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## Daré Bioscience (NASDAQ/DARE)

### Neutral Rated: Dare to Present at the International Society for the Study of Women's Sexual Health (ISSWSH) Annual Meeting

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Daré is presenting three posters this weekend at ISSWSH that support the use of Sildenafil Cream to treat women with sexual dysfunction. "The data from the Phase 2b RESPOND study demonstrate that Sildenafil Cream treatment reduced sexual distress across multiple measures in a clinically meaningful way," said Dr. Andrew Goldstein, Medical Advisor for Daré Bioscience and former President of ISSWSH. While Sildenafil has promise for FSAD, clinically it's still "early days" and Dare remains capital-constrained. This combined with a sub-one-dollar stock price, has us concerned that the upside is limited.

### Investment Highlights:

#### Three posters at ISSWSH:

- Poster 1: Sexual Experiences in an Exploratory, Phase 2b, Randomized, Double-Blind, Placebo-Controlled Clinical Trial of Sildenafil, 3.6% Cream for the Treatment of Female Sexual Arousal Disorder
- Poster 2: Impact of Enrollment Diagnosis on Efficacy Endpoints in an Exploratory, Phase 2b, Randomized, Double-Blind, Placebo-Controlled Clinical Trial of Sildenafil Cream, 3.6% for the Treatment of Female Sexual Arousal Disorder
- Poster 3: Female Sexual Distress in an Exploratory, Phase 2b, Randomized, Double-Blind, Placebo-Controlled Clinical Trial of Sildenafil Cream, 3.6% for the Treatment of Female Sexual Arousal Disorder

**Management Shake Up:** Daré recently announced a shakeup in the management structure with the departure of the CFO, the Chief Commercial Officer, and two board members. We reached out to management and did not receive a response. In December we took note of a royalty monetization deal for XACIATO. We wrote then: "monetization of future royalties with attached warrants is interesting but we don't know what percentage was monetized. **The company still needs to raise capital as these funds only provide an additional quarter, plus or minus, of runway**". Given the fall in the stock price we are concerned that we could see a reverse stock split, as such, as such, we recently (January) lowered our rating from Buy to Neutral until we have greater clarity around the capital structure, financings, and NASDAQ compliance.

**Valuation:** We assume that DARE-BV1 can be commercialized in 2023 and that Ovaprene can follow in the U.S. (2023) and in the EU in 2025. For Sildenafil cream, we expect commercialization in the U.S. in 2025. We assume a 30% discount rate in our Free Cash Flow to the Firm (FCFF), Discounted EPS (dEPS), and Sum-of-the-Parts (SOP) models due to the risks associated with each product. This results in models that are equally weighted and rounded to the nearest whole number.

**Risks to our thesis include:** (1) commercial; (2) clinical and regulatory; (3) partnership; (4) financial; and (5) legal and intellectual property.

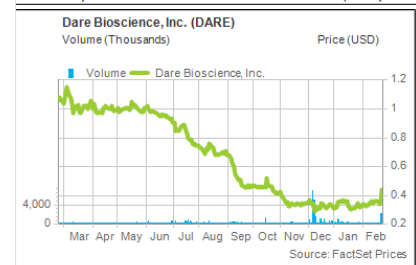
Current Price	\$0.44
Price Target	NA

DARE-BV1: Potential for Improved Clinical Cure Rates vs. Current Branded Rx				
Product	Frequency, Dose, and Route of Administration	Study Description	Study Population	Clinical Cure Rates
DARE-BV1 (Sildenafil Cream, 3.6%)	1 time, 1g application, applied vaginally	Phase 2b, Randomized, Double-Blind, Placebo-Controlled Clinical Trial of Sildenafil Cream, 3.6% for the Treatment of Female Sexual Arousal Disorder	100 women with FSAD	25%
Sildenafil Cream, 3.6% (Branded)	1 time, 1g application, applied vaginally	Phase 2b, Randomized, Double-Blind, Placebo-Controlled Clinical Trial of Sildenafil Cream, 3.6% for the Treatment of Female Sexual Arousal Disorder	100 women with FSAD	25%
Sildenafil Cream, 3.6% (Generic)	1 time, 1g application, applied vaginally	Phase 2b, Randomized, Double-Blind, Placebo-Controlled Clinical Trial of Sildenafil Cream, 3.6% for the Treatment of Female Sexual Arousal Disorder	100 women with FSAD	25%
Other Sildenafil Products	Various	Various	Various	Various

Stock Data		
52-Week Range	\$0.27 -	\$1.15
Shares Outstanding (mil.)		98.6
Market Capitalization (mil.)		\$43
Enterprise Value (mil.)		\$39
Debt to Capital		0%
Book Value/Share		\$2.20
Price/Book		-
Average Three Months Trading Volume (K)		132
Insider Ownership		1.7%
Institutional Ownership		6.7%
Short Interest (mil.)		0.6%
Dividend / Yield		\$0.00/0.0%



**Exhibit 1. Income Statement**

DARE Income Statement (\$'000)																	
YE December	2018A	2019A	2020A	2021A	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Revenue:</b>																	
DARE-BV1				-		-	-	-	-	-	61,058	90,740	132,156	157,122	204,318	233,807	265,341
Opavrene						-				-	97,747	312,168	539,450	780,176	1,034,949	1,304,400	1,589,181
Sildenafil Cream											29,581	44,915	58,940	68,924	74,309	77,312	
<b>Total Product Sales</b>				-	-	-	-	-	-	-	158,805	432,489	716,522	996,238	1,308,191	1,612,516	1,931,833
DARE-BV1 Royalty Revenue (US)				-		-	-	-	-	-	15,264	22,685	33,039	39,281	51,079	58,452	66,335
Opavrene Royalty Revenue (US)						-				-	24,437	50,350	77,805	106,873	137,626	170,139	204,490
Opavrene Royalty Revenue (EU)						-				-		27,692	57,057	88,171	121,111	155,961	192,805
Sildenafil Cream Royalty Revenue (US)											-	4,620	6,609	8,126	9,105	9,473	9,855
Sildenafil Cream Royalty Revenue (EU)												2,775	4,620	6,609	8,126	9,105	9,473
<b>Total royalties, collaborative revenue</b>				-	10,000	-	-	1,000	-	-	39,701	108,122	179,130	249,060	327,048	403,129	482,958
<b>Total Revenue Received by Dare</b>		-	-	-	10,000	-	-	1,000	-	-	39,701	108,122	179,130	249,060	327,048	403,129	482,958
<b>Expenses:</b>																	
Costs of Goods Sold				-		-	-	170	-	-	6,749	18,381	30,452	42,340	55,598	68,532	82,103
%COGS		17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
General & Administrative	4,656	5,266	6,550	8,351	11,243	3,337	2,921	2,696	3,414	12,367	13,604	14,964	16,461	18,107	19,918	21,909	24,100
Research & Development	6,414	8,546	20,769	30,618	30,042	5,020	6,044	6,674	13,807	31,544	34,699	34,005	33,325	32,658	31,352	30,098	29,496
License Expense	625	533	83	100	100	25	25	25	30	105	110	116	122	128	134	141	148
Impairment of Goodwill	5,188																
<b>Total Expenses</b>	<b>16,882</b>	<b>14,345</b>	<b>27,402</b>	<b>39,069</b>	<b>41,385</b>	<b>8,382</b>	<b>8,989</b>	<b>9,395</b>	<b>17,250</b>	<b>44,017</b>	<b>48,413</b>	<b>49,085</b>	<b>49,907</b>	<b>50,893</b>	<b>51,404</b>	<b>52,148</b>	<b>53,744</b>
<b>Operating Income (Loss)</b>	<b>(16,882)</b>	<b>(14,345)</b>	<b>(27,402)</b>	<b>(39,069)</b>	<b>(31,385)</b>	<b>(8,382)</b>	<b>(8,989)</b>	<b>(8,395)</b>	<b>(17,250)</b>	<b>(43,017)</b>	<b>(8,712)</b>	<b>51,642</b>	<b>117,994</b>	<b>183,432</b>	<b>258,413</b>	<b>332,404</b>	<b>409,886</b>
Other income (expense)	143	81	2	2	438	340	227	97	(204)	460	483	507	532	559	587	616	647
Trigger Down Dvd & Fx		(790)	(7)	2,520	(196)	(22)	(31)										
			397														
<b>Pretax Income</b>	<b>(16,739)</b>	<b>(15,054)</b>	<b>(27,408)</b>	<b>(38,696)</b>	<b>(31,144)</b>	<b>(8,064)</b>	<b>(8,793)</b>	<b>(8,299)</b>	<b>(17,454)</b>	<b>(42,611)</b>	<b>(8,229)</b>	<b>52,149</b>	<b>118,527</b>	<b>183,990</b>	<b>259,000</b>	<b>333,020</b>	<b>410,533</b>
Income Taxes											-	7,822	23,705	55,197	85,470	123,217	151,897
<b>Tax Rate</b>											0%	15%	20%	30%	33%	37%	37%
<b>GAAP Net Income (Loss)</b>	<b>(16,817)</b>	<b>(15,061)</b>	<b>(27,408)</b>	<b>(38,645)</b>	<b>(31,376)</b>	<b>(8,064)</b>	<b>(8,793)</b>	<b>(8,314)</b>	<b>(17,454)</b>	<b>(42,626)</b>	<b>(8,229)</b>	<b>52,149</b>	<b>118,527</b>	<b>183,990</b>	<b>259,000</b>	<b>333,020</b>	<b>410,533</b>
Fx Translation	(79)		11	64				(15)			-	-	-	-	-	-	-
<b>GAAP Total Comprehensive Income (Loss)</b>	<b>-</b>	<b>(15,061)</b>	<b>(27,397)</b>	<b>(38,759)</b>	<b>(31,376)</b>	<b>(8,064)</b>	<b>(8,793)</b>	<b>(8,314)</b>	<b>(17,454)</b>	<b>(42,626)</b>	<b>(8,229)</b>	<b>52,149</b>	<b>118,527</b>	<b>183,990</b>	<b>259,000</b>	<b>333,020</b>	<b>410,533</b>
<b>GAAP-EPS</b>	<b>(1.57)</b>	<b>(0.97)</b>	<b>(0.91)</b>	<b>(0.63)</b>	<b>(0.37)</b>	<b>(0.09)</b>	<b>(0.10)</b>	<b>(0.09)</b>	<b>(0.19)</b>	<b>(0.48)</b>	<b>(0.09)</b>	<b>0.53</b>	<b>1.16</b>	<b>1.73</b>	<b>2.34</b>	<b>2.89</b>	<b>3.43</b>
<b>Fully Diluted EPS</b>	<b>(1.69)</b>	<b>(0.90)</b>	<b>(0.91)</b>	<b>(0.63)</b>	<b>(0.37)</b>	<b>(0.09)</b>	<b>(0.10)</b>	<b>(0.07)</b>	<b>(0.15)</b>	<b>(0.42)</b>	<b>(0.07)</b>	<b>0.42</b>	<b>0.92</b>	<b>1.37</b>	<b>1.85</b>	<b>2.29</b>	<b>2.71</b>
Wgtd Avg Shrs (Bas) - '000s	10,732	15,799	30,091	61,154	84,571	85,517	86,403	91,051	91,962	88,733	94,284	98,112	102,096	106,241	110,555	115,044	119,715
Wgtd Avg Shrs (Dil) - '000s	11,422	16,736	30,091	61,154	84,571	85,517	86,403	115,000	116,150	100,768	119,083	123,918	128,950	134,186	139,634	145,304	151,204

Source: Dawson James estimates, company reports

## Risk Analysis

In addition to the typical risks associated with development-stage specialty pharmaceutical companies, potential risks specific to Daré are as follows:

**Financial risk.** The company may need to raise capital in the marketplace in order to successfully push its products into the next phase, and there can be no assurances that the company will be able to successfully raise capital and or do so on favorable terms.

**Clinical and regulatory risk.** Lead products must start and complete clinical trials. Trials may not produce results sufficient for regulatory approval.

**Partnership risk.** Daré may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the company will be able to secure a favorable partnership.

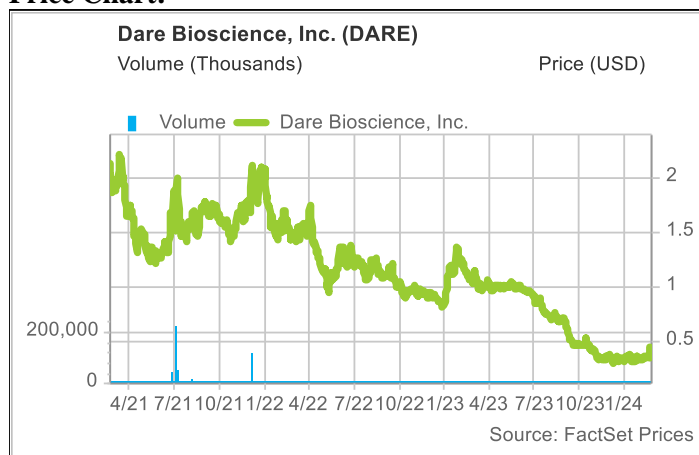
**Commercial risk.** There are no assurances that the company will be able to secure favorable pricing, commercially launch products, and achieve significant market share to become profitable.

**Legal and intellectual property risk.** The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and or that the company may infringe on third parties' patents.

Companies mentioned in this report:

## Important Disclosures:

### Price Chart:



### Price target and rating changes over the past three years:

Initiation – Buy – 7/18/2018 – Price Target \$8.00  
 Update Report – Buy – 9/6/2018 – Price Target \$8.00  
 Transfer of Coverage – Buy – 7/18/2019 – Price Target \$4.00  
 Update Report – Buy – 8/13/2019 – Price Target \$4.00  
 Update Report – Buy – 8/15/2019 – Price Target \$4.00  
 Update Report – Buy – 9/10/2019 – Price Target \$4.00  
 Update Report – Buy – 11/11/2019 – Price Target \$4.00  
 Update Report – Buy – 11/12/2019 – Price Target \$4.00  
 Update Report – Buy – 12/11/2019 – Price Target \$4.00  
 Update Report – Buy – 1/13/2020 – Price Target \$4.00  
 Update Report – Buy – 1/27/2020 – Price Target \$4.00  
 Price Target Change – Buy – 3/31/2020 – Price Target changed from \$4.00 to \$3.00  
 Update Report – Buy – 5/15/2020 – Price Target \$3.00  
 Update Report – Buy – 9/1/2020 – Price Target \$3.00  
 Update Report – Buy – 11/13/2020 – Price Target \$3.00  
 Price Target Change – Buy – 12/7/2020 – Price Target changed from \$3.00 to \$4.00  
 Price Target Change – Buy – 3/30/2021 – Price Target changed from \$4.00 to \$3.00  
 Update Report – Buy – 4/27/2021 – Price Target \$3.00

Update Report – Buy – 5/13/2021 - Price Target \$3.00  
Update Report – Buy – 6/29/2021 - Price Target \$3.00  
Update Report – Buy – 8/9/2021 - Price Target \$3.00  
Update Report – Buy – 8/12/2021 - Price Target \$3.00  
Update Report – Buy – 11/23/2021 - Price Target \$3.00  
Update Report – Buy – 12/8/2021 - Price Target \$3.00  
Update Report – Buy – 2/28/2022 - Price Target \$3.00  
Update Report – Buy – 3/31/2022 - Price Target \$3.00  
Update Report – Buy – 4/20/2022 - Price Target \$3.00  
Update Report – Buy – 5/12/2022 - Price Target \$3.00  
Update Report – Buy – 7/1/2022 - Price Target \$3.00  
Update Report – Buy – 8/10/2022 - Price Target \$3.00  
Update Report – Buy – 8/24/2022 - Price Target \$3.00  
Update Report – Buy – 8/30/2022 - Price Target \$3.00  
Update Report – Buy – 10/10/2022 - Price Target \$3.00  
Update Report – Buy – 10/17/2022 - Price Target \$3.00  
Update Report – Buy – 11/1/2022 - Price Target \$3.00  
Update Report – Buy – 11/14/2022 - Price Target \$3.00  
Update Report – Buy – 12/14/2022 - Price Target \$3.00  
Update Report – Buy – 2/27/2023 - Price Target \$3.00  
Update Report – Buy – 4/13/2023 - Price Target \$3.00  
Update Report – Buy – 6/20/2023 - Price Target \$3.00  
Update Report – Buy – 7/5/2023 - Price Target \$3.00  
Update Report – Buy – 7/13/2023 - Price Target \$3.00  
Price Target Change – Buy – 8/30/2023 - Price Target changed from \$3.00 to \$2.00  
Update Report – Buy – 10/20/2023 - Price Target \$2.00  
Update Report – Buy – 11/7/2023 - Price Target \$2.00  
Update Report – Buy – 12/26/2023 - Price Target \$2.00  
Rating Change – Neutral – 1/30/2024 - Price Target NA  
Update Report – Neutral – 2/23/2024 - Price Target NA

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- 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) **Neutral:** 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.

Current as of 20-Feb-24

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	19	55.88%	4	11.80%
Market Perform (Neutral)	15	44.12%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	6	17.70%

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