

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
VERU INC.**

(adopted as of October 31, 2016)

**PURPOSE:**

The Audit Committee is appointed by the Board of Directors to monitor the corporate financial reporting and the internal and external audits of Veru Inc. (the "Company"). The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the Company's independent auditors, including the resolution of disagreements between management and the auditor regarding financial reporting. The Audit Committee shall assist the Board of Directors with oversight of (i) the integrity of the Company's financial statements, the accounting and financial reporting process of the Company and the audits of the financial statements of the Company; (ii) the effectiveness of the Company's internal control over financial reporting; (iii) the Company's compliance with legal and regulatory requirements; (iv) the independent auditor's qualifications and independence and (v) the performance of the Company's internal audit function and independent auditors.

In addition, the Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit and reviews, including reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. In fulfilling their responsibilities under this charter, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct auditing or accounting reviews or procedures, and each member of the Audit Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside the Company from whom it receives information and (b) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations.

The independent auditors for the Company are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee has the direct authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors (or to nominate the independent auditors to be proposed for shareholder approval in the proxy statement). The Company shall provide the Audit Committee with appropriate funding for payment of compensation, fees and expenses to the independent auditors and to counsel or other advisors that the Audit Committee may deem appropriate to engage.

## **MEMBERSHIP:**

The Audit Committee will consist of at least three members of the Board, each of whom shall (1) be an "independent director" within the rules of the Nasdaq Stock Market, (2) satisfy the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, (3) not be an officer or employee of the Company or any of its subsidiaries and (4) not have any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. One member of the Audit Committee shall be an "audit committee financial expert" as may be defined by the rules of the Securities and Exchange Commission.

The members of the Audit Committee shall be elected by the Board of Directors to hold such office until their successors have been duly elected and qualified. Unless a chairperson is elected by the Board, the members of the Audit Committee may designate a chairperson by majority vote of the full Audit Committee membership.

## **RESPONSIBILITIES:**

The responsibilities of the Audit Committee shall include:

1. Reviewing on a continuing basis the adequacy of the Company's system of internal control over financial reporting and the Company's disclosure controls and procedures, and discussing with management, management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any material weaknesses or significant deficiencies identified;
2. Reviewing on a continuing basis the activities, organizational structure and qualifications of the Company's internal audit function;
3. Reviewing the independent auditors' proposed audit scope and approach, including, when applicable, audit procedures with respect to the Company's internal control over financial reporting;
4. Reviewing with management and the independent auditors the audited financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors and any serious difficulties or disputes with management encountered during the course of the audit, and reviewing the other financial disclosures in the Company's Form 10-K report, including Management's Discussion and Analysis of Financial Condition and Results of Operations;
5. Reviewing management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the

independent auditor's report on the effectiveness of internal control over financial reporting, discussing with the independent auditor the characterization of deficiencies in internal control over financial reporting, and, if applicable, discussing, with management, management's remediation plan to address internal control deficiencies;

6. Reviewing with management and the independent auditors the unaudited quarterly financial statements, and reviewing the other financial disclosures in the Company's Form 10-Q report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and reviewing with the independent auditors any significant or material issues identified through procedures followed for interim quarterly financial statements, in each case after the end of each of the first three quarters of the fiscal year;
7. Approving the appointment of the independent auditors, subject, if applicable, to stockholder ratification;
8. Approving fee arrangements with the independent auditors;
9. Reviewing the performance and qualifications of the independent auditors and reviewing the experience and qualifications of the senior members of the independent auditor team, compliance by the independent auditors with audit partner rotation requirements and the quality control procedures of the independent auditors;
10. Approving in advance the retention of the independent auditor firm for any non-audit service that such firm is not prohibited from performing for the Company and approving the fees for any such service;
11. Ensuring that the independent auditors prepare and deliver annually a Statement as to Independence (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and discussing with the independent auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's independent auditors and to recommend that the Board of Directors take appropriate action in response to this Statement to satisfy itself of the independent auditors' independence;
12. Reviewing reports from the independent auditors regarding (a) critical accounting policies used by the Company in its financial statements, (b) all alternative treatments of financial information within generally accepted accounting principles that the independent auditors have discussed with management, ramifications of the use of such alternative treatments and the treatment preferred by the independent auditors, and (c) other material written communications between the independent auditors and management;

13. Recommending to the Board of Directors guidelines for hiring of employees of the independent auditor who have been engaged on the Company's account;
14. Advising the Board of Directors with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations;
15. Reviewing with management and the independent auditors the effect of any significant regulatory and accounting initiatives;
16. Obtaining from the independent auditor's assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated;
17. Meeting at least quarterly with management and the independent auditors in separate executive sessions;
18. Reviewing, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements;
19. Providing oversight and review of the Company's asset management policies, including an annual review of the Company's investment policies and performance for cash and short-term investments, and the Company's risk assessment and risk management policies;
20. If necessary, instituting special investigations and, if appropriate, hiring special counsel or experts to assist;
21. Reviewing related party transactions required to be disclosed pursuant to Item 404 of SEC Regulation S-K for potential conflicts of interest and approving such related party transactions;
22. Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters;
23. Performing other oversight functions as requested by the full Board of Directors;
24. Reviewing and updating the Audit Committee's charter annually and recommending any proposed changes to the Board of Directors for approval;
25. Instructing the independent accountants that the independent accountants are ultimately responsible to the Board of Directors and the Audit Committee; and

26. Preparing any report, including any report of the Audit Committee required by the rules of the Securities and Exchange Commission to be included in the proxy statement for the Company's annual meeting.

In addition to the above responsibilities, the Audit Committee will undertake such other duties as the Board of Directors delegates to it, and will report regularly to the Board regarding the Committee's examinations and recommendations.

#### **MEETINGS:**

The Audit Committee will meet at least four times each year. The Audit Committee may establish its own schedule which it will provide to the Board of Directors in advance.

The Audit Committee will meet separately with the Chief Executive Officer and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company. The Audit Committee will meet with the independent auditors of the Company, at such times as it deems appropriate, to review the independent auditor's examination and management report.

#### **REPORTS:**

The Audit Committee will record its summaries of recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors at which those recommendations are presented.

#### **MINUTES:**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

#### **INVESTIGATIVE AUTHORITY:**

The Audit Committee shall be empowered to investigate any matter brought to its attention with full access to all Company books, records and personnel, using special counsel or outside experts when necessary or appropriate. The Company shall provide the Audit Committee with appropriate funding, as determined by the Audit Committee, for payment of compensation, fees and expenses of any counsel or experts that the Audit Committee may retain in connection with any such investigation.