



SONOMA PHARMACEUTICALS

SECOND QUARTER FY2018 RESULTS

November 9, 2017



Agenda

Welcome / Introduction

Dan McFadden

September 30, 2017 Highlights

Jim Schutz

Brand Building and Biz Development

Marc Umscheid

Financial Review

Bob Miller

Q+A

Forward-Looking Statement

Except for historical information herein, matters set forth in this press release 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 30 September 2017

Total Net Revenue = \$4,325,000

- Up 55% versus same period last year
- Up 13% versus quarter ended 30 Jun 2017

US Dermatology Revenue = \$1,621,000

- Up 53% versus same period last year
- Up 36% versus quarter ended 30 June 2017

EBITDA during the period = (\$2,276,000)

Cash & cash equivalents = \$9,983,000

Cash used for the period = \$2,656,000

2017 YTD Milestones

- ✓ October - Seven Brazilian dermatology approvals
- ✓ September – Launched Loyon, indicated for scaling and erythema for various dermatoses
- ✓ June – Two Singapore dermatology approvals
- ✓ April – Hired 13 additional sales reps, totaling 30 reps and 5 managers
- ✓ April - Two UAE dermatology approvals
- ✓ March – FDA approval for Loyon
- ✓ March – Received final \$1.5M of \$19.5M payment from LatAm partner



**Differentiated,
Effective
Solutions**

... for scaling
associated with
dermatitis

Loyon® For the Management of Scaling and Itch

LOYON® is indicated to manage and relieve the itching, erythema, and scaling experienced with various types of dermatoses, including seborrhea and seborrheic dermatitis.

LOYON® is now approved for your adult and pediatric patients with moderate-to-severe scaling associated with seborrheic dermatitis and psoriasis capitis.

LOYON® Featuring Exuvimax™ Technology

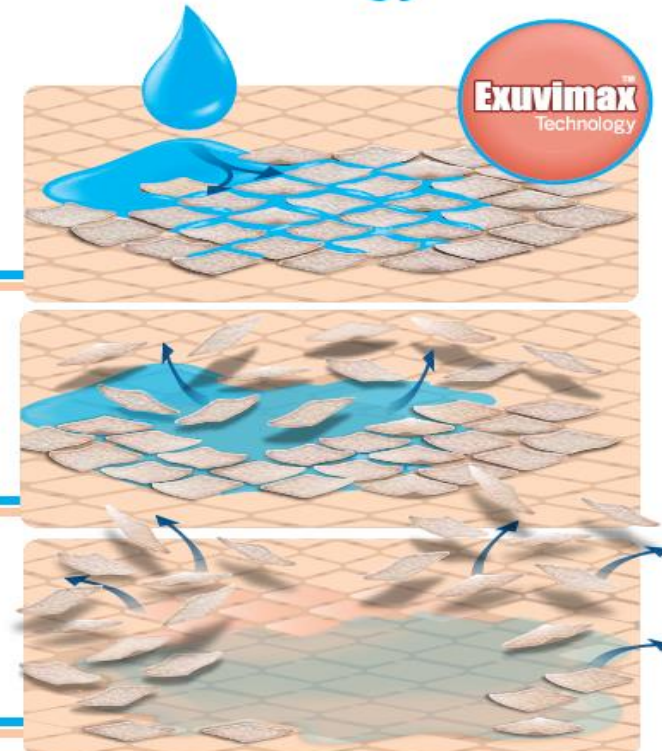
Exuvimax Technology is the science of combining dimethicones and dicaprylyl carbonate (Cetiol® Oil) that provides a patented formulation designed for a very effective but safe keratolytic effect.

How it works

When applied to scale, this patented formulation provides the special creeping and spreading property.

The creeping and spreading property allows LOYON to flow into the intercorneocytic space.

This quickly loosens and gently dissociates scale at the junction of the corneodesmosomes.





Before Treatment



Day 7

19 year old male, pronounced scalp scaling
Treatment with LOYON 1 x daily for 7 days



Before Treatment



Day 7

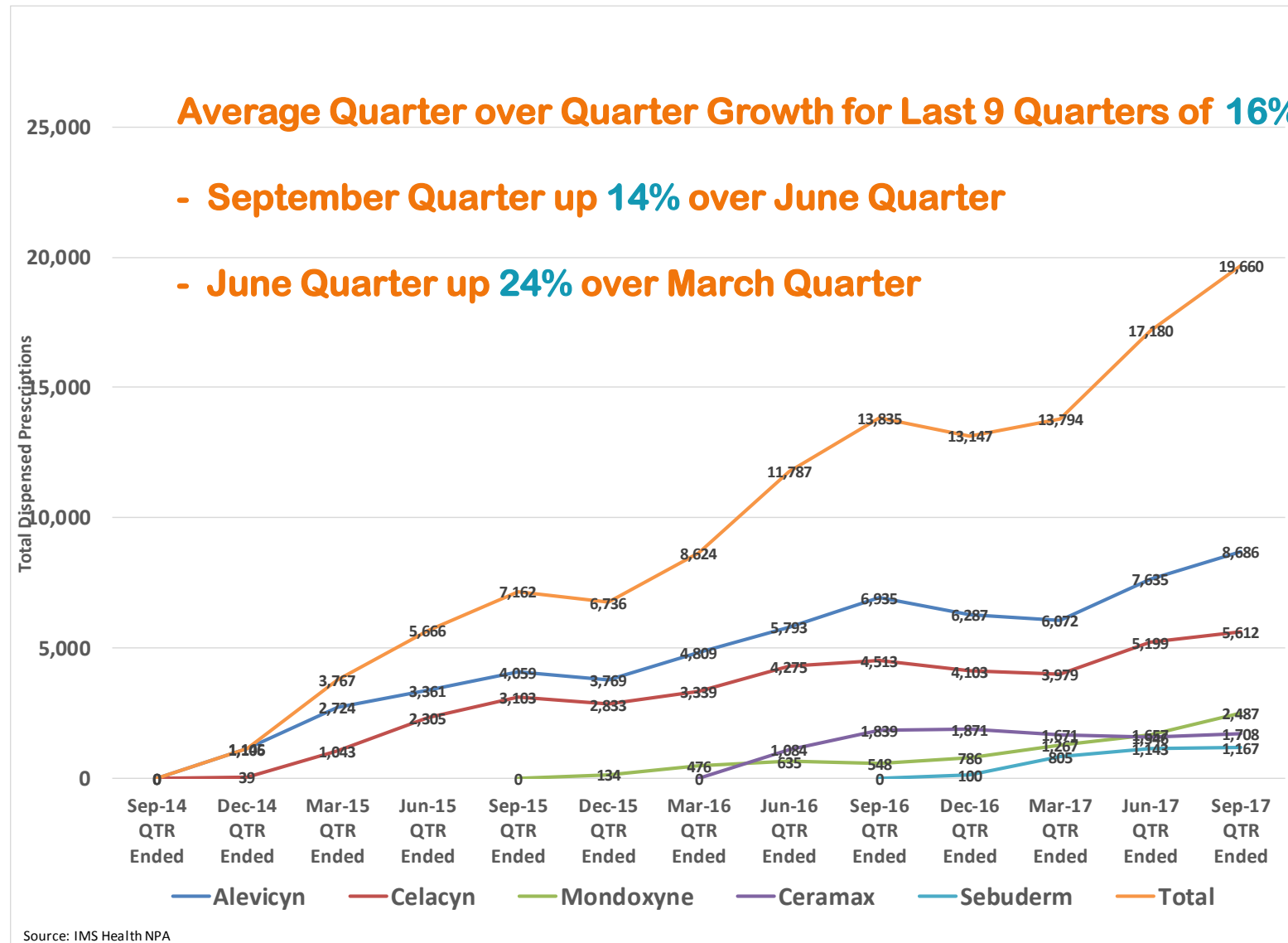
35 year old female, application of LOYON® 1 X
daily without concomitant anti-inflammatory
treatment

Sept 2017 QTR vs Sept 2016 QTR & June 2017 QTR

	Quarter Ended	Quarter Ended Sept 30, 2016			Quarter Ended June 30, 2017		
	Sept 30, 2017*	Amount	Variance	%	Amount	Variance	%
Total net revenues	\$4,325	\$2,798	\$1,527	55%	\$3,835	\$490	13%
Product revenues	\$4,144	\$2,574	\$1,570	61%	\$3,603	\$541	15%
U.S. revenues	\$2,268	\$1,697	\$571	34%	\$1,859	\$409	22%
U.S. dermatology revenues	\$1,621	\$1,060	\$561	53%	\$1,196	\$425	36%
Operating expenses minus non-cash expenses	\$4,237	\$3,674	\$563	15%	\$4,709	(\$472)	-10%
Net loss minus non-cash expenses (EBITDA)	\$2,263	\$2,523	(\$260)	-10%	\$2,836	(\$573)	-20%
Cash & cash equivalents	\$9,983	\$3,254	\$6,729	207%	\$12,639	(\$2,656)	-21%

* dollars in thousands, unaudited

Prescriptions Filled for Dermatology Product Lines



Total Demand Dollars or (Prescriptions Filled at WAC) For QTR 12/2014 through QTR 9/2017

