

## Aldeyra Therapeutics (ALDX : US\$7.50)

### Aldeyra Therapeutics jumps 24.0% in trailing year

Aldeyra Therapeutics Inc., NASDAQ's 55th largest Healthcare-Products company by market cap, jumped US\$1.45 (or 24.0%) in the trailing 12 months to May 11, 2015 to close at US\$7.50. Compared with the NASDAQ-100 Index which has risen 24.8% over the same period, this is a relative price change of -0.9%. Average daily volume of 17,275 shares in the trailing year was 0.4 times average daily volume in the previous year. In the trailing 12 months the market cap has jumped US\$20.4 million.

### Introduction with Trends

**We are currently bearish on this stock, both in the short-term based on technical indicators, as well as in the long-term based on fundamental metrics**

**What makes us most bearish on the stock is the following:**

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 5.9. Compared with the rest of the market the stock is overvalued and ranks in the bottom 7% of stocks by value of Q Ratio.
- The price to 200-day MAP ratio is 0.66, a bearish indicator.
- In the last three months the number of falls outnumbered rises 37:25 or 1.48:1.

**However, there are some reasons why some in the market are more bullish on the stock:**

- Amongst stocks that are shorted, it was in the bottom quartile as a percentage of stock shorted, suggesting that there are fewer confident bears of the stock.
- "Current ratio of two or more"; current assets are 6.6 times current liabilities.

### Stock Summary

<b>52-Week Range</b>	US\$3.0-US\$13.50
<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$51.7 million
<b>Shares Outstanding</b>	6,890,023
<b>ISIN</b>	US01438T1060
<b>Relative Strength (3 mo)</b>	3

### Financial Summary

Year ended	Dec 2014	Dec 2013	Dec 2012
Pretax (USD)	-	13.1M	(23.1M)
Net (USD M)	(9.6)	1.1	(39.1)
EPS (USD)	(3.09)	0.18	(6.26)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	7.5	51.7 million
1 Year ago	6.6	35.8 million

## Analysis

### Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 37:25 or 1.48:1.
- In the NASDAQ market of 2,360 stocks and 1 unit traded today, the stock has a 6-month relative strength of 45 which means it has underperformed 55.0% of the market.
- Also, the relative strength percentile is falling at 45 for 6 months, 3 for 3 months and 2 for 1 month.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 8.73 minus the 26-day EMA of 9.37 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/MAP of 0.66 for ALDX is lower than the Price/MAP for the NASDAQ-100 Index of 1.0.
- The 200-day MAP has decreased to US\$11.34. A decrease is another bearish indicator.
- The price to 200-day MAP ratio is 0.66, a bearish indicator.

### Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 5.9. Compared with the rest of the market the stock is overvalued and ranks in the bottom 7% of stocks by value of Q Ratio.

### Other Bearish Signals:

The stock has a score of merely 2 out of 9 set by Joseph Piotroski [pass mark  $\geq 5$ ]:

Improvement in current ratio from 5.4 to 6.6; Reduction in total shares on issue.

### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$9.3 million	In Bottom Quartile
Price to Book Value	8.2	In Bottom Quartile
MCap	US\$51.7 million	In Bottom Quartile
Price/MAP200	0.66	In Bottom Quartile
Price/MAP50	0.51	In Bottom 6%

### Note

- It is at a discount of 44.4% to the 12-month high of US\$13.50 on 28 Jan, 2015. It is also at a premium of 150.0% to the 12-month low of US\$3.0 on 04 Aug, 2014.

### Alpha & Standard Deviation (SD)

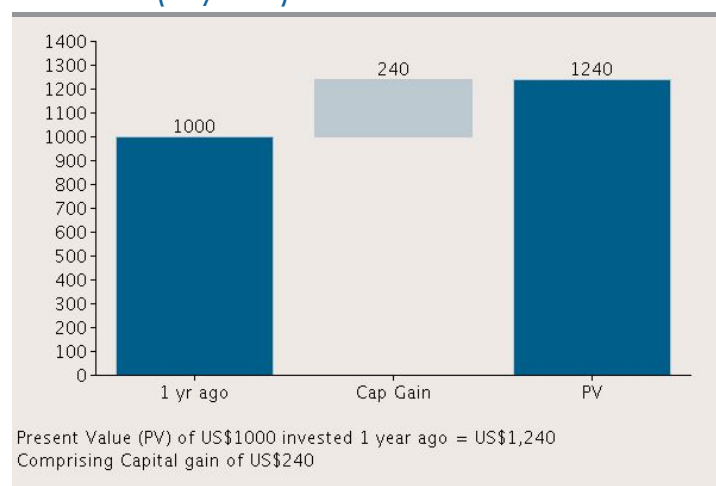
The alpha of this stock is 35.0 indicate the stock produced a retrun 35.0% higher than its beta would predict.

SD is a statistical measure of deviation from the mean. The SD of 6.4% gives it a percentile rank of 95 meaning that 95% of stocks in the NASDAQ market are less volatile than this stock.

### Bullish Signals:

- The price is at a discount of 8.2% to the 1-month volume weighted average price of US\$8.17, which may appeal as a value proposition.
- The stock is oversold according to the Williams % R indicator of -90.6.
- The present value of USD1,000 (PV1000) invested one year ago in Aldeyra Therapeutics is US\$1,240, for a capital gain of US\$240.

### PV1000 (1 year) USD



- 1 year USD Multiplier = 1.2x
- In the NASDAQ Short Selling market of 2383 stocks, short selling as a % of issued shares ranked 1915th and within the bottom quartile of stocks. This means it was lower than market average of 0.48%, a bullish indicator.
- The current short volume is 0.2 times its own historical average of 0.1%.

### Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 16.5%.

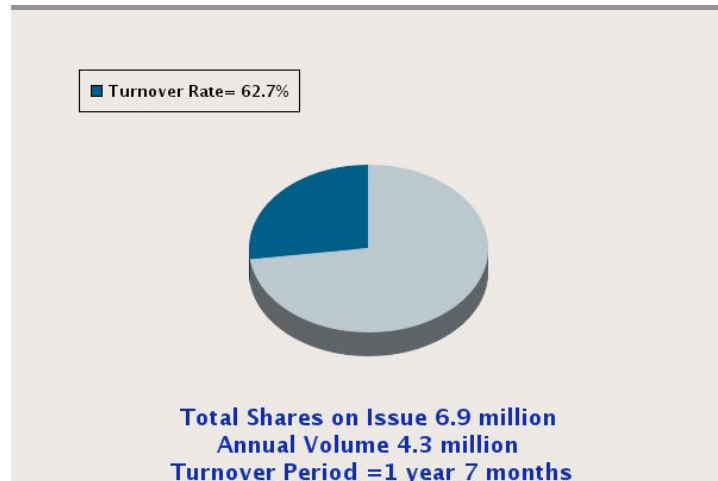
### Other Bullish Signals:

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 6.6 times current liabilities.

## Analysis (continued)

### Turnover Rate & Turnover Period



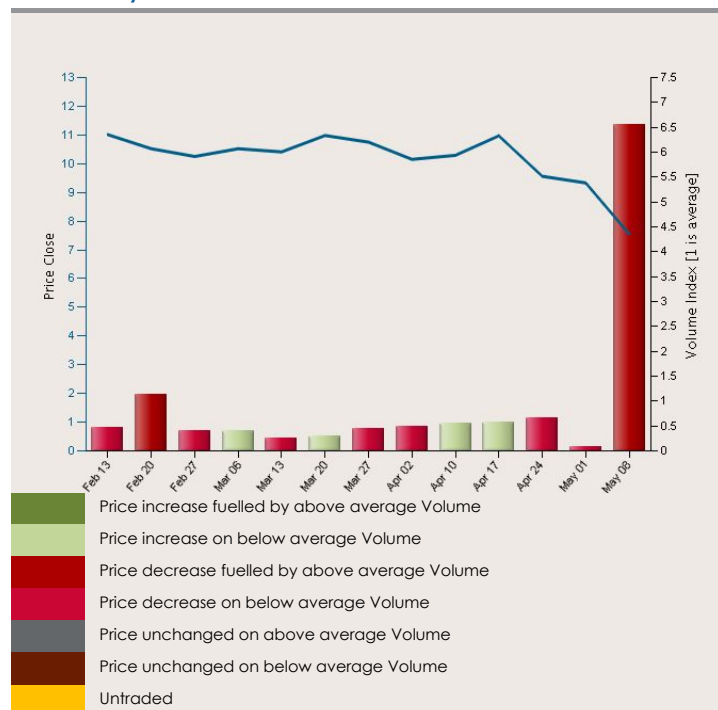
### Trailing 3 months

Turnover US\$9.3 million

Volume 1,063,379

Volume Index (1 is avg) 1.0

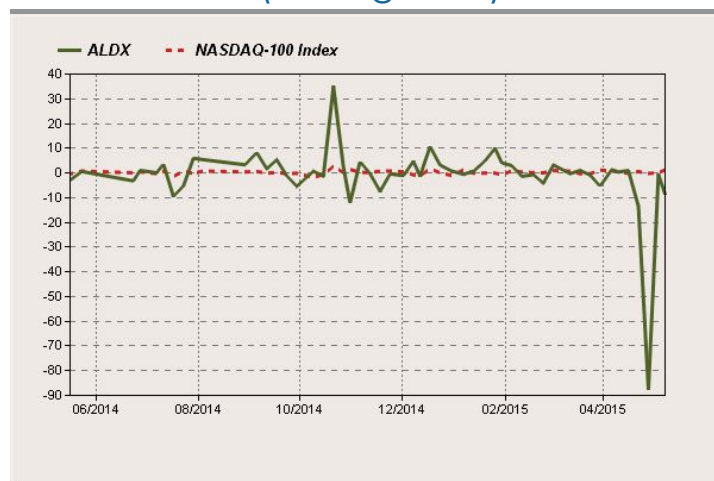
### Weekly Price Volume Dynamics (Last 12 Weeks)



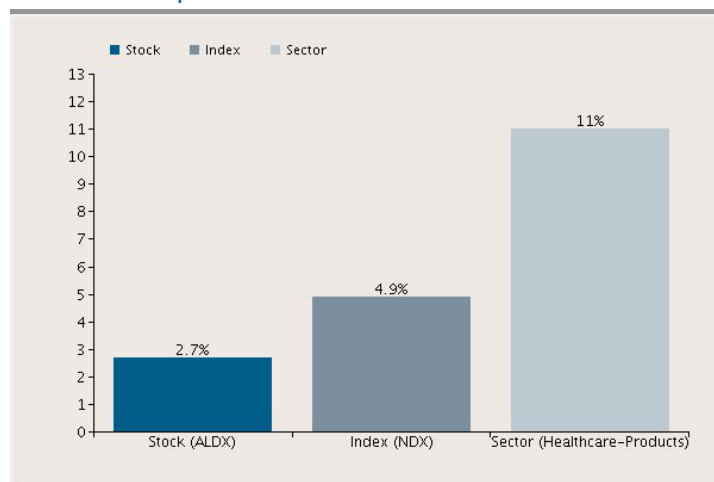
### Price/Moving Avg Price [P/MAP200]



### Stock v Index (Trailing Year)



### YTD Comparison Stock Sector Index



## Peer Group Analysis

Name	Last Price	Relative Str. (6-months)	MCap (USD)	PV \$1000 (1 yr)	Revenue (USD)	Net Profit (USD)	Total Assets (USD)
CareDx	US\$4.96	17	58.5M		28.7M	781,000	61.1M
Roka Bioscience	US\$2.97	43	53.6M		25,000	(29.6M)	59.1M
Parnell Pharmaceuticals Holdings	US\$3.93	26	52.2M		7.7M	(13.7M)	37.8M
Aldeyra Therapeutics	US\$7.50	45	51.7M	1,240		(9.6M)	8.8M
GlobelImmune	US\$7.30	72	42M		6M	(23.4M)	18.4M
Ruthigen	US\$3.85	27	18.5M	615		(3.1M)	15.6M
Reliv International	US\$1.14	35	14.6M	559	57.3M	724,569	26.8M

## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating
25-Mar-2015	Chardan Capital	Initiated Coverage	-	Buy
20-Mar-2015	HC Wainright	Boost Price Target	-	Buy

## Company Overview

### Activities

Aldeyra Therapeutics Inc. develops drugs designed to treat immune-mediated, inflammatory, orphan, and other diseases through capturing and eradicating toxic chemical species within effected patients.

Further details can be found at  
<http://www.aldeyra.com>.

Economic Sector

Healthcare

### Ranking

Aldeyra Therapeutics is placed 619/2368 in BSS News Bites's ranking of NASDAQ performers in the past year, a percentile ranking of 72%.

### Regulatory Announcements

#### May 13: Aldeyra Therapeutics: Aldeyra Therapeutics Reports First Quarter 2015 Financial and Operating Results

[News Story] Initiated Two Phase II Clinical Trials and Secured \$9.0 Million In Net Proceeds Through Two Private Placements In Q1 Follow-On Public Offering Resulting in \$18.8 Million In Net Proceeds Expected to Close in May

LEXINGTON, Mass., May 13, 2015 (GLOBE NEWSWIRE) -- Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced its financial results for the first quarter ended March 31, 2015.

Recent Highlights

<http://www.nasdaq.com/press-release/aldeyra-therapeutics-reports-first-quarter-2015-financial-and-operating-results-20150513-00315>>Read more...</a>

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

#### Conferences/Exhibitions

##### May 11: Events Calendar: Aldeyra Therapeutics Schedules Webcast and Conference Call for First Quarter 2015 Financial Results

[News Story] LEXINGTON, Mass., May 11, 2015 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that it will issue its financial results for the first quarter ended March 31, 2015 on Wednesday, May 13, 2015, prior to the market open.

Aldeyra will hold a conference call on Wednesday, May 13, 2015 at 8:30 a.m.

[For more details click here.](#)

#### Key Developments

##### May 08: Aldeyra Therapeutics Announces Pricing of Follow-On Public Offering of Common Stock

[Company Release]

Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced the pricing of its follow-on public offering of 2,700,000 shares of its common stock at \$7.50 per share. All shares of common stock to be sold in the offering are being offered by Aldeyra.

#### Key Developments

##### May 05: Aldeyra Therapeutics Launches Proposed Follow-on Public Offering of Common Stock

[News Story] LEXINGTON, Mass., May 5, 2015 (GLOBE NEWSWIRE) -- Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that it has commenced a proposed follow-on public offering of 3,000,000 shares of its common stock.

[For more details click here.](#)

##### April 16: Aldeyra Therapeutics Announces First Patient Enrolled in Noninfectious Anterior Uveitis Phase II Clinical Trial

[News Story]

LEXINGTON, Mass., April 16, 2015-- Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that it has enrolled the first patient in its Phase II clinical trial of NS2 for the treatment of noninfectious anterior uveitis.

[For more details click here.](#)



## Company Overview (continued)

### March 26: Aldeyra Therapeutics Opens Enrollment in Noninfectious Anterior Uveitis Phase II Clinical Trial

[News Story]

LEXINGTON, Mass., March 26, 2015 -- Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that it has opened enrollment for its Phase II clinical trial of NS2 for patients with noninfectious anterior uveitis.

[For more details click here.](#)

### March 24: Aldeyra Therapeutics Announces First Patient Enrolled in Sjogren-Larsson Syndrome Phase II Clinical Trial

[News Story] LEXINGTON, Mass., March 24, 2015 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that it has enrolled the first patient in its Phase II clinical trial of NS2 for the treatment of Sjogren-Larsson Syndrome (SLS).

[For more details click here.](#)

## 8-K other news

### March 19: Aldeyra Therapeutics: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515097679\\_0001193125-15-097679.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515097679_0001193125-15-097679.txt)

Source: 8-K United States Securities and Exchange Commission

### March 17: Aldeyra Therapeutics: Other Events

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515094757\\_0001193125-15-094757.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515094757_0001193125-15-094757.txt)

Source: 8-K United States Securities and Exchange Commission

### March 02: Aldeyra Therapeutics: Regulation FD Disclosure

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515071900\\_0001193125-15-071900.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515071900_0001193125-15-071900.txt)

Source: 8-K United States Securities and Exchange Commission

### January 22: Aldeyra Therapeutics: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515016937\\_0001193125-15-016937.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515016937_0001193125-15-016937.txt)

Source: 8-K United States Securities and Exchange Commission

### January 20: Aldeyra Therapeutics: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515014115\\_0001193125-15-014115.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515014115_0001193125-15-014115.txt)

Source: 8-K United States Securities and Exchange Commission

### January 15: Aldeyra Therapeutics: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515011408\\_0001193125-15-011408.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515011408_0001193125-15-011408.txt)

Source: 8-K United States Securities and Exchange Commission

### January 13: Aldeyra Therapeutics: Entry into a Material Definitive Agreement

[News Story]

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Source: 8-K United States Securities and Exchange Commission

### January 02: Aldeyra Therapeutics: Other Events

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312515000074\\_0001193125-15-000074.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312515000074_0001193125-15-000074.txt)

Source: 8-K United States Securities and Exchange Commission

### December 18: Aldeyra Therapeutics: Other Events

[News Story]

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Source: 8-K United States Securities and Exchange Commission

## Company Overview (continued)

### November 12: Aldeyra Therapeutics: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514407879\\_0001193125-14-407879.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514407879_0001193125-14-407879.txt)

Source: 8-K United States Securities and Exchange Commission

### September 05: Aldeyra Therapeutics: Regulation FD Disclosure

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514332978\\_0001193125-14-332978.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514332978_0001193125-14-332978.txt)

Source: 8-K United States Securities and Exchange Commission

### September 02: Aldeyra Therapeutics: Other Events

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514328113\\_0001193125-14-328113.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514328113_0001193125-14-328113.txt)

Source: 8-K United States Securities and Exchange Commission

### August 04: Aldeyra Therapeutics: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514292484\\_0001193125-14-292484.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514292484_0001193125-14-292484.txt)

Source: 8-K United States Securities and Exchange Commission

## Sector Sorting

For Company searches, or for sorting by stocks and variables, an interactive version of today's Table is available [here](#)

## Issued Capital

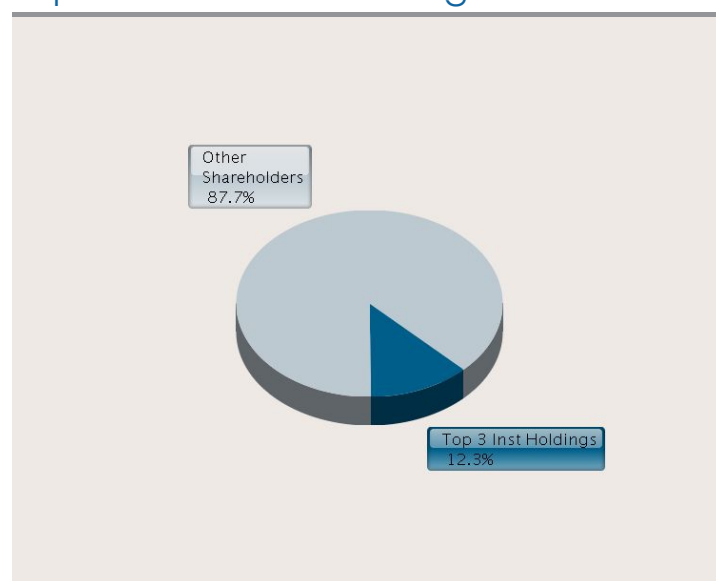
Based on 6,890,023 issued equity shares the market capitalisation is US\$51.7 million.

The top three shareholders hold 12.3% of the issued capital leaving a float of 87.7%.

### Top 3 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	834,811	12.12
Spark Investment Management Llc	11,200	0.16
Blackrock Investment Management Llc	269	0
<b>Total</b>	<b>846,280</b>	<b>12.28</b>

### Top 3 Institutional Holdings



## Board and Management

### Jesse I. Treu Director

Dr. Treu has served on our board of directors since June 2013. Dr. Treu has been a Managing Member of Domain Associates, L.L.C. since its inception in 1986. He has been a director of over 35 early-stage healthcare companies. Dr. Treu currently serves as a member of the boards of directors of Afferent Pharmaceuticals, Inc., CoLucid Pharmaceuticals, Inc., Regado Biosciences, Inc., Tandem Diabetes Care, Inc., RightCare Solutions, Inc. and Veracyte, Inc. He has also served as a founder, president and chairman of numerous venture-stage companies. Prior to the formation of Domain Associates, Dr. Treu had twelve years of experience in the healthcare industry. He was Vice President of the predecessor organization to The Wilkerson Group and its venture capital arm, CW Ventures. While at CW Ventures, he served as President and CEO of Microsonics, Inc., a pioneer in computer image processing for cardiology. From 1977 through 1982, Dr. Treu led new product development and marketing planning for immunoassay and histopathology products at Technicon Corporation, which is now part of Siemens Diagnostics. Dr. Treu began his career with General Electric Company in 1973, initially as a research scientist developing thin film optical sensors for immunoassay testing, and later serving on the corporate staff with responsibility for technology assessment and strategic planning. Dr. Treu received his B.S. in Physics from Rensselaer Polytechnic Institute and his M.A. and Ph.D. in physics from Princeton University. Dr. Treu's extensive knowledge of our business and history, experience as a board member of multiple publicly-traded and privately-held companies and expertise in developing and financing contributed to our conclusion that he should serve as a director of our company.

### C. Boyd Clarke Chairman

Mr. Clarke has served as chairman of our board of directors since October 2013. Mr. Clarke's original training in the pharmaceutical and vaccine industry was received at Merck and Company, where he held a number of positions including Vice President of the Merck Vaccine Division and the founding President of Pasteur-Merieux MSD, a European joint venture that commercialized vaccines in the European Union. Since leaving Merck in 1996, his career has focused on leading and advising smaller developmental biotechnology and vaccine companies. Mr. Clarke was previously President and Chief Executive Officer of three biotechnology companies: Neose Technologies, a protein therapeutics company; Aviron, a vaccine company; and U.S. Bioscience, an oncology company. MedImmune acquired both Aviron (in 2002) and U.S. Bioscience (in 1999) for a combined value of \$2 billion. Mr. Clarke has served as Chairman of the Board of QLT (an ocular company) and Mersana Therapeutics (an oncology company), and as Executive Chairman of LigoCyte Pharmaceuticals (a vaccine company), in which capacity he oversaw the sale of the company to Takeda Pharmaceuticals in 2012. He has also served as a board member or advisor to OraVax (a vaccine company), Novadigm Therapeutics, Inc. (a vaccine company), and Rib-X (an antibiotic company). In these capacities, he has developed significant expertise in the challenges of small company leadership, strategic management, business development and mergers and acquisitions. Currently, he is on the board of FluGen Inc. (a private vaccine company). Mr. Clarke's extensive knowledge of our business and history, experience as a board member of multiple publicly-traded and privately-held companies, and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.



## Board and Management (continued)

### Todd C. Brady CEO & President

Dr. Brady has served as our President and Chief Executive Officer since January of 2012 and as a member of our board of directors since 2005. From April 2013 to December 2013, Dr. Brady also served as Entrepreneur in Residence at Domain Associates, LLC, a leading healthcare venture capital firm, where he was a Principal from November 2004 to March 2013. From 2002 to 2004, Dr. Brady was Senior Director of business development at Aderis Pharmaceuticals, Inc., a late-stage biotechnology company sold to Schwarz Pharma Mfg., Inc. (now UCB, Inc.). From 2001 to 2002, Dr. Brady was Executive Vice President of Corporate Development and Strategy at Xanthus Life Sciences, Inc., an oncology drug development biotechnology company subsequently acquired by Antisoma plc. From 2000 to 2001, Dr. Brady was Chief Executive Officer of Phenome Sciences, which was acquired by Xanthus Life Sciences, Inc. Earlier in his career, Dr. Brady was a Senior Associate at CB Health Ventures, LLC (now Excel Venture Management LLC), a healthcare venture capital fund. Dr. Brady has had broad experience in biotechnology corporate development, and has worked in all facets of drug development from preclinical testing to Phase III and IV clinical trials, including the development of a new chemical entity now marketed for the treatment of Parkinson's Disease. Dr. Brady is a member of the Board of Directors of Evoke Pharma, Inc., a publicly held specialty pharmaceutical company, where he is Chairman of the Nominating and Governance Committee and a member of the Compensation Committee. He is also a member of the Board of Directors of Cantex Pharmaceuticals, Inc., Novadigm Therapeutics, Inc., and Oncobiologics, Inc., all privately held biotechnology companies. Dr. Brady holds a Ph.D. in pathology from Duke University Graduate School (and serves on the School's Board of Visitors), a M.D. from Duke University Medical School, and an A.B. from Dartmouth College in Philosophy and Psychology. Dr. Brady's extensive knowledge of our business, as well as his years of experience in the biotechnology industry, including executive leadership in several biotechnology companies, contributed to our conclusion that he should serve as a director of our company.

#### Creation of shareholder value in Aldeyra Therapeutics:

Year of appointment: 2012

In the last 1 years the average annualized return to shareholders was 14.2%. The present value of USD1,000 (PV1000) invested 1 years ago is now US\$1,142, a gain of US\$142.

#### Remuneration:

Year: 2014

Salary (\$): 377,500

Option Awards (\$): 454,871

Non-Equity Incentive Plan Compensation (\$): 234,000

All Other Compensation (\$): 9,013

Total (\$):1,075,384

### Scott L Young Chief Operating Officer

Scott L. Young has served as our Chief Operating Officer since December 2011. Mr. Young has over 25 years of preclinical and clinical experience in both large and small pharmaceutical firms. Prior to joining Aldeyra, Mr. Young was Chief Operating Officer for Link Medicine Corporation, a biotechnology company developing novel pharmaceuticals to treat neurodegenerative diseases including Alzheimer's Disease and Parkinson's Disease, from 2006 to 2011. While at Link Medicine Corporation, Mr. Young and colleagues successfully raised more than \$40 million in financing, advanced the lead program to clinical development, and subsequently out-licensed the technology to AstraZeneca UK Limited. Mr. Young was previously Chief Operating Officer of OXiGENE, Inc., a publicly traded oncology therapeutics development company, where from 1999 through 2006 he was instrumental in advancing a pharmaceutical candidate from laboratory testing into Phase III clinical trials and led the development of a compound in an orphan ophthalmology indication. Mr. Young has also held positions in clinical and regulatory affairs, cGMP manufacturing operations, and R&D and process development at Genzyme Corporation, RepliGen Corporation and Genetics Institute, Inc. (now Pfizer, Inc.). He holds a B.S. in biochemistry from the University of Massachusetts, Amherst.

#### Creation of shareholder value in Aldeyra Therapeutics:

Year of appointment: 2011

In the last 1 years the average annualized return to shareholders was 14.2%. The present value of USD1,000 (PV1000) invested 1 years ago is now US\$1,142, a gain of US\$142.

#### Remuneration:

Year: 2014

Salary (\$): 322,679

Non-Equity Incentive Plan Compensation (\$): 132,300

Total (\$):454,979

## Board and Management (continued)

### Gary Phillips Director

Dr. Phillips has served as Senior Vice President and Chief Strategy Officer at Mallinckrodt Pharmaceuticals plc since October 2013 and has been a member of our Board of Directors since May 2009. Before joining our company, he was President of Reckitt Benckiser Pharmaceuticals, Inc. from 2011 to 2012. He served as President of U.S. Surgical and Pharmaceuticals at Bausch & Lomb Incorporated from 2002 to 2008. Dr. Phillips has also held executive roles at Merck Serono SA (a division of Merck KGaA) from 2008 to 2011, Novartis Corporation from 2000 to 2002, and Wyeth Pharmaceuticals, Inc. (now Pfizer, Inc.) from 1999 to 2000. He was most recently Head of Global Health & Healthcare Industries at the World Economic Forum in Geneva from January 2012 to September 2013. Dr. Phillips was also healthcare strategy managing consultant at Towers Perrin Forster & Crosby, Inc. (now Towers Watson & Co) from 1997 to 1999, and practiced as a general medicine clinician/officer in the US Navy, from which he was honorably discharged as a lieutenant commander. Dr. Phillips was educated at the University of Pennsylvania, where he received an M.D. (Alpha Omega Alpha) from the School of Medicine in 1992, an MBA from the Wharton School in 1991, and B.A. (summa cum laude, Phi Beta Kappa) in biochemistry from the College of Arts and Sciences in 1987. He completed postgraduate medical education at Naval Medical Center San Diego and maintains an active medical license. Dr. Phillip's extensive knowledge of our business and history, and his experience in pharmaceutical strategy at multiple multinational companies, contributed to our conclusion that he should serve as a director of our company.

### Ben Bronstein Director

Dr. Bronstein has served as a member of our board of directors since 2010 and from 2010 to 2011 served as Chief Executive Officer of Aldeyra, then known as Neuron Systems. Since January 2014, Dr. Bronstein has been the Chief Medical Officer of Stealth BioTherapeutics, Inc. Dr. Bronstein serves on the board of directors of a privately held life science company and is a member of the Advisory Committee of the Daedalus Fund for Innovation at Weill Cornell Medical College. In addition, Dr. Bronstein has served as an Assistant Professor of Pathology and Laboratory Medicine at Weill Cornell Medical College since November 2013. Previously he served as a Visiting Scholar at the Wyss Institute of Biologically Inspired Engineering at Harvard Medical School. He is a board-certified pathologist and dermatopathologist, with over 20 publications. Dr. Bronstein began his professional career on the staff of the Massachusetts General Hospital and on the faculty of Harvard Medical School. He has spent the past 25 years in entrepreneurial roles in life science companies and venture capital firms. Dr. Bronstein has founded or held senior management positions at several venture-backed life science firms, including BioSurface Technology, Inc., a regenerative medicine company; Peptimmune, Inc., an immunotherapeutics company (a spinout from Harvard and MIT); and Vidus Ocular, Inc., a Yale University spinout developing an implantable device for the treatment of glaucoma. He has also served as a founder and senior vice president of Access BridgeGap Ventures, the life science investment unit of Access Industries, Inc. Dr. Bronstein received his M.D. and M.B.A. from Boston University. Dr. Bronstein's extensive knowledge of our business and history, experience as a board member of biotechnology companies and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.

## Board and Management (continued)

### Neal Walker Director

Dr. Walker has served on our board of directors since June 2013. Dr. Walker is the President and Chief Executive Officer at Aclaris Therapeutics, Inc., a privately held dermatological drug development company. He is a board certified dermatologist and serial entrepreneur with over 18 years of experience in the biopharmaceutical industry. Prior to founding Aclaris Therapeutics, Inc. in 2012, he was co-founder, President and CEO of Vicept Therapeutics, Inc. (acquired by Allergan, Inc.) from 2009 to 2012. Dr. Walker has co-founded and led a number of life science companies: Octagon Research Solutions, Inc., a software and services provider to biopharmaceutical companies (acquired by Accenture plc); Trigenesis Therapeutics, Inc., a specialty dermatology company where he served as Chief Medical Officer (acquired by Dr. Reddy's Laboratories Ltd); Cutix Inc., a commercial dermatology company that markets PreSun(Registered), a sunscreen brand acquired from Bristol-Myers Squibb Co. He began his pharmaceutical industry career at Johnson and Johnson, Inc. Dr. Walker currently is on the Board of Directors of Sebacia, Inc and Follica, Inc (Executive Chairman). Dr. Walker previously served on the Board of Directors for Octagon, a contract research organization. He is also on the Advisory Board of Flexible Medical Systems LLC, a privately held medical device company. Dr. Walker received his MBA from The Wharton School, University of Pennsylvania, his D.O. from Philadelphia College of Osteopathic Medicine and a B.A. in Biology from Lehigh University. Dr. Walker's experience as a founder of two private pharmaceutical firms, strong background in clinical and product development in dermatology and other fields, and substantial knowledge of the pharmaceutical industry contributed to our conclusion that he should serve as a director of our company.

### Stephen Tulipano CFO

Stephen Tulipano has served as our Chief Financial Officer and Treasurer since June 2014. He has nearly 27 years of accounting and financial experience, of which 14 years were focused on the pharmaceutical industry. Prior to joining Aldeyra, Mr. Tulipano provided accounting and management advisory services with Three Tulips, Inc. from 2011 to 2014. Prior to that, he served as Chief Financial Officer of Javelin Pharmaceuticals from 2006 to 2010 until its acquisition by Hospira. Prior to that, from 1998 to 2006, Mr. Tulipano was at Biogen Idec, Inc. where he served as Director of Corporate Accounting. He has also held several accounting roles both within companies and accounting firms. Mr. Tulipano holds a B.S. in Business Administration and Accounting from Salem State College and an M.B.A. in Finance from the Sawyer School of Management at Suffolk University. He is also a Certified Public Accountant.

#### **Creation of shareholder value in Aldeyra Therapeutics:**

Since appointment as CFO: The present value of USD1,000 invested on the appointment date of June 23, 2014 at close price of US\$7.44 is US\$1,005, for a capital gain of US\$5.

#### **Remuneration:**

Year: 2014

Salary (\$): 135,000

Option Awards (\$): 246,994

Non-Equity Incentive Plan Compensation (\$): 44,898

Total (\$): 426,892

## Financials

### Annual Report for the year ended December 31, 2014

year-on-year comparisons with previous corresponding period

Total liabilities to Total assets of 0.3.

#### Favourable Changes

- Current ratio up 23.1% to 6.6
- Working capital to total assets up 18.9% to 84.6%.

#### Unfavourable Changes

- Losses in 3 years out of the last 4 years
- Operating cash flow is negative.

#### Major Common Size Ratios

- Total current assets to total assets up from 87.4% to 99.7%
- Cash to total assets up from 87.2% to 97.0%.

# Financial Results (Annual)

31 December, 2014

## INCOME STATEMENT

Currency in USD	2014-12-31	2013-12-31	Change %
Operating expenses:			
Research and development	3,707,544	1,541,681	Up 140.5
General and administrative	3,563,046	2,134,726	Up 66.9
Loss from operations	-7,270,590	-3,676,407	Deterioration 97.8
Other income (expense):			
Change in fair value of preferred stock warrant liabilities	2,327,502	720,785	Up 222.9
Change in fair value of convertible preferred stock rights and rights option liabilities		16,175,386	
	2,327,502	16,896,171	Down 86.2
Interest income	3	31	Down 90.3
Interest expense	244,174	159,323	Up 53.3
Total other income, net	2,083,331	16,736,879	Down 87.6
Net (loss) income and comprehensive (loss) income	-5,187,259	13,060,472	Deterioration
Accretion of preferred stock	-333,082	-822,550	Reduced 59.5
Allocation of undistributed earnings to preferred stockholders		-11,128,012	
Deemed dividend	-4,053,570		
Net (loss) income attributable to common stockholders	-9,573,911	1,109,910	Deterioration
Net (loss) income per share attributable to common stockholders:			
Basic	-251.0c	US\$3.49	Deterioration
Diluted	-309.0c	-1,761.0c	Reduced 82.5
Weighted average common shares outstanding:			
Basic	3,818,157	318,429	Up 1,099.1
Diluted	3,850,612	855,508	Up 350.1

## BALANCE SHEET

Currency in USD	2014-12-31	2013-12-31	Change %
ASSETS			
Current assets:			
Cash and cash equivalents	8,527,304	3,262,354	Up 161.4
Prepaid expenses and other current assets	232,568	8,412	Up 2,664.7
Total current assets	8,759,872	3,270,766	Up 167.8
Deferred offering costs	14,238	472,467	Down 97.0
Fixed assets, net	12,993		
	27,231	472,467	Down 94.2
Total assets	8,787,103	3,743,233	Up 134.7
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	341,294	341,853	Down 0.2
Convertible notes payable - related parties		85,000	

# Financial Results (Annual) (continued)

31 December, 2014

Accrued interest on convertible notes payable - related parties		2,125	
Accrued expenses	908,724	117,873	Up 670.9
Current portion of credit facility	77,546	58,160	Up 33.3
<b>Total current liabilities</b>	<b>1,327,564</b>	<b>605,011</b>	<b>Up 119.4</b>
Credit facility, net of current portion and debt discount	1,175,481	1,129,015	Up 4.1
Accrued deferred offering costs		394,368	
Convertible preferred stock warrant liability		253,247	
Convertible preferred stock warrant liabilities - related parties		3,265,620	
<b>Total liabilities</b>	<b>2,503,045</b>	<b>5,647,261</b>	<b>Down 55.7</b>
Commitments and contingencies			
Redeemable convertible preferred stock:			
Series A Preferred Stock, 0.001 par value, none authorized, issued and outstanding as of December31, 2014 and 24,000,000 shares authorized; 980,391 shares issued and outstanding as of December31, 2013		29,291,865	
Series B Preferred Stock, 0.001 par value, none authorized, issued and outstanding as of December31, 2014 and 38,000,000 shares authorized; 1,316,681 shares issued and outstanding as of December31, 2013		9,025,433	
<b>Total redeemable convertible preferred stock</b>		<b>38,317,298</b>	
Stockholders' equity (deficit):			
Preferred stock, 0.001 par value, 15,000,000 shares authorized, none issued and outstanding as of December31, 2014; none authorized, issued or outstanding as of December31, 2013			
Common stock, voting, 0.001 par value; 150,000,000 authorized and 5,565,415 shares issued and outstanding as of December31, 2014; 65,000,000 shares authorized; 327,365 shares issued and outstanding as of December31, 2013	5,565	327	Up 1,601.8
Common stock, non-voting, 0.001 par value; none authorized, issued and outstanding as of December31, 2014; 65,000,000 authorized, none issued and outstanding as of December31, 2013			
Additional paid-in capital	52,790,090	1,102,685	Up 4,687.4
Accumulated deficit	-46,511,597	-41,324,338	Deterioration 12.6
<b>Total stockholders' equity (deficit)</b>	<b>6,284,058</b>	<b>-40,221,326</b>	<b>Recovery</b>
<b>Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)</b>	<b>8,787,103</b>	<b>3,743,233</b>	<b>Up 134.7</b>

## CASH FLOW

Currency in USD	2014-12-31	2013-12-31	Change %
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	-5,187,259	13,060,472	Deterioration
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Stock-based compensation	2,037,073	1,701,713	Up 19.7
President and CEO contributed services		46,388	
Amortization of debt discount - non-cash interest expense	150,852	121,374	Up 24.3



# Financial Results (Annual) (continued)

31 December, 2014

Change in fair value of warrant liability, purchase rights and warrant purchase rights	-2,327,502	-16,896,171	Reduced 86.2
Depreciation	1,069		
Change in assets and liabilities:			
(Increase) decrease			
Prepaid expenses and other current assets	-224,156	-5,462	Deterioration 4,003.9
Accounts payable	-559	269,315	Deterioration
Accrued interest on convertible notes related parties	-2,125	2,125	Deterioration
Accrued expenses	776,613	-6,355	Recovery
Net cash used in operating activities	-4,775,994	-1,706,601	Deterioration 179.9
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of property and equipment	-14,062		
Net cash used in investing activities	-14,062		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock, net of issuance costs	10,055,006		
Proceeds from convertible notes payable - related parties		170,000	
Proceeds from issuance of restricted common stock		7,147	
Borrowings under credit facility, net	1,395,833	1,000,000	Up 39.6
Repayments of credit facility	-1,395,833	-104,167	Deterioration 1,240.0
Cash paid for deferred offering costs		-78,099	
Net proceeds from issuance of Series B redeemable convertible preferred stock		2,750,436	
Net cash provided by financing activities	10,055,006	3,745,317	Up 168.5
NET INCREASE IN CASH	5,264,950	2,038,716	Up 158.2
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,262,354	1,223,638	Up 166.6
CASH AND CASH EQUIVALENTS, END OF PERIOD	8,527,304	3,262,354	Up 161.4

## PERFORMANCE RATIOS

	2014-12-31	2013-12-31	Change %
Return on Assets (%)	-108.95	29.68	
Total debt to net tangible assets (%)		-80.53	
Total Liabilities to Operating Cash Flow	-0.52	-3.3	Reduced 84.1
Total Liabilities/Total Assets	0.28	1.51	Down 81.1
Interest Cover		1.78	
Current Ratio	6.6	5.36	Up 23.1

## PER SHARE FIGURES

	2014-12-31	2013-12-31	Change %
EBIT		US\$4.77	
Cash	US\$2.23	52.16c	

# Financial Results (Annual) (continued)

31 December, 2014

Working Capital	US\$1.95	42.56c	
Shareholders' Funds	US\$1.65	-30.40c	
Total Liabilities	65.56c	90.40c	Down 27.5
Total Assets	US\$2.30	59.84c	Up 284.6
Current Debt		1.44c	
Non Current Debt		22.08c	
Total Debt		24.48c	
Net Tangible Assets	US\$1.65	-30.40c	
EPS Final	-309.0c	18.0c	

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