

Evoke Pharma (EVOK : US\$5.60)

Evoke Pharma tumbles 29.6% in third quarter, in bottom 9% of the market

Evoke Pharma Inc, NASDAQ's 75th largest medical company by market cap, tumbled US\$2.35 (or 29.6%) in the quarter ended September 30 to close at US\$5.60. This loss means the stock has underperformed 91% of NASDAQ-listed stocks in quarter ended September 30. The volume in the quarter was 0.4 times the average trading of 24,544 shares. Compared with the NASDAQ-100 Index which rose 150.2 points (or 3.8%), this represents a relative price change of -33.4%. In the third quarter the market cap declined US\$14.8 million.

Introduction

We are currently bearish on this stock in the long-term based on fundamental metrics, but are neutral in the short-term based on technical indicators

There are some reasons why we remain neutral on the stock for the short-term:

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.
- The price to 200-day MAP ratio is 0.67, a bearish indicator.

Stock Summary

| | |
|---------------------------------|------------------|
| Sector | Medical |
| Market Cap | US\$34.1 million |
| Shares Outstanding | 6,096,752 |
| ISIN | US30049G1040 |
| Relative Strength (3 mo) | 9 |

Financial Summary

| Year ended | Dec 2013 | Dec 2012 | Dec 2011 |
|--------------|-----------|-----------|----------|
| Pretax (USD) | - | - | (2.4M) |
| Net (USD) | (2.8365M) | (2.0175M) | (2.4M) |
| EPS (USD) | (1.2) | (1.79) | - |

MCap: A Historical Perspective

| | Share Price (USD) | Market Cap (US\$) |
|------|-------------------|-------------------|
| Last | 5.6 | 34.1 million |

Analysis

Bullish Signals

- The price is at a discount of 7.8% to the 1-month volume weighted average price of US\$6.08, which may appeal as a value proposition.
- The Price/MAP of 0.67 for EVOK is higher than the Price/MAP for the NASDAQ-100 Index of 0.3.
- The current short volume is 0.5 times its own historical average of 0.2%. It dropped 2.9% from the previous day, plummeted 13.1% from a week ago and plummeted 23.9% from a month ago, a significant bullish indicator.

Undervaluation:

- The Price to Book of 1.6 lower than average of 7.9 for the Medical sector and 6.6 for the Total NASDAQ Market.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 1.4. Compared with the rest of the market the stock is undervalued.

Other Bullish Signals:

- Return on Assets is negative but improving in recent years.

Annual Trend:

[Year ended, all figures in %]:

| Year | ROE | ROA |
|--------|-------|----------|
| Dec 13 | -13.4 | -11.4 |
| Dec 12 | - | -1,739.1 |

Also, the following criteria set by Benjamin Graham:

- "A stock price down to at least two-thirds of tangible book value per share"; the price is 0.63 times tangible book value per share of \$US8.95.
- "A stock price down to two-thirds of "net current asset value" or "net quick liquidation value"; the price is 0.6 times net current asset value of \$US9.1 per share.

Bullish Indicators and Rank in Market:

| Description | Value | Rank In Market |
|----------------|-------|-----------------|
| Price Change % | 0.9 | In Top Quartile |

Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 29:17 or 1.71:1.
- In the last 20 trading sessions there has been a net decline of 17.53%; the stock has retreated ten times and the biggest one day decline was 8.9% on Sep 19.

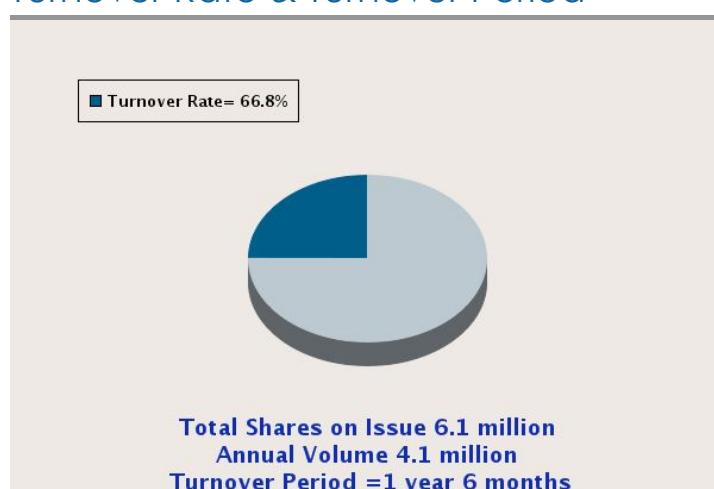
- In the NASDAQ market of 2,413 stocks traded today, the stock has a 6-month relative strength of 13 indicating it is trailing 87.0% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 5.79 minus the 26-day EMA of 6.13 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The price to 200-day MAP ratio is 0.67, a bearish indicator. In the past 200 days this ratio has been under 0.67 just twice suggesting a support level. The 200-day MAP has decreased to US\$8.32. A decrease is another bearish indicator.

Other Bearish Signals:

Bearish Indicators and Rank in Market:

| Description | Value | Rank In Market |
|------------------------|------------------|--------------------|
| Turnover in Quarter | US\$4.6 million | In Bottom Quartile |
| Relative Strength (6M) | 13 | In Bottom Quartile |
| Price/MAP200 | 0.67 | In Bottom Quartile |
| MCap | US\$34.1 million | In Bottom 8% |
| Volatility % | 8.6 | In Bottom 6% |
| Price/MAP50 | 0.41 | In Bottom 2% |

Turnover Rate & Turnover Period



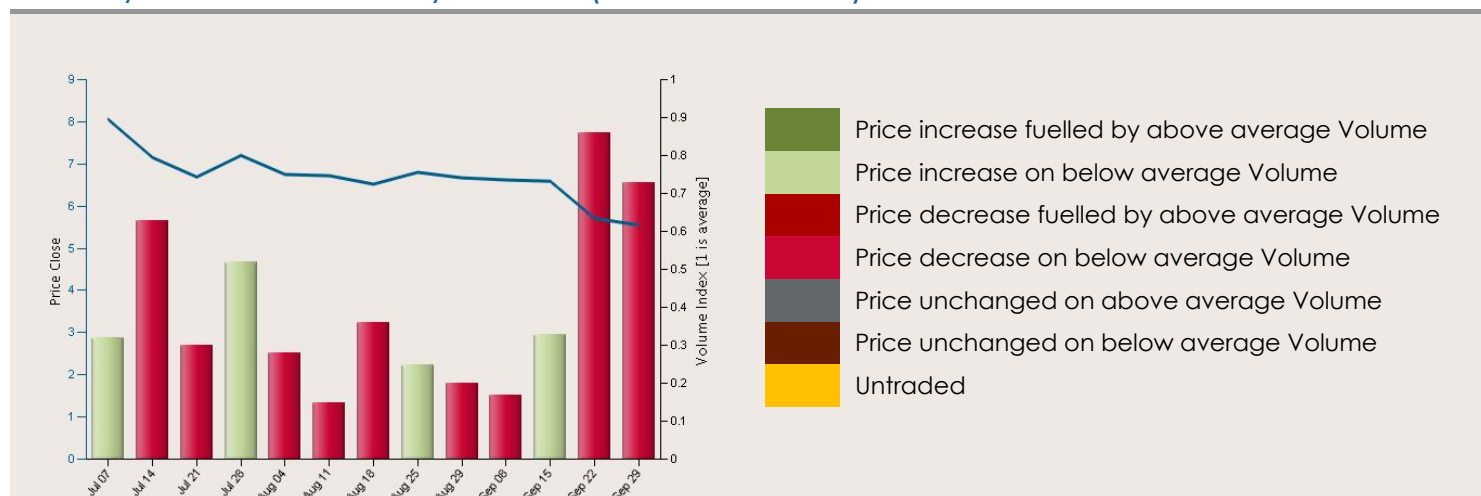
Trailing 3 months

| | |
|-------------------------|-----------------|
| Turnover | US\$4.6 million |
| Volume | 701,178 |
| Volume Index (1 is avg) | 0.4 |

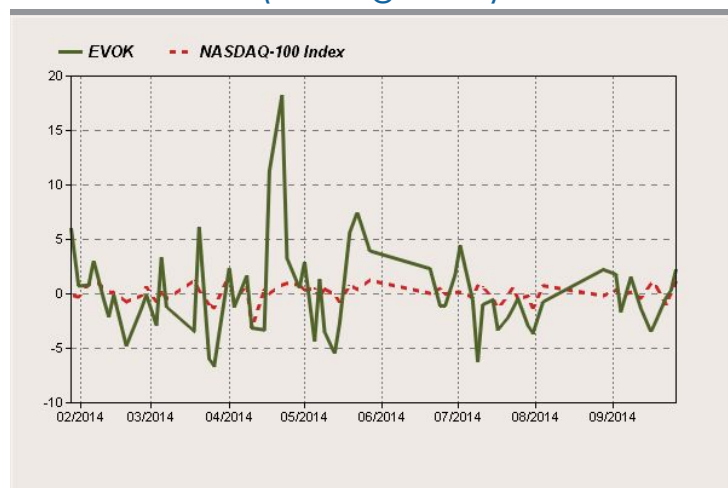
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Company Overview

Regulatory Announcements

To view Recent Company Headlines, [click here](#)

September 08: Evoke Pharma Announces the Completion of Enrollment in Its Thorough ECG Study for EVK-001

September 04: Evoke Pharma to Present at the Aegis Capital Corp. 2014 Healthcare & Technology Conference

August 13: Evoke Pharma Reports Second Quarter 2014 Results

August 12: Evoke Pharma Announces Initiation of a Thorough ECG (QT) Study for EVK-001

July 30: Evoke Pharma Schedules Webcast and Conference Call for Second Quarter 2014 Financial Results

May 28: Evoke Pharma Secures \$4.5 Million Loan Facility With Square 1 Bank

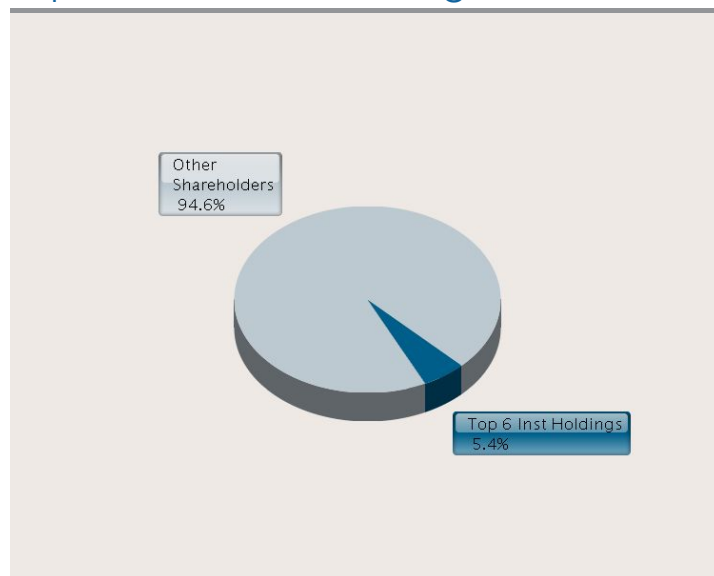
May 13: Evoke Pharma Reports First Quarter 2014 Results

Issued Capital

Based on 6,096,752 issued equity shares the market capitalisation is US\$34.1 million.

The top six shareholders hold 5.4% of the issued capital leaving a float of 94.6%.

Top 6 Institutional Holdings



Top 6 Shareholders

| Name of Shareholder | No. of Shares | % Held |
|---------------------------|----------------|-------------|
| Opaleye Management Inc. | 233,400 | 3.83 |
| Vanguard Group Inc | 47,394 | 0.78 |
| Bank Of America Corp /De/ | 33,500 | 0.55 |
| Tfs Capital Llc | 10,556 | 0.17 |
| Citigroup Inc | 2,086 | 0.03 |
| Morgan Stanley | 500 | 0.01 |
| Total | 327,436 | 5.37 |

Board and Management

Dave Gonyer CEO

Mr. Dave Gonyer is Chief Executive Officer, Founder and Board Member of Evoke Pharma, Inc. He has served over 23 years in pharmaceutical and specialty pharmaceutical companies. Prior to Evoke, he has held senior management positions both on the commercial and product development sides of the business across many therapeutic areas including CNS, infectious disease, diabetes, gastrointestinal, and allergy. Most recently, he had business and a product development responsibility for Medgenex, Inc. Prior to that he was a Founder and Vice President of Commercial Development at Xcel Pharmaceuticals. He has also held various management positions in both marketing and managed care roles at Dura/Elan Pharmaceuticals. Dave started his pharmaceutical career at Eli Lilly & Company and held numerous commercial roles over a decade. He also serves as a Board Member of Neurelis, Inc. He is a registered Pharmacist and a Graduate of the Ferris State University School of Pharmacy.

Cam L. Garner Chairman

Mr. Cam L. Garner is the Co-Founder and Chairman of the Board for Meritage Pharma, Inc. He is a pharmaceutical executive with over 30 years of experience in the healthcare industry ranging from diagnostics and devices to pharmaceuticals. He was part of the senior management team that built Hybritech, Inc. He served as Chief Executive Officer of Dura Pharmaceuticals, Inc. from 1989-1995 and Chairman and Chief Executive Officer from 1995-2000. He has co-founded several specialty pharmaceutical companies including Cadence Pharmaceuticals, Somaxon Pharmaceuticals, Verus Pharmaceuticals, Zogenix, Evoke Pharma, Elevation Pharmaceuticals, DJ Pharma and Xcel Pharmaceuticals. He currently serves as Chairman of Cadence, Zogenix, Evoke and Elevation and served as Chairman of DJ Pharma and Xcel Pharmaceuticals until they were sold. He also serves on the Board of Directors of Aegis Therapeutics. He holds a Master of Business Administration from Baldwin-Wallace College and a Bachelor of Arts from Virginia Wesleyan College, United States.

Todd C. Brady Director

Todd C. Brady, M.D., Ph.D. has served as a member of our board of directors since June 2007. Dr. Brady is President, Chief Executive Officer, and Director of Aldeyra Therapeutics, a biotechnology company. Prior to Aldeyra, he was an Entrepreneur in Residence and Principal at Domain Associates, a leading healthcare venture capital firm that he joined in 2004. Dr. Brady is also a member of the Board of Directors of Novadigm Therapeutics, Cantex Pharmaceuticals, Sebacia, and Asmacure. Prior to joining Domain, Dr. Brady was co-founder and Chief Executive Officer of Phenome Sciences, a biotechnology firm he merged with Xanthus Pharmaceuticals (acquired by Antisoma), where he was later Executive Vice President of Strategic Development and Planning. Dr. Brady also worked as head of business development and medical director at Aderis Pharmaceuticals (acquired by Schwarz Pharma, now part of UCB). Earlier in his career, Dr. Brady was an investment professional at CB Health Ventures (now Excel Medical Ventures), a healthcare venture capital fund. Dr. Brady holds an M.D. from Duke University Medical School, a Ph.D. from Duke University Graduate School, and an A.B. from Dartmouth College. Dr. Brady's extensive knowledge of our business and history, experience as a board member of multiple companies and expertise in strategic development contributed to our board of directors' conclusion that he should serve as a director of our company.

Financial Results (Quarterly)

30 June, 2014

INCOME STATEMENT

| Currency in USD | 2014-06-30 | 2013-06-30 | Change % |
|--|------------|------------|-----------------------|
| Operating expenses: | | | |
| Research and development | 2,874,977 | 130,846 | Up 2,097.2 |
| General and administrative | 616,888 | 72,578 | Up 750.0 |
| Total operating expenses | 3,491,865 | 203,424 | Up 1,616.5 |
| Loss from operations | -3,491,865 | -203,424 | Deterioration 1,616.5 |
| Other income (expense): | | | |
| Interest income | 3,215 | 868 | Up 270.4 |
| Interest expense | 58,390 | 40,315 | Up 44.8 |
| Change in fair value of warrant liability | | 3,000 | |
| Total other income (expense) | -55,175 | -36,447 | Deterioration 51.4 |
| Net loss and comprehensive loss | -3,547,040 | -239,871 | Deterioration 1,378.7 |
| Net loss per common share, basic and diluted | -59.0c | -21.0c | Deterioration 181.0 |
| Weighted-average shares used to compute basic and diluted net loss per share | 6,027,672 | 1,137,125 | Up 430.1 |

BALANCE SHEET

| Currency in USD | 2014-06-30 | 2013-12-31 | Change % |
|--|------------|------------|-----------|
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | 16,045,799 | 24,196,691 | Down 33.7 |
| Prepaid expenses | 888,903 | 234,262 | Up 279.4 |
| Total current assets | 16,934,702 | 24,430,953 | Down 30.7 |
| Other assets | 88,459 | 555,505 | Down 84.1 |
| Total assets | 17,023,161 | 24,986,458 | Down 31.9 |
| Liabilities and stockholders' equity | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued expenses | 1,299,561 | 284,915 | Up 356.1 |
| Accrued compensation | 537,454 | 557,399 | Down 3.6 |
| Current portion of long-term debt | | 1,442,592 | |
| Total current liabilities | 1,837,015 | 2,284,906 | Down 19.6 |
| Deferred rent expense | 16,889 | 6,830 | Up 147.3 |
| Long-term debt, net of current portion | | 1,511,461 | |
| Total liabilities | 1,853,904 | 3,803,197 | Down 51.3 |

Financial Results (Quarterly) (continued)

30 June, 2014

Stockholders' equity:

| | | |
|---|-------------|--------------------------------|
| Common stock, 0.0001 par value; authorized shares - 50,000,000; 610 issued and outstanding shares - 6,099,547 at June 30, 2014 and 6,096,752 at December 31, 2013 | 610 | Steady |
| Additional paid-in capital | 44,362,639 | 43,874,119 Up 1.1 |
| Accumulated deficit | -29,193,992 | -22,691,468 Deterioration 28.7 |
| Total stockholders' equity | 15,169,257 | 21,183,261 Down 28.4 |
| Total liabilities and stockholders' equity | 17,023,161 | 24,986,458 Down 31.9 |

PERFORMANCE RATIOS

| | 2014-06-30 | 2013-06-30 | Change % |
|---------------------|------------|------------|----------|
| Return on Equity(%) | -42.87 | -3.46 | |
| Return on Assets(%) | -38.2 | -2.94 | |

PER SHARE FIGURES

| | 2014-06-30 | 2013-06-30 | Change % |
|-----|------------|------------|--------------------|
| EPS | -108.0c | -65.0c | Deterioration 66.2 |

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