three months ended March 31, 2015 and 2014 are unaudited. These unaudited financial statements have been prepared in accordance with the rules and regulations for the United States Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete annual financial statements. These financial statements should be read in conjunction with the audited financial statements and the accompanying notes for the year ended December 31, 2014 contained in the Company s Annual Report on Form 10-K filed with the SEC on March 16, 2015. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of

management, reflect all adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company s financial position as of March 31, 2015, and the results of operations and cash flows for the three months ended March 31, 2015 and 2014. The December 31, 2014 balance sheet included herein was derived from audited financial statements, but does not include all disclosures including notes required by GAAP for complete annual financial statements. The financial data and other information disclosed in these notes to the financial statements related to the three months ended March 31, 2015 and 2014 are unaudited. Interim results are not necessarily indicative of results for an entire year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Although actual results could differ from those estimates, management does not believe that such differences would be material.

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Fair Value Measurements

The Company had no assets or liabilities that were measured using quoted prices for similar assets and liabilities or significant unobservable inputs (Level 2 and Level 3 assets and liabilities, respectively) as of March 31, 2015 and December 31, 2014. The carrying value of cash held in money market funds of approximately $45.5 million and $55.0 million as of March 31, 2015 and December 31, 2014, respectively, is included in cash and cash equivalents and approximates market values based on quoted market prices (Level 1 inputs).

Concentration of Credit Risk

Credit risk represents the risk that the Company would incur a loss if counterparties failed to perform pursuant to the terms of their agreements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents consist of certificates of deposit and money market funds with major financial institutions in the United States. These deposits and funds may be redeemed upon demand and, therefore, bear minimal risk. The Company does not anticipate any losses on such balances.

Revenue Recognition

From time to time, the Company is awarded reimbursement contracts for services and development grant contracts with government and non-government entities and philanthropic organizations. Under these contracts, the Company typically is reimbursed for the costs in connection with specific development activities. The Company recognizes revenue to the extent of costs incurred in connection with performance under such grant arrangements.

The Company has entered into a collaborative research and development agreement with Pfizer Inc. (Pfizer). The agreement is in the form of a license agreement. The agreement called for a nonrefundable up-front payment and milestone payments upon achieving significant milestone events. The agreement also contemplates royalty payments on future sales of an approved product. There are no performance, cancellation, termination, or refund provisions in the arrangement that contain material financial consequences to the Company.

The primary deliverable under this arrangement is an exclusive worldwide license to the Company s rivipansel compound, but the arrangement also includes deliverables related to research and preclinical development activities to be performed by the Company on Pfizer s behalf.

Collaborative research and development agreements can provide for one or more of up-front license fees, research payments, and milestone payments. Agreements with multiple components (deliverables or items) are evaluated according to the provisions of Accounting Standards Codification (ASC) 605-25, *Revenue Recognition Multiple-Element Arrangements*, to determine whether the deliverables can be separated into more than one unit of accounting. An item can generally be considered a separate unit of accounting if all of the following criteria are met: (1) the delivered item(s) has value to the customer on a stand-alone basis and (2) if the arrangement includes a general right of return relative to the delivered item(s) then delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company. Items that cannot be divided into separate units are combined with other units of accounting, as appropriate. Consideration received is allocated among the separate units based on selling price hierarchy. The selling price hierarchy for each deliverable is based on (i) vendor-specific objective evidence (VSOE), if available; (ii) third-party evidence (TPE) of selling price if VSOE is not available; or (iii) an estimated selling price, if neither VSOE nor third-party evidence is available. Management was not able to establish VSOE or TPE for separate unit deliverables, as the Company does not have a history of entering such arrangements or selling the individual deliverables within such arrangements separately. In addition, there may be significant differentiation in these arrangements, which indicates that comparable third-party pricing

may not be available. Management determined that the selling price for the deliverables within the Pfizer collaboration agreement should be determined using its best estimate of selling price. The process of determining the best estimate of selling price involved significant judgment on the Company s part and included consideration of multiple factors such as estimated direct expenses, other costs, and available clinical development data.

Pursuant to ASC 605-25, each required deliverable under the Pfizer collaboration agreement is evaluated to determine whether it qualifies as a separate unit of accounting. Factors considered in this determination include the research capabilities of Pfizer, the proprietary nature of the license and know-how, and the availability of the Company s glycomimetics technology research expertise in the general marketplace. Based on all relevant facts and circumstances and, most significantly, on the proprietary nature of the Company s technology and the related proprietary nature of the Company s research services, management concluded that stand-alone value does not exist for the license, and therefore, the license is not a separate unit of accounting under the contract and will be combined with the research and development services (including participation on a joint steering committee).

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As such, the up-front payment received of $22.5 million was recognized as revenue over the expected development period through March 2013. The determination of the length of the period over which to defer revenue and the methodology by which to recognize the related revenues is subject to judgment and estimation. Consistent with the research plan developed by and agreed to by both parties, management estimated that the research activities and participation on the joint steering committees would occur over a 1.5-year period. Revenues associated with the up-front license fee are recognized over this period using a straight-line method, which is consistent with expected completion of the research services. The research services were completed in March 2013, consistent with the expected development period.

Pursuant to ASC 605-28, *Revenue Recognition Milestone Method*, at the inception of agreements that include milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) the entity s performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity s performance to achieve the milestone, (b) the consideration relates solely to past performance and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. In making this assessment, the Company evaluates factors such as scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the agreement.

Non-refundable development and regulatory milestones that are expected to be achieved as a result of the Company s efforts during the period of substantial involvement are recognized as revenue upon the achievement of the milestone, assuming all other revenue recognition criteria are met. Milestones that are not considered substantive because the Company does not contribute effort to the achievement of such milestones are generally achieved after the period of substantial involvement and are recognized as revenue upon achievement of the milestone, as there are no undelivered elements remaining and no continuing performance obligation, assuming all other revenue recognition criteria are met. In May 2014, the Company recognized $15.0 million in revenue as a result of the first non-refundable milestone payment received from Pfizer. The Company did not recognize any revenue from milestone payments under this agreement during the three months ended March 31, 2015.

Accrued Liabilities

The Company is required to estimate accrued liabilities as part of the process of preparing its financial statements. The estimation of accrued liabilities involves identifying services that have been performed on the Company s behalf, and then estimating the level of service performed and the associated cost incurred for such services as of each balance sheet date. Accrued liabilities include professional service fees, such as for lawyers and accountants, contract service fees, such as those under contracts with clinical monitors, data management organizations and investigators in conjunction with clinical trials, and fees to contract manufacturers in conjunction with the production of clinical materials. Pursuant to the Company s assessment of the services that have been performed, the Company recognizes these expenses as the services are provided. Such assessments include: (i) an evaluation by the project manager of the work that has been completed during the period; (ii) measurement of progress prepared internally and/or provided by the third-party service provider; (iii) analyses of data that justify the progress; and (iv) the Company s judgment.

Research and Development Costs

Except for payments made in advance of services, research and development costs are expensed as incurred. For payments made in advance, the Company recognizes research and development expense as the services are rendered.

Research and development costs primarily consist of salaries and related expenses for personnel, laboratory supplies and raw materials, sponsored research, depreciation of laboratory facilities and leasehold improvements, and utilities costs related to research space. Other research and development expenses include fees paid to consultants and outside service providers.

Stock-Based Compensation

Stock-based payments are accounted for in accordance with the provisions of ASC 718, *Compensation Stock Compensation*. The fair value of stock-based payments is estimated, on the date of grant, using the Black-Scholes-Merton model. The resulting fair value is recognized ratably over the requisite service period, which is generally the vesting period of the option.

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The Company has elected to use the Black-Scholes-Merton option pricing model to value any options granted. The Company will reconsider use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that prevent their value from being reasonably estimated using this model.

A discussion of management s methodology for developing some of the assumptions used in the valuation model follows:

Expected Dividend Yield The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Expected Volatility Volatility is a measure of the amount by which a financial variable such as share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not maintain an internal market for its shares, and prior to its initial public offering the shares were not traded publicly. The Company utilizes the historical volatilities of a peer group (e.g., several public entities of similar size, complexity, and stage of development) to determine its expected volatility.

Risk-Free Interest Rate This is the U.S. Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of the option.

Expected Term This is a period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of 10 years. The Company estimates the expected life of the option term to be 6.25 years. The Company uses a simplified method to calculate the average expected term.

Expected Forfeiture Rate The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or canceled on an annual basis before becoming fully vested. The Company estimates the forfeiture rate based on turnover data with further consideration given to the class of the employees to whom the options were granted.

Equity instruments issued to nonemployees are accounted for under the provisions of ASC 718, *Compensation Stock Compensation*, and ASC 505-50, *Equity Equity-Based Payments to Non-Employees*. Accordingly, the estimated fair value of the equity instrument is recorded on the earlier of the performance commitment date or the date the services are completed and are marked to market during the service period.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share is determined by dividing net income (loss) by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common stock equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company s stock option grants and warrants.

Basic and diluted net loss per common share is computed as follows:

	Three Months Ended March 31,	
	2015	2014

Net loss	$ (7,109,129)	$ (5,101,850)
Basic and diluted net loss	$ (0.37)	$ (0.30)
Basic and diluted weighted average common shares outstanding	18,961,531	17,232,566

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted average shares outstanding, as they would be anti-dilutive:

	Three Months Ended March 31,	
	2015	**2014**
Warrants	590,595	635,253
Stock options and restricted stock units	2,232,835	1,729,186

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Comprehensive Loss

Comprehensive loss comprises net loss and other changes in equity that are excluded from net loss. For the three months ended March 31, 2015 and 2014, the Company s net loss equals comprehensive loss and, accordingly, no additional disclosure is presented.

3. Prepaid Expenses and Other Current Assets

The following is a summary of the Company s prepaid expenses and other current assets:

	March 31, 2015	December 31, 2014
Prepaid expenses	$ 704,446	$ 819,922
Restricted deposits	57,700	57,700
Other receivables	1,000	22,334
Deposits	13,933	16,293
	$ 777,079	$ 916,249

4. Property and Equipment

Property and equipment consists of the following:

	March 31, 2015	December 31, 2014
Furniture and fixtures	$ 122,653	$ 122,653
Laboratory equipment	992,232	992,232
Office equipment	10,467	10,467
Computer equipment	192,894	190,554
Leasehold improvements	51,843	41,843
	1,370,089	1,357,749
Less accumulated depreciation	(949,724)	(905,479)
	$ 420,365	$ 452,270

Depreciation of property and equipment totaled $44,245 and $34,620 for the three months ended March 31, 2015 and 2014, respectively.

5. Accrued Expenses

The following is a summary of the Company s accrued expenses:

	March 31, 2015	December 31, 2014
Accrued research and development expenses	$ 1,750,799	$ 2,726,511
Accrued license and milestone fees		1,500,000
Accrued consulting and other professional fees	347,727	77,273
Other accrued expenses	237,454	151,415
Accrued employee benefits	269,839	168,009
Accrued taxes	20,388	112,511
	$ 2,626,207	$ 4,735,719

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6. Operating Leases

The Company leases its office and research space in Gaithersburg, Maryland under a five-year operating lease that is subject to escalation clauses. The current lease expires in October 2015. In connection with its lease arrangement, the Company received rent abatement as a lease incentive. The rent abatement has been recognized as deferred rent that is being adjusted on a straight-line basis over the term of the lease. Deferred rent was $67,965 and $97,012 at March 31, 2015 and December 31, 2014, respectively. Total rent expense was $96,399 and 96,319 for the three months ended March 31, 2015 and 2014, respectively. The Company will continue to incur rent expenses for its current headquarters through October 2015.

On July 23, 2014, the Company and BMR-Medical Center Drive LLC (the Landlord) entered into a lease agreement for the Company s future corporate headquarters in Rockville, Maryland (the Lease). Under the Lease, which will have an 8-year term commencing on November 1, 2015, the Company will lease 33,843 square feet of office and laboratory space and will pay $607,500 in annual base rent over the term of the Lease, subject to annual escalation clauses. The Company will also have the right to sublease or assign all or a portion of the premises, subject to the conditions set forth in the Lease. The Lease may be terminated early by either the Landlord or the Company in certain circumstances.

7. Stockholders Equity

Warrants to Acquire Company Stock

On October 13, 2006, the Company issued a warrant to purchase 1,544 shares of common stock at an exercise price of $25.92 per share to a commercial bank. This warrant, which was originally issuable for Series B Preferred Stock prior to the conversion of Series B Preferred Stock to common stock in 2009, was vested upon issuance and expires in October 2016. The fair value of the warrant, which was de minimis, was calculated using the Black-Scholes-Merton option pricing model.

As part of the issuance of convertible unsecured promissory notes, the Company issued warrants to purchase an aggregate of 633,709 shares of common stock.

There were no warrants exercised or expired during the three months ended March 31, 2015. The following common stock warrants were outstanding at March 31, 2015:

NUMBER OF SHARES	EXERCISE PRICE PER SHARE	EXPIRATION DATE
259,907	$ 0.33	July 18, 2018
301,986	0.33	January 16, 2019
11,908	0.33	December 9, 2015
15,250	0.33	January 30, 2019
1,544	25.92	October 13, 2016

2003 Stock Incentive Plan

The 2003 Stock Incentive Plan (the 2003 Plan) provided for the grant of incentives and nonqualified stock options and restricted stock awards. The exercise price for incentive stock options must be at least equal to the fair value of the

common stock on the grant date. Unless otherwise stated in a stock option agreement, 25% of the shares subject to an option grant will vest upon the first anniversary of the vesting start date and thereafter at the rate of one forty-eighth of the option shares per month as of the first day of each month after the first anniversary. Upon termination of employment by reasons other than death, cause, or disability, any vested options shall terminate 60 days after the termination date. Stock options terminate 10 years from the date of grant. The 2003 Plan expired on May 21, 2013.

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A summary of the Company s stock option activity under the 2003 Plan for the three months ended March 31, 2015 is as follows:

	OUTSTANDING OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL TERM (YEARS)	AGGREGATE INTRINSIC VALUE (IN THOUSANDS)
Outstanding as of December 31, 2014	857,391	$ 1.26	5.20	$ 5,096
Options granted				
Options exercised	(67,295)	1.12		
Options forfeited				
Outstanding as of March 31, 2015	790,096	1.27	4.98	5,572
Vested or expected to vest as of March 31, 2015	789,113	1.27	4.98	5,566
Exercisable as of March 31, 2015	757,897	1.23	4.89	5,376

As of March 31, 2015, there was $52,640 of total unrecognized compensation expense related to unvested options under the 2003 Plan that will be recognized over a weighted-average period less than one year. Total intrinsic value of the options exercised during the three months ended March 31, 2015 was $473,016. There were no options exercised during the quarter ended March 31, 2014. The total fair value of shares underlying options which vested in the three months ended March 31, 2015 and 2014 was $13,785 and $17,825, respectively.

2013 Equity Incentive Plan

The Company s board of directors adopted, and its stockholders approved, its 2013 Equity Incentive Plan (the 2013 Plan). The 2013 Plan provides for the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code (the Code), to the Company s employees and its parent and subsidiary corporations employees, and for the grant of nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards and other forms of stock compensation to its employees, including officers, consultants and directors. The 2013 Plan also provides for the grant of performance cash awards to the Company s employees, consultants and directors. Unless otherwise stated in a stock option agreement, 25% of the shares subject to an option grant will typically vest upon the first anniversary of the vesting start date and thereafter at the rate of one forty-eighth of the option shares per month as of the first day of each month after the first anniversary. Upon termination of employment by reasons other than death, cause, or disability, any vested options shall terminate 90 days after the termination date, unless otherwise set forth in a stock option agreement. Stock options generally terminate 10 years from the date of grant.

Authorized Shares

The maximum number of shares of common stock that may be issued under the 2013 Plan is 1,000,000 shares, plus any shares subject to stock options or similar awards granted under the 2003 Plan that expire or terminate without having been exercised in full or are forfeited to or repurchased by the Company. The number of shares of common stock reserved for issuance under the 2013 Plan will automatically increase on January 1 of each year, beginning on January 1, 2015 and ending on January 1, 2023, by 3% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the Company s board of directors. The maximum number of shares that may be issued pursuant to exercise of incentive stock options under the 2013 Plan is 20,000,000. As of January 1, 2015, the number of shares of common stock that may be issued under the 2013 Plan was automatically increased by 568,195 shares, representing 3% of the total number of shares of common stock outstanding on January 1, 2015, increasing the number of shares of common stock available for issuance under the 2013 Plan to 1,568,195 shares.

Shares issued under the 2013 Plan may be authorized but unissued or reacquired shares of common stock. Shares subject to stock awards granted under the 2013 Plan that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, will not reduce the number of shares available for issuance under the 2013 Plan. Additionally, shares issued pursuant to stock awards under the 2013 Plan that the Company repurchases or that are forfeited, as well as shares reacquired by the Company as consideration for the exercise or purchase price of a stock award or to satisfy tax withholding obligations related to a stock award, will become available for future grant under the 2013 Plan.

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A summary of the Company s stock option activity under the 2013 Plan for the three months ended March 31, 2015 is as follows:

	OUTSTANDING OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL TERM (YEARS)	AGGREGATE INTRINSIC VALUE (IN THOUSANDS)
Outstanding as of December 31, 2014	949,589	$ 8.88	9.09	$ 12
Options granted	485,900	7.18		
Options exercised				
Options forfeited				
Outstanding as of March 31, 2015	1,435,489	8.30	9.16	851
Vested or expected to vest as of March 31, 2015	1,427,558	8.30	9.16	845
Exercisable as of March 31, 2015	203,631	8.03	8.78	65

The weighted-average fair value of the options granted during the three months ended March 31, 2015 and 2014 was $5.10 per share and $6.13 per share, respectively, applying the Black-Scholes-Merton option pricing model utilizing the following weighted-average assumptions:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Expected term (years)	6.25	6.25
Expected volatility	82.08%	91.91%
Risk-free interest rate	1.68%	2.16%
Expected dividend yield	0%	0%

As of March 31, 2015, there was $6,635,271 of total unrecognized compensation expense related to unvested options under the 2013 Plan that will be recognized over a weighted-average period of approximately 3.0 years. The total fair value of shares underlying options which vested in the three months ended March 31, 2015 and 2014 was $1,252,769 and $0, respectively.

A restricted stock unit (RSU) is a stock award that entitles the holder to receive shares of the Company s common stock as the award vests. The fair value of each RSU is based on the closing price of the Company s stock on the date of grant. The Company has granted RSUs with service conditions (service RSUs) that vest in three equal annual installments, provided that the employee remains employed with the Company. As of March 31, 2015, there was $46,602 of unrecognized compensation costs related to unvested service RSUs.

The following is a summary of RSU activity under the 2013 Plan for the three months ended March 31, 2015:

	NUMBER OF SHARES	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE
Unvested at December 31, 2014	7,250	$ 7.62
Granted		
Forfeited		
Vested		
Unvested at March 31, 2015	7,250	7.62

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Stock-based compensation expense was classified as follows on the statement of operations for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
Research and development	$ 202,907	$ 91,467
General and administrative expense	384,607	200,749
Total	$ 587,514	$ 292,216

8. Income Taxes

The Company has not recorded any tax provision or benefit for the three months ended March 31, 2015 or March 31, 2014. The Company has provided a valuation allowance for the full amount of its net deferred tax assets since realization of any future benefit from deductible temporary differences, net operating loss carryforwards and research and development credits is not more-likely-than-not to be realized at March 31, 2015 and December 31, 2014.

9. Research and License Agreements

In October 2011, the Company and Pfizer entered into a licensing agreement (the Pfizer Agreement) that provides Pfizer an exclusive worldwide license to rivipansel for vaso-occlusive crisis associated with sickle cell disease and for other diseases for which the drug candidate may be developed. The Company was responsible for completion of the Phase 2 trial, after which Pfizer will assume all further development and commercialization responsibilities. Upon execution of the Pfizer Agreement, the Company received an up-front payment of $22.5 million. The Pfizer Agreement also provides for potential milestone payments of up to $115.0 million upon the achievement of specified development milestones, including the dosing of the first patients in Phase 3 clinical trials for up to two indications and the first commercial sale of a licensed product in the United States and selected European countries for up to two indications; potential milestone payments of up to $70.0 million upon the achievement of specified regulatory milestones, including the acceptance of our filings for regulatory approval by regulatory authorities in the United States and Europe for up to two indications; and potential milestone payments of up to $135.0 million upon the achievement of specified levels of annual net sales of licensed products. Pfizer has the right to terminate the Agreement by giving prior written notice.

The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales-based milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. The Company is also eligible to receive royalties on future sales contingent upon annual net sales thresholds. In addition, the Company and Pfizer have formed a joint steering committee that will oversee and coordinate activities as set forth in the research program. The $22.5 million up-front payment was recognized over a period of 1.5 years. In May 2014, Pfizer made a $15.0 million non-refundable milestone payment to the Company. Upon the dosing of the first patient in a Phase 3 clinical trial of rivipansel, the Company will be entitled to receive a $20.0 million milestone payment under the Pfizer Agreement. During the three months ended March 31, 2015 and 2014, there were no milestone payments related to this arrangement that were earned or recognized as revenue.

In February 2004, the Company entered into a research services agreement (the Research Agreement) with the University of Basel (the University) for biological evaluation of selectin antagonists. Certain patents covering the rivipansel compound are subject to provisions of the Research Agreement. Under the terms of the Research Agreement, the Company will owe to the University 10% of all future milestone and royalty payments received from Pfizer with respect to rivipansel. As of December 31, 2014, a $1.5 million milestone license fee was recorded as an accrued liability representing 10% of the $15.0 million non-refundable milestone payment that the Company received from Pfizer in May 2014. The accrued liability of $1.5 million was paid in February 2015. During the three months ended March 31, 2015, there were no additional milestones fees due to the University.

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

Certain statements contained in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases would be, will allow, intends to, will likely result, are expected to, will continue, is anticipated, estimate, project, or similar expressions, or the negative of such words or phrases, are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include those below and elsewhere in this Quarterly Report on Form 10-Q, particularly in Part II Item 1A, Risk Factors, and our other filings with the Securities and Exchange Commission. Statements made herein are as of the date of the filing of this Form 10-Q with the Securities and Exchange Commission and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim, any obligation to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes that appear in Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and related notes for the year ended December 31, 2014, which are included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2015.

Overview

We are a clinical stage biotechnology company focused on the discovery and development of novel glycomimetic drugs to address unmet medical needs resulting from diseases in which carbohydrate biology plays a key role. Glycomimetics are molecules that mimic the structure of carbohydrates involved in important biological processes. Using our expertise in carbohydrate chemistry and knowledge of carbohydrate biology, we are developing a pipeline of proprietary glycomimetics that inhibit disease-related functions of carbohydrates, such as the roles they play in inflammation, cancer and infection. We believe this represents an innovative approach to drug discovery to treat a wide range of diseases.

We are focusing our initial efforts on drug candidates for rare diseases that we believe will qualify for orphan drug designation. We are developing our lead drug candidate, rivipansel, previously known as GMI-1070, for the treatment of vaso-occlusive crisis, or VOC, one of the most severe complications of sickle cell disease. Rivipansel has received both orphan drug designation and fast track designation from the U.S. Food and Drug Administration, or FDA, for the treatment of VOC. In October 2011, we entered into a license agreement with Pfizer under which we were responsible for the clinical development of rivipansel through the completion of a Phase 2 clinical trial. Following our completion of the Phase 2 clinical trial in April 2013, Pfizer is now responsible for all further clinical development, regulatory approval and potential commercialization of rivipansel for all indications and Pfizer has commercial rights to rivipansel worldwide. In July 2014, Pfizer reached an agreement with the FDA under a special protocol assessment for the Phase 3 clinical trial. However, in September 2014, Pfizer informed us that initiation of the Phase 3 clinical trial with rivipansel would be delayed due to a manufacturing development issue impacting formulated drug supply. In April 2015, Pfizer advised us that the clinical supply issue which delayed the start of the Phase 3 trial has been discussed with the FDA and that, based on these discussions, Pfizer anticipates being able to start enrolling patients in the trial in mid-2015, following FDA review of amended regulatory submissions.

Building on our experience with rivipansel, we are developing a pipeline of other glycomimetic drug candidates. Our second most advanced drug candidate, GMI-1271, is a specific E-selectin inhibitor, which we are developing to be used in combination with chemotherapy to treat patients with acute myeloid leukemia, or AML, and potentially other hematologic cancers. In June 2014, we commenced a Phase 1 clinical trial to evaluate the safety, tolerability and pharmacokinetics of GMI-1271 for the treatment of AML. We have initiated preparations for a multinational, Phase 1/2, open-label trial of GMI-1271 as an adjunct to standard chemotherapy in patients with AML, and we expect to have the first patient enrolled in this trial in the second quarter of 2015.

We are also collaborating with the University of Michigan to evaluate GMI-1271 as a potential new class of anticoagulant to treat persons at risk for venous thromboembolic disease, a serious blood-clotting disorder. The University of Michigan began dosing healthy volunteers in a Phase 1 clinical trial starting in December 2014. The Phase 1 clinical trial is a randomized, partially blinded, active placebo-controlled trial expected to last approximately 10 months.

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We are also developing a pipeline of other preclinical drug candidates based on our expertise in carbohydrate chemistry. We have retained the worldwide development and commercialization rights to all of our drug candidates other than rivipansel.

We commenced operations in 2003, and our operations to date have been limited to organizing and staffing our company, business planning, raising capital, developing our glycomimetics platform, identifying potential drug candidates, undertaking preclinical studies and conducting clinical trials of rivipansel and GMI-1271. To date, we have financed our operations primarily through private placements of our securities, upfront and milestone payments under our collaboration with Pfizer and the net proceeds from our initial public offering, or IPO, in January 2014. We have no approved drugs currently available for sale, and substantially all of our revenue to date has been revenue from the upfront and milestone payments from Pfizer, although we have received nominal amounts of revenue under research grants. Prior to our IPO, we raised an aggregate of $86.6 million to fund our operations, of which $22.5 million was an upfront payment under our collaboration with Pfizer and $64.1 million was from the sale of our convertible promissory notes and convertible preferred stock. The IPO provided us with net proceeds of $57.2 million, and we received a non-refundable milestone payment from Pfizer in May 2014 of $15.0 million.

Since inception, we have incurred significant operating losses. Although we have generated cumulative revenue of $38.6 million since our inception through March 31, 2015, primarily consisting of the $22.5 million upfront payment from Pfizer in 2011 and the $15.0 million non-refundable milestone payment in May 2014, we had an accumulated deficit of $81.5 million as of March 31, 2015, and we expect to continue to incur significant expenses and operating losses over at least the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our clinical trials, the receipt of milestone payments, if any, under our collaboration with Pfizer, and our expenditures on other research and development activities. We anticipate that our expenses will increase substantially as we:

- initiate and conduct our planned clinical trials of GMI-1271 in 2015;
- continue the research and development of our other drug candidates;
- seek to discover and develop additional drug candidates;
- seek regulatory approvals for any drug candidates other than rivipansel that successfully complete clinical trials;
- ultimately establish a sales, marketing and distribution infrastructure and scale up external manufacturing capabilities to commercialize any drug candidates other than rivipansel for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio;

hire additional clinical, quality control and scientific personnel; and

add operational, financial and management information systems and personnel, including personnel to support our drug development and potential future commercialization efforts.

To fund further operations, we will need to raise capital in addition to the net proceeds we received from our IPO and additional milestone payments we may receive under our collaboration with Pfizer. We may obtain additional financing in the future through the issuance of our common stock, through other equity or debt financings or through collaborations or partnerships with other companies. We may not be able to raise additional capital on terms acceptable to us, or at all, and any failure to raise capital as and when needed could compromise our ability to execute on our business plan. Although it is difficult to predict future liquidity requirements, we believe that our existing cash and cash equivalents, together with interest thereon, will be sufficient to fund our operations for at least the next 12 months. However, our ability to successfully transition to profitability will be dependent upon achieving a level of revenues adequate to support our cost structure. We cannot assure you that we will ever be profitable or generate positive cash flow from operating activities.

Our Collaboration with Pfizer

In October 2011, we entered into the license agreement with Pfizer under which we granted Pfizer an exclusive worldwide license to develop and commercialize products containing rivipansel for all fields and uses. The license also covers specified back-up compounds along with modifications of and improvements to rivipansel that meet defined chemical properties. Pfizer is required to use commercially reasonable efforts, at its expense, to develop, obtain regulatory approval for and commercialize rivipansel for sickle cell disease in the United States. Under the terms of the agreement, we received a $22.5 million upfront payment. We are also eligible to earn potential milestone payments of up to $115.0 million upon the achievement of specified development milestones, including the dosing of the first patients in Phase 3 clinical trials for up to two indications and the first commercial sale of a licensed product in the United States and selected European countries for up to two indications, up to $70.0 million upon the achievement of specified regulatory milestones, including the acceptance of our filings for regulatory approval by regulatory authorities in the United States and Europe for up to two indications, and up to $135.0 million upon the achievement of specified levels of annual net sales of licensed products. We are also eligible to receive tiered royalties for each licensed product, with percentages ranging from the low double digits to the low teens, based on net sales worldwide, subject to reductions in specified circumstances.

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The first potential milestone payment under the Pfizer agreement was $35.0 million upon the initiation of dosing of the first patient in a Phase 3 trial of rivipansel by Pfizer. Under the collaboration, Pfizer made a $15.0 million non-refundable milestone payment to us in May 2014, and the dosing of the first patient in the Phase 3 clinical trial will trigger the remaining $20.0 million milestone payment to us. Although Pfizer has taken and is taking a number of steps to prepare for Phase 3 initiation, there can be no assurance that the conditions to its obligation to make the remaining $20.0 million milestone payment to us under the agreement will be satisfied.

We have a research services agreement with the University of Basel, or the University, under which University personnel have performed research services for us on an as-requested basis since 2004. The agreement includes one-year research terms, and we have no affirmative obligation to purchase any minimum amount of services in any year beyond what we commit to at the beginning of each term, if any. For each of the research terms ended in February 2014 and 2015, we paid the University approximately $200,000. As part of the original consideration for entering into this agreement, we granted to the University the right to receive payments from us under specified circumstances. If we receive any future milestone payments or royalties from Pfizer with respect to rivipansel, we have agreed to pay 10% of those amounts to the University. As of December 31, 2014, we recorded a liability for the $1.5 million payable to the University, which is equal to 10% of the $15.0 million non-refundable milestone payment we received from Pfizer in May 2014. In February 2015, we paid the $1.5 million accrued liability to the University. During the three months ended March 31, 2015, there were no additional milestone payments recorded in our statements of operations.

Critical Accounting Policies and Significant Judgments and Estimates

There have been no material changes in our critical accounting policies, estimates and judgments during the three months ended March 31, 2015 compared to the disclosures in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2014.

Components of Operating Results

Revenue

To date, we have not generated any revenue from the sale of our drug candidates and do not expect to generate any revenue from the sale of drugs in the near future. Substantially all of our revenue recognized to date has consisted of the upfront and milestone payments under our agreement with Pfizer.

Since our inception, we have also recognized a nominal amount of revenue under research grant contracts, generally to the extent of our costs incurred in connection with specific research or development activities.

Research and Development

Research and development expenses consist of expenses incurred in performing research and development activities, including compensation and benefits for full-time research and development employees, facilities expenses, overhead expenses, cost of laboratory supplies, clinical trial and related clinical manufacturing expenses, fees paid to CROs and other consultants and other outside expenses. Other preclinical research and platform programs include activities related to exploratory efforts, target validation, lead optimization for our earlier programs and our proprietary glycomimetics platform.

To date, our research and development expenses have related primarily to the development of rivipansel and our other drug candidates. In April 2013, when we completed our Phase 2 clinical trial of rivipansel, all further clinical

development obligations associated with rivipansel shifted to Pfizer.

We do not currently utilize a formal time allocation system to capture expenses on a project-by-project basis because we are organized and record expense by functional department and our employees may allocate time to more than one development project. Accordingly, we only allocate a portion of our research and development expenses by functional area and by drug candidate.

Research and development costs are expensed as incurred. Non-refundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

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Research and development activities are central to our business model. Drug candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later stage clinical trials. We expect our research and development expenses to increase over the next several years as we seek to progress GMI-1271 and our other drug candidates through clinical development. However, it is difficult to determine with certainty the duration and completion costs of our current or future preclinical studies and clinical trials of our drug candidates, or if, when or to what extent we will generate revenues from the commercialization and sale of any of our drug candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our drug candidates.

The duration, costs and timing of clinical trials and development of our drug candidates will depend on a variety of factors that include:

- per patient trial costs;
- the number of patients that participate in the trials;
- the number of sites included in the trials;
- the countries in which the trial is conducted;
- the length of time required to enroll eligible patients;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up; and
- the safety and efficacy profile of the drug candidate.

In addition, the probability of success for each drug candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of each drug candidate, as well as an assessment of each drug candidate s commercial potential.

General and Administrative

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in executive, finance, accounting, business development and human resources functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to patent and corporate matters and fees for accounting and consulting services.

We anticipate that our general and administrative expenses will increase in the future to support our continued research and development activities, potential commercialization of our drug candidates and the increased costs of operating as a public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, lawyers and accountants, among other expenses. Additionally, we have experienced, and expect to continue to experience, increased costs associated with being a public company, including expenses related to services associated with maintaining compliance with NASDAQ listing rules and SEC requirements, insurance and investor relations costs. In addition, if any of our other drug candidates other than rivipansel obtains regulatory approval, we expect to incur expenses associated with building a sales and marketing team. However, we do not expect to receive any such regulatory approval for at least the next several years.

Other Income

Other income consists of interest income earned on our cash and cash equivalents.

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Results of Operations for the Three Months Ended March 31, 2015 and 2014

The following table sets forth our results of operations for the three months ended March 31, 2015 and 2014:

(in thousands)	THREE MONTHS ENDED MARCH 31, 2015	2014	PERIOD-TO PERIOD CHANGE
Revenue	$	$	$
Costs and expenses:			
Research and development expense	5,208	3,882	1,326
General and administrative expense	1,905	1,225	680
Total costs and expenses	7,113	5,107	2,006
Loss from operations	(7,113)	(5,107)	(2,006)
Other income	4	5	(1)
Net loss	$ (7,109)	$ (5,102)	$ (2,007)

Research and Development Expenses

During the three months ended March 31, 2015, our research and development expense increased by $1.3 million compared to the same period in 2014, reflecting an increase of 34%. The increase in research and development expense was primarily attributable to an increase in expenses related to the manufacturing and process development of GMI-1271 in preparation for the upcoming Phase 1/2 clinical trials.

The following table summarizes our research and development expenses by functional area for the three months ended March 31, 2015 and 2014:

(in thousands)	THREE MONTHS ENDED MARCH 31, 2015	2014	PERIOD-TO PERIOD CHANGE
Clinical development	$ 699	$ 667	$ 32
Manufacturing and formulation	2,121	1,079	1,042
Contract research service, consulting and other costs	528	710	(182)
Laboratory costs	302	289	13
Personnel related	1,355	1,045	310
Stock-based compensation	203	92	111
	$ 5,208	$ 3,882	$ 1,326

The following table summarizes our research and development expenses by drug candidate for the three months ended March 31, 2015 and 2014:

(in thousands)	THREE MONTHS ENDED MARCH 31, 2015	2014	PERIOD-TO PERIOD CHANGE
GMI-1271	$ 2,789	$ 1,847	$ 942
Rivipansel	8	28	(20)
GMI-1051	21		21
Other research and development	832	872	(40)
Personnel related and stock-based compensation	1,558	1,135	423
	$ 5,208	$ 3,882	$ 1,326

General and Administrative Expenses

For the three months ended March 31, 2015, our general and administrative expenses increased by $680,000, or 56%, compared to the three months ended March 31, 2014. The increase is primarily related to additional professional fees, insurance and other costs associated with supporting public company operations, as well as increased stock-based compensation expense.

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The following table summarizes the components of our general and administrative expenses for the three months ended March 31, 2015 and 2014:

(in thousands)	THREE MONTHS ENDED MARCH 31, 2015	2014	PERIOD-TO PERIOD CHANGE
Personnel related	$ 594	$ 427	$ 167
Stock-based compensation	385	201	184
Legal, consulting and other professional expenses	802	485	317
Other	124	112	12
	$ 1,905	$ 1,225	$ 680

Salaries, benefits and related costs increased approximately $167,000 for the three months ended March 31, 2015 due to an increase in personnel as we continued to develop the administrative structure to support a publicly traded company. Stock-based compensation expense was approximately $385,000 for the three months ended March 31, 2015 compared to $201,000 for the three months ended March 31, 2014. The increase of $184,000 was due to additional stock option awards. Legal, consulting and other professional costs increased approximately $317,000 for the three months ended March 31, 2015 due primarily to the additional costs associated with our operations as a publicly traded company and an increase in patent fees.

Liquidity and Capital Resources

Sources of Liquidity

We have financed our operations primarily through the private placements of our capital stock, our IPO and upfront and milestone payments from Pfizer. As of March 31, 2015, we had $46.6 million in cash and cash equivalents.

We are potentially eligible to earn a significant amount of milestone payments and royalties under our agreement with Pfizer. Our ability to earn these payments and their timing is dependent upon the outcome of Pfizer s activities and is uncertain at this time.

Funding Requirements

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, laboratory and related supplies, clinical costs, legal and other regulatory expenses and general overhead costs.

The successful development of any of our drug candidates is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of GMI-1271 or our other drug candidates. We are also unable to predict when, if ever, material net cash inflows will commence from rivipansel or GMI-1271. This is due to the numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

successful enrollment in, and completion of, clinical trials;

receipt of marketing approvals from applicable regulatory authorities;

establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;

obtaining and maintaining patent and trade secret protection and regulatory exclusivity for drug candidates; and

launching commercial sales of drugs, if and when approved, whether alone or in collaboration with others.

A change in the outcome of any of these variables with respect to the development of any of our drug candidates would significantly change the costs and timing associated with the development of that drug candidate. Because our drug candidates are in various stages of clinical and preclinical development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our drug candidates or whether, or when, we may achieve profitability. Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity or debt financings and collaboration arrangements, including our existing collaboration with Pfizer. Except for Pfizer s obligation to make milestone payments under our agreement with them, we will not have any committed external source of liquidity.

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To the extent that we raise additional capital through the future sale of equity or debt, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. If we raise additional funds through the issuance of convertible debt securities, these securities could contain covenants that would restrict our operations.

We may require additional capital beyond our currently anticipated amounts. Additional capital may not be available on reasonable terms, or at all. If we raise additional funds through collaboration arrangements in the future, we may have to relinquish valuable rights to our drug candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to develop and market drug candidates that we would otherwise prefer to develop and market ourselves.

Outlook

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect that our existing cash and cash equivalents as of March 31, 2015 will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months, without giving effect to any potential milestone payments we may receive under our license agreement with Pfizer. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing drug candidates in clinical trials is costly, and the timing of progress in these trials is uncertain.

Cash Flows

The following is a summary of cash flows for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
	(In millions)	
Net cash used in operating activities	$ (8.7)	$ (2.6)
Net cash used in investing activities	(0.0)	(0.0)
Net cash provided by financing activities	0.1	57.3

Operating Activities

Net cash used in operating activities for the three months ended March 31, 2015 includes the costs associated with the advancement of the GMI-1271 development program, including the manufacturing supplies and clinical expenses for the initiation of the Phase 1/2 clinical trial. In addition, the $1.5 million milestone license fee due to the University of Basel and accrued as a liability as of December 31, 2014 was paid during the three months ended March 31, 2015. Net cash used in operating activities for the three months ended March 31, 2014 reflects, among other things, the amounts used to run our pre-clinical studies and to support the manufacturing development of GMI-1271 in preparation for the filing of an IND for this drug candidate in the first half of 2014.

Investing Activities

There were no material investing activities in the three months ended March 31, 2015 and 2014.

Financing Activities

There were no financing activities in the three months ended March 31, 2015 other than the receipt of cash upon the exercise of stock options. Net cash provided by financing activities of $57.3 million during the three months ended March 31, 2014 reflects net proceeds received from our IPO.

Off-Balance Sheet Arrangements

During the three months ended March 31, 2015, we did not have, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

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JOBS Act

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period, and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of March 31, 2015 and December 31, 2014, we had cash and cash equivalents of $46.6 million and $55.2 million, respectively. We generally hold our cash in interest-bearing money market accounts. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term maturities of our cash equivalents and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*

The term disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Security and Exchange Commission s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to a company s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2015, the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of such date at the reasonable assurance level.

(b) *Changes in Internal Controls Over Financial Reporting*

There have not been any changes in our internal controls over financial reporting during our fiscal quarter ended March 31, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

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Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. Our risk factors as of the date of this quarterly report on Form 10-Q have not changed materially from those described in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the Securities and Exchange Commission on March 16, 2015.

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

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds from Public Offering of Common Stock

On January 9, 2014, our Registration Statement on Form S-1, as amended (File No. 333-191567) was declared effective in connection with our initial public offering, pursuant to which we sold 8,050,000 shares of our common stock, including the full exercise of the underwriters option to purchase additional shares, at a price to the public of $8.00 per share. The offering closed on January 15, 2014, and, as a result, we received net proceeds of $57.2 million (after underwriters discounts and commissions of $4.5 million and additional offering related costs of $2.7 million). The joint managing underwriters of the offering were Jefferies LLC and Barclays Capital Inc.

No expenses incurred by us in connection with our initial public offering were paid directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors as compensation for board or board committee service.

There has been no material change in the planned use of proceeds from our initial public offering from that described in the final prospectus filed by us with the Securities and Exchange Commission on January 10, 2014.

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Item 6. Exhibits

Exhibit

No.	Document
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3.1 to the Registrant s Current Report on Form 8-K (File No. 001-36177), filed with the Commission on January 15, 2014).
3.2	Amended and Restated Bylaws of the Registrant (incorporated herein by reference to Exhibit 3.2 to the Registrant s Current Report on Form 8-K (File No. 001-36177), filed with the Commission on January 15, 2014).
4.1	Specimen stock certificate evidencing shares of Common Stock (incorporated herein by reference to Exhibit 4.2 to Amendment No. 2 to the Registrant s Registration Statement on Form S-1 (File No. 333-191567), filed with the Commission on October 31, 2013).
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act.
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer under Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

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

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SIGNATURES

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

GLYCOMIMETICS, INC.

Date: May 5, 2015

By: /s/ Brian M. Hahn
Brian M. Hahn
Chief Financial Officer
(*On behalf of the Registrant and as Principal Financial Officer*)

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