

February 5, 2025



Sonoma Pharmaceuticals Reports Third Fiscal Quarter 2025 Financial Results

- *Revenues increased 14% for the quarter compared to prior year and 13% year-to-date*
- *Positive cash flow from operations for the quarter with \$5.2 million of cash at December 31, 2024*
- *Year-to-date net loss decline of \$1.1 million*

BOULDER, CO / [ACCESS Newswire](#) / February 5, 2025 / Sonoma Pharmaceuticals, Inc. (Nasdaq:SNOA), a global healthcare leader developing and producing stabilized hypochlorous acid (HOCl) products for a wide range of applications, including wound care, eye, oral and nasal care, dermatological conditions, podiatry, animal health care and non-toxic disinfectants, today announced financial results for its third fiscal quarter and nine months ended December 31, 2024.

"We are pleased to report another strong quarter with increased revenues, positive cash flow from operations, and operating expenses remaining flat in an inflationary period," remarked Amy Trombly, CEO of Sonoma. "We have also announced significant new business developments which we believe will lead to continued growth for our company. These developments include the establishment of new partnerships with Medline Industries, LP and WellSpring Pharmaceutical Corporation, both of which are expected to expand our U.S. sales in 2025."

Business Highlights

Sonoma continued to grow its distribution network by entering into new partnerships, improving and expanding its regulatory approvals, and expanding its product offerings:

- On January 29, 2025, Sonoma entered into a Master Supply Agreement with WellSpring Pharmaceutical Corporation, a consumer healthcare company with established brands including Bactine, Bonine and Emetrol, for the sale of its Microcyn technology-based products to large retailers in the United States.
- In January 2025, Sonoma's distributor for dermatology products in Ukraine received marketing approval and placed its initial order for GramaDerm[®] acne treatment, Epicyn[®] scar gel, and Pediacyn[®].
- On December 9, 2024, Sonoma relaunched direct sales of its prescription dermatology and eye care products lines, which were previously sold through a distributor, including Acuicyn[®] Eyelid & Eyelash Hygiene, Epicyn Facial Cleanser, Levicyn[®] Dermal Spray

and Gels, and Celacyn[®] Scar Management Gel, as well as Lasercyn[®] Dermal Spray and Gel for over-the-counter use.

- On November 8, 2024, Sonoma received a new 510(k) clearance from the U.S. Food and Drug Administration (FDA) for its Microcyn technology-based hydrogel, which included improved biocompatibility and extended shelf life.
- Sonoma also announced that it had successfully completed transition to the new European Union (EU) Medical Device Regulation (MDR) for four of its products in Europe, receiving classification as a Class IIb medical device for Microdacyn60[®] Wound Care and Microdacyn60 Hydrogel, its scar gel product Epicyn, and Pediacyn for atopic dermatitis.
- On October 17, 2024, Sonoma entered into an amendment to its distribution agreement with Medline Industries, LP for the marketing and distribution of its wound care products to allow for the marketing and distribution of its wound care products in Canada as well as the United States, and to add over-the-counter wound care products for sale in both countries.

Results for the Quarter Ended December 31, 2024

Revenues for the quarter ended December 31, 2024 of \$3.6 million increased by \$0.5 million, or 14%, compared to \$3.1 million for the same period last year. Sales in all regions, except the U.S., increased due to increased demand for Sonoma's products. U.S. sales decreased 29%, primarily due to a decrease in demand for consumer-focused animal health care products.

For the quarter ended December 31, 2024, Sonoma reported revenues of approximately \$3.6 million and cost of revenues of \$2.3 million, resulting in gross profit of \$1.3 million, or 36% of revenue, compared to a gross profit of \$1.5 million, or 47% of revenue, for the same period last year. Gross margins decreased by 11% for the quarter ended December 31, 2024 when compared to the same period last year as a result of prior period utilization of manufacturing resources to support new regulatory requirements in Europe, which were reported within research and development expense.

Total operating expenses during the quarter ended December 31, 2024 were \$2.3 million, approximately flat when compared to \$2.3 million during the same period in the prior year.

Net loss before income taxes for the quarter was \$0.9 million, compared to \$0.9 million for the same period last year. EBITDA loss for the quarter ended December 31, 2024 of \$1.0 million increased by \$0.3 million, compared to an EBITDA loss of \$0.7 million for the same period last year.

Results for the Nine Months Ended December 31, 2024

Revenues of \$10.5 million for the nine months ended December 31, 2024 increased by \$1.2 million, or 13%, compared to \$9.3 million for the same period last year. Sales in all regions except the U.S. and Rest of World increased due to increased demand for Sonoma's products.

For the nine months ended December 31, 2024, Sonoma reported revenues of \$10.5 million and cost of revenues of \$6.6 million, resulting in gross profit of \$3.9 million, or 37% of revenues, compared to a gross profit of \$3.7 million, or 39% of revenues, in the same period last year.

Total operating expenses during the nine months ended December 31, 2024 of \$7.0 million increased by \$0.1 million, or 1%, compared to \$6.9 million during the same period last year.

Net loss before income taxes for the nine months ended December 31, 2024 was \$2.4 million, compared to \$3.7 million for the same period in the prior year. EBITDA loss for the nine months ended December 31, 2024 of \$2.8 million increased by \$0.1 million, compared to an EBITDA loss of \$2.7 million for the same period last year.

About Sonoma Pharmaceuticals, Inc.

Sonoma Pharmaceuticals is a global healthcare leader for developing and producing stabilized hypochlorous acid (HOCl) products for a wide range of applications, including wound, eye, oral and nasal care, dermatological conditions, podiatry, animal health care and non-toxic disinfectants. Sonoma's products are clinically proven to reduce itch, pain, scarring, and irritation safely and without damaging healthy tissue. In-vitro and clinical studies of HOCl show it to safely manage skin abrasions, lacerations, minor irritations, cuts, and intact skin. Sonoma's products are sold either directly or via partners in 55 countries worldwide and the company actively seeks new distribution partners. The company's principal office is in Boulder, Colorado, with manufacturing operations in Guadalajara, Mexico. European marketing and sales are headquartered in Roermond, Netherlands. More information can be found at www.sonomapharma.com. For partnership opportunities, please contact busdev@sonomapharma.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 Sonoma Pharmaceuticals, Inc. and its subsidiaries (the "company"). These forward-looking statements are identified by the use of words such as "continue," "reduce," "develop," "aim," and "expand," 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 meet the company's cash needs or fund further development, as well as uncertainties relative to fluctuations in foreign currency exchange rates, global economic conditions, prospective tariffs or changes to trade policies, 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.

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SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

	December 31, 2024	March 31, 2024
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,236	\$ 3,128
Accounts receivable, net	2,405	2,898
Inventories, net	3,143	2,719
Prepaid expenses and other current assets	1,387	3,541
Current portion of deferred consideration, net of discount	209	262
Total current assets	12,380	12,548
Property and equipment, net	215	365
Operating lease, right of use assets	119	286
Deferred tax asset	760	1,145

Deferred consideration, net of discount, less current portion	121	330
Other assets	73	66
	<u> </u>	<u> </u>
Total assets	\$ 13,668	\$ 14,740
	<u> </u>	<u> </u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 1,395	\$ 607
Accrued expenses and other current liabilities	1,916	2,113
Deferred revenue, current portion	302	478
Short-term debt	-	323
Operating lease liabilities, current portion	90	198
	<u> </u>	<u> </u>
Total current liabilities	3,703	3,719

Deferred revenue, net of current portion	30	87
Withholding tax payable	5,036	4,710
Operating lease liabilities, less current portion	29	87
	<u> </u>	<u> </u>
Total liabilities	8,798	8,603
	<u> </u>	<u> </u>

Commitments and Contingencies

Stockholders' Equity:

Preferred stock, \$0.0001 par value; 714,286 shares authorized at December 31, 2024 and March 31, 2024, no shares issued and outstanding at December 31, 2024 and March 31, 2024

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Common stock, \$0.0001 par value; 50,000,000 and 24,000,000 shares authorized at December 31, 2024 and March 31, 2024, respectively, 1,615,765 and 780,371 shares issued and outstanding at December 31, 2024 and March 31, 2024, respectively

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Additional paid-in capital	206,454	203,209
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Accumulated deficit	(197,030)	(194,349)
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Accumulated other comprehensive loss	(4,554)	(2,723)
	<u> </u>	<u> </u>

Total stockholders' equity	4,870	6,137
	<u> </u>	<u> </u>

Total liabilities and stockholders' equity	\$ 13,668	\$ 14,740
	<u> </u>	<u> </u>

SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Loss

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Revenues	\$ 3,564	\$ 3,138	\$ 10,534	\$ 9,296
Cost of revenues	2,294	1,678	6,597	5,642
Gross profit	1,270	1,460	3,937	3,654
Operating expenses:				
Research and development	427	601	1,403	1,462
Selling, general and administrative	1,874	1,703	5,588	5,484
Total operating expenses	2,301	2,304	6,991	6,946
Loss from operations	(1,031)	(844)	(3,054)	(3,292)
Other income (expense), net	112	(79)	675	(380)
Loss from operations before income taxes	(919)	(923)	(2,379)	(3,672)
Income tax (expense) benefit	(9)	57	(302)	(96)
Net loss	\$ (928)	\$ (866)	\$ (2,681)	\$ (3,768)
Net loss per share: basic and diluted	\$ (0.63)	\$ (1.59)	\$ (2.40)	\$ (10.74)
Weighted-average number of shares: basic and diluted	1,464	546	1,117	351
Other comprehensive loss:				
Net loss	\$ (928)	\$ (866)	\$ (2,681)	\$ (3,768)
Foreign currency translation adjustments	(357)	297	(1,831)	595
Comprehensive loss	\$ (1,285)	\$ (569)	\$ (4,512)	\$ (3,173)

SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

(In thousands)
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
(1) Loss from operations minus non-cash expenses EBITDA loss:				
GAAP operating loss as reported	\$ (1,031)	\$ (844)	\$ (3,054)	\$ (3,292)
Non-cash adjustments:				
Stock-based compensation	13	140	134	447
Depreciation and amortization	33	45	107	135
Non-GAAP income (loss) from operations minus non-cash expenses EBITDAS income (loss)	<u>\$ (985)</u>	<u>\$ (659)</u>	<u>\$ (2,813)</u>	<u>\$ (2,710)</u>
(2) Net loss minus non-cash and one-time expenses:				
GAAP net income (loss) as reported	\$ (928)	\$ (866)	\$ (2,681)	\$ (3,768)
Non-cash adjustments:				
Stock-based compensation	13	140	134	447
Non-cash foreign exchange transaction losses and other (income) and expense	(3)	92	(405)	421
Income taxes expense (benefit)	9	(57)	302	96
Depreciation and amortization	33	45	107	135
Non-GAAP net income (loss) minus non-cash expenses	<u>\$ (876)</u>	<u>\$ (646)</u>	<u>\$ (2,543)</u>	<u>\$ (2,669)</u>
(3) Operating expenses minus non-cash expenses				
GAAP operating expenses as reported	\$ 2,301	\$ 2,304	\$ 6,991	\$ 6,946
Non-cash adjustments:				
Stock-based compensation	(13)	(140)	(134)	(447)
Depreciation and amortization	(33)	(45)	(107)	(135)
Non-GAAP operating expenses minus non-cash expenses	<u>\$ 2,255</u>	<u>\$ 2,119</u>	<u>\$ 6,750</u>	<u>\$ 6,364</u>

(1) Income (loss) from continuing operations minus non-cash expenses (EBITDA) is a non-

GAAP financial measure. The company defines operating income (loss) minus non-cash expenses as GAAP reported operating income (loss) minus operating depreciation and amortization, and operating stock-based compensation. The company uses this measure for the purpose of modifying the operating loss to reflect direct cash related transactions during the measurement period. Non-GAAP measures should not be considered a substitute for financial measures presented in accordance with GAAP. Non-GAAP measures are not always consistent across, or comparable with, non-GAAP measures disclosed by other companies.

(2) Net income (loss) minus non-cash and one time expenses is a non-GAAP financial measure. The company defines net income (loss) minus non-cash expenses as GAAP reported net income (loss) minus depreciation and amortization, stock-based compensation, forgiveness of PPP loan and non-cash foreign exchange transaction losses. The company uses this measure for the purpose of modifying the net loss to reflect only those expenses to reflect direct cash transactions during the measurement period. Non-GAAP measures should not be considered a substitute for financial measures presented in accordance with GAAP. Non-GAAP measures are not always consistent across, or comparable with, non-GAAP measures disclosed by other companies.

(3) Operating expenses minus non-cash expenses is a non-GAAP financial measure. The company defines operating expenses minus non-cash expenses as GAAP reported operating expenses minus operating depreciation and amortization, and operating stock-based compensation. The company uses this measure for the purpose of identifying total operating expenses involving cash transactions during the measurement period. Non-GAAP measures should not be considered a substitute for financial measures presented in accordance with GAAP. Non-GAAP measures are not always consistent across, or comparable with, non-GAAP measures disclosed by other companies.

SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES
PRODUCT RELATED REVENUE SCHEDULES

(In thousands)
(Unaudited)

The following table presents the company's disaggregated product revenues by geographic region:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
United States	\$ 614,000	\$ 868,000	\$ 1,930,000	\$ 2,214,000
Europe	1,257,000	1,217,000	3,943,000	3,488,000
Asia	579,000	522,000	1,832,000	1,730,000
Latin America	829,000	368,000	2,174,000	1,165,000
Rest of the World	285,000	163,000	655,000	699,000
Total	<u>\$ 3,564,000</u>	<u>\$ 3,138,000</u>	<u>\$ 10,534,000</u>	<u>\$ 9,296,000</u>

SOURCE: Sonoma Pharmaceuticals, Inc.

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