UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

DARÉ BIOSCIENCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**Commission File No. 001-36395**	**20-4139823**
(State or Other Jurisdiction of Incorporation)		(IRS Employer Identification No.)
3655 Nobel Drive, Suite 260 San Diego, CA	**(858) 926-7655**	**92122**
(Address of Principal Executive Offices)	(Registrant's telephone number, including area code)	(Zip Code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**DARE**	**Nasdaq Capital Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
Emerging growth company	x		

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 pursuant to Section 13(a) of the Exchange Act. x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

As of November 11, 2019, 16,683,411 shares of the Registrant's Common Stock, par value $0.0001, were issued and outstanding.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, in particular "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," of Part I. Financial Information, and the information incorporated by reference herein contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this report, including statements regarding our strategy, future operations, future financial position, projected costs, prospects, plans and objectives of management, are forward-looking statements. Forward-looking statements, in some cases, can be identified by terms such as "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect," "could," "plan," "potential," "predict," "seek," "should," "would," "contemplate," project," "target," "tend to," or the negative version of these words and similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including those factors described in Part II, Item 1A, "Risk Factors," in this report, and elsewhere in this report. Given these uncertainties, you should not place undue reliance on any forward-looking statement. The following factors are among those that may cause such differences:

- *Inability to continue as a going concern;*
- *Inability to raise additional capital, under favorable terms or at all;*
- *Inability to successfully attract partners and enter into collaborations on acceptable terms;*
- *Failure to select or capitalize on the most scientifically, clinically or commercially promising or profitable indications or therapeutic areas for our product candidates due to limited financial resources;*
- *Inability to develop and commercialize our product candidates;*
- *Failure or delay in starting, conducting and completing clinical trials or obtaining United States Food and Drug Administration, or FDA, or foreign regulatory approval for our product candidates in a timely manner;*
- *A change in the FDA's primary oversight responsibility;*
- *A change in regulatory requirements for our product candidates, including the development pathway pursuant to Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or the FDA's 505(b)(2) pathway;*
- *Unsuccessful clinical trial outcomes stemming from clinical trial designs, failure to enroll a sufficient number of patients, higher than anticipated patient dropout rates, failure to meet established clinical endpoints, undesirable side effects and other safety concerns;*
- *Negative publicity concerning the safety and efficacy of our product candidates, or of product candidates being developed by others that share characteristics similar to our candidates;*
- *Inability to demonstrate sufficient efficacy of our product candidates;*
- *Loss of our licensed rights to develop and commercialize a product candidate as a result of the termination of the underlying licensing agreement;*
- *Monetary obligations and other requirements in connection with our exclusive, in-license agreements covering the patents and related intellectual property related to our product candidates;*
- *Developments by our competitors that make our product candidates less competitive or obsolete;*
- *Dependence on third parties to conduct clinical trials and to manufacture product candidates;*
- *Dependence on third parties to supply clinical supplies and raw materials, drugs and other materials required to produce a finished product and to produce the quantities needed;*
- *Failure of our product candidates, if approved, to gain market acceptance or obtain adequate coverage for third party reimbursement;*

- *A reduction in demand for contraceptives caused by an elimination of current requirements that health insurance plans cover and reimburse certain FDA-cleared or approved contraceptive products without cost sharing;*
- *Lack of precedent to help assess whether health insurance plans will cover our product candidates;*
- *The reimbursement environment relating to our product candidates at the time we obtain regulatory approval, if ever;*
- *Difficulty in introducing branded products in a market made up of generic products;*
- *Inability to adequately protect or enforce our, or our licensor's, intellectual property rights;*
- *Lack of patent protection for the active ingredients in certain of our product candidates which could expose those product candidates to competition from other formulations using the same active ingredients;*
- *Higher risk of failure associated with product candidates in pre-clinical stages of development that may lead investors to assign them little to no value and make these assets difficult to fund;*
- *Disputes or other developments concerning our intellectual property rights;*
- *Actual and anticipated fluctuations in our quarterly or annual operating results;*
- *Price and volume fluctuations in the stock market, and in our stock in particular, which could subject us to securities class-action litigation;*
- *Failure to maintain the listing of the Company's common stock on the Nasdaq Capital Market or another nationally recognized exchange;*
- *Litigation or public concern about the safety of our potential products;*
- *Strict government regulations on our business, including various fraud and abuse laws, including, without limitation, the U.S. federal Anti-Kickback Statute, the U.S. federal False Claims Act and the U.S. Foreign Corrupt Practices Act;*
- *Regulations governing the production or marketing of our product candidates;*
- *Loss of, or inability to attract, key personnel; and*
- *Increased costs as a result of operating as a public company, and substantial time devoted by our management to compliance initiatives and corporate governance practices.*

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The discussion regarding our contemplated acquisition of Microchips Biotech, Inc. discussed in this report also contains forward looking statements, including without limitation, statements relating to the completion of the acquisition, the expected timing thereof, Microchips' anticipated cash at closing and after payment of its transaction-related expenses, and our expectations as to when and how much contingent consideration may become payable. Actual results could differ materially from those anticipated as a result of various factors, including: (1) Microchips may be unable to obtain the stockholder approval required for completion of the transaction; (2) other conditions to the closing of the transaction may not be satisfied; (3) the transaction may involve unexpected costs, liabilities or delays; (4) our business or stock price may suffer as a result of uncertainty surrounding the transaction; (5) the outcome of any legal proceedings related to the transaction; (6) we may be adversely affected by other economic, business, and/or competitive factors; (7) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; (8) risks that the transaction disrupts current plans and operations as a result of the transaction; and (9) other risks to consummation of the transaction, including the risk that the transaction will not be completed.

All forward-looking statements in this report are current only as of the date of this report. We do not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any statement is made or to reflect the occurrence of unanticipated events, except as required by law.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

Daré Bioscience, Inc. and Subsidiaries
Consolidated Balance Sheets

	September 30, 2019	December 31, 2018
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 2,435,120	$ 6,805,889
Other receivables	37,839	31,037
Prepaid expenses	770,506	403,097
Total current assets	3,243,465	7,240,023
Property and equipment, net	5,905	9,396
Other non-current assets	632,648	577,968
Total assets	$ 3,882,018	$ 7,827,387
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 352,243	$ 459,705
Accrued expenses	1,536,587	631,351
Total current liabilities	1,888,830	1,091,056
Other liabilities	183,196	9,711
Total liabilities	2,072,026	1,100,767
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, $0.01 par value, 5,000,000 shares authorized; None issued and outstanding	—	—
Common stock, $0.0001 par value; 120,000,000 shares authorized; 16,683,411 and 11,422,161 shares issued and outstanding, respectively	1,668	1,143
Accumulated other comprehensive loss	(112,402)	(96,728)
Additional paid-in capital	42,077,455	35,791,972
Accumulated deficit	(40,156,729)	(28,969,767)
Total stockholders' equity	1,809,992	6,726,620
Total liabilities and stockholders' equity	$ 3,882,018	$ 7,827,387

See accompanying notes to interim consolidated financial statements.

Daré Bioscience, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
(**Unaudited**)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Operating expenses				
General and administrative	$ 1,318,986	$ 1,175,049	$ 3,903,545	$ 3,635,413
Research and development expenses	1,966,230	1,446,548	6,172,192	4,750,823
License expenses	133,333	—	408,333	350,000
Impairment of goodwill	—	—	—	5,187,519
Total operating expenses	3,418,549	2,621,597	10,484,070	13,923,755
Loss from operations	(3,418,549)	(2,621,597)	(10,484,070)	(13,923,755)
Other income	25,471	47,122	86,703	101,492
Net loss	$ (3,393,078)	$ (2,574,475)	$ (10,397,367)	$ (13,822,263)
Deemed dividend from trigger of down round provision feature	—	—	(789,594)	—
Net loss to common shareholders	$ (3,393,078)	$ (2,574,475)	$ (11,186,961)	$ (13,822,263)
Foreign currency translation adjustments	$ (15,378)	$ (18,721)	$ (15,674)	$ (59,952)
Comprehensive loss	$ (3,408,456)	$ (2,593,196)	$ (11,202,635)	$ (13,882,215)
Loss per common share - basic and diluted	$ (0.20)	$ (0.23)	$ (0.76)	$ (1.32)
Weighted average number of common shares outstanding:				
Basic and diluted	16,683,411	11,422,161	14,756,213	10,499,982

See accompanying notes to interim consolidated financial statements.

Daré Bioscience, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)

Three Months Ended September 30, 2019

	Common stock		Additional paid-in	Accumulated other comprehensive	Accumulated	Total stockholders'
	Shares	Amount	capital	loss	deficit	equity
Balance at June 30, 2019	**16,683,411**	**$ 1,668**	**$ 41,942,062**	**$ (97,024)**	**$ (36,763,651)**	**$ 5,083,055**
Stock-based compensation	—	—	135,393	—	—	135,393
Net loss	—	—	—	—	(3,393,078)	(3,393,078)
Foreign currency translation adjustments	—	—	—	(15,378)	—	(15,378)
Balance at September 30, 2019	**16,683,411**	**$ 1,668**	**$ 42,077,455**	**$ (112,402)**	**$ (40,156,729)**	**$ 1,809,992**

Nine Months Ended September 30, 2019

	Common stock		Additional paid-in	Accumulated other comprehensive	Accumulated	Total stockholders'
	Shares	Amount	capital	loss	deficit	equity
Balance at December 31, 2018	**11,422,161**	**$ 1,143**	**$ 35,791,972**	**$ (96,728)**	**$ (28,969,767)**	**$ 6,726,620**
Stock-based compensation	—	—	344,712	—	—	344,712
Issuance of common stock via public offering, net	5,261,250	525	5,151,177	—	—	5,151,702
Deemed dividend from trigger of down round provision	—	—	789,594	—	(789,594)	—
Net loss	—	—	—	—	(10,397,367)	(10,397,367)
Foreign currency translation adjustments	—	—	—	(15,674)	—	(15,674)
Balance at September 30, 2019	**16,683,411**	**$ 1,668**	**$ 42,077,455**	**$ (112,402)**	**$ (40,156,729)**	**$ 1,809,992**

See accompanying notes to interim consolidated financial statements.

Daré Bioscience, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)

Three Months Ended September 30, 2018

	Common stock		Additional paid-in	Accumulated other comprehensive	Accumulated	Total stockholders'
	Shares	Amount	capital	loss	deficit	equity
Balance at June 30, 2018	**11,422,161**	**$ 1,142**	**$ 35,754,872**	**$ (59,311)**	**$ (23,478,740)**	**$ 12,217,963**
Public offering costs	—	—	(77,737)	—	—	(77,737)
Public offering costs	—	—	(3,464)	—	—	(3,464)
Stock-based compensation	—	—	39,991	—	—	39,991
Net loss	—	—	—	—	(2,574,475)	(2,574,475)
Foreign currency translation adjustments	—	—	—	(18,721)	—	(18,721)
Balance at September 30, 2018	**11,422,161**	**$ 1,142**	**$ 35,713,662**	**$ (78,032)**	**$ (26,053,215)**	**$ 9,583,557**

Nine Months Ended September 30, 2018

	Common stock		Additional paid-in	Accumulated other comprehensive	Accumulated	Total stockholders'
	Shares	Amount	capital	loss	deficit	equity
Balance at December 31, 2017	**6,047,161**	**$ 605**	**$ 25,541,210**	**$ (18,080)**	**$ (12,230,952)**	**$ 13,292,783**
Issuance of common stock	375,000	37	736,698	—	—	736,735
Net proceeds from issuance of common stock and warrants	5,000,000	500	9,377,216	—	—	9,377,716
Stock-based compensation	—	—	58,538	—	—	58,538
Net loss	—	—	—	—	(13,822,263)	(13,822,263)
Foreign currency translation adjustments	—	—	—	(59,952)	—	(59,952)
Balance at September 30, 2018	**11,422,161**	**$ 1,142**	**$ 35,713,662**	**$ (78,032)**	**$ (26,053,215)**	**$ 9,583,557**

See accompanying notes to interim consolidated financial statements.

Daré Bioscience, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended September 30,	
	2019	**2018**
Operating activities:		
Net loss	$ (10,397,367)	$ (13,822,263)
Non-cash adjustments reconciling net loss to operating cash flows:		
Depreciation	3,491	1,263
Stock-based compensation	344,712	58,538
Non-cash lease expenses	10,549	—
Acquired in-process research and development	—	507,000
Impairment of goodwill	—	5,187,519
Changes in operating assets and liabilities:		
Other receivables	(6,802)	203,928
Prepaid expenses	(367,409)	(238,378)
Other current assets	—	193,495
Other non-current assets	138,719	105,692
Accounts payable	(107,463)	(39,803)
Accrued expenses	905,236	276,062
Other liabilities	(30,463)	8,900
Net cash used in operating activities	(9,506,797)	(7,558,047)
Investing activities:		
Purchases of property and equipment	—	(11,836)
Acquisition of Pear Tree and Hydra asset	—	(507,000)
Net cash used in investing activities	—	(518,836)
Financing activities:		
Net proceeds from issuance of common stock and warrants	5,151,702	10,114,452
Net cash provided by financing activities	5,151,702	10,114,452
Effect of exchange rate changes on cash and cash equivalents	(15,674)	(59,952)
Net change in cash and cash equivalents	(4,370,769)	1,977,617
Cash and cash equivalents, beginning of period	6,805,889	7,559,846
Cash and cash equivalents, end of period	$ 2,435,120	$ 9,537,463
Supplemental disclosure of non-cash operating and financing activities:		
Operating right-of-use assets obtained in exchange for new operating lease liabilities	$ 231,698	—
Deemed dividend from trigger of down round provision	$ 789,594	—

See accompanying notes to interim consolidated financial statements.

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Daré Bioscience, Inc. is a clinical-stage biopharmaceutical company committed to the acceleration of innovative products for women's health. Daré Bioscience, Inc. and its wholly owned subsidiaries operate in one segment. In this report, the "Company" refers collectively to Daré Bioscience, Inc. and its wholly owned subsidiaries, unless otherwise stated or the context otherwise requires.

The Company is driven by a mission to identify, acquire and develop a diverse portfolio of differentiated therapies that expand treatment options, improve outcomes and facilitate convenience for women, primarily in the areas of contraception, fertility, and sexual and vaginal health. The Company's business strategy is to in-license or otherwise acquire the rights to differentiated product candidates in the Company's areas of focus, some of which have existing clinical proof-of-concept data, and to take those candidates through advanced stages of clinical development, and then out-license these products to companies with sales and distribution capabilities in women's health to leverage their commercial capabilities.

Since July 2017, the Company has assembled a portfolio of clinical-stage and pre-clinical-stage candidates addressing unmet needs in women's health. The Company's portfolio includes three product candidates in advanced clinical development and three Phase 1-ready candidates:

- DARE-BV1, a novel thermosetting bioadhesive hydrogel formulated with clindamycin phosphate 2% to be administered in a single vaginally delivered application as a first line treatment for bacterial vaginosis, or BV;
- Ovaprene®, a hormone-free, monthly vaginal contraceptive;
- Sildenafil Cream, 3.6%, a proprietary cream formulation of sildenafil for topical administration to the vulva and vagina for treatment of female sexual arousal disorder, or FSAD;
- DARE-HRT1, a combination bio-identical estradiol and progesterone intravaginal ring for the treatment of vasomotor symptoms (VMS) as part of a hormone replacement therapy following menopause;
- DARE-VVA1, a vaginally delivered formulation of tamoxifen to treat vulvar vaginal atrophy, or VVA, in patients with hormone-receptor positive breast cancer; and
- DARE-FRT1, an intravaginal ring containing bio-identical progesterone for the prevention of preterm birth and for fertility support as part of an *in vitro* fertilization treatment plan.

The Company's portfolio also includes these pre-clinical stage product candidates:

- ORB-204 and ORB-214, 6-month and 12-month formulations of injectable etonogestrel for contraception; and
- DARE-RH1, a novel approach to non-hormonal contraception for both men and women by targeting the CatSper ion channel.

In addition, on November 10, 2019, the Company entered into a definitive agreement to acquire Microchips Biotech, Inc., or Microchips, a privately-held company developing a proprietary, microchip-based, implantable drug delivery system designed to store and precisely deliver hundreds of therapeutic doses over months and years, with potential utilization in multiple therapeutic indications, including women's contraception. The implant is intended to be operated by the patient to deliver medication on demand or on a pre-determined schedule that can be activated or deactivated wirelessly, as required. Microchips' lead product candidate is a pre-clinical stage contraceptive application of the technology, which, if successful, could provide women with unparalleled control over the management of their fertility. Utilizing the active pharmaceutical ingredient levonorgestrel, the device is intended to deliver all the benefits of a traditional long-acting, reversible contraceptive product and provide precise dosing and extended implant duration

with the ability to wirelessly control the duration of ovulatory suppression based on individual user needs. See Note 11, "Subsequent Events," herein.

The Company's primary operations have consisted of, and are expected to continue to consist of, product research and development and advancing its portfolio of product candidates through clinical development and regulatory approval. We expect that the majority of our development expenses over the next two years will support the advancement of DARE-BV1, Ovaprene, and Sildenafil Cream, 3.6%.

To date, the Company has not obtained any regulatory approvals for any of its product candidates, commercialized any of its product candidates or generated any product revenue. The Company is subject to several risks common to clinical-stage biopharmaceutical companies, including dependence on key individuals, competition from other companies, the need to develop commercially viable products in a timely and cost-effective manner, and the need to obtain adequate additional capital to fund the development of product candidates. The Company is also subject to several risks common to other companies in the industry, including rapid technology change, regulatory approval of products, uncertainty of market acceptance of products, competition from substitute products and from larger companies with recognized brands, greater capital resources and higher levels of dedicated staff, and compliance with government regulations, protection of proprietary technology, dependence on third parties, and product liability.

2. GOING CONCERN

The Company has prepared its interim consolidated financial statements on a going concern basis, which assumes that the Company will realize its assets and satisfy its liabilities in the normal course of business. However, as of September 30, 2019, the Company had an accumulated deficit of approximately $40.2 million and cash and cash equivalents of approximately $2.4 million. The Company also had negative cash flow from operations of approximately $9.5 million during the nine months ended September 30, 2019. The Company expects negative cash flows from operations will continue for the foreseeable future, and expects that its net losses will continue for at least the next several years as it develops its existing product candidates and seeks to acquire, license or develop additional product candidates. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty of the Company's ability to continue as a going concern.

Based on the Company's current operating plan estimates, the Company will not have sufficient cash to satisfy its working capital needs and other liquidity requirements over at least the next 12 months from the date of issuance of these interim consolidated financial statements unless the Company raises additional capital or substantially curtails its operations. The Company needs to raise additional capital in the near term in order to continue to fund its operations and to successfully execute its current operating plan, including to continue the planned development of DARE-BV1, Ovaprene, and Sildenafil Cream, 3.6%. The Company currently anticipates that it will receive approximately $5.7 million of additional working capital if the acquisition of Microchips closes as anticipated, but these funds will not be sufficient to support the current operating plan over the next 12 months, and there can be no assurance that the Microchips acquisition will close as anticipated.

Potential sources of capital include, but are not limited to, the sale of equity or equity-linked securities, monies awarded under grants, cash payments received in connection with corporate partnerships or collaborations on certain of the Company's portfolio assets, and business combinations with companies with current cash balances or committed sources of future payments or expense reimbursement. There is no guarantee that the Company will be able to raise capital on a timely basis, under attractive terms, or at all.

In April of 2019, the Company completed a sale of common stock raising net proceeds of approximately $5.2 million. See Note 6, "Stockholders' Equity," herein.

The Company is focused primarily on the development and commercialization of innovative products in women's health. The Company will continue to incur significant research and development and other expenses related to these activities. If the clinical trials for any of the Company's product candidates fail to produce successful results such that those product candidates do not advance in clinical development, then the Company's business and prospects may suffer. Even if the product candidates advance in clinical development, they may fail to gain regulatory approval. Even if the product candidates are approved, they may fail to achieve market acceptance, and the Company may never become profitable. Even if the Company becomes profitable, it may not sustain profitability.

The Company is currently evaluating a variety of capital raising options, including financings, government or other grant funding, collaborations and strategic alliances or other similar types of arrangements to cover its operating

expenses, including the development of its product candidates and any future product candidates it may license or otherwise acquire. The amount and timing of the Company's capital needs have been and will continue to depend highly on many factors, including the product development programs the Company chooses to pursue and the pace and results of its clinical development efforts. If the Company raises capital through collaborations, strategic alliances or other similar types of arrangements, it may have to relinquish, on terms that are not favorable to the Company, rights to some of its technologies or product candidates it would otherwise seek to develop or commercialize. There can be no assurance that capital will be available when needed or that, if available, it will be obtained on terms favorable to the Company and its stockholders. Additionally, equity or debt financings may have a dilutive effect on the holdings of the Company's existing stockholders. If the Company cannot raise capital when needed, on favorable terms or at all, the Company will not be able to continue development of its product candidates, will need to reevaluate its planned operations and may need to delay, scale back or eliminate some or all of its development programs, reduce expenses, file for bankruptcy, reorganize, merge with another entity, or cease operations. If the Company becomes unable to continue as a going concern, the Company may have to liquidate its assets, and might realize significantly less than the values at which they are carried on its consolidated financial statements, and stockholders may lose all or part of their investment in the Company's common stock. The interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies are described in Note 1 to the interim consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission, or SEC on April 1, 2019. Since the date of those consolidated financial statements, there have been no material changes to the Company’s significant accounting policies, except as described below.

Basis of Presentation

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, as defined by the Financial Accounting Standards Board, or FASB, for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In management’s opinion, the accompanying interim consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the results of the interim periods presented.

Interim financial results are not necessarily indicative of results anticipated for any other interim period or for the full year. The accompanying interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use, or ROU, lease assets, current portion of lease obligations, and long-term lease obligations on the Company's balance sheets.

ROU lease assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. If the lease does not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease and the related payments are only included in the lease liability when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. (See Note 7, Leased Properties.)

Fair Value Measurements

GAAP defines fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date, and also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The three-level hierarchy of valuation techniques established to measure fair value is defined as follows:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and cash equivalents of $2.4 million and $6.8 million are measured at fair value as of September 30, 2019 and December 31, 2018, respectively, and are classified within Level 1 of the fair value hierarchy. Other receivables are financial assets with carrying values that approximate fair value due to the short-term nature of these assets. Accounts payable and accrued expenses and other liabilities are financial liabilities with carrying values that approximate fair value due to the short-term nature of these liabilities.

Recently Adopted Accounting Standards

In May 2014, FASB issued Accounting Standards Update, or 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 became effective beginning in 2018 for public companies. Because the Company does not currently have any contracts with customers, the Company’s adoption of this accounting standard did not impact the Company’s interim consolidated financial statements.

In February 2016, 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. ASU 2016-02 became effective for the Company on January 1, 2019 and was adopted using a modified retrospective approach and the effective date is as of the initial application. Consequently, financial information was not updated, and the disclosures required under ASU 2016-02 are not provided for dates and periods prior to January 1, 2019. ASU 2016-02 provides a number of optional practical expedients and

accounting policy elections. The Company elected the package of practical expedients requiring no reassessment of whether any expired or existing contracts are or contain leases, the lease classification of any expired or existing leases, or initial direct costs for any existing leases. The Company recorded approximately $232,000 right-of-use assets and $241,000 lease liabilities related to its lease of office space as of the adoption date in the consolidated balance sheets. There are no changes to the statement of operations or cash flows as a result of the adoption.

In January 2017, FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which intended to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard became effective for the Company on January 1, 2018. The Company's early adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification,* amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements relating to the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of income is required to be filed. This final rule was effective November 5, 2018. In accordance with the new rule, the Company added a Consolidated Statement of Stockholders' Equity in this report and elected to present a reconciliation in a single statement that shows the changes in stockholders' equity for each interim period, as well as each comparable period.

4. ACQUISITIONS

Cerulean/Private Daré Stock Purchase Transaction

In July 2017, the Company completed its business combination with Daré Bioscience Operations, Inc., a privately held Delaware corporation, or Private Daré, in which Private Daré stockholders sold their shares 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 and the Private Daré stockholders became majority stockholders of the Company. In connection with the closing of that transaction, the Company changed its name from "Cerulean Pharma Inc." to "Daré Bioscience, Inc." In this report, that transaction is referred to as the Cerulean/Private Daré stock purchase transaction and "Cerulean" refers to Cerulean Pharma Inc. before that transaction closed.

The Cerulean/Private Daré stock purchase transaction was accounted for as a reverse merger under the acquisition method of accounting whereby Private Daré was considered to have acquired Cerulean for financial reporting purposes. Pursuant to business combination accounting, the Company applied the acquisition method, which requires the assets acquired and liabilities assumed be recorded at fair value with limited exceptions. The excess of the purchase price over the assets acquired and liabilities assumed represents goodwill. The goodwill was primarily attributable to the cash and cash equivalents at closing of the transaction of approximately $9.9 million and the impact of the unamortized fair value of stock options granted by Cerulean that were outstanding immediately before the transaction closed of approximately $3.7 million.

The Company tests its goodwill for impairment at least annually as of December 31st and between annual tests if it becomes aware of an event or change in circumstance that would indicate the carrying value may be impaired. The Company tests goodwill for impairment at the entity level because it operates on the basis of a single reporting unit. A goodwill impairment is the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. When impaired, the carrying value of goodwill is written down to fair value. Any excess of the reporting unit goodwill carrying value over the fair value is recognized as impairment loss.

The Company assessed goodwill at March 31, 2018, determined there was an impairment and recognized an impairment charge of approximately $5.2 million in the interim consolidated statement of operations and comprehensive loss for the three months ended March 31, 2018. As of March 31, 2018, the goodwill carrying value on the Company's consolidated balance sheet was written off in its entirety.

Pear Tree Merger

On April 30, 2018, the Company entered into an Agreement and Plan of Merger, or the PT Merger Agreement, with Pear Tree Pharmaceuticals, Inc., or Pear Tree, Daré Merger Sub, Inc., a wholly owned subsidiary of the Company, or Merger Sub, and two individuals in their respective capacities as Pear Tree stockholders' representatives. The transactions contemplated by the PT Merger Agreement closed on May 16, 2018, and as a result, Pear Tree became

the Company's wholly owned subsidiary. The Company acquired Pear Tree to secure the rights to develop DARE-VVA1, a proprietary vaginal formulation of tamoxifen, as a potential treatment for vulvar and vaginal atrophy.

The Company determined that the acquisition of Pear Tree should be accounted for as an asset acquisition instead of a business combination because substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, and therefore, the asset is not considered a business. Transaction costs of approximately $452,000 associated with the merger were included in the Company's research and development expense.

Under the PT Merger Agreement, certain former and continuing Pear Tree service providers and former holders of Pear Tree's capital stock, or the Holders, were eligible to receive a $75,000 payment due on the one-year anniversary of the closing of the merger and are eligible to receive tiered royalties, subject to customary provisions permitting royalty reductions and offset, based on percentages of annual net sales of certain products subject to license agreements the Company assumed and a percentage of sublicense revenue. The Company must also make contingent payments to the Holders based on achieving certain clinical, regulatory and commercial milestones, which may be paid, in the Company's sole discretion, in cash or shares of the Company's common stock.

In accordance with the terms of the PT Merger Agreement, because the Negative Consideration Amount (as defined below) exceeded the Positive Consideration Amount (as defined below), at the time of the closing of the merger, the excess amount (approximately $132,000) offset the $75,000 payment due on the one-year anniversary of the closing of the merger and the balance will offset future payments otherwise due under the PT Merger Agreement to the Holders. Positive Consideration Amount means the sum of $75,000, and the cash and cash equivalents held by Pear Tree at closing, and Negative Consideration Amount means the sum of (i) certain Pear Tree indebtedness and transaction expenses, (ii) transaction expenses of the stockholders' representatives, and (iii) amounts payable under Pear Tree's management incentive plan.

5. STOCK-BASED COMPENSATION

The 2015 Employee, Director and Consultant Equity Incentive Plan

Prior to the Cerulean/Private Daré stock purchase transaction, Private Daré maintained the 2015 Employee, Director and Consultant Equity Incentive Plan, or the 2015 Private Daré Plan. Upon closing of the Cerulean/Private Daré stock purchase transaction, the Company assumed the 2015 Private Daré Plan and each then outstanding award granted thereunder, which consisted of options and restricted stock. Based on the exchange ratio for the Cerulean/Private Daré stock purchase transaction and after giving effect to the reverse stock split effected in connection with the closing of that transaction, the outstanding options and restricted stock awards granted under the 2015 Private Daré Plan were replaced with options to purchase 10,149 shares of the Company's common stock with a correspondingly adjusted exercise price, all of which were outstanding as of September 30, 2019, and 223,295 shares of the Company's common stock. Those options are fully vested and expire in December 2025.

No further awards may be granted under the 2015 Private Daré Plan following the closing of the Cerulean/Private Daré stock purchase transaction.

2014 Employee Stock Purchase Plan

The Company's 2014 Employee Stock Purchase Plan, or the ESPP, became effective in April 2014, but no offering period has been initiated thereunder since January 2017 and there was no stock-based compensation related to the ESPP for the nine months ended September 30, 2019 or September 30, 2018.

Amended and Restated 2014 Stock Incentive Plan

The Company maintains the Amended and Restated 2014 Plan, or the Amended 2014 Plan. There were 2,046,885 shares of common stock authorized for issuance under the Amended 2014 Plan when it was approved by the Company's stockholders in July 2018. The number of authorized shares increases annually on the first day of each fiscal year until, and including, the fiscal year ending December 31, 2024 by the least of (i) 2,000,000, (ii) 4% of the number of outstanding shares of common stock on such date, or (iii) an amount determined by the Company's board of directors. On January 1, 2019, the number of authorized shares increased by 456,886 to 2,503,771, which increase represented 4% of the number of outstanding shares of common stock on such date.

Summary of Stock Option Activity

The table below summarizes stock option activity under the Amended 2014 Plan, and related information for the nine months ended September 30, 2019. The exercise price of all options granted during the nine months ended September 30, 2019 was equal to the market value of the Company's common stock on the date of the grant. As of September 30, 2019, unamortized stock-based compensation expense of $1,212,766 will be amortized over a weighted average period of 2.67 years. At September 30, 2019, 688,945 shares of common stock were reserved for future issuance under the Amended 2014 Plan.

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2018 (1)	1,635,790	$ 11.08
Granted	698,000	0.79
Exercised	—	—
Canceled/forfeited	(508,745)	32.24
Expired	(70)	59.48
Outstanding at September 30, 2019 (unaudited) (1)	1,824,975	$ 1.25
Exercisable at September 30, 2019 (unaudited)	412,471	$ 2.23

(1) Includes 10,149 shares subject to options granted under the 2015 Private Daré Plan assumed in connection with the Cerulean/Private Daré stock purchase transaction.

Compensation Expense

Total stock-based compensation expense related to stock options granted to employees and directors recognized in the consolidated statement of operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Research and development	$ 27,081	$ 5,494	$ 78,780	$ 5,994
General and administrative	108,312	34,497	265,932	52,544
Total	$ 135,393	$ 39,991	$ 344,712	$ 58,538

The assumptions used in the Black-Scholes option-pricing model for stock options granted to employees and to directors in respect of board services during the nine months ended September 30, 2019 are as follows:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Expected life in years	10.0	10.0
Risk-free interest rate	2.58%	2.58%
Expected volatility	121%	121%
Forfeiture rate	0.0%	0.0%
Dividend yield	0.0%	0.0%
Weighted-average fair value of options granted	$0.75	$0.75

6. STOCKHOLDERS' EQUITY

ATM Sales Agreement

In January 2018, the Company entered into a common stock sales agreement under which the Company may sell up to an aggregate of $10 million in gross proceeds through the sale of shares of common stock from time to time in "at-the-market" equity offerings (as defined in Rule 415 promulgated under the Securities Act of 1933, as amended). The Company will pay a commission of up to 3% of the gross proceeds of any common stock sold under this agreement plus certain legal expenses. This agreement was amended in August 2018 to refer to the Company's shelf registration statement on Form S-3 (File No. 333-227019) that was filed to replace the Company's shelf registration statement on Form S-3 (File No. 333-206396) that expired on August 28, 2018.

The Company sold no shares under this agreement during either the three or nine months ended September 30, 2019 or the three months ended September 30, 2018. During the nine months ended September 30, 2018, the Company sold an aggregate of 375,000 shares common stock under this agreement for gross proceeds of approximately $1.1 million and incurred issuance costs of $237,403.

February 2018 Underwritten Public Offering

In February 2018, the Company closed an underwritten public offering of 5.0 million shares of its common stock and warrants to purchase up to 3.5 million shares of its common stock. Each share of common stock was sold with a warrant to purchase up to 0.70 of a share of the Company's common stock. The Company granted the underwriter a 30-day over-allotment option to purchase up to an additional 750,000 shares of common stock and/or warrants to purchase up to 525,000 shares of common stock. The underwriter exercised the option with respect to warrants to purchase 220,500 shares of common stock. The Company received gross proceeds of $10.3 million, including the proceeds from the sale of the warrants upon exercise of the underwriter's over-allotment option, and net proceeds of approximately $9.4 million.

Common Stock Warrants

The warrants issued in the February 2018 underwritten offering initially had an exercise price of $3.00 per share and are exercisable through February 2023. The warrants include a price-based anti-dilution provision, which provides that, subject to certain limited exceptions, the exercise price of the warrants will be reduced each time the Company issues or sells securities for a consideration per share less than a price equal to the exercise price of those warrants in effect immediately prior to such issuance or sale. In addition, subject to certain exceptions, if the Company issues, sells or enters into any agreement to issue or sell securities at a price which varies or may vary with the market price of the shares of the Company's common stock, the warrant holders have the right to substitute such variable price for the exercise price of the warrant then in effect. These warrants are exercisable only for cash, unless a registration statement covering the shares issued upon exercise of the warrants is not effective, in which case the warrants may be exercised on a cashless basis. A registration statement covering the shares issued upon exercise of the warrants is currently effective. The Company estimated the fair value of the warrants as of February 15, 2018 to be approximately $3.0 million which has been recorded in equity as of the grant date. The Company early adopted ASU 2017-11 as of January 1, 2018 and recorded the fair value of the warrants as equity.

On April 11, 2019, in accordance with the anti-dilution provision of these warrants and as a result of the sale of shares in the public offering that closed on that date and which is discussed below, the exercise price of these warrants was automatically reduced to $0.98 per share. For the nine months ended September 30, 2019 the Company recorded $0.8 million to additional paid-in capital as a result of the triggering of the anti-dilution provisions.

In addition to the warrants issued in the February 2018 underwritten offering, as of September 30, 2019, there are outstanding warrants to purchase 30,333 shares of the Company's common stock, which are further described in the table below.

No warrants were exercised during the nine months ended September 30, 2019 or 2018. As of September 30, 2019, the Company had the following warrants outstanding:

Shares Underlying Outstanding Warrants		Exercise Price	Expiration Date
2,906	$	120.40	December 1, 2021
3,737	$	120.40	December 6, 2021
17,190	$	60.50	January 8, 2020
6,500	$	10.00	April 4, 2026
3,720,500	$	0.98	February 15, 2023
3,750,833			

April 2019 Underwritten Public Offering

On April 11, 2019, the Company closed an underwritten public offering of 4,575,000 shares of its common stock at a public offering price of $1.10 per share. The Company granted the underwriters a 30-day over-allotment option to purchase up to an additional 686,250 shares which was exercised in full on April 12, 2019. Including the over-allotment shares, the Company issued a total of 5,261,250 shares in the underwritten public offering and received gross proceeds of approximately $5.8 million and net proceeds of approximately $5.2 million after deducting underwriting discounts and offering expenses.

7. LEASED PROPERTIES

Effective January 1, 2019, the Company adopted ASC 842, which requires recognition of a right-of-use asset and lease liability for all leases at the commencement date based on the present value of lease payments over the lease term. Additional qualitative and quantitative disclosures regarding the Company's leasing arrangements are also required. The Company adopted ASC 842 prospectively and elected the package of transition practical expedients that does not require reassessment of: (1) whether any existing or expired contracts are or contain leases, (2) lease classification and (3) initial direct costs. In addition, the Company has elected other available practical expedients to not separate lease and nonlease components, which consist principally of common area maintenance charges, for all classes of underlying assets and to exclude leases with an initial term of 12 months or less.

The Company's lease for its corporate headquarters (3,169 square feet of office space) commenced on July 1, 2018, has term of 37 months, and terminates on July 31, 2021. The Company has the option to extend the term of the lease for one year at the Company's discretion. The gross monthly base rent is $8,873, which increases approximately 4% per year, subject to certain future adjustments. The base rent was abated during the second month of the lease. The Company evaluates renewal options at lease inception and on an ongoing basis and includes renewal options that it is reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities. The lease does not require material variable lease payments, a residual value guarantee or restrictive covenants. This is the Company’s only lease.

The lease does not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease within a particular currency environment. The Company used an incremental borrowing rate of 7% as of January 1, 2019 for the operating lease that commenced prior to that date. The depreciable lives of operating lease assets and leasehold improvements are limited by the expected lease term.

As of September 30, 2019, the Company recorded a right of use asset of $173,274 in other non-current assets, and $92,242 and $90,954, respectively, in current and non-current other liabilities on the consolidated balance sheet.

As of September 30, 2019, future minimum lease payments for the Company's corporate headquarters are:

Years ending December 31:		
Remainder of 2019	$	27,665
2020		112,943
2021		67,595
Total future minimum lease payments		208,203
Less: Difference between future minimum lease payments and discounted operating lease liabilities		25,007
Total operating lease liabilities	$	183,196

Operating lease costs were $27,038 and $81,115 for the three and nine months ended September 30, 2019, respectively. Operating lease costs are included in general and administrative expenses in the condensed consolidated statement of operations.

Cash paid for amounts included in the measurement of operating lease liabilities was $27,665 and $80,905 for the three and nine months ended September 30, 2019, respectively, and these amounts are included in operating activities in the condensed consolidated statements of cash flows.

8. COMMITMENTS AND CONTINGENCIES

License and Research Agreements

ADVA-Tec License Agreement

In March 2017, the Company entered into a license agreement, or the ADVA-Tec License Agreement, with ADVA-Tec, Inc., or ADVA-Tec, under which the Company was granted the exclusive right to develop and commercialize Ovaprene for human contraceptive use worldwide. 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 this report, this patent portfolio includes nine issued U.S. patents and one pending U.S. patent application, and 59 granted patents and four pending patent applications in other major markets, all of which are exclusively licensed to the Company for the human contraceptive use of Ovaprene as a human contraceptive device. Under the terms of the ADVA-Tec Agreement, the Company has a right of first refusal to license these patents and patent applications for additional indications.

The following is a summary of other terms of the ADVA-Tec License Agreement:

Research and Development. ADVA-Tec will conduct certain research and development work as necessary to allow the Company to seek a Premarket Approval, or PMA, from the United States Food and Drug Administration, or the FDA, and will supply the Company with its requirements of Ovaprene for clinical and commercial use on commercially reasonable terms. The Company must use commercially reasonable efforts to develop and commercialize Ovaprene, and must meet certain minimum spending amounts per year, such amounts totaling $5.0 million in the aggregate over the first three years, to cover such activities until a final PMA is filed, or until the first commercial sale of Ovaprene, whichever occurs first.

Milestone Payments. The Company will pay ADVA-Tec: (1) up to $14.6 million in the aggregate based on the achievement of specified development and regulatory milestones; and (2) up to $20 million in the aggregate based on the achievement of certain worldwide net sales milestones. The development and regulatory milestones include: the completion of a successful postcoital clinical study, which is required before the Company can commence a Phase 3 pivotal human clinical trial; approval by the FDA to commence such Phase 3 pivotal human clinical trial; successful completion of such Phase 3 pivotal human clinical trial; the FDA’s acceptance of a PMA filing for Ovaprene; the FDA’s approval of the PMA for Ovaprene; obtaining Conformité Européenne 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. Because these milestone payments depend upon the successful progress of the Company’s product development programs, the Company cannot estimate with certainty when these payments will occur, if ever.

For products currently in development, future potential milestone payments based on product development are approximately $14.6 million as of September 30, 2019. Future potential milestone payments related to commercialization totaled $20 million at September 30, 2019. The Company is unable to estimate with certainty the

timing on when these milestone payments will occur as these payments depend on the Company's product development programs.

Royalty Payments. After the commercial launch of Ovaprene, the Company will pay to ADVA-Tec royalties based on aggregate annual net sales of Ovaprene in specified regions, at a royalty rate that will vary between 1% and 10% and will increase based on various net sales thresholds. The Company is unable to estimate with certainty the timing on when these royalty payments will occur as these payments depend on the Company's product development programs.

Termination Rights. Unless earlier terminated, the license the Company received under the ADVA-Tec License Agreement 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. In addition to customary termination rights for both parties: (A) the Company may terminate the agreement with or without cause in whole or on a country-by-country basis upon 60 days prior written notice; and (B) ADVA-Tec may terminate the agreement if the Company develops or commercializes any non-hormonal ring-based vaginal contraceptive device competitive to Ovaprene or if the Company fails to: (1) in certain limited circumstances, commercialize Ovaprene in certain designated countries within three years of the first commercial sale of Ovaprene, (2) satisfy the annual spending obligation described above, (3) use commercially reasonable efforts to complete all necessary pre-clinical and clinical studies required to support and submit a PMA, (4) 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, unless such failure is caused by events outside of the Company's reasonable control, or (5) 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, unless such failure is caused by events outside of its reasonable control.

SST License and Collaboration Agreement

In February 2018, the Company entered into a license and collaboration agreement, or the SST License Agreement, with Strategic Science & Technologies-D, LLC and Strategic Science & Technologies, LLC, referred to collectively as SST. The SST License Agreement provides the Company with an exclusive, royalty-bearing, sublicensable license to develop and commercialize, in all countries and geographic territories of the world, for all indications for women related to female sexual dysfunction and/or female reproductive health, including treatment of female sexual arousal disorder, or the Field of Use, SST's topical formulation of Sildenafil Cream, 3.6% as it exists as of the effective date of the SST License Agreement, or any other topically applied pharmaceutical product containing sildenafil or a salt thereof as a pharmaceutically active ingredient, alone or with other active ingredients, but specifically excluding any product containing ibuprofen or any salt derivative of ibuprofen, or the Licensed Products.

The following is a summary of other terms of the SST License Agreement:

Invention Ownership. The Company retains rights to inventions made by its employees, SST retains rights to inventions made by its employees, and each party shall own a 50% undivided interest in all joint inventions.

Joint Development Committee. The parties will collaborate through a joint development committee that will determine the strategic objectives for, and generally oversee, the development efforts of both parties under the SST License Agreement.

Development. The Company must use commercially reasonable efforts to develop the Licensed Products in the Field of Use in accordance with a development plan in the SST License Agreement, and to commercialize the Licensed Products in the Field of Use. The Company is responsible for all reasonable internal and external costs and expenses incurred by SST in its performance of the development activities it must perform under the SST License Agreement.

Royalty Payments. SST will be eligible to receive (1) tiered royalties based on percentages of annual net sales of Licensed Products in the single digits to the mid double digits, subject to customary royalty reductions and offsets, and (2) a percentage of sublicense revenue.

Milestone Payments. SST will be eligible to receive payments (1) ranging from $0.5 million to $18.0 million in the aggregate on achieving certain clinical and regulatory milestones in the U.S. and worldwide, and (2) between $10.0 million and $100 million in the aggregate upon achieving certain commercial sales milestones. If the Company enters into strategic development or distribution partnerships related to the Licensed Products, additional milestone payments would be due to SST.

License Term. The Company's license received under the SST License Agreement continues on a country-by-country basis until the later of 10 years from the date of the first commercial sale of such Licensed Product or the expiration of the last valid claim of patent rights covering the Licensed Product in the Field of Use. Upon expiration

(but not termination) of the SST License Agreement in a particular country, the Company will have a fully paid-up license under the licensed intellectual property to develop and commercialize the applicable Licensed Products in the applicable country on a non-exclusive basis.

Termination. In addition to customary termination rights for both parties: (1) prior to receipt of approval by a regulatory authority necessary for commercialization of a Licensed Product in the corresponding jurisdiction, including New Drug Application Approval, or NDA Approval, the Company may terminate the SST License Agreement without cause upon 90 days prior written notice to SST; (2) following receipt of approval by a regulatory authority necessary for commercialization of a Licensed Product in the corresponding jurisdiction, including NDA Approval, the Company may terminate the SST License Agreement without cause upon 180 days prior written notice; and (3) SST may terminate the SST License Agreement with respect to the applicable Licensed Product(s) in the applicable country(ies) upon 30 days' notice to the Company if the Company fails to use commercially reasonable efforts to perform development activities in substantial accordance with the development plan and does not cure such failure within 60 days of receipt of SST's notice thereof.

Orbis Development and Option Agreement

In March 2018, the Company entered into an exclusive development and option agreement, or the Orbis Agreement, with Orbis Biosciences, or Orbis, for the development of long-acting injectable etonogestrel contraceptive with 6- and 12-month durations (ORB-204 and ORB-214, respectively). Under the Orbis Agreement, the Company paid Orbis $300,000 to conduct the first stage of development work, Stage 1, as follows: $150,000 upon signing the Orbis Agreement, $75,000 at the 50% completion point, not later than 6 months following the date the Orbis Agreement was signed (which the Company paid in September 2018), and $75,000 upon delivery by Orbis of the 6-month batch, not later than 11 months following the date the Orbis Agreement was signed (which the Company paid in January 2019). Upon Orbis successfully completing Stage 1 of the development program and achieving the predetermined target milestones for Stage 1, the Company will have 90 days to instruct Orbis whether to commence the second stage of development work, Stage 2. Should the Company execute its option to proceed to Stage 2, it will have to provide additional funding to Orbis for such activities.

Pre-clinical studies for the 6- and 12-month formulations have been completed, including establishing pharmacokinetics and pharmacodynamics profiles. The collaboration with Orbis will continue to advance the program through formulation optimization with the goal of achieving sustained release over the target time period.

The Orbis Agreement provides the Company with an option to enter into a license agreement for ORB-204 and ORB-214 should development efforts be successful.

Juniper Pharmaceuticals - License Agreement

In April 2018, the Company entered into an Exclusive License Agreement, or the Juniper License Agreement, with Juniper Pharmaceuticals, Inc., or Juniper, under which Juniper granted the Company (a) an exclusive, royalty-bearing worldwide license under certain patent rights, either owned by or exclusively licensed to Juniper, to make, have made, use, have used, sell, have sold, import and have imported products and processes; and (b) a non-exclusive, royalty-bearing worldwide license to use certain technological information owned by Juniper to make, have made, use, have used, sell, have sold, import and have imported products and processes. The Company is entitled to sublicense the rights granted to it under the Juniper License Agreement.

The following is a summary of certain terms of the Juniper License Agreement:

Upfront Fee. The Company paid a $250,000 non-creditable upfront license fee to Juniper in connection with the execution of the Juniper License Agreement.

Annual Maintenance Fee. The Company will pay an annual license maintenance fee to Juniper on each anniversary of the date of the Juniper License Agreement, the amount of which will be $50,000 for the first two years and $100,000 thereafter, and which will be creditable against royalties and other payments due to Juniper in the same calendar year but may not be carried forward to any other year.

Milestone Payments. The Company must make potential future development and sales milestone payments of (1) up to $13.5 million in the aggregate upon achieving certain clinical and regulatory milestones, and (2) up to $30.3 million in the aggregate upon achieving certain commercial sales milestones for each product or process covered by the licenses granted under the Juniper License Agreement.

Royalty Payments. During the royalty term, the Company will pay Juniper mid-single-digit to low double-digit royalties based on worldwide net sales of products and processes covered by the licenses granted under the Juniper *License* Agreement. In lieu of such royalty payments, the Company will pay Juniper a low double-digit percentage of

all sublicense income the Company receives for the sublicense of rights under the Juniper License Agreement to a third party. The royalty term, which is determined on a country-by-country basis and product-by-product basis (or process-by-process basis), begins with the first commercial sale of a product or process in a country and terminates on the latest of (1) the expiration date of the last valid claim within the licensed patent rights with respect to such product or process in such country, (2) 10 years following the first commercial sale of such product or process in such country, and (3) when one or more generic products for such product or process are commercially available in such country, except that if there is no such generic product by the 10th year following the first commercial sale in such country, then the royalty term will terminate on the 10-year anniversary of the first commercial sale in such country.

Efforts. The Company must use commercially reasonable efforts to develop and make at least one product or process available to the public, which efforts include achieving specific diligence requirements by specific dates specified in the Juniper License Agreement.

*T*erm. Unless earlier terminated, the term of the Juniper License Agreement will continue on a country-by-country basis until the later of (1) the expiration date of the last valid claim within such country, or (2) 10 years from the date of first commercial sale of a product or process in such country. Upon expiration (but not early termination) of the Juniper License Agreement, the licenses granted thereunder will convert automatically to fully-paid irrevocable licenses. Juniper may terminate the Juniper License Agreement (1) upon 30 days' notice for the Company's uncured breach of any payment obligation under the Juniper License Agreement, (2) if the Company fails to maintain required insurance, (3) immediately upon the Company's insolvency or the making of an assignment for the benefit of the Company's creditors or if a bankruptcy petition is filed for or against the Company, which petition is not dismissed within 90 days, or (4) upon 60 days' notice for any uncured material breach by the Company of any of its other obligations under the Juniper License Agreement. The Company may terminate the Juniper License Agreement on a country-by-country basis for any reason by giving 180 days' notice (or 90 days' notice if such termination occurs prior to receipt of marketing approval in the United States). If Juniper terminates the Juniper License Agreement for the reason described in clause (4) above or if the Company terminates the Juniper License Agreement, Juniper will have full access including the right to use and reference all product data generated during the term of the Juniper License Agreement that is owned by the Company.

Pear Tree Acquisition

The Company may be required to make certain royalty and milestone payments under the PT Merger Agreement (see Note 4).

Hammock/MilanaPharm Assignment and License Agreement

On December 5, 2018, the Company entered into (a) an Assignment Agreement with Hammock Pharmaceuticals, Inc., or the Assignment Agreement, and (b) a First Amendment to License Agreement with TriLogic Pharma, LLC and MilanaPharm LLC, or the License Amendment. Both agreements relate to the Exclusive License Agreement among Hammock, TriLogic and MilanaPharm dated as of January 9, 2017, or the MilanaPharm License Agreement. Under the Assignment Agreement and the MilanaPharm License Agreement, as amended by the License Amendment, the Company acquired an exclusive, worldwide license under certain intellectual property to, among other things, develop and commercialize products for the diagnosis, treatment and prevention of human diseases or conditions in or through any intravaginal or urological applications. The licensed intellectual property relates to the hydrogel drug delivery platform of TriLogic and MilanaPharm known as TRI-726. In DARE-BV1, this proprietary technology is formulated with clindamycin, an antibiotic used to treat certain bacterial infections, including BV, and has been engineered to produce a dual release pattern after vaginal application, providing maximum duration of exposure to clindamycin at the site of infection.

The following is a summary of other terms of the License Amendment:

License Fees. The Company paid $25,000 to MilanaPharm in connection with the execution of the License Amendment and must pay $200,000 to MilanaPharm (in the Company's discretion, either in cash or with shares of the Company's common stock) within 15 days of the first to occur of December 5, 2019 or the closing of an equity financing in which the Company raises aggregate proceeds of at least $10.0 million.

Milestone Payments. The Company will pay to MilanaPharm (1) up to $300,000 in the aggregate upon achievement of certain development milestones; and (2) up to $1.75 million in the aggregate upon achieving certain commercial sales milestones.

Foreign Sublicense Income. The Company will pay MilanaPharm a low double-digit percentage of all income received by the Company or its affiliates in connection with any sublicense granted to a third party for use outside of the United States, subject to certain exclusions.

Royalty Payments. During the royalty term, the Company will pay MilanaPharm high single-digit to low double-digit royalties based on annual worldwide net sales of licensed products and processes. The royalty term, which is determined on a country-by-country basis and licensed product-by-product basis (or process-by-process basis), begins with the first commercial sale of a licensed product or process in a country and terminates on the latest of (a) the expiration date of the last valid claim of the licensed patent rights that cover the method of use of such product or process in such country, or (b) 10 years following the first commercial sale of such product or process in such country. Royalty payments are subject to reduction in certain circumstances, including as a result of generic competition, patent prosecution expenses incurred by the Company, or payments to third parties for rights or know-how that are required for the Company to exercise the licenses granted to it under the MilanaPharm License Agreement or that are strategically important or could add value to a licensed product or process in a manner expected to materially generate or increase sales.

Efforts. The Company must use commercially reasonable efforts and resources to (1) develop and commercialize at least one licensed product or process in the United States and at least one licensed product or process in at least one of Canada, the United Kingdom, France, Germany, Italy or Spain, and (2) continue to commercialize that product or process following the first commercial sale of a licensed product or process in the applicable jurisdiction.

Term. Unless earlier terminated, the term of the MilanaPharm License Agreement will continue until (1) on a licensed product-by-product (or process-by-process basis) and country-by-country basis, the date of expiration of the royalty term with respect to such licensed product in such country, and (2) the expiration of all applicable royalty terms under the MilanaPharm License Agreement with respect to all licensed products and processes in all countries. Upon expiration of the term with respect to any licensed product or process in a country (but not upon earlier termination of the MilanaPharm License Agreement), the licenses granted to the Company under the MilanaPharm License Agreement will convert automatically to an exclusive, fully paid-up, royalty-free, perpetual, non-terminable and irrevocable right and license under the licensed intellectual property.

In addition to customary termination rights for all parties, MilanaPharm may terminate the license granted to the Company solely with respect to a licensed product or process in a country if, after having launched such product or process in such country, (1) the Company, or its affiliates or sublicensees, discontinue the sale of such product or process in such country and MilanaPharm notifies the Company of such termination within 60 days of having first been notified by the Company of such discontinuation, or (2) the Company, or its affiliates or sublicensees, (A) discontinues all commercially reasonable marketing efforts to sell, and discontinues all sales of, such product or process in such country for nine months or more, (B) fails to resume such commercially reasonable marketing efforts within 120 days of having been notified of such failure by MilanaPharm, (C) fails to reasonably demonstrate a strategic justification for the discontinuation and failure to resume to MilanaPharm, and (D) MilanaPharm gives 90 days' notice to the Company.

The following is a summary of other terms of the Assignment Agreement with Hammock:

Assignment; Technology Transfer. Hammock assigned and transferred to the Company all of its right, title and interest in and to the MilanaPharm License Agreement and agreed to cooperate to transfer to the Company all of the data, materials and the licensed technology in its possession pursuant to a technology transfer plan to be agreed upon by the parties, with a goal for the Company to independently practice the licensed intellectual property as soon as commercially practical in order to develop and commercialize the licensed products and processes.

Fees. The Company paid $250,000 to Hammock in connection with the execution of the Assignment Agreement and must pay $250,000 to Hammock (in the Company's discretion either in cash or with shares of the Company's common stock) within 15 days of the first to occur of December 5, 2019 or the closing of an equity financing in which the Company raises aggregate proceeds of at least $10.0 million.

Milestone Payments. The Company will pay Hammock up to $1.1 million in the aggregate upon achievement of certain clinical and regulatory development milestones.

Term. The Assignment Agreement will terminate upon the later of (1) completion of the parties' technology transfer plan, and (2) payment to Hammock of the last of the payments described above, including the milestone payments.

9. GRANT AWARD

In April 2018, the Company received a Notice of Award for the first $224,665 of the anticipated $1.9 million in grant funding from the Eunice Kennedy Shriver National Institute of Child Health and Human Development, a division of the National Institutes of Health, or the NIH. The Company must incur and track expenses eligible for reimbursement under the award and submit a detailed accounting of such expenses to receive payment. The Company received all

$224,665 of the award payments under this Notice of Award. Such payments were applied to clinical development efforts supporting Ovaprene and were recognized in the statement of operations as a reduction to research and development activities as the related costs were incurred to meet those obligations over the period.

On March 11, 2019, the Company received a second Notice of Award for an additional $982,851 of the anticipated $1.9 million in grant funding from the Eunice Kennedy Shriver National Institute of Child Health and Human Development. The second award followed the NIH's review of an interim data analysis and other results of the first phase of the research supporting Ovaprene. Award payments under this second notice of award ($886,667 received through September 30, 2019) are being applied to clinical development efforts supporting Ovaprene. At September 30, 2019, the Company recorded a receivable of $32,888 for expenses incurred through such date that are eligible for reimbursement under this second notice of award.

The remaining portion of the award under the grant, $730,722, is contingent upon, among other matters, assessment that the results of the ongoing Ovaprene study satisfy specified requirements set out in the award notice, and the availability of funds.

10. NET LOSS PER SHARE

The Company computes basic net loss per share using the weighted average number of common shares outstanding during the period. Diluted net income per share is based upon the weighted average number of common shares and potentially dilutive securities (common share equivalents) outstanding during the period. Common share equivalents outstanding, determined using the treasury stock method, are comprised of shares that may be issued under outstanding options and warrants to purchase shares of the Company's common stock. Common share equivalents are excluded from the diluted net loss per share calculation if their effect is anti-dilutive.

The following potentially dilutive outstanding securities were excluded from diluted net loss per common share for the period indicated because of their anti-dilutive effect:

Potentially dilutive securities	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Stock options	1,824,975	1,605,790	1,824,975	1,605,790
Warrants	3,750,833	3,750,833	3,750,833	3,750,833
Total	5,575,808	5,356,623	5,575,808	5,356,623

11. SUBSEQUENT EVENTS

On November 10, 2019, the Company entered into an Agreement and Plan of Merger, or the Microchips Merger Agreement, with, among others, Microchips Biotech, Inc., or Microchips, pursuant to which, if the transactions contemplated thereby are consummated, the Company will acquire Microchips via a reverse triangular merger in which Microchips will become a wholly owned subsidiary of the Company. The merger is expected to close on or before November 22, 2019.

The following is a summary of certain material terms of the Microchips Merger Agreement.

At the closing of the merger, the Company will issue an aggregate of 3,000,000 shares of its common stock to the holders of shares of Microchips' capital stock outstanding immediately prior to the effective time of the merger (other than holders of dissenting shares, if any), or the Effective Time Holders. Such shares are in consideration of Microchips' cash and cash equivalents, less liabilities, at closing. Microchips' cash and cash equivalents at closing are anticipated to total approximately $6.9 million, and approximately $5.7 million after payment of transaction-related expenses.

The Company also agreed to pay the following contingent consideration to the Effective Time Holders, in consideration of all of the other assets of Microchips: (1) up to $46.5 million contingent upon the achievement of specified funding, product development and regulatory milestones, up to $2.3 million of which the Company may elect to pay in shares of its common stock, subject to approval of the Company's stockholders to the extent necessary to comply with Nasdaq Listing Rule 5635; (2) up to $55.0 million contingent upon the achievement of specified amounts of aggregate net sales of products incorporating the intellectual property acquired by the Company in the merger; (3) tiered royalty payments ranging from low single-digit to low double-digit percentages of annual net sales of such products, subject to customary provisions permitting royalty reductions and offset; and (4) a percentage of sublicense

revenue related to such products. The Company expects that less than $1.3 million of the contingent consideration may become payable through 2021.

The Company agreed to register the shares issuable under the Microchips Merger Agreement for resale by the Effective Time Holders under the Securities Act of 1933, as amended.

The Microchips Merger Agreement may be terminated under specified circumstances, including by mutual consent of the parties, by the Company if Microchips experiences a material adverse effect, by either party if representations and warranties of the other party are not true or if the other party has failed to perform any covenant, or if the transactions contemplated by the Microchips Merger Agreement have not been consummated by November 22, 2019 (which date may be extended by mutual written consent of the parties).

The Microchips acquisition, if consummated, will be concentrated primarily to one group of similar identifiable assets and thus, for accounting purposes, the Company concluded that the acquired assets will not meet the accounting definition of a business. Transaction costs of approximately $300,000 associated with the merger will be included as a component of research and development expense for the year ended December 31, 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our interim consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and our audited financial statements and notes thereto for the year ended December 31, 2018 included in our Annual Report on Form 10-K for the year ended December 31, 2018, or our 2018 10-K, filed with the Securities and Exchange Commission, or SEC, on April 1, 2019. Past operating results are not necessarily indicative of results that may occur in future periods.

The following discussion includes forward-looking statements. See "CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS," above. Forward-looking statements are not guarantees of future performance and our actual results may differ materially from those currently anticipated and from historical results depending upon a variety of factors, including, but not limited to, those discussed in Part I, Item 1A. Risk Factors in our 2018 10-K and in our subsequent filings with the SEC, including any discussed in Part II, Item 1A of this report under the heading "Risk Factors," which are incorporated herein by reference.

In this report, "we," "us," "our," "Daré" or the "Company" refer collectively to Daré Bioscience, Inc. and its wholly owned subsidiaries, unless otherwise stated or the context otherwise requires. All information presented in this report is based on our fiscal year. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years ending December 31 and the associated quarters, months and periods of those fiscal years.

Daré Bioscience® is a registered trademark of Daré Bioscience, Inc. Ovaprene® is a registered trademark licensed to Daré Bioscience, Inc. All other trademarks, service marks or trade names appearing in this report are the property of their respective owners. Use or display by us of other parties' trademarks, service marks or trade names is not intended to and does not imply a relationship with, or endorsements or sponsorship of, us by the trademark, service mark or trade name owners.

Business Overview

We are a clinical-stage biopharmaceutical company committed to the acceleration of innovative products for women's health. We are driven by a mission to identify, acquire and develop a diverse portfolio of differentiated therapies that expand treatment options, improve outcomes and facilitate convenience for women, primarily in the areas of contraception, fertility, and sexual and vaginal health. Our business strategy is to in-license or otherwise acquire the rights to differentiated product candidates in our areas of focus, some of which have existing clinical proof-of-concept data, and to take those candidates through advanced stages of clinical development, and then out-license these products to companies with sales and distribution capabilities in women's health to leverage their commercial capabilities. We and our wholly owned subsidiaries operate in one business segment.

Since July 2017, we have assembled a portfolio of clinical-stage and pre-clinical stage candidates addressing unmet needs in women's health. Our portfolio includes three product candidates in advanced clinical development and three Phase 1-ready candidates:

- DARE-BV1, a novel thermosetting bioadhesive hydrogel formulated with clindamycin phosphate 2% to be administered in a single vaginally delivered application, as a first line treatment for bacterial vaginosis, or BV;
- Ovaprene®, a hormone-free, monthly vaginal contraceptive;
- Sildenafil Cream, 3.6%, a proprietary cream formulation of sildenafil for topical administration to the vulva and vagina for treatment of female sexual arousal disorder, or FSAD;
- DARE-HRT1, a combination bio-identical estradiol and progesterone intravaginal ring for the treatment of vasomotor symptoms (VMS) as part of a hormone replacement therapy, or HRT, following menopause;
- DARE-VVA1, a vaginally delivered formulation of tamoxifen to treat vulvar vaginal atrophy, or VVA, in patients with hormone-receptor positive breast cancer; and
- DARE-FRT1, an intravaginal ring containing bio-identical progesterone for the prevention of preterm birth and for fertility support as part of an *in vitro* fertilization treatment plan.

Our portfolio also includes these pre-clinical stage product candidates:

- ORB-204 and ORB-214, 6-month and 12-month formulations of injectable etonogestrel for contraception; and
- DARE-RH1, a novel approach to non-hormonal contraception for both men and women by targeting the CatSper ion channel.

In addition, as discussed further below, on November 10, 2019, we entered into a merger agreement with Microchips Biotech, Inc., a privately-held company developing a proprietary, microchip-based, implantable drug delivery system designed to store and precisely deliver hundreds of therapeutic doses over months and years, with potential utilization in multiple therapeutic indications, including women's contraception. The implant is intended to be operated by the patient to deliver medication on demand or on a pre-determined schedule that can be activated or deactivated wirelessly, as required. Microchips' lead product candidate is a pre-clinical stage contraceptive application of the technology, which, if successful, could provide women with unparalleled control over the management of their fertility. Utilizing the active pharmaceutical ingredient levonorgestrel, the device is intended to deliver all the benefits of a traditional long-acting, reversible contraceptive product and provide precise dosing and extended implant duration with the ability to wirelessly control the duration of ovulatory suppression based on individual user needs.

Our primary operations have consisted of, and are expected to continue to consist of, product research and development and advancing our portfolio of product candidates through clinical development and regulatory approval. We expect that the majority of our development expenses over the next two years will support the advancement of DARE-BV1, Ovaprene and Sildenafil Cream, 3.6%.

To date, we have not obtained any regulatory approvals for any of our product candidates, commercialized any of our product candidates or generated any revenue. We are subject to several risks common to clinical-stage biopharmaceutical companies, including dependence on key individuals, competition from other companies, the need to develop commercially viable products in a timely and cost-effective manner, and the need to obtain adequate additional capital to fund the development of product candidates. We are also subject to several risks common to other companies in the industry, including rapid technology change, regulatory approval of products, uncertainty of market acceptance of products, competition from substitute products and larger companies, compliance with government regulations, protection of proprietary technology, dependence on third parties, and product liability.

Clinical Stage Product Candidates

The following provides a brief overview of the clinical stage product candidates on which we are primarily focusing our development efforts at this time.

DARE-BV1

DARE-BV1 is a novel thermosetting bioadhesive hydrogel formulated with 2% clindamycin, an antibiotic used to treat certain bacterial infections, including BV. DARE-BV1 is designed to be administered in a convenient, single vaginally delivered application. The bioadhesive properties of DARE-BV1 are believed to prolong the duration of exposure of clindamycin relative to currently marketed creams potentially improving the rate of clinical effectiveness compared to existing FDA-approved therapies. Current FDA-approved therapies for BV have clinical cure rates ranging from 37-68%. In an investigator initiated proof-of-concept study that enrolled 30 women, DARE-BV1 demonstrated an 86% clinical cure rate in evaluable subjects (n=26) at the test-of-cure visit (Day 7-14) after one administration. We plan to utilize the FDA's 505(b)(2) pathway to obtain marketing approval of DARE-BV1 for BV in the U.S.

In August 2019, the FDA granted DARE-BV1 Qualified Infectious Disease Product (QIDP) designation for the treatment of BV in women. QIPD designation is available under Title VIII of the FDA Safety and Innovation Act, titled General Antibiotic Incentive Now (GAIN), which creates incentives for the development of antibacterial and antifungal drug products that treat serious or life-threatening infections. The primary incentive is a five-year exclusivity extension added to any exclusivity for which a QIDP qualifies upon FDA approval. Additionally, DARE BV-1's QIDP designation makes it eligible for Fast Track designation and Priority Review.

We are currently working on regulatory and start-up activities that are necessary to commence a Phase 3 multicenter, randomized, double-blind, placebo-controlled study in the U.S. of DARE-BV1 for the treatment of BV, or the DARE-BV1-001 study, and expect to initiate the study in early 2020. We plan to enroll approximately 219 postmenarchal women, ages 12 and above, at approximately 20 sites in the United States. The primary efficacy endpoint of the study will be clinical cure at the evaluation visit to occur 21 to 30 days after enrollment in the study, or the Day 21-30 visit, with clinical cure defined as meeting three criteria (derived from the Amsel criteria): resolution of abnormal vaginal discharge

associated with BV as confirmed by the investigator; a negative 10% potassium hydroxide (KOH) “whiff test”; and the presence of clue cells at less than 20% of total epithelial cells in a saline wet mount. Based on our pre-investigational new drug (IND) communications with the FDA, in parallel with the DARE-BV1-001 study and to support the new drug application, or NDA, for DARE-BV1, we will conduct nonclinical studies of certain excipients in DARE-BV1 and the clinical formulation of DARE-BV1, including reproductive toxicology studies. If DARE-BV1-001 and the nonclinical studies are successful, we expect to be in a position to file an NDA with the FDA in late 2020 or early 2021. We anticipate that the aggregate costs of DARE-BV1-001, planned nonclinical studies, manufacturing activities for the program through filing of the NDA, and the NDA filing will be less than $9.0 million.

To provide additional data and support DARE-BV1’s value proposition, we also plan to conduct an extension study of DARE-BV1-001, or the DARE-BV1-002 study. DARE-BV1-002 is expected to enroll up to approximately 219 subjects who complete DARE-BV1-001. In DARE-BV1-002, subjects will receive no additional treatment and will be evaluated 30 and 60 days following enrollment in DARE-BV1-002 to evaluate the duration of response (sustained clinical cure) of DARE-BV1 as compared to treatment with metronidazole vaginal gel, which is the treatment that subjects in DARE-BV1-001 will receive if their BV symptoms are not otherwise resolved. We anticipate that the cost of DARE-BV1-002 will be less than $2.0 million.

Ovaprene

Ovaprene is a novel hormone-free monthly vaginal contraceptive for pregnancy prevention, designed to offer both the convenience of once-a-month use and "typical use" effectiveness in the same range as traditional hormonal contraceptive methods (pills, patches, vaginal rings). If approved, Ovaprene may represent a new category of birth control. Ovaprene does not contain hormones and is designed to be worn conveniently over multiple weeks (i.e. one menstrual cycle) similar to other vaginal ring contraceptive products, including Merck's NuvaRing®.

Ovaprene is a combination product and, following a request for designation process, the FDA designated Center for Devices and Radiological Health, or CDRH, as the lead FDA program center for premarket review and product regulation. CDRH has determined that a PMA will be required to market Ovaprene in the U.S.

On November 12, 2019, we announced positive topline results of our postcoital test, or PCT, clinical trial of Ovaprene. We designed the PCT clinical trial to assess general safety and effectiveness in preventing progressively motile sperm from reaching the cervical canal following intercourse and acceptability of the product to the patient. The study evaluated 23 women over the course of five menstrual cycles, with each woman assessed over approximately 21 visits. Each woman’s cervical mucus was measured at several points during the study, including a baseline measurement at menstrual cycle 1 that excluded the use of any product. Subsequent cycles and visits included the use of a diaphragm during intercourse (menstrual cycle 2) and Ovaprene (menstrual cycles 3, 4 and 5). The primary endpoint of the study was to evaluate changes from baseline in PCT results due to device use, as represented by the proportion of women and cycles with an average of fewer than five progressively motile sperm (PMS) per high power field (HPF) in midcycle cervical mucus collected two to three hours after intercourse with Ovaprene in place.

The PCT clinical study met its primary endpoint— Ovaprene prevented the requisite number of sperm from reaching the cervix across all women and all cycles evaluated. Specifically, in 100% of women and cycles, an average of less than five PMS per HPF were present in the midcycle cervical mucus collected two to three hours after intercourse with Ovaprene in place. To calculate the average number of PMS, PMS were counted across each of nine HPFs and averaged. Women enrolled in the study who completed at least one Ovaprene PCT (N=26) had a mean of 27.21 PMS/HPF in their baseline cycle, a mean of 0.22 PMS/HPF in their diaphragm cycle, which was anticipated based on published studies, and a mean of 0.48 PMS/HPF in their Ovaprene PCT cycles, with a median of zero PMS. No serious or severe adverse events were reported or observed.

PCT clinical trials have been used as a surrogate marker for contraceptive effectiveness. Infertility research suggests that higher rates of pregnancy are associated with PMS per HPF of from greater than one to greater than 20 sperm, and less than five PMS per HPF is considered indicative of contraceptive effectiveness.

Based on the positive results of our PCT clinical trial, we currently intend to file an Investigational Device Exemption (IDE) with the FDA during the first half of 2020, and, pending FDA review and clearance of the IDE, to initiate a pivotal contraceptive effectiveness and safety study of Ovaprene in the second half of 2020. If successful, we expect that study to support marketing approvals of Ovaprene in the United States, Europe and other countries worldwide.

Sildenafil Cream, 3.6%

Sildenafil Cream, 3.6%, which incorporates sildenafil, the same active ingredient in the male erectile dysfunction drug Viagra®, if approved, could be the first FDA-approved FSAD treatment option for women. FSAD is a condition characterized primarily by a persistent or recurrent inability to attain or maintain sufficient genital arousal during sexual activity, frequently resulting in distress or interpersonal difficulty. As with erectile dysfunction in men, FSAD in women is associated with insufficient blood flow to the genitalia. Sildenafil Cream, 3.6% is designed to increase genital blood flow and provide improvements in the female genital arousal response, while avoiding systemic side effects observed with oral formulations of sildenafil.

We plan to leverage the existing data and established safety profile of sildenafil and the Viagra® brand to utilize the FDA’s 505(b)(2) pathway to obtain marketing approval of Sildenafil Cream, 3.6% in the U.S. During the third quarter of 2018, we had a Type C meeting with the FDA regarding the design of our Phase 2b clinical trial for Sildenafil Cream, 3.6% and the overall development program for this product candidate. Based on the FDA guidance we received from that meeting, we conducted a non-interventional study intended to support the content validity of specific patient reported outcome, or PRO, measures for subsequent clinical studies of Sildenafil Cream, 3.6%. The PRO content validity study, which was completed in the third quarter of 2019, was designed to identify and document the genital arousal symptoms that will be assessed in our Phase 2b trial, in which subjects will use Sildenafil Cream, 3.6% and placebo cream in their home setting, as well as our Phase 3 studies, and to demonstrate that those symptoms are the most important and relevant to our target population and are also acceptable endpoints for the FDA. The timing of initiation of the Phase 2b clinical trial will be influenced by additional FDA guidance, which we expect to receive prior to the end of 2019. In anticipation of that FDA guidance, we are conducting start-up activities for the Phase 2b trial. In addition, we have performed, and will continue to perform, additional clinical and non-clinical work that might be valuable or required to support the overall program.

DARE-HRT1

DARE-HRT1 is an intravaginal ring, or IVR, containing bio-identical estradiol and bio-identical progesterone to treat the vasomotor symptoms (VMS) associated with menopause as part of a hormone replacement therapy regimen. There are currently no FDA-approved IVRs that deliver bio-identical progesterone in combination with bio-identical estradiol. The IVR technology used in DARE-HRT1 was developed by Dr. Robert Langer from the Massachusetts Institute of Technology and Dr. William Crowley from Massachusetts General Hospital and Harvard Medical School. We plan to utilize the FDA's 505(b)(2) pathway to obtain marketing approval of DARE-HRT1 in the U.S. We intend to initiate a Phase 1 clinical study to evaluate the pharmacokinetics and safety of DARE-HRT1 in healthy post-menopausal women in the first quarter of 2020 and to report topline results in 2020. DARE-HRT1 has the potential to be a first-in-category product.

Recent Events

Underwritten Public Offering

On April 11, 2019, we closed an underwritten public offering of 4,575,000 shares of our common stock at a public offering price of $1.10 per share. We granted the underwriters a 30-day over-allotment option to purchase up to an additional 686,250 shares, which was exercised in full on April 12, 2019. Including the over-allotment shares, we issued a total of 5,261,250 shares, and received gross proceeds of approximately $5.8 million and net proceeds of approximately $5.2 million after deducting underwriting discounts and offering expenses.

As a result of the sale of shares of our common stock in the offering described above, per the terms of the warrants we issued in February 2018, their exercise price was automatically reduced from $3.00 to $0.98 per share on April 11, 2019. For additional information, see Note 6 to our unaudited interim consolidated financial statements contained in this report.

Merger Agreement with Microchips Biotech, Inc.

On November 10, 2019, we entered into an Agreement and Plan of Merger, or the Microchips Merger Agreement, with, among others, Microchips Biotech, Inc., or Microchips, pursuant to which, if the transactions contemplated thereby are consummated, we will acquire Microchips via a reverse triangular merger, in which Microchips will become our wholly owned subsidiary. The following is a summary of certain material terms of the Microchips Merger Agreement.

At the closing of the merger, we will issue an aggregate of 3,000,000 shares of our common stock to the holders of shares of Microchips' capital stock outstanding immediately prior to the effective time of the merger (other than holders of dissenting shares, if any), or the Effective Time Holders. Such shares are in consideration of Microchips' cash and cash equivalents, less liabilities, at closing. Microchips' cash and cash equivalents at closing are anticipated to total approximately $6.9 million, and approximately $5.7 million after payment of transaction-related expenses.

We agreed to pay the following contingent consideration to the Effective Time Holders in consideration of all of the other assets of Microchips: (1) up to $46.5 million contingent upon the achievement of specified funding, product development and regulatory milestones; up to $2.3 million of which we may elect to pay in shares of our common stock, subject to approval of our stockholders to the extent necessary to comply with Nasdaq Listing Rule 5635; (2) up to $55.0 million contingent upon the achievement of specified amounts of aggregate net sales of products incorporating the intellectual property we acquired in the merger; (3) tiered royalty payments ranging from low single-digit to low double-digit percentages of annual net sales of such products, subject to customary provisions permitting royalty reductions and offset; and (4) a percentage of sublicense revenue related to such products. We expect that less than $1.3 million of the contingent consideration may become payable through 2021.

We agreed to register the shares issuable under the Microchips Merger Agreement for resale by the Effective Time Holders under the Securities Act of 1933, as amended.

The Microchips Merger Agreement may be terminated under specified circumstances, including by mutual consent of the parties, by us if Microchips experiences a material adverse effect, by either party if representations and warranties of the other party are not true or if the other party has failed to perform any covenant, or if the transactions contemplated by the Microchips Merger Agreement have not been consummated by November 22, 2019 (which date may be extended by mutual written consent of the parties).

Financial Overview

We incurred a loss of approximately $10.4 million for the nine months ended September 30, 2019. As of September 30, 2019, we had (a) an accumulated deficit of approximately $40.2 million and (b) cash and cash equivalents of approximately $2.4 million. We also had negative cash flow from operations of approximately $9.5 million during the nine months ended September 30, 2019. We will need to raise substantial additional capital to continue to fund our operations and to successfully execute our current operating plan, including the development of our current product candidates. The amount and timing of future funding will depend on many factors, including the pace and results of our clinical development efforts. If we do not raise capital as and when needed, we will not be able to continue development of our product candidates or we will be required to delay, scale back or eliminate some or all of our development programs or cease operations. For additional information regarding our ability to continue as a going concern, see Note 2 to our unaudited interim consolidated financial statements contained in this report and “Liquidity and Capital Resources and Financial Condition,” below.

Financial Operations Overview

Revenue

To date we have not generated any revenue and do not expect to generate any revenue for the foreseeable future. In the future, we may generate revenue from product sales, license fees, milestone and research and development payments in connection with strategic partnerships, and royalties resulting from the sales of products developed under licenses of intellectual property. Our ability to generate product revenue will depend on the successful clinical development of our product candidates, receiving regulatory approvals to market such products and the eventual successful commercialization of product candidates. If we fail to complete the development of products candidates in a timely manner, or to receive regulatory approval for such product candidates, our ability to generate future revenue and our results of operations would be materially adversely affected.

Research and Development Expenses

Research and development expenses include research and development costs for our product candidates and transaction costs related to our acquisitions. We recognize all research and development expenses as they are incurred. Research and development expenses consist primarily of:

- expenses incurred under agreements with consultants and clinical trial sites that conduct research and development activities on our behalf;
- laboratory and vendor expenses related to the execution of nonclinical studies and clinical trials;
- contract manufacturing expenses, primarily for the production of clinical supplies;
- transaction costs related to the acquisition of technologies and related intellectual property; and
- internal costs that are associated with activities performed by our research and development organization and generally benefit multiple programs.

We expect research and development expenses to increase in the future as we invest in the development of our clinical-stage product candidates and as any other potential product candidates we may develop are advanced into and through clinical trials in the pursuit of regulatory approvals. Such activities will require a significant increase in investment in regulatory support, clinical supplies, inventory build-up related costs, and the payment of success-based milestones. In addition, we continue to evaluate opportunities to acquire or in-license other product candidates and technologies, which may result in higher research and development expenses due to, among other factors, license fee and/or milestone payments.

Conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We may not obtain regulatory approval for any product candidate on a timely and cost-effective basis or at all. The probability of success of our product candidates may be affected by numerous factors, including clinical results and data, competition, intellectual property rights, manufacturing capability and commercial viability. As a result, we cannot accurately determine the duration and completion costs of development projects or when and to what extent we will generate revenue from the commercialization of any of our product candidates.

General and Administrative Expense

General and administrative expenses consist of personnel costs, facility expenses, expenses for outside professional services, including legal, audit and accounting services. Personnel costs consist of salaries, benefits and stock-based compensation. Facility expenses consist of rent and other related costs.

Critical Accounting Policies and Significant Judgments and Estimates

Management's discussion and analysis of financial condition and results of operations is based on our interim consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Preparing these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. On an ongoing basis, we evaluate these estimates and judgments. We base our estimates on historical experience and on various assumptions we believe to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially from these estimates. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our unaudited consolidated interim financial statements, refer to Item 7 in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to our financial statements contained in our 2018 10-K and Note 3 to our unaudited interim consolidated financial statements contained in this report.

Results of Operations

Comparison of Three Months Ended September 30, 2019 and 2018 (Unaudited)

The following table summarizes our results for the periods indicated, together with the changes in those items in dollars:

	Three Months Ended September 30,		Dollar
	2019	2018	Change
Operating expenses:			
General and administrative expense	$ 1,318,986	$ 1,175,049	$ 143,937
Research and development expenses	1,966,230	1,446,548	519,682
License expenses	133,333	—	133,333
Total operating expenses	3,418,549	2,621,597	796,952
Loss from operations	(3,418,549)	(2,621,597)	(796,952)
Other income	25,471	47,122	(21,651)
Net loss	(3,393,078)	(2,574,475)	(818,603)
Deemed dividend from trigger of down round provision feature	—	—	—
Net loss to common shareholders	(3,393,078)	(2,574,475)	(818,603)
Other comprehensive loss:			
Foreign currency translation adjustments	(15,378)	(18,721)	3,343
Comprehensive loss	$ (3,408,456)	$ (2,593,196)	$ (815,260)

Revenues

We did not recognize any revenues for either of the three months ended September 30, 2019 or 2018.

General and administrative expenses

The increase of $143,937 in general and administrative expenses for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 was primarily attributable to (i) an increase in personnel costs of approximately $67,000 reflecting the hiring of additional employees which resulted in higher salary, benefit and bonus expenses in the current period, and (ii) an increase in stock-based compensation expense of $73,815.

Research and development expenses

The increase of $519,682 in research and development expenses for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 was primarily attributable to (i) an increase in costs related to development activities of approximately $777,000 for DARE-BV1 and Ovaprene, and to a lesser extent DARE-VVA1, (ii) an increase in personnel costs of approximately $149,000 reflecting the hiring of additional employees which resulted in higher salary, benefit and bonus expenses, and (iii) an increase in stock-based compensation expense of $21,587. Those increases were partially offset by (x) a decrease in costs related to development activities of approximately $140,000 for Sildenafil Cream, 3.6%, DARE-HRT1, and DARE-FRT1, (y) an increase in grant funding recorded as a reduction to research and development expense related to Ovaprene of approximately $231,000, and (z) a decrease in costs related to pre-clinical development activities of approximately $103,000.

License expenses

The license expenses of $133,333 for the three months ended September 30, 2019 related to (i) the accrual of deferred license fees due under the Assignment Agreement with Hammock Pharmaceuticals, Inc. and the First Amendment to License Agreement with TriLogic Pharma, LLC and MilanaPharm LLC, and (ii) the accrual of the annual license maintenance fee due under the Juniper License Agreement. During the quarter, we accrued (x) $20,833 of the $50,000 annual license maintenance fee payable in the second quarter of 2020 under the Juniper License Agreement (y) $62,500 of the $250,000 of license fees payable under the Assignment Agreement and (z) $50,000 of the $200,000 of license fees payable under the First Amendment to License Agreement. Both of these license fees are due in December 2019, and in our discretion, may be paid either in cash or with shares of our common stock.

There were no license expenses for the three months ended September 30, 2018.

For further discussion of these license fees, see Note 8 to our unaudited interim consolidated financial statements contained in this report.

Other income

The decrease of $21,651 in other income for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 was primarily due to a decrease in interest earned on cash balances in the current period.

Comparison of Nine Months Ended September 30, 2019 and 2018 (Unaudited)

The following table summarizes our results for the periods indicated, together with the changes in those items in dollars:

	Nine Months Ended September 30,		Dollar
	2019	2018	Change
Operating expenses:			
General and administrative expense	$ 3,903,545	$ 3,635,413	$ 268,132
Research and development expenses	6,172,192	4,750,823	$ 1,421,369
License expenses	408,333	350,000	$ 58,333
Impairment of goodwill	—	5,187,519	$ (5,187,519)
Total operating expenses	10,484,070	13,923,755	$ (3,439,685)
Loss from operations	(10,484,070)	(13,923,755)	(3,439,685)
Other income	86,703	101,492	$ (14,789)
Net loss	(10,397,367)	(13,822,263)	$ 3,424,896
Deemed dividend from trigger of down round provision feature	(789,594)	—	789,594
Net loss to common shareholders	(11,186,961)	(13,822,263)	(2,635,302)
Other comprehensive loss:			
Foreign currency translation adjustments	(15,674)	(59,952)	$ 44,278
Comprehensive loss	$ (11,202,635)	$ (13,882,215)	$ 2,679,580

Revenues

We did not recognize any revenues for either of the nine months ended September 30, 2019 or 2018.

General and administrative expenses

The increase of $268,132 in general and administrative expenses for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018 was primarily attributable to (i) an increase in personnel costs of approximately $409,000 reflecting the hiring of additional employees which resulted in higher salary, benefit and bonus expenses in the current period, (ii) an increase in stock-based compensation expense of $213,388, and (iii) an increase in insurance costs of approximately $56,000. Those increases were partially offset by a decrease of approximately $436,000 in expenses for accounting, legal, and professional services.

Research and development expenses

The increase of $1,421,369 in research and development expenses for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018 was primarily attributable to (i) an increase in costs related to development activities of approximately $2,015,000 for DARE-BV1, Ovaprene and Sildenafil Cream, 3.6%, DARE-HRT1 and DARE-FRT1, (ii) an increase in personnel costs of approximately $755,000 due to increased salary, benefit and bonus expenses due to staff additions, and (iii) an increase in stock-based compensation expense of $72,786. Those increases were partially offset by (x) an increase in grant funding recorded as a reduction to research and development expense related to Ovaprene of approximately $849,000, (y) a decrease in costs related to development activities of approximately $346,000 for DARE-VVA1, (z) a decrease in costs related to pre-clinical development activities of approximately $188,000.

License expenses

The license expenses of $408,333 for the nine months ended September 30, 2019 related to (i) the accrual of deferred license fees due under the Assignment Agreement with Hammock Pharmaceuticals, Inc. and the First Amendment to License Agreement with TriLogic Pharma, LLC and MilanaPharm LLC; and (ii) the $50,000 annual license maintenance fee due under the Juniper License Agreement, paid in the second quarter of 2019, and the accrual of the annual license maintenance fee due in the second quarter of 2020 under the Juniper License Agreement. During the nine months ended September 30, 2019, we accrued (x) $20,833 of the $50,000 annual license maintenance fee due under the Juniper License Agreement, (y) $187,500 of the $250,000 of license fees payable under the Assignment Agreement and (z) $150,000 of the $200,000 of license fees payable under the First Amendment to License Agreement. Both of these license fees are due in December 2019, and in our discretion, may be paid either in cash or with shares of our common stock.

The license expenses of $350,000 for the nine months ended September 30, 2018 was related to the $250,000 non-creditable upfront license fee payment to Juniper in connection with the execution of the Juniper License Agreement and to the $100,000 in license fees paid to SST.

For further discussion of these license fees, see Note 8 to our unaudited interim consolidated financial statements contained in this report.

Goodwill impairment expense

We incurred an impairment loss of $5,187,519 for the nine months ended September 30, 2018 due to our determination that the carrying amount of our goodwill exceeded its estimated fair value at September 30, 2018. For a discussion of our goodwill analysis, see Note 4 to our unaudited interim consolidated financial statements contained in this report.

Other income

The decrease of $14,789 in other income for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018 was primarily due to a decrease in interest earned on cash balances in the current period.

Liquidity and Capital Resources and Financial Condition

We prepared the accompanying consolidated financial statements on a going concern basis, which assumes that we will realize our assets and satisfy our liabilities in the normal course of business. In addition, we have a history of losses from operations, we expect negative cash flows from our operations to continue for the foreseeable future, and we expect that our net losses will continue for at least the next several years as we develop our existing product candidates and seek to acquire, license or develop additional product candidates. We need to raise additional capital in the near term to fund our operations.

At September 30, 2019, our accumulated deficit was approximately $40.2 million, our cash and cash equivalents were approximately $2.4 million, our working capital was approximately $1.4 million, and we had incurred a net loss from operations of $10.5 million. We had negative cash flow from operations of approximately $9.5 million during the nine months ended September 30, 2019. We received gross proceeds of approximately $5.8 million, and net proceeds of approximately $5.2 million after deducting underwriting discounts and offering expenses, from our underwritten public offering that closed in April 2019. Considering our current cash resources, we do not believe our existing resources will be sufficient to fund planned operations through November 2020. For the foreseeable future, our ability to continue our operations will depend upon our ability to obtain additional capital. On November 11, 2019, we announced that we entered into a merger agreement to acquire Microchips. We expect the transaction to close on or before November 22, 2019, and if it does, we expect that Microchips cash and cash equivalents, after deducting change of control payments and other deal-related expenses, will be approximately $5.7 million at the time of closing. See "—Recent Events," above.

These circumstances raise substantial doubt about our ability to continue as a going concern. The accompanying interim consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and reclassification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty of our ability to remain a going concern.

Plan of Operations and Future Funding Requirements

Our primary uses of capital are, and we expect will continue to be, staff-related expenses, the cost of clinical trials and regulatory activities related to our product candidates, costs associated with contract manufacturing services and third-party clinical research and development services, payments due under license agreements upon the successful achievement of milestones of our product candidates, legal expenses, other regulatory expenses and general overhead costs.

We expect our expenses to increase during the rest of 2019 and significantly through 2020 as we continue the development of our product candidates, in particular as we conduct activities in preparation for and commence and conduct our planned Phase 3 clinical study of DARE-BV1, Phase 2b clinical study of Sildenafil Cream, 3.6%, pivotal contraceptive effectiveness and safety study of Ovaprene, and a Phase 1 clinical study of DARE-HRT1, as discussed above.

To date, we have not obtained any regulatory approvals for any of our product candidates, commercialized any of our product candidates or generated any product revenue, and we cannot anticipate if, and when we will generate any revenue. We have devoted significant resources to acquiring our portfolio of product candidates and to research and development activities for our product candidates. We must obtain regulatory approvals to sell any of our products in the future. We will need to generate sufficient safety and efficacy data on our product candidates for them to be attractive assets for potential strategic partners to license or for pharmaceutical companies to acquire, and for us to generate cash and other license fees related to such product candidates.

Based on our current operating plan estimates, we will not have sufficient cash to satisfy our working capital needs and other liquidity requirements over at least the next 12 months from the date of issuance of the accompanying interim consolidated financial statements unless we raise additional capital or significantly curtail our operations. We currently anticipate that we will receive approximately $5.7 million of additional working capital if the acquisition of Microchips closes as anticipated, but these funds will not be sufficient to support the current operating plan over the next 12 months, and there can be no assurance that the Microchips acquisition will close as anticipated.

We will need to raise substantial additional capital to continue to fund our operations and to successfully execute our current operating plan, including the development of our current product candidates. We are currently evaluating a variety of capital raising options, including financings, government or other grant funding, collaborations and strategic alliances or other similar types of arrangements to cover our operating expenses, including the development of our product candidates and any future product candidates we may license or otherwise acquire. The amount and timing of

our capital needs have been and will continue to depend highly on many factors, including the product development programs we choose to pursue and the pace and results of our clinical development efforts. If we raise capital through collaborations, strategic alliances or other similar types of arrangements, we may have to relinquish, on terms that are not favorable to us, rights to some of our technologies or product candidates we would otherwise seek to develop or commercialize. There can be no assurance that capital will be available when needed or that, if available, it will be obtained on terms favorable to us and our stockholders. In addition, equity or debt financings may have a dilutive effect on the holdings of our existing stockholders. If we cannot raise capital when needed, on favorable terms or at all, we will not be able to continue development of our product candidates, will need to reevaluate our planned operations and may need to delay, scale back or eliminate some or all of our development programs, reduce expenses, file for bankruptcy, reorganize, merge with another entity, or cease operations. If we become unable to continue as a going concern, we may have to liquidate our assets, and might realize significantly less than the values at which they are carried on our financial statements, and stockholders may lose all or part of their investment in our common stock. See "ITEM 1A. RISK FACTORS—Risks Related to Our Business—*We will need to raise additional capital to continue our operations*," in our 2018 10-K.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2019	**2018**
Net cash used in operating activities	(9,506,797)	(7,558,047)
Net cash used in investing activities	—	(518,836)
Net cash provided by financing activities	5,151,702	10,114,452
Effect of exchange rate changes on cash and cash equivalents	(15,674)	(59,952)
Net increase (decrease) in cash	$ (4,370,769)	$ 1,977,617

Net cash used in operating activities

Cash used in operating activities for the nine months ended September 30, 2019 included the net loss of $10.4 million, decreased by non-cash stock-based compensation expense of $344,712. A $367,409 increase in prepaid expenses and a $107,463 decrease in accounts payable reduced operating cash in this period. A $905,236 increase in accrued expenses and a $138,719 increase in other non-current assets and deferred charges provided operating cash in this period.

Cash used in operating activities for the nine months ended September 30, 2018 included the net loss of $13.8 million, decreased by non-cash impairment of goodwill of $5.2 million, acquired in-process research and development expense of approximately $507,000, and non-cash stock-based compensation expense of $58,538. A $236,259 increase of accounts payable and accrued expenses, a $203,928 decrease in other receivables, a $105,692 decrease in other non-current assets and deferred charges, and a $193,495 decrease in other current assets provided operating cash in this period. A $238,378 increase in prepaid expenses reduced operating cash in this period.

Net cash used in investing activities

No cash was provided by or used in investing activities for the nine months ended September 30, 2019.

Cash used in investing activities for the nine months ended September 30, 2018 consisted of approximately $452,000 of transaction costs associated with our acquisition of Pear Tree, $55,000 of costs associated with our acquisition of certain assets from Hydra, and $11,836 related to the purchase of property and equipment.

Net cash provided by financing activities

Cash provided by financing activities for the nine months ended September 30, 2019 consisted of proceeds from the underwritten public offering completed in April 2019.

Cash provided by financing activities for the nine months ended September 30, 2018 consisted of $10.1 million of proceeds from the underwritten public offering completed in February 2018 and sales under the common stock sales agreement completed in January and February 2018.

License and Royalty Agreements

We have to make various royalty and milestone payments under the product license and development agreements related to DARE-BV1, Ovaprene, and Sildenafil Cream, 3.6%, and under the other agreements related to our other clinical and preclinical candidates. For further discussion of these potential payments, see Note 8 to our unaudited interim consolidated financial statements contained in this report.

Other Contracts

We enter into contracts in the normal course of business with various third parties for research studies, clinical trials, testing and other services. These contracts generally provide for termination upon notice, and we do not believe that our non-cancelable obligations under these agreements are material.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under applicable SEC rules.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Under SEC rules and regulations, as a smaller reporting company we are not required to provide the information required by this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) were effective as of September 30, 2019 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in various claims and legal proceedings. Regardless of outcome, litigation and other legal and administrative proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. There are no material pending legal proceedings, other than ordinary routine litigation incidental to our business, to which we are a party or of which any of our property is in the subject.

Item 1A. Risk Factors

An investment in shares of our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described in our 2018 10-K, in addition to other information in this report, before investing in our common stock. The occurrence of any of these risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In these circumstances, the market price of our common stock could decline, and you may lose all or part of your investment. There have been no material changes from the risk factors disclosed in Part I, Item 1A. Risk Factors in our 2018 10-K other than as described below:

There is no assurance that we will continue to satisfy the listing requirements of the Nasdaq Capital Market.

Our common stock is listed on the Nasdaq Capital Market. As previously reported, on June 21, 2019, we received a letter from the Listing Qualifications Department (the “Nasdaq Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying us that, for the last 30 consecutive business days, the closing bid price for our common stock was below the minimum $1.00 per share requirement for continued listing on The Nasdaq Capital Market as set forth in Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”), and that we have until December 18, 2019 to regain compliance. We will regain compliance if the closing bid price of our common stock is at least $1.00 for a minimum of 10 consecutive business days at any time between June 21, 2019 and December 18, 2019, unless the Nasdaq Staff exercises its discretion to extend such 10-day period. From June 21, 2019 through November 11, 2019, the closing bid price of our common stock has been less than $1.00.

If we have not regained compliance by December 18, 2019, we may be eligible for an additional 180-day compliance period. To qualify for this additional compliance period, we would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, other than the Minimum Bid Price Requirement, including having stockholders’ equity of at least $5 million. In addition, we would also be required to notify Nasdaq of our intent to cure the minimum bid price deficiency during the additional compliance period, which may include, if necessary, implementing a reverse stock split. Our stockholders' equity at September 30, 2019 was $1.8 million, and, as such, we will need to raise additional equity capital between now and December 18, 2019 to be eligible for the additional compliance period. If our stockholders' equity increases to at least $5.0 million after September 30, 2019 and before December 18, 2019, we understand that the Nasdaq Staff has discretion whether to consider such increase for purposes of determining our eligibility for the additional compliance period. Even if our acquisition of Microchips closes before December 18, 2019, we do not expect our pro forma stockholders' equity to increase to $5.0 million. If we are not granted the additional compliance period for any reason, the Nasdaq Staff will provide written notice to us that our common stock will be subject to delisting. If we are not granted the additional compliance period, we may, and would intend to, appeal the Nasdaq Staff’s delisting determination to a Nasdaq Hearing Panel.

There can be no assurance we will regain compliance with the Minimum Bid Price Requirement or continue to satisfy the other continued listing requirements of The Nasdaq Capital Market. For example, because our stockholders' equity at September 30, 2019 was $1.8 million, we expect that we may receive a separate letter of non-compliance from the Nasdaq Staff for not having stockholders’ equity of at least $2.5 million. The delisting of our common stock for whatever reason could, among other things, substantially impair our ability to raise additional capital; result in the loss of interest from institutional investors, the loss of confidence in our company by investors and employees, and in fewer financing, strategic and business development opportunities; and could result in potential breaches of agreements under which we made representations or covenants relating to our compliance with applicable listing requirements. Claims related to any such breaches, with or without merit, could result in costly litigation, significant liabilities and diversion of our management’s time and attention and could have a material adverse effect on our financial condition, business and results of operations. In addition, the delisting of our common stock for whatever reason may materially impair our stockholders’ ability to buy and sell shares of our common stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock.

The pendency of our agreement to acquire Microchips could adversely affect our business and the acquisition may not occur when anticipated or at all.

On November 10, 2019, we entered into the Microchips Merger Agreement, pursuant to which, if the transactions contemplated thereby are consummated, we will acquire Microchips. We expect the acquisition to close on or before November 22, 2019. Between now and closing, the attention of our management and employees may be directed toward transaction-related considerations and may be diverted from the day-to-day operations of our business. We currently anticipate that we will receive approximately $5.7 million of additional working capital if the acquisition of Microchips closes as anticipated, which funds will help support our current operating plan. There can be no assurance that the Microchips acquisition will close as anticipated or at all, or that if it does close, that the amount of additional working capital we will receive will be what we currently anticipate. In addition, the transaction may involve unexpected costs, liabilities or delays, our business or stock price may suffer as a result of uncertainty surrounding the transaction, and the transaction may disrupt our current plans and operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.
(b) None.
(c) None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.
(b) None.

Item 6. Exhibits

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Filing Date	Exhibit No.	
10.1*	Daré Bioscience, Inc. Performance Bonus Plan					X
31.1	Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended					X
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended					X
32.1	Certification of principal executive officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					#
32.2	Certification of principal financial officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					#
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

* Indicates a management contract or any compensatory plan, contract or arrangement.

Furnished herewith. This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated herein by reference into any filing of the registrant whether made before or after the date hereof, regardless of any general incorporation in such filing.

Signatures

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

Daré Bioscience, Inc.

Date: November 12, 2019

By: /s/ Sabrina Martucci Johnson

Sabrina Martucci Johnson
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 12, 2019

By: /s/ Lisa Walters-Hoffert

Lisa Walters-Hoffert
Chief Financial Officer
(Principal Financial and Accounting Officer)

DARÉ BIOSCIENCE, INC.

PERFORMANCE BONUS PLAN

1. Purpose

This Performance Bonus Plan (this "**Plan**") is intended to provide an incentive for superior work and to motivate eligible employees of Daré Bioscience, Inc. (the "**Company**") and its subsidiaries toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders, and to enable the Company to attract and retain highly qualified employees. This Plan is for the benefit of Participants (as defined below).

2. Participants

From time to time, the Compensation Committee (the "**Compensation Committee**") of the Board of Directors (the "**Board**") of the Company may select certain employees of the Company or its subsidiaries to be eligible to receive cash bonuses under this Plan with respect to a particular performance period (the employees so selected, "**Participants**"). Participation in this Plan does not change the "at will" nature of a Participant's employment with the Company or any of its subsidiaries.

3. **Administration**

The Compensation Committee shall have the sole discretion and authority to administer and interpret this Plan. Subject to applicable law, rules and regulations, from time to time, the Compensation Committee may request that the Board exercise any of the discretion or authority of the Compensation Committee under this Plan.

4. Bonus Determinations

(a) Performance Goals. A Participant may receive a cash bonus payment under this Plan based upon the achievement of one or more performance objectives that are established by the Compensation Committee and relate to financial and operational metrics with respect to the Company or any of its subsidiaries (the "**Performance Goals**"), including the following: developmental, clinical or regulatory milestones; clinical trial results; business development and financing milestones; acquisitions or strategic transactions; revenue; expense levels; total shareholder return; earnings before interest, taxes, depreciation and amortization; net income (loss) (either before or after interest, taxes, depreciation and/or amortization); changes in the market price of the Company's common stock; economic value-added; sales or revenue milestones; operating income (loss); cash flow (including, but not limited to, operating cash flow and free cash flow); return on capital, assets, equity, or investment; gross or net profit levels; productivity; expense efficiency; margins; operating efficiency; customer satisfaction; publications; reimbursement decisions; working capital; earnings (loss) per share of the Company's common stock; sales or market share; number of customers or units of products sold; and operating income and/or net annual recurring revenue, any of which may be (A) measured in absolute terms or compared to any incremental increase, (B) measured in terms of growth, (C) compared to another company or companies or to results of a peer group, (D) measured against the market as a whole and/or as compared to applicable market indices and/or (E) measured on a pre-tax or post-tax basis (if applicable). Further, any Performance Goals may be used to measure the performance of the Company as a whole or a business unit or other segment of the Company, or one or more product lines or specific markets. The Performance Goals may differ from Participant to Participant.

(b) Calculation of Performance Goals. At the beginning of each applicable performance period, the Compensation Committee will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. In all other respects, Performance Goals will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, or under a methodology established by the Compensation Committee and which is consistently applied with respect to a Performance Goal in the relevant performance period. The Compensation Committee shall determine when a performance period begins and ends.

(c) Target; Minimum; Maximum. Each Performance Goal will have a "target" (100 percent attainment of the Performance Goal) and may also have a "minimum" hurdle and/or a "maximum" amount.

(d) Bonus Requirements; Individual Goals. Except as otherwise set forth in this Section 4(d): (i) any bonuses paid to Participants under this Plan shall be based upon objectively determinable bonus formulas that tie such bonuses to one or more performance targets relating to the Performance Goals (certain Performance Goals may be given more weight than others), (ii) bonus formulas for Participants shall be adopted in each performance period by the Compensation Committee and communicated to each Participant and (iii) no bonuses shall be paid to Participants unless and until the Compensation Committee makes a determination with respect to the attainment of the performance objectives relating to the Performance Goals. Notwithstanding the foregoing, the Compensation Committee may adjust bonuses payable under this Plan based on achievement of one or more individual performance objectives or pay bonuses (including, without limitation, discretionary bonuses) to Participants under this Plan based on individual performance goals and/or upon such other terms and conditions as the Compensation Committee may in its discretion determine.

(e) Individual Target Bonuses. The Compensation Committee shall establish a target bonus opportunity for each Participant for each performance period (the "Target Bonus"). For each Participant, the Compensation Committee shall have the authority to apportion the Target Bonus so that a portion of it is tied to attainment of Performance Goals and a portion of it is tied to attainment of individual performance objectives.

(f) Employment Requirement. Subject to any additional terms contained in a written agreement between the Participant and the Company or any of its subsidiaries, the payment of a bonus to a Participant under this Plan with respect to a performance period is conditioned on the Participant's employment by the Company or its subsidiary on the bonus payment date. If a Participant was not employed by the Company or its subsidiary for an entire performance period, the Compensation Committee may pro rate the bonus based on the number of days employed during such period.

5. Timing of Payment

(a) With respect to Performance Goals established and measured on a basis more frequently than annually (e.g., quarterly or semi-annually), the Performance Goals will be measured as of the end of each performance period and after such period has ended; provided, that with respect to any Performance Goals that are dependent on financial metrics as reported in the Company's periodic reports filed with the U.S. Securities and Exchange Commission for any particular period, such Performance Goals will be measured after the applicable periodic reports have been so filed. If the Performance Goals and/or individual goals for a performance period are met, payments will be made as soon as practicable following the end of such performance period, but not later than 74 days after the end of the fiscal year in which such performance period ends.

(b) With respect to Performance Goals established and measured on an annual or multi-year basis, Performance Goals will be measured as of the end of each such performance period (e.g., the end of each fiscal year) and after such period has ended; provided, that with respect to any Performance Goals that are dependent on financial metrics as reported in the Company's periodic reports filed with the U.S. Securities and Exchange Commission for any particular period, such Performance Goals will be measured after the applicable periodic reports have been so filed. If the Performance Goals and/ or individual goals for any performance period are met, bonus payments will be made as soon as practicable, but not later than 74 days after the end of the relevant fiscal year.

(c) For the avoidance of doubt, bonuses earned at any time in a fiscal year must be paid no later than 74 days after the last day of such fiscal year.

6. Amendment and Termination

The Company, acting through the Board, reserves the right to, and may, amend or terminate this Plan at any time in its sole discretion.

Exhibit 31.1

CERTIFICATIONS

I, Sabrina Martucci Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Daré Bioscience, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Sabrina Martucci Johnson
Sabrina Martucci Johnson
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Lisa Walters-Hoffert, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Daré Bioscience, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Lisa Walters-Hoffert

Lisa Walters-Hoffert
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Daré Bioscience, Inc. (the "Company") for the fiscal quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sabrina Martucci Johnson, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to her knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2019

/s/ Sabrina Martucci Johnson

Sabrina Martucci Johnson
President and Chief Executive Officer
(principal executive officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Daré Bioscience, Inc. (the "Company") for the fiscal quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Lisa Walters-Hoffert, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to her knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2019

/s/ Lisa Walters-Hoffert

Lisa Walters-Hoffert
Chief Financial Officer
(principal financial officer)