UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) July 19, 2017

DARÉ BIOSCIENCE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	001-36395	20-4139823
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

11119 North Torrey Pines Road, Suite 200
La Jolla, CA 92037
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code
(858) 926-7655

Cerulean Pharma Inc.
35 Gatehouse Drive
Waltham, MA 02451
(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Explanatory Note

On July 20, 2017, Daré Bioscience, Inc., a Delaware corporation previously known as Cerulean Pharma Inc. (the "Company"), filed a Current Report on Form 8-K announcing, among other items, that on July 19, 2017, the Company completed its business combination with Daré Bioscience Operations, Inc., a privately held Delaware corporation previously known as Daré Bioscience, Inc. ("Private Daré"), in accordance with the terms of the Stock Purchase Agreement, dated as of March 19, 2017 (the "Daré Stock Purchase Agreement"), by and among the Company, Private Daré and the holders of capital stock and securities convertible into capital stock of Private Daré named therein (the "Selling Stockholders"). Pursuant to the Daré Stock Purchase Agreement, each Selling Stockholder sold their shares of capital stock of Private Daré to the Company in exchange for newly issued shares of the Company's common stock and, as a result, Private Daré became a wholly owned subsidiary of the Company.

On July 19, 2017, in connection with, and immediately prior to completion of, the transactions contemplated by the Daré Stock Purchase Agreement (the "Daré Transaction"), the Company filed two Certificate of Amendments to its Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to, effective as of July 20, 2017, effect a 1-for-10 reverse stock split of its common stock (the "Reverse Stock Split"), and to change the Company's name from "Cerulean Pharma Inc." to "Daré Bioscience, Inc." The Current Report on Form 8-K filed on July 20, 2017 is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited financial statements of Private Daré for the years ended December 31, 2016 and 2015, the accompanying notes thereto, and the related Report of Independent Registered Public Accounting Firm, are filed herewith as Exhibit 99.1 to this Amendment No. 1 to the Current Report on Form 8-K and incorporated herein by reference. The consent of Mayer Hoffman McCann P.C., Private Daré's independent registered public accounting firm, is attached as Exhibit 23.1 to this Amendment No. 1 to the Current Report on Form 8-K.

The unaudited interim condensed combined financial statements of Private Daré as of and for the six months ended June 30, 2017, and the accompanying notes thereto, are filed as Exhibit 99.2 to this Amendment No. 1 to the Current Report on Form 8-K and incorporated herein by reference.

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed combined financial information of the Company and Private Daré giving effect to the business combination completed in connection with the Daré Transaction for the year ended December 31, 2016 and the six months ended June 30, 2017 is filed herewith as Exhibit 99.3 to this Amendment No. 1 to the Current Report on Form 8-K and incorporated herein by reference. This unaudited pro forma condensed combined financial information does not reflect any adjustments to account for the Reverse Stock Split.

(d) Exhibits.

The following exhibits are filed as part of the current report:

Exhibit No.	Description
23.1	Consent of Mayer Hoffman McCann P.C., Independent Registered Public Accounting Firm
99.1	Private Daré audited financial statements for the years ended December 31, 2016 and 2015
99.2	Private Daré unaudited interim condensed financial statements as of and for the six months ended June 30, 2017
99.3	Unaudited pro forma condensed combined financial statements as of and for the six months ended June 30, 2017 and for the year ended December 31, 2016
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Submitted electronically herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DARÉ BIOSCIENCE, INC.

By: /s/ Sabrina Martucci Johnson
Sabrina Martucci Johnson
President and Chief Executive Officer

Date: October 2, 2017

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated March 31, 2017, relating to our audit of the consolidated financial statements of Daré Bioscience, Inc., Private Daré (which report includes an exploratory paragraph relating to the uncertainty of the Company’s ability to continue as a going concern), for the years ended December 31, 2016 and 2015.

/s/ Mayer Hoffman McCann P.C.
San Diego, CA
October 2, 2017

Exhibit 99.1

The financial statements to follow represent the audited historical financial statements of Private Daré for the years ended December 31, 2016 and 2015. These financial statements have not been adjusted to give effect to the Daré Transaction which occurred on July 19, 2017. Please see “Pro Forma Financial Information, Exhibit 99.3” for the unaudited pro forma condensed combined financial information of the Company and Private Daré giving effect to the business combination completed in connection with the Daré Transaction for the year ended December 31, 2016.

DARÉ BIOSCIENCE, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

DARÉ BIOSCIENCE, INC.

We have audited the accompanying balance sheets of Daré Bioscience, Inc. (the "Company") as of December 31, 2016 and 2015, and the related statements of operations, statements of changes in stockholders' deficit, and cash flows for the year ended December 31, 2016 and for the period from May 28, 2015 (inception) through December 31, 2015. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daré Bioscience, Inc. as of December 31, 2016 and 2015, and the results of its operations and cash flows for the year ended December 31, 2016 and for the period from May 28, 2015 (inception) through December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring losses from operations, and is dependent on additional financing to fund operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 1 to the financial statements. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ Mayer Hoffman McCann P.C.

San Diego, California
March 31, 2017

Daré Bioscience, Inc.

Balance Sheets

December 31, 2016 and 2015

Assets	2016	2015
Current Assets		
Cash	$ 44,614	$219,413
Prepaid expenses	—	250,000
Total current assets	44,614	469,413
Total assets	$ 44,614	$469,413
Liabilities and Stockholders' deficit		
Current Liabilities		
Accounts payable	12,678	13,401
Convertible promissory notes	697,500	500,000
Interest payable	45,057	2,959
Total current liabilities	755,235	516,360
Total liabilities	755,235	516,360
Commitments and contingencies (Note 6)		
Stockholders' deficit (Note 3)		
Common stock: $.001 par value, 10,000,000 shares authorized, 9,100,000 and 8,200,000 shares issued and outstanding at December 31, 2016 and 2015, respectively	$ 9,100	$ 8,200
Additional paid-in capital	8,114	1
Accumulated deficit	(727,835)	(55,148)
Total stockholders' deficit	(710,621)	(46,947)
Total liabilities and stockholders' deficit	$ 44,614	$469,413

See Notes to Financial Statements.

Daré Bioscience, Inc.

Statements of Operations
Year Ended December 31, 2016 and Period from May 28, 2015 (inception) through December 31, 2015

	2016	2015
Operating expenses:		
General and Administrative expenses	$ 272,687	$ 55,148
License expenses	400,000	—
Total operating expenses	672,687	55,148
Operating Loss	(672,687)	(55,148)
Net Loss	$(672,687)	$(55,148)

See notes to Financial Statements.

Daré Bioscience, Inc.

Statements of Changes in Stockholders' Deficit
Year ended December 31, 2016 and the period from May 28, 2015 (inception) through December 31, 2015

	Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount			
Balance at May 28, 2015	—	—	—	—	—
Common stock purchases	8,000,000	$8,000	$ —	$ —	$ 8,000
Stock compensation expense	200,000	200	1	—	201
Net Loss	—	—	—	(55,148)	(55,148)
Balance at December 31, 2015	8,200,000	$8,200	$ 1	$ (55,148)	$ (46,947)
Stock-based compensation	900,000	900	8,113	—	9,013
Net Loss	—	—	—	(672,687)	(672,687)
Balance at December 31, 2016	9,100,000	$9,100	$ 8,114	$ (727,835)	$ (710,621)

See notes to Financial Statements.

Daré Bioscience, Inc.

Statements of Cash Flows
Year Ended December 31, 2016 and Period from May 28, 2015 (inception) through December 31, 2015

	2016	2015
Cash Flows From Operating Activities		
Net loss	$(672,687)	$ (55,148)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	9,013	201
Changes in operating assets and liabilities:		
Prepaid expenses	250,000	(250,000)
Accounts payable	(723)	13,401
Interest payable	42,098	2,959
Net cash used in operating activities	(372,299)	(288,587)
Cash Flows From Investing Activities		
Net cash used in investing activities	—	—
Cash Flows From Financing Activities		
Proceeds from issuance of convertible promissory notes	197,500	500,000
Proceeds from issuance of stock	—	8,000
Net cash provided by financing activities	197,500	508,000
Net increase (decrease) in cash	(174,799)	219,413
Cash, beginning of period	219,413	—
Cash, end of period	$ 44,614	$ 219,413

See Notes to Financial Statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Daré Bioscience, Inc. (the "Company"), a Delaware corporation headquartered in San Diego, California, was formed on May 28, 2015. The Company is a clinical-stage pharmaceutical company committed to the development and commercialization of innovative products for women's reproductive health. The Company seeks product candidates that expand options, improve outcomes and are easy for women to use. The Company's first product candidate is Ovaprene®, a non-hormonal contraceptive intravaginal ring intended to provide protection over multiple weeks of use, requiring no intervention at the time of intercourse.

Since inception in 2015, the Company has devoted significant resources to license and prepare for the development of Ovaprene. The Company anticipates that the majority of operating expenses will be related to the development of Ovaprene and to expand its portfolio of product candidates. Substantially all of the Company's resources are currently dedicated to advancing the clinical development of Ovaprene. The Company will require additional capital to advance Ovaprene and to acquire or license the rights to other potential product candidates.

A summary of the Company's significant accounting policies follows:

Basis of presentation: The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company reported a net loss of $672,687 and $55,148 for the year ended December 31, 2016 and the period from May 28, 2015 (inception) through December 31, 2015, respectively. As a result of the Company's history of losses and financial condition, there is substantial doubt about the Company's ability to continue as a going concern. Management believes that cash provided by additional financing from new and existing shareholders will be required to enable the Company to achieve its objectives over the next twelve months. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of stock-based compensation. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Cash: The Company considers cash and all highly liquid debt instruments with an original maturity of three months or less to be cash. The Company maintains its cash accounts primarily in one financial institution. Accounts at this bank are insured by the Federal Deposit Insurance Corporation. The Company's accounts at this institution do not exceed federally insured limits at December 31, 2016.

Stock-based compensation: The Company records compensation expense for all stock-based awards granted based on the fair value of the award at the time of grant. The Company uses the Black-Scholes Pricing Model to determine the fair value of each of the awards which considers factors such as expected term, volatility, risk free interest rate and dividend yield. Due to the limited history of the Company, the simplified method was utilized in order to determine the expected term of the awards. Additionally, the Company considered comparable companies in the industry which have available share price history to calculate the volatility. The Company compared US Treasury Bills in determining the risk-free interest rate appropriate given the expected term. Finally, the Company has not established nor do they plan to establish a dividend policy or declare any dividends in the foreseeable future and thus no dividend yield was determined necessary in the calculation of fair value.

Income taxes: The Company accounts for income taxes using the asset and liability method in accordance with Accounting Standards Codification ("ASC") 740, Income taxes. Under this method deferred income taxes are provided to reflect the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company follows the two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments. At December 31, 2016, the Company did not record any liabilities for uncertain tax positions.

As the company has significant operating losses, the company does not expect to pay any income taxes for 2016 and as such no income tax provision has been made. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. The tax years 2015 to 2016 remain open to examination by federal and state taxing authorities.

Fair Value of Financial Instruments: Certain assets and liabilities are carried at fair value in accordance with ASC 820, Fair Value Measurement. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy is based on three levels of inputs which are used to measure fair value, of which the first two levels are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's instruments that are carried at fair value are cash equivalents, accounts payable and accrued interest. The carrying values of accounts payable and accrued interest approximate their fair value due to the short-term nature of these assets and liabilities.

Recent accounting pronouncements: On May 28, 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers*, which impacts the way in which some entities recognize revenue for certain types of transactions. The new standard will become effective beginning in 2019 for private companies. The Company is currently assessing the potential impact of this accounting standard and the effect it might have on its revenue recognition policy upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The new standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is currently assessing the potential impact of this accounting standard and the effect it might have on the financial statements.

Note 2. Convertible Promissory Notes

On December 4, 2015, the Company issued convertible promissory notes to certain investors, whereby the Company agreed to sell and the accredited investors agreed to purchase the convertible promissory notes in the aggregate principal amount of $500,000, the Initial Closing. The note purchase agreement provided for one or more additional closings through April 2, 2016 of sales of convertible promissory notes but limited total convertible promissory notes to $1.0 million in the aggregate. The notes mature on December 4, 2017, bear an annual interest rate of 8%, are secured by all the assets of the Company and convert upon the occurrence of a Qualified Equity Financing, defined as a transaction upon which the Company issues and sells shares of its Preferred Stock for aggregate gross proceeds of at least $10 million or at the option of the holder upon the occurrence of a Non-Qualified Equity Financing, defined as a transaction upon which the Company issues and sells shares of its Preferred Stock for aggregate gross proceeds of less than $10 million. The outstanding principal and unpaid and accrued interest convert at a conversion price based on the price paid for a share of preferred stock in the financing arrangement. The holders of the convertible promissory notes in the Initial Closing are entitled to convert the value of their notes plus unpaid and accrued interest into the Qualified and Non-Qualified Equity Financings at a 25% discount to the price paid by investors in the Qualified and Non-Qualified Equity Financings. In November of 2016, the Company amended the December 2015 note purchase agreement to allow for the issuance of additional notes. Following approval by existing noteholders of the amendment, the Company issued additional convertible promissory notes in the amount of $197,500, the Second Closing. The holders of the Second Closing of convertible promissory notes are entitled to convert the value of their notes plus unpaid and accrued interest into the Qualified and Non-Qualified Equity Financings at a 40% discount to the price paid by investors in the Qualified and Non-Qualified Equity Financings. Further, any holder of convertible promissory notes issued in the Initial Closing electing to purchase notes in the Second Closing in an amount greater than or equal to 50% of the value of notes purchased in the Initial Closing is entitled to a 40% conversion discount on all convertible notes held. In accordance with ASC 470-20, *Debt – Debt with Conversion and Other Options*, the Company will be required to recognize the value of the beneficial conversion feature into earnings upon the resolution of the contingency. As of December 31, 2016 and 2015, the outstanding principal balance of these secured convertible notes was $697,500 and $500,000, respectively, and the accrued and unpaid interest was $45,057 and $2,959, respectively.

Note 3. Stockholders’ Equity

Under the terms of the Company’s Certificate of Incorporation the company is authorized to issue one class of stock designated as common stock. The total number of common stock authorized is 10,000,000 shares with a par value of $0.001.

Note 4. Stock-based Compensation

In December 1, 2015, the Company adopted the 2015 Employee, Director and Consultant Equity Incentive Plan, or 2015 Plan, under which the Company may grant incentive stock options, non-qualified stock options, stock grants and stock-based awards to individuals who are then employees, officers, non-employee directors or consultants of the Company. A total of 1,500,000 shares of common stock were initially reserved for issuance under the 2015 Plan, plus "returning shares" that may become available from time to time. "Returning shares" are shares that are subject to outstanding awards granted under the 2015 Plan that expire or terminate prior to exercise or settlement, are forfeited because of the failure to vest, or are repurchased. As of December 31, 2016, 350,000 options remain available for future grant under the 2015 Plan.

Stock Options

Options granted under the 2015 Plan have terms of ten years from the date of grant unless earlier terminated and generally vest over a three-year period. The exercise price of all options granted and for the year ended December 31, 2016 and during the period from May 28, 2015 through December 31, 2015 was equal to the market value of the Company's common stock on the date of grant.

A summary of stock option activity and related information for the period from May 28, 2015 through December 31, 2015 and year ended December 31, 2016 is as follows:

	Number of Option Shares	Weighted Average Exercise Price
Outstanding at May 28, 2015	—	$ —
Granted	50,000	0.001
Outstanding at December 31, 2015	50,000	0.001
Outstanding at December 31, 2016	50,000	0.001
Exercisable at December 31, 2016	16,666	0.001
Vested and expected to vest at December 31, 2016	50,000	$ 0.001

Options outstanding and exercisable at December 31, 2016 had a weighted average contractual life of 8.9 years. The intrinsic value of the vested and expected to vest at December 31, 2016 was $450. As of December 31, 2016, $26 represents unamortized stock-based compensation expense which will be amortized over the weighted average period of 2 years.

Restricted Stock

In December 2015, the Company issued restricted stock agreements totaling 200,000 shares of common stock, $0.001 par value per share. The restricted stock vested immediately and all shares are subject to repurchase at the option of the Company upon termination of the affiliation between the Company and the holder or a proposed transfer by the holder. The fair value of the restricted stock was determined to be $0.001 per share and was recorded as an expense within operating expenses as of the grant date.

In November 2016, the Company issued restricted stock agreements totaling 900,000 shares of common stock, $0.001 par value per share. The restricted stock vested immediately and are subject to repurchase at the option of the Company upon termination of the affiliation between the Company and the holder or a proposed transfer by the holder. The fair value of the restricted stock was determined to be $0.01 per share and was recorded as an expense within operating expenses as of the grant date.

Note 5. Income Taxes

The Company will file a federal income tax return and certain state and local income tax returns. At December 31, 2016, the Company had available a federal net operating loss carry-forward of approximately $700,000 for income tax purposes, which will expire in fiscal year 2037. The Company evaluates whether a valuation allowance related to deferred tax assets is required each reporting period. A valuation allowance is established if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. The Company follows ASC 740, “Income Taxes,” where tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in tax returns that do not meet these recognition and measurement standards. At December 31, 2016, the Company recorded a full valuation allowance of $105,000 relating to the net operating loss.

Note 6. Commitments and Contingencies

Operating leases: The Company entered into an Affiliate Member Services Agreement on December 19, 2016 which provides facilities space as well as other services. The term of the agreement commences on January 1, 2017 and continues until either party provides 30 days’ notice of termination. The Company did not incur any rent expenses for the year ended December 31, 2016 or the period from May 28, 2015 through December 31, 2015.

Other legal contingencies: From time to time, the Company may be involved in various claims arising in the normal course of business. Management is not aware of any material claims, disputes or unsettled matters that would have a material adverse effect on the Company’s results of operations, liquidity or financial position that the Company has not adequately provided for in the accompanying financial statements.

Note 7. Subsequent Events

The Company has evaluated subsequent events through March 31, 2017, the date on which the financial statements were available to be issued.

On March 19, 2017 the Company agreed to final terms of an exclusive worldwide license for the Ovaprene technology with ADVA-Tec, Inc. The agreement provides that the license agreement will become effective upon securing an investment of $1.25 million in net cash privately or via the closing of the public transaction with Cerulean described below.

On March 20, 2017, the Company and Cerulean Pharma Inc. (NASDAQ:CERU) announced that the two companies, together with the shareholders of the Company, have entered into a definitive stock purchase agreement under which the shareholders of the Company will become the majority owners of Cerulean. Upon closing, the Company will assume the excess cash remaining after Cerulean winds down its business which includes terminating existing agreements, contracts and leases, paying severance and bonuses due to executives and employees, and selling off the technology assets related to its business for cash. While the level of cash remaining cannot be predicted with certainty, the terms of the stock purchase agreement provide higher ownership interests to Cerulean shareholders if Cerulean has more cash at the closing. The stock purchase transaction and the sale of Cerulean assets must both be approved by Cerulean shareholders.

Exhibit 99.2

The financial statements to follow represent the unaudited historical interim condensed combined financial statements of Private Daré as of and for the six months ended June 30, 2017. These financial statements have not been adjusted to give effect to the Daré Transaction which occurred on July 19, 2017. Please see “Pro Forma Financial Information, Exhibit 99.3” for the unaudited pro forma condensed combined financial information of the Company and Private Daré giving effect to the business combination completed in connection with the Daré Transaction for the six months ended June 30, 2017.

DARÉ BIOSCIENCE, INC.

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Daré Bioscience, Inc.
Condensed Balance Sheet

Assets	June 30, 2017 (unaudited)	December 31, 2016
Current Assets		
Cash	$ 39,405	$ 44,614
Total current assets	39,405	44,614
Other assets	2,800	—
Total assets	$ 42,205	$ 44,614
Liabilities and Stockholders’ deficit		
Current Liabilities		
Accounts payable	$ 563,344	$ 12,678
Convertible promissory notes	852,500	697,500
Interest payable	79,033	45,057
Total current liabilities	1,494,877	755,235
Total liabilities	1,494,877	755,235
Commitments and contingencies (Note 6)		
Stockholders’ deficit (Note 3)		
Common stock: $.001 par value, 10,000,000 shares authorized, 9,100,000 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	$ 9,100	$ 9,100
Additional paid-in capital	8,120	8,114
Accumulated deficit	(1,469,892)	(727,835)
Total stockholders’ deficit	(1,452,672)	(710,621)
Total liabilities and stockholders’ deficit	$ 42,205	$ 44,614

See Notes to Financial Statements.

Daré Bioscience, Inc.

Condensed Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Operating expenses:				
General and Administrative expenses	$ 243,863	$ 117,915	$ 742,057	$ 206,049
License expenses	—	250,000	—	250,000
Total operating expenses	243,863	367,915	742,057	456,049
Operating Loss	(243,863)	(367,915)	(742,057)	(456,049)
Net Loss	$ (243,863)	$ (367,915)	$(742,057)	$(456,049)

See notes to Financial Statements.

Daré Bioscience, Inc.

Condensed Statements of Cash Flows
(unaudited)

	Six months ended June 30,	
	2017	2016
Cash Flows From Operating Activities		
Net loss	$(742,057)	$(456,049)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	6	3
Changes in operating assets and liabilities:		
Prepaid expenses	—	250,000
Accounts payable	550,666	3,474
Interest payable	33,976	20,063
Other assets	(2,800)	—
Net cash used in operating activities	(160,209)	(182,509)
Cash Flows From Investing Activities		
Net cash used in investing activities	—	—
Cash Flows From Financing Activities		
Proceeds from issuance of convertible promissory notes	155,000	—
Net cash provided by financing activities	155,000	—
Net decrease in cash	(5,209)	(182,509)
Cash, beginning of period	44,614	219,413
Cash, end of period	$ 39,405	$ 36,904

See notes to Financial Statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Daré Bioscience, Inc. (“Private Daré” or the “Company”), a Delaware corporation headquartered in San Diego, California, was formed on May 28, 2015. Private Daré is a clinical-stage biopharmaceutical company committed to the advancement of innovative products for women’s reproductive health. The Company is driven by a mission to identify, develop and bring to market a diverse portfolio of novel therapies that expand treatment options, improve outcomes and facilitate convenience for women. The Company is initially focused on the areas of contraception, vaginal health and fertility. The Company’s first product candidate, Ovaprene™, is a monthly non-hormonal contraceptive ring that is currently in clinical studies.

On March 20, 2017, Private Daré and Cerulean Pharma Inc. (NASDAQ: CERU) (“Cerulean”) announced that the two companies, together with the stockholders of Private Daré, entered into a definitive stock purchase agreement (the “Daré Stock Purchase Agreement”) under which the stockholders of Private Daré will become the majority owners of Cerulean (the “Daré Transaction”). While the level of cash remaining cannot be predicted with certainty, the terms of the Daré Stock Purchase Agreement provide higher ownership interests to Cerulean stockholders if Cerulean has more cash at the closing, but never in excess of 49% of the outstanding stock of Cerulean as of the closing. The Daré Transaction was approved by Cerulean stockholders and completed on July 19, 2017. Please refer to Note 7, Subsequent Events.

Since inception in 2015, the Company has devoted significant resources to license and prepare for the development of Ovaprene. The Company anticipates that the majority of operating expenses will be related to the development of Ovaprene and to expand its portfolio of product candidates. Substantially all of the Company’s resources are currently dedicated to advancing the clinical development of Ovaprene. The Company will require additional capital to advance Ovaprene and to acquire or license the rights to other potential product candidates.

The Company has signed an agreement (the “ADVA-Tec Agreement”) for a license from ADVA-Tec, Inc. (“ADVA-Tec”) for the exclusive right to develop and commercialize Ovaprene for human contraceptive use worldwide that becomes effective once the initial funding called for by the ADVA-Tec Agreement is secured. The license will become effective after the Company has secured initial funding of at least $1.25 million which the Company anticipates will be satisfied by the consummation of its proposed transaction with Cerulean, assuming Cerulean has at least $1.25 million in cash at the time of closing of the transaction with Cerulean described below. Please refer to Note 7, Subsequent Events, for discussion of the Company’s satisfaction of this initial funding requirement in connection with the consummation of the Daré Transaction. 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 the date of these financial statements, this patent portfolio includes 12 issued patents worldwide, along with 8 patent applications, all of which in accordance with the terms of the ADVA-Tec Agreement would be exclusively licensed to the Company. The Company also has a right of first refusal to license these patents and patent applications for purposes of additional indications for Ovaprene. Under the ADVA-Tec Agreement, ADVA-Tec will conduct certain research and development work as necessary to allow the Company to seek a Premarket Approval (“PMA”) from the Food and Drug Administration (“FDA”), and will supply the Company with its requirements of Ovaprene for clinical and commercial use on commercially reasonable terms.

Under the ADVA-Tec Agreement, the Company is required to make payments of up to $14.6 million in the aggregate to ADVA-Tec based on achievement of specified development and regulatory milestones, including completion of a successful Practical Clinical Trial (“PCT”) Study (as defined in the ADVA-Tec Agreement); approval by the FDA to commence the Phase 3 pivotal human clinical trial; successful completion of the Phase 3 pivotal human clinical trial; the FDA’s acceptance of the filing of a PMA for Ovaprene; the FDA’s approval of the PMA for Ovaprene; Conformite Europeene (“CE”) Marking of Ovaprene in at least three designated European countries; obtaining regulatory approval in at least three designated European countries; and obtaining regulatory approval in Japan. In addition, after the commercial launch of Ovaprene, the Company is also required to make royalty payments to ADVA-Tec based on aggregate annual net sales of Ovaprene in specified regions, which percentage royalty rate will vary between 1% and 10% and will increase based on various net sales thresholds. Finally, the Company is also required to make up to $20 million in the aggregate in commercial milestone payments to ADVA-Tec upon reaching certain worldwide net sales milestones.

The Company is obligated to use commercially reasonable efforts to develop and commercialize Ovaprene, and must meet certain minimum spending amounts per year, such amounts totaling $5 million in the aggregate over the first three years, and $2.5 million per year thereafter, until a final PMA is filed, or until the first commercial sale of Ovaprene, whichever occurs first.

The ADVA-Tec license continues on a country-by-country basis until the later of the life of the licensed patents or the Company's last commercial sale of Ovaprene, and the ADVA-Tec Agreement includes customary termination rights for both parties, and provides the Company the right to terminate with or without cause in whole or on a country-by-country basis upon 60 days prior written notice. In addition, ADVA-Tec may terminate the ADVA-Tec Agreement if the Company fails to do any of the following: (i) satisfy the annual spending obligation described above; (ii) fail to use commercially reasonable efforts to complete all necessary pre-clinical and clinical studies required to support and submit a PMA; (iii) fail to conduct clinical trials as set forth in the development plan that is agreed by the Company and ADVA-Tec, and as may be modified by a joint research committee, where such failure is not caused by events outside of the Company's reasonable control; or (iv) fail to enroll a patient in the first non-significant risk medical device study or clinical trial as allowed by an institutional review board within six months of the production and release of Ovaprene, where non-enrollment is not caused by events outside of the Company's reasonable control. In addition, ADVA-Tec may terminate the ADVA-Tec Agreement if the Company develops or commercializes any non-hormonal ring-based vaginal contraceptive device which is deemed competitive to Ovaprene or, in certain limited circumstances, if the Company fails to commercialize Ovaprene in certain designated countries within three years of the first commercial sale of Ovaprene.

A summary of the Company's significant accounting policies follows:

Basis of presentation: The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The results of operations for the interim period shown in this report are not necessarily indicative of the results that may be expected for any other interim period or for the full year. As noted above, on July 19, 2017 the Company completed a transaction which resulted in approximately $9.9 million of cash on hand. The Company expects to have sufficient cash resources to fund its planned operations for the next two years. This estimate reflects assumptions that may prove to be wrong, and the Company could deplete the available cash resources sooner than currently expected.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of stock-based compensation. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Cash: The Company considers cash and all highly liquid debt instruments with an original maturity of three months or less to be cash. The Company maintains its cash accounts primarily in one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation. The Company's accounts at this institution do not exceed federally insured limits at June 30, 2017.

Stock-based compensation: The Company records compensation expense for all stock-based awards granted based on the fair value of the award at the time of grant. The Company uses the Black-Scholes Pricing Model to determine the fair value of each of the awards which considers factors such as expected term, volatility, risk-free interest rate and dividend yield. Due to the limited history of the Company, the simplified method was utilized in order to determine the expected term of the awards. Additionally, the Company considered comparable companies in the industry which have available share price history to calculate the volatility. The Company compared US Treasury Bills in determining the risk-free interest rate appropriate given the expected term. Finally, the Company has not established nor do they plan to establish a dividend policy or declare any dividends in the foreseeable future and thus no dividend yield was determined necessary in the calculation of fair value.

Income taxes: The Company accounts for income taxes using the asset and liability method in accordance with Accounting Standards Codification ("ASC") 740, Income Taxes. Under this method deferred income taxes are provided to reflect the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company follows the two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments. At June 30, 2017, the Company did not record any liabilities for uncertain tax positions.

As the Company has significant operating losses, the Company does not expect to pay any income taxes for 2017 and as such no income tax provision has been made. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. The tax years 2015 to 2016 remain open to examination by federal and state taxing authorities.

Fair Value of Financial Instruments: Certain assets and liabilities are carried at fair value in accordance with ASC 820, Fair Value Measurement. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy is based on three levels of inputs that measure fair value, of which the first two levels are considered observable and the last level is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's instruments that are carried at fair value are cash equivalents, accounts payable and accrued interest. The carrying values of accounts payable and accrued interest approximate their fair value due to the short-term nature of these liabilities.

Recent accounting pronouncements: On May 28, 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers*, which impacts the way in which some entities recognize revenue for certain types of transactions. The new standard will become effective beginning in 2018 for public companies. The Company is currently assessing the potential impact of this accounting standard and the effect it might have on its revenue recognition policy upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently assessing the potential impact of this accounting standard and the effect it might have on the financial statements.

Note 2. Convertible Promissory Notes

On December 4, 2015, the Company issued convertible promissory notes in the aggregate principal amount of $500,000. The convertible promissory notes accrue interest at a rate of 8% per annum, are convertible into the Company’s next preferred stock financing round and are payable following the delivery of a demand by the holders of a majority in interest of the outstanding principal (including the outstanding principal amount under the convertible promissory notes issued on or after November 18, 2016, as described further below) on or after December 4, 2017. In the event of a preferred stock financing, all outstanding principal and unpaid interest under the convertible promissory notes will convert into the shares of the Company’s preferred stock issued in such financing at the price per share paid by the purchasers of such shares and an additional number of shares equal to 15% to 25% of the outstanding principal and unpaid interest based on the amount of time that has passed between the issuance of the convertible promissory notes and the closing of such preferred stock financing.

During the week of November 18, 2016, the Company issued additional convertible promissory notes, and amended the terms of certain of the outstanding convertible promissory notes held by persons who purchased additional convertible promissory notes on or after November 18, 2016. These convertible promissory notes (including the convertible promissory notes issued in December 2015 and amended in connection with the sale of additional convertible promissory notes in November 2016) accrue interest at a rate of 8% per annum, are convertible into the Company’s next preferred stock financing round and are payable following the delivery of a demand by the holders of a majority in interest of the outstanding principal (including the outstanding principal amount under the convertible promissory notes issued in December 2015) on or after December 4, 2017. In the event of a preferred stock financing, all outstanding principal and unpaid interest under the convertible promissory notes (including the amended convertible promissory notes originally issued in December 2015) will convert into the shares of the Company’s preferred stock issued in such financing at the price per share paid by the purchasers of such shares and an additional number of shares equal to 40% of the outstanding principal and unpaid interest. In addition, in the event of a change of control in which the convertible promissory notes (including the amended convertible promissory notes originally issued in December 2015) are repaid, the holders of such notes are entitled to receive 2 to 5 times the amount of the principal based on the proceeds payable to the Company or the Company’s stockholders in connection with such change of control. During the week of November 18, 2016 the Company issued convertible promissory notes in the aggregate principal amount of $197,500 and amended the terms of prior notes in the aggregate principal amount of $275,000 to correspond with the terms of such additional convertible promissory notes. On February 17, 2017 the Company issued an additional convertible promissory note in the principal amount of $100,000.

In connection with the Daré Transaction, described in further detail below, all outstanding convertible promissory notes issued prior to March 31, 2017 were further amended to provide that such notes will convert into shares of Private Daré common stock at a price per share of $0.18727 (subject to stock splits, combinations and similar

events) effective as of immediately prior to the closing of the Daré Transaction and that the Daré Transaction would not constitute a change of control, including for purposes of the repayment premium described above. The number of shares of common stock issuable upon conversion of the convertible promissory notes issued prior to March 31, 2017 will be equal to the outstanding principal amount plus accrued interest through March 31, 2017 divided by $0.18727 (subject to stock splits, combinations and similar events), plus, in the case of the convertible promissory notes issued in December 2015, 25% of the principal amount divided by $0.18727 (subject to stock splits, combinations and similar events) and, in the case of the convertible promissory notes issued on or after November 18, 2016 (including certain of the amended convertible promissory notes originally issued in December 2015 the holders of which also participated in the November 2016 note offering), 40% of the principal amount divided by $0.18727 (subject to stock splits, combinations and similar events).

Between April 1, 2017 and June 6, 2017 the Company issued additional convertible promissory notes in the aggregate principal amount of $55,000 pursuant to a new note purchase agreement. One note in the principal amount of $20,000 was issued on May 31, 2017 and two notes in the aggregate principal amount of $35,000 were issued during the first week of June. The new note purchase agreement provides for one or more additional closings through the earlier to occur of September 28, 2017 and the date on which the Cerulean stockholders approve the Daré Transaction, and limits the aggregate principal amount of the convertible promissory notes issued thereunder to $2.0 million. The convertible promissory notes issued pursuant to the May 31, 2017 note purchase agreement bear an annual interest rate of 8% and will automatically convert immediately prior to closing of the transaction into the number of shares of Private Daré common stock equal to 120% of the original principal amount of each such note divided by $0.38. The interest on such notes will not convert into shares of Private Daré's common stock. In addition, the holders of such notes issued pursuant to the new note purchase agreement are entitled to convert the value of any then outstanding notes plus unpaid and accrued interest plus an additional 20% of the principal amount of their notes into Qualified and Non-Qualified Equity Financings (with such terms having the same meaning as in the December 2015 note purchase agreement) at the price paid by investors in the Qualified and Non-Qualified Equity Financings. Each purchaser of notes pursuant to the new note purchase agreement also executed and delivered a counterpart signature page to the Daré Stock Purchase Agreement with Cerulean.

On July 19, 2017, Private Daré amended the notes to provide that (i) the interest on the notes be subject to compounding on an annual basis as of December 31 of each year and (ii) the number of shares of common stock issuable upon conversion of the convertible promissory notes issued prior to March 31, 2017 will be equal to the outstanding principal amount plus accrued interest through March 31, 2017 divided by $0.18727 (subject to stock splits, combinations and similar events) plus, in the case of the convertible promissory notes issued in December 2015, 25% of the principal amount plus accrued interest through March 31, 2017 divided by $0.18727 (subject to stock splits, combinations and similar events), and, in the case of the convertible promissory notes issued on or after November 18, 2016 (including certain of the amended convertible promissory notes originally issued in December 2015 the holders of which also participated in the November 2016 note offering), 40% of the principal amount plus accrued interest through March 31, 2017 divided by $0.18727 (subject to stock splits, combinations and similar events).

Immediately prior to the closing of the Daré Transaction, all of the convertible promissory notes of Private Daré, in aggregate principal of, and accrued interest on, were converted into shares of common stock of Private Daré and all of the outstanding shares of common stock and stock options of Private Daré were exchanged for shares of common stock of Cerulean pursuant to the exchange ratio defined in the Daré Stock Purchase Agreement. Please refer to Note 7, Subsequent Events.

Note 3. Stockholders' Deficit

Under the terms of the Company's Certificate of Incorporation the Company is authorized to issue one class of stock designated as common stock. The total number of common stock authorized is 10,000,000 shares with a par value of $0.001.

Note 4. Stock-based Compensation

On December 1, 2015, the Company adopted the 2015 Employee, Director and Consultant Equity Incentive Plan (the "2015 Plan"), under which the Company may grant incentive stock options, non-qualified stock options, stock grants and stock-based awards to individuals who are then employees, officers, non-employee directors or consultants of the Company. A total of 1,500,000 shares of common stock were initially reserved for issuance under the 2015 Plan, plus "returning shares" that may become available from time to time. "Returning shares" are shares that are subject to outstanding awards granted under the 2015 Plan that expire or terminate prior to exercise or settlement, are forfeited because of the failure to vest, or are repurchased. As of June 30, 2017, 350,000 options remain available for future grant under the 2015 Plan.

Stock Options

Options granted under the 2015 Plan have terms of ten years from the date of grant unless earlier terminated and generally vest over a three-year period. The exercise price of all options granted for the year ended December 31, 2016 was equal to the market value of the Company's common stock on the date of grant. There were no options granted during the 6 months ended June 30, 2017.

A summary of stock option activity and related information for the year ended December 31, 2016 and the quarter ended June 30, 2017 is as follows:

	Number of Option Shares	Weighted Average Exercise Price
Outstanding at December 31, 2016 (audited)	50,000	$ 0.001
Granted	—	—
Outstanding at June 30, 2017 (unaudited)	50,000	$ 0.001
Exercisable at June 30, 2017 (unaudited)	26,389	0.001
Vested and expected to vest at June 30, 2017 (unaudited)	50,000	$ 0.001

Options outstanding and exercisable at June 30, 2017 had a weighted average contractual life of 8.3 years. The intrinsic value of the vested and expected to vest at June 30, 2017 was $450. As of June 30, 2017, $19 represents unamortized stock-based compensation expense which will be amortized over the weighted average period of 1.4 years.

Restricted Stock

In December 2015, the Company issued restricted stock agreements totaling 200,000 shares of common stock, $0.001 par value per share. The restricted stock vested immediately and all shares are subject to repurchase at the option of the Company upon termination of the affiliation between the Company and the holder or a proposed transfer by the holder. The fair value of the restricted stock was determined to be $0.001 per share and was recorded as an expense within operating expenses as of the grant date.

In November 2016, the Company issued restricted stock agreements totaling 900,000 shares of common stock, $0.001 par value per share. The restricted stock vested immediately and are subject to repurchase at the option of the Company upon termination of the affiliation between the Company and the holder or a proposed transfer by the holder. The fair value of the restricted stock was determined to be $0.01 per share and was recorded as an expense within operating expenses as of the grant date. The Company did not issue any restricted stock agreement during the six-month period ended June 30, 2017

Note 5. Income Taxes

The Company will file a federal income tax return and certain state and local income tax returns. At June 30, 2017, the Company had available a federal net operating loss carry-forward of approximately $1,470,000 for income tax purposes, which will expire starting in fiscal year 2036. The Company evaluates whether a valuation allowance related to deferred tax assets is required each reporting period. A valuation allowance is established if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. The Company follows ASC 740, Income Taxes, where tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in tax returns that do not meet these recognition and measurement standards. At June 30, 2017, the Company recorded a full valuation allowance of $220,500 relating to the net operating loss.

Note 6. Commitments and Contingencies

Operating leases: The Company entered into an Affiliate Member Services Agreement on December 19, 2016 which provides facilities space as well as other services. The term of the agreement commenced on January 1, 2017 and continues until either party provides 30 days' notice of termination. The Company incurred rent expenses of $3,600 for the six-month period ended June 30, 2017 and did not incur any rent expenses for the year ended December 31, 2016.

Other legal contingencies: From time to time, the Company may be involved in various claims arising in the normal course of business. Management is not aware of any material claims, disputes or unsettled matters that would have a material adverse effect on the Company's results of operations, liquidity or financial position that the Company has not adequately provided for in the accompanying financial statements.

Note 7. Subsequent Events

On July 19, 2017, in connection with the Company's consummation of the Daré Transaction, the Company satisfied the initial funding requirement called for by the ADVA-Tec Agreement by securing at least $1.25 million in cash and the license for Ovaprene became effective.

On July 20, 2017, the Company and Cerulean announced, among other items, that on July 19, 2017 the Company completed the Daré Transaction. In connection with the Daré Transaction, all of the convertible promissory notes of Private Daré, in aggregate principal of, and accrued interest on, were converted into shares of common stock of Private Daré and all of the outstanding shares of common stock and stock options of Private Daré were exchanged for shares of common stock of Cerulean pursuant to the exchange ratio defined in the Daré Stock Purchase Agreement.

Effective as of July 20, 2017, Cerulean implemented a 1-for-10 reverse stock split of its common stock (the "Reverse Stock Split"), and changed its name from Cerulean Pharma Inc. to Daré Bioscience, Inc.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Unaudited Pro Forma Financial Information

For purposes of the discussion below, (i) “Daré” refers to the entity Private Daré as it existed prior to the completion of the Daré Transaction (as defined in Note 1 below) and (ii) “Cerulean” refers to Cerulean Pharma Inc. as it existed prior to the completion of the Daré Transaction and before the Company was renamed Daré Bioscience, Inc.

The following selected unaudited pro forma condensed combined financial data presents the pro forma financial position and results of operations of the combined business based on the historical consolidated financial statements of Private Daré and Cerulean, after giving effect to the Novartis Transaction as defined below and the approval by Cerulean stockholders of the Daré Transaction.

On March 19, 2017, Cerulean entered into an asset purchase agreement with Novartis Institutes for BioMedical Research, Inc., a Delaware corporation (“Novartis”), pursuant to which Cerulean agreed to sell and assign to Novartis all of its right, title and interest in and to the patent rights, know-how and third-party license agreements relating to Cerulean’s proprietary Dynamic Tumor Targeting™ platform technology on the terms and subject to the conditions set forth in the Novartis Asset Purchase Agreement (the “Novartis Transaction”). At the closing of the Novartis Transaction, Novartis paid the purchase price of $6.0 million.

The unaudited pro forma condensed combined balance sheet as of June 30, 2017 gives effect to the Novartis Transaction and the Daré Transaction as if each took place on June 30, 2017. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2017 gives effect to the Novartis Transaction and the Daré Transaction as if each took place on January 1, 2017. These unaudited pro forma condensed combined financial statements include expenses incurred by both companies prior to the closing of the Daré Transaction.

The unaudited pro forma condensed combined statement of operations data for the year ended December 31, 2016 give effect to the Novartis Transaction and the Daré Transaction as if each took place on January 1, 2016. These data reflect management’s estimates at that time for closing cash, general operating expenses and transaction expenses incurred by both companies through the closing.

The following pro forma information does not reflect the effectiveness of the Reverse Stock Split (as defined in Note 1 below).

Unaudited Pro Forma Condensed Combined Balance Sheet

(in thousands, except share data and per share data)	June 30, 2017				
	Private Daré	Adjusted Historical Cerulean Pharma	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 39	$ 7,244	$ 6,000	C	$ 13,283
Accounts receivable	—	31	—		31
Prepaid retention payments	—	—	—		—
Prepaid expenses and other current assets	3	859	—		862
Property and equipment held for sale	—	—	—		—
Total current assets	42	8,134	6,000		14,176
Property and equipment, net	—	17	—		17
Goodwill and intangible assets	—	—	10,451	D	10,451
Other assets	—	—	—		—
Total	$ 42	$ 8,151	$ 16,451		$ 24,644
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Convertible promissory note	$ 853	$ —	$ (853)	A	$ —
Accounts payable	563	660	—		1,223
Accrued expenses	79	189	(79)	A	3,602
			3,413	B	
Current portion of deferred revenue	—	2,500	(2,500)	C	—
Total current liabilities	1,495	3,349	(19)		4,825
Long-term liabilities:					
Deferred revenue	—	743	—		743
Other long-term liabilities	—	—	—		—
Total long-term liabilities	—	743	—		743
Stockholders' equity:					
Preferred stock	—	—	—		—
Common stock	9	—	6	A	60
			(5)	D	
			50	E	
Additional paid-in capital	8	215,213	1,158	A	21,745
			(215,213)	D	
			20,629	D	
			(50)	E	
Accumulated deficit	(1,470)	(211,154)	(232)	A	(2,729)
			(3,413)	B	
			211,154	D	
			(6,114)	D	
			8,500	C	
Total stockholders' equity	(1,453)	4,059	14,084		19,076
Total	$ 42	$ 8,151	$ 14,065		$ 24,644

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

Unaudited Pro Forma Condensed Combined Statement of Operations

(in thousands)	Private Daré	Historical Cerulean Pharma	Pro Forma Adjustments		Pro Forma Combined
	For the Six Months Ended June 30, 2017				
Consolidated Statement of Operations Data:					
Revenue	$ —	$ 1,834	$ —		$ 1,834
Operating expenses:					
Research and development	—	5,943	—		5,943
General and administrative	708	6,962	—		7,670
Asset sale to BlueLink Pharmaceuticals, Inc.	—	(1,500)	—		(1,500)
Total operating expenses	708	11,405	—		12,113
Other income (expense):					
Interest income	—	53	—		53
Interest expense	(34)	(956)	(232)	A	(1,222)
Total other expense, net	(34)	(903)	(232)		(1,169)
Net loss attributable to common stockholders	$ (742)	$ (10,474)	$ (232)		$ (11,448)
Net loss per share attributable to common stockholders:					
Basic and diluted	$ (0.08)	$ (0.36)			$ (0.19)
Weighted-average common shares outstanding:					
Basic and diluted	9,100,000	29,028,650			60,468,807

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

Unaudited Pro Forma Condensed Combined Statement of Operations

(in thousands)	For the Year Ended December 31, 2016				
	Private Daré	Adjusted Historical Cerulean Pharma	Pro Forma Adjustments		Pro Forma Combined
Consolidated Statement of Operations Data:					
Revenue	$ —	$ 766	$ —		$ 766
Operating expenses:					
Research and development	400	27,565			27,965
General and administrative	231	10,355			10,586
Asset sale to BlueLink Pharmaceuticals, Inc.	—	(1,500)	—		(1,500)
Total operating expenses	631	36,420	—		37,051
Other income (expense):					
Interest income	—	86	—		86
Interest expense	(42)	(2,847)	(321)	**A**	(3,210)
Total other expense, net	(42)	(2,761)	(321)		(3,124)
Net loss attributable to common stockholders	$ (673)	$ (38,415)	$ (321)		$ (39,409)
Net loss per share attributable to common stockholders:					
Basic and diluted	$ (0.08)	$ (1.39)			$ (0.54)
Weighted-average common shares outstanding:					
Basic and diluted	8,315,574	27,710,403			73,152,086

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

Note 1. Basis of Presentation

On July 19, 2017, Cerulean Pharma Inc. ("Cerulean"), completed its business combination with Daré Bioscience Operations, Inc. ("Private Daré"), in accordance with the terms of the Stock Purchase Agreement, dated as of March 19, 2017 (the "Daré Stock Purchase Agreement"), by and among Cerulean, Private Daré and the holders of capital stock and securities convertible into capital stock of Private Daré named therein (the "Selling Stockholders"). Pursuant to the Daré Stock Purchase Agreement, each Selling Stockholder sold their shares of capital stock of Private Daré to Cerulean in exchange for newly issued shares of Cerulean common stock and, as a result, Private Daré became a wholly owned subsidiary of Cerulean. Immediately prior to completion of, the transactions contemplated by the Daré Stock Purchase Agreement (the "Daré Transaction"), Cerulean filed two Certificate of Amendments to its Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to, effective as of July 20, 2017, effect a 1-for-10 reverse stock split of its common stock (the "Reverse Stock Split"), and to change its name from "Cerulean Pharma Inc." to "Daré Bioscience, Inc." (the "Company").

With respect to the Daré Transaction, the Company has concluded that the Daré Transaction represents a reverse acquisition business combination pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"), based on the structure of the Daré Transaction and the resulting relative voting rights, composition of the board of directors and senior management of the combined entity, being in favor of Private Daré. Accordingly, under ASC 805, Private Daré is the accounting acquirer. The Company has not yet completed a valuation analysis of the fair market value of Cerulean's assets to be acquired and liabilities to be assumed. Using the estimated total consideration for the Daré Transaction, the Company has estimated the allocations to such assets and liabilities. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma condensed combined balance sheet. The final purchase price allocation will be determined once the Company has determined the final consideration and completed the detailed valuations and other studies and necessary calculations. The final purchase price allocation could differ materially from the preliminary purchase price allocation used to prepare the pro forma adjustments. The final purchase price allocation may include (1) changes in allocations to intangible assets and goodwill based on the results of certain valuations and other studies that have yet to be completed, (2) other changes to assets and liabilities and (3) changes to the ultimate purchase consideration.

Private Daré and Cerulean did not record any provision or benefit for income taxes during the six months ended June 30, 2017, or the year ended December 31, 2016 because each company incurred a pre-tax loss and each company maintains a full valuation allowance on its deferred tax assets. Accordingly, no tax effects have been provided for the pro forma adjustments described in Note 4, "*Pro Forma Adjustments*."

The terms of the Daré Transaction and the consideration paid in the Daré Transaction were determined through arm's length negotiations between and Private Daré and Cerulean. As specified in the Daré Stock Purchase Agreement, the final exchange ratio was based on the net cash balances of Private Daré and Cerulean at closing. The unaudited pro forma condensed combined balance sheet as of June 30, 2017 and unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2017 have been prepared to reflect the following outcomes:

- Based on net cash balances of both companies on July 19, 2017, Cerulean stockholders own approximately 49% of the combined shares of the Company.

- Stockholders voted to approve both the Novartis Transaction and the Daré Transaction, and the sale of assets to Novartis on July 19, 2017 has been reflected.
- Cerulean's closing share price and common shares outstanding on July 19, 2017 have been used to determine the market value of the shares issued to the Private Daré Selling Stockholders.
- The unaudited pro forma condensed combined financial statements do not give effect to the Reverse Stock Split that was implemented on July 19, 2017.

Note 2. Significant Transactions Included in the Historical Financial Statements of Cerulean

On March 19, 2017, Cerulean entered into an asset purchase agreement with BlueLink Pharmaceuticals, Inc. for the sale of all of Cerulean's right, title and interest in and to its clinical product candidates CRLX101 and CRLX301 including the accompanying intellectual property rights and know-how. The sale of the assets for $1.5 million is recorded as an offset to operating expenses in the historical Cerulean statement of operations for the six months ended June 30, 2017 as there was no cost basis for the underlying assets sold to BlueLink recorded on the balance sheet. Cerulean incurred research and development expense related to the clinical product candidates CRLX101 and CRLX301 of approximately $24.1 million for the year ended December 31, 2016 and $5.9 million for the six months ended June 30, 2017. Such amounts will not be incurred in future periods but have not been adjusted for in the Adjusted Historical Cerulean pro forma information due to the non-recurring nature of the adjustments.

In March 2017 Cerulean entered into a payoff letter with Hercules Capital, Inc. (formerly known as Hercules Technology Growth Capital, Inc.) ("Hercules"), pursuant to which Cerulean agreed to pay off and thereby terminate that certain Loan and Security Agreement dated as of January 8, 2015 with Hercules as lender (the "Hercules Loan Agreement"). Pursuant to the payoff letter, Cerulean paid, on March 20, 2017, a total of $12.4 million to Hercules, representing the principal, accrued and unpaid interest, fees, costs and expenses outstanding under the Hercules Loan Agreement then outstanding in repayment of its outstanding obligations under the Hercules Loan Agreement. Cerulean incurred interest expense of approximately $2.2 million for the year ended December 31, 2016 and $0.8 million for the six months ended June 30, 2017 related to the Hercules Loan Agreement. Such amounts will not be incurred in future periods but have not been adjusted for in the Adjusted Historical Cerulean pro forma information due to the non-recurring nature of the adjustments.

Note 3. Preliminary Purchase Price

The preliminary estimated purchase price of the Daré Transaction was $20.6 million using Cerulean's share price for its common stock and the shares issued to the Private Daré Selling Stockholders on July 19, 2017. Note that the Daré Transaction is treated as a reverse merger for accounting purposes, and the purchase consideration determined in accordance with accounting principles generally accepted in the United States of America will be based on the market capitalization of Cerulean and the value of the shares held by the Cerulean stockholders on the date of the Daré Transaction. The estimated fair value of the net assets acquired is $10.2 million.

Management of the Company has concluded that the Daré Transaction is a business combination and will apply the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities of Cerulean based on their estimated fair values as of the proposed Daré Transaction closing date. The excess of the purchase price over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill. To the extent the actual purchase price varies from the estimated purchase price used in these unaudited pro forma condensed combined financial information, the impact will be an increase or decrease in goodwill.

The allocation of the total preliminary estimated purchase price to the acquired assets and liabilities assumed of Cerulean based on the estimated fair values as of June 30, 2017, adjusted for estimated operating costs through the close of the Daré Transaction on July 19, 2017, is as follows (in thousands):

Cash and cash equivalents	$ 13,244
Accounts receivable, prepaid expenses, and other current assets	890
Accounts payable, accrued expense and other liabilities	(3,961)
Net assets acquired	10,173
Less: estimated purchase price	(20,625)
Goodwill and intangible assets	$ 10,451

The purchase accounting assumes the Daré Transaction occurred on June 30, 2017, however, both companies continued to fund their operations through the close of the Daré Transaction with cash on hand. The purchase price allocation will remain preliminary until the Company's management determines the fair values of assets acquired and liabilities assumed. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the Daré Transaction and will be based on the fair values of the assets acquired and liabilities assumed as of the Daré Transaction closing date.

Note 4. Pro Forma Adjustments

The unaudited pro forma condensed combined financial information includes pro forma adjustments that are (i) directly attributable to the Daré Transaction, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the results of operations of the combined company. The unaudited pro forma condensed combined financial information does not give effect to the Reverse Stock Split.

The pro forma adjustments included in the unaudited pro forma condensed combined balance sheet as of June 30, 2017 and the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2017 and year ended December 31, 2016 are as follows:

A. To reflect the conversion of $852,500 and $697,500 as of June 30, 2017 and December 31, 2016, respectively, in aggregate principal of, and accrued interest on, Private Daré's convertible promissory notes into 6,388,050 and 6,214,368 shares of Private Daré common stock as of June 30, 2017 and December 31, 2016, respectively, which in turn are exchanged for shares of Cerulean common stock as part of the Daré Transaction.

B. To record Private Daré's costs to close, and Cerulean's change in controls costs and costs to close.

C. To record the Novartis Transaction.

D. To record goodwill and intangible assets as a result of the Daré Transaction.

Estimated value of 31,440,157 shares of Cerulean common stock	$20,625
Less: historical Cerulean shareholders' equity as of June 30, 2017	(4,059)
Adjustment for preliminary purchase accounting	(6,114)
	$10,451

E. To reflect the reclassification of Private Daré's par value of common stock and additional paid-in capital in connection with the purchase of all shares of Private Daré's common stock with newly issued shares of Cerulean's common stock.