

## Auspex Pharmaceuticals (ASPX : US\$50.53)

### Auspex Pharmaceuticals continues uptrend, now soars 151% and in top 2% of the market

Auspex Pharmaceuticals Inc, NASDAQ's 10th largest medical company by market cap, has now soared US\$30.36 (or 150.5%) year to date in 2014 to close at US\$50.53. This gain means the stock is among the top 2% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.8 times average trading of 177,776 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price increase of 130.4%. In 2014 the market cap has jumped US\$939.4 million.

### Introduction

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

**What makes us bullish on the stock is the following:**

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- The price to 200-day MAP ratio is 1.68, a bullish indicator.
- In the last three months the number of rises outnumbered falls 32:31 or 1.03:1.

**However, there are some reasons why we remain neutral on the stock for the long-term:**

- "Current ratio of two or more"; current assets are 10.6 times current liabilities.

### Stock Summary

<b>Sector</b>	Medical
<b>Market Cap</b>	US\$1.4 billion
<b>Shares Outstanding</b>	27,582,400
<b>ISIN</b>	US05211J1025
<b>Relative Strength (3 mo)</b>	99

### Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Pretax (USD)	-	-	(2.81M)
Net (USD)	(15.629M)	(15.112M)	(2.81M)
EPS (USD)	-	-	(0.13)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	50.5	1.4 billion

# Analysis

## Bullish Signals

- Rises to Falls: In the last three months the number of rises outnumbered falls 32:31 or 1.03:1.
- In the last 20 trading sessions there has been a net rise of 118.27%; the stock has advanced twelve times and the biggest one day rise was 99.8% on Dec 17.
- In the NASDAQ market of 2,417 stocks traded today, the stock has a 6-month relative strength of 99 which means it is beating 99% of the market.
- A price rise combined with a high relative strength is a bullish signal.
- Also, the relative strength percentile is rising at 99 for 6 months, 99 for 3 months and 100 for 1 month.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 44.84 minus the 26-day EMA of 37.69 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.
- The Price/MAP of 1.68 for ASPX is higher than the Price/MAP for the NASDAQ-100 Index of 0.4.
- The price to 200-day MAP ratio is 1.68, a bullish indicator. In the past 200 days this ratio has exceeded 1.68, five times suggesting further upside. The 50-day MAP of US\$53.19 is higher than the 200-day MAP of US\$30.11, a bullish indicator. The 200-day MAP has increased to US\$30.11. An increase is another bullish indicator.

## Other Bullish Signals:

- Return on Capital Employed is negative but improving in recent years.

## Annual Trend:

[Year ended, all figures in %]:

Year	ROA	ROCE
Dec 13	-40.2	-
Dec 12	-336.7	-
Dec 11	-83.1	-2,130.8

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 10.6 times current liabilities.

## Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	99	In Top 2%
Price/MAP200	1.68	In Top 2%
%Prem To Vol Wtd Price	14.4	In Top 6%
Price Change %	1.3	In Top Quartile
MCap	US\$1.4 billion	In Top Quartile

## Note

## Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$630.5 million	In 2nd Quartile

## Bearish Signals:

- The price is at a premium of 14.4% to the 1-month volume weighted average price of US\$44.16. Given that this premium has been under 14.4% one hundred seventy-eight times and over 14.4% twenty-six times in the last year, the downside:upside probability is estimated at 178:26 or 6.8:1.
- The stock is overbought according to the Williams % R indicator of -12.6.
- The current short volume is 1.4 times its own historical average of 0.2%. It soared 17.9% from the previous day, a bearish indicator.

## Other Bearish Signals:

The stock has a score of merely 1 out of 9 set by Joseph Piotroski [pass mark  $\geq 5$ ]:

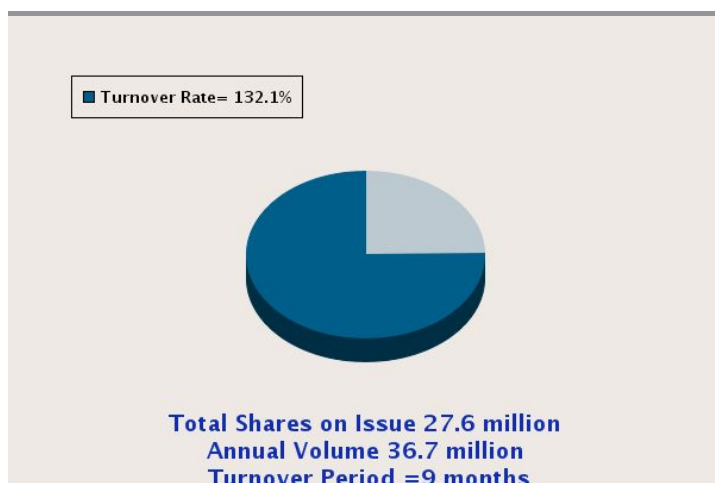
Improvement in current ratio from 3.9 to 10.6.

## Analysis (continued)

### Insider Trades



### Turnover Rate & Turnover Period



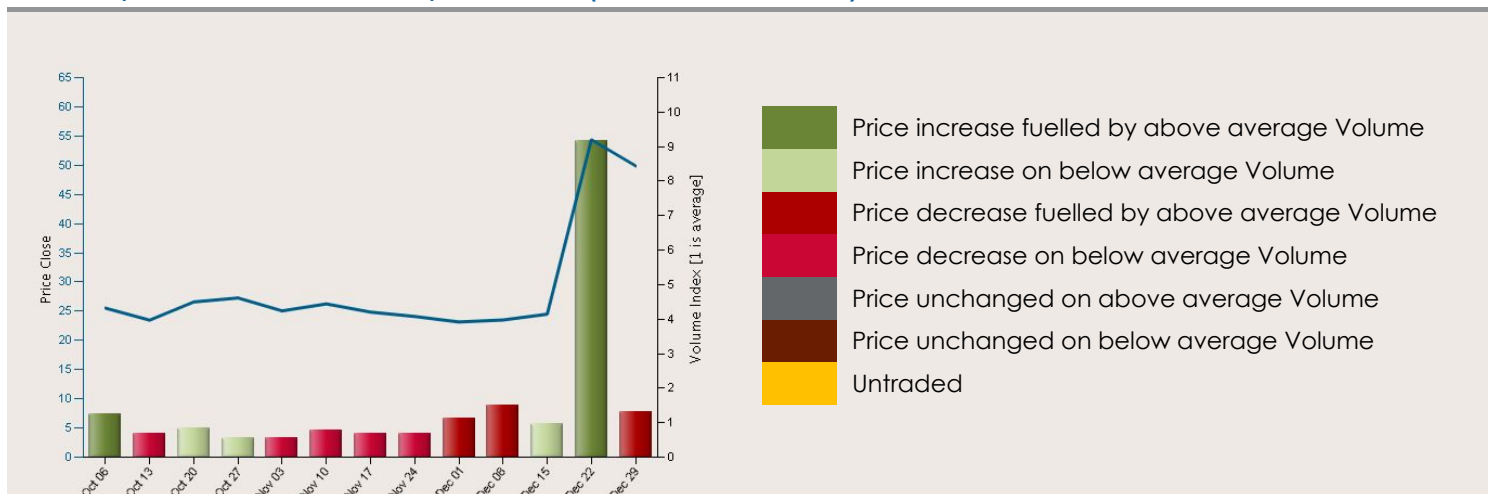
### Trailing 3 months

Turnover	US\$630.5 million
Volume	15,784,455
Volume Index (1 is avg)	1.4

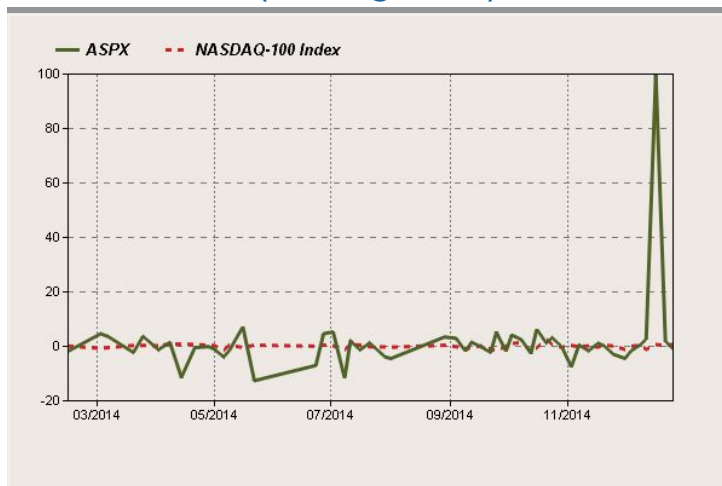
## Price Volume Trend: Trailing Quarter



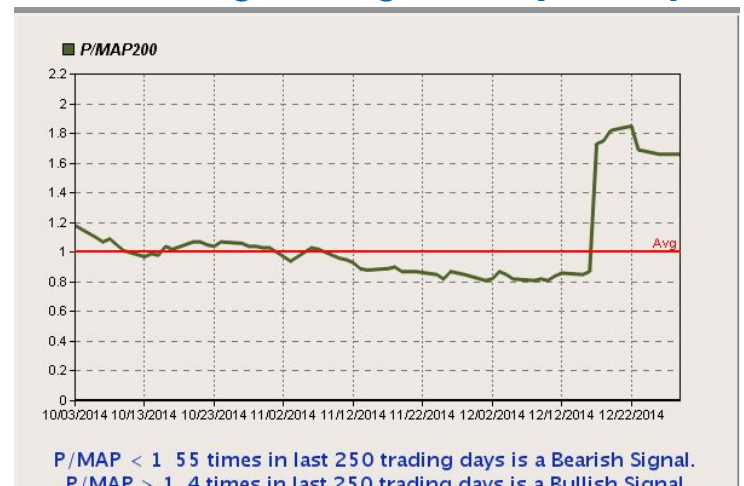
## Weekly Price Volume Dynamics (Last 12 Weeks)



## Stock v Index (Trailing Year)



## Price/Moving Average Price [P/MAP]



## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
17-Dec-2014	Stifel Nicolaus	Boost Price Target	-	Buy	40	61
17-Dec-2014	Zacks	Reiterated Rating	Outperform	Outperform	-	60
17-Dec-2014	Piper Jaffray	Boost Price Target	-	-	-	72
17-Dec-2014	BMO Capital Markets	Boost Price Target	-	Outperform	40	60
30-Oct-2014	Piper Jaffray	Initiated Coverage	-	Overweight	-	50

## Reported Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Stamler David A	Dec 22, 2014	Sold	2,660	53.55	142,435
Cmea Ventures Vii	Oct 30, 2014	Sold	7,830	27.33	213,994
Cmea Ventures Vii	Oct 29, 2014	Sold	11,170	27.02	301,813
Cmea Ventures Vii	Oct 27, 2014	Sold	3,500	27.11	94,885
Cmea Ventures Vii	Oct 28, 2014	Sold	11,000	26.99	296,890
Cmea Ventures Vii	Oct 23, 2014	Sold	5,600	26.74	149,744
Cmea Ventures Vii	Oct 24, 2014	Sold	10,900	27.09	295,281
Cmea Ventures Vii	Oct 06, 2014	Sold	7,109	23.44	166,635

## Company Overview

### Activities

Auspex Pharmaceuticals, Inc. is a biopharmaceutical company. The Company develops and distributes medicines for the treatment of orphan diseases of hyperkinetic movement disorders including chorea associated with Huntington's disease, tardive dyskinesia and Tourette syndrome. Auspex offers its products to the medical and healthcare industries.

Further details can be found at  
[www.auspexpharma.com](http://www.auspexpharma.com).

### Regulatory Announcements

#### December 22 2014: Auspex Added to the NASDAQ Biotechnology Index

[News Story] LA JOLLA, Calif., Dec. 22, 2014 - Auspex Pharmaceuticals, Inc. (Nasdaq:ASPX), a biopharmaceutical company dedicated to developing innovative medicines for people with movement disorders and other rare diseases, announced that it has been selected for addition to the NASDAQ Biotechnology Index (Nasdaq:NBI).

[For more details click here.](#)

#### December 16 2014: Auspex Announces Positive Topline Results From Registration Trial of SD-809 for Chorea Associated With Huntington's Disease

[News Story]

<http://www.nasdaq.com/press-release/auspex-announces-positive-topline-results-from-registration-trial-of-sd809-for-chorea-associated-20141216-00920>

Source: Nasdaq Stock Exchange  
[For more details click here.](#)

#### Conferences/Exhibitions

##### December 01 2014: Auspex to Present at the Piper Jaffray Healthcare Conference

[News Story] LA JOLLA, Calif., Dec. 1, 2014 Auspex Pharmaceuticals, Inc. (Nasdaq:ASPX), a biopharmaceutical company dedicated to developing innovative medicines for people with movement disorders and other rare diseases, today announced that Pratik Shah, Ph.D., President and Chief Executive Officer, will present at the Piper Jaffray Healthcare Conference on Tuesday, December 2, 2014 at 9:50 a.m.

[For more details click here.](#)

#### Financial Results

##### November 10 2014: Auspex Pharmaceuticals Reports Third Quarter 2014 Results and Business Highlights

LA JOLLA, Calif., Nov. 10, 2014 Auspex Pharmaceuticals, Inc. (Nasdaq:ASPX), a biopharmaceutical company dedicated to developing innovative medicines for people with movement disorders and other rare diseases, today reported recent business highlights and announced its financial results for the three and nine months ended September 30, 2014.

"We are very pleased with the continued progress of our clinical programs, and we look forward to the release of topline data from our First-HD and ARC-HD Switch clinical trials expected in December 2014," said Pratik Shah, Ph.D., president and CEO of Auspex.

[For more details click here.](#)

##### November 06 2014: Auspex Pharmaceuticals Receives FDA Orphan Drug Designation of SD-809 for Treatment of Huntington's Disease

[News Story] LA JOLLA, Calif., Nov. 6, 2014 (GLOBE NEWSWIRE) -- Auspex Pharmaceuticals, Inc. (Nasdaq:ASPX), a biopharmaceutical company dedicated to developing innovative medicines for people with movement disorders and other rare diseases, today announced that the U.S. Food and Drug Administration (FDA) has granted orphan drug designation of Auspex's investigational compound SD-809 for treatment of Huntington's disease.

[For more details click here.](#)

#### Conferences/Exhibitions

##### August 27 2014: Auspex to Present at the Baird 2014 Healthcare Conference

LA JOLLA, Calif., Aug. 27, 2014- Auspex Pharmaceuticals, Inc. (Nasdaq:ASPX), a late clinical stage biopharmaceutical company focused on developing and commercializing novel medicines for the treatment of orphan diseases, today announced that Pratik Shah, Ph.D., President and Chief Executive Officer, will present at the Baird 2014 Healthcare Conference on Wednesday, September 3, 2014 at 2:55 p.m.

##### August 18 2014: Auspex Pharmaceuticals Completes Enrollment in Phase 3 Registration Clinical Trial of SD-809 in Chorea Associated With Huntington's Disease

[Company Release] LA JOLLA, Calif., Aug. 18, 2014 - Auspex Pharmaceuticals, Inc. (Nasdaq:ASPX), a late clinical stage biopharmaceutical company focused on developing and commercializing novel medicines for the treatment of orphan diseases, today announced that it has completed the enrollment of the planned 90 patients in its Phase 3 registration clinical trial (First-HD) of SD-809 for the potential treatment of chorea associated with Huntington's disease (HD).



## Company Overview (continued)

### 8-K other news

#### December 16: Auspex Pharmaceuticals: Regulation FD Disclosure

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1454189\\_000119312514443942\\_0001193125-14-443942.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1454189_000119312514443942_0001193125-14-443942.txt)

Source: 8-K United States Securities and Exchange Commission

#### August 07: Auspex Pharmaceuticals: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1454189\\_000119312514300690\\_0001193125-14-300690.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1454189_000119312514300690_0001193125-14-300690.txt)

Source: 8-K United States Securities and Exchange Commission

### Issued Capital

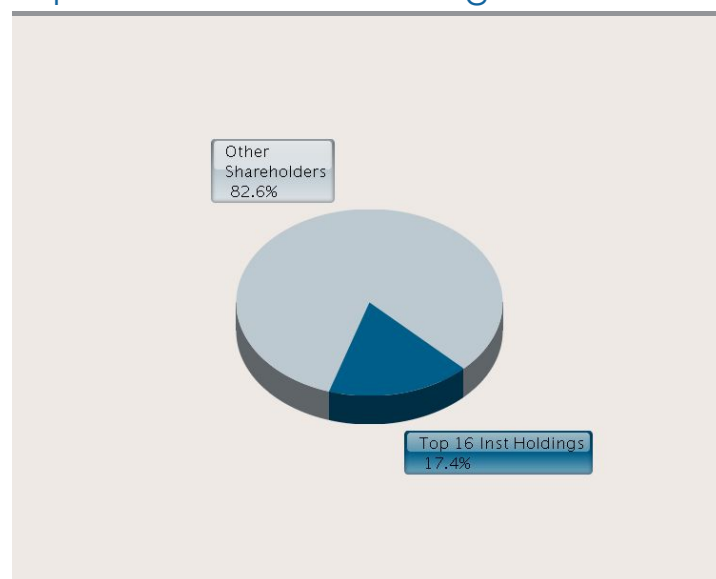
Based on 27,582,400 issued equity shares the market capitalisation is US\$1.4 billion.

The top sixteen shareholders hold 17.4% of the issued capital leaving a float of 82.6%.

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	2,169,900	7.87
Millennium Management Llc	898,157	3.26
Kingdon Capital Management L.L.C.	401,733	1.46
Jennison Associates Llc	300,000	1.09
Wall Street Associates	225,000	0.82
Bank Of New York Mellon Corp	186,340	0.68
Wellington Management Co Llp	104,210	0.38
Cormorant Asset Management Llc	100,000	0.36
Barclays Global Investors Uk Holdings Ltd	94,420	0.34
State Street Corp	77,199	0.28
<b>Total</b>	<b>4,556,959</b>	<b>16.52</b>

### Top 16 Institutional Holdings



## Board and Management

### Pratik Shah CEO & President & Director

Pratik Shah is President and CEO of Auspex. He was previously Executive Chairman of Auspex and has been involved in shaping the company's strategy since joining the board in 2007. He has been involved in a number of biotechnology companies and was lead director and founding investor in CNS Therapeutics (acquired by Mallinckrodt). He represents Thomas, McNerney & Partners as a Partner on the boards of Cebix, Ocera Therapeutics, Inc. and SGB. Pratik was co-founder of biopharmaceutical companies Kalypsys, Inc. Before co-founding Kalypsys, Pratik was at McKinsey & Company (San Francisco), where he focused on biotechnology and venture capital projects. He was formerly co-founder and VP of Operations at NephRx Corporation, a start-up company focused on the discovery of therapeutic proteins for renal disease. Pratik holds a BS in Biological Sciences from the University of California at Irvine and both a PhD in Biochemistry & Molecular Biology and an MBA in Finance from the University of Chicago.

### John Schmid CFO

John Schmid joined us as Chief Financial Officer in September 2013. Before joining us, Mr. Schmid co-founded Trius Therapeutics, Inc., a publicly-traded biopharmaceutical company, where he served as the Chief Financial Officer from June 2004 until its merger with Cubist Pharmaceuticals, Inc. in September 2013. Prior to Trius Therapeutics, Inc., Mr. Schmid served as the Chief Financial Officer at GeneFormatics, Inc., a private biotechnology company, from 1998 to 2003 and Endonetics, Inc., a private medical device company, from 1995 to 1998. Mr. Schmid also currently serves as the chairman of the board of directors of Speak, Inc., a speakers bureau, which he helped found in 1989. Mr. Schmid holds a BA in Economics from Wesleyan University and an MBA from the University of San Diego.

### Alex Zisson Director

Alex Zisson is a partner in the venture capital firm Thomas, McNerney & Partners and is also currently a board member of Celator Pharmaceuticals, Inc. (CLPM), Clarus Therapeutics, Inc. and InnoPharma, Inc. Prior to Thomas, McNerney & Partners, he spent 11 years in the research department at Hambrecht & Quist (and its successor firms Chase H&Q and JPMorgan H&Q). During his tenure at H&Q, Alex led research teams covering the biotechnology, specialty pharmaceutical, large-cap pharmaceutical, drug delivery and diagnostic industries. He was the lead analyst on 10 book-running IPOs and 20 book-run secondary offerings, raising over \$2 billion for health care companies. In 1997, Alex was named a Managing Director and began assuming management responsibilities for the health care research group and the firm's annual January conference. After the merger of Chase H&Q and JPMorgan, he became the firm's Health Care Strategist. Alex was named twice in The Wall Street Journal's All-Star Analysts Survey, including during his last year at JPMorgan, when he placed in all three categories: stock picking (#1 in pharmaceuticals), earnings estimate accuracy (tied for #2), and 'home run' hitting (#8 across all industries). He graduated magna cum laude from Brown University, where he was elected to Phi Beta Kappa.

### Samuel Saks Director

Sam Saks is a board certified oncologist who was most recently the founding CEO of Jazz Pharmaceuticals until his retirement in 2009. From 2001 until he joined Jazz, Dr. Saks was company group chairman of ALZA Corporation and member of the Johnson & Johnson Pharmaceutical Operating Committee. From 1992 until 2001, he held executive positions at ALZA, including group vice president, ALZA Pharmaceuticals, where he was responsible for clinical, regulatory and commercial activities. Prior to joining ALZA, Dr. Saks held clinical research and development management positions with Schering-Plough, Xoma and Genentech. Dr. Saks has a Bachelor's degree in biology and his medical degree from the University of Illinois. He completed his residency in internal medicine at Texas Southwestern, and his fellowship in oncology at the University of California - San Francisco, and is Board certified in both specialties. Dr. Saks is a director of Auspex Pharmaceuticals, TONIX Pharmaceuticals, Depomed, Bullet Biotechnology, NuMedii and Velocity Pharmaceutical Development.



## Board and Management (continued)

### Rod Ferguson Director

Rod Ferguson is a co-founder of Panorama Capital, a venture capital firm which spun off from JPMorgan Partners (JPMP) in July 2006, where he focuses primarily on life sciences investments. He joined JPMP as a Managing Director in their life sciences venture practice in 2001. From 1999 to 2001, Dr. Ferguson was a partner at InterWest Partners, a venture capital firm, where he focused on life sciences investments. Prior to InterWest, he held a variety of management positions over an 11-year career at Genentech, Inc., most recently as Senior Director of Business and Corporate Development responsible for worldwide licensing transactions for both technology and pharmaceutical products. Prior to joining Genentech, Inc. in 1988, Dr. Ferguson was an associate with the law firm McCutchen, Doyle, Brown, & Enersen (currently known as Bingham McCutchen LLP). Dr. Ferguson received a BS with honors in Biochemistry from the University of Illinois, a PhD in Biochemistry from the State University of New York at Buffalo, and a JD cum laude from Northwestern University. Dr. Ferguson serves on the technology advisory board of The Economist, a variety of advisory boards in the life sciences industry, and two non-profit boards. In addition, he serves on the board of directors of several private life science companies.

### Lynn D. Bleil Director

Ms. Bleil was the leader of McKinsey & Company's West Coast Healthcare Practice, and a leader of the Firm's worldwide Healthcare Practice. She retired in December 2013 as a Senior Partner (Director) in the Southern California Office of McKinsey after more than 25 years working exclusively within the healthcare sector. She advised senior management and boards of leading companies across all segments of the healthcare value chain about corporate and business unit strategy, mergers and acquisitions/ integration, marketing and sales, public policy, and organization. Most recently, Ms. Bleil has worked with companies in the biotechnology/specialty pharma and medical device industries, focused on developing corporate strategies, go-to-market/reimbursement strategies, and organizational capabilities to address the rapidly changing payor/ provider landscape in the United States and globally. She was recently nominated to the Board of DST Systems, a publicly-traded financial and health services company. Ms. Bleil holds a bachelor's degree in Chemical Engineering from Princeton University, magna cum laude, and a master's degree in business administration degree from the Stanford Graduate School of Business, where she was an Arjay Miller Scholar.

#### **Creation of shareholder value in Auspex Pharmaceuticals:**

Since appointment as Director: The present value of USD1,000 invested on the appointment date of May 07, 2014 at close price of US\$17.55 is US\$2,879, for a capital gain of US\$1,879.

## Board and Management (continued)

### R. Scott Greer Director

Mr. Greer, as managing director of Numeror Ventures, LLC, is a private investor in and consultant to the life sciences industry with more than 25 years of experience. Mr. Greer has made direct investments in more than 20 healthcare, technology, and consumer product companies. He was a founder of Abgenix, Inc., a publicly traded biotechnology company focused on developing and commercializing human antibody based therapeutics, serving as its Chief Executive Officer from its inception in 1996 through 2002 and as its Chairman of the Board from 2000 until 2006 when the company was acquired by Amgen, Inc. for approximately \$2.2 billion. Mr. Greer was also an investor in and Chairman of the Board of Sirna Therapeutics, a publicly traded biotechnology company that was sold to Merck for \$1.1 billion in 2007. Mr. Greer is currently a member of the Board of Nektar Therapeutics, a publicly-traded late clinical stage biopharmaceutical company, StemCells, Inc., a biopharmaceutical company focused on stem cell therapeutics and chairman of the board of directors of Ablexis LLC, a private development-stage biotechnology company. Mr. Greer received a bachelor's degree in Economics from Whitman College and master's degree in business administration from Harvard University. He also was a certified public accountant.

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### Gerald Proehl Director

Gerry Proehl is the former President and CEO of Santarus, Inc. where he led the sale of that company to Salix in early 2014 for \$2.6 billion. Prior to Santarus, Mr. Proehl was with Hoechst Marion Roussel for 14 years, where he served in various capacities, including Vice President of Global Marketing. While at Hoechst, he was responsible for marketing products in multiple therapeutic areas, including the central nervous system. Mr. Proehl holds a BS in education from the State University of New York at Cortland, an MA in exercise physiology from Wake Forest University, and an MBA from Rockhurst College.

### Sepehr Sarshar Director

Sep Sarshar is a founder of Auspex. Sep received his PhD From Harvard University under the direction of Professor E. J. Corey. He began his pharmaceutical career at Ontogen Corporation (1994-1997) where he discovered and co-invented ONT-093, a P-glycoprotein pump inhibitor currently in Phase II trials, for the reversal of multidrug resistance in cancer patients. While at Pfizer (La Jolla, 1997-2000), Sep continued his research in oncology by focusing on novel anti-angiogenic compounds. Sep was a faculty member at the University of California San Diego and has authored numerous scientific papers and patents.

### Phillip Schneider Director

Phil Schneider is the former Chief Financial Officer of IDEC Pharmaceuticals where he served until its sale to Biogen. Since then, Mr. Schneider has served as a Board member for a variety of companies including Arena Pharmaceuticals, Gen-Probe, and CancerVax/Micromet and has frequently served as an Audit Committee Chairperson. Mr. Schneider received a BS in Biochemistry from the University of California at Davis and an MBA from the University of Southern California

## Board and Management (continued)

### **Bharatt Chowrira** Chief Operating Officer

Dr. Chowrira joined us as Chief Operating Officer in October 2013. Prior to joining us, Dr. Chowrira served as President and Chief Executive Officer of Addex Therapeutics, Inc., a biotechnology company publicly-traded on the SIX Swiss Exchange, from August 2011 to May 2013. Prior to Addex Therapeutics, Inc., he served as Senior Vice President and Chief Operating Officer at Nektar Therapeutics, or Nektar, a publicly-traded clinical-stage biopharmaceutical company, from May 2008 to January 2011, during which time he also served as the chairman of the board of directors of Nektar India PTY Ltd., a wholly owned subsidiary of Nektar. Prior to Nektar, Dr. Chowrira served as the Vice President, Legal and Chief Patent Counsel at Sirna Therapeutics, Inc., a publicly-traded biotechnology company, from June 2003 until its acquisition by Merck & Co., Inc., or Merck, a publicly-traded global health care company, in December 2006, after which he stayed at Merck until May 2008 as Vice President, Sirna and Executive Director, Worldwide Licensing. From 1993 to 2003, Dr. Chowrira held various leadership positions at Sirna Therapeutics, Inc.'s predecessor, Ribozyme Pharmaceuticals, Inc., a publicly-traded biotechnology company. Dr. Chowrira received a JD from the University of Denver-Sturm College of Law, a PhD in Molecular Biology from the University of Vermont College of Medicine, an MS in Molecular Biology from Illinois State University and a BS in Microbiology from the University of Agricultural Sciences, Bangalore, India.

### **Andreas Sommer** Vice President

Dr. Sommer joined us as Chief Operating Officer in 2009 and became our Vice President in October 2013. Prior to joining us, Dr. Sommer served as Senior Vice President-Research and then President and Chief Executive Officer of Celtrix Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company, from 1995 until it was acquired by Insmed, Inc., a biopharmaceutical company, in 2000. From 2000 to 2007, Dr. Sommer served as Chief Scientific Officer of Insmed. Prior to Celtrix Pharmaceuticals, Inc., he began his career as Vice President, Research and Development at BioGrowth, Inc., a private biotechnology company, in 1989. Dr. Sommer received his PhD in Microbiology from the University of California, Davis and an MS/BS in Technical Microbiology from the Swiss Federal Institute of Technology.

### **David Stamler** Chief Medical Officer

Dr. Stamler has served as our Chief Medical Officer since January 2011. Prior to joining us, Dr. Stamler served as Senior Vice President and Chief Medical Officer at XenoPort, Inc., a publicly-traded biopharmaceutical company, from 2008 to 2010 and Chief Scientific Officer and Head of Drug Development at Prestwick Pharmaceuticals, Inc., a private pharmaceutical company, from 2005 to 2008. Prior to Prestwick Pharmaceuticals, Inc., Dr. Stamler worked at Fujisawa Pharmaceutical Co. and its subsidiaries from 1997 to 2005, in various leadership roles, including Vice President, Research and Development, Medical Sciences at Fujisawa Healthcare, Inc. from 2003 to 2005 and as Vice President, Clinical Research Center at Fujisawa Research Institute of America from 2000 to 2003. Dr. Stamler began his career at Abbott Laboratories, a publicly-traded global pharmaceuticals and healthcare products company, where he served in various positions from 1993 to 1997, including Director of Clinical Research, Pharmaceutical Products for the International Division. Dr. Stamler received an M.D. from the University of Chicago and The Pritzker School of Medicine and a BA in Biology from the University of Chicago.

# Financial Results (Quarterly)

30 September, 2014

## INCOME STATEMENT

Currency in Thousand of USD	2014-09-30	2013-09-30	Change %
Operating expenses:			
Research and development	10,802	2,361	Up 357.5
General and administrative	3,107	476	Up 552.7
Total operating expenses	13,909	2,837	Up 390.3
Operating loss	-13,909	-2,837	Deterioration 390.3
Other (expense) income:			
Interest expense	653	21	Up 3,009.5
Interest income	294		
Other financing expense		-74	
Change in fair value of preferred stock warrant liability		86	
Loss on consolidation of variable interest entity	-4,781		
Other, net	24		
Total other (expense) income, net	-5,116	-9	Deterioration 56,744.4
Net loss	-19,025	-2,846	Deterioration 568.5
Net income attributed to noncontrolling interest	13		
Net loss attributable to Auspex shareholders	-19,038	-2,846	Deterioration 568.9
Net loss per share attributable to Auspex shareholders, basic and diluted	-73.0c	-2,156,100.0c	Reduced 100.0
Weighted-average common shares outstanding, basic and diluted	26,031,895	132	Up 19,721,032.6

## BALANCE SHEET

Currency in Thousand of USD	2014-09-30	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	89,686	36,650	Up 144.7
Marketable securities	69,796		
Prepaid expenses and other current assets	6,444	242	Up 2,562.8
Total current assets	165,926	36,892	Up 349.8
Deferred offering costs		1,817	
Property and equipment, net	188	26	Up 623.1
Other assets	190	137	Up 38.7
Total assets	166,304	38,872	Up 327.8
Liabilities, Convertible Preferred Stock, Stockholders' Equity (Deficit) and Noncontrolling Interest			

# Financial Results (Quarterly) (continued)

30 September, 2014

## Current liabilities:

Accounts payable	3,298	1,365	Up 141.6
Accrued liabilities	4,557	2,127	Up 114.2
Current portion of long-term debt, less discount of 190 and 0, 1,163 respectively			
Total current liabilities	9,018	3,492	Up 158.2
Long-term debt, less discount of 260 and 580, respectively	13,387	14,420	Down 7.2
Preferred stock warrant liability		3,975	
Other long-term liabilities	155	77	Up 101.3
Total liabilities	22,560	21,964	Up 2.7

## Commitments and contingencies

Convertible preferred stock, par value 0.0001; 10,000,000 and 68,694,006 shares authorized at September 30, 2014 and December31, 2013, respectively; none and64,790,302 shares issued and outstanding at September 30, 2014 and December31, 2013, respectively; 0 and 91,726 liquidation preference at September30, 2014 and December31, 2013, respectively

## Stockholders' equity (deficit):

Common stock, par value 0.0001; 200,000,000 and 86,500,000 shares 3 authorized at September 30, 2014 and December31, 2013, respectively; 27,482,166 and 1,128,702 issued and 26,768,046 and 173,147 outstanding, excluding 714,120 and 955,555 shares subject to repurchase at September 30, 2014 and December31, 2013, respectively

Additional paid-in capital	244,505	542	Up 45,011.6
Accumulated deficit	-105,026	-65,480	Deterioration 60.4
Accumulated other comprehensive income	-17		
Total stockholders' equity (deficit)	139,465	-64,938	Recovery
Noncontrolling interest in variable interest entity	4,279		
	143,744	-64,938	Recovery
Total liabilities, convertible preferred stock, stockholders' equity (deficit) and noncontrolling interest	166,304	38,872	Up 327.8

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