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Sonoma Pharmaceuticals Announces Substantial Cost-Cutting Measures

Sonoma announces cost-cutting measures following record December quarter

PETALUMA, Calif., March 12, 2019 (GLOBE NEWSWIRE) -- Specialty pharmaceutical company Sonoma Pharmaceuticals, Inc. (Nasdaq: SNOA), today announced substantial cost-cutting measures, including reductions to the company's workforce and management.

The measures come on the heels of Sonoma's highest revenue quarter ended December 31, 2018. Total revenues were \$5.3 million in the quarter ended December 31, 2018, the highest in company history, an increase of 9% compared to the quarter ended December 31, 2017, and 7% quarter over quarter. The company reported a net loss of \$2.3 million during the quarter ended December 31, 2018 compared to \$3.2 million for the quarter ended December 31, 2017.

The company continually evaluates and reduces expenses including the current reductions in its workforce. The primary reductions were in the company's consulting expenses, manufacturing force and manufacturing expenses. Sonoma's cash and cash equivalents were \$6.5 million at December 31, 2018. While these cuts will include certain one-time restructuring costs, the company expects to lower costs in the 4th quarter of FY 2019 and going forward. Combined with robust revenues, the company expects to improve its overall operating results in FY2020. Management continues to look for ways to grow revenue while managing expenses.

Under the direction of Bubba Sandford, who joined Sonoma as Chief Executive Officer and Interim Chief Financial Officer on December 11, 2018, the company undertook an extensive evaluation of its processes and financials that identified several cost-reduction measures. These measures were implemented immediately to reduce the company's cash burn and focus spending on the company's growth.

Management expects that the cost eliminations will directly impact the bottom line by reducing the company's operating loss, slowing the cash burn, reducing capital needs and create a clearer path to increasing shareholder value.

"Our chief goal is to allocate our resources in a manner that maximizes shareholder value," commented Bubba Sandford, Sonoma's CEO. "While we are pleased with the direction of the 3rd quarterly results, we are not yet finished with the process of accessing ways to grow revenues, reduce expenses, and improve gross margins. This process takes time and can be painful, and we recognize that personnel reductions are difficult for our employees, their families and the community. We value the dedicated team at Sonoma for working hard towards this goal."

About Sonoma Pharmaceuticals, Inc.

Sonoma 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.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 "preparing," "represent," and "upcoming," 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 the company's stock may be delisted, 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, 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.

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