

## Evofem Biosciences, Inc. (EVFM - \$0.35)

### A Novel Niche Contraceptive with Sales Likely to Take off in 2022 and Beyond

We are initiating coverage on Evofem Biosciences Inc. with a Buy rating and 12-month price target of **\$3.50**. Evofem is commercializing a novel non-hormone contraceptive, Phexxi. Our investment thesis is that potential for substantial revenue growth starting in 2022 and sustaining this trend thereafter will be a main value driver for investors. An STI prevention Phase III study readout later this year, if positive, could be another potential catalyst for EVFM shareholders.

- Novel and highly differentiated contraceptive, Phexxi has significant market potential, and could be realized starting in 2022 based on positive current revenue trends, bullish 2022 \$30-35MM sale guidance, and several favorable factors.** Phexxi, a first- and only-in class vaginal pH modulating contraceptive, has demonstrated robust 86% contraceptive efficacy rate and 93%, if under perfect use, from a pivotal Phase III (AMPOWER) study. Phexxi's MOA is to maintain relatively normal acidity of vagina to reduce the survival of sperm and prevent pregnancy. Although Phexxi achieved only relatively lukewarm sales (\$8.2MM) in 2021, we believe several recent positive trends boost our confidence that Phexxi revenue growth could start to take off in 2022 with additional further growth thereafter. Trends include the recent consecutive Q/Q sales growth coupling with EVFM guidance of \$30-35MM 2022 revenue projection. If realized, this could build a foundation for more robust market penetration in ensuing years. Supportive tailwinds for further revenue growth include the complete implementation of the Affordable Care Act (ACA) by year-end 2022, with no out-of-pocket costs to women for all FDA approved contraceptive products. Others include improvements in the gross-to-net ratio (GTN) of gross sales to 38% from the prior 68%. Phexxi mainly targets younger women who are generally sexually more active and with a strong self-care mentality.
- Phexxi (EVO100) in chlamydia & gonorrhea prevention Phase III study readout in 2H22, if positive, could be a major near-term stock catalyst and enhances Phexxi commercial potential.** If the outcome is positive and receives approval, the commercial outlook of Phexxi could be significantly enhanced as a novel contraceptive/STI prevention combination product.
- Upside remains at the current valuation.** With encouraging sales growth of Phexxi expected in 2022 and beyond, we believe EVFM shares remain undervalued at current levels. Our 12-month \$3.50 price target is based on our forward P/E, peer comparable and NPV-driven sum-of-the-parts analyses.

#### Earnings Estimates: (\$ per share)

(Dec.)	1Q	2Q	3Q	4Q	FY	P/E
<b>FY-22E</b>	-2.88A	-0.86	-0.75	-0.41	-3.29	N.A.
<b>FY-21A</b>	-8.46	-4.01	-7.20	-4.89	-23.63	N.A.
<b>FY-20A</b>	-5.96	-13.4	-5.52	-7.50	-31.79	N.A.
<b>FY-19A</b>	N.A.	N.A.	N.A.	N.A.	-29.84	N.A.

Source: Laidlaw & Company estimates

Healthcare/Biotechnology

Ticker:	<b>EVFM</b>
Rating:	<b>Buy</b>
Price Target:	<b>\$3.50</b>

#### Trading Data:

Last Price (6/1/2022)	\$0.35
52-Week High (6/14/2021)	\$21.30
52-Week Low (5/25/2022)	\$0.34
Market Cap. (MM)	\$12.4
Shares Out. (MM)	35.4

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## Investment Thesis

*Our \$3.50 price target is supported by forward P/E, NPV-driven sum-of-the-parts and peer comparable analyses.*

*Phexxi is a hormone-free contraceptive with a novel MOA as a vaginal pH modulator that could maintain relatively normal acidity of the vagina (pH of 3.5-4.5) to reduce the survival of sperm and prevent pregnancy.*

*Phexxi is an on-demand contraceptive that has to be applied prior to each sexual intercourse.*

*EVFM provided a 2022 Phexxi revenue guidance of \$30-35MM.*

- We are initiating coverage of Evofem Biosciences Inc. (EVFM) with a Buy rating and a 12-month price target of \$3.50.** Evofem Biosciences Inc. is a commercial stage specialty pharmaceutical company that focuses on the development and commercialization of women's healthcare products, especially in novel contraceptive and potentially in STI prevention. The company markets Phexxi as a first- and only-in class vaginal pH modulating contraceptive. Our key investment thesis and potential major upside for investors is that the Phexxi revenue is expected to grow much more substantially starting in 2022 after a relatively modest first full year (2021) sales. In addition, market potential for Phexxi could be further enhanced if the upcoming Phexxi in chlamydia & gonorrhea prevention Phase III (EVOGUARD) study readout (2H22) is positive, and potentially receives FDA approval later.
- Phexxi is a novel and highly differentiated contraceptive with significant market potential. Based on current revenue trends, this upside could start to be realized with bullish 2022 sales guidance of \$30-35MM and several other favorable factors.** Phexxi is one of the most recently launched non-hormone contraceptives that is well differentiated from most other contraceptives in the marketplace. Phexxi is a hormone-free contraceptive with a novel MOA as a vaginal pH modulator that could maintain relatively normal acidity of the vagina (pH of 3.5-4.5) to reduce the survival of sperm and prevent pregnancy. Phexxi approval is supported by robust outcomes of 86% contraceptive efficacy rate and of 93%, under perfect use, from the pivotal Phase III (AMPOWER) study. In addition, women's satisfaction of Phexxi use was high. On the safety side, Phexxi use is acceptable, most AEs were mild or moderate. Phexxi is an on-demand contraceptive that has to be applied prior to each sexual intercourse. Phexxi was approved in May 2020, and later launched by EVFM in 3Q20 in the U.S. Phexxi achieved relatively lukewarm sales in 2021 with annual revenue of \$8.2MM. We, however, believe several recent positive trends have boosted our confidence that Phexxi revenue growth could start to take off in 2022 with further growth thereafter. The first is the consecutive Q/Q sales growth from 3Q21 to 1Q22 (~148% increase), coupled with the EVFM guidance of \$30-35MM 2022 revenue projection. If this forecast is realized, it suggests to us that the company's earlier and current marketing and sales efforts have demonstrated effectiveness in expanding market penetration. Further, 2022 sales of \$30+MM could likely build a foundation for more robust market penetration in ensuing years. In addition, few other factors could be tailwinds for supporting further revenue growth of Phexxi in 2022 and beyond. These include the complete implementation of the Affordable Care Act (ACA) by year-end 2022 so that there are no out-of-pocket costs to women for using all FDA approved contraceptive products to be covered by insurers and PBMs. Further, the gross-to-net ratio (GTN) of gross sales has improved (to 38% from prior 68%), which started in

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*Phexxi marketing and sales target the demographic of women (age 18 to 35), who are generally sexually more active and with a strong self-care mentality.*

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*Patient enrollment of EVOGUARD study has completed with topline results expected in mid-2H22.*

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*The MOA of EVO100's anti-microbial activity is that many bacterial and viral pathogens require higher vaginal pH environment for survival.*

1Q22, and this trend could increase EVFM's topline. The current WAC price of a box of Phexxi with 12 applicators is \$294. In addition, should the chlamydia & gonorrhea prevention indication be approved and added to the label by the FDA, Phexxi could be a clinically and commercially much more attractive contraceptive/STI prevention combination product. We believe EVFM has identified the proper market niche for Phexxi. Their marketing and sales target the demographic of women (age 18 to 35), who are generally sexually more active and with a strong self-care mentality. Lastly, although it remains too early to project, one recent upcoming event is if the U.S. Supreme Court overturns *Roe v. Wade* and potentially places the abortion availability decision back with each individual State. Should this be the scenario, we believe it could potentially increase the usage and therefore sales of contraceptives, including Phexxi. Together, we believe the overall environment should be favorable for more robust Phexxi sales growth going forward. Another potential upside for investors includes EVFM is active in business development, potentially to seek ex-U.S. commercial partners for Phexxi; and possibly in-license other female healthcare products for their in-house commercial team.

- Potential Phexxi in chlamydia and gonorrhea prevention Phase III (EVOGUARD) study success and possible approval could be a significant upside.** Phexxi (with EVO100 as current product name) is undergoing a Phase III pivotal (EVOGUARD, n=1,730) study for the prevention of chlamydia and gonorrhea infections. Patient enrollment has completed with topline results expected in mid-2H22. As mentioned, if the outcome is positive and receives approval, the commercial outlook of Phexxi could be significantly enhanced. Primary endpoint of EVOGUARD study is the prevention of urogenital chlamydia and gonorrhea infections. We are encouraged by the potential success of the EVOGUARD study given the positive readouts of the prior Phase IIb/III (AMPREVENANCE) study (n=860). This study showed a superior infection reduction rate of both bacteria vs. placebo. For chlamydia, it was 4.9% (14/289) vs. 9.8% (28/290) with P=0.0256; and a relative risk reduction of 50%. For gonorrhea, it was 0.7% (2/280) compared with 3.2% (9/277) with P=0.0316 and a relative risk reduction of 78%. On the safety side, EVO100 and placebo group exhibited similar rates of AEs and no SAEs observed. The MOA of EVO100's anti-microbial activity is that many bacterial and viral pathogens require higher vaginal pH environment for survival.
- Valuation is favorable.** We believe EVFM shares are undervalued, based on our investment thesis that 2022 Phexxi sales could reach the guided \$30 to 35MM, and, if so, this could be the foundation enabling Phexxi to further expand growth in 2023 and beyond. We also assume the potentially positive EVOGUARD study readout and possible subsequent approval could further increase the value of Phexxi. Accordingly, our \$3.50 price target is supported by forward P/E, NPV-driven sum-of-the-parts and peer comparable analyses. We are recommending EVFM shares to long-term oriented investors with higher risk tolerance.

## Company Description

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Evoform Biosciences, Inc. is a commercial stage specialty pharmaceutical company that focuses on the development and commercialization of women's healthcare especially in novel contraceptives and potentially for STI prevention. The company markets Phexxi as a first- and only-in class vaginal pH modulating contraceptive. In addition to contraception, Phexxi could potentially act as a preventive measure of chlamydia and gonorrhea infections, two major STIs, if the upcoming Phase III (EVOGUARD) study readout (in 2H22) is positive and with potential FDA approval.

## Anticipated milestones in 2022 and beyond

Program	Indication	Event	Timing	Impacts
Phexxi	Contraceptive	Quarterly sales	2022	****
EVO100	STI prevention	Potentially report Phase III (EVOGUARD) study results	2H22	****
		Potentially file for sNDA	1Q23	***
		Potential approval	4Q23	****

\*\*\*\* / \*\*\*\*\* Major catalyst event that could impact share price very significantly while \*\*\* event is more informative

Source: Laidlaw & Company and company presentation.

### Evofem Biosciences Inc. Pipeline

Product	Indication	Preclinical	Phase I	Phase II	Phase III	Marketed
Phexxi	Contraceptive					
	Chlamydia & conorrhea prevention					
MPT/OB-002	HIV prevention					
Thin film Phexxi	Contraceptive/STI prevention					

Source: Laidlaw & Company and company presentation.

## Key Investment Thesis Is Driven by More Substantial Phexxi Market Growth in 2022 And Beyond

### What is Phexxi

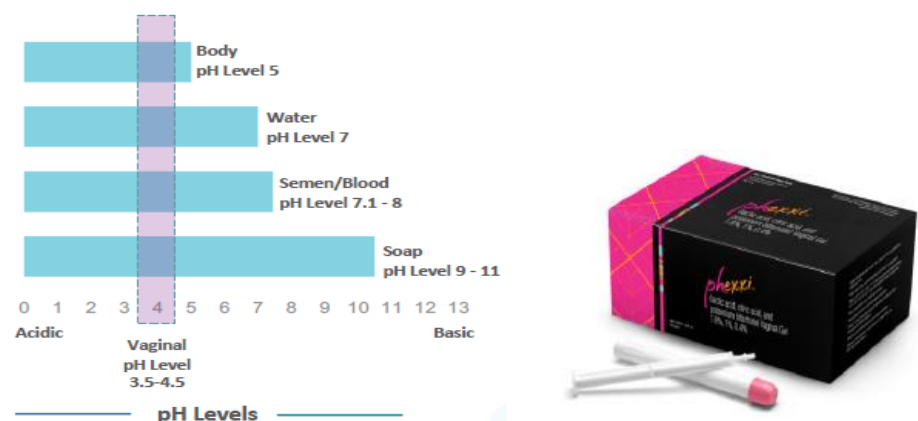
Phexxi is one of the most recently launched non-hormone contraceptives, which is differentiated from all other major contraceptives in the marketplace. Phexxi is applied in an on-demand basis (before each sexual intercourse) as a first-in-class product with a mechanism of action (MOA) that is different from all other contraceptives in the market or in development.

*Phexxi is a vaginal pH modulator (a combination of lactic acid, citric acid, and potassium bitartrate) with an acid-buffering property.*

Phexxi is a vaginal pH modulator (a combination of lactic acid, citric acid, and potassium bitartrate) with an acid-buffering property that could maintain the relatively normal acidity level of the vagina (pH of 3.5-4.5) to reduce the survival of sperm and therefore prevent the pregnancy. After the male ejaculate, the pH level inside the vagina will change to six or above, resulting in the pH level of surrounding semen of 7.2-8.0. The relatively neutral pH is a more hospitable environment for the survival of sperm, while the more acidic one is not. Specifically, in an acidic environment, sperm motility is reduced, inhibited from reaching the ovum to form a zygote. Other pregnancy prevention attributes of Phexxi include creating an impediment to the cervical mucus penetration; and forming a protective layer over the vaginal and cervical epithelium by maintaining sufficient viscosity inside the vagina.

*In an acidic environment, sperm motility is reduced, and is inhibited from reaching the ovum to form a zygote.*

**Figure 1: Configuration of PTR drug and time of drug release in vitro**



Source: Company presentation

Phexxi is a hormone-free contraceptive to be applied up to an hour prior to vaginal sexual intercourse. The current offering is with a box of 12 pre-filled applicators.

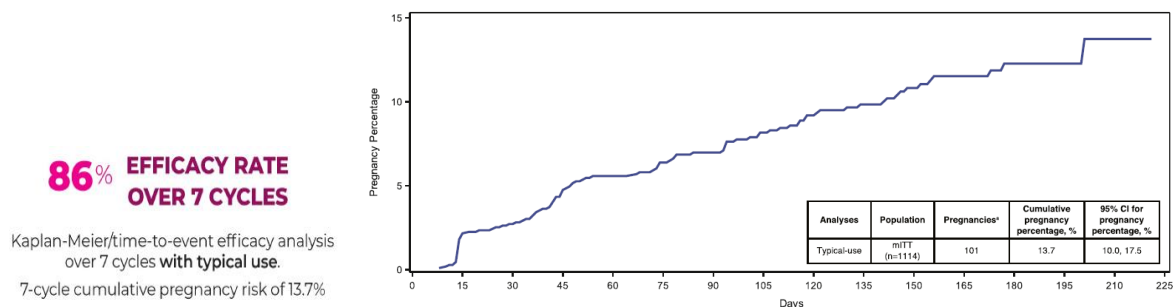


**Phexxi as an on-demand, novel MOA and non-hormone contraceptive approved in 2Q20**

The study met the primary endpoint as Phexxi demonstrated 86% of contraceptive efficacy rate (cumulative pregnancy percentage of 13.7%) over seven cycles under ITT basis.

Phexxi was approved by the FDA in 2Q20 (May 2020) and EVFM announced the U.S. launch in 3Q20. Phexxi approval is supported by the robust pivotal Phase III (AMPOWER) study outcome (met the primary endpoint) as Phexxi demonstrated 86% of contraceptive efficacy rate (cumulative pregnancy percentage of 13.7%) over seven cycles under ITT basis (Figure 2). In addition, the study also met a secondary endpoint, as if Phexxi application is under perfect use (when used as directed) conditions, the contraceptive efficacy rate improved to 93% (Figure 3) with 7-cycle cumulative pregnancy rate of 6.7% – a circumstance which researchers deemed as potentially close to represent a “real-world” efficacy rate. A post hoc analysis also suggested that pregnancies prevented per act of intercourse was 99% with per-act-of-intercourse pregnancy of 0.415%.

**Figure 2: Phexxi Phase III (AMPOWER) study met primary endpoint**



Source: Company presentation

**Figure 3: Efficacy outcomes of Phexxi used as directed from AMPOWER study**

Analyses	Population	Pregnancies <sup>a</sup>	Cumulative pregnancy percentage, %	95% CI for pregnancy percentage, %
Typical-use	mITT n=1,182	100	11.31	8.92, 13.70
Perfect-use	mITT n=1,182	56	6.68	4.87, 8.49

Source: Chappell, B. Y., et. al., 2020 ACOG meeting poster (#301)

The AMPOWER study showed that women's satisfaction was high.

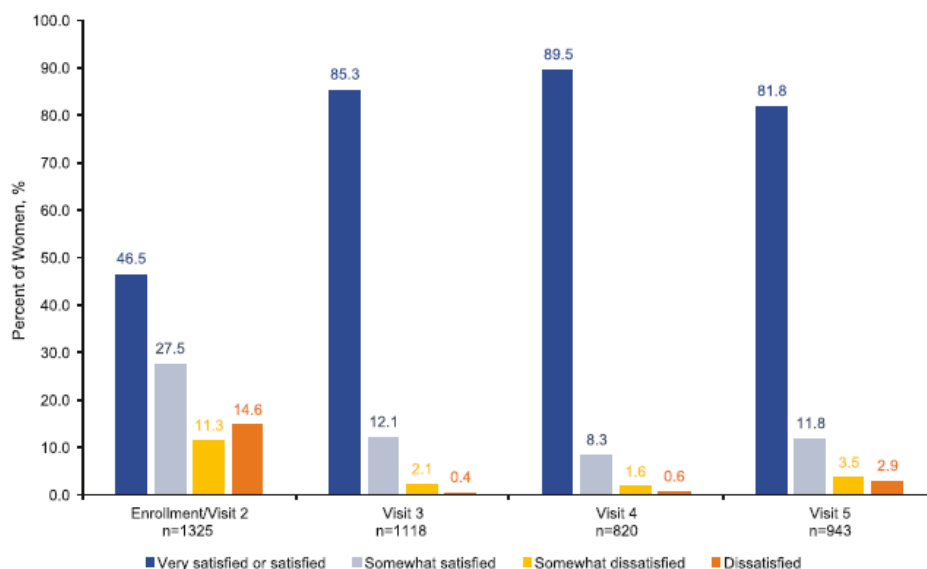
Given Phexxi is used on an in-demand basis, women’s preference for using it is important. The AMPOWER study showed that women's satisfaction was high as almost half (46.5% 616/1325 in ITT population) of respondents indicated that they were “very satisfied” or “satisfied” with their contraceptive method prior to the study at enrollment/visit 2. The satisfaction level nearly doubled to being “very satisfied” at visits 3, 4, and 5, with 85%, 90%, and 82%, respectively (Figure 4).

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On the safety side, Phexxi use is acceptable with most AEs either mild or moderate. The most frequent AEs were vulvovaginal burning sensation (20%), vulvovaginal pruritus (11%), urinary tract infection (5.7%), vulvovaginal pain (3.8%), vulvovaginal mycotic infection (2.9%), bacterial vaginosis (2.8%), and nasopharyngitis (2.6%) (Figure 5).



**Figure 4: Women's satisfaction with their most recent contraceptive method**



Source: Thomas, M. A., et. al., 2020, *Contraception*: X, 2:100031

**Figure 5: Safety readouts from AMPOWER study**

	Safety population (n = 1330)
<b>Adverse event (preferred term)<sup>a</sup></b>	
<b>Women with ≥1 AE, n (%)</b>	601 (45.2)
Vulvovaginal burning sensation	266 (20.0)
Vulvovaginal pruritus	149 (11.2)
Urinary tract infection	76 (5.7)
Vulvovaginal pain	51 (3.8)
Vulvovaginal mycotic infection	38 (2.9)
Bacterial vaginosis	37 (2.8)
Nasopharyngitis	35 (2.6)
<b>AEs leading to early discontinuation, n (%)</b>	25 (1.9)
<b>Relationship of AEs,<sup>b</sup> n (%)</b>	
Unlikely to be related	186 (14.0)
Possibly related	166 (12.5)
Probably related	139 (10.5)
Definitely related	108 (8.1)
<b>Intensity of AEs</b>	
Mild	318 (23.9)
Moderate	249 (18.7)
Severe	31 (2.3)

Source: Thomas, M. A. et. al., 2020, *Contraception* X, 2: 100031

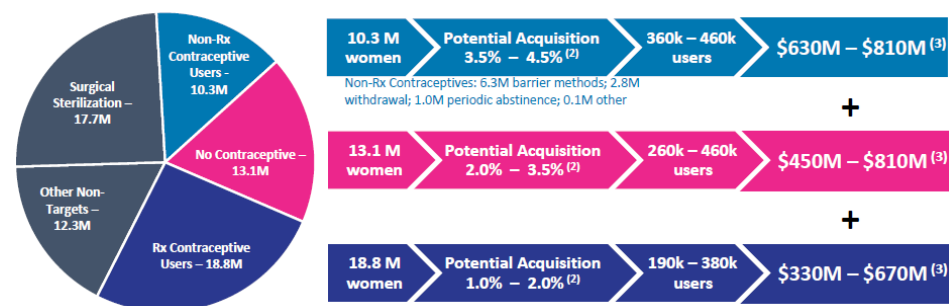
The AMPOWER study is a single-arm, open-label Phase III study that enrolled 1,384 sexually-active 18–35-year-old women for evaluating Phexxi in pregnancy prevention. The primary endpoint is meeting the prespecified upper bound of ≤21% rate seven-cycle cumulative pregnancy with 95% CI calculated using the Kaplan-Meier methodology. Secondary endpoints include safety and overall satisfaction was assessed via written questionnaires.

### Phexxi commercialization strategy

EVFM has identified sub-populations that are potentially more likely to be successful for Phexxi. Specifically, non-Rx contraceptive users, women not using contraceptives and Rx contraceptive users.

Given the large and relatively mature U.S. contraceptive market with an estimated more than 72MM women, and well entrenched multiple contraceptive modalities; EVFM has identified several sub-populations that are potentially more likely to be successful for Phexxi. Specifically, the first is the estimated 10.3MM non-Rx contraceptive users with a possible 3.5-4.5% of market penetration. The second is the estimated 13.1MM women not using contraceptives with a possible 2-3.5% of market penetration. The last is the estimated 18.8MM Rx contraceptive users with a possible 1-2% of market penetration. Together, the initial more accessible potential market includes an estimated 810k to 1.3MM potential users (Figure 6). It is noted that among the non-Rx contraceptive users, ~60% (6.3MM) use barrier methods (mainly condom), ~27% (2.8MM) by withdrawal, and ~10% (1MM) by abstinence. EVFM suggested that the age range demographic of Phexxi preferred users is between early 20s and 35.

**Figure 6: Potential market opportunity for Phexxi**



Source: Company presentation

Although EVFM started its launch of Phexxi in 3Q20, more meaningful revenue has started in 2021 with modest total annual sales of \$8.4MM. During 2021, EVFM conducted two direct-to-consumer (DTC) campaigns with actress Annie Murphy as a celebrity spoke person. The targeted call points for the sales force are OB-GYNs, nurse practitioners, and midwives. With the three targeted women demographics, EVFM has had some success in each of them. For example, the company recently reported that 49% of the sales were from women without using contraceptives, 29% from women used oral contraceptives and 7% from prior hormonal rings and patches users (the latter two are part of Rx contraceptives). The current WAC price of a box of Phexxi with 12 applicators is \$294. However, the actual revenues the company received is of the lower net sales figure instead of the full gross sales. The gross-to-net ratio (GTN) in 4Q21 was around 68% and it has improved in 1Q22 to 38% mainly due to copay adjustments by EVFM by turning off denial conversion. EVFM indicated that a similar level of GTN could be maintained in 2022 with potential very modest improvements in 2023 and beyond. As an example, calculated from the net sales (\$3.6MM) and units sold (37,692) in 4Q21, the net price is ~\$95/box; while in 1Q22, the net price is \$159/box based on the \$4.3MM total revenue and 27,053 units shipped.

The current WAC price of a box of Phexxi with 12 applicators is \$294.

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*Contraceptive access guidance based on the ACA indicated that most insurers and PBMs must provide coverage, with no out-of-pocket costs to women, for all FDA approved contraceptive products.*

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*By the end of 2022, the ACA contraceptive access guidance has to be enforced.*

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*On the operating expense side in 2022, EVFM has guided to reduce ~\$50MM OPEX Y/Y, especially in marketing and sales.*

Although the 2021 Phexxi sales are relatively modest, we are encouraged by the 2022 topline guidance of \$30 to 35MM provided by EVFM. We believe this is supported by the upward revenue trajectory of \$3.6MM 4Q21 sales (this also accounted for ~43% of the annual sales) and the 1Q22 \$4.3MM sales. Other positive trends include a 73% Q/Q growth of units sold (37,692 vs. 21,795) in 4Q21. Although there were fewer units (27,053) sold in 1Q22 since in the first quarter (mainly the first two months) payers usually reset annual insurance for patients, the TRx bounced back in March 2022 and continued in the first half of April. We are optimistic that the revenue goal of 2022 is attainable, as well as further growth in 2023 and beyond, especially if the STI label for Phexxi is approved. An additional data tidbit includes that in 4Q21, the Phexxi refill rate was about 37% and NRx of 63%. Further, we believe the marketing effort based on finer adjusted market segmentation by EVFM has been successful, such as the 49% of 4Q21 sales were from women previously not using contraceptives as mentioned previously. Other positive drivers for growth include the implementation of ACA contraceptive access guidance (more details later); and the expansion of the established prescribing and user base in 2021.

One potential tailwind for growing Phexxi sales going forward is according to the recently issued contraceptive access guidance based on the Affordable Care Act (ACA) by the Health Resources and Services Administration (HRSA) and the Department of Labor (DOL). Specifically, the guidance indicated that most insurers and PBMs must provide coverage, with no out-of-pocket costs to women, for all FDA approved contraceptive products. This could remove the hurdle of requiring insurer reimbursement. The current Phexxi insurer coverage has reached ~70% payers except two major ones: UnitedHealth Group and Express Scripts (part of Cigna). Both require several different prior contraceptives uses before considering reimbursing Phexxi. EVFM expects potentially to make some inroads on either or both payers in 2022. Further, we believe some resolution could take place in 2022 given the demands of the two payers are not necessarily the same. During the 1Q22 earnings call, EVFM indicated that one of the top three PBMs covering 28MM lives has added Phexxi to their national template formularies with no restrictions. The company did not reveal the name of PBM. Regardless the negotiation outcomes between EVFM and the two payers, there is a backstop for the lack of compliance of some payers. By the end of 2022, the ACA contraceptive access guidance has to be enforced, and EVFM could get the coverage for Phexxi from almost all payers.

On the operating expense side in 2022, EVFM has guided to reduce ~\$50MM operating expenses (OPEX) Y/Y, especially rather significantly in marketing and sales. Management discussion suggested that for 2022, EVFM is not to expected to conduct DTC campaigns but will direct its commercial efforts in three directions: 1) with greater emphasis of targeting more physicians as well as encouraging more prescriptions by Ob/Gyns that already prescribe Phexxi. This includes creating deeper and broader adoption by detailing more in HealthCare Partners (HCP) staffs, including physicians and nurse practitioners. It is estimated that ~12K HCPs are the highest prescribers of contraception. Further, younger

female and recently established Ob/Gyns are generally the more receptive call points; 2) continue social media marketing; and 3) optimize sales team (current n=60). The selling efforts mainly target ~3,500 accounts. Together, we anticipate both the top- and bottom-lines in 2022 are expected to improve substantially.

In addition, in 2Q22, EVFM has formed an agreement with VitaCare Prescription Services, a subsidiary of GoodRx to increase patient access for Phexxi fulfillment.

Further, EVFM are exploring several directions on the business development front. For example, EVFM could potentially work with partners to expand Phexxi globally, outside the U.S. Our discussions with management also suggested that EVFM could potentially leverage its current sales force for selling additional women healthcare therapeutics if suitable products are available.

### **The U.S. contraceptive market analysis**

The U.S. contraception market is substantial, and it serves an estimated >72MM eligible women. Based on analysis by the National Center for Health Statistics (NCHS) of the CDC, from 2017 to 2019, 65.3% of women aged 15 to 49 were using some type of contraceptive method with nearly 50% in this age group using reversible prescription contraception. In the U.S., an estimated 18.8MM women use prescription contraception with 69MM written prescriptions, and have generated \$5.4 billion in gross sales in 2021. According to analysis by the market research firm, Grand View Research, the U.S. contraceptive sales could reach \$9.9 billion by 2027 with a 2020 to 2027 CAGR of 4.3%. In the U.S., oral contraceptives account for the largest market share with estimated <40%, followed by IUD, condoms, vaginal rings, and subdermal implants.

The contraception market could be broken down into several different modalities: non-Rx (non-hormonal) contraceptive (10.3MM), no contraceptive (13.1MM), Rx (hormonal) contraceptive (18.8MM), surgical sterilization (17.7MM), and others (12.3MM) (Figure 6). The contraceptive market can also mainly be divided into the hormonal and non-hormonal contraceptives. The hormonal method is composed of synthetic estrogens and progestins. Contraceptives that contain both hormones are referred to as combination hormonal contraceptives (CHCs), and contraceptives containing only progestin are referred to as progestin-only (P-only). The delivery forms of hormonal methods include oral contraceptives, injections, implants, hormonal IUDs/vaginal ring, and transdermal contraceptive products. The non-hormonal contraceptives are comprised of the non-hormonal intrauterine device (IUD), contraceptive sponge, diaphragm, cervical cap or shield, condoms, and vaginal pH modulators, like Phexxi.

For the CHCs, the progestin component provides most of the contraceptive effect, like inhibiting ovulation; while the estrogen component primarily provides cycle control, for example, minimizing bleeding or spotting between cycles. Currently in the U.S., there are >200 CHCs products (both branded and generics) available with approximately 14 branded products generating 40% of total revenue. Even several branded generics of Ortho Evra also generated \$340+MM sales in 2021.

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*Analysis from 2017 to 2019 by the National Center for Health Statistics (NCHS) of the CDC indicated that 65.3% of women aged 15 to 49 were using some type of contraceptive method.*

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*The contraceptive market can also mainly be divided into the hormonal and non-hormonal contraceptives.*

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*The hormonal method is composed of synthetic estrogens and progestins, and the progestin component provides most of the contraceptive effect.*

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*The non-hormonal contraceptives are comprised of the non-hormonal IUD, contraceptive sponge, diaphragm, cervical cap or shield, condoms, and vaginal pH modulators, like Phexxi.*

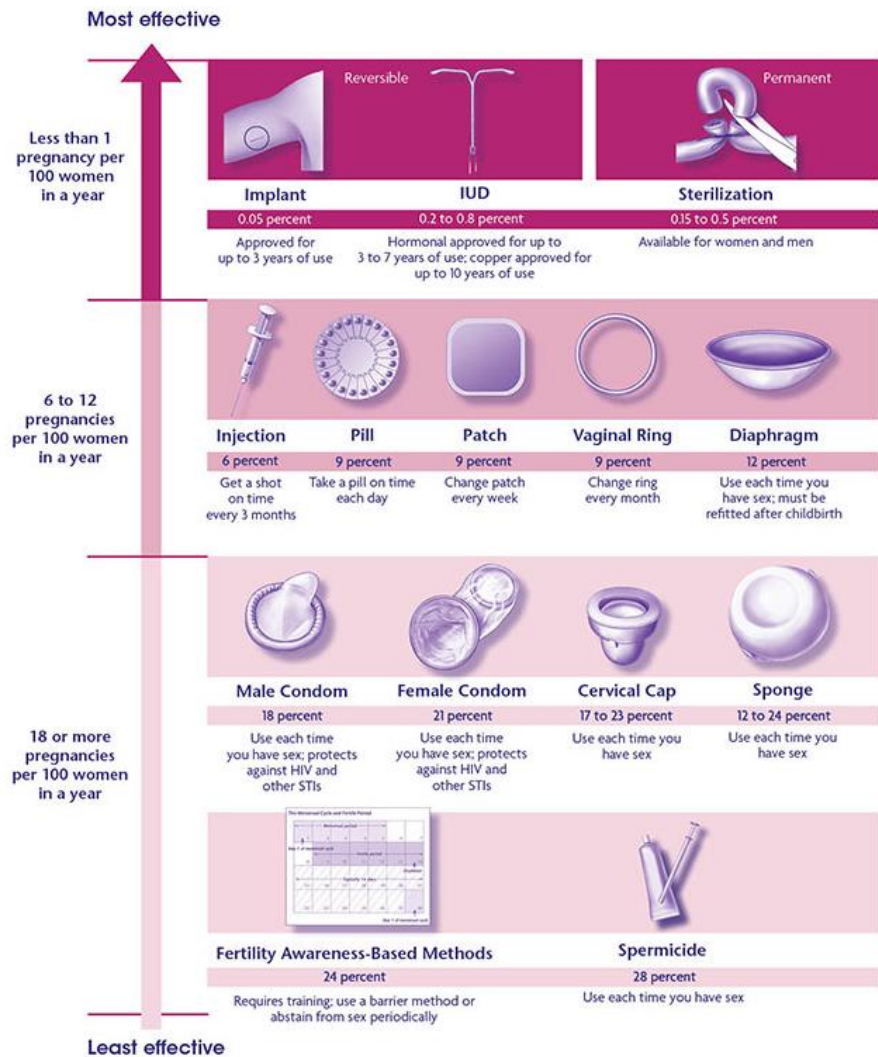
Another trend in the contraception market is the increased use of long-acting reversible contraceptives (LARCs). This is led by IUDs and the progestin-containing Mirena/Kyleena/Jaydess franchise sold by Bayer, which accounted for >40% market share, with total sales of €1.17bn in 2021. The second is Nexplanon, a derma implant developed by Organon with 2021 revenue of \$776MM.

*For the non-hormonal contraceptives, condoms are the dominant product for contraception needs with ~6MM out of the 10.3MM users using it as their only method.*

For the non-hormonal contraceptives, condoms are the dominant product for contraception needs with ~6MM out of the 10.3MM non-hormonal contraceptive users using it as their only method. Paragard sold by Cooper Surgical is the leading hormone free IUD. Spermicides are generally surfactant-based products that carry a black box warning.

For contraceptives, some key criteria for an effective modality are effectiveness, safety and convenience. On the efficacy side, an illustration by the American College of Obstetricians and Gynecologists (ACOG) highlights the effectiveness of different contraceptives (Figure 7).

**Figure 7: Effectiveness of various birth control methods**



Source: American College of Obstetricians and Gynecologists (ACOG) website

*For contraceptives, some key criteria for an effective modality are effectiveness, safety and convenience.*



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*The hormonal contraceptives with estrogen are associated with a slightly increased risk of deep vein thrombosis, heart attack, and stroke.*

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*We believe Phexxi's efficacy could fulfill the need of the targeted users under the appropriate circumstances as part of their self-care.*

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*As a healthcare pharmaceutical product, contraceptives have a unique aspect with more features of a consumer product when compares to other pharmaceuticals.*

It showed that the most effective (<1% pregnancy/100 women/year) methods are implant, IUD, and sterilization. The risks increased or efficacy decreased to 6-12% in many other methods, such as pill, patch, and diaphragm. With the male condom efficacy decrease further to 18%; and spermicide has the risk of 28% for pregnancy.

Most contraceptives overall are very safe. The hormonal contraceptives with estrogen are associated with a slightly increased risk of deep vein thrombosis, heart attack, and stroke. Women with risks developing liver tumors, lupus, or breast cancer should avoid the hormonal-based contraceptives. Further, women prone to having bladder infections should avoid the use of diaphragm; and those had toxic shock syndrome should avoid the diaphragm and the contraceptive sponge.

***Our take:*** *We are encouraged by the commercial outlook of Phexxi based on the substantial revenue and TRx growth in 4Q21 and 1Q22, and the 2022 revenue guidance of \$30-\$35MM. Should this scenario being realized, we believe Phexxi could establish a growth trajectory to potentially become a very meaningful novel non-hormonal contraceptive other than IUD. With the net-to-gross ratio already improved and continuing, and an established and further expanding user base; we believe EVFM has a significant opportunity to grow its sales in 2022 and beyond.*

*Based on the three metrics: effectiveness, safety, and convenience for assessing a contraceptive, we believe Phexxi bodes well for all of them. From the effectiveness perspective, Phexxi exhibited high contraceptive efficacy based on the pivotal AMPOWER study especially under the "used as directed" circumstance. Although this might not be the highest among all contraceptives available in the market, we believe Phexxi's efficacy could fulfill the need of the targeted users under the appropriate circumstances as part of their self-care. From the safety angle, Phexxi is safe and would be very competitive as a non-Rx contraceptive option for women who are contraindicated for Rx-based contraceptives. As an on-demand contraceptive, Phexxi does have to be applied prior to each sexual intercourse. It, however, does has the benefit as a reversible contraceptive that does not require procedures for removal if pregnancy is desired. In addition, should the upcoming Phase III (EVOGUARD) study readout from the Phexxi in chlamydia & gonorrhea prevention be positive and potentially received FDA approval, Phexxi could have greater overall benefits compared to many other contraceptives.*

*Although the fundamental clinical offering from Phexxi is the basis of the value proposition, we believe the on-target marketing and sales approach could be even more critical for its potential commercial success. This is because contraceptives have a unique aspect as a healthcare pharmaceutical product when compared to other pharmaceuticals. Specifically, it share more features of a consumer product. Given the broad spectrum of modalities of contraceptives available, and all potentially could achieve the similar pregnancy prevention goal, women along with the consultation with Ob/Gyn physicians, have greater power and more*

*freedom in choosing a suitable contraceptive at that given time. In other words, selecting a contraceptive is much more individualized than the use of medical products under other circumstances. With societal and attitude changes in women nowadays, Phexxi as a contraceptive option could be more appealing in not-so-small size potential user segment, especially in younger women.*

*One of the most controversial recent events is the potential overturning of the Roe v. Wade by the U.S. Supreme Court. If so, this could potentially place abortion availability back on each individual State, on a State-by-State basis. Regardless of the ultimate final Supreme Court decision, the increased concern of access to abortion could potentially increase the usage of contraceptives. Should this be the scenario, it could potentially increase the sales of contraceptives, including Phexxi. especially given the demographic of women (age 25 to 35 and later age 18 to 25) targeted by EVFM for Phexxi use.*

### Competition

As illustrated in Figure 7, a wide range of contraceptive modalities are available in the market. In addition to the major players like Bayer, Organon, AbbVie and Cooper Surgical, several biotech companies also develop different types of contraceptives. However, we believe most of those products are less differentiated from the major Rx contraceptives.

Some biotech that developed contraceptives include Twirla, a transdermal combined hormonal contraceptives (CHC) developed by Agile Therapeutics. Others include: Annovera, a vaginal ring of CHC developed by TherapeuticsMD. Nextstellis, a novel oral CHC developed by Mayne Pharma. Ovaprene, an investigational hormone-free (with ferrous gluconate) monthly intravaginal contraceptive, which currently is in Phase III study developed by Daré Bioscience in partnership with Bayer. FemBloc, developed by Femasys, is a permanent birth control in Stage II study for a potential filing an IDE for potentially starting a pivotal trial in 1Q23. In addition, TherapeuticsMD recently (5/31/2022) announced it to be acquired by EW Healthcare Partners, a private equity firm, for a total of ~\$88MM (based on 8.8MM shares outstanding) structured as an all-cash tender offer. TherapeuticsMD has ~\$30MM cash and \$225MM debt (~\$202MM short-term) based on 1Q22 financial reporting.

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*Our model projects that Phexxi could potentially generate \$33MM sales in 2022 and grow to \$69MM by 2023.*

**Phexxi in contraceptive and STI U.S. revenue model.** Our model (Figures 8a, 8b) projects that Phexxi could potentially generate \$33MM sales in 2022 and grow to \$69MM by 2023. Further, we also estimate that the gross-to-net ratio consistently improves in 2022 potentially around 38%. We also foresee approval of Phexxi in STI infection prevention in 2023 with launch to start in 2024. Together, we estimate annual peak sales from contraceptive could reach ~\$280MM by 2031; and annual peak sales from STI infection prevention could reach ~\$85MM by 2031. Potential total combined annual sales could reach ~\$370MM by 2031. Our Phexxi market model assumes most of the revenue is generated from women using it as a contraceptive, while smaller percentages of revenue are derived from women using Phexxi mainly for STI prevention. We



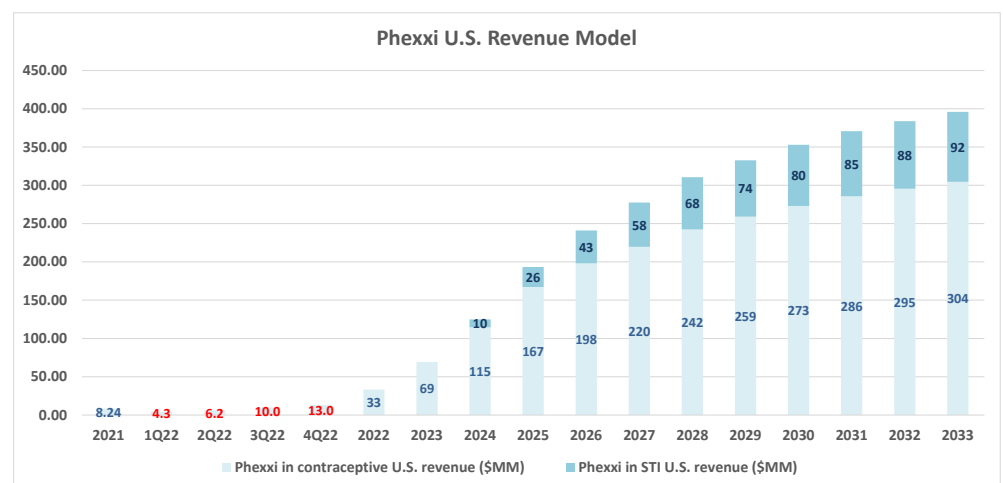
view an on-demand contraceptive capable of preventing STI infection, like Phexxi could be more appealing, especially for younger women. We believe our STI prevention revenue estimate could be conservative and anticipate more visibility if the EVOGUARD study readout is positive, approved, launched and with more feedback from additional market research.

**Figure 8a: Phexxi in contraceptive and STI U.S. revenue model**

Phexxi in contraceptive and STI U.S. Revenue Model																	
	2021	1Q22	2Q22	3Q22	4Q22	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
U.S. women (MM)	164.8	165.2	165.6	166.1	166.5	166.5	168.2	169.9	171.6	173.4	175.1	176.9	178.7	180.6	182.4	184.3	186.1
U.S. women age 18-45 (MM)	64.6	64.8	64.9	65.1	65.3	65.3	65.9	66.6	67.3	68.0	68.7	69.4	70.1	70.8	71.5	72.2	73.0
Women of non-Rx contraceptive users (MM)	10.3	10.3	10.4	10.4	10.4	10.4	10.5	10.6	10.7	10.8	10.9	11.1	11.2	11.3	11.4	11.5	11.6
Women not use contraceptive (MM)	13.1	13.1	13.2	13.2	13.2	13.2	13.4	13.5	13.6	13.8	13.9	14.1	14.2	14.4	14.5	14.6	14.8
Women of Rx contraceptive users (MM)	18.8	18.8	18.9	18.9	19.0	19.0	19.2	19.4	19.6	19.8	20.0	20.2	20.4	20.6	20.8	21.0	21.2
Total potential Phexxi targeted population (MM)	42.2	42.3	42.4	42.5	42.6	42.6	43.1	43.5	43.9	44.4	44.8	45.3	45.8	46.2	46.7	47.2	47.7
Likely Phexxi users of women of non-Rx contraceptive users	412,000	413,051	414,101	415,152	416,202	416,202	420,448	424,736	429,069	433,445	437,866	442,332	446,844	451,402	456,006	460,658	465,356
Likely Phexxi users of women not use contraceptive (MM)	524,000	525,336	526,672	528,009	529,345	529,345	534,744	540,199	545,709	551,275	556,898	562,578	568,316	574,113	579,969	585,885	591,861
Likely Phexxi users of Women of Rx contraceptive users (MM)	282,000	282,719	283,438	284,157	284,876	284,876	287,782	290,718	293,683	296,678	299,705	302,762	305,850	308,969	312,121	315,304	318,521
Total Phexxi eligible patients (MM)	1,218,000	1,221,106	1,224,212	1,227,318	1,230,424	1,230,424	1,242,974	1,255,652	1,268,460	1,281,398	1,294,468	1,307,672	1,321,010	1,334,485	1,348,096	1,361,847	1,375,738
% of Phexxi penetration	0.7%	0.82%	1.18%	1.90%	2.47%	1.6%	3.2%	5.2%	7.3%	8.4%	9.1%	9.7%	10.1%	10.3%	10.5%	10.5%	10.5%
Individuals prescribed with Phexxi	8,472	10,013	14,446	23,319	30,391	19,542	39,899	64,666	92,598	107,637	117,149	126,844	133,026	137,585	141,280	143,402	145,003
Averaged unit each Rx	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Total Phexxi units sold	8,557	10,113	14,590	23,552	30,695	19,738	40,298	65,313	93,524	108,714	118,321	128,113	134,356	138,961	142,693	144,837	146,453
Phexxi Rx/year	10	2.5	2.5	2.5	2.5	10	10	10	10	10	10	10	10	10	10	10	10
Total Phexxi units sold per year	85,571	25,283	36,475	58,881	76,738	197,377	402,985	653,128	935,235	1,087,138	1,183,209	1,281,126	1,343,560	1,389,612	1,426,933	1,448,365	1,464,528
Phexxi unit list (WAC) price (\$)	268	273	273	273	273	273	278	283	288	294	299	305	311	317	323	329	335
Phexxi net price (\$)	96.3	169	169	169	169	169	172	175	179	182	186	189	193	196	200	204	208
Annual Phexxi net price (\$)	963	1,690	1,690	1,690	1,690	1,690	1,722	1,755	1,788	1,822	1,857	1,892	1,928	1,965	2,002	2,040	2,079
<b>Phexxi in contraceptive U.S. revenue (\$MM)</b>	<b>8.24</b>	<b>4.3</b>	<b>6.2</b>	<b>10.0</b>	<b>13.0</b>	<b>33</b>	<b>69</b>	<b>115</b>	<b>167</b>	<b>198</b>	<b>220</b>	<b>242</b>	<b>259</b>	<b>273</b>	<b>286</b>	<b>295</b>	<b>304</b>
U.S. women age 18-45 (MM)	64.6	64.8	64.9	65.1	65.3	65.3	65.9	66.6	67.3	68.0	68.7	69.4	70.1	70.8	71.5	72.2	73.0
Women potentially seek active protection from STI	1,292,032	1,295,327	1,298,621	1,301,916	1,305,211	1,305,211	1,318,524	1,331,973	1,345,559	1,359,284	1,373,148	1,387,154	1,401,303	1,415,597	1,430,036	1,444,622	1,459,357
% of Phexxi penetration								0.2%	0.4%	0.7%	0.9%	1.0%	1.1%	1.2%	1.2%	1.2%	1.2%
Individuals use Phexxi								2,331	5,834	9,447	12,441	14,426	15,274	16,279	17,017	17,335	17,614
Phexxi Rx/year								5	5	5	5	5	5	5	5	5	5
Total Phexxi units sold per year								11,655	29,172	47,235	62,204	72,132	76,371	81,397	85,087	86,677	88,072
Phexxi net price (\$)	96.3	169.0	169.0	169.0	169.0	169.0	172.2	175.5	178.8	182.2	185.7	189.2	192.8	196.5	200.2	204.0	207.9
Annual Phexxi net price (\$)								877	894	911	928	946	964	982	1,001	1,020	1,039
<b>Phexxi in STI U.S. revenue (\$MM)</b>								<b>10</b>	<b>26</b>	<b>43</b>	<b>58</b>	<b>68</b>	<b>74</b>	<b>80</b>	<b>85</b>	<b>88</b>	<b>92</b>
<b>Phexxi in contraceptive U.S. revenue (\$MM)</b>	<b>8</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>13</b>	<b>33</b>	<b>69</b>	<b>115</b>	<b>167</b>	<b>198</b>	<b>220</b>	<b>242</b>	<b>259</b>	<b>273</b>	<b>286</b>	<b>295</b>	<b>304</b>
<b>Phexxi in STI U.S. revenue (\$MM)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>26</b>	<b>43</b>	<b>58</b>	<b>68</b>	<b>74</b>	<b>80</b>	<b>85</b>	<b>88</b>	<b>92</b>
<b>Total Phexxi U.S. revenue (\$MM)</b>	<b>8</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>13</b>	<b>33</b>	<b>69</b>	<b>125</b>	<b>193</b>	<b>241</b>	<b>277</b>	<b>311</b>	<b>333</b>	<b>353</b>	<b>371</b>	<b>384</b>	<b>396</b>

Source: Laidlaw & Company estimates

**Figure 8b: Phexxi in contraceptive and STI U.S. revenue model**



Source: Laidlaw & Company estimates

**Robust IP position**

EVFM has a robust intellectual property estate with 41 issued and allowed applications patents in the U.S. and other countries. EVFM also has 25 pending patent applications in the U.S. and other countries. EVFM’s vaginal pH modulator

platform from Rush University, if granted, could be eligible for regulatory extensions to at least 2026 in the U.S, and in certain EU jurisdictions. The pending patent families of vaginal pH modulator gel relating to the composition and therapeutic use, if issued, would expire at the earliest in 2033. In addition to patents, EVFM also owns multiple unpatented trade secrets and know-how as part of intellectual properties.

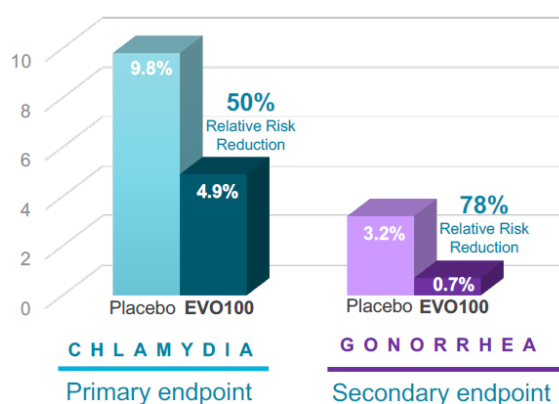
## Phexxi (EVO100) in Chlamydia and Gonorrhea Prevention Pivotal Study, if Successful and Approved, Will Add More Commercial Value

### **Promising EVO100 in chlamydia & gonorrhea prevention Phase IIb/III (AMPREVENCE) study readout support the potential success of the pivotal study**

In addition to the approved use as a contraceptive, Phexxi (with EVO100 as the current product name) is also being tested for the prevention of infection of chlamydia and gonorrhea, the two most prevalent infections of sexually transmitted diseases (STD). EVFM conducted a successful Phase IIb/III (AMPREVENCE) study evaluating EVO100 in preventing chlamydia and gonorrhea infection as the study met its primary and secondary endpoints. The study showed that EVO100 achieved reduction of chlamydia infection rate compared with placebo: 4.9% (14/289) vs. 9.8% (28/290) with P=0.0256; and a relative risk reduction of 50%. For gonorrhea, the infection rate was 0.7% (2/280) compared with 3.2% (9/277) of the EVO100 and placebo arm, respectively, (P=0.0316) and a relative risk reduction of 78% (Figure 9). The MOA of EVO100’s anti-microbial activity is that many bacterial & viral pathogens require a higher vaginal pH environment for survival.

Readouts of the prior Phase IIb/III (AMPREVENCE) study showed a superior infection reduction rate of both bacteria vs. placebo. For chlamydia, it was 4.9% (14/289) vs. 9.8% (28/290) with P=0.0256; and a relative risk reduction of 50%. For gonorrhea, it was 0.7% (2/280) compared with 3.2% (9/277) with P=0.0316 and a relative risk reduction of 78%.

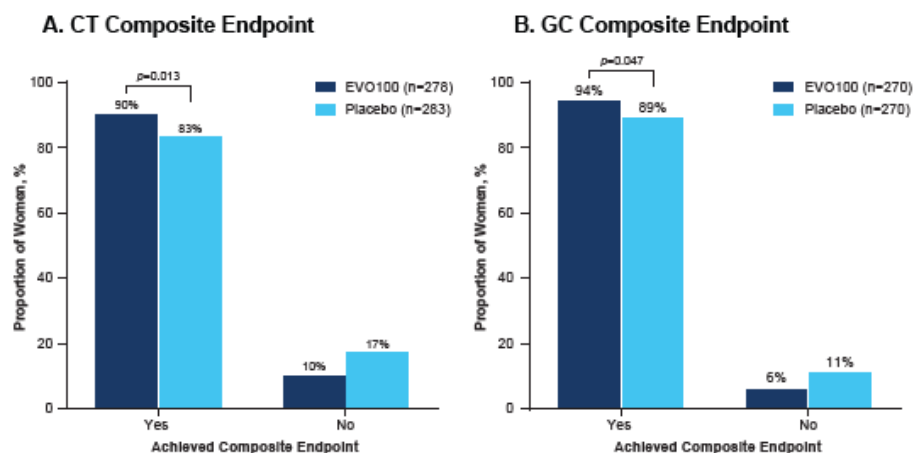
**Figure 9: EVO100 in STI Phase IIb/III (AMPREVENCE) study readout**



Source: Company presentation

In addition, as an exploratory endpoint, the AMPREVENCE study also showed that EVO100 provides an overall better sexual satisfaction than placebo based on a composite endpoint of infection prevention (either chlamydia or gonorrhea) and sexual satisfaction (Figure 10).

**Figure 10: AMPREVENCE study showed EVO100 afford overall sexual satisfaction**

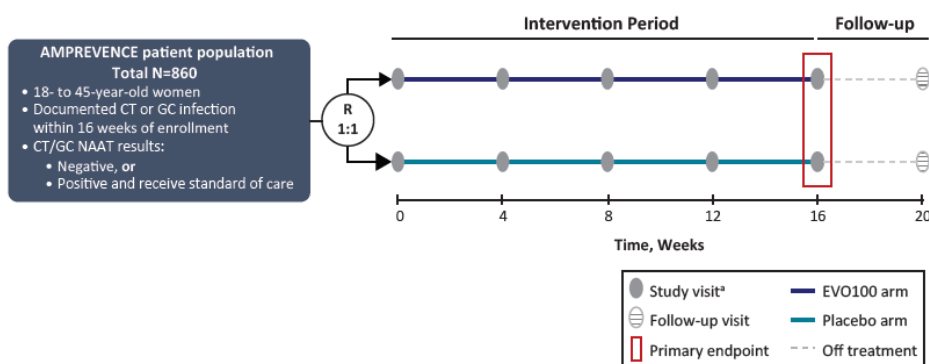


Source: Powers, J.H., et al., 2021 ASRM poster

On the safety side, EVO100 and placebo group exhibited similar rates of AEs, and no SAEs were observed. The most common AEs in the were vulvovaginal candidiasis (5.1%, 19/ 376), vaginal discharge (3.2%, 12/376), and urinary tract infection (3.2%, 12/376) in the EVO100 arm, and bacterial vaginosis (4.6%, 18/388), urinary tract infection (2.6%, 10/388) and vaginal discharge (2.6%, 10/388) in the placebo arm. Further, there were no unexpected safety signals and discontinued rate due to AEs were <2%.

AMPREVENCE was a double-blinded, placebo-controlled and randomized study that enrolled 860 sexually active 18 to 45 years women (mean age of 27.7 years) who have been treated for chlamydia or gonorrhea infections within ≤16 weeks before enrollment. The study duration is ~16 weeks with women received either EVO100 or placebo vaginal gel that instructed to apply immediately before or up to 1 hour before each act of vaginal sexual intercourse (Figure 11).

**Figure 11: EVO100 in STI Phase IIb/III (AMPREVENCE) study design**



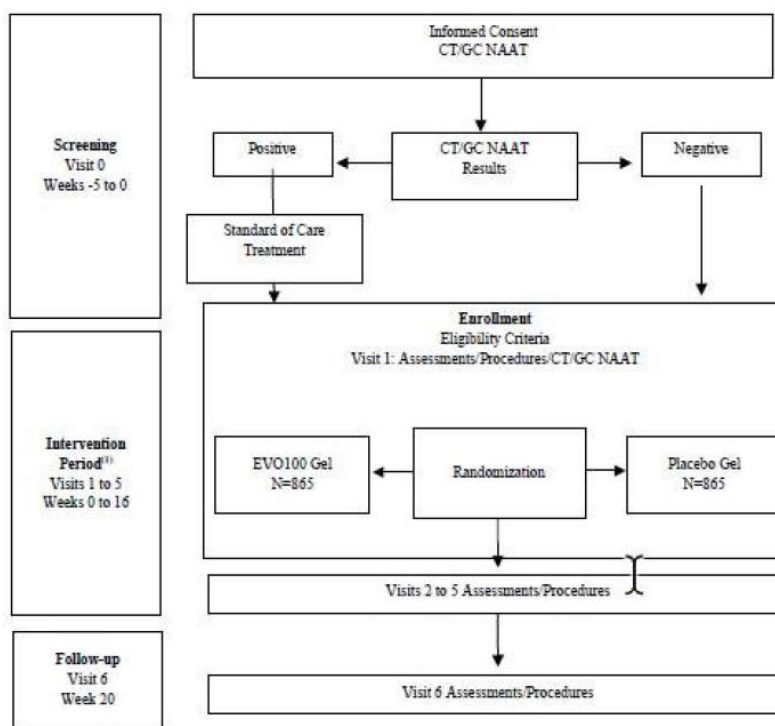
Source: Company presentation

**Ongoing and next steps.** EVFM currently is conducting a Phase III pivotal (EVOGUARD) study evaluating EVO100 for the prevention of chlamydia and gonorrhea infection. EVOGUARD is randomized, placebo-controlled and 1,730-women clinical trial with the study design very similar to that of AMPREVENCE

study. Participants all have prior chlamydia or gonorrhea infection and are at risk for future infections. The study period is 16 weeks and primary endpoint is the prevention of urogenital chlamydia and gonorrhea infections. Patient enrollment started in 10/2020 and was completed in 3/2022 with top-line results expected in mid-2H22. If the outcome is positive, EVFM plans to file for sNDA in 1Q23 with a potential FDA decision in 4Q23 and, if approved, commercial launch shortly thereafter. Figure 12 illustrates the EVOGUARD study design.

*If the outcome of EVOGUARD study is positive, EVFM plans to file for sNDA in 1Q23 with a potential FDA decision in 4Q23 and, if approved, commercial launch shortly thereafter.*

**Figure 12: EVO100 in STI Phase III (EVOGUARD) study design**



Source: EVFM 2021 10K

For STI prevention, the FDA has granted EVO100 a Fast Trak as well as a qualified infectious disease product (QIDP) designation with the latter could provide five-year regulatory exclusivity extension.

Although almost all STI can be treated adequately and generally can be prevented with proper protection, in the real-world, the infection rate is still very high. Among all STI, infections caused by chlamydia and gonorrhea account for the overwhelming majority of cases. Based on CDC report, in 2019 a total of 1.8MM cases of *Chlamydia trachomatis* infection have occurred making it the most common STI in the U.S. This a 19% increase from 2015. The second highest STI is gonorrhea with 616k cases reported in 2019, which is a 56% increase from 2015. As a reference, incidences of other STIs are relatively lower. For example, in 2019, there were ~130k cases of syphilis and 34.8k cases of new HIV (which predominantly is in men) infections.

In 2019, 55.4% of reported cases of STDs were among adolescents and young adults aged 15-24 years. For chlamydia infections, the infection rate is 61%

*For STI prevention, the FDA has granted EVO100 a Fast Trak as well as a qualified infectious disease product (QIDP) designation*

*Among all STI, infections caused by chlamydia and gonorrhea account for the overwhelming majority of cases.*

among this demographic group. The infection rate of chlamydia is higher in female than male. Further, up to 70% of chlamydia infections are asymptomatic. Another issue is that the antibiotic resistances have emerged quickly in gonorrhea treatment with nearly half of the cases resistant to at least one antibiotic in 2019. For instance, the ciprofloxacin resistance prevalence has increased to 35.4%,

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*The major preventive measure for STI is using a condom. However, the usage rate is relatively low with estimated 25% among women and men aged 15–44 in the U. S.*

The major preventive measure for STI is using a condom. However, the usage rate is relatively low with estimated 25% among women and men aged 15–44 in the U. S.<sup>1</sup> Given this reality, if EVOGUARD study is positive and later approved, EVO100 potentially could be a valuable tool in the prevention of chlamydia and gonorrhea infection, especially being used by the women of the younger age demographic.

***Our take:*** *We view the potential success of EVO100 (Phexxi) in preventing chlamydia & gonorrhea infection as an important add-on feature for Phexxi. We view the robust AMPREVENCE study outcomes bode well for a potentially positive result of the pivotal EVOGUARD trial to be reported in mid-2H22. The overall Phexxi package is likely to be more appealing for the targeted young women customer prospects, who in general are sexually more active but have a strong self-care mentality by using a novel female-controlled contraceptive/STI protector. If approved, among all marketed products, only condoms have similar dual attributes of STI prevention and as a non-hormone contraceptive. However, Phexxi could overall have better efficacy compared to condoms. In addition, the STI protective attribute could enable Phexxi to be marketed as a separate product for women just seeking protection from STI infections. Our discussion with management suggested that if STI prevention is approved, the marketing message for Phexxi might be adjusted to align with the value of both attributes.*

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*If approved, among all marketed products, only condoms have similar dual attributes of infection prevention and as a non-hormone contraceptive. However, Phexxi could overall have better efficacy compared to condoms.*

### **Additional pipeline developments**

**EVO200.** In addition to EVO100 (Phexxi), EVFM also has several pipeline products in development. The first is EVO200 vaginal gel, which is a vaginal pH modulator, and it is intended for the reduction of recurrent bacterial vaginosis (BV). EVO100 also has a QIDP designation. EVO100 is Phase II-ready as it completed a Phase I dose-finding study with the highest dose demonstrated vaginal pH reduction for up to seven days.

**Multipurpose Prevention Technology (MPT) product.** EVFM and Orion Biotechnology Canada formed a collaboration in 4Q21 evaluating the compatibility and stability of Orion's novel CCR5 antagonist, OB-002 in combination with Phexxi to develop a Multipurpose Prevention Technology (MPT) product candidate for indications including the prevention of HIV in women. The initial data readout is expected in 3Q22. If preclinical results are positive, both companies will seek government and philanthropic funding for subsequent clinical developments.

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<sup>1</sup> Copen, C., 2017, National Health Statistics Reports, 105

**Second gen. vaginal pH modulator thin film.** This is potentially candidate as a second gen Phexxi. The project is with University of South Australia with targeted indications of prevention of pregnancy, chlamydia and gonorrhea infections in women. Lead candidates have been selected with positive stability results. The next phase project is planned for 2022.



## Financial Projections and Valuation

After the recent financing, we estimate EVFM could have ~\$17MM (proforma) total cash, including restricted cash, and we estimate this could support company operations into 4Q22. Although additional equity financing might be needed going forward, we believe EVFM shares could continue to appreciate should Phexxi sales grow going forward.

Our forward P/E analysis suggests a one-year target value for EVFM of \$3.56 based on 2029 earnings of \$1.23, multiple of 10 and discounted rate of 21%.

### Forward P/E analysis

		Forward P/E multiples						
		6	8	10	12	14		
<b>Year earnings based</b> <b>Earnings</b> <b>Target Year</b> <b>Discount period (year)</b> <b>Fair value</b> <b>Current price</b> <b>Upsides</b>	2029	<b>Discount rate (%)</b>	15%	3.08	4.04	4.99	5.95	6.90
	\$1.23		17%	2.75	3.60	4.45	5.30	6.16
	2023		19%	2.45	3.22	3.98	4.74	5.50
	6.66		21%	2.20	2.88	3.56	4.24	4.92
	\$3.58		23%	1.97	2.58	3.19	3.80	4.42
	\$0.35		25%	1.77	2.32	2.87	3.42	3.97
	922%		27%	1.59	2.09	2.58	3.07	3.57

Source: Laidlaw & Company estimates

Our probability-adjusted-PV-driven, sum-of-the-parts analysis illustrates a breakdown of each potential value driver, with Phexxi as contraceptive accounting for 83% and as STI prevention for 3% of the total value. This analysis suggests a 12-month target price of \$3.54.

### NPV driven sum-of-the-parts analysis

<b>Phexxi</b>	<b>Contraceptive</b>		
		Total NPV = 858	
		Risk-adjusted total NPV = 152	
		Value per share = \$2.92	83%
<b>Phexxi</b>	<b>STI</b>		
		Total NPV = 60	
		Risk-adjusted total NPV = 6	
		Value per share = \$0.12	3%
<b>Phexxi</b>	<b>Ex-U.S.</b>		
		Total NPV = 10	
		Risk-adjusted total NPV = 2	
		Value per share = \$0.04	1%
<b>Debt-free cash</b>			
		Value in late-2022 = 24	
		Value per share = \$0.46	13%
<b>Total</b>		<b>\$3.54</b>	<b>100%</b>

Source: Laidlaw & Company estimates

For the peer comparable analysis, we have chosen a group of women healthcare, including contraceptive-focused biotech and specialty pharma companies, as comparable peers. As such, our peer comparable analysis suggested a 12-month target price for EVFM of \$3.16.

### Comparable analysis

Company	Ticker	Rating	Target Price (\$)	Price (\$) (5/20/22)	Shares Outstanding (MM)	Market Cap (\$ MM)	Cash (\$ MM)	Debt (\$ MM)	Enterprise Value (\$ MM)
Agile Therapeutics	AGRX	NR	NA	1.29	5	6	4	0	2
Dare Bioscience	DARE	NR	NA	1.12	85	95	39	0	56
Mayne Pharma	MAYNF	NR	NA	0.20	1765	353	132	0	221
Mithra Pharmaceuticals SA	MITRA BB	NR	NA	7.95	45	380	59	0	322
TherapeuticsMD	TXMD	NR	NA	2.66	9	23	30	0	-7
Obseva SA	OBSV	NR	NA	1.71	84	143	58	0	86
Femasys	FEMY	NR	NA	1.70	12	20	22	0	-2
<b>Average</b>						<b>246</b>	<b>114</b>	<b>39</b>	<b>97</b>
Evofem Biosciences	EVFM	Buy	<b>3.50</b>	<b>0.40</b>	<b>35</b>	<b>14</b>	<b>15</b>	<b>0</b>	<b>-1</b>

EVFM share fair value matching its women healthcare peers = **\$3.16**

Potential upside = **690%**

Source: Company reports and Laidlaw & Company estimates

Together, we assigned our blended 12-month target price for EVFM at **\$3.50**. As such, we view our potential valuation of ~\$180MM (assuming 50+MM shares outstanding later in 2022) for EVFM shares a year from now reasonable if Phexxi revenue growth as guided by management and clinical outcomes from (EVOGUARD) study are positive and heading for regulatory filing.

## Major Risks

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**Commercial risks remain difficult to handicap.** Although EVFM already guided that Phexxi sales going forward in 2022 could significantly increase and it is possible that the growth could further accelerate going forward. However, if the estimated growth trajectory is not achieved, EVFM shares could be impacted negatively. Factors that could affect the future sales of a drug include: 1) do patients or physicians view an on-demand contraceptive too cumbersome to use compared to other long acting contraceptives; 2) change of competitive landscape, possibly due to entrance of new and better contraceptives or STI preventors, especially given the large number of products with different modalities in the contraceptive market; 3) the pace of physician adoption for the drug use; 4) pricing flexibility changes; and 5) potential change of the treatment paradigm that renders some drugs obsolete.

**Clinical study failure could have a material impact on EVFM share value.** EVFM is conducting an EVO100 (Phexxi) in chlamydia & gonorrhea infection prevention Phase III (EVOGUARD) study with topline readout expected in 2H22. If the outcome is not as robust as expected and not approved, EVFM shares also could be negatively impacted. Further, we believe Phexxi might have one less positive attribute and potentially could lessen future sales growth. EVFM also has several pipeline products in development. Given most of them are in earlier stages of development, the risks are generally higher until the product has advanced further clinically.

**Additional financings could dilute shareholder value.** The company has ~\$17MM total cash (proforma) currently. Although we believe the balance sheet can support near-term corporate development needs, EVFM will most likely need more financial resources going forward if they want to complete the current and other upcoming clinical studies and potentially participate in the commercialization of an approved drug.

## Management

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**Saundra Pelletier – CEO.** Ms. Pelletier serves as CEO of Evofem Biosciences Inc. since 2013. Prior to joining Evofem, Ms. Pelletier served as management consultant from 2005 to 2009. Prior, she served as VP, Pharmaceuticals at Women First Healthcare from 2000 to 2004. Prior to Women First Healthcare, she served as Corporate VP and Global Franchise Leader at G.D. Searle Company from 1992 to 2000. Ms. Pelletier received a BS degree from Husson University and New England School of Communications.

**Justin File – CFO.** Mr. File has served as CFO of Evofem Biosciences Inc. since 2015. Prior to joining Evofem, Mr. File served as an independent financial and accounting consultant from 2013 to 2015. Prior, he served as Controller at Sequenom from 2007 to 2012. Prior, he served as Assistant Comptroller of AppliedMicro from 2005 to 2007. Prior, he served as Controller at ESI U.S. Holdings from 2003 to 2005. Prior, he was Senior Manager at KPMG from 2001 to 2002 and at Arthur Andersen from 1993 to 2001. Mr. File received an BS degree from Central Washington University.

**Alex Fitzpatrick – Executive VP, General Counsel & Secretary.** Mr. Fitzpatrick has served as Executive VP, General Counsel & Secretary of Evofem Biosciences Inc. since 2017. Prior to joining Evofem, Mr. Fitzpatrick served as Chief Legal Officer of Kyriba Corporation from 2014 to 2015. Prior to Kyriba, Mr. Fitzpatrick served as SVP, General Counsel of Verenum from 2010 to 2014. Prior, he served as SVP, General Counsel of Blackbaud from 2008 through 2010, and at Kintera from 2004 to 2010. Prior, he was a Director of Strategic Transactions at Vivendi Universal from 2002 to 2004. Prior he served as Associate in several law firms from 1989 to 2002. Mr. Fitzpatrick received a J.D. degree from University of California, Berkeley.

**Karina Fedasz – Head of Business Development.** Ms. Fedasz has served as Head of Business Development of Evofem Biosciences Inc. since 2022. Prior to joining Evofem, Ms. Fedasz served as CFO and finance position of IDW Media Holdings from 2019 to 2021. Prior, she served as CFO of MOCEAN from 2018 to 2019. Prior, she served as Head of Strategy and Business Development at Tapin2 in 2017. Prior, she served as COO at ZON from 2013 to 2016; and as CEO at Little Bean Sprout from 2012 to 2015. Ms. Fedasz received an MBA degree from Columbia Business School.

## Income Statement

## Evoform Biosciences – Income Statement

('000 \$)	2019	2020	2021	1Q22	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
<b>Revenues</b>																	
Product revenues	-	446	8,244	4,251	6,164	9,951	12,969	33,335	69,399	124,840	193,320	241,129	277,445	310,636	332,662	352,967	370,838
Phexxi	-	446	8,244	4,251	6,164	9,951	12,969	33,335	69,399	124,840	193,320	241,129	277,445	310,636	332,662	352,967	370,838
Contraceptive	-	446	8,244	4,251	6,164	9,951	12,969	33,335	69,399	114,614	167,237	198,094	219,696	242,397	259,040	273,009	285,668
STI	-	-	-	-	-	-	-	-	-	10,226	26,082	43,035	57,749	68,239	73,622	79,958	85,171
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	-	446	8,244	4,251	6,164	9,951	12,969	33,335	69,399	124,840	193,320	241,129	277,445	310,636	332,662	352,967	370,838
COGS	-	468	4,055	1,066	1,849	2,985	3,891	9,791	20,126	34,955	52,196	65,105	74,910	83,872	89,819	95,301	100,126
Gross profit	-	(2)	4,189	3,185	4,315	6,966	9,078	23,544	49,273	89,885	141,123	176,024	202,535	226,764	242,843	257,666	270,712
Research and development	22,230	17,050	33,129	10,391	10,079	9,878	8,989	39,337	40,517	30,388	29,172	28,005	28,845	29,595	30,335	31,245	32,183
Marketing and sales	10,238	56,466	113,152	12,705	10,799	9,719	9,914	43,137	44,863	46,433	47,919	49,404	51,084	52,617	53,669	54,742	55,837
General and administrative	20,274	30,085	24,709	9,018	8,892	9,007	9,368	36,285	38,970	41,074	42,717	43,999	45,319	46,678	48,079	49,521	51,006
Operating expense	52,742	103,601	170,990	32,114	29,770	28,604	28,270	118,759	124,349	117,895	119,808	121,408	125,248	128,890	132,083	135,508	139,026
<b>Operating incomes (losses)</b>	(52,742)	(103,623)	(166,801)	(28,929)	(25,455)	(21,639)	(19,192)	(95,215)	(75,076)	(28,010)	21,315	54,616	77,287	97,874	110,760	122,157	131,686
Change in fair value of financial instruments	(27,372)	27,280	(33,657)	(1,634)	(1,299)	(1,695)	250	(4,378)	(1,989)	(2,110)	(1,892)	(1,983)	(2,042)	(2,104)	(2,167)	(2,232)	(2,299)
Interest income	458	169	15	1	1	3	2	7	6	6	8	10	11	11	11	12	12
Other expense	301	(2,082)	(4,732)	(471)	(1,189)	(1,195)	(1,204)	(4,059)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)
Loss on issuance of financial instruments	(674)	(64,049)	-	(852)	-	-	-	(852)	-	-	-	-	-	-	-	-	-
Total other expense, net	(27,287)	(38,682)	(38,374)	(2,956)	(2,487)	(2,887)	(951.60)	(9,282)	(6,749)	(6,870)	(6,650)	(6,739)	(6,797)	(6,859)	(6,922)	(6,986)	(7,053)
<b>Income (loss) before taxes</b>	(80,029)	(142,305)	(205,175)	(31,885)	(27,942)	(24,526)	(20,143)	(104,496)	(77,065)	(30,120)	19,423	52,633	75,244	108,593	119,925	129,387	129,387
Income tax expense	(4)	(4)	(17)	(3)	-	-	-	(3)	-	-	(4,856)	(13,158)	(18,811)	(23,943)	(27,148)	(29,981)	(32,347)
<b>Net income</b>	(80,033)	(142,309)	(205,192)	(31,888)	(27,942)	(24,526)	(20,143)	(104,499)	(77,065)	(30,120)	14,567	39,475	56,433	71,828	81,445	89,944	97,040
Series B-1/B-2 convertible preferred stock deemed dividends	-	-	(1,047)	(81)	(1,045)	(1,043)	(1,042)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)
<b>Net income attributable to common shareholders</b>	(\$80,033)	(\$142,309)	(\$206,239)	(\$31,969)	(\$28,987)	(\$25,569)	(\$21,185)	(\$107,710)	(\$80,276)	(\$33,331)	\$11,356	\$36,264	\$53,222	\$68,617	\$78,234	\$86,733	\$93,829
Net Earnings (Losses) Per Share—Basic	(\$29.84)	(\$31.79)	(\$23.63)	(\$2.88)	(\$0.86)	(\$0.75)	(\$0.41)	(\$3.29)	(\$1.38)	(\$0.55)	\$0.18	\$0.58	\$0.85	\$1.08	\$1.23	\$1.35	\$1.45
Net Earnings (Losses) Per Share—Diluted	(\$29.84)	(\$31.79)	(\$23.63)	(\$2.88)	(\$0.86)	(\$0.75)	(\$0.41)	(\$3.29)	(\$1.38)	(\$0.55)	\$0.18	\$0.58	\$0.85	\$1.08	\$1.23	\$1.35	\$1.45
Shares outstanding—basic	2,682	4,477	8,727	11,093	33,758	34,058	52,058	32,742	58,058	60,058	61,558	62,558	62,958	63,358	63,758	64,158	64,558
Shares outstanding—diluted	2,682	4,477	8,727	11,093	33,758	34,058	52,058	32,742	58,058	60,058	61,558	62,558	62,958	63,358	63,758	64,158	64,558
<b>Margin Analysis (% of Sales/Revenue)</b>																	
COGS	NA	105%	49%	26%	30%	30%	30%	29%	29%	28%	27%	27%	27%	27%	27%	27%	27%
R&D	NA	3823%	402%	244%	164%	99%	69%	118%	58%	24%	15%	12%	10%	10%	9%	9%	9%
G&A	NA	6746%	300%	212%	144%	91%	72%	109%	56%	33%	22%	18%	16%	15%	14%	14%	14%
Operating Income (loss)	NA	-23234%	-2023%	-681%	-413%	-217%	-148%	-286%	-108%	-22%	11%	23%	28%	32%	33%	35%	36%
Pretax	NA	-31907%	-2489%	-750%	-453%	-246%	-155%	-313%	-111%	-24%	10%	22%	27%	31%	33%	34%	35%
Tax Rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	25%	25%	25%	25%	25%	25%	25%	25%
Net Income	NA	-31908%	-2502%	-752%	-470%	-257%	-163%	-323%	-116%	-27%	6%	15%	19%	22%	24%	25%	25%
<b>Financial Indicator Growth Analysis (YoY%)</b>																	
Total Revenue		N.A.	1748%	285%	232%	481%	263%	304%	108%	80%	55%	25%	15%	12%	7%	6%	5%
R&D expenses		-23%	94%	432%	324%	820%	4%	19%	3%	-25%	-4%	-4%	3%	3%	3%	3%	3%
Sales and marketing		452%	100%	-58%	-60%	-68%	-60%	-62%	4%	4%	3%	3%	3%	3%	2%	2%	2%
General and administrative		48%	-18%	17%	39%	82%	66%	47%	7%	5%	4%	3%	3%	3%	3%	3%	3%
Operating expense		96%	65%	-29%	-29%	-35%	-28%	-31%	5%	-5%	2%	1%	3%	3%	2%	3%	3%
Operating Incomes (Losses)		96%	61%	-36%	-38%	-50%	-49%	-43%	-21%	-63%	-176%	156%	42%	27%	13%	10%	8%
Pretax Income		78%	44%	-31%	-16%	-67%	-61%	-49%	-26%	-61%	-164%	171%	43%	27%	13%	10%	8%
Net Income		78%	44%	-31%	-16%	-67%	-61%	-49%	-26%	-61%	-148%	171%	43%	27%	13%	10%	8%
EPS - Basic		7%	-26%	-66%	-79%	-90%	-92%	-86%	-58%	-60%	-133%	214%	46%	28%	13%	10%	8%
EPS - Diluted		7%	-26%	-66%	-79%	-90%	-92%	-86%	-58%	-60%	-133%	214%	46%	28%	13%	10%	8%
Yale Jen, Ph.D. 212-953-4978																	

Source: Bloomberg LP; Company reports; Laidlaw &amp; Company estimates

## Balance Sheet

## Evoform Biosciences – Balance Sheet

(000 \$)	2018	2019	2020	2021	1Q22	2Q22E	3Q22E	4Q22E	2022E
<b>Assets</b>									
<b>Total cash and cash equivalents</b>	<b>1,330</b>	<b>23,804</b>	<b>48,892</b>	<b>7,732</b>	<b>3,561</b>	<b>7,989</b>	<b>45</b>	<b>9,290</b>	<b>9,290</b>
Cash and cash equivalents	1,330	23,804	48,892	7,732	2,761	7,989	45	9,290	9,290
Restricted cash	431	304	22,559	5,056	4,171	1,021	688	354	354
Trade accounts receivable, net	0	0	1,067	6,449	4,416	4,905	5,086	5,667	5,667
Inventories	0	0	7,162	7,674	5,386	5,887	7,181	8,167	8,167
Prepaid & other current assets	717	2,313	18,050	3,229	4,626	5,494	6,942	7,500	7,500
<b>Total Current Assets</b>	<b>2,478</b>	<b>26,421</b>	<b>97,730</b>	<b>30,140</b>	<b>21,360</b>	<b>25,296</b>	<b>19,942</b>	<b>30,979</b>	<b>30,979</b>
Property and equipment, net	593	394	4,334	5,774	5,518	5,010	4,691	5,506	5,506
Operating lease right-of-use assets	0	160	6,856	5,395	4,987	4,537	4,177	3,817	3,817
Other noncurrent assets	939	1,320	1,048	1,203	2,706	3,061	3,890	4,000	4,000
<b>Total Assets</b>	<b>4,010</b>	<b>28,295</b>	<b>109,968</b>	<b>42,512</b>	<b>34,571</b>	<b>37,904</b>	<b>32,700</b>	<b>44,302</b>	<b>44,302</b>
<b>Liabilities and Stockholders' Equity</b>									
Accounts payable	8,882	6,008	10,641	10,316	14,041	14,306	15,242	15,201	15,201
Convertible notes payable - Baker Bros. (Note 5)	4,010	0	52,409	81,717	86,089	86,089	86,089	86,089	86,089
Convertible notes payable - Adjuvant (Note 5)	0	0	0	27,209	27,731	27,731	27,731	27,731	27,731
Term notes payable					267	267	267	267	267
Accrued expenses	11,513	2,784	4,476	8,370	9,749	10,276	10,378	10,688	10,688
Accrued compensation	2,924	3,670	6,514	4,653	5,123	5,519	6,000	5,522	5,522
Operating lease liabilities – current	0	197	2,290	2,332	2,218	2,150	2,201	2,170	2,170
Derivative liabilities	0	0	0	202	7,842	10,842	14,842	17,992	17,992
Other current liabilities	0	0	953	2,864	1,414	1,452	1,492	1,574	1,574
<b>Total Current Liabilities</b>	<b>27,329</b>	<b>12,659</b>	<b>77,283</b>	<b>137,663</b>	<b>154,474</b>	<b>158,633</b>	<b>164,241</b>	<b>167,234</b>	<b>167,234</b>
Operating lease liabilities – noncurrent	0	0	6,030	4,424	4,059	3,677	3,176	2,757	2,757
Long-term convertible notes payable (Note 5)	0	0	25,211	0	0	0	0	0	0
Other noncurrent liabilities	37	0	97	0	0	0	0	0	0
<b>Total long-term Liabilities</b>	<b>37</b>	<b>0</b>	<b>31,338</b>	<b>4,424</b>	<b>4,059</b>	<b>3,677</b>	<b>3,176</b>	<b>2,757</b>	<b>2,757</b>
<b>Total Liabilities</b>	<b>27,366</b>	<b>12,659</b>	<b>108,621</b>	<b>142,087</b>	<b>158,533</b>	<b>162,310</b>	<b>167,417</b>	<b>169,991</b>	<b>169,991</b>
Convertible and redeemable preferred stock	0	0	0	4,740	2,521	3,251	3,351	3,351	3,351
Series C convertible preferred stock					1,617	3,155	4,186	4,186	4,186
Common stock	3	5	8	16	1	2	2	4	4
Additional paid-in capital	409,787	528,810	656,827	751,260	759,197	784,079	797,379	826,679	826,679
Accumulated other comprehensive income	0	0	1,347	5,089	5,270	5,617	5,400	5,270	5,270
Accumulated deficit	(433,146)	(513,179)	(655,488)	(860,680)	(892,568)	(920,510)	(945,036)	(965,179)	(965,179)
<b>Total Stockholders' Equity (Deficits)</b>	<b>(23,356)</b>	<b>15,636</b>	<b>2,694</b>	<b>(99,575)</b>	<b>(123,962)</b>	<b>(124,406)</b>	<b>(134,718)</b>	<b>(125,689)</b>	<b>(125,689)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>4,010</b>	<b>28,295</b>	<b>109,968</b>	<b>42,512</b>	<b>34,571</b>	<b>37,904</b>	<b>32,700</b>	<b>44,302</b>	<b>44,302</b>

\*\*2019 cash and cash equivalents also include short term investment. Otherwise, it was 16,625, same as in the balance sheet

Yale Jen, Ph.D. 212-953-4978

Source: Bloomberg LP; Company reports; Laidlaw & Company estimates

## Cash flow Statement

## Evolvem Biosciences – Cash Flow Statement

(000 \$)	2019	2020	2021	1Q22	2Q22E	3Q22E	4Q22E	2022E
<b>Cash Flows From Operating Activities:</b>								
Net profit (loss)	(80,033)	(142,309)	(205,192)	(31,888)	(27,942)	(24,526)	(20,143)	(104,499)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>								
Loss on issuance of financial instruments	674	64,049	0	852	852	852	852	3,408
Change in fair value of financial instruments	27,372	(27,281)	33,657	1,634	1,299	1,695	(250)	4,378
Baker Warrants modification				828	0	0	0	828
Stock-based compensation	8,579	12,697	8,898	1,067	1,088	1,432	1,145	4,732
Depreciation	263	302	1,023	265	292	376	281	1,214
Loss from sale of property and equipment	79	0	0	0	0	0	0	0
Noncash lease expenses	642	879	1,404	395	375	370	365	1,505
Noncash interest expenses	0	2,061	2,665	523	518	513	508	2,062
Noncash inventory reserve	0	0	300	0	0	0	0	0
<i>Changes in operating assets and liabilities:</i>								
Accounts receivable	0	(1,067)	(5,382)	2,033	(489)	(181)	(581)	782
Inventories	0	(6,010)	(21)	755	(501)	(1,294)	(986)	(2,026)
Prepaid and other assets	(952)	(17,356)	13,882	(1,036)	(868)	(1,447)	(559)	(3,910)
Accounts payable	(2,931)	4,126	(4)	3,735	265	936	(41)	4,895
Accrued expenses and other liabilities	(8,775)	2,729	5,471	(85)	527	102	311	854
Accrued compensation	746	2,844	(1,861)	469	396	480	(477)	868
Operating lease liabilities	(761)	(493)	(1,507)	(466)	(382)	(501)	(419)	(1,768)
<b>Net Cash Used In Operating Activities</b>	<b>(55,097)</b>	<b>(104,829)</b>	<b>(146,667)</b>	<b>(20,919)</b>	<b>(24,570)</b>	<b>(21,194)</b>	<b>(19,995)</b>	<b>(86,677)</b>
<b>Cash Flows From Investing Activities:</b>								
Proceeds from sale of Softcup line of business	250	250	250	0	0	0	0	0
Purchase of short-term investments	(8,233)	0	0	0	0	0	0	0
Purchases of property and equipment	(132)	(2,254)	(2,939)	(66)	(56)	(50)	(60)	(232)
Maturities of short-term investments	0	8,233	0	0	0	0	0	0
<b>Net Cash Used in Investing Activities</b>	<b>(8,115)</b>	<b>6,229</b>	<b>(2,689)</b>	<b>(66)</b>	<b>(56)</b>	<b>(50)</b>	<b>(60)</b>	<b>(232)</b>
<b>Cash Flows From Financing Activities:</b>								
Proceeds from issuance of common stock and warrants, net of discounts and commissions - public offerings	75,400	103,738	81,534	5,480	26,612	4,800	31,000	67,892
Proceeds from issuance of common stock - exercise of warrants	6,273	2	159	0	0	8,500	0	8,500
Proceeds from issuance of common stock, net of commissions - ATM transactions	2,960	3,781	0	0	0	0	0	0
Proceeds from issuance of common stock - ESPP and exercise of stock options	305	447	297	0	0	0	0	0
Proceeds from issuance of preferred stock - registered direct offering		0	10,000	0	0	0	0	0
Borrowings under convertible notes	0	50,000	0	0	0	0	0	0
Borrowings under term notes				10,000	0	0	0	10,000
Repayment of Vendor Note	(4,010)	0	0	0	0	0	0	0
Short-swing profit disgorgement	0	187	0	0	0	0	0	0
Cash paid for financing costs	(1,286)	(1,060)	(970)	(351)	(1,730)	0	(1,700)	(3,781)
Payments of tax withholdings related to vesting of restricted stock awards	(1,566)	(2,869)	(327)	0	0	0	0	0
<b>Net Cash Provided by Financing Activities</b>	<b>78,076</b>	<b>154,226</b>	<b>90,693</b>	<b>15,129</b>	<b>24,882</b>	<b>13,300</b>	<b>29,300</b>	<b>82,611</b>
<b>Net increase (decrease) in cash</b>	<b>14,864</b>	<b>55,626</b>	<b>(58,663)</b>	<b>(5,856)</b>	<b>257</b>	<b>(7,944)</b>	<b>9,245</b>	<b>(4,298)</b>
Cash at beginning of period	1,761	16,625	72,251	13,588	7,732	7,989	45	13,588
<b>Cash at end of period, if including restricted cash and restricted cash included in other noncurrent assets**</b>	<b>16,625</b>	<b>72,251</b>	<b>13,588</b>	<b>7,732</b>	<b>9,810</b>	<b>1,533</b>	<b>10,444</b>	<b>10,444</b>
<b>Cash at end of period, excluding restricted cash</b>	<b>16,321</b>	<b>48,892</b>	<b>7,732</b>	<b>3,561</b>	<b>7,989</b>	<b>45</b>	<b>9,290</b>	<b>9,290</b>
**All figures include additional \$800k restricted cash included in other noncurrent assets, which not shown in relevant column of balance sheet								
								Yale Jen, Ph.D. 212-953-4978

Source: Bloomberg LP; Company reports; Laidlaw &amp; Company estimates.



# 14DISCLOSURES:

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The analyst responsible for the content of this report hereby certifies that the views expressed regarding the company or companies and their securities accurately represent his personal views and that no direct or indirect compensation is to be received by the analyst for any specific recommendation or views contained in this report. Neither the author of this report nor any member of his immediate family or household maintains a position in the securities mentioned in this report.

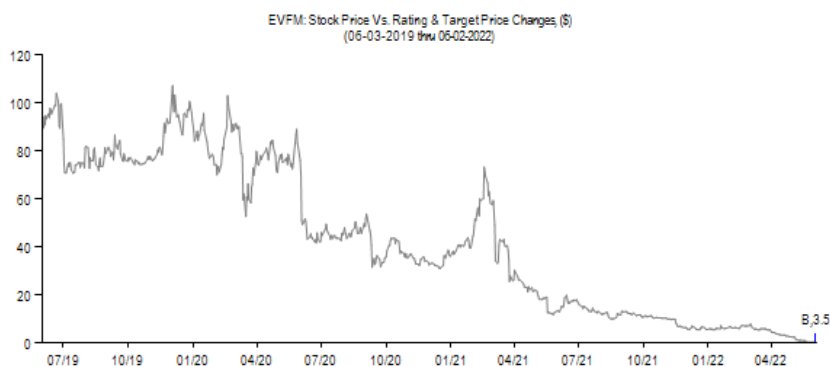
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*Additional information available upon request.*

## RATINGS INFORMATION

### Rating and Price Target Change History



### 3 Year Rating Change History

Date	Rating	Closing Price (\$)
06/02/2022	Buy (B)	0.36*

### 3 Year Price Change History

Date	Target Price (\$)	Closing Price (\$)
06/02/2022	3.50	0.36*

\* Previous Close 5/31/2022

Source: Laidlaw & Company

Created by: Blue-Compass.net

Laidlaw & Company Rating System*		% of Companies Under Coverage With This Rating	% of Companies for which Laidlaw & Company has performed services for in the last 12 months	
			Investment Banking	Brokerage
<b>Strong Buy (SB)</b>	Expected to significantly outperform the sector over 12 months.	0.00%	0.00%	0.00%
<b>Buy (B)</b>	Expected to outperform the sector average over 12 months.	46.58%	19.18%	2.74%
<b>Hold (H)</b>	Expected returns to be in line with the sector average over 12 months.	1.37%	1.37%	0.00%
<b>Sell (S)</b>	Returns expected to significantly underperform the sector average over 12 months.	0.00%	0.00%	0.00%

## ADDITIONAL COMPANIES MENTIONED

- Agile Therapeutics (AGRX – Not Rated)
- TherapeuticsMD (TXMD – Not Rated)
- Mayne Pharma (MAYNF – Not Rated)
- Daré Bioscience (DARE – Not Rated)
- Bayer (BAYRY – Not Rated)
- Organon (OGN – Not Rated)
- AbbVie (ABBV – Not Rated)
- Mithra Pharmaceuticals SA (MITRA BB – Not Rated)
- Obseva SA (OBSV – Not Rated)
- Myovant Sciences (MYOV – Not Rated)
- Health Group (UNH – Not Rated)
- Cigna Group (CI – Not Rated)
- Femasys (FEMY – Not Rated)

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**NOTES:**