Evoke Pharma Inc
Form 10-Q
May 14, 2015

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, 2015

OR

TRANSITION REPORT UNDER SECTION 13 OF 15(d) OR THE EXCHANGE ACT OF 1934
Commission File Number 001-36075

EVOKE PHARMA, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	20-8447886 (IRS Employer Identification No.)
505 Lomas Santa Fe Drive, Suite 270, Solana Beach, CA (Address of principal executive offices)	92075 (Zip Code)

Registrant’s telephone number, including area code: (858) 345-1494

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

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

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

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

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 April 30, 2015, the registrant had 6,268,810 shares of Common Stock outstanding.

Evoke pharma, inc.

Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Evoke Pharma, Inc.

Condensed Balance Sheets

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current Assets:		
Cash and cash equivalents	$11,692,360	$14,155,809
Prepaid expenses	858,128	931,461
Other current assets	23,624	161,436
Total current assets	12,574,112	15,248,706
Other assets	47,117	53,023
Total assets	$12,621,229	$15,301,729
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable and accrued expenses	$1,353,147	$1,011,629
Accrued compensation	424,597	697,245
Other current liabilities	9,015	12,313
Current portion of long-term debt	712,930	150,430
Total current liabilities	2,499,689	1,871,617
Long-term debt, net of current portion	3,688,216	4,241,448
Total liabilities	6,187,905	6,113,065
Stockholders' equity:		
Common stock, $0.0001 par value; authorized shares — 50,000,000;		
issued and outstanding shares - 6,198,967 and 6,112,091		
at March 31, 2015 and December 31, 2014, respectively	620	611
Additional paid-in capital	45,892,601	45,127,202
Accumulated deficit	(39,459,897)	(35,939,149)
Total stockholders' equity	6,433,324	9,188,664
Total liabilities and stockholders' equity	$12,621,229	$15,301,729

See accompanying notes to these unaudited condensed financial statements.

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Evoke Pharma, Inc.

Condensed Statements of Operations

(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Operating expenses:		
Research and development	$2,419,961	$1,852,116
General and administrative	1,025,261	1,070,479
Total operating expenses	3,445,222	2,922,595
Loss from operations	(3,445,222)	(2,922,595)
Other income (expense):		
Interest income	1,522	4,055
Interest expense	(77,048)	(36,944)
Total other expense	(75,526)	(32,889)
Net loss	$(3,520,748)	$(2,955,484)
Net loss per common share, basic and diluted	$(0.58)	$(0.49)
Weighted-average shares used to compute basic and diluted net loss per share	6,103,783	6,002,936

See accompanying notes to these unaudited condensed financial statements.

Evoke Pharma, Inc.

Condensed Statements of Cash Flows

(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Operating activities		
Net loss	$(3,520,748)	$(2,955,484)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	371,600	223,310
Non-cash interest	15,174	5,816
Deferred rent expense	(3,298)	8,688
Change in operating assets and liabilities:		
Prepaid expenses and other assets	73,333	58,015
Accounts payable and accrued expenses	68,870	659,038
Net cash used in operating activities	(2,995,069)	(2,000,617)
Financing activities		
Payments on bank line of credit	—	(360,576)
Proceeds from issuance of common stock, net	531,620	—
Net cash provided by (used in) financing activities	531,620	(360,576)
Net decrease in cash and cash equivalents	(2,463,449)	(2,361,193)
Cash and cash equivalents at beginning of period	14,155,809	24,196,691
Cash and cash equivalents at end of period	$11,692,360	$21,835,498
Supplemental disclosure of cash flow information		
Interest paid	$41,250	$32,495

See accompanying notes to these unaudited condensed financial statements.

Evoke Pharma, Inc.

Notes to Condensed Financial Statements

(Unaudited)

1. Organization and Basis of Presentation

Evoke Pharma, Inc. (the "Company") was incorporated in the state of Delaware on January 29, 2007. The Company is a publicly-held specialty pharmaceutical company focused primarily on the development of drugs to treat gastroenterological disorders and disease.

Since its inception, the Company has devoted substantially all of its efforts to product development, raising capital and building infrastructure, and has not realized revenues from its planned principal operations. The Company does not anticipate realizing revenues for the foreseeable future. The Company's activities are subject to significant risks and uncertainties, including funding its operations beyond the completion of its ongoing Phase 3 clinical trial for EVK-001.

The Company expects to continue to incur net losses for at least the next several years. Over that period, the Company will need to raise additional debt or equity financing to fund its development. If the Company is not able to secure adequate additional funding, the Company may be forced to make reductions in spending, extend payment terms with suppliers, and/or suspend or curtail planned programs. Any of these actions could materially harm the Company's business, results of operations financial condition and future prospects.

2. Summary of Significant Accounting Policies

The accompanying condensed balance sheet as of December 31, 2014, which has been derived from audited financial statements, and the unaudited interim condensed financial statements, have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and follow the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position and its results of operations and its cash flows for the periods presented. These statements do not include all disclosures required by GAAP and should be read in conjunction with the Company's financial statements and accompanying notes for the fiscal year ended December 31, 2014, which is contained in the Company's Annual Report on Form 10-K filed with the SEC on March 4, 2015. In its report on the Company's financial statements for the year ended December 31, 2014, the Company's independent registered public accounting firm included an explanatory paragraph expressing substantial doubt regarding the Company's ability to continue as a going concern, which contemplated the realization of assets and the satisfaction of liabilities in the normal course of business. The results for interim periods are not necessarily indicative of the results expected for the full fiscal year or any other interim period.

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 contingent assets and liabilities

at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ materially from those estimates.

Stock-Based Compensation

Stock-based compensation expense for stock option grants and employee stock purchases under the Company's Employee Stock Purchase Plan (the "ESPP") is recorded at the estimated fair value of the award as of the grant date and is recognized as expense on a straight-line basis over the employee's requisite service period. The estimation of stock option and ESPP fair value requires management to make estimates and judgments about, among other things, employee exercise behavior, forfeiture rates and volatility of the Company's common stock. The judgments directly affect the amount of compensation expense that will be recognized.

Prior to the Company's initial public offering ("IPO") in September 2013, the Company granted stock options to purchase common stock to employees with exercise prices equal to the value of the underlying stock, as determined by the board of directors on the date the equity award was granted. The board of directors determined the fair value of the underlying common stock by considering a number of factors, including historical and projected financial results, the risks the Company faced at the time, the preferences of the Company's preferred stockholders and the lack of liquidity of the Company's common stock. Subsequent to the IPO, the exercise price of the stock options granted to employees and members of the board of directors of the Company was determined by the Company's closing market price on the date the stock options were granted.

The risk-free interest rate assumption was based on the yield of an applicable rate for U.S. Treasury instruments with maturities similar to those of the expected term of the award being valued. The weighted average expected term of options and employee stock purchases was calculated using the simplified method as prescribed by accounting guidance for stock-based compensation. This decision was based on the lack of relevant historical data due to the Company's limited historical experience. In addition, due to the Company's limited historical data, the estimated volatility was calculated based upon the Company's historical volatility, supplemented with historical volatility of comparable companies in the biotechnology industry whose share prices are publicly available for a sufficient period of time. The assumed dividend yield was based on the Company never paying cash dividends and having no expectation of paying cash dividends in the foreseeable future.

Research and Development Expenses

Research and development costs are expensed as incurred and primarily include compensation and related benefits, stock-based compensation expense and costs paid to third-party contractors to perform research, conduct clinical trials and develop drug materials and delivery devices. The Company expenses costs relating to the purchase and production of pre-approval inventories as research and development expense in the period incurred until U.S. Food and Drug Administration ("FDA") approval is received.

The Company bases its expense accruals related to clinical studies on estimates of the services received and efforts expended pursuant to contracts with multiple research institutions and contract research organizations ("CROs") that conduct and manage clinical studies on its behalf. The financial terms of these agreements vary from contract to contract and may result in uneven payment flows. Payments under some of these contracts depend on factors, such as the successful enrollment of patients, site initiation and the completion of clinical study milestones. Service providers typically invoice the Company monthly in arrears for services performed. In accruing service fees, the Company estimates the time period over which services will be performed and the level of effort to be expended in each period. If the Company does not identify costs that have begun to be incurred, or if the Company underestimates or overestimates the level of services performed or the costs of these services, actual expenses could differ materially from estimates. To date, the Company has not experienced significant changes in estimates of accrued research and development expenses after a reporting period. However, due to the nature of estimates, no assurance can be made that changes to the estimates will not be made in the future as the Company becomes aware of additional information about the status or conduct of clinical studies and other research activities.

Included in research and development expenses were costs of approximately $88,025 for the three months ended March 31, 2015 for clinical trial services incurred by a related party of one of the Company's officers. There were no such costs incurred for the three months ended March 31, 2014.

The Company does not own or operate manufacturing facilities for the production of EVK-001, nor does it plan to develop its own manufacturing operations in the foreseeable future. The Company currently depends on third-party contract manufacturers for all of its required raw materials, drug substance and finished product for its preclinical research and clinical trials. The Company does not have any current contractual relationships for the manufacture of commercial supplies of EVK-001. If EVK-001 is approved by any regulatory agency, the Company intends to enter into agreements with third-party contract manufacturers for the commercial production at that time. The Company currently utilizes a third-party consultant, which it engages on an as-needed, hourly basis, to manage its manufacturing contractors.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents and adjusted for the weighted-average

number of common shares outstanding that are subject to repurchase. The Company has excluded 45,000 and 94,375 weighted-average shares subject to repurchase from the weighted-average number of common shares outstanding for the three months ended March 31, 2015 and 2014, respectively. Diluted net loss per share is calculated by dividing the net loss by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method. Dilutive common stock equivalents are comprised of warrants for the purchase of common stock, options outstanding under the Company's equity incentive plans and potential shares to be purchased under the ESPP. For the periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the Company's net loss position.

The following table sets forth the outstanding potentially dilutive securities that have been excluded from the calculation of diluted net loss per share because to do so would be anti-dilutive:

	Three Months Ended March 31,	
	2015	2014
Warrants to purchase common stock	118,881	96,000
Common stock options	983,500	634,750
Employee stock purchase plan	3,322	1,340
Total excluded securities	1,105,703	732,090

Recent Accounting Pronouncements

During the quarter ended March 31, 2015, there were no new accounting pronouncements or updates to recently issued accounting pronouncements disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 that affect the Company's results of operations, financial condition, liquidity or disclosures.

3. Debt

In June 2012, the Company entered into a $3 million loan and security agreement with Silicon Valley Bank ("SVB"), collateralized by the Company's personal property. The agreement also contained non-financial covenants. By January 2013, the Company had been advanced the entire $3 million. Interest on advances under the agreement was at a fixed interest rate equal to 4.50%. Advances under the loan and security agreement had an interest-only period through December 31, 2013, and had a 24-month payback period that commenced in January 2014. Through May 1, 2014, the Company repaid approximately $603,000 of principal on the SVB loan. On May 23, 2014, the Company repaid the remaining outstanding principal and accrued interest of approximately $2.4 million to SVB. In addition, the Company expensed approximately $38,000 of unamortized debt discount costs upon the repayment of the loan. With such payoff, the SVB loan agreement and the documents entered into in connection therewith were deemed to be terminated. SVB's security interest in substantially all of the Company's assets was also terminated.

On May 28, 2014 (the "closing date"), the Company entered into a loan and security agreement (the "credit facility") with Square 1 Bank ("Square 1"), pursuant to which Square 1 agreed to make term loans available to the Company for general corporate and working capital purposes and for capital expenditures, in a principal amount of up to $4.5 million.

In December 2014, the Company drew down the entire $4.5 million. The credit facility bears interest at a fixed annual rate of 5.50%. The Company is required to make interest-only payments through November 28, 2015 on the credit facility. The outstanding principal balance plus interest will begin amortizing at the end of the interest-only period, with monthly payments of principal and interest being made by the Company to Square 1 in consecutive monthly installments following November 28, 2015 until the credit facility matures on November 28, 2017. At the Company's option, it may prepay the outstanding principal balance of the credit facility before November 28, 2017 without penalty or premium.

The credit facility includes affirmative and negative covenants applicable to the Company and any subsidiaries it creates in the future. The affirmative covenants include, among others, covenants requiring the Company to maintain its legal existence and governmental approvals, deliver certain financial reports, maintain insurance coverage and meet certain covenants with respect to enrollment and results of its EVK-001 Phase 3 trial. After the Company receives

positive results (which must be achieved on or prior to March 1, 2016) from the Phase 3 trial, if at all, it must either maintain a ratio of its cash at Square 1 to its cash burn over the preceding month of at least 3.00 to 1.00, or it must deliver evidence of a forthcoming financing or strategic partnership arrangement to Square 1, in each case in an amount satisfactory to Square 1. The negative covenants include, among others, restrictions on the Company's transferring collateral, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, making investments, creating liens and selling assets, in each case subject to certain exceptions.

The credit facility also includes events of default, the occurrence and continuation of which provide Square 1 with the right to exercise remedies against the Company and the collateral securing the term loans under the credit facility, including foreclosure against the Company's properties securing the credit facilities, including its cash. These events of default include, among other things, the Company's failure to pay any amounts due under the credit facility, a breach of covenants under the credit facility, the Company's insolvency, a material adverse change, the occurrence of any default under certain other indebtedness in an amount greater than $400,000 and a final judgment against the Company in an amount greater than $400,000.

In connection with the funding of the term loan, the Company issued to Square 1 a warrant to purchase 22,881 shares of the Company's common stock at an exercise price of $5.90 per share, the closing price of the Company's common stock on the day of funding of the credit facility. The warrant expires ten years from its date of issuance. If the warrant has not been exercised prior to its expiration date, it will be deemed to automatically convert by "cashless" conversion. In the event that the Company is acquired, the warrant will be exercisable or deemed automatically converted, which shall be determined based upon whether the Company's successor assumes the obligations of the warrant.

The estimated fair value of the warrant issued to Square 1 was determined on the date of issuance using the Black-Scholes option-pricing valuation model with the following assumptions:

Risk free interest rate	2.17%
Expected warrant term	10 Years
Expected volatility of common stock	77.19%
Expected dividend yield	0.0%

The value determined for the warrant of $108,122 has been recorded as a debt discount, as well as to stockholders' equity. The debt discount will be amortized to interest expense over the remaining term of the loan.

The Company incurred approximately $83,000 of loan origination costs related to this credit facility. Such costs have been capitalized and are being amortized to interest expense over the 42 month term of the credit facility.

4. Technology Acquisition Agreement

In June 2007, the Company acquired all worldwide rights, data, patents and other related assets associated with EVK-001 from Questcor Pharmaceuticals, Inc. ("Questcor") pursuant to an Asset Purchase Agreement. The Company paid Questcor $650,000 in the form of an upfront payment and $500,000 in May 2014 as a milestone payment based upon the initiation of the first patient dosing in the Company's Phase 3 clinical trial for EVK-001. In August 2014, Mallinckrodt, plc ("Mallinckrodt") acquired Questcor. As a result of that acquisition, Questcor transferred its rights included in the Asset Purchase Agreement with the Company to Mallinckrodt. In addition to the payments made to Questcor, the Company may also be required to make additional milestone payments totaling up to $51.5 million. These milestones include up to $4.5 million in payments if EVK-001 achieves the following development targets:

·$1.5 million upon the FDA's acceptance for review of a new drug application for EVK-001; and
·$3 million upon the FDA's approval of EVK-001.

The remaining $47 million in milestone payments depend on EVK-001's commercial success and will only apply if EVK-001 receives regulatory approval. In addition, the Company will be required to pay to Mallinckrodt a low single digit royalty on net sales of EVK-001. The Company's obligation to pay such royalties will terminate upon the expiration of the last patent right covering EVK-001, which is expected to occur in 2030.

5. Stockholders' Equity

On November 13, 2014, the Company entered into an At Market Sales Agreement ("Sales Agreement") with MLV & Co. LLC ("MLV"), pursuant to which the Company may sell from time to time, at its option, up to an aggregate of $6.6 million worth of shares of common stock through MLV as sales agent. The sales of shares of the Company's common stock made through this equity program are made in "at-the-market" offerings as defined in Rule 415 of the Securities Act of 1933, as amended. During the three months ended March 31, 2015, the Company sold 63,588 shares of common stock at a weighted average price per share of $6.85 pursuant to the Sales Agreement and received proceeds

of approximately $421,000, net of commissions and fees. During April 2015, the Company sold an additional 69,843 shares of common stock at a weighted average price per share of $7.60 pursuant to the Sales Agreement and received proceeds of approximately $515,000, net of commissions and fees. The Company incurred approximately $138,000 of legal, accounting and filing fees related to its Registration Statement on Form S-3 filed in November 2014. Such costs were capitalized and included in other current assets at December 31, 2014, and have been reclassified to additional paid-in capital during the first quarter of 2015 as a further offset to the net proceeds. The Company intends to use the net proceeds to continue to fund its ongoing Phase 3 clinical trial and for general corporate purposes.

Future sales will depend on a variety of factors including, but not limited to, market conditions, the trading price of the Company’s common stock and the Company’s capital needs. Although sales of the Company’s common stock have taken place pursuant to the Sales Agreement, there can be no assurance that MLV will be successful in consummating future sales based on prevailing market conditions or in the quantities or at the prices that the Company deems appropriate. Under current SEC regulations, at any time during

which the aggregate market value of the Company's common stock held by non-affiliates, or public float, is less than $75.0 million, the amount the Company can raise through primary public offerings of securities in any twelve-month period using shelf registration statements, including sales under the Sales Agreement, is limited to an aggregate of one-third of the Company's public float. As of November 11, 2014, the Company's public float was 2.9 million shares, the value of which was $20.0 million based upon the closing price of the Company's common stock of $6.86 on such date. The value of one-third of the Company's public float calculated on the same basis was $6.6 million. As of April 30, 2015, the Company has the capacity to issue up to approximately $5.6 million worth of additional shares of common stock pursuant to the Sales Agreement.

In addition, the Company will not be able to make future sales of common stock pursuant to the Sales Agreement unless certain conditions are met, which include the accuracy of representations and warranties made to MLV under the Sales Agreement. Furthermore, MLV is permitted to terminate the Sales Agreement in its sole discretion upon ten days' notice, or at any time in certain circumstances, including the occurrence of an event that would be reasonably likely to have a material adverse effect on the Company's assets, business, operations, earnings, properties, condition (financial or otherwise), prospects, stockholders' equity or results of operations. The Company has no obligation to sell the remaining shares available for sale pursuant to the Sales Agreement.

As a result of payroll withholdings from the Company's employees of approximately $111,000 during the three months ended March 31, 2015, the Company also sold 23,288 shares of common stock through its ESPP.

Stock-Based Compensation

Stock-based compensation expense includes charges related to stock option grants and employee stock purchases under the ESPP. The Company measures stock-based compensation expense based on the grant date fair value of any awards granted to its employees. Such expense is recognized over the period of time that employees provide service and earn rights to the awards.

The estimated fair value of each stock option award granted was determined on the date of grant using the Black-Scholes option-pricing valuation model with the following weighted-average assumptions for option grants during the three months ended March 31, 2015 and 2014:

	Three Months Ended	
	March 31,	
	2015	2014
Stock Options		
Risk free interest rate	1.87%	1.77%
Expected option term	6.0 years	6.0 years
Expected volatility of common stock	71.99%	73.21%
Expected dividend yield	0.0%	0.0%

The estimated fair value of each ESPP award was determined on the date of grant using the Black-Scholes option-pricing valuation model with the following weighted-average assumptions for option grants during the three months ended March 31, 2015 and 2014.

	Three Months Ended	
	March 31,	
	2015	2014
Employee Stock Purchase Plan		
Risk free interest rate	0.08%	0.08%
Expected term	6.0 months	6.0 months
Expected volatility of common stock	62.91%	73.21%
Expected dividend yield	0.0%	0.0%

The Company recognized non-cash stock-based compensation expense to employees and directors in its research and development and its general and administrative functions as follows:

	Three Months Ended	
	March 31,	
	2015	2014
Research and development	$143,024	$92,665
General and administrative	228,576	130,645
Total stock-based compensation expense	$371,600	$223,310

As of March 31, 2015, there were approximately $3.2 million of unrecognized compensation costs related to outstanding employee and board of director options, which are expected to be recognized over a weighted average period of 1.5 years.

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

The following discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this Quarterly Report on Form 10-Q and the financial statements and accompanying notes thereto for the fiscal year ended December 31, 2014 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on March 4, 2015. Past operating results are not necessarily indicative of results that may occur in future periods.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations, and future results of current and anticipated products are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statement. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend, "project," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other expressions. Although we believe the expectations reflected in these forward-looking statements are reasonable, such statements are inherently subject to risk and we can give no assurances that our expectations will prove to be correct. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely. As a result of many factors, including without limitation those set forth under "Risk Factors" under Item 1A of Part II below, and elsewhere in this Quarterly Report on Form 10-Q, our actual results may differ materially from those anticipated in these forward-looking statements. Except as required by applicable law, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes. For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Evoke," "we," "us" and "our" refer to Evoke Pharma, Inc.

Overview

We are a specialty pharmaceutical company focused primarily on the development of drugs to treat gastrointestinal, or GI, disorders and diseases. We are developing EVK-001, a metoclopramide nasal spray for the relief of symptoms associated with acute and recurrent diabetic gastroparesis in women. Diabetic gastroparesis is a GI disorder afflicting millions of sufferers worldwide in which the stomach takes too long to empty its contents resulting in serious digestive system symptoms. Metoclopramide is the only product currently approved in the United States to treat gastroparesis, and is currently available only in oral and intravenous forms. EVK-001 is a novel formulation of this drug, designed to provide systemic delivery of metoclopramide through intranasal administration.

We have evaluated EVK-001 in a multicenter, randomized, double-blind, placebo-controlled parallel-group, dose-ranging Phase 2b clinical trial in 287 patients with diabetic gastroparesis where EVK-001 was observed to be effective in improving the most prevalent and clinically relevant symptoms associated with gastroparesis in women

while exhibiting a favorable safety profile. In April 2014, we commenced a Phase 3 clinical trial of EVK-001 in female patients with symptoms associated with acute and recurrent diabetic gastroparesis. This Phase 3 clinical trial is a multicenter, randomized, double-blind, placebo-controlled, parallel-group study evaluating the efficacy, safety and population pharmacokinetics of EVK-001 in adult female subjects with diabetic gastroparesis when dosed four times a day for 28 days.

The Phase 3 trial is expected to enroll 200 patients at sites across the United States. On February 2, 2015, we disclosed the current recruitment status of the Phase 3 trial. While the study is progressing according to plan at many of the clinical trial sites with previous gastroparesis study experience, overall enrollment has been slower than previously anticipated. As of February 2, 2015, we had randomized 74 subjects, and we anticipate fully enrolling this trial in the fourth quarter of 2015. Although the trial sites have been screening significant numbers of subjects, patients with diabetic gastroparesis typically have symptoms that vary in timing and severity, unpredictable gastric emptying delays, and complex medical histories. This combination of factors creates a challenge for enrollment into diabetic gastroparesis trials. We will need to successfully complete this trial before we are able to submit a new drug application, or NDA, to the U.S. Food and Drug Administration, or FDA, for EVK-001. FDA approval of the NDA is required in order for us to commercially market EVK-001 in the United States.

We commenced a thorough ECG (QT) study in August 2014 and reported positive results in December 2014. Data from the thorough ECG (QT) study met the pre-specified primary endpoint, demonstrating that EVK-001, at therapeutic and supratherapeutic doses, did not prolong the QT/QTc interval in healthy subjects.

We are also conducting a companion clinical trial with EVK-001 in male patients with symptoms associated with acute and recurrent diabetic gastroparesis to assess the safety and efficacy of EVK-001 in men. The male companion trial was initiated in May 2014 and is designed similarly to the Phase 3 trial in women. This trial was requested by the FDA, but is not required for submission of the EVK-001 NDA for women, however, we expect to include safety data from this trial in the NDA submission.

During April 2015, we announced the completion of a commercial scale lot of EVK-001 as required by the FDA. With the completion of this large scale production of EVK-001, we have demonstrated our ability to manufacture EVK-001 at commercial scale quantities in accordance with the FDA standards for chemistry, manufacturing and controls, or CMC. In addition to data from this recent program, we have a three-year registration stability data package from previous studies which have all met proposed specifications. These CMC datasets will be used as part of our NDA submission following data readout from our ongoing Phase 3 clinical trial and male companion trial.

We have no products approved for sale, and we have not generated any revenue from product sales or other arrangements. We have primarily funded our operations through the sale of our convertible preferred stock, borrowings under our loan and security agreements and the sale of shares of our common stock on the NASDAQ Capital Market. We have incurred losses in each year since our inception. Substantially all of our operating losses resulted from expenses incurred in connection with advancing EVK-001 through development activities and general and administrative costs associated with our operations. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. We may never become profitable, or if we do, we may not be able to sustain profitability on a recurring basis.

As more fully described in Note 3 to the condensed financial statements, on December 31, 2014 we borrowed $4.5 million from Square 1 Bank, or Square 1. In addition, as more fully described in Note 5 to the condensed financial statements, through April 30, 2015 we sold 133,431 shares of our common stock pursuant to a sales agreement, or the Sales Agreement, we entered into with MLV & Co. LLC, or MLV, and received proceeds of approximately $936,000, net of commissions and fees. Under the terms of the Sales Agreement, we may sell up to $6.6 million worth of common stock, of which, approximately $5.6 million worth of shares of common stock are still available to be sold at April 30, 2015. Though we have such capability, we may not be able to raise additional capital on terms acceptable to us, or at all. Any failure to raise capital as and when needed could have a material adverse effect on our results of operations, financial condition and our ability to execute on our business plan. In its report on our financial statements for the year ended December 31, 2014, our independent registered public accounting firm included an explanatory paragraph expressing substantial doubt regarding our ability to continue as a going concern.

Technology Acquisition Agreement

In June 2007, we acquired all worldwide rights, data, patents and other related assets associated with EVK-001 from Questcor Pharmaceuticals, Inc., or Questcor, pursuant to an asset purchase agreement. We paid Questcor $650,000 in the form of an upfront payment and $500,000 in May 2014 as a milestone payment based upon the initiation of the first patient dosing in our Phase 3 clinical trial for EVK-001. In August 2014, Mallinckrodt, plc acquired Questcor. As a result of that acquisition, Questcor transferred its rights included in the asset purchase agreement with us to Mallinckrodt. In addition to the payments we made to Questcor, we may also be required to make additional milestone payments totaling up to $51.5 million. These milestones include up to $4.5 million in payments if EVK-001 achieves the following development targets:

·$1.5 million upon the FDA's acceptance for review of an NDA for EVK-001; and
·$3 million upon the FDA's approval of EVK-001.

The remaining $47 million in milestone payments depend on EVK-001's commercial success and will only apply if EVK-001 receives regulatory approval. In addition, we will be required to pay to Mallinckrodt a low single digit royalty on net sales of EVK-001. Our obligation to pay such royalties will terminate upon the expiration of the last patent right covering EVK-001, which is expected to occur in 2030.

Financial Operations Overview

Research and Development Expenses

We expense all research and development expenses as they are incurred. Research and development expenses primarily include:

- clinical trial and regulatory-related costs;
- expenses incurred under agreements with contract research organizations, or CROs, investigative sites and consultants that conduct our clinical trials;
- manufacturing and stability testing costs and related supplies and materials; and
- employee-related expenses, including salaries, benefits, travel and stock-based compensation expense.

All of our research and development expenses to date have been incurred in connection with EVK-001. We expect our research and development expenses to increase for the foreseeable future as we advance EVK-001 through clinical development, including the conduct of our ongoing Phase 3 clinical trial. The process of conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We are unable to estimate with any certainty the costs we will incur in the continued development of EVK-001. However, we currently estimate that the costs to complete our Phase 3 clinical trial in women and our companion clinical trial in men will be approximately $16.5 million, of which, through March 31, 2015, $9.7 million have been incurred related to those clinical activities. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We may never succeed in achieving marketing approval for our product candidate.

The costs of clinical trials may vary significantly over the life of a project owing to, but not limited to, the following:

- per patient trial costs;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the cost of comparative agents used in trials;
- 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 efficacy and safety profile of the product candidate.

We do not expect EVK-001 to be commercially available, if at all, for the next few years.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation. Other general and administrative expenses include professional fees for accounting, tax, patent costs, legal services, insurance, facility costs and costs associated with being a publicly-traded company. We expect that general and administrative expenses will increase in the future as we expand our operating activities and incur additional costs associated with being a publicly-traded company and maintaining compliance with exchange listing and SEC requirements. These increases will likely include higher consulting costs, legal fees, accounting fees, directors' and officers' liability insurance premiums and fees associated with investor relations.

Total Other Expense

Total other expense consists primarily of interest expense incurred in our outstanding debt offset by interest income we earn on interest-bearing accounts and money market funds for cash and cash equivalents.

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 financial statements, which we have prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting 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. Our actual results may differ materially from these estimates under different assumptions or conditions.

There were no significant changes during the three months ended March 31, 2015 to the critical accounting policies described in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Other Information

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, 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.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board, regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (a) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more, (b) the last day of our fiscal year following the fifth anniversary of the date of the completion of our initial public offering, or IPO, (c) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Results of Operations

Comparison of Three Months Ended March 31, 2015 and 2014

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

	Three Months Ended		Increase/
	March 31,		(Decrease)
	2015	2014	
Research and development	$2,419,961	$1,852,116	$567,845
General and administrative	$1,025,261	$1,070,479	$(45,218)
Other expense	$75,526	$32,889	$42,637

Research and Development Expenses. Research and development expenses for the three months ended March 31, 2015 compared to the three months ended March 31, 2014 increased by approximately $568,000 primarily due to our ongoing clinical trials for EVK-001 being further advanced as compared to the prior year when we were preparing for the initiation of the trials. Costs incurred in 2015 include approximately $1,701,000 related to our ongoing clinical trials, approximately $179,000 related to the production of EVK-001 and approximately $540,000 for wages, taxes and employee insurance, including approximately $143,000 of stock-based compensation expense. Costs incurred in 2014 include approximately $1,333,000 related to the clinical trials for EVK-001 and approximately $500,000 for wages, taxes and employee insurance, including approximately $93,000 of stock-based compensation expense.

General and Administrative Expenses. General and administrative expenses for the three months ended March 31, 2015 compared to the three months ended March 31, 2014 decreased by approximately $45,000. Costs incurred in 2015 primarily included approximately $481,000 for wages, taxes and employee insurance, including approximately $229,000 of stock-based compensation expense, and approximately $446,000 for legal, accounting, directors and officers liability insurance and other costs associated with being a public company. Costs incurred in 2014 primarily included approximately $355,000 for wages, taxes and employee insurance, including approximately $131,000 of stock-based compensation expense and approximately $641,000 for legal, accounting, directors and officers liability insurance and other costs associated with being a public company.

Other Expense. Other expense for the three months ended March 31, 2015 primarily related to net interest expense associated with our Square 1 Bank loan. Other expense for the three months ended March 31, 2014 primarily related to net interest expense associated with our Silicon Valley Bank, or SVB, loan, which we repaid in May 2014.

Liquidity and Capital Resources

Since our inception in 2007, we have funded our operations primarily from the sale of equity securities and borrowings under loan and security agreements. Prior to our IPO, we received $17.7 million in net proceeds from the sale of our Series A convertible preferred stock and advances of $5.5 million under the loan and security agreements. During 2013, we completed our IPO and raised approximately $25.1 million, net of offering costs and commissions. We have incurred losses since inception and have negative cash flows from operating activities. As of March 31, 2015, we had approximately $11.7 million in cash and cash equivalents and working capital of approximately $10.1 million.

In June 2012, we entered into a $3.0 million loan and security agreement with SVB collateralized by our personal property and containing only non-financial covenants. By January 2013, we had been advanced the entire $3.0 million to fund working capital. Interest on advances under the agreement was at a fixed interest rate equal to 4.50%. Advances under the loan and security agreement had an interest-only period through December 31, 2013, and had a 24-month payback period that commenced in January 2014. In connection with the loan and security agreement, we issued a warrant to SVB, which is immediately exercisable for an aggregate of 12,000 shares of our common stock, at an exercise price of $7.50 per share.

Through May 1, 2014, we repaid approximately $603,000 of principal on the SVB loan. On May 23, 2014, we repaid the outstanding principal and accrued interest of approximately $2.4 million to SVB. With such payoff, the loan and security agreement with SVB and the documents entered into in connection therewith were deemed to be terminated. SVB’s security interest in substantially all of our assets was also terminated.

On May 28, 2014, or the closing date, we entered into a loan and security agreement, or the credit facility, with Square 1, pursuant to which Square 1 agreed to make term loans available to us for general corporate and working capital purposes and for capital expenditures, in a principal amount of up to $4.5 million.

In December 2014, we drew down the entire $4.5 million. The credit facility bears interest at a fixed annual rate of 5.50%. We are required to make interest-only payments through November 28, 2015 on the credit facility. The outstanding principal balance plus interest will begin amortizing at the end of the interest-only period, with monthly payments of principal and interest being made by us to Square 1 in consecutive monthly installments following November 28, 2015 until the credit facility matures on November 28, 2017. At our option, we may prepay the outstanding principal balance of the credit facility before November 28, 2017 without penalty or premium.

The credit facility includes affirmative and negative covenants applicable to us and any subsidiaries we create in the future. The affirmative covenants include, among others, covenants requiring us to maintain our legal existence and

governmental approvals, deliver certain financial reports, maintain insurance coverage and meet certain covenants with respect to enrollment and results of our EVK-001 Phase 3 trial. After we receive positive results from the Phase 3 trial, if at all (which we must achieve on or prior to March 1, 2016), we must either maintain a ratio of our cash at Square 1 to our cash burn over the preceding month of at least 3.00 to 1.00, or we must deliver evidence of a forthcoming financing or strategic partnership arrangement to Square 1, in each case in an amount satisfactory to Square 1. The negative covenants include, among others, restrictions on our transferring collateral, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, making investments, creating liens and selling assets, in each case subject to certain exceptions.

The credit facility also includes events of default, the occurrence and continuation of which provide Square 1 with the right to exercise remedies against us and the collateral securing the term loans under the credit facility, including foreclosure against our properties securing the credit facilities, including our cash. These events of default include, among other things, our failure to pay any amounts due under the credit facility, a breach of covenants under the credit facility, our insolvency, a material adverse change, the occurrence

of any default under certain other indebtedness in an amount greater than $400,000 and a final judgment against us in an amount greater than $400,000.

In connection with the funding of the term loan, we issued to Square 1 a warrant to purchase 22,881 shares of our common stock at an exercise price of $5.90 per share, the closing price of our common stock on the day of funding of the credit facility. The warrant will expire ten years from its date of issuance. If the warrant has not been exercised prior to its expiration date, it will be deemed to automatically convert by "cashless" conversion. In the event that we are acquired, the warrant will be exercisable or deemed automatically converted, which shall be determined based upon whether our successor assumes the obligations of the warrant.

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

- continue our clinical trials associated with EVK-001, including our ongoing Phase 3 clinical trial in women and the companion clinical trial in men that we commenced in April 2014;
- continue the preparation of the commercial manufacturing process;
- maintain, expand and protect our intellectual property portfolio; and
- continue to fund the additional accounting, legal, insurance and other costs associated with being a public company

Although our current cash and cash equivalents are expected to be sufficient to fund our operations through March 31, 2016, they will not be sufficient to complete any additional development requirements requested by the FDA, or, if applicable, to prepare for commercialization of EVK-001 should we receive product approval. At this time, due to the risks inherent in the drug development process, we are unable to estimate with any certainty the costs we will incur in the continued development of EVK-001 for potential commercialization. However, we currently estimate the costs to complete our Phase 3 clinical trial in women and our companion clinical trial in men of EVK-001 will be approximately $16.5 million, of which, through March 31, 2015, $9.7 million have been incurred related to those clinical activities. Accordingly, we will continue to require substantial additional capital beyond our current cash and cash equivalents to continue our clinical development and potential commercialization activities. The amount and timing of our future funding requirements will depend on many factors, including the pace and results of our clinical development efforts. We anticipate that we will seek to fund our operations through public or private equity or debt financings or other sources, such as potential collaboration arrangements. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategies.

On November 13, 2014, we entered into the Sales Agreement with MLV, pursuant to which we may sell from time to time, at our option, up to an aggregate of $6.6 million worth of shares of common stock through MLV, as sales agent. The sales of shares of our common stock made through this equity program are made in "at-the-market" offerings as defined in Rule 415 of the Securities Act. Through April 30, 2015, we have sold 133,431 shares of common stock at a weighted average price per share of $7.24 pursuant to the Sales Agreement and received proceeds of approximately $936,000, net of commissions and fees. We incurred approximately $138,000 of legal, accounting and filing fees related to our Form S-3 filed in November 2014. Such costs were capitalized and included in other current assets at December 31, 2014, and have been reclassified to additional paid-in capital as a further offset to the net proceeds. We intend to use the net proceeds to continue to fund our ongoing Phase 3 clinical trial and for general corporate purposes.

Future sales will depend on a variety of factors including, but not limited to, market conditions, the trading price of our common stock and our capital needs. Although sales of our common stock have taken place pursuant to the Sales Agreement, there can be no assurance that MLV will be successful in consummating future sales based on prevailing market conditions or in the quantities or at the prices that we deem appropriate. Under current SEC regulations, at any time during which the aggregate market value of our common stock held by non-affiliates, or public float, is less than $75.0 million, the amount we can raise through primary public offerings of securities in any twelve-month period

using shelf registration statements, including sales under the Sales Agreement, is limited to an aggregate of one-third of our public float. As of November 11, 2014, our public float was 2.9 million shares, the value of which was $20.0 million based upon the closing price of our common stock of $6.86 on such date. The value of one-third of our public float calculated on the same basis was $6.6 million. As of April 30, 2015, we have the capacity to issue up to approximately $5.6 million worth of additional shares of common stock pursuant to the Sales Agreement.

In addition, we will not be able to make future sales of our common stock pursuant to the Sales Agreement unless certain conditions are met, which include the accuracy of representations and warranties made to MLV under the Sales Agreement. Furthermore, MLV is permitted to terminate the Sales Agreement in its sole discretion upon ten days' notice, or at any time in certain circumstances, including the occurrence of an event that would be reasonably likely to have a material adverse effect on our assets, business,

operations, earnings, properties, condition (financial or otherwise), prospects, stockholders' equity or results of operations. We have no obligation to sell the remaining shares available for sale pursuant to the Sales Agreement.

Our recurring losses from operations raise substantial doubt about our ability to continue as a going concern, and as a result, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2014 with respect to this uncertainty. This going concern opinion could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise. Future reports on our financial statements may also include an explanatory paragraph with respect to our ability to continue as a going concern. We have incurred significant losses since our inception and have never been profitable, and it is possible we will never achieve profitability. We have devoted our resources to developing our product candidate, but it cannot be marketed until regulatory approvals have been obtained. Based upon our currently expected level of operating expenditures, we expect to be able to fund our operations through March 31, 2016. This period could be shortened if there are any significant increases in planned spending on our EVK-001 development program or more rapid progress of our ongoing Phase 3 clinical trial than anticipated. There is no assurance that other financing will be available when needed to allow us to continue as a going concern. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations.

The following table summarizes our cash flows for the three months ended March 31, 2015 and 2014:

	Three Months Ended	
	March 31,	
	2015	2014
Net cash used in operating activities	$(2,995,069)	$(2,000,617)
Net cash provided by (used in) financing activities	$531,620	$(360,576)
Net decrease in cash and cash equivalents	$(2,463,449)	$(2,361,193)

Operating Activities. The primary use of our cash has been to fund our operations.

Financing Activities. During the three months ended March 31, 2015, we received net proceeds of approximately $531,000 from the sale of 23,288 shares of common stock through our employee stock purchase plan and the sale of 63,588 shares of common stock pursuant to the Sales Agreement. During the three months ended March 31, 2014, we made payments of approximately $361,000 on our line of credit with SVB.

We believe that our existing cash and cash equivalents as of March 31, 2015, together with interest thereon, will be sufficient to meet our anticipated cash requirements until March 31, 2016. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

The amount and timing of our future funding requirements will depend on many factors, including but not limited to:

- the progress, costs, results of and timing of our clinical development program for EVK-001, including our ongoing Phase 3 clinical trial;
- the need for, and the progress, costs and results of, any additional clinical trials of EVK-001 we may initiate based on the results of our ongoing clinical trials or discussions with the FDA, including any additional trials the FDA or other regulatory agencies may require evaluating the safety of EVK-001;

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the outcome, costs and timing of seeking and obtaining regulatory approvals from the FDA, and any similar regulatory agencies;

- the timing and costs associated with manufacturing EVK-001 for clinical trials and other studies and, if approved, for commercial sale;
- our need and ability to hire additional management, development and scientific personnel;
- the cost 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 licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- the timing and costs associated with establishing sales and marketing capabilities;
- market acceptance of EVK-001;

- the extent to which we are required to pay milestone or other payments under our Mallinckrodt asset purchase agreement and the timing of such payments;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems.

Off-Balance Sheet Arrangements

Through March 31, 2015, we have not entered into and did not have any relationships with unconsolidated entities or financial collaborations, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purpose.

Contractual Obligations and Commitments

Our most significant clinical trial expenditures are to CROs. The contracts with CROs generally are cancellable, with notice, at our option and do not have any cancellation penalties.

Our long-term debt obligation consists of amounts we are obligated to repay under our loan and security agreement with Square 1, of which we have drawn the full amount of $4.5 million as of December 31, 2014. We began making interest-only payments in January 2015. In November 2015, we will begin making the first of 24 monthly principal and interest payments, such that the loan balance will be fully repaid in November 2017.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

As of March 31, 2015, there have been no material changes in our market risk from that described in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Item 4. Controls and Procedures

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the timelines specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Business Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, 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, control 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 cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Business Officer, of the effectiveness of the design

and operation of our disclosure controls and procedures, as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Business Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2015.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter 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

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

Item 1A. Risk Factors

There have been no material changes to the risk factors included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, other than those set forth below, which should be read in conjunction with the risk factors disclosed therein.

Risks Related to our Business, including the Development, Regulatory Approval and Potential Commercialization of our Product Candidate, EVK-001

We will require substantial additional funding and may be unable to raise capital when needed, which would force us to suspend our Phase 3 clinical trial and otherwise delay, reduce or eliminate our development program for EVK-001.

Our operations have consumed substantial amounts of cash since inception. To date, our operations have been primarily financed through the proceeds from the sale of our common and preferred stock, and borrowings under our loan and financing agreements. We believe, based on our current operating plan, that our existing cash and cash equivalents, together with interest thereon, will be sufficient to fund our operations through March 31, 2016, although there can be no assurance in that regard. Since our ongoing Phase 3 clinical trial of EVK-001, which commenced in April 2014, has an approximately 18-month enrollment period, we may need to obtain additional funds to complete this trial, as well as finance any additional development requirements requested by the FDA. As of February 2, 2015, we had randomized 74 subjects, and we anticipate fully enrolling this trial in the fourth quarter of 2015.

Our estimates of the amount of cash necessary to fund our activities may prove to be wrong, and we could spend our available financial resources much faster than we currently expect. Our future funding requirements will depend on many factors, including, but not limited to:

- the rate of progress and cost of our Phase 3 clinical trial and any other clinical requirements for EVK-001;
- the timing of regulatory approval, if granted, of EVK-001 or any other product candidates;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights associated with EVK-001;
- the costs and timing of completion of outsourced commercial manufacturing supply arrangements for EVK-001;
- costs associated with any other product candidates that we may develop, in-license or acquire;
- the effect of competing technological and market developments; and
- the terms and timing of any collaborative, licensing, co-promotion or other arrangements that we may establish.

Risks Related to Our Financial Position and Need for Capital

Our recurring losses from operations have raised substantial doubt regarding our ability to continue as a going concern.

Our recurring losses from operations raise substantial doubt about our ability to continue as a going concern, and as a result, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2014 with respect to this uncertainty. This going concern opinion could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise. Future reports on our financial statements may also include an explanatory paragraph with

respect to our ability to continue as a going concern. We have incurred significant losses since our inception and have never been profitable, and it is possible we will never achieve profitability. We have devoted our resources to developing our product candidate, but it cannot be marketed until regulatory approvals have been obtained. Based upon our currently expected level of operating expenditures, we expect to be able to fund our operations through March 31, 2016. This period could be shortened if there are any significant increases in planned spending on our EVK-001 development program or more rapid progress of our ongoing Phase 3 clinical trial than anticipated. There is no assurance that other financing will be available when needed to allow us to continue as a going concern. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

On September 24, 2013, our registration statement on Form S-1 (File No. 333-188839), which registered an aggregate amount of up to approximately $29.0 million of our common stock, was declared effective by the SEC for our IPO pursuant to which we sold 2,415,000 shares of common stock at an IPO price of $12.00 per share, including the exercise of the underwriters' over-allotment option. As a result of the IPO, we received gross proceeds of approximately $29.0 million, which after underwriting discounts, commissions and expenses of approximately $2.4 million and $1.5 million of other offering expenses, resulted in net proceeds to us of approximately $25.1 million. None of the expenses associated with the IPO were paid to directors, officers, persons owning ten percent or more of any class of equity securities, or to their associates, or to our affiliates.

Through March 31, 2015, approximately $3.2 million of the net proceeds has been used to make principal and interest payments on our prior loan with SVB, $41,000 for interest payments on our current loan with Square 1, and $10.2 million for working capital. Pending use of the net proceeds, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities. There has been no material change in the planned use of proceeds from our IPO from that described in the final prospectus filed with the SEC pursuant to Rule 424(b) on September 25, 2013.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

Amendment to Loan and Security Agreement

On May 11, 2015, we entered into the First Amendment to Loan and Security Agreement with Square 1, or the Amendment, which changed certain terms of the credit facility. Pursuant to the Amendment, with respect to our Phase 3 clinical trial of EVK-001, (i) the enrollment covenant has been changed, such that we are required to achieve enrollment of at least 75% on or before November 1, 2015, and (ii) the covenant regarding results has been changed, such that we are required to receive positive results on or before March 1, 2016. The other terms and provisions of the credit facility remain unchanged.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, a copy of which is filed with this Quarterly Report on Form 10-Q.

Item 6. Exhibits

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

SIGNATURES

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

Evoke Pharma, Inc.

Date: May 14, 2015	By:	/s/ David A. Gonyer David A. Gonyer President and Chief Executive Officer (Principal Executive Officer)
Date: May 14, 2015	By:	/s/ Matthew J. D'Onofrio Matthew J. D'Onofrio Executive Vice President, Chief Business Officer, Treasurer and Secretary (Principal Financial and Accounting Officer)

Index to Exhibits

Exhibit Number	Description of Exhibit
3.1 (1)	Amended and Restated Certificate of Incorporation of the Company
3.2 (1)	Amended and Restated Bylaws of the Company
4.1 (2)	Form of the Company's Common Stock Certificate
4.2 (3)	Investor Rights Agreement dated as of June 1, 2007
4.3 (3)	Warrant dated June 1, 2012 issued by the Company to Silicon Valley Bank
4.4 (2)	Form of Warrant Agreement dated September 30, 2013 issued by the Company to the representative of the underwriters and certain of its affiliates in connection with

	the closing of the Company's initial public offering.
4.5 (4)	Form of Warrant issued to Square 1 Bank under the Loan and Security Agreement by and between the Company and Square 1 Bank
10.1	First Amendment to Loan and Security Agreement dated as of May 11, 2015 by and between the Company and Square 1 Bank
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
32.1*	

	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema 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

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 30, 2013.

(2) Incorporated by reference to the Company's Amendment No. 3 to Registration Statement on Form S-1 filed with the SEC on August 16, 2013.

(3) Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on May 24, 2013.

(4) Incorporated by reference to the Company's Current Report on Form 8-K filed on May 28, 2014.

* 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 and are not to be incorporated by reference into any filing of Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.