



# SONOMA PHARMACEUTICALS

## FOURTH QUARTER & FY2018 RESULTS

June 13, 2018



NASDAQ: SNOA

# Agenda

Welcome / Introduction

March 31, 2018 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 presentation 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 Year Ending 31 Mar 2018

Revenue = \$16.7M +30% over FY 2017

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Gross U.S. dermatology revenue +85%

Net U.S. dermatology revenue +40%

International revenue +36%

U.S. product revenue +27%

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Cash on Hand 3/31/18 = \$10.1M

# Milestones Achieved in the year ended 31 Mar 2018

- ☑ March 2018 – FDA approval to add antimicrobial indication to Acuicyn
- ☑ January 2018 - Three UAE approvals for blepharitis, chronic rhinosinusitis and oral care
- ☑ Nov + Dec 2017 - Three FDA approvals to expand indications to add antimicrobial language
- ☑ October 2017 - Seven Brazilian dermatology approvals
- ☑ September 2017 - Launched Loyon, indicated for scaling and erythema for various dermatoses
- ☑ June 2017 - Two Singapore dermatology approvals
- ☑ April 2017 - Hired 13 additional sales reps, totaling 28 reps and 6 managers
- ☑ April 2017 - Two UAE dermatology approvals
- ☑ March 2017 - FDA approval for Loyon
- ☑ March 2017 - Received \$19.5M payment from LatAm partner



U.S.K  
under skin

SCIENCE BEHIND THE BEAUTY  
Designed by Monteresearch® in Italy



## U.SK, a division of NC Group:

- Largest pharma company in Brazil with more than \$3B in annual revenues
- 3<sup>rd</sup> largest pharma company in Latin America
- 7,000 employees
- 70+ dermatology sales reps covering 7,000 dermatologists in Brazil

## Brazil:

3<sup>rd</sup> largest market for beauty products, after the US and Japan  
2<sup>nd</sup> largest market for plastic surgery and dermatology procedures, after the US

## U.SK/NC Group and SNOA Partnership:

Term: 5 years, automatic right to renew

Territory: Brazil

Markets: Dermatology

Products: Acne, Atopic Dermatitis, Scar Management and Post-Laser Procedures

Financial Terms: Not disclosed

# Comparison of March YTD 2018 to March YTD 2017

	Year Ended	Year Ended March 31, 2017		
	<u>31-Mar-18</u>	<u>Amount</u>	<u>\$ Change</u>	<u>%</u>
<b>Total net revenue</b>	\$16,658	\$12,825	\$3,833	30%
<b>Product revenue</b>	\$15,663	\$11,957	\$3,706	31%
<b>International revenue</b>	\$7,291	\$5,377	\$1,914	36%
<b>US product revenue</b>	\$8,372	\$6,580	\$1,792	27%
<b>Dermatology, gross revenue</b>	\$14,910	\$8,080	\$6,830	85%
<b>Dermatology, net revenue</b>	\$5,803	\$4,134	\$1,699	40%
<b>as % of gross</b>	39%	51%		
<b>Cash operating expenses</b>	\$18,957	\$16,605	\$2,352	14%
<b>Net loss less non-cash expenses (EBITDA)</b>	\$11,199	\$10,483	\$716	7%
<b>Cash position</b>	<b>\$10,066</b>	<b>\$17,461</b>	<b>-\$7,395</b>	<b>-42%</b>

\* dollars in thousands, unaudited

# Comparison of QE March 2018 to QE March 2017

	QTR Ended	QTR Ended March 31, 2017		
	31-Mar-18	Amount	\$ Change	%
Total net revenue	\$3,655	\$4,029	-\$374	-9%
Product revenue	\$3,269	\$3,799	-\$530	-14%
International product revenue	\$1,907	\$1,960	-\$53	-3%
US revenue	\$1,362	\$1,839	-\$477	-26%
Dermatology, factory units, sold	11,729	12,209	-480	-4%
Dermatology, prescriptions filled	17,195	13,794	3,401	25%
Dermatology, gross revenue	\$2,816	\$2,298	\$518	23%
Dermatology, net revenue	\$779	\$1,151	-\$372	-32%
as % of gross	28%	50%		
Cash operating expenses	\$5,149	\$4,485	\$664	15%
Net loss less non-cash expenses (EBITDA)	\$3,717	\$2,429	\$1,288	53%
Cash position	\$10,066	\$17,461	-\$7,395	-42%

\* dollars in thousands, unaudited