Evofem Biosciences Inc (Q3 2020 all)

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Corporate Speakers:

- Amy Raskopf; Evofem Biosciences, Inc.; Head of IR
- Saundra Pelletier; Evofem Biosciences, Inc.; President, CEO & Director
- Justin File; Evofem Biosciences, Inc.; CFO
- Russell Barrans; Evofem Biosciences, Inc.; Chief Commercial Officer
- Kelly Culwell; Evofem Biosciences, Inc.; Chief Medical Officer

Participants:

- Jeff Hung; Morgan Stanley; Equity Analyst
- Annabel Samimy; Stifel, Nicolaus & Company, Incorporated; MD
- Ram Selvaraju; H.C. Wainwright & Co, LLC; MD of Equity Research & Senior Healthcare Analyst
- David Amsellem; Piper Sandler & Co.; MD & Senior Research Analyst

PRESENTATION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Evofem Biosciences Third Quarter 2020 Financial Results Conference Call. (Operator Instructions) Please be advised that today's conference may be recorded. (Operator Instructions)

I would now hand the conference over to your speaker today, Amy Raskopf, Evofem Biosciences' Head of Investor Relations. Ma'am, please go ahead.

Amy Raskopf: Thank you, and good afternoon, everyone. If you haven't done so already, I encourage you to access the slides which accompany today's call and the press release we issued earlier this afternoon, both of which are at evofem.com under the Investors tab.

Before we begin, I would like to remind you that remarks on this call will contain forward-looking statements, which are made only as of today, November 9, 2020. For a more detailed description of important risk factors that could cause our actual results to differ materially please refer to our annual report on Form 10-K, our most recently filed 10-Q and our current report on Form 8-K filed with the SEC on June 2, 2020.

With that, I'll turn the call over to Saundra Pelletier, Evofem's CEO.

Saundra Pelletier: Thank you so much, Amy. Hello, everyone. Thank you for joining us this afternoon. In the second half of 2020, Evofem has achieved three significant milestones.

- In September, we launched Phexxi, the first and only non hormonal prescription contraceptive drug for on-demand use.

- In October, we closed a $25 million strategic investment from Adjuvant Capital.
- And we initiated our pivotal Phase 3 trial of EVO100 for the prevention of chlamydia and the prevention of gonorrhea in women.

On September 8, we announced the commercial launch of Phexxi. Despite the challenges we faced, launching a commercial product in the midst of COVID-19, we are proud of our early momentum, and we're confident about the long-term success of Phexxi.

Considering that there are 21 million women in the United States who are beyond hormones, Phexxi has conservatively a $1 billion market opportunity. In fact - so listen to this part - if we can just acquire 3% of these 21 million women, that's just 630,000 women out of the 21 million that are already beyond hormones, and they fill their prescription seven times in one year, we will achieve this potential. Once again, this illustrates that small percentages of market share will deliver very big results for Phexxi.

Our reported earnings represent only a small snapshot of our commercial launch, which is now only two months in. And Russ Barrans, our Chief Commercial Officer, will discuss later on the call, our early indicators that support a strong growth trajectory and gets us well above that conservative figure.

Our extensive consumer brand awareness campaign has leveraged the targeted digital channels and key influencers to raise awareness of Phexxi with a diverse and engaged consumer audience. Our early adoption of telemedicine has provided women with expanded access to Phexxi without the need and without the hassle of a physician office visit. And we are especially proud of our team's ability to implement the Phexxi Concierge Experience, which is our comprehensive online experience for women seeking to gain access to contraception.

In this business, an unwritten rule is that you take good capital when you get it, at the right cost and from the right party. For well over a year, we built a strong relationship with Adjuvant Capital. They are backed by the Bill & Melinda Gates Foundation and other global public health leaders like Merck and Novartis. Adjuvant is deeply aligned with our core mission, developing and commercializing innovative products to address critical sexual and reproductive health concerns in women.

Their $25 million investment was at a premium to the market on the date of close as well as a premium to the fundraising round we completed in June. This is Adjuvant's largest single investment to date. What is important is that what that testifies to is the confidence that they have in this team and the importance of introducing true innovation in women's health, not just me-too products in crowded categories. For Evofem and for our shareholders, this was a very smart, strategic move.

The thing that I want investors to hear, though, that's very important is that the lion's share of the Adjuvant investment is earmarked to fund the development of EVO100 for the prevention of chlamydia and gonorrhea in women. We enrolled the first patient in our

pivotal Phase 3 trial in mid-October, in line with our stated time frame. And we met our enrollment target for the month of October in just nine days.

So we are very confident that even in the COVID environment, we will not have any issues enrolling in the trial. There is nothing FDA-approved for the prevention of chlamydia and gonorrhea, and every woman having sex is at potential risk. The reality is that partners are unpredictable. And that said, but it is true and condoms break and many times, women don't win the condom negotiation, and therefore, they're not even used. So the increasing prevalence of these STIs in the U.S. and globally attests to the growing unmet need. EVO100 has the potential to be the first drug approved for the prevention of these common STIs, and many investors think this will be an even bigger opportunity for us than contraception.

In addition to our drive for innovation, which, as you have seen, is going to be threefold: first, with the only nonhormonal contraceptive product that women use on demand, then with the prevention of chlamydia and gonorrhea, we continue to differentiate ourselves, and we're also differentiated by our culture, which enables us to attract, to grow and to retain top talent at every level in every department. Investors have the confidence that we not only have a game-changing product, but we have a superior team to execute.

So what of those adjectives really mean? What do I really mean when I say superior? What I mean is that all of the people in our commercial organization have truly worked on the biggest products in contraception, delivering very big results because they know how to maneuver through hurdles. They know and understand how to make these products rise to the top of the mind for both women and for doctors.

Our sales team alone is second to none. As we've said before, but I want to say it again, they have an average of eight years of women's health care experience in 15 years of pharma. Their ability to call on long-standing relationships in the industry has provided invaluable resources, particularly now during the Phexxi launch because there's many offices that are closed due to the pandemic. So I do want to tell you with full confidence, you will not find a better team to make Phexxi a commercial success. We are an organization that inspects what we expect. We have very close, very consistent and constant interaction with the payer teams and the commercial teams.

Just Friday, we had an incredible call with the entire sales organization. The purpose was to share success stories to talk about how to overcome obstacles, and to get feedback. And I want to tell you that these reps have launched not just one, not two, sometimes three, four and five contraceptive products in these same categories. And the stories that we hear from them are unbelievably unique and different. And many of them say that they have never seen this kind of response from offices. And these are people who would know better, and they know different. And we are sobering realists here, and we say, look, we do not want to just know about the rainbows and the puppy dogs. We want to know about the worts. And so it's very encouraging to see that once these reps have an opportunity to talk to doctors and opposite, it's very easy for them to see who these Phexxi patients are.

So I'd like turn the call over to Jay File, our CFO, to review the results of the third quarter, I want to highlight that this includes our first ever revenues, which are from just the initial three weeks of the Phexxi sales. Then Russ will talk in greater detail about the Phexxi commercial launch and the early trends in the marketplace, which, frankly, are very positive. And Kelly Culwell will give a clinical update, and then we will open the call for questions. So with that, Jay?

Justin File: Thank you, Saundra. For the three months ended September 30, 2020, which included those first three weeks of Phexxi sales, we recognized $278,000 in net product sales. This was from the initial stocking of Phexxi by wholesalers and specialty pharma customers adjusted for distributor fees, copays, and other related items. Cost of goods sold was $317,000, which included $100,000 one-time charge related to the product label. Research and development costs decreased to $4.2 million in the third quarter of 2020. The decrease reflects an absence of costs for the Phexxi NDA and the AMPREVENCE trial in the current period.

This was partially offset by clinical trial expenses for EVOGUARD, which we initiated in October 2020 and higher payroll-related expenses, noncash stock-based compensation due to increased headcount in the current period.

Selling and marketing costs were $14.7 million in the third quarter of 2020 compared to $3.8 million for the third quarter of 2019. We started breaking out this line item in 2020 in anticipation of the Phexxi launch, and for the prior year, reclassified $3.8 million from G&A into sales and marketing expense to conform with this presentation. The vast majority of the $10.9 million increase was related to the Phexxi launch.

General and administrative costs increased to $7.2 million in the third quarter of 2020, mainly reflecting an aggregate increase of $2.9 million over the prior year quarter associated with various operational items. As a result, total operating expenses were $26.4 million for the third quarter of 2020 as compared to $14.3 million in the prior year period.

Total other expense was $3.7 million in the third quarter of 2020 and mainly included a $3.1 million noncash change in fair value of the Baker notes and $700,000 in accrued interest expense related to those notes.

As a result, net loss attributable to common stockholders was $29.9 million, or a loss of $0.37 per share, for the quarter ended September 30, 2020, as compared with a net loss of $13.8 million, or $0.30 per share for the prior year.

We closed the quarter with $86.7 million in unrestricted cash. And as Saundra mentioned in October, we raised $25 million from Adjuvant Capital. This provides us with runway into the second half of 2021 based on current expense forecast and cash burn. And I want to highlight Phexxi revenue provides upside to this forecast.

With that, I'll turn it over to Russ.

Russell Barrans: Thank you, Jay. Phexxi is off to a strong start. Right out of the gate, health care providers started writing Phexxi prescriptions. In the third quarter, which includes only the first three weeks of data, Phexxi was able to achieve 385 prescriptions, and we had our first refill before the quarter closed. I look forward to sharing more robust data on our Q4 earnings call in March, when we'll have a full quarter plus of data to share and to give us a better idea of the launch trajectory.

Among the many early indicators of interest in Phexxi are two that I specifically want to highlight. First, when you look at women who have entered through the Phexxi Concierge Experience and qualified as a candidate for Phexxi, 43% of these women booked an appointment through our telemedicine provider to discuss receiving a Phexxi prescription. The Phexxi Concierge Experience provider, Populus Media, have projected based on their experience and metrics from their prior launches that the conversion rate would be 22%. The Phexxi prescription conversion rate is double these projections.

In fact, the Populus COO noted that Phexxi is their most successful launch to date, and that several thousands of women have come into the Phexxi Experience in just the first eight weeks since launch.

Second, we're working with 83Bar Social Media to specifically to utilize their proprietary artificial intelligence to identify women who may be more interested in nonhormonal contraception in order to offer them an opportunity to learn more through a nurse support service.

Before the Phexxi launch, the 83Bar data metrics suggested they would be able to generate approximately 200 leads per month. Right from the beginning, they blew that number away with 200 in the first 4 days. They have consistently generated over 200 leads per week, 4 to 5x higher than they anticipated since the beginning of this initiative.

Over 2,300 leads have entered the Phexxi Concierge Experience to date through 83Bar. Of all these women that they have reached out to. 30% have engaged with 83Bar regarding Phexxi. Approximately 75% of those highly qualified leads have spoken with one of the Phexxi support nurses and requested to see an HCP to determine if Phexxi prescription is right for them.

Another indicator of overall interest and awareness of Phexxi is the high-volume of website traffic at both our consumer and our health care provider websites for Phexxi. On the consumer side, www.phexxi.com. We are approaching nearly half a million visits since the launch on September 8, and weekly page business consistently indicate that these women are not just entering on the landing page and leaving. They're finding out more information about Phexxi by visiting multiple pages.

And on the HCP site, we've had more than 31,000 unique visitors by the end of October. And again, each one visiting, on average, two pages, indicating that HCPs are seeking

more information on the prescribing Phexxi for their nonhormonal contraception candidates.

A great deal of interest has also been generated through social media influencers, particularly on Instagram. Now, unlike typical celebrities. We are working with women who have followers identifying with them, who are more likely to be swayed to find out more information about Phexxi. Among these Phexxi influencers a woman named Bekah Martinez, with more than 660,000 followers. Bekah was on the Bachelorette, and today, she has two children and is assured if her or husband are really ready for #3. Our followers tend to be exactly where her followers are in regards to attitudes and their stage of life.

Our influencers are equally influential with the other audiences that follow them. They periodically discuss their own contraceptive journey, and they share stories about Phexxi with their followers. Our influencers have 3.6 million followers in aggregate, with the biggest majority of these women are in our target audience for Phexxi.

Turning our focus to the sales force efforts. Our sales team has succeeded in detailing Phexxi to over 2/3 of our target HCP audience thus far. This underscores the caliber the team we hired. Good reps will find ways to see health care providers even in the midst of challenging times. So while there has been roughly a 30% decline in offices that are willing to let sales people enter into the office, based on the COVID-19 situation, we are getting creative in reaching our targets.

For example, one of our teams in Florida brings an ice cream truck to the parking lot in front of the OB/GYN offices. Everyone is able to leave the office, come off to the truck for ice cream, and while they are there, our representatives discuss Phexxi with the entire staff of HCPs and office personnel.

Another really creative approach we've used is conducting outdoor virtual speaker programs. We serve lunches to the attendees - at distanced tables, of course - with the speaker presented on a large blowup screen.

These events were extremely well attended, and they really result in very quick awareness of Phexxi. As the weather turns colder in the north, trust me, our sales team will continue to find creative ways to gain access to HCPs. At Evofem, we are determined to be COVID proof and getting out the awareness of Phexxi.

Turning to market access, we currently have over 55% of commercial lives that are covered by Phexxi. Our current coverage includes approximately 7 million lives that are covered at zero co-pay, zero deductible, by prominent payers such as United Healthcare of New York, Connecticut, Delaware, DC, Illinois, Maryland, Massachusetts, Oregon, Washington and California. It includes Kaiser of Washington State. It includes:

- Premera Blue Cross Blue Shield
- Excellus
- Tufts Health Care Plan

- Harvard Pilgrim Health Care
- Quartz Health Solutions
- Geisinger Health
- Health Now - Blue Cross Blue Shield of Western and Eastern New York.

When you look at this level of coverage right out of the gate for women's health products, what this indicates is that payers recognize the uniqueness of Phexxi and the unmet need of the existing 21 million plus women who are beyond hormones. We continue to work with the Office of Women's Health and the Health Resources and Services Administration, or HRSA, to update their birth control tables to include Phexxi as a new birth control option with a unique mechanism of action as a Vaginal pH Modulator.

The time lines for a decision are unpredictable. But we remain confident that Phexxi meets the threshold of a new MOA, as has been recognized earlier by the pricing compendiums as well as these payers I've already mentioned from across the country.

I want to conclude with a look at the market opportunity for Phexxi. Among the millions of women in the United States who are at risk for pregnancy and importantly, unintended pregnancy, there are 3 distinct segments we will target for Phexxi.

Our primary segments are: first, women using no contraception at all. And also those women who are using non prescription contraception, such as barrier methods, withdrawal or periodic abstinence.

Our second segment, or as some might say ‘later adopters,’ are women who are currently using a prescription contraception, but who may already be considering moving to a hormone-free on demand method.

Phexxi's peak revenue potential is $1.4 billion to $2.3 billion by achieving only single-digit acquisition percentages of women in each of these three segments. Based on our early indicators of a positive trend and our planned DTC campaign, which will be launched at the end of January, we are confident we can achieve Phexxi's full potential.

And with that, let me turn it over to Dr. Kelly Culwell, our Chief Medical Officer.

Kelly Culwell: Thank you, Russ. As Chief Medical Officer of Evofem, I am biased, I am clearly a fan of Phexxi. But it's not because of my job. It's not because I was an investigator in a Phexxi clinical trial. It's because I am an OB/GYN who still sees patients, granted only once or twice a month, but enough that I remain connected to the women that Evofem aims to serve.

I understand, from a practical perspective, who the Phexxi woman is. I have firsthand experience with women who do not want hormones and who will not use an IUD. I have seen their dissatisfaction leaving my office with a bag of condoms. And frankly, as a provider, I was also dissatisfied with the lack of appropriate contraceptive choice before Phexxi.

The most effective contraceptive method is the one a woman will use consistently and correctly. This is not a marketing message; this is reality. Women have access to a great deal of information. And today, more than ever, they are proactively driving the dialogue about contraception. As an OB/GYN, it's not my place to tell a woman what to use. I help her define the option that she will use. I'm excited that health care providers like me can now offer women a new FDA-approved hormone-free on demand contraceptive method, Phexxi.

Turning to medical affairs. We continue to have great traction with our publication and presentation strategy. We secured nine scientific presentations on data sets from AMPOWER, which was our Phase III contraception trial, and on AMPREVENCE, which was our Phase IIb STI prevention study, at five key medical society meetings this fall. For AMPOWER, this included poster presentations at the Society for Family Planning Annual Meeting 2020, where we were the sole sponsor of the Poster Hall; the Nurse practitioners in Women's Health 23rd Annual Women's Healthcare Conference; the American Society for Reproductive Medicine 2020 Scientific Congress; and the American College of Obstetricians and Gynecologists Virtual Conference.

AMPREVENCE publications included an oral presentation at the American Society for Reproductive Medicine 2020 Scientific Congress on sexual satisfaction data in the trial. Additionally, the full AMPREVENCE results were presented in a poster at the U.S. CDC's STD Prevention Conference, and a poster on the impact of product adherence and condom use rates on rates of urogenital reinfection with chlamydia and gonorrhea in AMPREVENCE was presented at the Society for Family Planning Annual Meeting 2020.

Additionally, two abstracts on sexual satisfaction in these trials were published in *Fertility and Sterility*, and the full AMPOWER manuscript was published in *Contraception*.

We aim to have the full AMPREVENCE manuscript published in the coming months, and are working on submissions for spring conferences.

On the clinical side, as Saundra mentioned, we initiated our pivotal Phase III trial for EVO100 for the prevention of chlamydia and gonorrhea in women.

This trial will enroll 1,730 women at 90 U.S. study centers. Specifically, we are enrolling women who have had and been successfully treated for a urogenital chlamydia or gonorrhea infection at any time over the 16 weeks prior to their enrollment visit and who have had one or more risk factors for infection. They will receive EVO100 or placebo with instructions to use study drug immediately before or within 1-hour before having sex for the 4-month treatment period.

In terms of timing, we expect to complete enrollment by the end of 2021 and to report top line results in the first half of 2022 with an NDA submission planned for late 2022.

Also, I want to remind everyone that EVO100 has been granted Fast Track designation for the prevention of chlamydia in women by the FDA. And it's an FDA-designated Qualified Infectious Disease Product for the prevention of gonorrhea in women. So we would expect a priority review with a PDUFA date in mid-2023. And with that, operator, we'd like to open the call for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions)

Our first question is from David Amsellem with Piper Sandler. (silence)

Okay. Our next question is from Jeff Hung with Morgan Stanley.

Jeff Hung: Now that Phexxi has been on the market for a couple of months, can you talk about the dynamics for scripts being written and filled? Are these scripts being driven more by inbound requests from patients? Or are physicians more actively recommending Phexxi to patients? And kind of appreciate any color you can provide on this dynamic. And then I have a follow-up.

Russell Barrans: Thanks. So of course, some of our metrics are still a little bit early in the mix to do that. We're currently in the process of doing an AT or attitude trials and utilization market research project, and we'll have more information for you later on that.

But what we do know is that we are seeing about a pretty even mix between those that are coming through in our telemedicine portal, which is an indication that they're following it through their social media or through the other avenues to find out about it. And as -- and then the other half are coming through the health care provider.

We think most of those health care provider ones are coming through based on the fact that, that once a health care provider has learned about it, they are then finding women that come into their practice or that they've already identified that are good options for Phexxi and then making sure that they are aware of it and have an opportunity to get a prescription.

Jeff Hung: Great. And then can you talk about the refill process? When a woman gets the initial prescription, does the physician include a certain number of refills in that script? And I know it's a bit early and timing can vary, but can you talk about what you're hearing on the proportion of patients who are getting refills?

Russell Barrans: Yes. We're seeing it being written in a few different ways. At some of the original and initial prescriptions that were going out were, as you can probably appreciate, for a -- just a 1 -- 1 month or 1 prescription script. What we have been able to do is work with most of those offices, and they're now writing them in 3 or 6 months, typically, because knowing that as a new product, sometimes payers won't accept a 12

month. But what we are seeing is that those scripts are being written in a manner that allows for women to get their refills done.

We're starting to see refills, of course, starting to pop into the system now. But as I would remind everyone, because this is an on-demand or PRN “only use it when you need it” method, that will vary depending on the frequency of sexual activity that each individual person has. So, as you can probably appreciate, there will be some who fill their script every few weeks, and then there will be others who fill it every couple of months. So we have started seeing those pop in. We'll hopefully have better data points when we get to our Q4 call in March that will help us understand the frequency and how frequent people are filling those scripts again.

Saundra Pelletier: And Jeff, just to add to that, too, we've actually had some interesting intakes with some of our sales force that there's a lot more patient-centered counseling that seems to be happening very actively now, either over the phone via telemedicine or in person.

And so for example, there are some patients on average, market research tells us that women have sex twice a week. So that's why when we designed a prescription, which is a box of 12 prefilled applicators, we did that, so women would have more should they need it. But also, if a doctor says that a monthly prescription - because the woman is more active - is a box of 24, that also could be a 1-month supply. So we see that depending on what's happening with the counseling situation that a typical prescription is for a box of 12, but it could be as much as 24 could be a monthly supply.

Operator: Our next question comes from Annabel Samimy with Stifel.

Annabel Samimy: Just wanted to go back to comments around prescriptions and refills. First, you mentioned, I think it was 385 prescriptions have been written. Can you tell us whether the fill rate is very high? Or is there a lower fill rate? Secondly, on the refill, I know you've assumed about 7 refills per year. Have you -- do you have enough data at this point to know whether some women are kind of gaining it around their cycle and whether the 7 is the right number to use. You talked about higher, but is there anyone using it in a lower fashion?

Then separately, just want to get your thoughts around net price in the first quarters. I know that the first prescription’s at 0 co-pay, and then after that, it's $30. So how should we assume net price to evolve over the next couple of quarters or next few quarters? And then finally, any additional market research you've done around keeping Phexxi and EVO100 as separate products?

Russell Barrans: I'll jump in first before I flip it over to Jay. And so I think the real question may Annabel is, if I'm hearing this right, is what was our abandonment around the scripts when they were first being written. And what we found was there was initially a few of the women who would be told by the pharmacy that they weren't covered under the co-pay card simply because of the fact that that script got to them before the co-pay

card did, we've been able to rectify that and make sure that the pharmacies are putting that co-pay card in -- for themselves. So there was a pretty small number of abandonments that happened at that point.

The co-pay card has worked really quite well, and we've actually seen about 50% of those scripts that have gone through that required having a co-pay on that. As I kind of indicated earlier, the level of refills is at this point because we only had 3 weeks of data in the quarter and then we've got some data that's happened since then, but it isn't sufficient enough for us to make any kind of statements around what we expect or anticipate the level of filling would be.

But when we did come with that 7 refills, we did look at that as sort of the, if you will, the average. So we did know that there would be those who would, in fact, probably have up to 12 refills on a yearly basis and those who might have 4. And when we looked at it in aggregate, we determined that the right number was right around that 7.

So we anticipate that as we start getting into 3 months, 4 quarters worth of data, we'll have a lot better indicator of what that refill rate typically looks like. And then Jay can kind of speak to what our situation is right now, what's really early data.

Justin File: Yes. And obviously, a few weeks don't make a permanent trend. But obviously, the co-pay program in itself is designed to basically reflect - in lieu of a sample free Sample program - it's really meant to really try and mitigate any sort of issues that women might have and really help reduce the risk of any high out of pockets that might cause abandonment at the pharmacy as well.

So to that effect, through September, as Russ said, we are seeing in that 40% to 50% range of women on commercial insurance taking advantage of the co-pay card and to stress it's not everyone that does get that full first one free. We are seeing that split amongst that small proportion. So about half of those that are participating in the co-pay program do get that first one free. So that's half about the 40% to 50% range of those people participating. And we're seeing about an average of $215 through the month of September for those first 3 weeks of an average co-pay.

Now going forward, we obviously don't anticipate the program to continue in perpetuity. But we do expect, obviously, that will still be a place for the DTC launch that's occurring in the first quarter of next year. And then we'll continue to assess it as we continue to monitor prescriptions as it goes forward from that point through 2021.

Russell Barrans: And before I pass it over to Kelly just to talk about EVO100, real quick, on the market research side Annabel, one of the key indicators that you can always point to is awareness. Awareness tends to be the on metric that both on a consumer and on the HCP side will dictate what the uptake looks like. So we are currently working on getting our very first awareness market research done, so we can start seeing after just a couple of months where we're currently sitting when it comes to that metric. And those

are key metrics and ones that we certainly look forward to sharing as soon as the opportunity presents itself to do so.

Saundra Pelletier: Annabel, you good with that. Oh, sorry, did that answer your questions?

Annabel Samimy: Yes. Just 1 more follow-up, if I could, is -- I know that you have your own specialty pharmacy that's distributing product. Is IMS track you're going to be capturing that accurately? Or is there a part of the market that's not going to be captured because of that?

Russell Barrans: Yes. That's a great question. So no, the mail order, of course, which is through KnippeRx, and we do have some level -- significant levels going up through that part. They're not captured through Symphony or IQVIA. We will -- when we get to our reporting of that at the quarter's end, we will have corrected those data points that come out of IQVIA and Symphony to include that data, but that will be at the end of the quarter.

Annabel Samimy: And how much is going through KnippeRx right now?

Russell Barrans: I don't have the specific numbers that are going through, but we are seeing that right now we're in the neighborhood of about 50% of our overall business is telemedicine. Now some of those go through Knipper, and some of those are actually going through the regular bricks-and-mortar. So I don't have that specific breakout right at the time to give you the number that are going through there. But it looks to be somewhere in that neighborhood about 30%.

Operator: Our next question is from Ram Selvaraju with H.C. Wainwright.

Ram Selvaraju: I just had a couple of questions regarding the marketing and promotional activities in support of Phexxi. Can you just kind of give us a description of what the nature of those consists of at this point in the launch? And how you expect that overall marketing and promotional activity mix to change over the course of the next 2 to 3 quarters? And then also, if you can comment on this in the context of the actual expense line item, and if you anticipate that based on the marketing and promotional spend as of right now, that this has reached steady state or whether you expect significant further quarterly increases in the months ahead as we get further into the launch?

Russell Barrans: Thanks, Ram. Yes. So our primary marketing approaches right now when it comes to the consumer side, is through social media, primarily through Instagram, Twitter and Facebook. And of course, as I always kind of say, to my contemporaries, when they ask where are the ads, they're not seeing them, I usually say, that's a good thing because if you are seeing them, you're probably in the wrong place because we're not targeting people of my age or gender on that one. So what's happening is we are -- we're active in those spaces. We're seeing a lot of activity.

We're seeing a lot of repost of different things that are going out. And that's really taking place in that regard. What will change, if you will, is that we will come out with our commercial or our over-the-air video as is referred to when you're using it online. And that will come out at the end of January. That will, of course, give us a higher level of visibility. And just as a reminder, the reason that you wait on that is because FDA does want to make sure that the health care provider audience is fully aware of the brand before you start sending women into them to discuss something that they're not completely familiar with.

So we know that based on our activity right now with HCPs, we'll be in a position to meet those requirements by the first part of the year. So that's what will significantly change. I'll just mention broadly and then let Jay speak more specifically that a lot of the budget items that we've already put into the budget account for those changes that are taking place in order to be able to have that ready when we get to the first quarter of next year.

Justin File: Yes. And just to further, obviously, not to beat the switch on the ground, we do anticipate that we'll be giving some additional guidance and insight into sales and marketing spend in our year-end call in March.

Keep in mind, we are reiterating our guidance that we gave at FDA approval and launch there about sales and marketing spend. Obviously, that's for partial year. So I think it's only safe to say that it will go up in the next year, and we're currently working with Russ to see what that exactly translates to in dollars. I will tell you, though, I have told that you cannot have a Super Bowl ad yet, maybe in the future.

Ram Selvaraju: Fully understood. The last quick question was question was if we look now at which segment of the target population appears to be most receptive to the promotional activities. At this juncture, do you have a sense of whether that is indeed those women who are not currently on any form of birth control, or if it is a different segment of the population, *i.e.*, for example, those who are on hormonal birth control versus those who utilize some other form of contraception?

Russell Barrans: Yes. So when we do our market research around awareness, we'll be able to get more granular. So you've asked the question, do I have a feel for it. And we are getting a feel for based on a lot of what we see in social media, and it certainly is that segment that we've talked about with the 21 million women who are not currently using a prescription form of contraception. They seem to be the ones that are having the most conversations around that. Many of those women are indicating that previously, they've tried other forms of nonhormonal contraception that have been not satisfying for them. And so if I had to just say right now before we get all that awareness data back to us, it certainly is matching up exactly with what we anticipated it would be in terms of those women who indicated in our prelaunch market research would be most interested in this. It seems to be panning out pretty close to exactly what that research had told us in our prelaunch market research.

Ram Selvaraju: Okay, great. Thank you.

Operator: Our next question is from David Amsellem with Piper Sandler.

David Amsellem: Okay. Can you hear me now?

Saundra Pelletier: Yes. We can see you now. Hi, David.

David Amsellem: All right. So couple of quick ones. First, on sampling and co-pay assistance. Given that Phexxi behaves in a lot of ways like a consumer product, I don't mean that in a bad way, should we think of sampling in co-pay assistance being something of a permanent fixture of promotion in the life of the product? So that's number one.

And then number two, just moving on to STI prevention. I know that you've said that you're going to brand this differently. But I guess, with that in mind, how should we think about the extent to which you'd need to expand the commercial organization to support that opportunity? Does it become more of a GP focused effort? And help us think longer term - the ramp-up in the commercial infrastructure and associated spend would be with that, assuming that opportunity bears fruit?

Russell Barrans: So actually, I will acknowledge with you -- that, David, the category is a very much consumer driven category, always has been, where women typically who have made a request of their health care provider for a certain type of contraception are more than 90% likely to get that. So we've recognized that from sort of the get-go and have made sure we structured all of our activities around that.

So yes, we are seeing that women are, in fact, becoming aware of going in, asking for and talking about the opportunity for a nonhormonal brand opportunity. So we will continue to make our focus around driving this through -- largely women asking for and becoming aware of the brand so that it pushes through.

It's as we usually say it's that push-pull part where we're really trying to get the woman to push it into the doctor's office and then the doctor do the pull-through by providing a prescription for her or in this case going online. So as I've kind of said before, this is a category that women are not as inclined, as an example, having been associated with IUDs for many years - it's not as likely that someone would want someone else besides their own health care provider to do an insertion of something like an IUD, whereas in this particular case, we're finding women are pretty willing and accepting of going to a telemedicine opportunity to a health care provider that they may or may not know or that they even don't even have to talk to because it can be done asynchronously. So we're seeing women be the catalyst to drive the uptake.

Saundra Pelletier: And he asked about the commercial sales force too.

Russell Barrans: And so in regards to the STI part of that, what we've also been able to look at, again, we're still a little ways away from whether we'd have to increase the commercial footprint on that. Of course, as we navigate as the rest of the world does through the COVID-19 situation. We'll know more about those kinds of things. But we don't, at this point, anticipate that we will require a significant change in our footprint simply with the approval of that -- those assets.

And as we've mentioned on other calls, we don't yet know exactly when it is done, and we do file, how it will be filed, whether it's filed as an NDA that will be with Phexxi or if it will be an NDA for a separate brand. And of course, that will make some determination. But that -- those considerations are still down the road, just a little piece, and we're not in a position to say today whether or not if it fits one of those pathways or the other.

Saundra Pelletier: Well, and honestly, too, David, is that, look, with telemedicine and the telehealth platform, we have recognized -- obviously, we already use the power of that, but the power is strengthening, right, every day as more women are getting used to, frankly, doing everything virtually.

So that maintains the momentum and continues to grow, that may mitigate the need of having so many feet on the street, so to speak. So we continue to evaluate it. But so far, we've seen, at least anyway with this current launch, with Phexxi for contraception, that we do have actually a very, very perfect mix of the 70 people in the field with the telemedicines platform. But yes, we'll keep evaluating it, but we may in fact, not need to add at all.

David Amsellem: Okay. And if I may sneak in a follow up, that's really helpful. But speaking of commercial infrastructure, and I apologize if I missed this, if you commented on this, but what's your level of urgency, if you will, or how are you prioritizing the potential addition of another asset in women's health where you can leverage the infrastructure you have in place?

Saundra Pelletier: Yes. Well, that's a great question. So -- and that -- here's what I would say to you is that we obviously want to prove to everyone that we have the team in place with the right asset to knock this out of the park. And what we know is that once that's accomplished, it's going to put us in a very different position around cost of additional capital and opportunities for additional partnerships.

So, at the moment I would say that there's not an urgent need. We do know as sales force is costly, and we recognize that. So we want to knock it out of the park with Phexxi first, and prove and show to everybody that we know exactly how it can be done. Because then, frankly, we think we would be a more advantageous partner. There's a lot of companies we've talked to that are in Phase II, but they don't have a commercial footprint. They don't have the expertise. And frankly, they don't know if they're going to be able to raise enough capital to build the commercial footprint even if they wanted to.

And so we think we will end up being the perfect appropriate partner for them to talk to about putting their asset in our bag.

But we do know that we need to stay very, very diligent and deliberate and focused on this product first, to show the whole world, that frankly, let's say they have an innovation that's never been done before, just like Phexxi, which we know there are some skeptics out there about that. We'll be able to show any partner, whether it's a product in a category that already exists or a brand-new product, that we know exactly how to do it.

So I wasn't trying to be obtuse. So the point is that it's not urgent because we have some time to show. And so we're talking to people and thinking about this, but I don't think that you'll see us take any quick action. And really advance this until the end of next year when we've fully proven the Phexxi platform.

Operator: And this concludes our Q&A session for today. I would like to turn the call back to Saundra Pelletier for her final comments.

Saundra Pelletier: Great. Thanks so much. So I've had the opportunity to talk a lot about what we're doing and what we're doing in this virtual environment. And outside of breathing, talking about Evofem and Phexxi is my most favorite thing, and I really mean that.

And people have asked me, what are investors - are they missing anything? And so the one thing I want to share is that we know that we have some amazing investors. And yes, they are mostly male dominant, and these investors say to us that they don't want their daughters to take hormonal birth control for 20 years, that they are worried about them suffering from side effects and not feeling like themselves. We -- They say to us that they don't want the women in their lives to suffer from those kinds of side effects. And they really want the women that they know, that they talk to, that they care about to feel as good as they possibly can while protecting themselves.

So we actually feel that everybody now understands that it is time for a new option. And once investors take the time to look under the hood, so to speak, of Evofem, they really like what they see.

The one thing I know to be true is that there are moments in time that change categories. When, for example, the hormonal IV came out - Mirena - it was a moment in time when women were tired of taking a pill every day. They wanted a fit and forget method. That product was supposed to do $74 million, and it does $1.4 billion today. That moment exists now for Phexxi. Women want a nonhormonal option. They want something that they only use when they need it and never when they don't.

They are ready to be empowered just like men have been for years, and I know that I've said it before, but I want to say it again because the market is speaking to us and validating what we know to be true. That moment in time is happening again in this category, and it's happening for nonhormonal, and Evofem is here to deliver. The

company is filled with people who are the very best in their class. We've come together with a common mission to improve the lives of women by developing and commercializing real innovation. We have an approved asset in Phexxi. And this is a surprising number to me, but only 14% of drugs that start the FDA process actually make it through FDA approval. So we're disrupting the market with a first-in-class hormone-free product.

And we've just advanced our second asset in the pivotal Phase III study for prevention of chlamydia and gonorrhea. And again, there are no approved drug products to prevent these STIs. Our trial will build on the very highly positive, statistically significant results that we already shared from our Phase IIb clinical trial.

So we feel we've proven our ability to deliver on clinical rigor. We've proven our ability to raise capital when very few companies can bring in the money that they need, and we will prove that a Harvard Business School study should be written about how we successfully launched a product during a global pandemic.

Ultimately, in the end, women deserve more. Evofem is delivering. And if that is not worth investing in, I don't know what it is. So thank you for your support, and have a great rest of your day.

Operator: Ladies and gentlemen, thank you for participating in today's conference. You may now disconnect.