

Investor Presentation

January 2021

NYSE American: NBY

www.Novabay.com
www.Avenova.com
www.Cellerx.com



Forward-Looking Statements

This presentation contains forward-looking statements, within the meaning of applicable U.S. securities laws, which statements can, in some cases, be identified with terms such as “project,” “believe,” “may,” “plan,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “target,” “potential” and other similar expressions. These forward-looking statements reflect NovaBay’s current expectation and assumptions, such as expected market potential and market acceptance of our products and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These risks and uncertainties include, but are not limited to, changing market conditions, the successful and timely completion of clinical studies, the establishment of corporate alliances, the impact of competitive products and pricing, new product development, uncertainties related to the regulatory approval process and other risks detailed in the Company's filings with the SEC, which filings can be found at www.sec.gov. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements either as a result of new information, future events or otherwise, except as required by applicable U.S. securities laws.

NovaBay Product Overview

- **Avenova® is the No. 1 antimicrobial lid & lash spray in the U.S. dry eye market with a multi-pronged commercial distribution strategy**
 - 20mL available without a prescription through online channels like Amazon.com, Walmart.com, and Avenova.com
 - 40mL Rx available through pharmacies & physician offices
- **Commercializing CelleRx® Clinical Reset™ into the beauty market using the same pure, patented, FDA-cleared hypochlorous acid (HOCl)**
 - 40ml available without a prescription direct-to-consumer - CelleRx.com
- **Open to additional ophthalmic and skin care products for acquisition or in-license to leverage our market experience, established sales channels, public listing and capable back-office operations**



NovaBay Investment Highlights

- **Avenova®**
 - Established in the lucrative dry eye market with differentiated positioning and multiple product-specific features & benefits
 - The only commercial HOCl spray clinically proven to treat the underlying cause of bacterial dry eye
 - Growing direct to consumer channel provides stable pricing and product accessibility
 - New initiatives underway to increase both in-store and online sales channels and expand customer base with refreshed social media presence and focused digital marketing programs
- **CelleRx® Clinical Reset™**
 - Launch underway, making our HOCl available in significant dermatology and beauty markets
 - Initial push through CelleRx.com with future potential distribution through renowned and high-end digital & brick/mortar beauty retailers

Financial and Operational Highlights

STOCK DATA*



- Ticker: NBY, NYSE American
- \$0.79 per share
- \$32.8m market cap
- 41.8m shares outstanding

* as of 1/5/21

OPERATIONAL DATA



- Based in San Francisco Bay Area, CA
- 16 full time Employees
- Outsourced manufacturing in U.S.

FINANCIAL DATA+



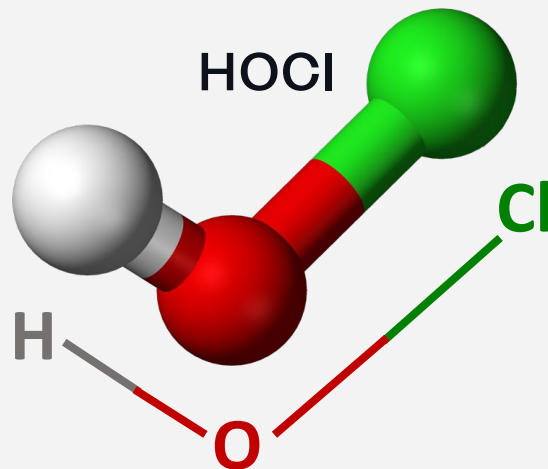
- \$13.4m in cash & equivalents
 - funds operations into at least 2022
- No significant long-term debt obligations
- \$13.9 in total stockholder's equity
- \$2.2m quarterly revenue
- 75% gross margins

+ quarter ended 9/30/20

Patented HOCl Formulation is a Platform Technology

AVENOVA AND CELLERX ARE ALL FORMULATED WITH
NOVABAY'S PURE HOCl, WHICH IS FDA 510(K) CLEARED

Natural molecule is part of the body's
innate immune system



Mimics molecule
produced by white
blood cells

- Effective against all types of pathogens, including a wide variety of viruses including coronavirus, bacteria and fungi
- Kills gram-positive and gram-negative bacteria, but unlike antibiotics does not generate resistance
- Penetrates biofilms quickly
- Patented, pure formulation with no bleach particles is non-toxic to mammalian cells
- 80-100 times more potent germicide than bleach (hypochlorite anion or "Dakin's solution")

CelleRx® Clinical Reset™




Launched 11/12/2020

Direct-to-Consumer

Into Beauty Market

CelleRx® Clinical Reset™ | A New Category in Beauty Products



- FDA-cleared skincare product proven to help clean and reduce bacteria buildup on facial skin
- Complementary to a daily beauty regimen
- Allows other skincare products to work better
- Resets natural microbiome – when out of balance can allow acne, rosacea and infection
- Formulated with NovaBay's medical grade HOCl, the only HOCl bleach-free skin care product on the market

CelleRx® Clinical Reset™



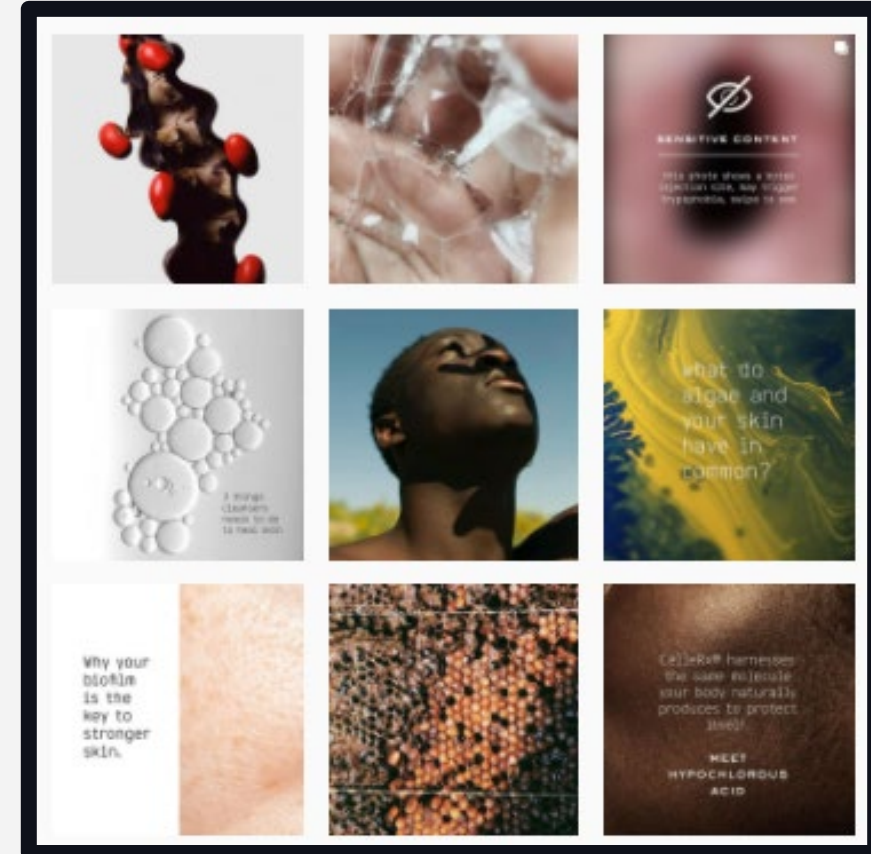
Instagram

@CELLERXSKIN

SOCIAL MEDIA PRESENCE FOR
BEAUTY AND SKIN MARKET

DAILY POSTING AND STORIES

LIFESTYLE IMAGES AND CONTENT
PRESCRIPTION GRADE SKINCARE



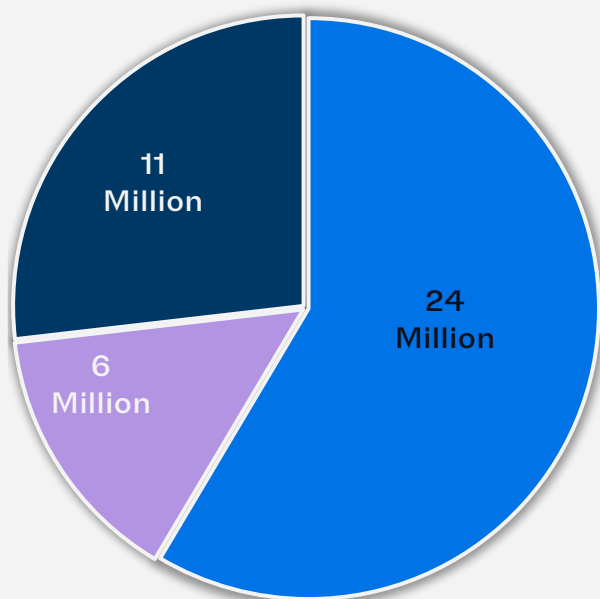
CelleRx® Clinical Reset™ Consumer Strategy



- Leveraging new consumer-focused messaging and NovaBay's pharmaceutical pedigree in robust social media and print advertising campaigns marketing in the beauty industry
- Partnering with Sarah Rutson, renowned for building successful brands in the fashion and beauty industries
 - "I've built a long career calling trends before they take off, building and buying every brand in the world for the global luxury market. It's rare to have the opportunity to create a whole new category. This is truly groundbreaking and sets a new standard for beauty."
 - "It's exciting to identify a novel consumer use for pure HOCl. It enables access to an entirely new level of clinical research and rigor that is often missing from the traditional beauty industry."
- Debuting in the traditional beauty press and with early access given to leading beauty industry influencers and executives, initial feedback indicates a strong appetite for this category

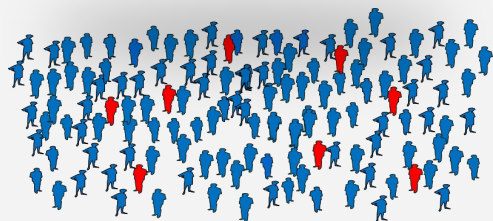
Avenova Market Opportunity

U.S. POPULATION WITH EYE
BACTERIA CONCERNS



- Blepharitis
- MGD & Aqueous Deficiency
- Surgery/Lens Intolerance

source: Lemp MA, Crews LA, Bron AJ, Foulks GN, Sullivan BD. Distribution of aqueous deficient and evaporative dry eye in a clinic-based patient population. Cornea. 2012 May; 31(5):472-8



Bacterial Dry Eye is the Most Common Form

- Bacterial dry eye (meibomian gland dysfunction and blepharitis) represents 86% of dry eye patients
- Aqueous deficient dry eye, treated by Restasis and Xiidra represent ONLY about 14%

Annual U.S. Burden of Dry Eye Disease is \$55.4B

- Economic burden of dry eye: **\$3.8B**
- Indirect cost of lost productivity: **\$51.6B**

Avenova Market Penetration to Date

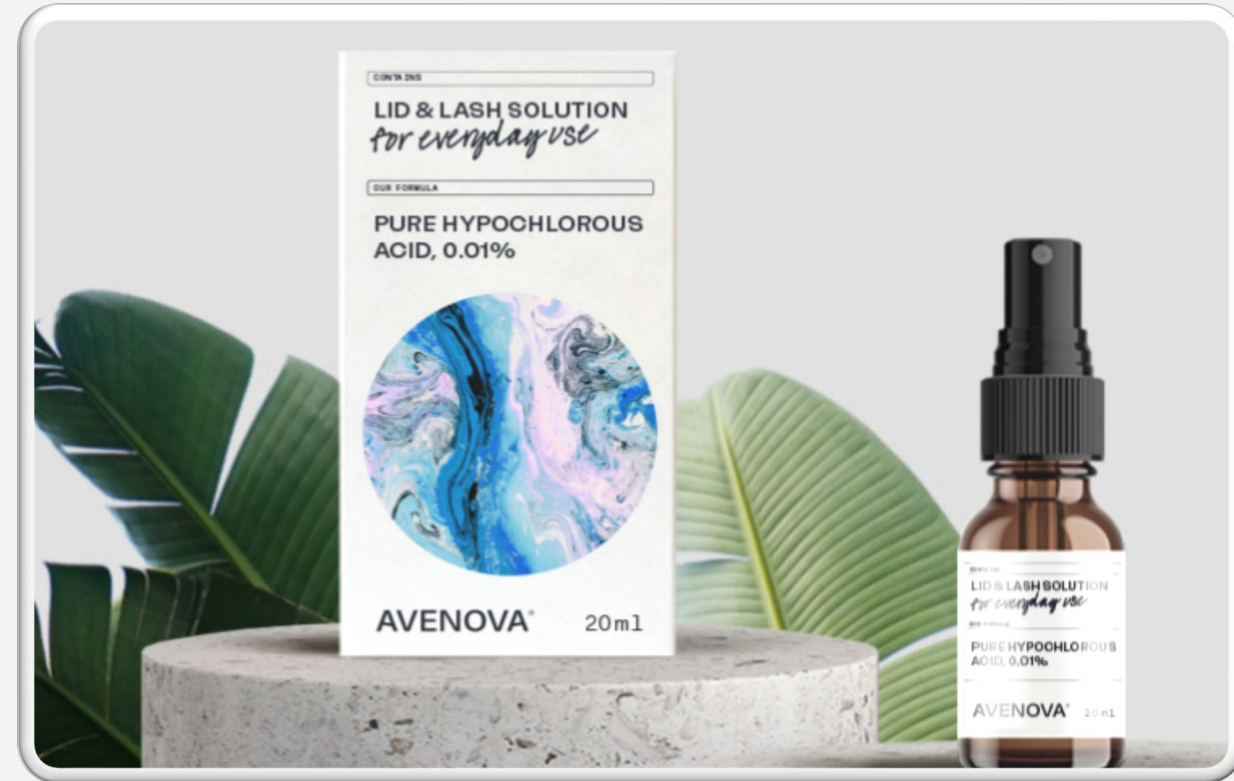
- 100,000+ Amazon purchasers
- 10,000+ prescribers
- 1,000+ Buy & Sell (Dr office reseller) accounts

Avenova Core Market Potential

- 40m+ patients
- 40,000+ Optometrists
- 20,000+ Ophthalmologists

Avenova Advantages

- Clinical study confirms Avenova's ability to reduce bacteria on ocular surface by >90%, not merely treat the symptoms
- Kills >20 microorganisms connected to common eye infections within seconds; effective against a range of pathogens including Staphylococcus
- Stable formulation distributed in glass bottle to protect against HOCl breakdown



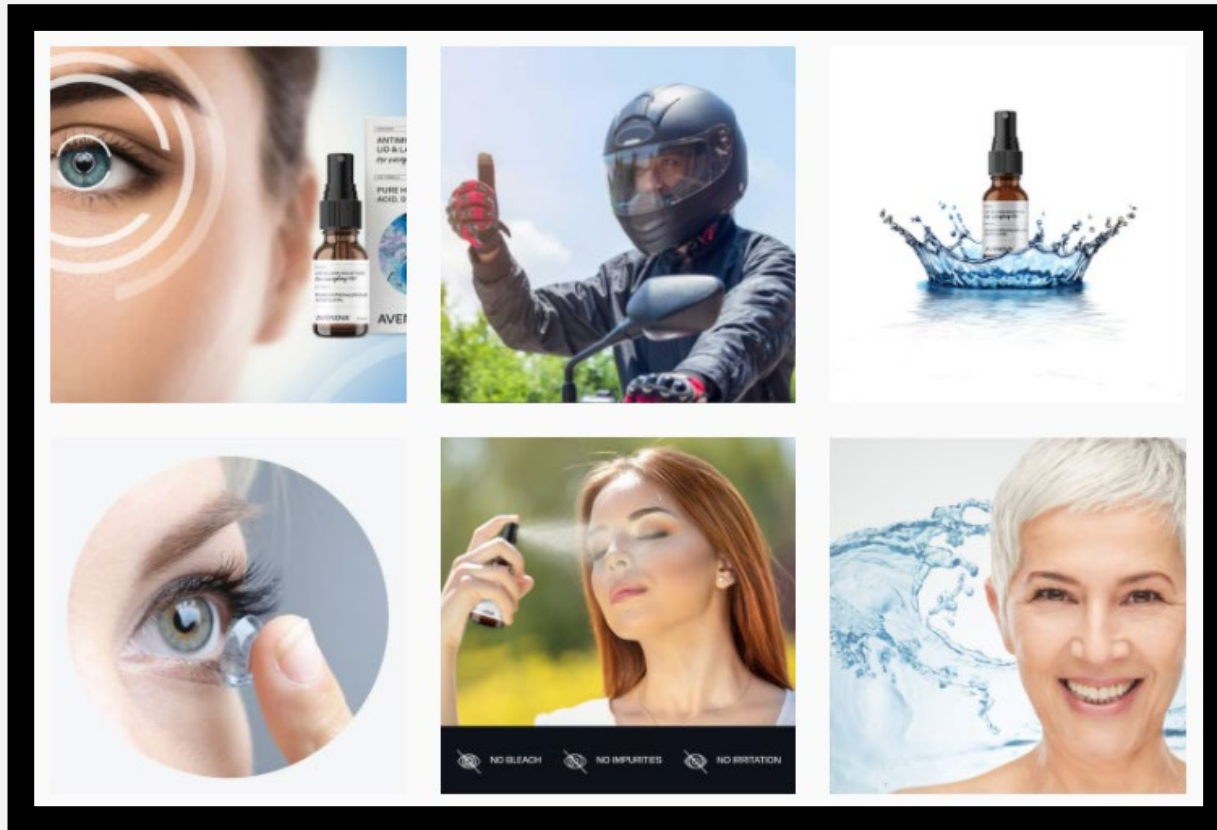
Direct-to-Consumer Strategy

- **DTC Channels accounts for more than half of Avenova revenue and unit sales**
- **Provides easy access to Avenova without a prescription or leaving home, critical during the pandemic**
- **Helps to offset the impact of high-deductible healthcare plans**
- **Provides NovaBay with stable gross-to-net pricing**
 - Expanding the Customer Base
 - First brick & mortar presence in 2021
 - Newly available at Walmart.com
 - “Subscribe & Save” feature on Avenova.com and Amazon.com provides for repeat orders and revenue stabilization
 - Consumer branding featuring vibrant colors and lifestyle messaging
 - Digital marketing campaign includes online media placements, mail campaigns and strong social media presence to broaden and maintain awareness

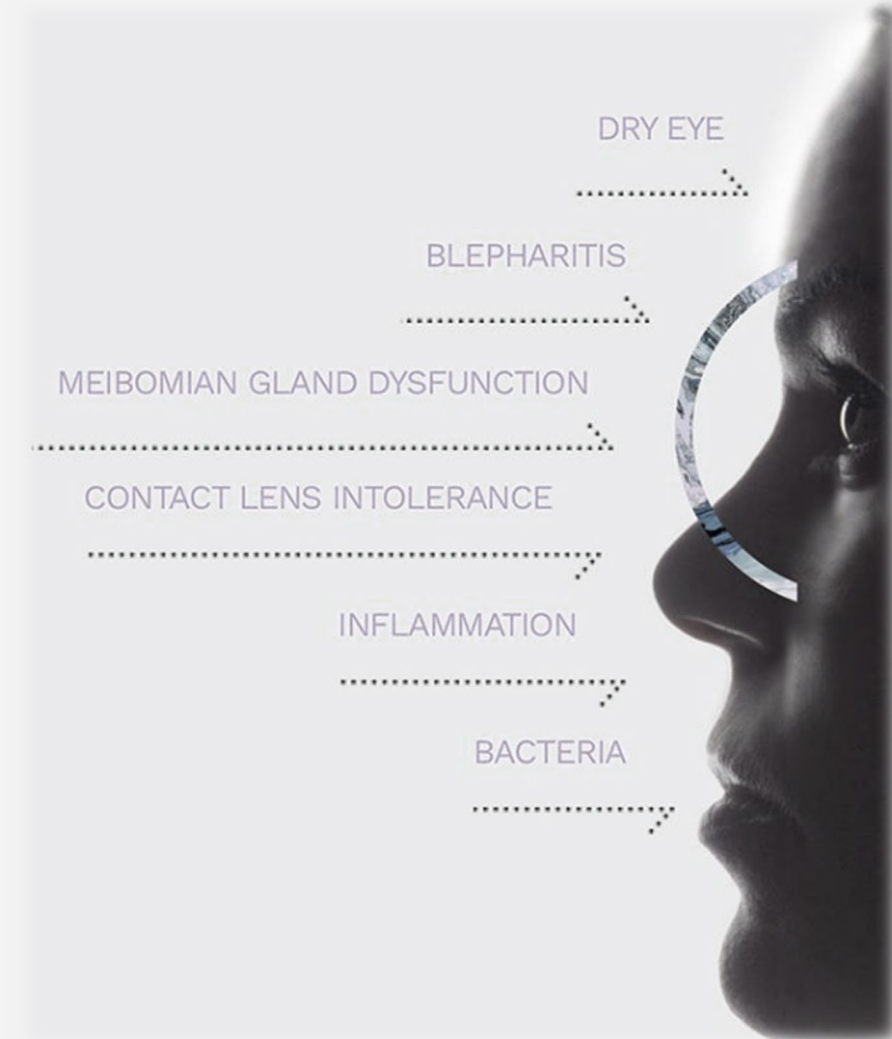


Refreshed Consumer Lifestyle Branding

Instagram @avenvaeyecare



purely you™



AVENOVA®

Avenova Prescription Sales Channels

- **Rx Sales/Prescription Channel**
 - Focused on underserved territories with high-prescribing ophthalmologists and favorable health plan coverage
 - Avenova is available in virtually all U.S. retail pharmacies
- **Specialty Pharmacy Providers**
 - Specialty pharmacy providers facilitate prescription accessibility and rapid product fulfillment to improve the patient experience
- **Buy-and-Sell Channel**
 - In-office direct sales model that allows eye-care professionals to resell Avenova to patients
 - Supported by a dedicated in-house sales team targeting 16,000 doctors

Retail Pharmacies

The McKesson logo is displayed in blue capital letters with a small orange square above the 'K'.The AmerisourceBergen logo features a blue stylized wave icon above the company name in black text.The Cardinal Health logo consists of a red stylized wave icon above the company name in black text.

KOL Advisory Boards Provide Third-Party Credibility

- Advisory boards of industry leaders comprised of 10 ophthalmologists and 10 optometrists
- Creates “doctor recommended” halo effect
- Provide valuable insight into doctor perspectives on Avenova and the market
- Assist in developing strategic messaging
- Pen positive press and journal articles in professional trade media
- Appear on radio, TV and other general media



“Avenova has been a large part of my practice for the past few years. I prescribe it to most of my dry eye, blepharitis and meibomian gland dysfunction patients. I have studied the effectiveness of this pure form of hypochlorous acid against many bacteria and even viruses and am convinced of its efficacy. The solution is very well tolerated and safe around the eyes, so I feel comfortable treating patients in the ocular region. I use it myself twice a day!”

- Wendy W. Lee, M.D

Leadership

JUSTIN M. HALL, ESQ CEO, General Counsel & Director	<ul style="list-style-type: none"> • Extensive knowledge of NovaBay, having joined in 2013 and serving as CEO since 2019 • Lead successful restructuring, implemented direct-to-consumer strategy and leading consumer launch of CelleRx • Extensive legal background on wide range of complex legal matters
ANDREW JONES Chief Financial Officer	<ul style="list-style-type: none"> • Nearly 30 years of financial experience • Background in public accounting, consulting as well as in-house financial management • Extensive experience in significant revenue growth situations and M&A activities
PAUL E. FREIMAN Chairman	<ul style="list-style-type: none"> • Has been on NovaBay's Board since 2002 • Valuable operational and industry expertise and leadership skills from prior experiences as a client executive officer and as board member of various pharmaceutical companies • Held the position of Chairman and CEO of Syntex Corporation, which was sold to The Roche Group for \$5.3 billion during his tenure.
XINZHOU (PAUL) LI Director	<ul style="list-style-type: none"> • Extensive knowledge of NovaBay's products and the pharmaceutical industry • Leadership of a successful company dedicated to the promotion and marketing of imported pharmaceutical products and medical devices • Expertise in the international market
SWAN SIT Director	<ul style="list-style-type: none"> • Experience in brand management and advertising • Expertise in the digital transformation of companies through ecommerce • Previously served as the VP, NA Digital Commerce Capabilities, Business Operations and Service and VP of Global Digital Marketing of Nike, Inc. and Vice President of Global Digital of Revlon and Elizabeth Arden, Inc.
MIJIA (BOB) WU Director	<ul style="list-style-type: none"> • Significant experience in finance and investments • Representative of Pioneer Pharma, a distribution partners, supportive investor and one of the largest stockholders • Expertise in the international market
YENYOU (JEFF) SHENG, PH.D. Director	<ul style="list-style-type: none"> • Significant strategic experience in corporate financing solutions from experience at Craft Capital Management LLC and Spartan Securities Group, Ltd. • Extensive network of contacts related to financing, partnering and support services

Strategy for Future Growth

- **Driving Avenova® and CelleRx® Clinical Reset™ sales to consumers**
 - The DTC channels present the greatest opportunity for growth
- **Continued engagement with ophthalmologists and optometrists through online sessions, phone and email during pandemic**
- **Targeting ophthalmic and skin care product line extensions for acquisition or licensing opportunities**
 - Leverage established commercial and back-office operations
 - Capitalize on relationships with eyecare professionals
 - Opportunity to finance commercial expansion through public markets

Financial and Operating Highlights

Highlights of 3Q20

- Revenue of \$2.2 million, increasing 34% over prior year
 - Avenova unit sales set quarterly record
-
- **Strong balance sheet to support current and future growth initiatives**
 - \$13.4 million in cash and equivalents as of September 30, 2020, highest level since before Avenova launch in 2015
 - Simplified balance sheet with no significant debt commitments

In Summary

- **Avenova®**
 - Established in the \$4b U.S. dry eye market with differentiated positioning and multiple product-specific features & benefits
 - The only commercial HOCl spray clinically proven to treat the underlying cause rather than the symptoms of bacterial dry eye
 - Growing DTC channel for prescription-strength Avenova provides stable pricing and product accessibility, especially valuable during the COVID-19 pandemic
 - New initiatives underway to increase both in-store and online sales channels and expand customer base with refreshed social media presence and focused digital marketing programs
- **CelleRx® Clinical Reset™**
 - Launch underway, making our HOCl available in significant dermatology and beauty markets
 - Initial push through CelleRx.com with future potential distribution through renowned and high-end digital & brick/mortar beauty retailers
- **Strengthening Financial Position**
 - Record high Avenova unit sales in Q3 2020 with highest revenue since 2019 OTC launch
 - \$13.4 million cash position as of September 30, 2020 supports expanded business initiatives and funds operations into at least 2022

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