UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2016

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

For the transition period from_____ to_____

Commission file number 1-13602

The Female Health Company

(Name of registrant as specified in its charter)

Wisconsin	**39-1144397**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
4400 Biscayne Boulevard, Suite 888	
Miami, FL	**33137**
(Address of principal executive offices)	**(Zip Code)**

312-595-9123
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company☐
(Do not check if smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as determined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 8, 2017, the registrant had 31,338,249 shares of $0.01 par value common stock outstanding.

THE FEMALE HEALTH COMPANY

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain statements included in this quarterly report on Form 10-Q which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "intend," "may," "opportunity," "plan," "predict," "potential," "estimate," "will," "would" or the negative of these terms or other words of similar meaning. The Company cautions readers that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. Such factors include, among others, the following: the Company's ability to secure adequate capital to fund product development, working capital requirements, advertising and promotional expenditures and strategic initiatives; factors related to increased competition from existing and new competitors including the potential for reduced sales, pressure on pricing and increased spending on marketing; limitations on the Company's opportunities to enter into and/or renew agreements with international partners, the failure of the Company or its partners to successfully market, sell and deliver its products in international markets, and risks inherent in doing business on an international level, such as laws governing medical devices that differ from those in the U.S., unexpected changes in the regulatory requirements, political risks, export restrictions, tariffs and other trade barriers and fluctuations in currency exchange rates; the disruption of production at the Company's manufacturing facilities due to raw material shortages, labor shortages and/or physical damage to the Company's facilities; the Company’s reliance on its major customers and risks relating to delays in payment of accounts receivable by major customers; the Company's ability to manage its growth and to adapt its administrative, operational and financial control systems to the needs of the expanded entity and the failure of management to anticipate, respond to and manage changing business conditions; the loss of the services of executive officers and other key employees and the Company's continued ability to attract and retain highly-skilled and qualified personnel; the costs and other effects of litigation, governmental investigations, legal and administrative cases and proceedings, settlements and investigations; product demand and market acceptance; risks related to the development of the Company's product portfolio, including clinical trials, regulatory approvals and time and cost to bring to market; many of the Company's products are at an early stage of development and the Company may fail to successfully commercialize such products; risks related to intellectual property, including licensing risks; government contracting risks, including the appropriations process and funding priorities, potential bureaucratic delays in awarding contracts, process errors, politics or other pressures, and the risk that government tenders and contracts may be subject to cancellation, delay or restructuring; a governmental tender award indicates acceptance of the bidder's price rather than an order or guarantee of the purchase of any minimum number of units, and as a result government ministries or other public sector customers may order and purchase fewer units than the full maximum tender amount; the Company’s ability to identify, successfully negotiate and complete suitable acquisitions or other strategic initiatives; the Company’s ability to successfully integrate acquired businesses, technologies or products. Such uncertainties and other risks that may affect the Company's performance are discussed further in Part I, Item 1A, "Risk Factors," in the Company's Form 10-K for the year ended September 30, 2016. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this report or to update them to reflect events or circumstances occurring after the date of this report.

Item 1. Financial Statements

THE FEMALE HEALTH COMPANY
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2016	September 30, 2016
ASSETS		
Current Assets:		
Cash	$ 3,485,424	$ 2,385,082
Accounts receivable, net	8,390,949	10,775,200
Income tax receivable	2,196	2,387
Inventory, net	2,522,281	2,492,644
Prepaid expenses and other current assets	720,944	634,588
TOTAL CURRENT ASSETS	15,121,794	16,289,901
PLANT AND EQUIPMENT		
Equipment, furniture and fixtures	4,168,759	4,625,472
Leasehold improvements	292,804	323,147
Less accumulated depreciation and amortization	(3,663,316)	(4,123,532)
Plant and equipment, net	798,247	825,087
Other trade receivables	7,837,500	7,837,500
Other assets	178,579	189,219
Deferred income taxes	8,872,764	13,482,000
Intangible assets, net	20,873,271	—
Goodwill	6,878,932	—
TOTAL ASSETS	$ 60,561,087	$ 38,623,707
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 1,266,122	$ 701,035
Accrued expenses and other current liabilities	3,046,439	2,380,571
Accrued compensation	61,182	264,871
TOTAL CURRENT LIABILITIES	4,373,743	3,346,477
LONG-TERM LIABILITIES		
Other liabilities	1,233,750	1,233,750
Deferred rent	22,424	—
Deferred income taxes	1,709,260	110,069
TOTAL LIABILITIES	7,339,177	4,690,296
Series 4 Preferred Stock	17,981,883	—
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock	—	—
Common stock	335,220	312,740
Additional paid-in-capital	72,310,327	69,660,010
Accumulated other comprehensive loss	(581,519)	(581,519)
Accumulated deficit	(29,017,396)	(27,651,215)
Treasury stock, at cost	(7,806,605)	(7,806,605)
TOTAL STOCKHOLDERS' EQUITY	35,240,027	33,933,411
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 60,561,087	$ 38,623,707

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2016	2015
Net revenues	$ 3,243,599	$ 8,230,659
Cost of sales	1,591,315	2,828,322
Gross profit	1,652,284	5,402,337
Operating expenses	3,526,974	3,009,782
Operating (loss) income	(1,874,690)	2,392,555
Non-operating expense:		
Interest and other expense, net	(9,621)	(27,795)
Foreign currency transaction loss	(11,939)	(44,944)
Total non-operating expense	(21,560)	(72,739)
(Loss) income before income taxes	(1,896,250)	2,319,816
Income tax (benefit) expense	(530,069)	829,453
Net (loss) income	$ (1,366,181)	$ 1,490,363
Net (loss) income per basic common share outstanding	$ (0.04)	$ 0.05
Basic weighted average common shares outstanding	30,976,140	28,633,372
Net (loss) income per diluted common share outstanding	$ (0.04)	$ 0.05
Diluted weighted average common shares outstanding	30,976,140	28,993,943

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock at Cost	Total
Balance at September 30, 2016	$ —	31,273,954	$ 312,740	$69,660,010	$ (581,519)	$(27,651,215)	$(7,806,605)	$33,933,411
Share-based compensation	—	247,999	2,480	301,290	—	—	—	303,770
Issuance of 2,000,000 shares of common stock in connection with the APP Merger.	—	2,000,000	20,000	1,806,097	—	—	—	1,826,097
Issuance of 2,585,379 warrants in connection with the APP Merger.	—	—	—	542,930	—	—	—	542,930
Net loss	—	—	—	—	—	(1,366,181)	—	(1,366,181)
Balance at December 31, 2016	$ —	33,521,953	$ 335,220	$72,310,327	$ (581,519)	$(29,017,396)	$(7,806,605)	$35,240,027

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31,	
	2016	2015
OPERATING ACTIVITIES		
Net (loss) income	$ (1,366,181)	$ 1,490,363
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	89,284	114,406
Amortization of intangible assets	26,729	—
Share-based compensation	317,311	123,344
Warrants issued	542,930	—
Deferred income taxes	(591,573)	746,452
Loss on disposal of fixed assets	4,469	111
Changes in current assets and liabilities, net of effects of acquisition of a business:		
Decrease (increase) in accounts receivable	2,391,226	(3,596,429)
Decrease (increase) in income tax receivable	191	(5,944)
Decrease in inventory	111,404	183,063
(Increase) decrease in prepaid expenses and other assets	(75,378)	291,795
(Decrease) increase in accounts payable	(522,125)	71,038
Increase in accrued expenses and other current liabilities	237,678	150,570
Net cash provided by (used in) operating activities	1,165,965	(431,231)
INVESTING ACTIVITIES		
Capital expenditures	(65,623)	(2,942)
Net cash used in investing activities	(65,623)	(2,942)
Net increase (decrease) in cash	1,100,342	(434,173)
Cash at beginning of period	2,385,082	4,105,814
CASH AT END OF PERIOD	$ 3,485,424	$ 3,671,641
Supplemental Disclosure of Cash Flow Information:		
Cash payments for income taxes paid	$ 112,695	$ 69,856
Schedule of noncash financing and investing activities:		
Issuance of common stock in connection with the APP Merger	$ 1,826,097	—
Issuance of Series 4 Preferred Stock in connection with the APP Merger	$ 17,981,883	—
Reduction of accrued expense upon issuance of shares	$ 22,176	—

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited but in the opinion of management contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to present fairly the financial position and the results of operations and cash flow for the periods presented in conformity with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

Operating results for the three months ended December 31, 2016 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2017. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2016.

Principles of Consolidation and Nature of Operations

The Female Health Company is a pharmaceutical and medical device company, with an initial focus on the development and commercialization of pharmaceuticals for men's and women's health and oncology that qualify for the U.S. Food and Drug Administration's (FDA) 505(b)(2) accelerated regulatory approval pathway as well as the 505 (b)(1) pathway. The Company also has a Consumer Health and Medical Devices Division and Global Public Health Sector Division. The Company does business as both "Veru Healthcare" and "The Female Health Company."

The consolidated financial statements include the accounts of The Female Health Company (FHC or the Company) and its wholly owned subsidiaries, Aspen Park Pharmaceuticals, Inc. (APP) and The Female Health Company Limited, and The Female Health Company Limited's wholly owned subsidiaries, The Female Health Company (UK) plc and The Female Health Company (M) SDN.BHD. All significant intercompany transactions and accounts have been eliminated in consolidation. Prior to the completion of the merger transaction with APP (the APP Merger) (see Note 3, APP Merger Transaction), the Company had been a single product company engaged in the marketing, manufacturing and distributing a consumer health care product, the FC2 female condom (FC2). The Female Health Company Limited, is the holding company of The Female Health Company (UK) plc, which is located in a 6,400 sq. ft. leased office facility located in London, England (collectively the U.K. subsidiary). The Female Health Company (M) SDN.BHD leases a 45,800 sq. ft. manufacturing facility located in Selangor D.E., Malaysia (the Malaysia subsidiary). The Company headquarters is located in Miami, Florida in a 2,600 sq. ft. leased office facility.

The Company is organized as follows:

- Veru Healthcare manages:
  - *The Pharmaceuticals Division*, which develops and commercializes pharmaceutical products for men's and women's health and oncology.
  - *The Consumer Health and Medical Devices Division*, which is focused on commercializing sexual healthcare products and devices for the consumer market, including the Company's FC2 Female Condom® (FC2), as well as PREBOOST® (benzocaine 4%) medicated individual wipes which is a male genital desensitizing drug product that helps in the prevention of premature ejaculation. The Affordable Care Act mandates coverage of the female condom by prescription and FC2 is the only female condom approved for the U.S. market. Likewise, 28 States prior to the Affordable Care Act already had State laws in place that require some form of coverage for female contraception.

- The Female Health Company manages *the Global Public Health Sector Division*, which is focused on FC2 in the global public health sector business. This division markets FC2 to public health entities, including ministries of health, government health agencies, U.N. agencies, nonprofit organizations and commercial partners, that work to support and improve the lives, health and well-being of women around the world.

FC2 has been distributed in either or both commercial (private sector) and public health sector markets in 144 countries. It is marketed to consumers through distributors, public health programs and retailers in 16 countries.

The Company's standard credit terms vary from 30 to 120 days, depending on the class of trade and customary terms within a territory, so accounts receivable is affected by the mix of purchasers within the period. As is typical in the Company's business, extended credit terms may occasionally be offered as a sales promotion or for certain sales. The Company has agreed to credit terms of up to 150 days with our distributor in the Republic of South Africa. For the most recent order of 15 million units under the Brazil tender, the Company has agreed to up to 360 day credit terms with our distributor in Brazil subject to earlier payment upon receipt of payment by the distributor from the Brazilian Government. For the past twelve months, the Company's average days' sales outstanding has averaged approximately385 days. Over the past five years, the Company's bad debt expense has been less than 0.02 percent of product sales. The balance in the allowance for doubtful accounts was $38,000 at both December 31, 2016 and September 30, 2016.

Restricted cash

Restricted cash relates to security provided to one of the Company's U.K. banks for performance bonds issued in favor of customers. The Company has a facility of $250,000 for such performance bonds. Such security has been extended infrequently and only on occasions where it has been a contract term expressly stipulated as an absolute requirement by the funds' provider. The expiration of the bond is defined by the completion of the event such as, but not limited to, a period of time after the product has been distributed or expiration of the product shelf life. Restricted cash was $127,782 and $134,443 at December 31, 2016 and September 30, 2016, respectively, and is included in cash on the accompanying Unaudited Condensed Consolidated Balance Sheets.

Foreign Currency and Change in Functional Currency

The Company recognized a foreign currency transaction loss of $11,939 for the three months ended December 31, 2016, compared to a loss of $44,944 for the three months ended December 31, 2015. The consistent use of the U.S. dollar as functional currency across the Company reduces its foreign currency risk and stabilizes its operating results. As a result of the U.S. dollar being the functional currency of the Company and all of its subsidiaries, comprehensive income is equivalent to the reported net income.

Business Combinations

The Company accounts for acquisitions using the acquisition method of accounting which requires the recognition of tangible and identifiable intangible assets acquired and liabilities assumed at their estimated fair values as of the business combination date. The Company allocates any excess purchase price over the estimated fair value assigned to the net tangible and identifiable intangible assets acquired and liabilities assumed to goodwill. Transaction costs are expensed as incurred in general and administrative expenses. Results of operations and cash flows of acquired companies are included in the Company's operating results from the date of acquisition.

Goodwill and Intangible Assets

Goodwill represents the excess of the consideration transferred over the estimated fair value of assets acquired and liabilities assumed in a business combination. Intangible assets with indefinite useful lives are related to acquired in-process research and development projects and are measured at their respective fair values as of the acquisition date. Goodwill and intangible assets with indefinite useful lives are not amortized but are tested for impairment on an annual basis or more frequently if the Company becomes aware of any events or changes that would indicate the fair values of the assets are below their carrying amounts. Intangible assets related to in-process research and development projects are considered to be indefinite-lived until the completion or abandonment of the associated research and development efforts. If and when development is complete, which generally occurs if and when regulatory approval to market a product is obtained, the associated assets are deemed finite-lived and are amortized based on their respective estimated useful lives at that point in time. The Company has not recorded an impairment of goodwill or in-process research and development since inception.

Intangible assets with finite useful lives are amortized over their estimated useful lives, either on a straight-line basis or over the projected related revenue stream.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, including property and equipment and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair value of the impaired assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less cost to sell. The Company has not recorded an impairment of long-lived assets since inception.

Accrued Research and Development Costs

The Company records accrued liabilities for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies and clinical trials and contract manufacturing activities. These costs are a significant component of the Company's research and development expenses. The Company accrues for these costs based on factors such as estimates of the work completed and in accordance with agreements established with its third-party service providers under the service agreements. The Company makes significant judgments and estimates in determining the accrued liabilities balance in each reporting period. As actual costs become known, the Company adjusts its accrued liabilities. The Company has not experienced any material differences between accrued costs and actual costs incurred. However, the status and timing of actual services performed, number of patients enrolled and the rate of patient enrollments may vary from the Company's estimates, resulting in adjustments to expense in future periods. Changes in these estimates that result in material changes to the Company's accruals could materially affect the Company's results of operations.

Series 4 Preferred Stock

The Company issued 546,756 shares of Class A Convertible Preferred Stock – Series 4 (the Series 4 Preferred Stock) in connection with the completion of the APP Merger on October 31, 2016. The Series 4 Preferred Stock is classified as temporary equity in the balance sheet due to the requirement that the Company redeem the Series 4 Preferred Stock for cash upon certain events, including liquidation or sale of the Company or the 20th anniversary of the date of issuance of the Series 4 Preferred Stock. The carrying values of the Series 4 Preferred Stock were not adjusted to the cash redemption price of such shares because it is not considered probable that the shares will be redeemed for cash. The outstanding shares of Series 4 Preferred Stock will be automatically converted into shares of the Company's common stock upon receipt of the shareholder approvals described in Note 3, APP Merger Transaction.

Recently Issued Accounting Pronouncement

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which requires deferred tax liabilities and assets to be classified as non-current in the consolidated balance sheet. Current accounting principles require an entity to separate deferred income tax liabilities and assets into current and non-current amounts in a classified statement of financial position. ASU 2015-17 will be effective for the Company beginning on October 1, 2017. Early adoption of the standard is permitted, and the Company adopted this standard during the current reporting period and applied it to all periods presented. Adoption of this standard resulted in presenting current and prior period deferred tax assets and liabilities as non-current and net of one another on the balance sheet. These non-current deferred tax assets and liabilities are netted by tax jurisdiction. Current deferred tax assets totaling $2,025,000 at September 30, 2016 were reclassified to non-current and presented net with non-current deferred tax liabilities.

NOTE 2 – (Loss) Income per Share

Basic (loss) income per common share is computed by dividing net (loss) income by the weighted average number of common shares outstanding for the period. Diluted (loss) income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period after giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of the incremental common shares issuable upon the exercise of stock options, warrants, and unvested shares granted to employees and directors.

Denominator	Three Months Ended December 31, 2016	2015
Weighted average common shares outstanding - basic	30,976,140	28,633,372
Net effect of dilutive securities:		
Options	—	17,043
Unvested restricted shares	—	343,528
Total net effect of dilutive securities	—	360,571
Weighted average common shares outstanding - diluted	30,976,140	28,993,943
(Loss) income per common share – basic	$ (0.04)	$ 0.05
(Loss) income per common share – diluted	$ (0.04)	$ 0.05

Options to purchase 297,500 shares of common stock, warrants to purchase 2,585,379 shares of common stock and 207,500 unvested restricted shares that were outstanding during the three months ended December 31, 2016 were not included in the computation of diluted net loss per share because their effect was anti-dilutive. Series 4 Preferred Stock is convertible into common stock; however, there are not sufficient common shares for conversion and therefore the Series 4 Preferred Stock is not included in the calculation. Options to purchase approximately 90,000 shares of common stock at an exercise price of $3.92 that were outstanding during the three months ended December 31, 2015 were not included in the computation of diluted net income per share because their effect was anti-dilutive. All other outstanding stock options and unvested restricted shares were included in the computation of diluted netincome per share for the three months ended December 31, 2015.

Note 3 – APP Merger Transaction

On October 31, 2016, as part of the Company's strategy to diversify its product line to mitigate the risks of being a single product company, the Company completed a merger transaction (the APP Merger) with APP. APP is a company focused on the development and commercialization of pharmaceutical and consumer health products for men's and women's health and oncology. For men, product and product candidates are in the areas of benign prostatic hyperplasia, male infertility, amelioration of side effects of hormonal prostate cancer therapies, gout, sexual dysfunction, and prostate cancer. For women, product candidates are for advanced breast and ovarian cancers and for female sexual health.

The merger transaction with APP, a Delaware corporation, was pursuant to an Amended and Restated Agreement and Plan of Merger, dated as of October 31, 2016, (the Amended Merger Agreement), among the Company, APP, and the Company’s wholly owned subsidiary Blue Hen Acquisition, Inc. (APP Merger Sub). Pursuant to the Amended Merger Agreement, on October 31, 2016, APP became a wholly-owned subsidiary of FHC through the merger of APP Merger Sub with and into APP with APP continuing as the surviving corporation. Consummation of the APP Merger did not require the current approval of FHC’s shareholders.

Under the terms of the Amended Merger Agreement, pursuant to the APP Merger, the outstanding shares of APP common stock and preferred stock were converted into the right to receive in the aggregate 2,000,000 shares of the Company’s common stock and 546,756 shares of Series 4 Preferred Stock.

The terms of the Series 4 Preferred Stock include the following:

- Each share of Series 4 Preferred Stock will automatically convert into 40 shares of the Company's common stock upon receipt by the Company of approval by the affirmative vote of the Company's shareholders by the required vote under the Wisconsin Business Corporation Law and the NASDAQ listing rules, as applicable, of (i) an amendment to the Company's Amended and Restated Articles of Incorporation to increase the total number of authorized shares of the Company's common stock by a sufficient amount to permit such conversion and (ii) the conversion of the Series 4 Preferred Stock pursuant to applicable NASDAQ rules.

- Upon a Liquidation Event, the holders of the Series 4 Preferred Stock will be entitled to a liquidation preference equal to the greater of (a) $1.00 per share (or $546,756 in the aggregate for all of the shares of Series 4 Preferred Stock), or (b) the amount holders would have received if the Series 4 Preferred Stock had converted to the Company's common stock. A "Liquidation Event" includes any voluntary or involuntary liquidation, dissolution or winding up of the Company and certain transactions involving an acquisition of the Company (which are referred to as Fundamental Changes).
- The Series 4 Preferred Stock is redeemable on the first to occur of (i) the 20th anniversary of the date of original issuance or (ii) a Fundamental Change, at a price equal to $1.00 per share, unless converted into the Company's common stock prior to such redemption.
- The Series 4 Preferred Stock is senior to all existing and future classes of the Company's capital stock upon a Liquidation Event, and no senior or additional pari passu preferred stock may be issued without the consent of the holders of a majority of the outstanding shares of Series 4 Preferred Stock.
- The Series 4 Preferred Stock participates in dividends paid to holders of the Company's common stock on an as converted basis.
- The Series 4 Preferred Stock has one vote per share and will generally vote with the Company's common stock on a one share to one share basis.

Each of Harry Fisch, M.D., Karen Fisch, K&H Fisch Family Partners, LLC and Mitchell Steiner, M.D., has entered into an Amended and Restated Lock-Up Agreement (the Lock-Up Agreements) with FHC which generally prohibits each such holder from transferring 75% of the shares of the Company’s common stock and Series 4 Preferred Stock the holder is entitled to receive in the APP Merger for a period of 18 months following the closing of the APP Merger.

The shares of the Company’s common stock and Series 4 Preferred Stock that are subject to the Lock-Up Agreements will be held in escrow for a period of one-year after the closing of the APP Merger as the sole remedy for APP’s indemnification obligations set forth in the Amended Merger Agreement pursuant to the terms of an Escrow Agreement. Seventy-five percent of the shares held in escrow are eligible for release from escrow six months after the closing of the APP Merger, although any shares released from escrow will remain subject to the Lock-Up Agreements until the end of their term.

In connection with the APP Merger, FHC entered into a Registration Rights Agreement (the RRA) with the former APP stockholders granting them certain “Demand” and “Piggyback” registration rights for a period of up to 5 years. The Company will pay for the expenses of registration and related costs but not the selling expenses related thereto. FHC is only required to use its best efforts and in the event the registration does not occur, the Company is not required to pay any compensation to the former APP stockholders. The Company has evaluated the RAA under ASC 825-20, Registration Payment Arrangements, and determined accounting recognition is not required.

The allocation of acquisition consideration for APP is based on estimates, assumptions, valuations and other studies which have not yet been finalized in order to make a definitive allocation.

A summary of the total purchase consideration on October 31, 2016 is as follows:

Common stock	$	1,826,097
Series 4 Preferred Stock		17,981,883
Total purchase consideration	$	19,807,980

The total estimated purchase price of approximately $19,807,980 is based on the issuance to the APP stockholders of a total of 2,000,000 shares of the Company's common stock and 546,756 shares of Series 4 Preferred Stock. The common stock issued was valued based on the share price of the Company's common stock on October 31, 2016 less an 8 percent discount on the shares subject to the Lock-Up Agreements, due to the lack of liquidity since the shares are not freely tradeable for a set time period. The Series 4 Preferred Stock were valued using an as-converted basis based on the share price of the Company's common stock on October 31, 2016 less a 12 percent discount since the shares are not registered and inherently difficult to sell prior to the conversion to common stock. A 5 percent discount was also applied in the valuation due to the probability that the Series 4 Preferred Stock will never be converted to common stock. After giving effect to the conversion of the Series 4 Preferred Stock to common stock, which is wholly dependent upon future shareholder approval, the former APP stockholders will own 23,870,240 shares of the Company's common stock in total, constituting approximately 45% of the outstanding shares of the Company's common stock as of October 31, 2016.

The results of operations and the provisional fair values of the acquired assets and liabilities assumed have been included in the accompanying consolidated financial statements since the acquisition date.

The Company incurred $826,370 in acquisition-related costs which were recorded within operating expenses for the three months ended December 31, 2016 compared to $15,245 for the three months ended December 31, 2015.

The following table summarizes the fair value of assets acquired and liabilities assumed on October 31, 2016:

Recognized amounts of identifiable assets acquired:		
Cash	$	43,118
Inventory		141,041
Prepaid expenses and other		7,314
Equipment, furniture, and fixtures		1,290
Intangible assets:		
In-process research and development		18,000,000
Developed technology - PREBOOST®		2,400,000
Covenants not-to-compete		500,000
Total intangible assets		20,900,000
		21,092,763
Recognized amounts of identifiable liabilities assumed:		
Accounts payable		(1,087,212)
Accrued expenses		(276,503)
Deferred tax liabilities		(6,800,000)
		(8,163,715)
Total identifiable net assets acquired		12,929,048
Goodwill		6,878,932
	$	19,807,980

APP has a developed technology in PREBOOST®. In-process research and development represents incomplete research and development projects at APP. The fair value of the developed technology and in-process research and development were determined using the income approach, which was prepared based on forecasts by management.

Purchase price in excess of assets acquired and liabilities assumed is recorded as goodwill. Goodwill is not deductible for tax purposes.

Pro Forma Financial Information

The amounts of pro forma, unaudited net revenues and net income (loss) of the combined entity had the acquisition date been October 1, 2015 are as follows:

Period	Net revenues	Net income (loss)
October 1, 2015 - December 31, 2015	$ 8,233,543	$ 1,240,860
October 1, 2016 - December 31, 2016	$ 3,244,743	$ (1,933,536)

In connection with the APP Merger, two complaints have been filed against the Company and its directors alleging breach of fiduciary duty and/or wasting of corporate assets. The Company intends to vigorously defend these lawsuits.

NOTE 4 - Inventory

Inventory consists of the following components at December 31, 2016 and September 30, 2016:

	December 31, 2016	September 30, 2016
FC2		
Raw material	$ 482,454	$ 670,802
Work in process	52,656	—
Finished goods	1,855,305	1,834,958
Inventory, gross	2,390,415	2,505,760
Less: inventory reserves	(9,175)	(13,116)
FC2, net	2,381,240	2,492,644
PREBOOST®		
Finished goods	141,041	—
Inventory, net	$ 2,522,281	$ 2,492,644

NOTE 5 – Line of Credit

On December 29, 2015, the Company entered into a Credit Agreement (the Credit Agreement) with BMO Harris Bank N.A. (BMO Harris Bank). The Credit Agreement provides the Company with a revolving line of credit of up to $10 million with a term that extends to December 29, 2017. Borrowings under the Credit Agreement bear interest, at the Company's option, at a base rate or at LIBOR plus 2.25%. The Company is also required to pay a commitment fee at the rate of 0.10% per annum on the average daily unused portion of the revolving line of credit. The Company's obligations under the Credit Agreement are secured by a lien against substantially all of the assets of the Company and a pledge of 65% of the outstanding shares of The Female Health Company Limited and all of the outstanding shares of APP. In addition to other customary representations, covenants and default provisions, the Company is required to maintain a minimum tangible net worth and to not exceed a maximum total leverage ratio. Among the non-financial covenants, the Company is restricted in its ability to pay dividends, buy back shares of its common stock, incur additional debt and make acquisitions above certain amounts.

The completion of the APP Merger (see Note 3, APP Merger Transaction) resulted in a default in FHC's compliance with certain covenants in the Credit Agreement and constituted an "event of default" under the Credit Agreement.

On November 28, 2016, FHC, Badger Acquisition Sub, Inc., wholly owned subsidiary of FHC, APP and BMO Harris Bank entered into a Third Amendment to the Credit Agreement (the Amendment). Pursuant to the Amendment, BMO Harris Bank waived the defaults in FHC's compliance with the covenants in the Credit Agreement as a result of the completion of the merger transaction with APP and APP became a co-borrower under the Credit Agreement. As a result, the revolving line of credit remains in effect under the terms of the Credit Agreement until the end of its term on December 29, 2017.

No amounts were outstanding under the Credit Agreement at either December 31, 2016 or September 30, 2016.

NOTE 6 – Share-Based Payments

In March 2008, the Company's shareholders approved the 2008 Stock Incentive Plan which is utilized to provide equity opportunities and performance–based incentives to attract, retain and motivate those persons who make (or are expected to make) important contributions to the Company. A total of 2 million shares are available for issuance under this plan. As of December 31, 2016, a total of 1,824,802 shares had been granted under the plan and not forfeited or are subject to outstanding commitments to issue shares under the plan, of which 297,500 shares were in the form of stock options and the remainder were in the form of restricted stock or other share grants.

Stock Options

The Company granted 190,000 options at an exercise price of $0.95 to an outside director and an employee under the 2008 Stock Incentive Plan during the three months ended December 31, 2016. Options issued under this plan expire in 10 years with vesting over a one-year period from the grant date. The Company did not grant any options during the three months ended December 31, 2015. Based on the Company's history of prior forfeitures and future expectations it was determined that there would be no forfeiture rate used.

Compensation expense is recognized only for share-based payments expected to vest. Stock compensation expense related to options was approximately $15,936 for the three months ended December 31, 2016. No stock compensation expense related to options was recognized for the three months ended December 31, 2015.

The following table outlines the weighted average assumptions for options granted during the three months ended December 31, 2016:

	Three months ended December 31, 2016
Weighted Average Assumptions:	
Expected Volatility	43.76%
Expected Dividend Yield	0.00%
Risk-free Interest Rate	1.62%
Expected Term (in years)	6
Fair Value of Options Granted	$ 0.41

During the three months ended December 31, 2016, the Company used historical volatility of our common stock over a period equal to the expected life of the options to estimate their fair value. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term.

The expected term of the options represents the estimated period of time until exercise and is based on the simplified method. To value options granted for actual stock-based compensation, the Company used the Black-Scholes option valuation model. When the measurement date is certain, the fair value of each option grant is estimated on the date of grant and is based on the assumptions used for the expected stock price volatility, expected term, risk-free interest rates and future dividend payments.

There were 90,000 stock options granted under the 1997 Stock Option Plan that expired during the three months ended December 31, 2016. The 1997 Stock Option Plan expired on December 31, 2006, and no more options are outstanding under the plan.

No stock options were exercised during the three months ended December 31, 2016 or 2015.

The following table summarizes the stock options outstanding and exercisable at December 31, 2016:

	Options Outstanding at December 31, 2016	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options Exercisable at December 31, 2016	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Aggregate Intrinsic Value
Total	297,500	7.56	$ 1.90	$ —	90,000	2.42	$ 3.92	$ —

The aggregate intrinsic value in the table above is before income taxes, based on the closing price of the Company's common stock of $0.91 per share as of the last business day of the period ended December 31, 2016. As of December 31, 2016, the Company had unrecognized compensation expense of $71,506 related to unvested stock options. These expenses will be recognized over approximately 1.25 years.

Restricted Stock

The Company issues restricted stock to employees, directors and consultants. Such issuances may have vesting periods that range from one to three years. In addition, the Company has issued stock awards to certain employees that provide for future issuance contingent on continued employment for periods that range from one to three years.

The Company granted a total of 190,000 shares of restricted stock or shares issuable pursuant to promises to issue shares of common stock during the three months ended December 31, 2016. The fair value of the awards granted was approximately $181,000. All such shares of restricted stock vest and all such shares must be issued pursuant to the vesting period noted, provided the grantee has not voluntarily terminated service or been terminated for cause prior to the vesting or issuance. There were no shares of restricted stock forfeited during the three months ended December 31, 2016.

On October 31, 2016, vesting was accelerated in connection with the closing of the APP Merger as to 152,717 restricted shares and the right to receive 68,832 shares, or at the holder's election cash based on the fair market value of the shares, held by employees and directors. Holders elected to receive 42,332 shares in common stock and the value of 26,500 shares in cash based on the stock price at the time of vesting of $0.95 per share.

The Company granted a total of 43,250 shares of restricted stock or shares issuable pursuant to promises to issue shares of common stock during the three months ended December 31, 2015. The fair value of the awards granted was approximately $71,000. All such shares of restricted stock vest and all such shares must be issued at the end of the applicable period, provided the grantee has not voluntarily terminated service or been terminated for cause prior to the vesting or issuance date. There were no shares of restricted stock forfeited during the three months ended December 31, 2015.

The Company recognized share-based compensation expense for restricted stock or promises to issue shares of common stock of approximately $255,000 and $123,000 for the three months ended December 31, 2016 and 2015, respectively, $0 and $26,000 of which was included in accrued expenses at the three months then ended since the related shares had not yet been issued at December 31, 2016 and 2015, respectively. This compensation expense was included in operating expenses on the accompanying Unaudited Condensed Consolidated Statements of Operations for the three months ended December 31, 2016 and 2015. As of December 31, 2016, there was approximately $170,000, representing approximately 169,000 unvested shares, of total unrecognized compensation cost related to non-vested restricted stock compensation arrangements granted under the Company's equity compensation plans. This unrecognized cost will be recognized over the weighted average period of the next 0.86 years.

Common Stock Purchase Warrants

In connection with the closing of the APP Merger, the Company issued a warrant to purchase up to2,585,379 shares of the Company's common stock to Torreya Capital, the Company's financial advisor (the Financial Advisor Warrant). The Financial Advisor Warrant has a five-year term, a cashless exercise feature and a strike price equal to$1.93 per share, the average price of the Company's common stock for the ten-day period preceding the original announcement of the APP Merger on April 6, 2016. The fair value of the Financial Advisor Warrant is based on the closing price of the Company's common stockon October 31, 2016 of $0.95. The fair value of the Financial Advisor Warrant of $542,930 was estimated at the date of grant using the Black-Scholes option pricing model assuming expected volatility of 47.2 percent, risk-free interest rate of1.31 percent, expected life of five years, and no dividend yield. The Financial Advisor Warrant vested upon issuance. Half of the shares subject to the Financial Advisor Warrant, or 1,292,690 shares, are locked-up for a period of 18 months from the issuance date. The Financial Advisor Warrant is recorded as a component of additional paid-in-capital and the Financial Advisor Warrant expense is included in selling, general and administrative expenses.

At December 31, 2016, the warrant details were as follows:

Warrants Outstanding		2,585,379
Warrants Exercisable		1,292,690
Exercise Price	$	1.93
Weighted Average Remaining Life		4.83
Weighted Average Exercise Price	$	1.93

Restricted Stock Units

In connection with the closing of the APP Merger, the Company issued 50,000 and 140,000 restricted stock units to an employee and an outside director, respectively, that vest on October 31, 2018. The restricted stock units will be settled in the Company's common stock if, prior to the vesting date, the Company receives shareholder approval under NASDAQ Rule 5635(c) to increase the number of authorized shares under the 2008 Stock Incentive Plan sufficient to issue such shares or adopt a new plan under which such shares would be issued. If approval is not received by the vesting date, such awards will be settled in cash based on the fair market value ofthe Company's common stock on the vesting date. The restricted stock units will be revalued monthly using the Company's current stock price on the last business day of the month during the vesting period of two years. Stock compensation expense related to the restricted stock units was approximately $15,000 for the three months ended December 31, 2016and is recorded as a component of accrued expenses and other current liabilities. The fair value of the restricted stock units is approximately$173,000 as of December 31, 2016.

Stock Appreciation Rights

In connection with the closing of the APP Merger, the Company issued stock appreciation rights based on 50,000 and 140,000 shares of the Company's common stock to an employee and an outside director, respectively, that vest on October 31, 2018. The stock appreciations rights have a ten-year term. Exercise price per share was $0.95, which was the closing price of a share of the Company's common stock as quoted on NASDAQ on the trading day immediately preceding the date of the completion of the APP Merger. The stock appreciation rights will be settled in the Company's common stock if, prior to the vesting date, the Company receives shareholder approval under NASDAQ Rule 5635(c) to increase the number of authorized shares under the 2008 Stock Incentive Plan sufficient to issue such shares or adopt a new plan under which such shares would be issued. If approval is not received by the exercise date, such awards will be settled in cash based on the fair market value of the Company's common stock on the exercise date. The stock appreciation rights will bemeasured using the option-pricing model (Black-Scholes) to estimate the fair value. The fair value will be updated monthly based on current information over the vesting period of two years. Stock compensation expense related to the stock appreciation rights was approximately$7,000 for the three months ended December 31, 2016 and is recorded as a component of accrued expenses and other current liabilities. The fair value of the stock appreciation rights is approximately $82,000 as of December 31, 2016.

NOTE 7 - Stock Repurchase Program

The Company's Stock Repurchase Program was announced on January 17, 2007. At initiation, the program's terms specified that up to 1,000,000 shares of its common stock could be purchased during the subsequent twelve months. Subsequently, the Board has amended the program a number of times to both extend its term and increase the maximum number of shares which could be repurchased. The program allowed for a maximum repurchase of up to 3,000,000 shares through the period ending December 31, 2016. The Company did not extend the Stock Repurchase Program, and as a result it terminated as of December 31, 2016. From the program's onset through December 31, 2016, the total number of shares repurchased by the Company was 2,183,704 with an average price paid per share of $3.57 and a total cost of treasury stock of $7,806,605. The Stock Repurchase Program authorized purchases in privately negotiated transactions as well as in the open market. In October 2008, the Company's Board of Directors authorized repurchases in private transactions under the Stock Repurchase Program of shares issued under the Company's equity compensation plans to directors, employees and other service providers at the market price on the effective date of the repurchase request. Total repurchases under this provision were limited to an aggregate of 450,000 shares per calendar year and to a maximum of 50,000 shares annually per individual. There were no repurchases of any kind under the program for the three months ended December 31, 2016 or 2015.

NOTE 8 - Industry Segments and Financial Information About Foreign and Domestic Operations

The Company currently operates in one industry segment which includes the development, manufacture and marketing of consumer health care products.

The Company operates in foreign and domestic regions. Information about the Company's operations by geographic area is as follows (in thousands):

	Net Revenues to External Customers for the Three Months Ended December 31,		Long-Lived Asset As Of	
			December 31,	September 30,
	2016	2015	2016	2016
Cameroon	$ 891 (1)	$ *	$ —	$ —
South Africa	636 (1)	*	—	—
Zimbabwe	516 (1)	826 (1)	—	—
Brazil	*	4,755 (1)	—	—
United States	358 (1)	815	35,767	7,963
Malaysia	*	*	715	796
United Kingdom	*	*	85	93
Other	843	1,835	—	—
Total	$ 3,244	$ 8,231	$ 36,567	$ 8,852

* Countries with less than 5 percent of total net revenues.
(1) Countries exceeding 10 percent of total net revenues.

At December 31, 2016 the Company had one customer whose current accounts receivable balance represented 35 percent of current assets. At September 30, 2016 the Company had one customer whose current accounts receivable balance represented 49 percent of current assets. No other single customer's current accounts receivable balance accounted for more than 10 percent of current assets as of December 31, 2016 or September 30, 2016. There was one customer whose accounts receivable and other long-term receivables balance represented 81 percent and 85 percent of accounts receivable and other long-term receivables at December 31, 2016 and September 30, 2016, respectively. There were three customers who each exceeded 10 percent of net revenues for the three months ended December 31, 2016 and 2015.

NOTE 9 – Contingent Liabilities

The testing, manufacturing and marketing of consumer products by the Company entail an inherent risk that product liability claims will be asserted against the Company. The Company maintains product liability insurance coverage for claims arising from the use of its products. The coverage amount is currently $10 million for FHC's consumer health care product.

NOTE 10 – Income Taxes

The Company accounts for income taxes using the liability method, which requires the recognition of deferred tax assets or liabilities for the tax-effected temporary differences between the financial reporting and tax bases of its assets and liabilities, and for net operating loss and tax credit carryforwards.

The Company completes a detailed analysis of its deferred income tax valuation allowances on an annual basis or more frequently if information comes to our attention that would indicate that a revision to our estimates is necessary. In evaluating the Company's ability to realize its deferred tax assets, management considers all available positive and negative evidence on a country-by-country basis, including past operating results, forecast of future taxable income, and the potential Section 382 limitation on the net operating loss carryforwards due to a change in control. In determining future taxable income, management makes assumptions to forecast U.S. federal and state, U.K. and Malaysia operating income, the reversal of temporary differences, and the implementation of any feasible and prudent tax planning strategies. These assumptions require significant judgment regarding the forecasts of the future taxable income in each tax jurisdiction, and are consistent with the forecasts used to manage the Company's business. It should be noted that the Company realized significant losses through 2005 on a consolidated basis. Since fiscal year 2006, the Company has consistently generated taxable income on a consolidated basis, providing a reasonable future period in which the Company can reasonably expect to generate taxable income. In management's analysis to determine the amount of the deferred tax asset to recognize, management projected future taxable income for each tax jurisdiction.

As of December 31, 2016, the Company had U.S. federal and state net operating loss carryforwards of approximately $11,705,000 and $11,425,000, respectively, for income tax purposes expiring in years2021 to 2034. The Company's U.K. subsidiary has U.K. net operating loss carryforwards of approximately $60,863,000 as of December 31, 2016, which can be carried forward indefinitely to be used to offset future U.K. taxable income. With the demand for and profitability of FC2, the Company expects utilization of its net operating losses in both the U.K. and the U.S. will continue. The Company's net operating loss carryforwards will be utilized to reduce cash payments for income taxes based on the statutory rate in effect at the time of such utilization.

A reconciliation of income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes is as follows:

	Three Months Ended December 31,	
	2016	2015
Income tax (benefit) expense at statutory rates	$ (645,000)	$ 789,000
State income tax (benefit) expense, net of federal benefits	(96,000)	119,000
Non-deductible business acquisition expenses	111,000	—
Non-deductible expenses - other	1,000	2,000
Effect of AMT expense	—	30,000
Effect of lower foreign income tax rates	81,736	(107,125)
Other	17,195	(3,422)
Income tax (benefit) expense	$ (530,069)	$ 829,453

Significant components of the Company's deferred tax assets and liabilities are as follows:

Deferred Tax Assets	December 31, 2016	September 30, 2016
Federal net operating loss carryforwards	$ 4,434,601	$ 2,756,000
State net operating loss carryforwards	441,728	400,000
AMT credit carryforward	489,000	489,000
Foreign net operating loss carryforwards – U.K.	11,058,764	10,955,000
Foreign capital allowance – U.K.	112,000	112,000
Other, net - Malaysia	9,850	9,850
Restricted stock – U.K.	1,000	1,000
Share-based compensation	51,304	101,000
Warrants	212,367	—
Deemed dividend - Malaysia	942,000	942,000
Other, net - U.S.	(21,800)	25,000
Gross deferred tax assets	17,730,814	15,790,850
Valuation allowance for deferred tax assets	(2,299,000)	(2,299,000)
Net deferred tax assets	15,431,814	13,491,850
Deferred Tax Liabilities:		
Intangible assets	(8,157,200)	—
Foreign capital allowance – Malaysia	(111,110)	(119,919)
Gross deferred tax liabilities	(8,268,310)	(119,919)
Net deferred tax assets	$ 7,163,504	$ 13,371,931

The deferred tax amounts have been classified in the accompanying consolidated balance sheets as follows:

	December 31, 2016	September 30, 2015
Long term deferred assets	$ 8,872,764	$ 13,482,000
Long term deferred liabilities	(1,709,260)	(110,069)
Total	$ 7,163,504	$ 13,371,931

Note 11 – Goodwill and Intangible Assets

Goodwill

The gross carrying amount of goodwill is as follows:

Balance at September 30, 2016	$ —
Goodwill arising from APP Merger	6,878,932
Balance at December 31, 2016	$ 6,878,932

Intangible assets

The gross carrying amounts and net book value ofintangible assets are as follows at December 31, 2016:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Intangible assets with finite lives:			
Developed technology - PREBOOST®	$ 2,400,000	$ 14,824	$ 2,385,176
Covenants not-to-compete	500,000	11,905	488,095
Total intangible assets with finite lives	2,900,000	26,729	2,873,271
Acquired in-process research and development assets	18,000,000	—	18,000,000
Total intangible assets	$ 20,900,000	$ 26,729	$ 20,873,271

Intangible assets are carried at cost less accumulated amortization. Amortization is overthe projected related revenue stream for the PREBOOST® developed technology over the next 10 years and 7 years for the covenants not-to-compete, and the amortization expense is recorded in operating expenses.

Amortization expense was $26,729 for the three months ended December 31, 2016 and$0 for the three months ended December 31, 2015. Based on finite-lived intangible assets recorded as of December 31, 2016, the estimated future amortization expense is as follows:

Year Ending September 30,	Estimated Amortization Expense
2017	$ 120,280
2018	275,262
2019	309,234
2020	316,368
2021	323,706
Thereafter	1,528,421
Total	$ 2,873,271

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

Overview

The Female Health Company is a pharmaceutical and medical device company, with an initial focus on the development and commercialization of pharmaceuticals for men's and women's health and oncology that qualify for the U.S. Food and Drug Administration's (FDA) 505(b)(2) accelerated regulatory approval pathway as well as the 505 (b)(1) pathway. The Company also has a Consumer Health and Medical Devices Division and Global Public Health Sector Division. The Company does business as both "Veru Healthcare" and "The Female Health Company." The Company is organized as follows:

- Veru Healthcare manages:
  - *The Pharmaceuticals Division*, which develops and commercializes pharmaceutical products for men's and women's health and oncology.
  - *The Consumer Health and Medical Devices Division*, which is focused on commercializing sexual healthcare products and devices for the consumer market, including the Company's FC2, as well as PREBOOST® (benzocaine 4%) medicated individual wipes which is a male genital desensitizing drug product that helps in the prevention of premature ejaculation. In the United States, FC2 is available by prescription which is required in order to obtain reimbursement. The Affordable Care Act mandates coverage of the female condom by prescription and FC2 is the only female condom approved for the U.S. market. Likewise, 28 States prior to the Affordable Care Act already had State laws in place that require some form of coverage for female contraception.

- The Female Health Company manages *the Global Public Health Sector Division*, which is focused on FC2 in the global public health sector business. This division markets FC2 to public health entities, including ministries of health, government health agencies, U.N. agencies, nonprofit organizations and commercial partners, that work to support and improve the lives, health and well-being of women around the world.

On October 31, 2016, as part of the Company's strategy to diversify its product line to mitigate the risks of being a single product company, the Company completed a merger transaction (the APP Merger) with Aspen Park Pharmaceuticals, Inc. (APP). APP is a company focused on the development and commercialization of pharmaceutical and consumer health products for men's and women's health and oncology. For men, product and product candidates are in the areas of benign prostatic hyperplasia, male infertility, amelioration of side effects of hormonal prostate cancer therapies, gout, sexual dysfunction, and prostate cancer. For women, product candidates are for advanced breast and ovarian cancers and for female sexual health. APP was originally formed on June 9, 2014, has not had significant revenues and has incurred losses since inception.

On August 12, 2016, the FDA agreed that the Company's Tamsulosin DRS product, a proprietary medication for the treatment of benign prostatic hyperplasia (BPH), a $3.5 billion market, qualifies for the accelerated 505(b)(2) regulatory approval pathway and with APP's plans to conduct a single bioequivalence study to support the filing of a new drug application (NDA). The Company plans to initiate bioequivalence clinical study by the first quarter of 2017, submit an NDA for Tamsulosin DRS in 2017 and, if approved, launch the product in early 2018.

On October 31, 2016, the Company completed an interim analysis of the double-blind, randomized placebo controlled clinical trial of its novel PREBOOST® product. The Company announced the launch of PREBOOST® in the United States on January 9, 2017.

The Company accepted an invitation from the FDA to present at the meeting of the Bone, Reproductive and Urologic Drugs (BRUD) Advisory Committee on December 6, 2016. The Company presented an overview of its drug candidate for male infertility, MSS-722.The FDA uses advisory committees to obtain independent expert advice on scientific, technical and policy matters. At the meeting, the committee discussed appropriate clinical trial design features, including acceptable endpoints for demonstrating clinical benefit, for drugs intended to treat secondary hypogonadism (low testosterone levels) while preserving or improving testicular function, including spermatogenesis. At the meeting, the FDA Advisory Committee provided guidance for clinical trial design and endpoints. The committee agreed with the intended patient population to treat, recommended a short-term study, and supported the use of improvement of semen quality for such clinical endpoints as avoidance of aggressive assisted reproductive procedures such as *in vitro* fertilization or pregnancy. Based on this advice, the Company plans to file an investigational new drug application (IND) in 2017 and advance MSS-722 into Phase 2 clinical trial in men with testicular dysfunction [severe oligospermia (low sperm count) and secondary hypogonadism] as a cause of male factor infertility.

Prior to the completion of the APP Merger, the Company had been a single product company, focused on manufacturing, marketing and selling the Female Condom (FC2). FC2 is the only currently available female-controlled product approved for market by the FDA and cleared by the World Health Organization (WHO) for purchase by U.N. agencies that provides dual protection against unintended pregnancy and sexually transmitted infections (STIs), including HIV/AIDS and the Zika virus. Nearly all of the Company’s net revenues for the three months ended December 31, 2016 were derived from sales of FC2.

FC2’s primary use is for disease prevention and family planning, and the public health sector is the Company’s main market for FC2. Within the public health sector, various organizations supply critical products such as FC2, at no cost or low cost, to those who need but cannot afford to buy such products for themselves.

FC2 has been distributed in 144 countries. A significant number of countries with the highest demand potential are in the developing world. The incidence of HIV/AIDS, other STIs and unwanted pregnancy in these countries represents a remarkable potential for significant sales of a product that benefits some of the world’s most underprivileged people. However, conditions in these countries can be volatile and result in unpredictable delays in program development, tender applications and processing orders.

FC2 has a relatively small customer base, with a limited number of customers who generally purchase in large quantities. Over the past few years, major customers have included large global agencies, such as the United Nations Population Fund (UNFPA) and the United States Agency for International Development (USAID). Other customers include ministries of health or other governmental agencies, which either purchase directly or via in-country distributors, and non-governmental organizations.

Purchasing patterns for FC2 vary significantly from one customer to another, and may reflect factors other than simple demand. For example, some governmental agencies purchase FC2 through a formal procurement process in which a tender (request for bid) is issued for either a specific or a maximum unit quantity. Tenders also define the other elements required for a qualified bid submission (such as product specifications, regulatory approvals, clearance by WHO, unit pricing and delivery timetable). Bidders have a limited period of time in which to submit bids. Bids are subjected to an evaluation process which is intended to conclude with a tender award to the successful bidder. The entire tender process, from publication to award, may take many months to complete. A tender award indicates acceptance of the bidder's price rather than an order or guarantee of the purchase of any minimum number of units. Many governmental tenders are stated to be "up to" the maximum number of units, which gives the applicable government agency discretion to purchase less than the full maximum tender amount. Orders are placed after the tender is awarded; there are often no set dates for orders in the tender and there are no guarantees as to the timing or amount of actual orders or shipments. Orders received may vary from the amount of the tender award based on a number of factors including vendor supply capacity, quality inspections and changes in demand. Administrative issues, politics, bureaucracy, process errors, changes in leadership, funding priorities and/or other pressures may delay or derail the process and affect the purchasing patterns of public sector customers. As a result, the Company may experience significant quarter-to-quarter sales variations due to the timing and shipment of large orders of FC2.

In October 2014, the Company announced that Semina Indústria e Comércio Ltda (Semina), the Company's distributor in Brazil, was awarded an exclusive contract under a public tender. The contract was valid through August 20, 2015, allowing the Brazil Ministry of Health to place orders against this tender at its discretion. Through the end of the contract, the Company received orders for 40 million units of FC2 in fulfillment of the tender, 9 million of which were shipped during the three months ended December 31, 2015.

Details of the quarterly unit sales of FC2 for the last five fiscal years are listed below:

Period	2017	2016	2015	2014	2013
October 1 – December 31	6,389,320	15,380,240	12,154,570	11,832,666	17,114,630
January 1 – March 31		9,163,855	20,760,519	7,298,968	16,675,035
April 1 – June 30		10,749,860	14,413,032	13,693,652	12,583,460
July 1 - September 30		6,690,080	13,687,462	9,697,341	8,386,800
Total	6,389,320	41,984,035	61,015,583	42,522,627	54,759,925

Revenues. The Company's revenues have been derived from sales of FC2, and are recognized upon shipment of the product to its customers.

The Company is working to further develop a global market and distribution network for FC2 by maintaining relationships with public health sector groups and completing partnership arrangements with companies with the necessary marketing and financial resources and local market expertise.

The Company's most significant customers have been either global public health sector agencies or those who facilitate their purchases and/or distribution of FC2 for use in HIV/AIDS prevention and/or family planning. The Company's four largest customers currently are UNFPA, USAID, Sekunjalo Investments Corporation (PTY) Ltd and Semina. We sell to the Brazil Ministry of Health either through UNFPA or Semina. In the U.S., FC2 is sold to city and state public health clinics as well as to not-for-profit organizations such as Planned Parenthood.

Because the Company manufactures FC2 in a leased facility located in Malaysia, a portion of the Company's operating costs are denominated in foreign currencies. While a material portion of the Company's future sales are likely to be in foreign markets, all sales are denominated in the U.S. dollar. Effective October 1, 2009, the Company's U.K. and Malaysia subsidiaries adopted the U.S. dollar as their functional currency, further reducing the Company's foreign currency risk.

Expenses. The Company manufactures FC2 at its facility located in Selangor D.E., Malaysia. The Company's cost of sales consists primarily of direct material costs, direct labor costs and indirect production and distribution costs. Direct material costs include raw materials used to make FC2, principally a nitrile polymer. Indirect production costs include logistics, quality control and maintenance expenses, as well as costs for electricity and other utilities. All of the key components for the manufacture of FC2 are essentially available from either multiple sources or multiple locations within a source.

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2016 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2015

The Company generated net revenues of $3,243,599 and net loss of $1,366,181, or $ (0.04) per basic and diluted share, for the three months ended December 31, 2016, compared to net revenues of $8,230,659 and net income of $1,490,363, or $0.05 per basic and diluted share, for the three months ended December 31, 2015.

Net revenues decreased $4,987,060 on a 58 percent decrease in unit sales for the three months ended December 31, 2016, compared with the same period last year. The principal factor in the decrease is the period to period impact of the tender shipments to Brazil in fiscal 2016. The FC2 average sales price per unit decreased 5.1 percent compared with the same period last year due to changes in sales mix and a unit price reduction for all major public sector purchases effective April 1, 2016.

Cost of sales decreased $1,237,007 to $1,591,315 in the three months ended December 31, 2016 from $2,828,322 for the same period last year. The reduction is due to lower unit sales and the reduction of certain costs.

Gross profit decreased $3,750,053, or 69 percent, to $1,652,284 for the three months ended December 31, 2016 from $5,402,337 for the three months ended December 31, 2015. Gross profit margin for the three months ended December 31, 2016 was 51 percent of net revenues versus 66 percent of net revenues for the same period last year. The reduction was due to the unit price reduction for all major public sector purchases effective April 1, 2016 and less favorable impact of currency exchange rates upon material purchases in the three months ended December 31, 2016 as compared to the same period last year.

Significant quarter-to-quarter variations in the Company’s results have historically resulted from the timing and shipment of large orders rather than from any fundamental changes in the business or the underlying demand for female condoms. Two of the largest customers for FC2 operate in markets where the government health ministries are either still under a multi-year tender or have had a multi-year tender recently expire, and as a result significant orders from these customers during the remainder of fiscal 2017 are unlikely. The Company is also currently seeing pressure on spending for FC2 by large global agencies and donor governments in the developed world. As a result, the Company may continue to experience challenges for unit sales of FC2 in the global public sector for the remainder of fiscal 2017.

Operating expenses increased $517,192, or 17 percent, to $3,526,974 for the three months ended December 31, 2016 from $3,009,782 in the prior year period. The increase is primarily due to the issuance of the Financial Advisor Warrant, increased employee compensation expense, and increased legal expense. These increases were partially offset by reduced payments due to our Brazilian distributor for marketing and management fees for the 2014 tender.

Operating loss for the three months ended December 31, 2016 was $1,874,690, compared to operating income of $2,392,555 in the first quarter of fiscal year 2016. The decrease was primarily a result of the factors discussed above.

Interest and other expense, net, for the three months ended December 31, 2016 was $9,621, compared to $27,795 for the same period in fiscal year 2016. The Company recorded a foreign currency transaction loss of $11,939 in the most recent quarter, compared to $44,944 for the same period last year.

The income tax benefit for the three months ended December 31, 2016 was $530,069, compared to an income tax expense of $829,453 for the same period in fiscal year 2016. The effective tax rate was 28.0 percent and 35.8 percent for the three months ended December 31, 2016 and 2015, respectively. The reduction in the effective tax rate is due to the mix of tax jurisdictions in which the Company recognized loss before income taxes and an increase in the non-deductible business acquisition expenses related to the APP Merger. The Company's net operating loss (NOL) carryforwards will be utilized to reduce cash payments for income taxes based on the statutory rate in effect at the time of such utilization. Actual income taxes paid are reflected on the Company's consolidated statements of cash flows.

The Company's net loss was $1,366,181 for the three months ended December 31, 2016, as compared to net income of $1,490,363 in the same period of the prior year, as a result of the factors discussed above. Net loss was 42 percent and net income was 18 percent of net revenues for the three months ended December 31, 2016 and 2015, respectively.

Liquidity and Sources of Capital

The Company's operations generated cash of $1.2 million in the three months ended December 31, 2016, which included a positive impact of changes in operating assets and liabilities of $2.1 million, compared with using cash of $0.4 million in the three months ended December 31, 2015, which included a negative impact of changes in operating assets and liabilities of $(2.9) million.

Accounts receivable and long-term other receivables decreased from $18.6 million at September 30, 2016 to $16.2 million at December 31, 2016. The decrease is a result of a payment of $2.8 million received from Semina for orders shipped in fiscal 2015. Semina's total accounts receivable and long-term other receivables balance represents 81 percent of the Company's accounts receivable and long-term other receivables balance at December 31, 2016. Semina normally pays upon payment from the Brazilian Government; however, due to economic issues in Brazil the government has been slower in paying vendors. The Company's credit terms vary from 30 to 120 days, depending on the class of trade and customary terms within a territory, so the accounts receivable balance is also impacted by the mix of purchasers within the quarter. As is typical in the Company's business, extended credit terms may occasionally be offered as a sales promotion. For the past twelve months, the Company's average days' sales outstanding has been approximately 385 days. Over the past five years, the Company's bad debt expense has been less than 0.02 percent of product sales.

At December 31, 2016, the Company had working capital of $10.7 million and stockholders' equity of $35.2 million compared to working capital of $18.8 million and stockholders' equity of $34.7 million as of December 31, 2015

The Company believes its current cash position is adequate to fund operations of the Company in the next 12 months, although no assurances can be made that such cash will be adequate. Depending on the timing of payment of the Company's outstanding accounts receivable and long-term other receivables balance due from Semina and the timing of development activities relating to the Company's drug candidates, the Company may decide to raise additional capital in the near term. If the Company needs additional cash, potential sources of such cash would include the sale of equity, convertible debt or other equity-linked securities.

On December 29, 2015, the Company entered into the Credit Agreement with BMO Harris Bank. The Credit Agreement provides the Company with a revolving line of credit of up to $10 million with a term that extends to December 29, 2017. Borrowings under the Credit Agreement bear interest, at the Company's option, at a base rate or at LIBOR plus 2.25%. The Company is also required to pay a commitment fee at the rate of 0.10% per annum on the average daily unused portion of the revolving line of credit. The Company's obligations under the Credit Agreement are secured by a lien against substantially all of the assets of the Company and a pledge of 65% of the outstanding shares of The Female Health Company Limited and all of the outstanding shares of APP. In addition to other customary representations, covenants and default provisions, the Company is required to maintain a minimum tangible net worth and to not to exceed a maximum total leverage ratio. Among the non-financial covenants, the Company is restricted in its ability to pay dividends, buy back shares of its common stock, incur additional debt and make acquisitions above certain amounts. No amounts are outstanding under the Credit Agreement at either December 31, 2016 or September 30, 2016.

As of December 31, 2016, based on the financial covenants in the Credit Agreement, there is a borrowing capacity of $375,950 under the BMO Harris Bank credit facility. The Company is currently in discussions with BMO Harris Bank regarding possible adjustments to the financial covenants to provide the Company with additional borrowing capacity.

The completion of the APP Merger resulted in a default in FHC's compliance with certain covenants in the Credit Agreement and constituted an "event of default" under the Credit Agreement. On November 28, 2016, FHC, Badger Acquisition Sub, Inc., APP and BMO Harris Bank entered into a Third Amendment to the Credit Agreement (the "Amendment"). Pursuant to the Amendment, BMO Harris Bank waived the defaults in FHC's compliance with the covenants in the Credit Agreement as a result of the completion of the APP Merger and APP became a co-borrower under the Credit Agreement. As a result, the revolving line of credit remains in effect under the terms of the Credit Agreement until the end of its term on December 29, 2017.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's exposure to market risk is limited to fluctuations in raw material commodity prices, particularly the nitrile polymer used to manufacture FC2, and foreign currency exchange rate risk associated with the Company's foreign operations. The Company does not utilize financial instruments for trading purposes or to hedge risk and holds no derivative financial instruments which would expose it to significant market risk. Effective October 1, 2009, the Company's U.K. subsidiary and Malaysia subsidiary each adopted the U.S. dollar as its functional currency. The consistent use of the U.S. dollar as the functional currency across the Company reduces its foreign currency risk and stabilizes its operating results. The Company's distributors are subject to exchange rate risk as their orders are denominated in U.S. dollars and they generally sell to their customers in the local country currency. If currency fluctuations have a material impact on a distributor it may ask the Company for pricing concessions or other financial accommodations. The Company currently has no significant exposure to interest rate risk. The Company has a line of credit with BMO Harris Bank, consisting of a revolving note for up to $10 million. Outstanding borrowings under the line of credit will incur interest, at the Company's option, at a base rate or at LIBOR plus 2.25%. As the Company has had no outstanding borrowings in the last five years, it currently has no significant exposure to market risk for changes in interest rates. Should the Company incur future borrowings under its line of credit, it would be subject to interest rate risk related to such borrowings.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. It should be noted that in designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving desired control objectives and, based on the evaluation described above, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at reaching that level of reasonable assurance.

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On or about October 21, 2016, a shareholder, Martin Glotzer, filed a purported derivative and class action complaint on behalf of himself and the public shareholders of the Company in the Circuit Court of Cook County, Illinois, captioned Glotzer v. The Female Health Company, et al., Case No. 2016-CH-13815. An amended complaint names as defendants the Company, the members of the Company's board of directors prior to the closing of the APP Merger and the members of the Company's board of directors after the closing of the APP Merger. The amended complaint alleges, among other things, that the Company's directors breached their fiduciary duties and wasted corporate assets in connection with the APP Merger. Based on these allegations, the complaint seeks equitable relief, including rescinding the APP Merger and enjoining the Company's board of directors from taking action in furtherance of the APP Merger, damages on behalf of the Company and costs and expenses of the litigation, including attorneys' fees. On December 9, 2016, the defendants filed to remove the action to United States District Court for the Northern District of Illinois, and on December 16, 2016, the action was remanded back to the Circuit Court of Cook County, Illinois. The Company believes that this action is without merit and is vigorously defending itself.

On or about November 4, 2016, a shareholder, Brian C. Schartz, filed a purported derivative and class action complaint on behalf of himself and all other similarly situated shareholders of the Company in the Circuit Court of Cook County, Illinois, captioned Schartz v. Parrish, et al., Case No. 2016-CH-14488. The lawsuit names as defendants the Company, the members of the Company's board of directors prior to the closing of the APP Merger and the members of the Company's board of directors after the closing of the APP Merger. The complaint alleges, among other things, that the Company's directors breached their fiduciary duties by consummating the APP Merger in violation of the Wisconsin Business Corporation Law and by causing FHC to disseminate to its shareholders press releases and SEC filings containing materially false and misleading statements. Based on these allegations, the complaint seeks equitable relief, including enjoining the Company's board of directors from taking action in furtherance of the APP Merger, damages on behalf of FHC and costs and expenses of the litigation, including attorneys' fees. On November 18, 2016, the defendants filed to remove the action to United States District Court for the Northern District of Illinois, and on December 14, 2016, the action was remanded back to the Circuit Court of Cook County, Illinois. The Company believes that this action is without merit and is vigorously defending itself.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, "Risk Factors," of the Company's Form 10-K for the year ended September 30, 2016. Please refer to that section for disclosures regarding the risks and uncertainties relating to the Company's business.

Item 6. Exhibits

Exhibit Number	Description
2.1	Amended and Restated Agreement and Plan of Merger, dated as of October 31, 2016, among the Company, Blue Hen Acquisition, Inc. and Aspen Park Pharmaceuticals, Inc. (1)
3.1	Amended and Restated Articles of Incorporation. (2)
3.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 27,000,000 shares. (3)
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 35,500,000 shares. (4)
3.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 38,500,000 shares. (5)
3.5	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company designating the terms and preferences for the Class A Preferred Stock – Series 3. (6)
3.6	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company designating the terms and preferences for the Class A Preferred Stock – Series 4. (1)
3.7	Amended and Restated By-Laws. (7)
4.1	Amended and Restated Articles of Incorporation, as amended (same as Exhibits 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6).
4.2	Articles II, VII and XI of the Amended and Restated By-Laws (included in Exhibit 3.7).
10.1	Third Amendment to Credit Agreement, dated as of November 28, 2016, among the Company, Aspen Park Pharmaceuticals, Inc., Badger Acquisition Sub, Inc. and BMO Harris Bank N.A. (7)
10.2	Amended and Restated Revolving Note, dated November 28, 2016, from the Company and Aspen Park Pharmaceuticals, Inc. to BMO Harris Bank N.A. (7)
10.3	General Security Agreement, dated as of November 28, 2016, between Aspen Park Pharmaceuticals, Inc. and BMO Harris Bank N.A. (7)
10.4	Intellectual Property Security Agreement, dated as of November 28, 2016, between Aspen Park Pharmaceuticals, Inc. and BMO Harris Bank N.A. (7)
10.5	Stock Pledge Agreement, dated as of November 28, 2016, between the Company and BMO Harris Bank N.A. (7)
10.6	Second Amendment to Employment Agreement, dated as of November 4, 2016, between the Company and Mitchell S. Steiner, M.D.
10.7	Employment Agreement, dated as of December 20, 2016, between the Company and Brian J. Groch.
10.8	Restricted Stock Unit Agreement, dated as of October 31, 2016, between the Company and David R. Bethune.
10.9	Stock Appreciation Rights Agreement, dated as of October 31, 2016, between the Company and David R. Bethune.

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002). (8)
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, formatted in XBRL (Extensible Business Reporting Language): (1) the Unaudited Condensed Consolidated Balance Sheets, (2) the Unaudited Condensed Consolidated Statements of Operations, (3) the Unaudited Condensed Consolidated Statement of Stockholders' Equity, (4) the Unaudited Condensed Consolidated Statements of Cash Flows and (5) the Notes to the Unaudited Condensed Consolidated Financial Statements.

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(1)	Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2016.
(2)	Incorporated herein by reference to the Company's Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on October 19, 1999.
(3)	Incorporated by reference to the Company's Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on September 21, 2000.
(4)	Incorporated by reference to the Company's Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on September 6, 2002.
(5)	Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2003.
(6)	Incorporated herein by reference to the Company's March 31, 2004 Form 10-QSB.
(7)	Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 1, 2016.
(8)	This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

THE FEMALE HEALTH COMPANY

DATE: February 9, 2017

/s/ Mitchell Steiner
Mitchell Steiner, President and
Chief Executive Officer

DATE: February 9, 2017

/s/ Daniel Haines
Daniel Haines, Chief Financial Officer

Exhibit 10.6

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is dated effective as of November 4, 2016, by and between THE FEMALE HEALTH COMPANY, a Wisconsin corporation (the "Company"), and MITCHELL S. STEINER, MD (the "Executive").

RECITALS

A. The Company and Executive are parties to that certain Employment Agreement dated as of April 5, 2016, as amended as of July 18, 2016 (the "Existing Agreement"). Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Existing Agreement.

B. In accordance with Section 11 of the Existing Agreement, the undersigned desire to amend the Existing Agreement as set forth in this Amendment.

AGREEMENTS

In consideration of the foregoing recitals and the mutual representations, warranties, covenants and agreements set forth herein, and intending to be legally bound hereby, the parties agree as follows:

1. Section 8 of the Existing Agreement is amended by changing the title to “Limited Affiliation with OPKO” and by adding the following proviso to the end of the second sentence:

> “; and provided further that the Executive may continue to act as a special advisor to OPKO, provided such activity does not interfere with his obligation hereunder to be available full-time to perform his duties under this Agreement, and provided further that should there be a business opportunity presented to the Company that Executive learns of through his work with Company that potentially relates to OPKO, and should Company decline to pursue the business opportunity, before passing such opportunity on to OPKO, Executive will first inform the Company’s Board of Directors as to the nature of the opportunity and seek Board approvalbefore such opportunity could be presented to OPKO.”

2. No Other Changes. Except as expressly provided herein, the Existing Agreement shall remain unchanged and in full force and effect.

3. Counterparts. This Amendment may be executed in two or more counterparts, all of which shall be considered originals of one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties. Signatures delivered by facsimile or by e-mail in portable document format (PDF) shall be binding for all purposes hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Employment Agreement as of the date first above written.

COMPANY:

THE FEMALE HEALTH COMPANY
By: /s/ Michele Greco
Michele Greco
Executive Vice President, Finance

EXECUTIVE:
/s/Mitchell S. Steiner
Mitchell S. Steiner

[Signature Page to Second Amendment to Employment Agreement]

Exhibit 10.7

Executive Employment Agreement

This Employment Agreement (the "Agreement") is made and entered into as of December 20, 2016 (the "Effective Date") by and between Mr. Brian J. Groch, an individual residing at 3900 Simon Ridge Court, Cedar Park, TX 78613 (the "Executive") and The Female Health Company, a Wisconsin corporation d/b/a Veru Healthcare with its corporate headquarters at 4400 Biscayne Blvd., Suite 888, Miami FL 33137 (the "Company").

WHEREAS, the Company desires to employ the Executive on the terms and conditions set forth herein; and

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants, promises and obligations set forth herein, the parties agree as follows:

1. **Employment At-Will; Company's Board of Directors' Compensation Committee Approval; Start Date.** The Executive's employment hereunder shall be for no definite or determinable period of time and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason subject to the provisions of Section 5 below. Company's Board of Directors' Compensation Committee has approved the employment of Executive. The start date for the Executive will be January 1, 2017.

2. **Position and Duties.**

(a) **Position.** During the Executive's employment with the Company, the Executive shall serve as the Chief Commercial Officer reporting to the CEO and President. In such position, the Executive shall have such duties, authority and responsibility as are customary for an executive in Executive's position and such others as shall be determined from time to time by the CEO and President.

(b) **Duties**. During the Executive's employment with the Company pursuant to this Agreement, the Executive shall devote substantially all of his business time and attention to the performance of the Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the CEO and President. Notwithstanding the foregoing, the Executive will be permitted to (a) with the prior consent of the CEO and President and which consent can be withheld by the CEO and President in his discretion, act or serve as a director, trustee, committee member or principal of any type of business, civic or charitable organization as long as such activities are disclosed in writing to the Company's CEO and President, and (b) purchase or own less than five percent (5%) of the publicly traded securities of any corporation; provided that, such ownership represents a passive investment and that the Executive is not a controlling person of, or a member of a group that controls, such corporation; provided further that, the activities described in clauses (a) and (b) do not interfere with the performance of the Executive's duties and responsibilities to the Company as provided hereunder, including, but not limited to, the obligations set forth in this Section 2.

3. **Place of Performance**. The principal place of Executive's employment shall be: (i) Executive's home office in Executive's current metropolitan area of Austin, TX; or (ii) potentially in the future should the Company's CEO and President request, and should the Executive mutually agree, the Company's headquarters at 4400 Biscayne Blvd., Suite # 888, Miami FL 33137, any of (i) or (ii) preceding could be considered as Executive's principal place of employment for purposes of this Agreement. Executive will be required to travel on Company business during the Executive's employment with the Company, and the Company will reimburse any and all travel expenses as set forth in Section 4.6.

4. **Compensation.**

4.1 **Base Salary**. The Company shall pay the Executive an annual rate of base salary of three hundred thousand dollars ($300,000) in periodic installments in accordance with the Company's customary payroll practices, but no less frequently than monthly. The Executive's base salary shall be reviewed at least annually by the Company's CEO and President, Executive shall be eligible to receive a salary increase (but not decrease) annually in an amount to be determined by the CEO and Compensation Committee of the Board of Directors. Once increased, the new salary shall become the Base Salary for the purposes of this agreement. The company shall not be required to increase the base salary during the Executive's employment with the Company. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as **"**Base Salary**".** Any material reduction in the Base Salary of the Executive, without his written consent, may be deemed Good Reason as defined and set forth in Section 5.2 of this agreement.

4.2 **Annual Cash Incentive Bonus**.

(a) For each fiscal year during the Executive's employment pursuant to this Agreement, the Executive shall be eligible to receive an annual cash incentive bonus equal to fifty percent (50%) of his Base Salary based on meeting certain Company and personal goals to be mutually agreed upon by the Executive and the CEO and President (the "Annual Bonus"). However, the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be in the discretion of the Company's CEO and President.

(b) The Annual Bonus, if any, will be paid no later than the end of the first quarter of the fiscal year after the fiscal year in which an Annual Bonus, if any, is awarded; provided, however, that in order to be entitled to an Annual Bonus the Executive must be employed by the Company on the date of payment thereof, except as expressly otherwise provided herein, such as section 5.2(a)(ii) in the event of termination by the Company without cause or by the Executive for good reason.

4.3 **Equity Awards.** Executive will be eligible to participate in a Veru Healthcare Stock Incentive Plan when such plan is approved by both the Board of Directors and the stockholders of the Company. Company anticipates, but cannot guarantee, that the Plan will be approved in fiscal year 2017. Executive's initial grant of non-qualified stock options will be determined by the CEO and President with approval from the Compensation Committee.

4.4 **Employee Benefits.** During the Executive's employment with the Company pursuant to this Agreement, the Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, as in effect from time to time (collectively, **"**Employee Benefit Plans**"**) on a basis that is at least as favorable as those provided to other similarly situated executives of the Company and to the extent consistent with applicable law, the terms of the applicable Employee Benefit Plans, and the Company's policy for sharing the cost of such benefits as in effect from time to time. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plans and applicable law. Executive will be immediately eligible to participate in the US health, dental, vision, disability and life insurance programs of which the premiums are fully paid by the Company. The Company also offers a matching contribution for up to 3% of Executive's Base Salary with a simple IRA program based on Executive's participation elections.

4.5 **Vacation; Paid Time-off.** During the Executive's employment with Company pursuant to this Agreement, the Executive will be entitled to four weeks (4) paid vacation per fiscal year consistent with the Company's vacation policy currently in effect from time to time. The Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time.

4.6 **Business Expenses.** The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

5. **Termination of Employment.** This Agreement and the Executive's employment hereunder are for no definite or determinable period of time and may be terminated by either the Company or the Executive at any time and for any reason subject to the provisions of this Section 5. Upon termination of this Agreement and the Executive's employment hereunder, the Executive shall be entitled to the compensation and benefits described in this Section 5 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

5.1 **Termination by the Company for Cause or by the Executive without Good Reason**

(a) The Executive's employment hereunder may be terminated by the Company immediately for Cause (as defined below) or by the Executive without Good Reason (as defined below). If the Executive's employment is terminated by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive:

(i) any accrued but unpaid Base Salary and accrued but unused vacation which shall be paid on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's customary payroll procedures;

(ii) any unpaid Annual Bonus with respect to any completed fiscal year immediately preceding the Termination Date, if the Executive was still employed by the Company on the date specified in Section 4.2(b) above; provided further that, if the Executive's employment is terminated by the Company for Cause, then any such unpaid Annual Bonus shall be forfeited;

(iii) reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

(iv) such employee benefits (including equity compensation), if any, to which the Executive may be entitled under the Company's Employee Benefit Plans as of the Termination Date; provided, however, that, if the Executive's employment is terminated by the Company for Cause, the Executive will not be entitled to any unvested equity and shall forfeit any vested equity compensation not already received by the Executive.

Items 5.1(a)(i) through 5.1(a)(iv) are referred to herein collectively as the "Accrued Amounts".

(c) For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's failure to perform his duties (other than any such failure resulting from incapacity due to physical or mental illness or disability);

(ii) the Executive's failure to comply with any valid and legal directive of the CEO and President consistent with the role and responsibilities of the Chief Commercial Officer;

(iii) the Executive's engagement in dishonesty, illegal conduct or misconduct, which is, in each case, injurious to the Company or its affiliates;

(iv) the Executive's embezzlement, misappropriation or fraud, whether or not related to the Executive's employment with the Company;

(v) the Executive's conviction of or plea of guilty or *nolo contendere* to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude or results in harm to the Company or its affiliates;

(vi) the Executive's breach of the duty of loyalty or breach of fiduciary duty;

(vii) the Executive's unauthorized disclosure of Confidential Information (as defined below);

(viii) the Executive's material breach of any material obligation under this Agreement or any other written agreement between the Executive and the Company; or

(ix) any material failure by the Executive to comply with the Company's written policies or rules, as they may be in effect from time to time during the Executive's employment with the Company.

5.2 **Termination by the Company Without Cause or by the Executive for Good Reason**

(a) This Agreement and the Executive's employment hereunder may be terminated by the Company without Cause or by the Executive for Good Reason in accordance with the provisions set forth herein. In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and, subject to the Executive's compliance with Sections 6 through 9 of this Agreement and his execution of a general release of claims in favor of the Company and all of its related entities and individuals (the "Release"), which shall include a re-affirmation of Executive's non-disparagement obligation and his obligation to comply with Sections 6 through 9 of this Agreement and such Release becoming effective within the number of days permitted under applicable law following the Termination Date (the "Release Effective Date"), the Executive shall be entitled to receive the following:

(i) continued Base Salary for twelve (12) months following the Termination Date payable in equal installments in accordance with the Company's normal payroll practices, but no less frequently than monthly, which shall commence on the Company's regular pay day for the pay period immediately following the pay period that includes the Release Effective Date;

(ii) any unpaid Annual Bonus with respect to any completed fiscal year immediately preceding the Termination Date if the Executive was still employed by the Company on the last day of the preceding fiscal year;

(iii) a pro-rated payment equal to the Executive's target bonus for the year in which the Termination occursas defined in section 4.2(a) hereof multiplied by the percentage of days the Executive was employed by the Company in the year of termination, and payable as and when such bonuses are normally paid for other executives of the Company; and

(iv) if the Executive timely and properly elects health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company shall reimburse the Executive for the difference between the monthly COBRA premium paid by the Executive for himself and his dependents and the monthly premium amount paid by similarly situated active executives. Such reimbursement shall be paid to the Executive on the fifteenth of the month immediately following the month in which the Executive timely remits the premium payment. The Executive shall be eligible to receive such reimbursement until the earliest of: (i) the twelve (12) month anniversary of the Termination Date; (ii) the date the Executive (in the case of his) or any of his dependents, such dependent, is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which the Executive (in the case of his) or any of his dependents, such dependent, becomes eligible to receive substantially similar coverage from another employer or other source.

(v) acceleration of any unvested equity compensation, exercisable for a period of two years from the Termination Date, with all other terms and conditions in accordance with the terms of the Company's applicable equity compensation plans and grant agreements.

(b) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Executive's employment under this Agreement without the Executive's written consent:

(i) a reduction in the Executive's Base Salary other than a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions;

(ii) a relocation of the Executive's principal place of employment outside of the metropolitan area where the Executive has his principal business office;

(iii) any material breach by the Company of any material provision of this Agreement; or

(iv) a material, adverse change in the Executive's authority, duties or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law) taking into account the Company's size, status as a public company and capitalization as of the date of this Agreement.

The Executive cannot terminate his employment for Good Reason unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds, and the Company has had thirty (30) days from the date on which such notice is provided to cure such circumstances. If the Company has not cured such Good Reason within thirty (30) days of such notice, the Executive shall have up to thirty (30) days after such cure period to terminate his employment hereunder for Good Reason. If the Executive does not provide written notice to the Company to terminate his employment for Good Reason within the time period specified herein, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

5.3 **Death or Disability**.

(a) The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Executive's employment under this Agreement, and the Company may terminate the Executive's employment on account of the Executive's Disability (as defined below).

(b) If the Executive's employment is terminated during the Employment Term on account of the Executive's death or Disability, the Executive (or the Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the following:

(i) pay for any of the Executive's accrued but unpaid Base Salary and the Executive's accrued but unused vacation as of the date of death or Disability;

(ii) any earned but unpaid Annual Bonus with respect to any completed fiscal year immediately preceding the Executive's date of death or Disability, if the Executive was still employed by the Company on the last day of the preceding fiscal year;

(iii) reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

(iv) such employee benefits (including equity compensation), if any, to which the Executive may be entitled under the Company's Employee Benefit Plans as of the date of the Executive's death or Disability.

(c) For purposes of this Agreement, “Disability” shall mean the Executive is entitled to receive long-term disability benefits under the Company's long-term disability plan, or if there is no such plan, the Executive's inability, due to physical or mental incapacity, to substantially perform all of the essential duties and responsibilities under this Agreement, with or without reasonable accommodation, for one hundred eighty (180) days out of any three hundred sixty-five (365) day period or one hundred twenty (120) consecutive days; provided however, in the event the Company temporarily replaces the Executive, or transfers the Executive's duties or responsibilities to another individual on account of the Executive's inability to perform such duties due to a mental or physical incapacity which is, or is reasonably expected to become, a Disability, then the Executive's employment shall not be deemed terminated by the Company and the Executive shall not be able to resign with Good Reason as a result thereof. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

5.4 **Change in Control Termination**.

(a) Notwithstanding any other provision contained herein, if the Executive's employment hereunder is terminated by the Executive for Good Reason or by the Company (or its successor) without Cause (other than on account of the Executive's death or Disability) within the period commencing ninety (90) days immediately prior toa Change in Control of the Company and ending twelve (12) months immediately following a Change in Control, subject to the Executive's compliance with Sections 6 through 9 of this Agreement and his execution of the Release and reaffirmations referred to in Section 5.2, the Executive shall receive the following:

(i) all items of compensation set forth in Section 5.2(a)(i-iv); and

(ii) acceleration of unvested equity compensation in accordance with the terms of the Company’s applicable equity compensation plans and grant agreements.

(b) For purposes of this Agreement, "Change in Control" shall have the meaning set forth in the Company’s applicable equity plans and grant agreements.

5.5 **Notice of Termination**. Any termination of the Executive's employment hereunder by the Company or by the Executive during the Executive’s employment under this Agreement (other than termination pursuant to Section 5.3(a) on account of the Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 25 of this Agreement. The Notice of Termination shall specify:

(a) The termination provision of this Agreement relied upon;

(b) To the extent applicable, the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated; and

(c) The applicable Termination Date.

5.6 **Termination Date**. The Executive's "Termination Date" shall be:

(a) If the Executive's employment hereunder terminates on account of the Executive's death, the date of the Executive's death;

(b) If the Executive's employment hereunder is terminated on account of the Executive's Disability, the date that it is specified in the Company’s Notice of Termination after it is determined that the Executive has a Disability;

(c) If the Company terminates the Executive's employment hereunder for Cause, the date the Notice of Termination is delivered to the Executive;

(d) If the Company terminates the Executive's employment hereunder without Cause, the date specified in the Notice of Termination, which shall be no less than ten (10) business days following the date on which the Notice of Termination is delivered; provided that during said notice period, the Company shall have the right to change or eliminate the Executive's duties within its discretion, which shall not be deemed a Good Reason hereunder;

(e) If the Executive terminates employment hereunder with or without Good Reason, the date specified in the Executive's Notice of Termination, which shall be no less than ten (10) business days following the date on which the Notice of Termination is delivered; provided that, the Company may waive all or any part of the ten (10) day notice period without further accrual or payment of salary or benefits upon written notice to the Executive, and the Executive's Termination Date shall be the date determined in such notice by the Company;

Notwithstanding anything contained herein, the Termination Date shall not occur until the date on which the Executive incurs a "separation from service" within the meaning of Section 409A.

5.7 **Resignation of All Other Positions**. Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the board of directors (or a committee thereof) of the Company or any of its affiliates.

5.8 **Section 280G**.

(a) If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 5.8, be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then prior to making the 280G Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "Net Benefit" shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment and excise taxes. Any reduction made pursuant to this Section 5.9 shall be made in a manner determined by the Company that is consistent with the requirements of Section 409A.

(b) Unless the Company and the Executive otherwise agree, all calculations and determinations under this Section 5.8 shall be made by an independent accounting firm whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 5.8, the accounting firm may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the accounting firm with such information and documents as the accounting firm may reasonably request in order to make its determinations under this Section 5.8. The Company shall bear all costs the accounting firm may reasonably incur in connection with its services as contemplated by this provision.

6. **Cooperation**. The parties agree that certain matters in which the Executive will be involved during his employment with the Company may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Company's CEO and President, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

7. **Confidential Information**. The Executive understands and acknowledges that during his employment with the Company, he will have access to and learn about Confidential Information, as defined below.

7.1 **Confidential Information Defined; Restrictions**.

(a) **Definition**.

For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, methods, policies, plans, publications, documents, research, operations, strategies, techniques, contracts, transactions, potential transactions, negotiations, pending negotiations, know-how, trade secrets, computer programs, computer software, applications, operating systems, software design, web design, work-in-process, databases, manuals, records, articles, systems, material, sources of material, supplier information, vendor information, financial information, accounting information, accounting records, legal information, marketing information, advertising information, pricing information, design information, payroll information and staffing information, personnel information, employee lists, supplier lists, vendor lists, developments, reports, internal controls, security procedures, graphics, drawings, sketches, market studies, sales information, revenue, costs, formulae, product plans, designs, models, ideas, inventions, unpublished patent applications, discoveries, experimental processes, experimental results, specifications, customer or client information or lists, manufacturing information, distributor lists, and buyer lists of the Company, and any information about or from any existing or prospective customer, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include (i) information that is or becomes publicly known to others who are not under a confidentiality obligation to the Company, without breach by the Executive of Section 7.1 (c) below or (ii) information provided to the Executive by a third party who is not under a confidentiality obligation benefitting the Company or others with respect to the information.

(b) **Company Creation and Use of Confidential Information**.

The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the field of diversified therapeutics and medical devices for men's and women's reproductive health and oncology. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

(c) **Disclosure and Use Restrictions**.

The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate or make available Confidential Information, or allow it to be disclosed, published, communicated or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company or with the prior consent of the CEO and President acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or consent); and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media or other resources containing any Confidential Information, or remove any such documents, records, files, media or other resources from the premises or control of the Company, except as required in the performance of the Executive's authorized employment duties to the Company or with the prior consent of the CEO and President acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or consent). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. The Executive shall promptly provide written notice of any such order to Company's General Counsel. While complying with this Section 7.1 to the greatest extent possible, nothing herein prohibits the Executive from reporting possible violations of federal law or regulation to any governmental agency from or making other disclosures under the whistleblower provisions of federal or state law or regulation. Executive is not required to notify the Company if Executive makes such reports or disclosures.

The Executive understands and acknowledges that his obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he begins employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

8. **Restrictive Covenants**.

8.1 **Acknowledgement**. The Executive understands that the nature of the Executive's position gives him access to and knowledge of Confidential Information and places him in a position of trust and confidence with the Company. The Executive understands and acknowledges that the intellectual services he provides to the Company are unique, special or extraordinary because of his knowledge, experience and expertise in the areas and disciplines for which the Company has chosen to employ him.

The Executive further understands and acknowledges that the Company's ability to reserve these for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure by the Executive is likely to result in unfair or unlawful competitive activity.

8.2 **Non-competition**. Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Executive's employment with the Company and for the period of one (1) year beginning on the last day of the Executive's employment with the Company (the "Restricted Period"), whether employment is terminated at the option of the Executive or the Company, the Executive agrees and covenants not to engage in Prohibited Activity within the general areas of diversified therapeutics and medical devices for men's and women's reproductive health and oncology, but limited to those specific fields where the Company is selling a commercial product. By way of example, if the Company is selling: MSS-722, the applicable Prohibited Activity field would be male infertility; Tamsulosin DRS or equivalent, the BPH field, APP-111 for prostate cancer but not yet selling for breast cancer or ovarian cancer, the prostate cancer field only (collectively the "Prohibited Field").

8.3 **Prohibited Activity.** For purposes of this Section 8, "Prohibited Activity" is activity in which the Executive contributes his knowledge, services and/or financial support, directly or indirectly, in whole or in part, as an owner, operator, manager, advisor, lender, investor, consultant, agent, employee, partner, director, stockholder, officer, volunteer, intern or any other similar capacity to an entity engaged in the same or similar business as the Company, including those engaged in the Prohibited Field. Prohibited Activity also includes activity that may require or inevitably requires disclosure of Company trade secrets or other Confidential Information. Nothing herein shall prohibit the Executive from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and that the Executive is not a controlling person of, or a member of a group that controls, such corporation.

8.4 **Non-solicitation of Employees**. The Executive agrees that the Company has made a substantial investment in its employees in order to retain their services and valuable contribution to its business, and to minimize turnover and recruitment training time and cost. Therefore, to protect this legitimate interest of the Company, the Executive agrees and covenants not to directly or indirectly, on Executive's own behalf or on behalf of any other person or entity, solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company Restricted Period.

8.5 **Non-solicitation of Customers**. The Executive agrees that the Company has made a substantial investment in order to develop and maintain valuable relationships with its customers and prospective customers. The Executive further agrees that the Company has long-standing relationships with its customers and that but for the Executive's employment with the Company, the Executive would not have had access to its customers. Executive understands and acknowledges that because of the Executive's experience with and relationship to the Company he will have access to the Company's customers and customers and prospective customers and learn about much or all of the Company's customer information. "Customer Information" includes, but is not limited to, names, phone numbers, addresses, e-mail addresses, order history, order preferences, chain of command, pricing information and other information identifying facts and circumstances specific to the customer and relevant to sales or services provided by the Company, whether Confidential Information or otherwise.

The Executive understands and acknowledges that loss of customer or prospective customer relationships and/or goodwill will cause significant and irreparable harm to the Company.

Therefore, to protect these legitimate interests of the Company, Executive agrees and covenants, during Restricted Period, not to directly or indirectly, on Executive's own behalf or on behalf of any other person or entity, solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact or meet with or provide any services to the Company's current, former or prospective customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company.

The restrictions in this Section 8.5 shall only apply to:

(a) Customers or prospective customers the Executive contacted in any way during the past one (1) year prior to the Executive's last day of employment with the Company; or

(b) Customers or prospective customers about whom the Executive has trade secret or other Confidential Information; or

(c) Customers under the Executive's supervisory or sales purview who became customers during the Executive's employment with the Company.

8.6 **Non-interference with Other Business Relationships**. The Executive agrees and covenants, during the Restricted Period, not to directly or indirectly, on Executive's own behalf or on behalf of any other person, interfere with or cause disruption in any way to the Company's contracts or relationships with its business partners, including, but not limited to, vendors, suppliers, manufacturing sources, and IT consultants.

8.7 **Extension of Restricted Period**. The Executive agrees that should he breach any of his covenants in this Section 8, the Restricted Period shall be extended by the length of any period of such breach.

9. **Non-disparagement**. The Executive agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company or its businesses, or any of its employees, officers, directors, and existing and prospective customers, suppliers, investors and other associated third parties.

This Section 9 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. The Executive shall promptly provide written notice of any such order to Company's SVP Corporate Development and Legal.

10. **Acknowledgement**. The Executive acknowledges and agrees that the services to be rendered by him to the Company are of a special and unique character; that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business and marketing strategies by virtue of the Executive's employment; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

The Executive further acknowledges that the amount of his compensation reflects, in part, his obligations and the Company's rights under Sections 7 through 9 of this Agreement; that he has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; that he will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Sections 7 through 9 of this Agreement or the Company's enforcement thereof.

11. **Remedies**. In the event of a breach or threatened breach by the Executive of any of Sections 7 through 9 of this Agreement, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief. In the event, the Executive breaches any of his obligations contained in any of Sections 7 through 9, the Company shall be entitled to an award of its costs, reasonable attorneys' and expert witness fees, and out-of-pocket expenses incurred in obtaining a judgment or order against the Executive in addition to any to other relief awarded to the Company.

12. **Waiver of Defenses**. The Executive agrees that in the event the Company brings an action for injunctive or other relief for any alleged violation by the Executive of any of Sections 7 through 9 above, the Executive will not raise any defense to such action or the relief sought by the Company on the grounds that the Company terminated the Executive's employment in bad faith or committed any breach of this Agreement or any other agreement between the parties, and Employee hereby waives any such defenses in any such action.

13. **Work Product and Intellectual Property Protection**.

13.1 **Work Product.** The Executive acknowledges and agrees that all right, title and interest in and to all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relate in any way to the business or contemplated business, products, activities, research or development of the Company or result from any work performed by the Executive for the Company (in each case, regardless of when or where prepared or whose equipment or other resources is used in preparing the same) all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to US and foreign (a) patents, patent disclosures and inventions (whether patentable

or not), (b) trademarks, service marks, trade dress, trade names, logos, corporate names and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (c) copyrights and copyrightable works (including computer programs), and rights in data and databases, (d) trade secrets, know-how and other confidential information, and (e) all other intellectual property rights, in each case whether registered or unregistered and including all registrations and applications for, and renewals and extensions of, such rights, all improvements thereto and all similar or equivalent rights or forms of protection in any part of the world (collectively, **"**Intellectual Property Rights**"),** shall be the sole and exclusive property of the Company.

13.2 **Work Made for Hire; Assignment**. The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. The Company's rights under this Section 13.2 are in addition to, and not in lieu of, any substantive protections the Company may have under any law.

13.3 **Further Assurances; Power of Attorney**. During and after his employment, the Executive agrees to reasonably cooperate with the Company to (a) apply for, obtain, perfect and transfer to the Company the Work Product as well as any and all Intellectual Property Rights in the Work Product in any jurisdiction in the world; and (b) maintain, protect and enforce the same, including, without limitation, giving testimony and executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, prosecution, issuance and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

13.4 **No License**. The Executive understands that this Agreement does not, and shall not be construed to grant the Executive any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software or other tools made available to him by the Company.

14. **Security**.

14.1 **Security and Access**. The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time including without limitation those regarding computer equipment, telephone systems, facilities access, key cards, access codes, Company intranet, internet, social media and instant messaging systems, computer systems, e-mail systems, computer networks, document storage systems, software, data security, encryption, firewalls, passwords and any and all other Company IT resources and communication technologies (collectively, **"**Facilities and Information Technology Resources**");** (b) not to access or use any Facilities and Information Technology Resources except as authorized by the Company; and (iii) not to access or use any Facilities and Information Technology Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event he learns of any violation of the foregoing by others, or of any other misappropriation or unauthorized access, use, reproduction or reverse engineering of, or tampering with any Facilities and Information Technology Resources or other Company property or materials by others.

14.2 **Exit Obligations**. Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property, including but limited to, keys, access cards, identification cards, Company credit cards, computers smartphones, equipment, manuals, reports, files, books, compilations, work product, e-mail messages, thumb drives and other removable information storage devices, hard drives, and data and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

15. **Governing Law; Jurisdiction and Venue**. This Agreement, for all purposes, shall be construed in accordance with the laws of the State of Florida without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the state of Florida, county of Dade. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive any defenses relating to personal jurisdiction, improper venue or inconvenient forum with respect to any such action or proceeding.

16. **Entire Agreement**. Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

17. **Modification and Waiver**. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by the CEO and President of the Company. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

18. **Severability**. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

19. **Captions**. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

20. **Counterparts**. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. **Section 409A**.

21.1 **The Parties' Intent**. The intent of the Parties is that payments and benefits under this Agreement comply with or be exempt for Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Code Section 409A"), and this Agreement and any associated documents shall be interpreted and construed in a manner the establishes an exemption from (or compliance with Code Section 409A. Any terms of this Agreement that are undefined or ambiguous shall be interpreted in a manner that complies with Code Section 409A to the extent necessary to comply with Code Section 409A. If for any reason, such imprecision in drafting, any provision of this Agreement (or any award of compensation, including, without limitation, equity compensation or benefits) does not accurately reflect its intended establishment as an exemption from (or compliance with Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted in a manner consistent with such intent, as determined in the discretion of the Company.

21.2 **Separation from Service**. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for any payment of any amounts or benefits that the Company determines may be considered nonqualified deferred compensation under Code Section 409A upon or following termination of employment unless such termination is a "Separation of Service" with the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or the like shall mean a separation of service. The determination of whether and when a separation of service has occurred for purposes of this Agreement shall be made in in accordance with the presumptions set forth in Section 1.409A-1(h) of the Treasury Regulations.

21.3 **Reimbursements**. Any reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409a, including, without limitation, that in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later that the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred.

21.4 **Payments**. For purposes of Code Section 409A, the Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (for example, "payment shall be made within thirty (30) days following the date of termination), the actual date of payment within the specified period shall be within the sole discretion of the Company. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement, to the extent that such payment is subject to Code Section 409A.

21.5 **No Company Warranties**. The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions in this Agreement are determined to constitute deferred compensation subject to Code Section 409A but do not satisfy an exemption from, or the conditions of, Code Section 409A.

22. **Notification to Subsequent Employer**. When the Executive's employment with the Company terminates, the Executive agrees to notify any subsequent employer of the restrictive covenants sections contained in this Agreement. The Executive will also deliver a copy of such notice to the Company before the Executive commences employment with any subsequent employer. In addition, the Executive authorizes the Company to provide a copy of the restrictive covenants sections of this Agreement to third parties, including but not limited to, the Executive's subsequent, anticipated or possible future employer.

23. **Successors and Assigns**. This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by

purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

24. **Notice**. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

The Female Health Company d/b/a Veru Healthcare
4400 Biscayne Blvd
Suite 888
Miami, FL 33137
Attention: SVP Corp. Dev. & Legal

If to the Executive:

Mr. Brian J. Groch
3900 Simon Ridge Court
Cedar Park, TX 78613

25. **Representations of the Executive**. The Executive represents and warrants to the Company that:

(a) The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not conflict with or result in a violation of, a breach of, or a default under any contract, agreement or understanding to which he is a party or is otherwise bound; and

(b) The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not violate any non-solicitation, non-competition or other similar covenant or agreement of a prior employer.

26. **Withholding**. The Company shall have the right to withhold from any amount payable hereunder any federal, state and/or local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

27. **Survival**. Upon the termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such termination to the extent necessary to carry out the intentions of the parties under this Agreement.

28. **Acknowledgement of Full Understanding** THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE FEMALE HEALTH COMPANY d/b/a
VERU HEALTHCARE

By /s/ Mitchell S. Steiner
Mitchell S. Steiner, MD, FACS
CEO and President

Mr. Brian J. Groch

Signature: /s/Brian J. Groch

Exhibit 10.8

THE FEMALE HEALTH COMPANY
RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (this "Agreement") dated as of October 31, 2016 (the "Grant Date"), is between DAVID R. BETHUNE ("Grantee") and THE FEMALE HEALTH COMPANY, a Wisconsin corporation (the "Company").

RECITALS

A. The Company adopted The Female Health Company 2008 Stock Incentive Plan (the "Plan"), which was approved by its Board of Directors (the "Board") and shareholders effective March 27, 2008.

B. The Board intends to either amend the Plan (an "Amendment") or adopt a new stock incentive plan (a "New Plan"), in each case, to increase the number of available shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), issuable to grantees under the Plan or such New Plan, and to submit such Amendment or New Plan to the shareholders of the Company for adoption (in either case, the "Stock Plan Proposal").

C. Grantee and the Company desire to enter into this Agreement setting forth the terms and conditions of the following restricted stock unit grant to Grantee.

AGREEMENTS

Grantee and the Company agree as follows:

1. Grant of Restricted Stock Units.

(a) The Company hereby grants and issues 140,000 restricted stock units (the "Restricted Stock Units") to Grantee, in accordance with this Agreement. Each Restricted Stock Unit represents the right to receive either (i) one share of Common Stock pursuant to Section 5(a) or (ii) a cash amount equal to the Fair Market Value (as defined below) of one share of Common Stock pursuant to Section 5(b), in each case, subject to the terms and conditions of this Agreement and, if applicable, the Plan (as amended by the Amendment) or the New Plan.

(b) The Restricted Stock Units shall be credited to a separate account maintained for Grantee on the books and records of the Company (the "Account"). All amounts credited to the Account shall continue for all purposes to be part of the general assets of the Company.

(c) For purposes of this Agreement, "Fair Market Value" means as of any date, the value of the Common Stock determined as follows:

(i) if the Common Stock is listed on any established stock exchange or a national market system, including, without limitation, the NASDAQ Stock Market, its Fair Market Value shall be the closing sales price for such stock as quoted on such exchange or system for the day of determination, or, if there was no sale on that date, then on the last previous day on which a sale was reported, as reported in The Wall Street Journal or such other source as the Company or its designee deems reliable;

(ii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for the day of determination, or, if there was no reported bid and asked prices on that date, then on the last previous day on which there were bid and asked prices reported, as reported in The Wall Street Journal or such other source as the Company or its designee deems reliable; or

(iii) in the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Company or its designee.

2. Vesting and Forfeiture of Restricted Stock Units.

(a) General Vesting. Subject to the forfeiture provisions of Section 2(b), the Restricted Stock Units shall vest on the second anniversary of the Grant Date (the "Vesting Date"). All Restricted Stock Units which shall have vested are referred to herein as "Vested Units." All Restricted Stock Units which are not vested are referred to herein as "Unvested Units." Upon vesting, the Restricted Stock Units shall no longer be subject to forfeiture pursuant to Section 2(b) of this Agreement.

(b) Forfeiture. The Unvested Units shall immediately be forfeited to the Company if, prior to the Vesting Date, Grantee's employment or other service relationship is terminated for Cause (as defined below) or voluntarily by the Grantee, subject to the discretion of the Company or its designee to waive forfeiture. If termination is for any other reason, including, without limitation, Grantee's death or disability, Grantee shall retain (or his estate or heirs shall acquire) any Unvested Units, which shall vest on the Vesting Date. Upon any forfeiture of the Restricted Stock Units pursuant to this Section 2(b), Grantee shall have no rights as a holder of such Restricted Stock Units and the Company shall have no further obligations to Grantee under this Agreement.

(c) Cause. For purposes of this Agreement, "Cause" means the definition of Cause in Grantee's employment agreement, if any, with the Company. If no such employment agreement or definition in such agreement exists, Cause means (i) breach by Grantee of any covenant not to compete or confidentiality agreement with the Company, (ii) failure by Grantee to substantially perform his or her duties to the reasonable satisfaction of the Board, (iii) serious misconduct by Grantee which is demonstrably and substantially injurious to the Company, (iv) fraud or dishonesty by Grantee with respect to the Company, (v) material misrepresentation by Grantee to a shareholder or director of the Company, (vi) acts of negligence by Grantee in the performance of Grantee's duties that are substantially injurious to the Company or (vii) Grantee's conviction of, or a plea of guilty or nolo contendere to, a felony or other crime involving moral turpitude. The Company or its designee shall make the determination of whether Cause exists.

3. Restrictions on Transfer. Grantee shall not sell, assign, transfer, pledge, encumber or dispose of all or any of his or her Restricted Stock Units, either voluntarily or by operation of law, at any time prior to the Vesting Date; provided, however, that the Restricted Stock Units may be transferred by will or the laws of descent or distribution at any time. Any attempted transfer of any Restricted Stock Units in violation of this Section 3 shall be invalid and of no effect.

4. Rights as Shareholder; Dividend Equivalents.

(a) Grantee shall not have any rights of a shareholder with respect to the shares of Common Stock underlying the Restricted Stock Units unless and until the Restricted Stock Units vest and are settled by the issuance of such shares of Common Stock pursuant to Section 5(a).

(b) Upon and following the settlement of the Restricted Stock Units by the issuance of shares of Common Stock pursuant to Section 5(a), Grantee shall be the record owner of the shares of Common Stock underlying the Restricted Stock Units unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a shareholder of the Company (including voting rights).

(c) Until such time as the Restricted Stock Units vest, Grantee's Account shall be credited with an amount equal to all cash and stock dividends ("Dividend Equivalents") that would have been paid to Grantee if one share of Common Stock had been issued on the Grant Date for each Restricted Stock Unit granted to Grantee as set forth in this Agreement. Dividend Equivalents shall be subject to the same vesting restrictions as the Restricted Stock Units to which they are attributable and shall be paid on the same date that the Restricted Stock Units to which they are attributable are settled in accordance with Section 5. Dividend Equivalents credited to Grantee's Account shall be distributed in cash or, at the discretion of the Company, in shares of Common Stock having a Fair Market Value equal to the amount of the Dividend Eq uivalents.

5. Settlement of Restricted Stock Units.

(a) If on or prior to the Vesting Date, the Stock Plan Proposal is approved by the requisite shareholder vote, subject to Section 8, promptly following the Vesting Date, the Company shall (i) issue and deliver to Grantee the number of shares of Common Stock equal to the number of Vested Units and cash equal to any Dividend Equivalents credited with respect to such Vested Units or, at the discretion of the Company, shares of Common Stock having a Fair Market Value equal to such Dividend Equivalents; and (b) enter Grantee's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to Grantee.

(b) If the Stock Plan Proposal is not approved by the requisite shareholder vote on or prior to the Vesting Date, subject to Section 8 hereof, promptly following the Vesting Date, the Company shall pay to Grantee, in settlement of the award of Restricted Stock Units granted hereunder, an amount in cash equal to the sum of (i) the product of (A) the Fair Market Value of a share of Common Stock on the Vesting Date and (B) the number of Restricted Stock Units vesting on that date and (ii) any Dividend Equivalents credited with respect to such Vested Units.

6. Service Provider Relationship. Nothing in this Agreement shall limit the right of the Company or any parent or subsidiary of the Company to terminate Grantee's employment or other form of service relationship or otherwise impose any obligation to employ and/or retain Grantee as a service provider.

7. Adjustments for Stock Splits, Stock Dividends, Etc. If from time to time during the term of this Agreement there is any stock split-up, stock dividend, stock distribution or other reclassification of the Common Stock, any and all new, substituted or additional securities to which Grantee is entitled by reason of his or her ownership of the Restricted Stock Units shall be immediately subject to the forfeiture and other provisions of this Agreement in the same manner and to the same extent as the Restricted Stock Units. If the Restricted Stock Units are converted into or exchanged for, or shareholders of the Company receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of the Company or acquisition of its assets, then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Restricted Stock Units.

8. Taxes.

(a) Grantee shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to Grantee, the amount of any required withholding taxes in respect of the Restricted Stock Units and to take all such other action as the Company deems necessary to satisfy all obligations for the payment of such withholding taxes. The Company may permit Grantee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold cash or shares of Common Stock from the cash or shares of Common Stock otherwise issuable or deliverable to Grantee as a result of the vesting of the Restricted Stock Units; provided, however, that no cash or shares of Common Stock shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law; and (iii) delivering to the Company previously owned and unencumbered shares of Common Stock.

(b) Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains Grantee's responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of the Restricted Stock Units or the subsequent sale of any shares; and (ii) does not commit to structure the Restricted Stock Units to reduce or eliminate Grantee's liability for Tax-Related Items.

9. Restrictions Imposed by Law. Notwithstanding any other provision of this Agreement, Grantee agrees that the Company will not be obligated to deliver any shares of Common Stock or make any cash payment if counsel to the Company determines that such delivery or payment would violate any law or regulation of any governmental authority or any agreement between the Company and any national securities exchange upon which the Common Stock is listed. The Company shall in no event be obligated to take any affirmative action in order to cause the delivery of shares of Common Stock or other payment to comply with any law or regulation of any governmental authority.

10. Addresses. All notices or statements required to be given to either party hereto shall be in writing and shall be personally delivered or sent, in the case of the Company, to its principal business office and, in the case of Grantee, to Grantee's address as is shown on the records of the Company or to such address as Grantee designates in writing. Notice of any change of address shall be sent to the other party by registered or certified mail. It shall be conclusively presumed that any notice or statement properly addressed and mailed bearing the required postage stamps has been delivered to the party to which it is addressed.

11. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Wisconsin without regard to conflict of law principles.

12. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon Grantee and Grantee's beneficiaries, executors, administrators and the person(s) to whom the Restricted Stock Units may be transferred by will or the laws of descent or distribution.

13. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

14. Discretionary Nature of Agreement. The grant of the Restricted Stock Units in this Agreement does not create any contractual right or other right to receive any Restricted Stock Units or other awards in the future. Future awards, if any, will be at the sole discretion of the Company.

15. Amendment. The Company has the right to amend, alter, suspend, discontinue or cancel the Restricted Stock Units, prospectively or retroactively; provided that no such amendment shall adversely affect Grantee's material rights under this Agreement without Grantee's consent.

16. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto (the "Code"), or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Grantee on account of non-compliance with Section 409A of the Code.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Restricted Stock Unit Agreement as of the date first above written.

/s/ David R. Bethune
David R. Bethune

THE FEMALE HEALTH COMPANY
BY /s/O.B. Parrish
O.B. Parrish, Chief Executive Officer

Exhibit 10.9

THE FEMALE HEALTH COMPANY
STOCK APPRECIATION RIGHTS AGREEMENT

THIS STOCK APPRECIATION RIGHTS AGREEMENT (this "Agreement") dated as of October 31, 2016 (the "Grant Date"), is between DAVID R. BETHUNE ("Optionee") and THE FEMALE HEALTH COMPANY, a Wisconsin corporation (the "Company").

RECITALS

A. The Company adopted The Female Health Company 2008 Stock Incentive Plan (the "Plan"), which was approved by its Board of Directors (the "Board") and shareholders effective March 27, 2008.

B. The Board intends to either amend the Plan (an "Amendment") or adopt a new stock incentive plan (a "New Plan"), in each case, to increase the number of available shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), issuable to grantees under the Plan or such New Plan, and to submit such Amendment or New Plan to the shareholders of the Company for adoption (in either case, the "Stock Plan Proposal").

C. Optionee and the Company desire to enter into this Agreement setting forth the terms and conditions of the following stock appreciation rights grant to Optionee.

AGREEMENTS

Optionee and the Company agree as follows:

1. Definitions. For purposes of this Agreement, the following terms have the following meanings:

(a) "Cause" means the definition of Cause in Optionee's employment agreement, if any, with the Company. If no such employment agreement or definition in such agreement exists, Cause means (i) breach by Optionee of any covenant not to compete or confidentiality agreement with the Company, (ii) failure by Optionee to substantially perform his or her duties to the reasonable satisfaction of the Board, (iii) serious misconduct by Optionee which is demonstrably and substantially injurious to the Company, (iv) fraud or dishonesty by Optionee with respect to the Company, (v) material misrepresentation by Optionee to a shareholder or director of the Company, (vi) acts of negligence by Optionee in the performance of Optionee's duties that are substantially injurious to the Company or (vii) Optionee's conviction of, or a plea of guilty or nolo contendere to, a felony or other crime involving moral turpitude. The Company or its designee shall make the determination of whether Cause exists.

(b) "Exercise Price" means $0.95 per SAR, which is equal to or greater than the Fair Market Value of the Common Stock on the Grant Date

(c) "Fair Market Value" means as of any date, the value of the Common Stock determined as follows:

(i) if the Common Stock is listed on any established stock exchange or a national market system, including, without limitation, the NASDAQ Stock Market, its Fair Market Value shall be the closing sales price for such stock as quoted on such exchange or system for the day of determination, or, if there was no sale on that date, then on the last previous day on which a sale was reported, as reported in The Wall Street Journal or such other source as the Company or its designee deems reliable;

(ii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for the day of determination, or, if there was no reported bid and asked prices on that date, then on the last previous day on which there were bid and asked prices reported, as reported in The Wall Street Journal or such other source as the Company or its designee deems reliable; or

(iii) in the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Company or its designee.

(d) "Service Provider" means an employee, officer or director of the Company or an independent contractor engaged to provide services to the Company.

2. Grant of Stock Appreciation Rights . The Company hereby grants to Optionee an aggregate of 140,000 stock appreciation rights (the "SARs"). Each SAR entitles Optionee to receive, upon exercise, an amount payable in either (i) shares of Common Stock equal in value to the excess of (A) the Fair Market Value of a share of Common Stock on the date of exercise, over (B) the Exercise Price (the "Appreciation Value"), in accordance with Section 6(a) or (ii) cash equal to the Appreciation Value in accordance with Section 6(b), in each case, subject to the terms and conditions of this Agreement and, if applicable, the Plan (as amended by the Amendment) or the New Plan.

3. Vesting; Period of Exercise. The SARs granted hereunder shall vest on the two-year anniversary of the Grant Date. Unless this Agreement is terminated as provided hereunder, Optionee may exercise the SARs in whole or in part at any time after the Grant Date (the date of exercise, the "Exercise Date") as to any SARs that have vested until it expires at 5 p.m., Chicago, Illinois time, on the tenth anniversary of the Grant Date (the "Option Period").

4. Change in Capital Structure. The SARs and the Exercise Price of such SARs will be adjusted in the event of a stock dividend, stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, acquisition or other change in the capital structure of the Company as determined by the Company (or its designee).

5. Nontransferability of SARs. The SARs shall not be transferable other than by will or the laws of descent or distribution and shall be exercisable, during Optionee's lifetime, only by Optionee.

6. Settlement of SARs.

(a) If on or prior to the Exercise Date, the Stock Plan Proposal is approved by the requisite shareholder vote, promptly following the Exercise Date, the Company shall (i) issue and deliver to Optionee the number of shares of Common Stock equal to the Appreciation Value, less any amounts withheld pursuant to Section 9 and (B) enter Optionee's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to Optionee. Fractional shares will not be delivered and the number of shares of Common Stock to be delivered on exercise shall be rounded to the nearest whole share.

(b) If the Stock Plan Proposal is not approved by the requisite shareholder vote on or prior to the Exercise Date, promptly following the Exercise Date, the Company shall pay to Optionee, in settlement of the exercise of SARs on the Exercise Date, an amount in cash equal to the Appreciation Value, less any amounts withheld pursuant to Section 9.

7. Manner of Exercise.

(a) When to Exercise. Except as otherwise provided in this Agreement, Optionee (or in the case of exercise after Optionee's death or disability, Optionee's executor, administrator, heir or legatee, as the case may be) may exercise his or her vested SARs, in whole or in part, at any time after vesting and until the expiration of the Option Period or earlier termination pursuant to Section 13 hereof, by following the procedures set forth in this Section 7. If partially exercised, Optionee (or in the case of exercise after Optionee's death or disability, Optionee's executor, administrator, heir or legatee, as the case may be) may exercise the remaining unexercised portion of the SARs at any time after vesting and until the expiration of the Option Period or earlier termination pursuant to Section 13 hereof. No SARs shall be exercisable after the expiration of the Option Period.

(b) Election to Exercise. To exercise the SARs, Optionee (or in the case of exercise after Optionee's death or disability, Optionee's executor, administrator, heir or legatee, as the case may be) must deliver to the Company a written notice which sets forth the number of SARs being exercised, together with any additional documents as the Company may require. Each such notice must satisfy whatever then-current procedures apply to the SARs and must contain such representations as the Company requires.

(c) Documentation of Right to Exercise. If someone other than Optionee exercises the SARs, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the SARs.

(d) Exercise Date. The Exercise Date shall be deemed to have occurred on the business day that the Company receives a fully executed exercise notice. If the notice is received after business hours on such date, then the Exercise Date shall be deemed to have occurred on the business date immediately following the business date such notice is received by the Company.

8. Delivery by the Company. As soon as practicable after receipt of all items referred to in Section 7 and any payment (which payment may also be made in accordance with a cashless exercise program implemented by the Company), the Company shall deliver to Optionee either (a) certificate(s) issued in Optionee's name for the number of shares of Common Stock purchased by exercise of the SARs (or, if requested by the Optionee, such shares shall be issued to the Optionee by electronic transfer to the Optionee's broker) or (b) cash in an amount determined in accordance with Section 6(b), by certified check or wire transfer to an account designated in writing by Optionee. If delivery is by mail, delivery of shares of Common Stock shall be deemed effected when the stock transfer agent of the Company shall have deposited the certificates in the United States mail, addressed to Optionee.

9. Tax Liability and Withholding.

(a) As a condition to the issuance of any shares of Common Stock or cash covered by the SARs, the Company may withhold, or require Optionee to pay or reimburse the Company for, any taxes which the Company determines are required to be withheld under federal, state or local law in connection with the exercise of the SARs. The Company may permit Optionee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock or cash from the shares of Common Stock or cash otherwise issuable or deliverable to Optionee as a result of the exercise of the SARs; provided, however, that no shares of Common Stock or cash shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law; and (iii) delivering to the Company previously owned and unencumbered shares of Common Stock.

(b) Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains Optionee's responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or exercise of the SARs and (ii) does not commit to structure the SARs to reduce or eliminate Optionee's l iability for Tax-Related Items.

10. Addresses. All notices or statements required to be given to either party hereto shall be in writing and shall be personally delivered or sent, in the case of the Company, to its principal business office and, in the case of Optionee, to Optionee's address as is shown on the records of the Company or to such address as Optionee designates in writing. Notice of any change of address shall be sent to the other party by registered or certified mail. It shall be conclusively presumed that any notice or statement properly addressed and mailed bearing the required postage stamps has been delivered to the party to which it is addressed.

11. Restrictions Imposed by Law. Notwithstanding any other provision of this Agreement, Optionee agrees that Optionee shall not exercise the Option and that the Company will not be obligated to deliver any shares of Common Stock or make any cash payment if counsel to the Company determines that such exercise, delivery or payment would violate any law or regulation of any governmental authority or any agreement between the Company and any national securities exchange upon which the Common Stock is listed. The Company shall in no event be obligated to take any affirmative action in order to cause the exercise of the Option or the resulting delivery of shares of Common Stock or other payment to comply with any law or regulation of any governmental authority.

12. Service Provider Relationship. Nothing in this Agreement shall limit the right of the Company or any parent or subsidiary of the Company to terminate Optionee's employment or other form of service relationship or otherwise impose any obligation to employ and/or retain Optionee as a Service Provider.

13. Effect of Termination of Service Provider Relationship.

(a) Termination for Cause. If the Optionee ceases to be a Service Provider as a result of a termination for Cause, the SARs, to the extent not exercised before such termination, shall immediately terminate.

(b) Voluntary Resignation. If the Optionee ceases to be a Service Provider as a result of a voluntary resignation by the Service Provider, any portion of the SARs that are not exercisable pursuant to Section 3 above as of the date of termination shall terminate as of the date of termination. The remainder of the SARs, if any, shall remain exercisable for the remainder of the Option Period.

(c) Other Terminations. If the Optionee ceases to be a Service Provider for any reason other than as a result of termination for Cause or voluntary resignation by the Service Provider, including, without limitation, as a result of Optionee's death or disability, the SARs, to the extent not exercised before such termination, shall remain exercisable for the remainder of the Option Period.

14. No Rights as Shareholder. Optionee shall not have any rights as a shareholder with respect to any of the shares of Common Stock covered by the SARs prior to the date that he or she exercises the SARs in accordance with Section 6(a) and becomes the holder of record. No adjustment shall be made for dividends or other rights for which the record date is prior to the date of issuance.

15. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Wisconsin without regard to conflict of law principles.

16. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon Optionee and Optionee's beneficiaries, executors, administrators and the person(s) to whom the SARs may be transferred by will or the laws of descent or distribution.

17. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

18. Discretionary Nature of Agreement. The grant of the SARs in this Agreement does not create any contractual right or other right to receive any SARs or other awards in the future. Future awards, if any, will be at the sole discretion of the Company.

19. Amendment. The Company has the right to amend, alter, suspend, discontinue or cancel the SAR, prospectively or retroactively; provided, that, no such amendment shall adversely affect Optionee's material rights under this Agreement without Optionee's consent.

20. Section 409A; No Deferral of Compensation. This Agreement is not intended to provide for the deferral of compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto (the "Code"). The Company reserves the right to unilaterally amend or modify this Agreement to the extent the Company considers it necessary or advisable, in its sole discretion, to comply with, or to ensure that the SARs granted hereunder are not subject to, Section 409A of the Code.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Stock Appreciation Rights Agreement as of the date first above written.

/s/ David R. Bethune
David R. Bethune

THE FEMALE HEALTH COMPANY
BY /s/O.B. Parrish
O.B. Parrish, Chief Executive Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mitchell S. Steiner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Female Health Company;

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

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

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

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

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

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

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

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

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

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

Date: February 9, 2017

/s/ Mitchell S. Steiner
Mitchell S. Steiner
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Haines, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Female Health Company;

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

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

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

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

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

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

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

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

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

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

Date: February 9, 2017

/s/ Daniel Haines
Daniel Haines
Chief Financial Officer

Exhibit 32.1

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of The Female Health Company (the "Company") certifies that the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2016 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 9, 2017

/s/ Mitchell S. Steiner
Mitchell S. Steiner
Chief Executive Officer

Dated: February 9, 2017

/s/ Daniel Haines
Daniel Haines
Chief Financial Officer

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.