



SONOMA PHARMACEUTICALS

THIRD QUARTER FY2018 RESULTS

February 7, 2018



Sonoma
PHARMACEUTICALS
A Relentless Passion For Healing

NASDAQ: SNOA

Agenda

Welcome / Introduction

Jim Schutz

December 31, 2017 Highlights

Jim Schutz

Financial Review

Bob Miller

Q+A

Forward-Looking Statement

Except for historical information herein, matters set forth in this presentation are forward-looking within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including statements about the commercial and technology progress and future financial performance of Sonoma Pharmaceuticals, Inc. and its subsidiaries (the “Company”).

These forward-looking statements are identified by the use of words such as “believe,” “achieve,” and “strive,” among others. Forward-looking statements in this press release are subject to certain risks and uncertainties inherent in the Company’s business that could cause actual results to vary, including such risks that regulatory clinical and guideline developments may change, scientific data may not be sufficient to meet regulatory standards or receipt of required regulatory clearances or approvals, clinical results may not be replicated in actual patient settings, protection offered by the Company’s patents and patent applications may be challenged, invalidated or circumvented by its competitors, the available market for the Company’s products will not be as large as expected, the Company’s products will not be able to penetrate one or more targeted markets, revenues will not be sufficient to fund further development and clinical studies, as well as uncertainties relative to varying product formulations and a multitude of diverse regulatory and marketing requirements in different countries and municipalities, and other risks detailed from time to time in the Company’s filings with the Securities and Exchange Commission. The Company disclaims any obligation to update these forward-looking statements, except as required by law.

Results from the Quarter Ended December 2017

Total Net Revenues = \$4,834,000*

- Product revenue up 46% versus same period last year
- US Product revenue up 27% versus quarter ended 30 Sep 2017

US Dermatology Revenue = \$2,207,000*

- Up 78% versus same period last year
- Up 36% versus quarter ended 30 Sep 2017

EBITDA during the period = (\$2,383,000)

Cash = \$8,625,000

* Highest in company history

Fiscal YTD Milestones

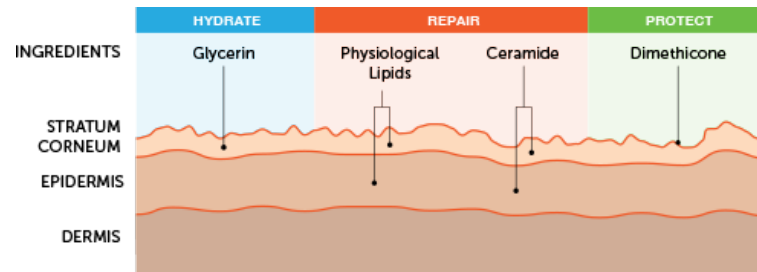
- ✓ Jan - Three UAE approvals for blepharitis, chronic rhinosinusitis and oral care
- ✓ Nov + Dec - Three FDA approvals to expand indications to add antimicrobial language
- ✓ Oct - Seven Brazilian dermatology approvals
- ✓ Sep - Launched Loyon, indicated for scaling and erythema for various dermatoses
- ✓ Jun - Two Singapore dermatology approvals
- ✓ Apr - Hired 13 additional sales reps, totaling 30 reps and 5 managers
- ✓ Apr - Two UAE dermatology approvals
- ✓ Mar - FDA approval for Loyon
- ✓ Mar - Received final \$1.5M of \$19.5M payment from LatAm partner



Differentiated, Effective Solutions

... for atopic dermatitis
and eczema

**Ceramax™ with Lipogrid® Technology has been
designed to control release and penetrate deep.**



Ceramax™ contains selected lipids and a lipid precursor designed to easily penetrate the bilayers of the skin by blending with the natural lipid building blocks.



Fluorescent microscopy shows the lipids in Lipogrid® Technology penetrate beyond the stratum corneum (SC) into the epidermis (E)¹



Dec 2017 QTR vs Dec 2016 QTR & Sept 2017 QTR

	Quarter Ended	Quarter Ended Dec 31, 2016			Quarter Ended Sept 30, 2017		
	Dec 31, 2017*	Amount	Variance	%	Amount	Variance	%
Total net revenues	\$4,843	\$3,361	\$1,482	44%	\$4,325	\$518	12%
Product revenues	\$4,647	\$3,174	\$1,473	46%	\$4,144	\$503	12%
U.S. revenues	\$2,883	\$1,671	\$1,212	73%	\$2,268	\$615	27%
U.S. dermatology net revenues	\$2,207	\$1,237	\$970	78%	\$1,621	\$586	36%
U.S. dermatology gross revenues	\$4,647	\$2,414	\$2,233	93%	\$4,241	\$406	10%
Operating expenses minus non-cash expenses	\$4,862	\$4,307	\$555	13%	\$4,237	\$625	15%
Net loss minus non-cash expenses (EBITDA)	\$2,383	\$2,492	(\$109)	-4%	\$2,263	\$120	5%
Cash & cash equivalents	\$8,625	\$18,983	(\$10,358)	-55%	\$9,983	(\$1,358)	-14%

* dollars in thousands, unaudited

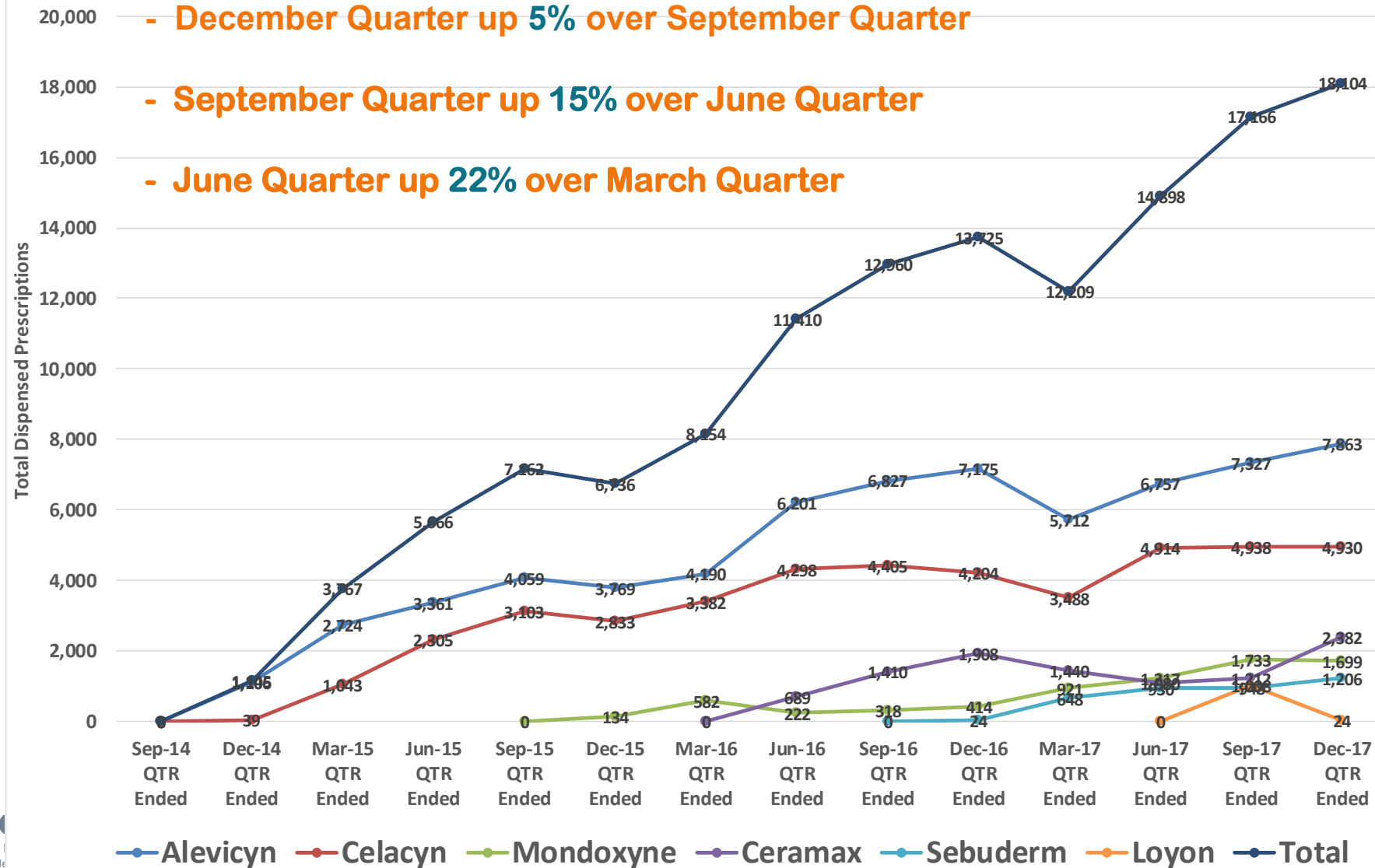
Prescription Units Shipped for Dermatology Product Lines

Average Quarter over Quarter Growth for Last 8 Quarters of **14%**

- December Quarter up **5%** over September Quarter

- September Quarter up **15%** over June Quarter

- June Quarter up **22%** over March Quarter



Total Prescription Units Sold in Dollars at Sale Price For QTR 3/2016 through QTR 12/2017

Average Quarter over Quarter Growth for Last 4/ 6 Quarters:

- Total Prescription Units Sold Quarterly Growth of 19%/ 24%
- Ceramax (skin repair) Quarterly Growth of 24%/41%
- Mondoxyne (acne) Quarterly Growth of 45%/43%
- Celacyn (scar) Quarterly Growth of 21%/ 18%
- Alevicyn (dermatitis) Quarterly Growth of 14%/ 19%

