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INITIATION REPORT

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Daré Biosciences, Inc. (NASDAQ/DARE)

BUY **$1.33** **Price Target $8.00**

Daré is a women's health company with 2 beginning Phase 2b studies: Ovaprene™ a non-hormonal contraceptive and topical 5% sildenafil cream for FSAD.

July 18, 2018

Carol A. Werther
Senior Research Analyst
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Initiate at Buy as Daré Biosciences' Plan is Executed

- We are initiating coverage on Daré Biosciences with a Buy rating and an $8.00 12-month price target. Last year, Daré went public via a reverse merger and began in-licensing products to address women's health issues. The company is developing two clinical-stage product candidates beginning Phase 2b studies: Ovaprene™, a non-hormonal monthly contraceptive and topical 5% sildenafil cream (SST-6007) for Female Sexual Arousal Disorder (FSAD). The two lead programs have compelling clinical data, that in our opinion are de-risked and have the advantage of being developed via the 505(b)(2) pathway. Ovaprene™ patents are secured to 2028 and topical 5% sildenafil cream until 2031, both without the 5-year patent extension. The company has an enterprise value of zero. This is an execution story that has legs.
- Ovaprene™ is a monthly non-hormonal ring for contraception. It has successfully completed an open label trial and is beginning a Phase 2b postcoital (PTC) program imminently. We expect worldwide Ovaprene™ sales of $91M in 2023 that may reach $1.3B in 2028.
- Daré is developing topical 5% sildenafil cream to treat FSAD which uses localized action, with minimal systemic uptake of the active drug. There are no approved treatments. We have modeled worldwide sales beginning in 2024 of $175M reaching $2B in 2028.
- The next important 2018 events include: 1) FDA meeting to confirm FSAD clinical trial protocols and endpoints; 2) begin Ovaprene™ PCT test; and 3) the start of Phase 2b topical 5% sildenafil FSAD trial.
- In our opinion the company has sufficient funds into 2019. We have a 12-month $8 price target based on an average of a 20x multiple of 2027 EPS of $2.65 discounted back at 30% and a 10x multiple of 2027 adjusted royalties of $162M discounted back at 25%. We have forecasted a 5-year revenue compounded growth rate of 25% annually and a 4-year EPS compounded growth rate of 20%.
- Risks include the usual challenges in drug development: 1) successful clinical trial results; 2) regulatory approval with an appropriate label; 3) the need for additional capital; 4) competing products; 5) reimbursement; 6) intellectual property; and 7) manufacturing.

Please find Important Disclosures beginning on Page 23.

Dare Bioscience, Inc.
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Rating	Buy
Target Price	$8.00
Ticker Symbol	DARE
Market	NASDAQ
Stock Price	$1.30
52 wk High	$8.80
52 wk Low	$0.74
Shares Outstanding:	11.7 M
Public Market Float:	8.1 M
Avg. Daily Volume	1,266,947
Market Capitalization:	$15 M
Institutional Holdings:	30.0%
Dividend Yield:	NM

Earnings Per Share	Normalized to exclude unusual items		
FYE - December	**2017A**	**2018E**	**2019E**
1Q - March	($0.27)	($0.88) A	($0.19)
2Q - June	($0.34)	($1.01)	($0.20)
3Q - September	($0.06)	($0.24)	($0.01)
4Q - December	($0.22)	($0.26)	($0.02)
Year	**($3.56)**	**($2.39)**	**($0.79)**
Revenue ($mm)			
EV/Rev	NM	NM	NM
EBITDA ($mm)	NM	NM	NM
EV/EBITDA	NM	NM	NM

Senior Executives	
Sabrina Martucci Johnson	Chief Executive Office
Lisa Walters-Hoffert	Chief Financial Officer
David Friend, PhD	Chief Scientific Officer
John Fair	Chief Business Officer
Mary Jarosz, RPh, RAC FTOPPRA	Global Head of Regulatory Affairs
Mark Walters	VP, Operations

Common Ownership Profile

Shareholder	Shares ('000)	% of Total
Empery Asset Management LP	1,000	8.75
Heights Captial Management, Inc.	975	8.54
CVI Holdings LLC	472	4.13
Polaris Venture Partners	326	2.86
Venrock	302	2.64
Directors and Officers	2,326	20.0%

Capitalization

Market Value Basis ('000)	07/16/2018	%
Long-Term Debt	$0	0%
Market Value of Equity	14,849	-1912%
Less: cash	-15,625	2012%
Enterprise Value	-$776	100%

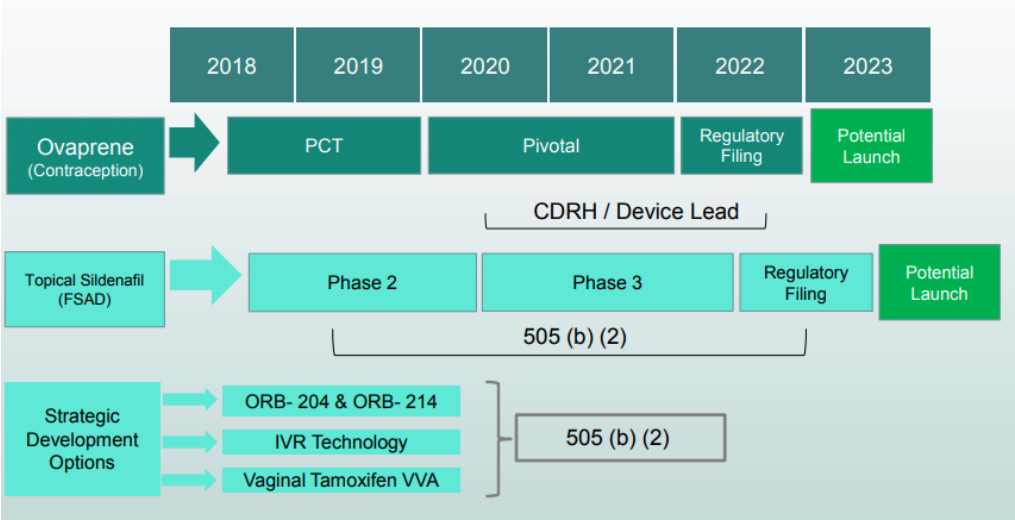
Book Value Basis ('000)	03/31/2018	%
Long-Term Debt	$0	0.0%
Other Liabilities	810	4.9%
Book Value of Equity	15,820	95.1%
Total Capital	$16,631	100.0%

Source: Company reports, StockCharts and Dawson James Securities estimates.

Company Overview

Daré Bioscience, Inc. is a healthcare company committed to the development and commercialization of innovative products for women's reproductive health. Daré's business strategy is to license the rights to novel product candidates, some of which have existing clinical proof-of-concept data and develop those candidates through advanced stages of clinical development. To achieve these goals the company conducted a reverse merger with Cerulean (CERU) in 2017. Subsequently, product acquisitions focused on candidates with preclinical and early clinical data in women health indications that include contraception, vaginal health, sexual health and fertility. Daré's product candidates may offer innovative therapeutic advantages compared to current products. Two product candidates are in the clinic: Ovaprene™, a non-hormonal monthly contraceptive and SST-6007, topical 5% sildenafil (Viagra®) cream for Female Sexual Arousal Disorder (FSAD). The company is in La Jolla, California.

Exhibit 1. Daré s Pipeline and Projected Timelines



Source: Company reports.

The company actively looking for new product candidate opportunities. The pipeline includes 3 additional 505 (b) (2) preclinical programs and CatSper a new chemical entity. In 1Q:18, Dare entered into a license agreement with Orbis Biosciences, Inc. for the development of an injectable etonogestrel contraceptive with 6- and 12-month durations (ORB-204 and ORB-214, respectively). The initial development on Orbis' long-acting injectable contraceptive program was carried out under a subcontract funded by Family Health International (FHI 360) through a grant from the Bill & Melinda Gates Foundation. The Bill & Melinda Gates Foundation and FHI 360 are world leaders in the funding and development of novel contraceptive products and programs. An injectable contraceptive is designed to provide discreet, non-implanted, protection over several months. Currently, marketed injectable contraceptives are only effective for 3 months and can delay the ability to get pregnant for up to 10 months after receiving the injection. The target product profiles of ORB-204 and ORB-214 include prolonged duration (6 to 12 months), improved ease of use, with an improved side effect profile and predictable return to fertility.

In July 2018, Daré entered a transfer agreement with Hydra Biosciences for IP related to the CatSper ion channel target portfolio that is a novel target for non-hormonal contraceptives for both men and women. This approach prevents sperm from achieving the hyperactive motile state required to conceive. CatSper expression is confined to sperm, so a drug targeting CatSper could potentially be delivered to males or females, and one that is fast-acting would only be needed immediately prior to intercourse. Research suggests that CatSper based contraceptives would not affect sperm development, so resumption of full fertility could occur as soon as dosing stops. Daré expects to raise money from foundations and government agencies to fund the program.

Daré has several important milestones upcoming. Perhaps the most important is the FDA meeting to confirm the FASD trial protocols and endpoints. There are no drugs approved to specifically treat FSAD. In 2016, the FDA issued a guidance document that is great as it recognizes Female Sexual Dysfunction (FDS) as an unmet need. However, it is a bit vague on appropriate populations and endpoints. The document specifically states that total scores of the Female Sexual Function Index (FSFI) and Female Sexual distress Scale – Revised (FSDS-R) are not specific to the outcome measures of interest for the conditions addressed in the guidance. Therefore, the total scores are unlikely to be considered acceptable for any labeling claim. The guidance emphasizes that the measurements to determine efficacy is lacking and that companies may need to determine their own.

(https://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/Guidances/UCM526362.pdf).

Exhibit 2. Daré Upcoming Milestones

Milestone	Timing
FDA mtg to confirm clinical trial protocols and endpoints	Early 2H:18
Begin Ovaprene postcoital (PCT) Phase 2b clinical trial	2H:18
Phase 2b topical sildenafil for FSAD to begin	2H:18
Results of Ovaprene postcoital test (PCT)	2H:19
File an IDE prior to Ovaprene pivotal trial	2H:19
Pipeline updates, in-license new products	2019
Begin Ovaprene single pivotal trial	2020/2021
Phase 3 topical sildenafil for FSAD to begins	2H:20
Ovaprene worldwide partner	2022
Ovaprene US & EU approval and launch	2023
Topical 5% sidenafil cream pivotal results	2023
Topical 5% sidenafil cream partner is signed	2023
Topical 5% sidenafil cream launched US & EU	2024

Source: Company reports, Dawson James Securities Research.

Clinical Stage Product Candidates

Ovaprene® is targeting a $6B+ US Contraceptive Market that includes 40M Women

Ovaprene® is an intravaginal ring that is a silicone-reinforced with a soft, absorbable scaffolding that encircles a fluid-permeable barrier. A non-braided, multi-filament mesh in the center of the ring functions is a physical barrier to sperm. The silicone ring also releases both ascorbic acid and ferrous gluconate that act together to create a pH that is inhospitable to sperm. Ovaprine has several attractive features important to women: 1) it provides protection for several weeks; 2) there is no need for action prior to intercourse; and 3) there are no hormones involved and thus has the potential to be safer than those methods.

Exhibit 3. A Monthly, Hormone Free Contraception Option

Source: Company reports.

An Ovaprene™ open label single arm 20 women postcoital test (PCT) pilot study was in *The Journal of Reproductive Medicine®; Vol 54; Num 11-12/November-December 2009*. Twenty-one women completed one cycle of use. There was no viable sperm in in the cervical mucus after coitus. Ovaprene demonstrated the ability to immobilize sperm and prevent their progression into the cervical mucus. Also, no colposcopy abnormalities, no significant changes in vaginal flora and no serious adverse events (SAEs) observed. In PTC studies of similar size, products such as diaphragms with no motile sperm in the cervical mucus during there PCT assessments showed typical use contraceptive effectiveness of 88%. In our opinion, this study de-risks this asset.

Exhibit 4. Ovaprene's Components

Ring dimensions					
Outer diameter (mm)	Inner diameter (mm)	Overall thickness (mm)		Volume (mm^3)	Surface area (mm^2)
55	40	5		3,487	2,371
Raw Materials (Critical Component Listing)					
Ring component	**Critical material**	**Manufacturer**	**CAS no.**	**Amount per ring**	**Approved device**
Mesh	L-Lactide Trimethylene-carbonate	Purac B.I. Chemical	4511-42-6 2453-03-4	0.3741 g	Osteoprene®
Scaffold	L-Lactide Trimethylene-carbonate	Purac B.I. Chemical	4511-42-6 2453-03-4	0.102 g	Osteoprene®
Ring matrix	Silastic Part A Silastic Part B	Dow Corning		1.8096 g 1.8096 g	N/A
Polyglycolide (PG)	Glycolide	B.I. Chemical	502-97-6	0.2218 g	Dexon®

Source: The Journal of Reproductive Medicine®; Vol 54; Num 11-12/November-December 2009.

The US sales of prescription contraceptive products topped $6B in 2016 according to IMS. Forty million women use a contraceptive method in the US and approximately 40% of women are not satisfied with their current method and approximately 50% are looking for a shorter-acting reversible method.

Ovaprene™ is likely to compete with hormonal products including NuvaRing® which is a convenient monthly product. Merck's revenue in 2016 was $761M, which was down to $554M in 2017. The patent expired in April 2018. Bayer markets the MiRNA®, a doctor inserted long-acting IUD that delivers hormones. Bayer reported sales of $1.13B in 2016, which grew 9.2% in 2017 (foreign exchange adjusted). The run rate for the family of MiRNA® products of $370M in 1Q:18; with 70% of sales in the US. The proportion of the U.S. market that is made up of generic products has been increasing over time. In 2016, approximately 83% of the prescription volume and approximately 43% of sales of combined hormonal contraceptives in the US were generated by generic products.

Exhibit 5. Profile of Select Contraceptive Methods

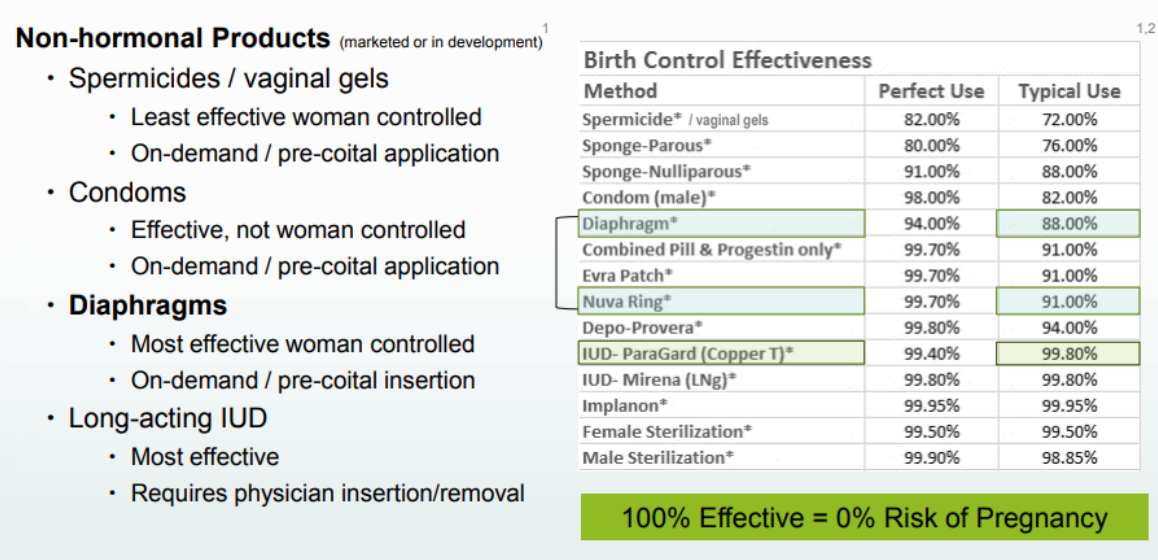
Product/ Approval	Company	Description	Duration	Warnings	Available	Cost	2016 sales	2017/2018
NuvaRing ® 2001; patent expired 4/18	Merck	etonogestrel/ethinyl estradiol vaginal ring	3 wk cycle	Black box warning for cigarette smoking and serious CV events	OTC	$175/ring; $2,275 annually	2016 $777	US sales $564M in 2017
Mirena® 2000	Bayer	hormonal (levonorgestrel) intrauterine device (IUD)	good up to 5 yrs	Pregnancy, acute pelvic inflammatory disease, postpartum endometritis, known or suspected uterine or cerivical neoplasia, or breast cancer, or progestin-sensitive tumor	MD office	$1,111 avg. cost	$1.13B	the family of Mirena® products sold $370M in 1Q:18(growing at 9.2% Fx adjusted)
Caya® 2014	PATH /Conrad/Kessel	non hormonal diaphram; need to be used w/ spermicide	as needed	fitting not needed for many women	OTC	$80-$90 on eb	NA	NA
Ovaprene 2022E	Daré	non hormonal barrier w/ ferric acid (iron) and ascorbic acid (Vit C)	monthly	MD prescription required	MD office	Our estimates are 13 rings / yr @ $150; $1950	NA	NA

Source: Company reports, SEC documents, Dawson James Equity Research.

Ovaprene™ is likely to compete with other non-hormonal products including the Caya® contoured diaphragm. This is a female contraceptive barrier device made of silicone and used with a spermicide. The 2017 Caya ® diaphragm survey conducted by Kessel found several interesting findings: 1) most women converting had been on the pill (42.1%) or condom (22.6%); 2) 58% of women found out about the product on line; 3) they preferred Caya® (47.7%) because it had no contraindications and the most important factor was it was non-hormonal. By the end of 2017, 100K women in 30+ countries use this diaphragm.

A company goal would to have achieve efficacy of a typical use rate of 91%, on par with NuvaRing and above that of diaphragms which is 88%.

Exhibit 6. Efficacy of Select Contraceptive Methods



Source: Company reports.

Ovaprene™ is a drug/device combination that requires regulatory approval from two FDA agencies. The Center for Devices and Radiological Health (CDRH) that reviews medical devices, and the Center for Drug Evaluation and Research (CDER) has responsibility for drug products. Ovaprene™ previously underwent a request to determine the designation process with the FDA that determined that CDRH would lead the review for a PMA.

Clinical Plan Places Ovaprene™ on the US and EU markets in 2023

Using the Caya diaphragm development as a proxy, Ovaprene™ has good odds of reaching the market in within 5 years. A regulatory path is there with approval endpoints identified.

Exhibit 7. Possible Clinical Program based on Caya® Approval

Ovaprene	Patients	Description	Primary Endpoint	Secondary Endpoints
Phase 2b	50 couples: goal is 25 women to complete 21 visits over 5 menstral cycles	cervical mucus measured at baseline (cycle 1); use of diaphragm (cycle 2) and cycles 3, 4, 5 w/ Ovaprene	Assesment of motile sperm with per higher powered field (HPF) in cerival mucus , post coitus	Safety, PK, Acceptiabilty, fit and ease of use.
Phase 3	250 couple completers over 6 mons		Safety and efficacy and pregnancy probability	Acceptability /product fit/ease of use; vaginal health

Source: Company reports.

Topical 5% Sildenafil Cream (SST-6007) for FSAD Targets 10M American Women

Female sexual dysfunction (FSD) is a complex and multi-faceted disorder that has a wide spectrum of symptoms and severity. The term FSD covers a heterogeneous collection of conditions that have previously been classified into four different disorders: 1) hypoactive sexual desire disorder (HSDD) characterized by a reduced or absent interest in sexual activity; 2) female sexual arousal disorder (FSAD) characterized by an inability to attain or maintain sexual excitement; 3) female orgasmic disorder characterized by the difficulty to attain orgasm despite sufficient arousal, and 4) sexual pain disorder (dyspareunia) characterized by pain during sexual intercourse. FSAD symptoms are at least present for 6 months and severe enough to be a source of personal distress. FSAD can be lifelong or acquired, range from mild to severe, and may be generalized or situational. Where HSDD is characterized primarily by a lack of sexual desire, FSAD is characterized primarily by an inability to attain and/or maintain sufficient physical sexual arousal. Some studies divide women into pre and post menopause.

There are FDA-approved products for treating moderate to severe pain during sexual intercourse related to vulvar and vaginal atrophy (VVA) associated with menopause and cancer treatment. These are primarily hormone replacements outlined in Exhibit 8.

In 2015**,** Addyi (flibanserin) was the first and only FDA-approved treatment for acquired, generalized hypoactive (low) sexual desire disorder—HSDD—in premenopausal women. Symptoms of HSDD include low libido and associated distress. Addyi was originally developed as an antidepressant, it is a daily pill, that may boost sex drive in women who experience low sexual desire and who find the experience distressing. It does have a black box warning for potentially serious side effects include low blood pressure, sleepiness, nausea, fatigue, dizziness and fainting, particularly if the drug is mixed with alcohol. Experts recommend that you stop taking the drug if you don't notice an improvement in your sex drive after eight weeks. Tibolone is a synthetic steroid drug used in Europe and Australia for treatment of postmenopausal osteoporosis. Due to concerns over increased risk of breast cancer and stroke in women takin tibolone, the drug isn't approved by the FDA. In addition, AMAG pharmaceuticals has bremelanotide, a melanocortin receptor agonist (MCR4) a self-injected pen to use before sexual activity, filed at the FDA for HSDD. The PDUFA date is March 23, 2019.Treatments approved for FSD, but not for FSAD.

Dare is not directly competing with any of the approved treatments for FSD. Prescription products are used off-label for FSAD include sildenafil, testosterone or estrogen hormonal therapies, and antidepressants. However, these products have either not demonstrated effectiveness for FSD or have potential safety issues if taken long-term. Non-drug therapies include lubricants, devices, behavioral or couples therapy, and lifestyle modifications.

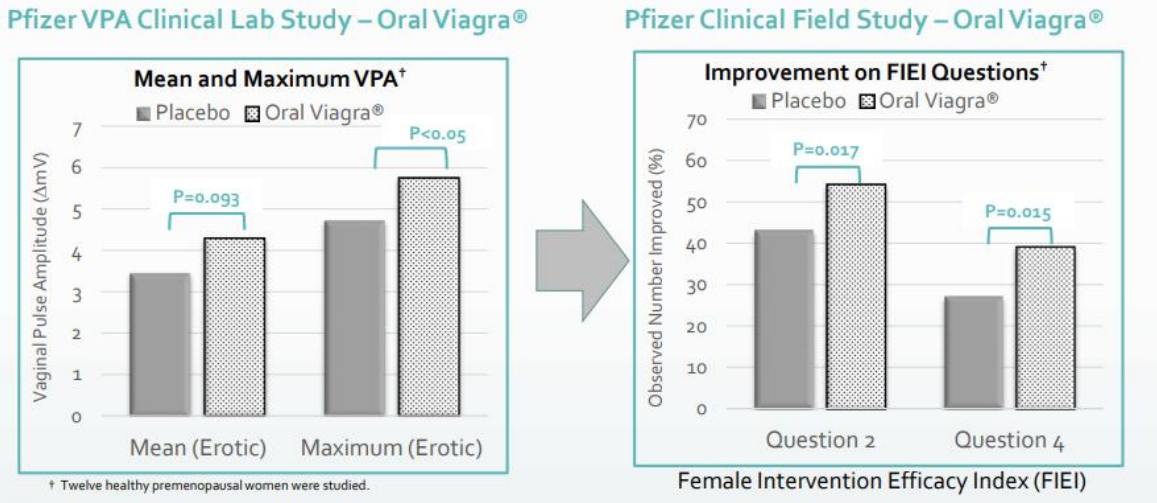
Exhibit 8. Summary of Approved Treatments for FSD

Source: Company reports.

There is currently no precise measure of the prevalence of FSAD. However, one survey of U.S. women found that 12% of women reported experiencing personally distressing sexual problems. *Shifren et al. Sexual problems and distress in United States women – prevalence and correlates. Obstet Gynecol. 2008; 112:970-8.* Separately, a worldwide meta-analysis of observational studies published in *Sexual Medicine Reviews (July 2016 Vol.4, Issue 3, pp 197-212).* screened 9,292 results and 440 publications. Of these, 135 studies were included in the systematic review. Ninety-five of these studies were assessed further in a meta-analysis. There was substantial heterogeneity among studies. The prevalence of FSD in premenopausal women was estimated to be 41% (95% CI = 37.1–44.7, I^2 = 99.0%). Prevalence rates of individual sexual disorders ranged from 21% (lubrication difficulties) to 28% (hypoactive sexual desire disorder). In general, post-menopausal women have higher rates related to hormone changes. Overall, the company estimates there are 10M American women in distress and actively seeking treatment according to an Ad Hoc Market Research report conducted for Strategic Science in October 2015.

Viagra, an oral phosphodiesterase inhibitor, proved successful in treating erectile dysfunction in men, but the drugs don't work nearly as well in treating female sexual dysfunction. Two successful trials below demonstrate the effectiveness of oral sildenafil in trials in women. Others were not successful, and Pfizer did not file for approval for women. Studies looking into the effectiveness of these drugs in women show inconsistent results that local application may prove to be the answer.

Exhibit 9. Statistically Significant increases in Vaginal Pulse Amplitude (VPA) (1) Statistically significant improvement in genital stimulation (FIEI) (2)



Question #2 – "After taking study medication, the sensation/feeling in my genital (vaginal, labia, clitoris) area during intercourse or stimulation (foreplay) seemed to be: (a) more than before, (b) less than before, or (c) unchanged". Question #4 – "After taking the study medication, intercourse and/or foreplay was: (pleasant and satisfying; better than before taking the study medication, (b) unpleasant; worse than before taking study medication, (c) unchanged; no difference, or (d) pleasant; but still not like it used to be or I would like it to be." 202 postmenopausal women with FSAD who had protocol specified estradiol and free testosterone concentrations, and/or were receiving estrogen and/or androgen replacement therapy were studied.

Source: 1) The Enhancement of Vaginal Vasocongestion by Sildenafil in Healthy Premenopausal Women. Journal of Women's Health & Gender-Based Medicine. Vol. 11, No. 4. 2002

2) Safety and Efficacy of Sildenafil Citrate for the Treatment of FSAD: A Double-Blind, Placebo Controlled Study. The Journal of Urology. Vol 170, 2333-2338, December 2003.

Daré is developing topical 5% sildenafil cream to treat FSAD which uses localized action, with minimal systemic uptake of the active drug. FSAD is characterized primarily by an inability to attain or maintain sufficient physical sexual arousal, frequently resulting in distress or interpersonal difficulty.

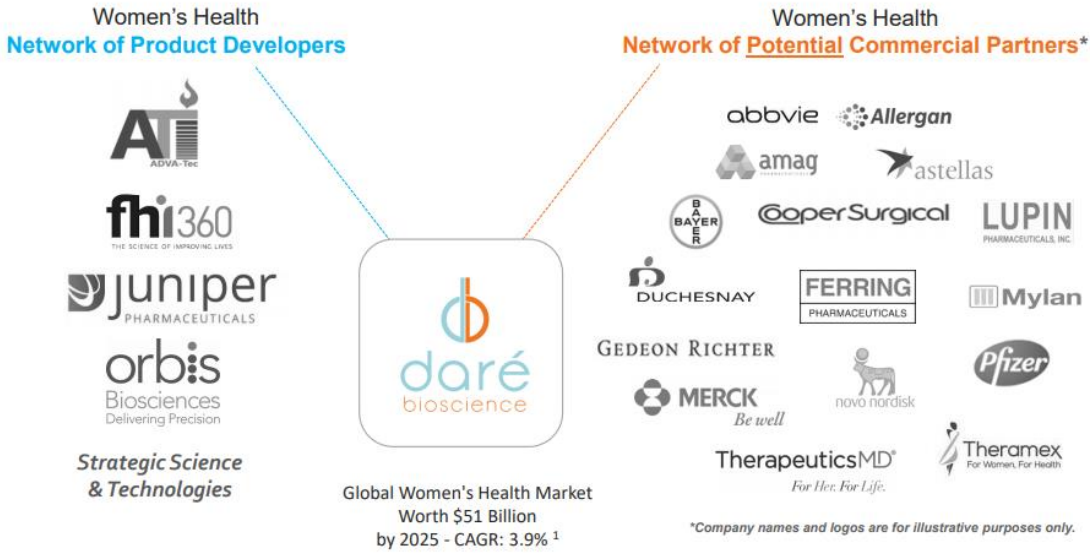
Topical 5% sildenafil cream incorporates sildenafil, the same active ingredient in male erectile dysfunction drug Viagra®, into a proprietary cream formulation. Topical 5% sildenafil cream is specifically designed to locally increase blood flow locally to the vulvar-vaginal tissue in women, leading to a potential improvement in genital arousal response and overall sexual experience.

Daré plans to pursue the 505(b)(2) regulatory pathway for topical 5% sildenafil cream (SST-6007) in the U.S. to leverage the existing data and established safety profile of the Viagra® brand. If approved, it could be the first rigorously tested and FDA approved FSAD treatment option for women.

Partners and Patents

At this time, Daré plans to partner Ovaprene™ and topical 5% sildenafil cream and has provided select companies with programs in this area. Although we realize if the necessary deal does not appear, the company is prepared to conduct pivotal trials themselves.

Exhibit 10. Select Women's Health Care Companies



Source: Company reports; 1. https://www.prnewswire.com/news-releases/womens-health-market-size-worth-$51.3-billion-by-2025--cagr-3.9%-grand-view-research-inc-651064753.html

Ovaprene™: Daré has an exclusive license under ADVA-Tec's IP rights to develop and commercialize Ovaprene for human contraceptive use worldwide since July 2017. ADVA-Tec and its affiliates own issued patents or patent applications covering Ovaprene, and control proprietary trade secrets covering the manufacture of Ovaprene. As of March 2018, this patent portfolio includes 12 issued patents worldwide, along with 8 patent applications. The issued U.S. patents have a patent term until December 2028 and may be eligible for patent term extension under the Hatch-Waxman Act for an additional 5 years.

Daré has the right of first refusal to license patents and patent applications for purposes of additional indications for Ovaprene beyond contraception. ADVA-Tec must conduct certain R&D work as necessary to allow us to seek a PMA from the FDA. The company will also provide Daré with clinical supplies of Ovaprene for clinical and commercial use on commercially reasonable terms. Daré has obligations to ADVA-Tec including payments of up to $14.6M based on specified development and regulatory milestones: 1) the positive PTC clinical study; 2) FDA approval to begin the Ovaprene Phase 3 pivotal human clinical trial; 3) the successful completion of such Phase 3 pivotal human clinical trial; 4) the FDA's acceptance of the filing of a PMA for Ovaprene; 5) the FDA's approval of the PMA; 6) a CE for Ovaprene in 3 specific European countries; and 7) obtaining regulatory approval in Japan. Post approval, Daré is required to pay ADVA-Tec a royalty rate between 1% and 10% and that increasing based on net sales. The commercial milestone payments are up to $20M upon reaching certain worldwide net sales levels. Daré must meet certain minimum spending amounts per year including $5M over the first 3 years until the PMA is filed, or the first Ovaprene sales. In our opinion, the company is likely to meet these conditions.

Exhibit 11. Select Issued Patents

Jurisdiction	Patent Title	Patent Expiration
United States	Intravaginal Ringed Mesh Device And Applicator Therefor	August 2028
United States	Partially Absorbable Fiber-Reinforced Compositions For Controlled Drug Delivery	August 2028
United States	Multicomponent Bioactive Intravaginal Ring	August 2028

Source: Daré SEC filings.

Topical 5% sildenafil cream: In February of this year, Daré obtained a worldwide exclusive, royalty-bearing, sub-licensable license to develop and commercialize Strategic Science's topical formulation of sildenafil citrate alone or with other active ingredients (not ibuprofen) for all indications for women related to female sexual dysfunction and/or female reproductive health. Strategic Science is eligible to receive tiered royalties based on annual net sales of the SST licensed products in the single digits to the mid-double digits. Daré is responsible for all reasonable internal and external costs. There are also milestone payments ranging from $500K to $150M when certain clinical, regulatory and commercial milestones.

Daré has an exclusive licenses to 15 issued patents issued worldwide (6 U.S. patents and 9 foreign patents). In addition, there are 6 pending worldwide patent applications for topical 5% sildenafil cream. The issued U.S. patents have a patent term until December 2031 and may be eligible for patent term extension under the Hatch-Waxman Act.

Management

Sabrina Martucci Johnson is President and CEO. Ms. Johnson founded Daré Bioscience Operations, Inc. in 2015 and has served as President, CEO and a member of the Board of Directors. Previously, Ms. Johnson served as President of WomanCare Global Trading, a specialty pharmaceutical company in female reproductive healthcare with commercial product distribution in over 100 countries, from October of 2014 to May of 2015, and CFO and COO from July 2013 to October 2014. Other positions include financial consulting services to the WomanCare Global family of companies from November 2012 to July 2013. From 2002 until its sale in 2010, Ms. Johnson served as CFO of Cypress Bioscience, Inc. Ms. Johnson began her career as a research scientist with Baxter Healthcare, Hyland Division, working on their recombinant factor VIII program, and later held marketing and sales positions with Advanced Tissue Sciences and Clonetics Corporation.

Lisa Walters-Hoffert is CFO. Ms. Walters-Hoffert co-founded Daré Bioscience Operations, Inc. in 2015 and served as the company's Chief Business Officer. She became CFO following the reverse merger with Cerulean Pharma Inc. in 2017. She worked at Roth Captial Partners from 2003 to 2015. In addition, Ms. Walters-Hoffert has held various positions in the corporate finance and investment banking divisions of Citicorp Securities in San José, Costa Rica and Oppenheimer & Co, Inc. in NYC.

David Friend, PhD is CSO. Prior to joining the company in 2018, Dr. Friend served as SVP of R&D at Evofem Biosciences, a late-stage specialty pharmaceutical company focused on women's reproductive health. From 2007 to 2015, Dr. Friend served as the

Director, Product Development for the CONRAD program, part of Eastern Virginia Medical School, where he directed all product development activities. The focus of CONRAD is the development of vaginally delivered products to protect against STIs, including HIV, as standalone or in combination with pregnancy prevention products. His work included developing several novel drug delivery systems including topical vaginal gels, vaginal rings, and long-acting injectable product formulations.

John Fair, Chief Business Officer. Prior to joining Daré in 2018, Mr. Fair was Managing Director of Capital F Consulting, a privately held consulting firm focused on healthcare consulting, capital raising and investor communications. From January 2015 to September 2016, Mr. Fair was President and COO of Evofem Inc. and involved with securing a global license to the Nestorone® one-year contraceptive vaginal ring, successfully divested the OTC women's hygiene franchise and closed series C and D funding. From December 2012 to December 2014, Mr. Fair held senior-level roles at WomanCare Global, a UK based global women's health entity.

Mary Jarosz, RPh, RAC FTOPRA Global Head of Regulatory Affairs. Prior to joining Daré in 2018, Ms. Jarosz was an independent Regulatory Affairs Consultant working with life sciences companies on regulatory strategies supporting prescription drugs, medical devices and combination products for US and Global markets. From 2014-2016, she was the SVP of Regulatory Affairs and Quality Assurance for Evofem, Inc. During her tenure, she led the regulatory team to a successful NDA filing under a 505 (b)(2) pathway and facilitated numerous interactions with the FDA, EMA and other regulatory bodies. Ms. Jarosz served as VP of Regulatory Affairs and Quality Assurance for WomanCare Global from 2011 to 2014 and was the Director of Regulatory Affairs for WomanCare Global from 2010 to 2011.

Mark Walters Vice President, Operations and Projects. Prior to co-founding Daré, he was President of Walters Consulting Partners where he advised the pharmaceutical and medical device industries on business development, development and regulatory approaches, and corporate and commercialization strategies prior to founding the company. Mark served as SVP, Technical Operations and VP, Business and Commercial Development for Pacira Pharmaceuticals, and SkyePharma prior to its acquisition by Pacira. He spent twelve years at Alliance Pharmaceutical Corp. in various roles directing product development, project management, marketing and sales.

Valuation

We have a 12-month $8 price target based on an average of a 20x multiple of 2027 EPS of $2.65 discounted back at 30% and a 10x multiple of 2027 adjusted royalties of $162M discounted back at 25%. We have forecasted a 5-year revenue compounded growth rate of 25% annually and a 4-year EPS compounded growth rate of 20%. In our opinion, there is downside protection for investors since we excluded Ovaprene™ sales in Japan, topical sildenafil 5% cream sales of significance in the EU and ROW, and any pipeline value.

Exhibit 12. Valuation Sensitivity Analysis

Multiple	Discount Rate 20%	25%	30%	35%	40%	45%
20	$13.49	$9.93	**$7.40**	$5.58	$4.24	$3.26
25	$16.86	$12.41	$9.25	$6.97	$5.31	$4.08
30	$20.23	$14.90	$11.10	$8.36	$6.37	$4.89
35	$23.60	$17.38	$12.95	$9.76	$7.43	$5.71
40	$26.97	$19.86	$14.80	$11.15	$8.49	$6.52
45	$30.35	$22.34	$16.65	$12.54	$9.55	$7.34

Multiple	20%	25%	30%	35%	40%	45%
4.0	$4.27	$3.15	$2.35	$1.77	$1.35	$1.03
6.0	$6.41	$4.72	$3.52	$2.65	$2.02	$1.55
8.0	$8.55	$6.29	$4.69	$3.53	$2.69	$2.07
10.0	$10.69	**$7.87**	$5.86	$4.42	$3.36	$2.58
12.0	$12.82	$9.44	$7.04	$5.30	$4.04	$3.10
14.0	$14.96	$11.01	$8.21	$6.18	$4.71	$3.62
16.0	$17.10	$12.59	$9.38	$7.07	$5.38	$4.14

Discounted Earnings Analysis	
Estimated 2027 EPS	$ 2.65
Year	2027
Periods (years)	7.5
Price target	**$7.40**

Discounted Revenue Analysis	
Estimated 2027 Revenues (000s)	$ 162,001
Year	2027
Periods (years)	7.5
Shares outstanding (000s):	38,622
Price target	**$7.87**

Average Price Target Combining Both Methods	
	$ 7.63

Source: Dawson James Securities Research.

We have used a mixture of early stage women's health care companies and those with late stage/products approved. Clearly the companies that are late stage or marketing have a market capitalization of over $1B which in our opinion shows the upside to the shares if Ovaprene ™ and topical 5% sildenafil reaches the market in 2022 and 2023 respectively. Therapeutics MD has the highest EV with $1.3B. The lowest comparison EV is Agile Therapeutics with $(1) M. The average EV is $540M with the larger cap companies and $142M without them. Either way, Daré is undervalued if the company can execute its plan. Currently, the company has no debt and an EV of (4) M. In our opinion, with two de-risked clinical assets Daré deserves a $78M EV.

Exhibit 13. Valuation Compares

Company Name	Tickers	Price from day before	Market Cap	Cash	Debt	Enterprise Value	Lead Program, Partners, Comments
Agile Therapeutics, Inc.	AGRX	$ 0.48	$ 17	$ 28.3	$ 9.1	$ (3)	FDA not satisfied w/ the contraceptive patch. Disscussions ongoing
Juniper Pharmaceuticals,	JNP	$ 11.45	$ 127	$ 20.7	$ 3.8	$ 124	Has a merger agreement at $11.50/share. Revenues 1Q:18 $15.5M
AMAG Pharmaceuticals	AMAG	$ 22.05	$ 757	$ 370.6	$ 738.6	$ 1,121	Sales guidance for $540M-$580M in 2018. Bremelanotide for HSDD @ FDA
Myovant Sciences Ltd.	MYOV	$ 20.40	$ 1,312	$ 108.6	$ 43.6	$ 1,149	Lead product Relugolix is a GnRH receptor anatagonist in 3 Phase 3 programs. Data 2019
ObsEva SA	OBSV	$ 15.43	$ 660	$ 110.8	$ -	$ 349	Lead programe Nolasiban an oral oxytocin receptor antagonist w/ + Phase 3 results in IVF
Palatin Technologies, Inc	PTN	$ 1.01	$ 201	$ 25.7	$ 8.3	$ 182	Licensor of Bremelanotide to AMAG
TherapeuticsMD, Inc.	TXMD	$ 6.68	$ 1,447	$ 107.3	$ -	$ 1,339	Imvexxy (low estrogen) for pain in pts w/ VVA approved 5/30/18; TX-001HR estradiol & progesterone PDUFA date 10/28/18
Viveve Medical Inc	VIVE	$ 2.66	$ 83	$ 38.4	$ 29.3	$ 60	The approved Viveve® system is approved in 55 countries for vaginal laxity and/or improvement in sexual function. 2018 sales guidance is $22-24M
AVG			*$ 575*			*$ 540*	
Dare Bioscience, Inc.	**DARE**	**$ 1.33**	**$ 15**	**$ 15.6**	**$ -**	**$ (4)**	**Ovaprene contraceptive and topical 5% sidenafil starting Phase 3 trials in 2018**

Source: Factset, Company reports, Dawson James Securities Research.

Model Assumptions

Revenue: We expect a Daré partners to launch Ovaprene™ in 2023 and topical sildenafil in 2024. We have total Ovapreen revenue growing from $91M in 2023 and achieving sales of $1.3B in 2038. We assign a $150 price per cycle, with 13 cycles in a year is $1,950. We expect discounting of ~10%. We assume it is 15% cheaper in the EU. We have conservatively added 2% price increases in the US, and none in Europe. We expect topical 5% sildenafil cream to be the larger commercial success in the US and have sales growing from $175M in 2024 to $1.4B 2028. At this time, we have assumed that Daré sign a marketing partners for both products. We gave a 50% discount to sales rather than a 25% described in Hay et al. Nature Biology, 2014 since both products in our opinion have important clinical data that de-risks the programs. We modeled Daré receives a 15% royalty net of obligations to licensors which may be conservative.

Exhibit 14. Ovaprene™ and Topical 5% Sidenafil Cream Revenue Estimates

Contraception	2023	2024	2025	2026	2027	2028	5 yr CAGR
WW Ovaprene™	$ 91,386	$ 382,308	$ 589,227	$ 808,606	$ 1,069,160	$ 1,287,316	~25%
WW Risk Adjusted	$ 45,693	$ 191,154	$ 294,613	$ 404,303	$ 534,580	$ 643,658	

FSAD	2024	2025	2026	2027	2028	4 yr CAGR
WW - Topical 5% Sildenafil crear	$ 175,067	$ 524,942	$ 901,982	$ 1,133,021	$ 1,380,421	~25%
US Risk Ajusted	$ 82,567	$ 252,339	$ 435,489	$ 545,429	$ 663,331	

Source: Dawson James Securities Research.

EPS: We have modeled profitability in 2024 with EPS growing at a 20% 4-year compounded growth rate through 2028.

Exhibit 15. Projected EPS Summary

EPS	2024	2025	2026	2027	2028	4yr CAGR
	$ 0.59	$ 1.36	$ 2.11	$ 2.65	$ 3.09	~20%

Source: Dawson James Securities Research.

Cash: At the end of March 2018, the company had $15.7M in cash. Enough for 12 months of operations. The company has an ATM that began in January 2018 to supply up to $10M of stock. As of March 13th, the company believes it has sufficient capital to advance Ovaprene™ through the PCT test and Topical sildenafil into Phase 2b. We have modeled cash raises in 2019, 2021 and 2023 which may or may not be necessary if programs are partnered and/or grants are obtained.

In January 2018, the company entered an ATM agreement with H.C. Wainwright & Co. to sell up to an aggregate of $10.0M of shares. As of March 13, 2018, up to $8.9M remained.

R&D: Daré anticipates to complete 2 trials for the PMA, including general and other expenses, ~$22-$24M within the first 4 years.

- The 1st 2 years includes $3-$5M (mid-2017 to mid-2019) to complete the PCT trial and activities for the IDE submission. $3M for the trial and up to $5M is early scale up is required.
- And $19M during mid-2019 thru mid-2021 to complete the pivotal clinical trial and other activities to support the PMA submission.

Separately, Daré has minimum requirements to spend and milestone payments (see partners and patent section) that are included in the R&D line for the topical sildenafil. Details for trials are not available. The company must meet with the FDA.

SGA: As we have assumed partnerships, we have not included launch costs. It is possible that if Daré decides to commercialize either or both product candidates, costs would rise significantly. We have SGA rising ~10% annually. As of July 2018, there were 11 employees.

Shares: As of March 26, 2018, there were 11.4M outstanding. As of December 31, 2017, issued and outstanding options exercisable into 539,896 shares of stock and warrants to purchase up to 30,502 shares @ $3.00. In February 2018 warrants were sold to buy up to 3.5M shares plus the over allotment of 525,000 shares. These warrants include price-based anti-dilution provisions. We have modeled 4M share raises in 2019 and 2021, and a 2M share raise in 2023.

Ownership: As of March 2018, executive officers and directors and their affiliates beneficially owned ~20% of the outstanding shares.

Manufacturing. ADVA-Tec is responsible for all activities related to process development and scale up of Ovaprene ™ manufacturing. And ADVA-Tec is responsible for Ovaprene ™ clinical and commercial supply. The company has contracted with third parties for the manufacture of clinical trial material.

Taxes: We have assumed fully taxed once profitable in 2024 of 28%, which may be high.

The NOL: was $12M at the end of 2017.

Upside: Our model excludes Ovaprene™ sales in Japan, topical 5% sildenafil outside the US, and any pipeline products.

Exhibit 16. Historical and Projected Income Statement

Dare Biosciences, Inc.
Income Statement
(in $000 except per share values)

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	2016	2017	Mar Q1:18A	Jun Q2:18E	Sep Q3:18E	Dec Q4:18E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Ovaprene																	
US sales (risk adj. 50%)												23,965	124,666	181,583	242,896	322,906	379,771
EU sales (risk adj. 50%)												21,728	66,488	113,030	161,407	211,674	263,887
Topical 5% Sidinafil (SST-6007)																	
US sales (risk adj. 50%)													77,601	242,208	419,988	524,347	636,452
Royalty Revenue												6,854	41,058	82,043	125,969	162,001	196,048
Licensing/Milestone Revenue	-	-	-	-	-	-	-	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Total Revenue (000s)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,000	$ 6,000	$ 6,000	$ 12,854	$ 47,058	$ 88,043	$ 131,969	$ 168,001	$ 202,048
COGS	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross Profit	-	-	-	-	-	-	-	$ -	*$ 6,000*	*$ 6,000*	*$ 6,000*	*$ 12,854*	*$ 47,058*	*$ 88,043*	*$ 131,969*	*$ 168,001*	*$ 202,048*
Operating Expenses																	
General and administrative	(158)	(2,705)	(1,303)	(1,400)	(1,500)	(1,450)	$ (5,653)	$ (6,400)	$ (7,040)	$ (7,744)	$ (8,518)	$ (9,370)	$ (10,307)	$ (11,338)	$ (12,472)	$ (13,719)	$ (15,091)
R&D	(73)	(985)	(1,087)	(1,150)	(1,250)	(1,500)	$ (4,987)	$ (5,750)	$ (6,325)	$ (6,958)	$ (7,653)	$ (8,419)	$ (9,260)	$ (10,186)	$ (11,205)	$ (12,326)	$ (13,558)
License expenses	(400)	-	(25)	(25)	(25)	(25)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)						
Impairment of goodwill	-	(7,491)	(5,188)	-	-	-	$ (5,188)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expenses	(631)	(11,180)	(7,602)	(2,575)	(2,775)	(2,975)	(15,927)	(12,250)	(13,465)	(14,802)	(16,272)	(17,789)	(19,568)	(21,524)	(23,677)	(26,045)	(28,649)
Operating Income (loss)	**(631)**	**(11,180)**	**(7,602)**	**(2,575)**	**(2,775)**	**(2,975)**	**(15,927)**	**(12,250)**	**(7,465)**	**(8,802)**	**(10,272)**	**(4,935)**	**27,491**	**66,518**	**108,292**	**141,957**	**173,399**
Interest expense	(42)	(323)	(12)				$ (12)										
Pre-tax Income	(673)	(11,503)	(7,591)		(2,775)	(2,975)	(15,916)	(12,250)	(7,465)	(8,802)	(10,272)	(4,935)	27,491	66,518	108,292	141,957	173,399
Taxes	-	-	-	-	-	-	$ -	$ -	$ -	-	-	-	7,697	18,625	30,322	39,748	48,552
Tax rate 28%	-	-	-	-	-	-	-	-					*28%*	*28%*	*28%*	*28%*	*28%*
Net Income	(673)	$ (11,503)	(7,591)	(11,503)	(2,775)	(2,975)	$ (15,916)	$ (12,250)	$ (7,465)	$ (8,802)	$ (10,272)	$ (4,935)	$ 19,793	$ 47,893	$ 77,970	$ 102,209	$ 124,848
Foreign curency translation adj ne	$ -	$ (18)	$ 14	$ (10)	$ (20)	$ (15)	$ (31)	$ (13)	$ (25)	$ (25)	$ (25)	$ (25)	$ (25)	$ (25)	$ (25)	$ (25)	$ (25)
Comprehensive loss	$ (672.7)	$ (11,485)	$ (7,604)	$ (11,493)	$ (2,755)	$ (2,960)	$ (15,884)	$ (12,237)	$ (7,440)	$ (8,777)	$ (10,247)	$ (4,910)	$ 19,818	$ 47,918	$ 77,995	$ 102,234	$ 124,873
GAAP EPS - basic and diluted	**$ (0.81)**	**$ (3.56)**	**$ (0.87)**	**$ (1.01)**	**$ (0.24)**	**$ (0.26)**	**$ (2.39)**	**$ (0.79)**	**$ (0.37)**	**$ (0.36)**	**$ (0.41)**	**$ (0.18)**	**$ 0.59**	**$ 1.36**	**$ 2.11**	**$ 2.65**	**$ 3.09**
Basic Shares	835	3,232	8,685	11,400	11,423	11,446	10,738	15,515	19,873	24,270	24,756	27,251	27,796	28,352	28,919	29,497	30,087
Diluted Shares	31,645	3,232	45,674	15,100	15,130	15,160	22,766	19,606	24,058	28,998	29,578	31,873	33,511	35,181	36,885	38,622	40,395

Source: Company reports, Factset, Dawson James estimates

Exhibit 17. Ovaprene™ and Topical 5% Sildenafil Cream Revenue Projections

Dare Biosciences
Revenue Model
(in $000s)

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Non-Hormonal Contraception

US - Ovaprene™

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Women using contraceptives	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804
40% unsatisfied	*16,000*	*16,320*	*16,646*	*16,979*	*17,319*	*17,665*	*18,019*	*18,379*	*18,747*	*19,121*
50% shorter-acting & reversible	*8,000*	*8,160*	*8,323*	*8,490*	*8,659*	*8,833*	*9,009*	*9,189*	*9,373*	*9,561*
22% on non-hormonal methods	*8,800*	*8,976*	*9,156*	*9,339*	*9,525*	*9,716*	*9,910*	*10,108*	*10,311*	*10,517*
Available Patients	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366
Pts appropriate for txt -	5,250	5,355	5,462	5,571	5,683	5,796	5,912	6,031	6,151	6,274
Penetration			1%	3%	4%	5%	6%	7%	8%	9%
Patients treated			27	139	199	261	340	392	461	533
Cost $150/cycle, 13, 10% discount			$ 1,755	$ 1,790	$ 1,826	$ 1,862	$ 1,900	$ 1,938	$ 1,976	$ 2,016
Sales	$ -	$ -	**$ 47,930**	**$ 249,331**	**$ 363,166**	**$ 485,792**	**$ 645,812**	**$ 759,542**	**$ 911,801**	**$ 1,075,123**
US sales (Risk Ajusted - 50%)	$ -	$ -	**$ 23,965**	**$ 124,666**	**$ 181,583**	**$ 242,896**	**$ 322,906**	**$ 379,771**	**$ 455,901**	**$ 537,561**

EU - Ovaprene™, the big 5

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Women using contraceptives	38,400	39,168	39,951	40,750	41,565	42,397	43,245	44,110	44,992	45,892
40% unsatisfied	*15,360*	*15,667*	*15,981*	*16,300*	*16,626*	*16,959*	*17,298*	*17,644*	*17,997*	*18,357*
50% shorter-acting & reversible	*7,680*	*7,834*	*7,990*	*8,150*	*8,313*	*8,479*	*8,649*	*8,822*	*8,998*	*9,178*
22% on non-hormonal methods	*8,448*	*7,834*	*7,990*	*8,150*	*8,313*	*8,479*	*8,649*	*8,822*	*8,998*	*9,178*
Available Patients	5,040	6,854	6,991	7,131	7,274	7,419	7,568	7,719	7,874	8,031
Pts appropriate for txt -75%	3,780	5,141	5,244	5,348	5,455	5,565	5,676	5,789	5,905	6,023
Penetration			1%	2%	3%	4%	5%	6%	7%	8%
Patients treated	-	-	26	80	136	195	255	318	384	452
Cost $150/cycle, 13, 15% discount	$ -	$ -	$ 1,658	$ 1,658	$ 1,658	$ 1,658	$ 1,658	$ 1,658	$ 1,658	$ 1,658
Sales	$ -	$ -	**$ 43,456**	**$ 132,977**	**$ 226,061**	**$ 322,814**	**$ 423,348**	**$ 527,774**	**$ 636,208**	**$ 748,767**
EU sales (Risk Ajusted - 50%)	$ -	$ -	**$ 21,728**	**$ 66,488**	**$ 113,030**	**$ 161,407**	**$ 211,674**	**$ 263,887**	**$ 318,104**	**$ 374,384**
Worldwide Sales	$ -	$ -	**$ 91,386**	**$ 382,308**	**$ 589,227**	**$ 808,606**	**$ 1,069,160**	**$ 1,287,316**	**$ 1,548,009**	**$ 1,823,890**
Risk Adjusted Worldwide Sales - 50%	$ -	$ -	**$ 45,693**	**$ 191,154**	**$ 294,613**	**$ 404,303**	**$ 534,580**	**$ 643,658**	**$ 774,004**	**$ 911,945**
Revenue to Daré 15%		$ -	**$ 6,854**	**$ 28,673**	**$ 44,192**	**$ 60,645**	**$ 80,187**	**$ 96,549**	**$ 116,101**	**$ 136,792**

Female Sexual Arousal Disorder (FSAD)

US - Topical 5% sildenafil (SST-6007)

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total FSAD Population	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902
% seeking treatment 50%	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
Available Pts -75%	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787	8,963
Penetration				1%	3%	5%	6%	7%	8%	9%
Number of Txt Patients			-	80	244	414	507	603	703	807
Cost				$ 1,950	$ 1,989	$ 2,029	$ 2,069	$ 2,111	$ 2,153	$ 2,196
Sales (000s)			**$ -**	**$ 155,202**	**$ 484,415**	**$ 839,976**	**$ 1,048,694**	**$ 1,272,904**	**$ 1,513,520**	**$ 1,771,499**
(US Risk Ajusted - 50%)			**$ -**	**$ 77,601**	**$ 242,208**	**$ 419,988**	**$ 524,347**	**$ 636,452**	**$ 756,760**	**$ 885,750**

EU - Topical 5% sildenafil (SST-6007)

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total FSAD Population	19,200	19,584	19,976	20,375	20,783	21,198	21,622	22,055	22,496	22,946
% seeking treatment 50%	9,600	9,792	9,988	10,188	10,391	10,599	10,811	11,027	11,248	11,473
Available Pts -25%	2,400	2,448	2,497	2,547	2,598	2,650	2,703	2,757	2,812	2,868
Penetration				1%	1%	2%	2%	3%	4%	5%
Number of Txt Patients				13	26	40	54	69	112	143
Cost annually				$ 1,560	$ 1,560	$ 1,560	$ 1,560	$ 1,560	$ 1,560	$ 1,560
Sales (000s)			**$ -**	**$ 19,866**	**$ 40,526**	**$ 62,005**	**$ 84,327**	**$ 107,517**	**$ 175,468**	**$ 223,721**
EU sales (Risk Ajusted - 75%)			**$ -**	**$ 4,966**	**$ 10,132**	**$ 15,501**	**$ 21,082**	**$ 26,879**	**$ 43,867**	**$ 55,930**
WorldWide sales Sales			**$ -**	**$ 175,067**	**$ 524,942**	**$ 901,982**	**$ 1,133,021**	**$ 1,380,421**	**$ 1,688,987**	**$ 1,995,221**
Risk Ajusted Worldwide sales - 50%			**$ -**	**$ 82,567**	**$ 252,339**	**$ 435,489**	**$ 545,429**	**$ 663,331**	**$ 800,627**	**$ 941,680**
Revenue to Daré 15%	$ -	$ -	**$ -**	**$ 12,385**	**$ 37,851**	**$ 65,323**	**$ 81,814**	**$ 99,500**	**$ 120,094**	**$ 141,252**

Worldwide Topical 5% sildenafil	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Worldwide sales	$ -	$ -	$ 91,386	$ 557,376	$ 1,114,169	$ 1,710,588	$ 2,202,181	$ 2,667,737	$ 3,236,996	$ 3,819,111
Total WW Risk Adj sales	$ -	$ -	$ 45,693	$ 273,721	$ 546,953	$ 839,793	$ 1,080,009	$ 1,306,989	$ 1,574,631	$ 1,853,625
Royalties to Dare 15%	$ -	$ -	$ 6,854	$ 41,058	$ 82,043	$ 125,969	$ 162,001	$ 196,048	$ 236,195	$ 278,044

Source: Company reports, Dawson James Securities Research.

Exhibit 18. Daré Historical Balance Sheet

Dare Biosciences, Inc.
Balance Sheet
(in $000s except per share values)

Carol Werther
Dawson James Securities
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	Mar Q1:17	Jun Q2:17	Sep Q3:17	Dec Q4:17	Mar Q1:18
Current Assets					
Cash and cash equivalents	12,028	7,244	8,529	7,560	15,625
Other receivables	1,139	890	711	284	29
Prepaid expenses	1,069	0	1,143	312	291
Other current assets	1,373	0	0	193	0
Total current assets	**15,609**	**8,134**	**10,383**	**8,349**	**15,945**
Property and equipment, net	114	17	-	-	-
Goodwill	-	0	12,881	5,188	-
Other non-current assets	230	-	3	723	686
Total Assets	**15,953**	**8,151**	**23,267**	**14,260**	**16,631**
Current liabilities					
Accounts payable and accrued expenses	644	660	839	967	808
Acurred expenses	3,538	189	-	-	-
Convertible promissary notes	0	0	-	-	-
Curremt portion of deferred revenue	2,500	2,500	-	-	-
Current portion of loan payable	-	-	-	-	-
Interest payable	0	0	-	-	-
Total current liabilities	**6,682**	**3,349**	**839**	**967**	**808**
Loan payable, net of curent position	-	-	0	0	3
Deferred revenue	1,368	743	-	-	-
Other long-term liabitities	162	-	-	-	-
Total long-term liabilities	**1,530**	**743**	**0**	**0**	**3**
Total Liabilities	**8,212**	**4,092**	**840**	**967**	**810**
Stockholders' equity:					
Common stock	3		1	1	1
Accumlated other comprehensive loss			(10)	(18)	(32)
Additional paid in captial	214,757	215,213	25,536	25,541	35,748
Accumulated deficit	(207,019)	(211,154)	(3,100)	(12,231)	(19,897)
Total stockholders' equity (deficit)	**7,741**	**4,059**	**22,427**	**13,293**	**15,820**
Total liabilites and stockholders' equity	**15,953**	**8,151**	**23,267**	**14,260**	**16,631**

Source: Company reports, Factset.

Risk Factors

In addition to normal economic and market risk factors that impact most equities and the common risks shared by Daré with other companies in the industry, we believe an investment in Daré BioSciences involves the following risks:

- Reliance on key management – At present, Daré relies on several key members of its management team who either founded the company or have been in key executive positions for an extended period with experience and knowledge of the development of women's health products. Should one or more of these key executives leave the company, Daré could find it difficult to replace their long-standing knowledge of operations and industry expertise.

- Reliance on partnerships – Daré does not plan at this time to become a fully integrated pharmaceutical company inherently be dependent on a commercialization partner. Thus, in the future certain factors related to product commercialization and new product development may be determined by third parties and out of the control of company management. In addition, the company is dependent on ADVA-Tec for manufacturing.

- Limited stock liquidity – Trading volume in Daré stock is comparatively light and these shares have a relatively limited history of trading on major US stock exchanges compared with other healthcare stocks. As such, news regarding Daré, its target market, partners and/or competitors could lead to significant volatility in the stock price.

- Clinical Risk – Many products fail in the clinic. We have included the odds of success from the study of Hay et al. published in Nature Biology in 2014. With no knowledge or opinion of success these are the odds. Most products will fail in the clinic.

Exhibit 19. Probability of Clinical Trial Success

Stage	Probability
Phase I	12.5%
Phase I/II	12.5%
Phase II	25.0%
Phase IIa	25.0%
Phase IIb	25.0%
Phase II/III	25.0%
Phase III	65.0%
Marketed	100.0%

Source: Hay et al. Nature Biology, 2014.

- Competitive Markets – The commercial success of Ovaprene® depends upon the contraceptive market as well as market acceptance. Some of the risks related to market acceptance include: 1) minimum acceptable contraceptive efficacy rates; 2) perceived safety differences of hormonal and/or non-hormonal contraceptive options ; 3) changes in healthcare laws and regulations, including the Affordable Care Act and its effect on pharmaceutical coverage, reimbursement and pricing, and the birth control mandate; 4) competition from new lower dose hormonal contraceptives with more favorable side effect

profiles; and 5) new generic contraceptive options including a generic version of NuvaRing®.

- FDA and Overseas regulatory risks – Daré is subject to regulatory review for its ongoing R&D activities, principally the US FDA's application processes for both devices and drug. In addition, the quality assurance and manufacture of the company's pharmaceutical products are subject to ongoing oversight and regulation, and any negative correspondence from the FDA or other regulatory agencies could have an adverse effect on the ongoing operations of the company.

- Intellectual property – Daré currently holds several US and International patents on its products and related technologies. The company may be required to defend its patents in the US and overseas in the future, and there can be no assurance these defenses will be successful.

Companies mentioned in this report:

Abbvie (ABBV, not rated)

Agile (AGRX, not rated)

Allergan (AGN, not rated)

AMAG Pharmaceuticals (AMAG, not rated)

Astellas (TSE: 4503, not rated)

Astra Zeneca (AZN, not rated)

ADVA-Tec, Inc. (private)

Bayer (private)

Bristol Myers Squibb (BMY, not rated)

Cooper Surgical (COO, not rated)

Duchesnay (private)

Ferring Pharmaceuticals (private)

Gedeon Richter (private)

Hydra Bioscienes (private)

H.C. Wainwright (private)

JNJ (JNJ, not rated)

Juniper Pharmaceuticals (JNP, not rated)

Lupin Pharmaceuticals (private)

Merck (MRK, not rated)

Myovant Sciences (MYOV, not rated)

Novartis (NVS, not rated)

Mylan (MYL, not rated)

Novo Nordisk (NVO, not rated)

ObsEva SA (OBSV, not rated)

Orbis Biosciences (private)

Palatin Technologies (PTN, not rated)

Pfizer (PFE, not rated)

Roche (RHHBY, not rated)

Strategic Sciences (private)

Sprout Pharmaceuticals (private)

TherapeuticsDM (TXMD, not rated)

Viveve Medical Inc. (VIVE, not rated)

Important Disclosures:

Exhibit 20. Daré's Stock Performance

Source: StockCharts

Price target and ratings changes over the past 3 years:
Initiated – Buy – July 18, 2018 – Price Target $8.00

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Ratings Definitions:

1) **Buy**: the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
2) **Neutra**l: the analyst believes the price of the stock is fairly valued for the next 12-18 months;
3) **Sell**: the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services in the last twelve months.

Exhibit 21. Dawson James Ratings Distributions

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	88%	7	30%
Market Perform (Neutral)	3	12%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	26	100%	7	27%

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The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.