

October 31, 2016



Oculus Innovative Sciences Sells Latin America Business to Invekra S.A.P.I. de C.V. for \$19.5 Million in Cash

- **Total cash consideration for sale of Latin American business (which is 30% of current Oculus revenue) exceeds Oculus' current market capitalization of \$17 million U.S.**
- **Transaction further includes a 10-year annual payment of 3% on Latin American sales (excluding Mexico) with a minimum of \$250,000 year**
- **Business Update Conference call to be held Tuesday, November 1, 2016 at 9:00 am EDT**

PETALUMA, Calif., Oct. 31, 2016 (GLOBE NEWSWIRE) -- Oculus Innovative Sciences, Inc. (NASDAQ: OCLS, warrants OCLSW), a specialty pharmaceutical company that develops and markets solutions for the treatment of dermatological conditions and advanced tissue care, today announced the sale of the company's Latin American-related assets to Invekra S.A.P.I. de C.V. of Mexico for \$19.5 million in cash. Additionally, Invekra will pay Oculus a three percent payment on all Latin American revenues outside of Mexico, with a minimum payment of \$250,000 per year for the next ten years, to be paid quarterly in Mexican pesos.

According to the agreement, Oculus will sell all its Latin American assets related to the Microdacyn®-based products sold into Latin America and the Caribbean (except for dermatology products in Brazil). In exchange, Invekra will pay Oculus \$19.5 million, with \$18 million already paid as of October 28, 2016, and \$1.5 million to be placed in escrow until certain equipment is delivered to Invekra, which is expected in February 2017. As part of the agreement, Oculus will maintain its current manufacturing facility in Guadalajara, Mexico for production of its Oculus-branded Microdacyn-based products for all countries outside of the United States and Latin America. Meanwhile, Oculus will provide assistance and equipment in the establishment of Invekra's own Microdacyn manufacturing facility in Mexico City's metropolitan area.

Jim Schutz, CEO of Oculus, said, "We genuinely see this as a strategic opportunity to focus on our growing dermatological business. From Invekra's perspective, they are acquiring guaranteed exclusivity in the Latin American market for our Microdacyn family of products, thus controlling their own destiny and reaping the full rewards from their marketing spend. From Oculus' perspective, we are selling a slower growing, lower-margin segment of our business in exchange for a significant influx of immediate cash, allowing us to further advance our higher-margin, fast growing U.S. dermatology business. In addition, the proceeds from this deal provide us with more than sufficient capital for us to reach commercial breakeven and achieve operating profitability."

Business Update Conference Call

Oculus' management will hold a business update conference call on Tuesday, November 1, 2016 beginning at 9:00 am. EDT to discuss the Invekra agreement. Individuals interested in participating in the conference call may do so by dialing (877) 303-7607 for domestic callers or (973) 638-3203 for international callers.

Those interested in listening to the conference call live via the Internet may do so at <http://ir.oculusis.com/events.cfm>. Please log on approximately 30 minutes prior to the presentation in order to register and download the appropriate software.

A telephone replay will be available for seven days following the conclusion of the call by dialing (855) 859-2056 for domestic callers, or (404) 537-3406 for international callers, and entering conference code 96131841. A webcast replay will be available on the site at <http://ir.oculusis.com/events.cfm> for one year following the call.

About Invekra

Invekra S.A.P.I. de C.V. is the holding company of Laboratorios Sanfer, one of Mexico's leading private market pharmaceutical companies, with sales throughout Latin America and the Caribbean. With over 75 years of experience in the pharmaceutical industry and over 1,000 sales people in Mexico, and 200-plus in other Latin American countries, Invekra's business model is primarily focused on the development, manufacture and commercialization of patented and off-patent branded specialty pharmaceuticals products. The company's product portfolio in Mexico consists of 185 brands and 371 SKUs spanning multiple therapeutic areas of human and animal health, such as metabolic, cardiovascular, respiratory, oncology and antibiotics. More information is available at www.sanfer.com.mx.

About Oculus Innovative Sciences, Inc.

Oculus Innovative Sciences is a specialty pharmaceutical company that develops and markets unique and effective solutions for the treatment of dermatological conditions and advanced tissue care. The company's products, which are sold throughout the United States and internationally, have improved outcomes for more than five million patients globally by reducing infections, itch, pain, scarring and harmful inflammatory responses. The company's headquarters are in Petaluma, California, with manufacturing operations in the United States and Latin America. European marketing and sales are headquartered in Roermond, Netherlands. More information can be found at www.oculusis.com.

Forward-Looking Statements

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 Oculus Innovative Sciences, Inc. and its subsidiaries (the "Company"). These forward-looking statements are identified by the use of words such as "will pay," "expected" and "delivered," 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 common stock and warrants may be delisted from NASDAQ, 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, the Company may not meet its future capital needs, the Company may not be able to obtain additional funding, 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 including its annual report on Form 10-K for the fiscal year ended March 31, 2016. The Company disclaims any obligation to update these forward-looking statements, except as required by law.

Oculus®, Microdacyn® and Microcyn® Technology are trademarks or registered trademarks of Oculus Innovative Sciences, Inc. All other trademarks and service marks are the property of their respective owners.

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Source: Oculus Innovative Sciences, Inc.