

# Investor Presentation

## *April 2021*

NYSE American: NBY

[www.Novabay.com](http://www.Novabay.com)  
[www.Avenova.com](http://www.Avenova.com)  
[www.Cellerx.com](http://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](http://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 Overview

- Established Avenova® as the No. 1 antimicrobial lid and lash spray in the U.S. dry eye market
- Multi-pronged commercial distribution strategy
  - 20mL available direct-to-consumer without a prescription
    - Online channels like Amazon.com, Walmart.com, CVS.com, and Avenova.com
    - CVS Pharmacy stores across the U.S.
  - 40mL Rx only available through pharmacies and physician offices
- Commercializing CelleRx® Clinical Reset™ into the beauty market using the same pure, patented, FDA-cleared hypochlorous acid (HOCl)
  - 40mL available direct-to-consumer without a prescription
    - Online channels like CelleRx.com



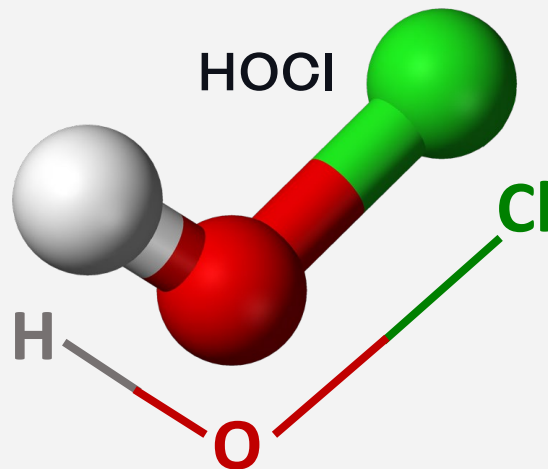
# Investment Highlights

- Consumer launch in 4Q'20 of CelleRx Clinical Reset, allowing NovaBay to enter the large beauty market
- Avenova is established in the \$4 billion U.S. dry eye market with differentiated positioning and multiple product-specific features and benefits
- Avenova is the only commercial hypochlorous acid (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, which is especially valuable during the COVID-19 pandemic
- Avenova unit sales reach record high in 2020
- New initiatives are underway to increase sales and expand customer base through expansion into brick-and-mortar stores and digital marketing programs
- Strong cash position of \$12.0 million as of December 31, 2020 supports expanded business initiatives

# 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 such as 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 4Q'20  
Direct-to-Consumer  
in the  
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 – social media marketing



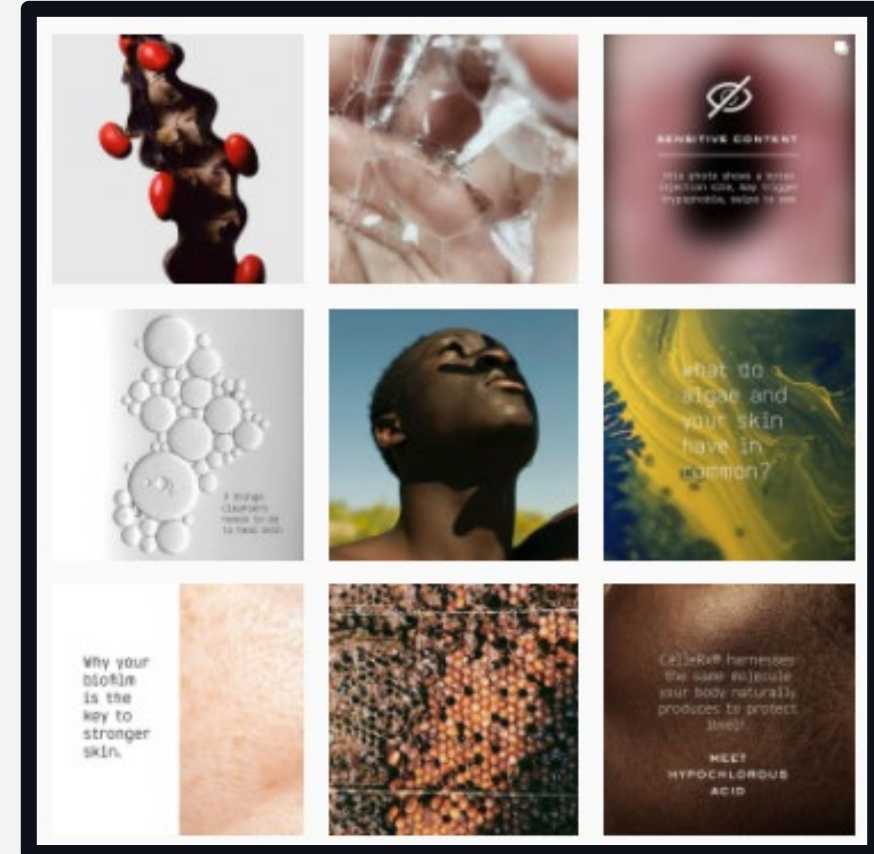
Instagram

@CELLERXSKIN

SOCIAL MEDIA PRESENCE FOR  
BEAUTY AND SKIN MARKET

DAILY POSTING AND STORIES

LIFESTYLE IMAGES AND CONTENT  
PRESCRIPTION GRADE SKINCARE





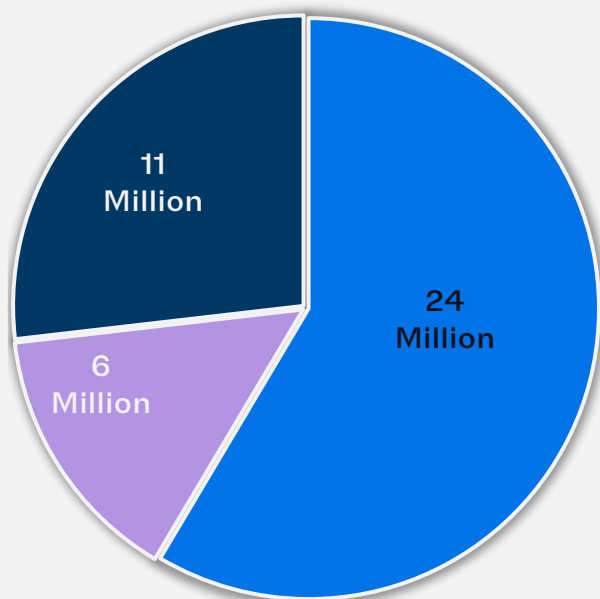
# CelleRx Clinical Reset Consumer Strategy



- Leveraging new consumer-focused messaging and NovaBay's pharmaceutical pedigree in robust social media and print advertising campaigns marketing in the beauty industry.
- Debuting with a strong digital marketing presence across all digital channels allowing consumers to engage with the brand through social media and influencer campaigns. 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

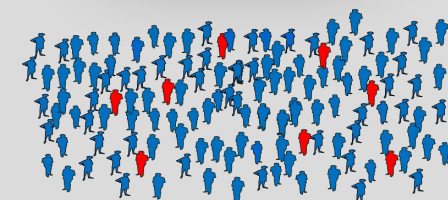
## Bacterial Dry Eye is the Most Common Form

- 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+ online purchasers
- 10,000+ prescribers
- 1,000+ Physician Office dispensers

## 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

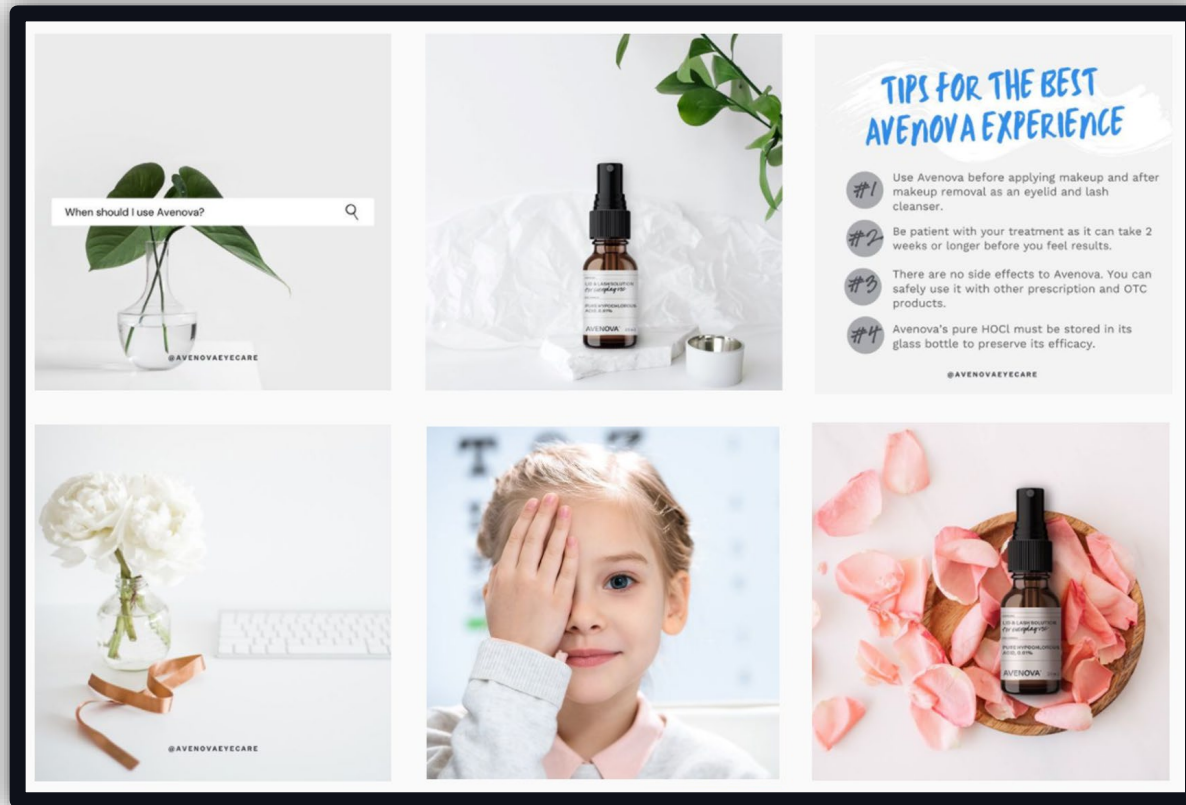
- Accounts for approximately half of Avenova revenue
- Provides easy access to Avenova without a prescription or leaving home, critical during the pandemic
- Helps to offset the impact of high-deductible healthcare plans
- Provides NovaBay with stable gross-to-net pricing
  - Expanding the customer base
  - Consumer branding featuring vibrant colors and lifestyle messaging
  - New “Subscribe & Save” feature on Avenova.com and on Amazon.com for repeat orders and revenue stabilization
  - First brick-and-mortar presence in 1Q’21 in CVS Pharmacy stores across the U.S.
  - Digital marketing campaign includes online media placements, mail campaigns and strong social media presence to broaden and maintain awareness



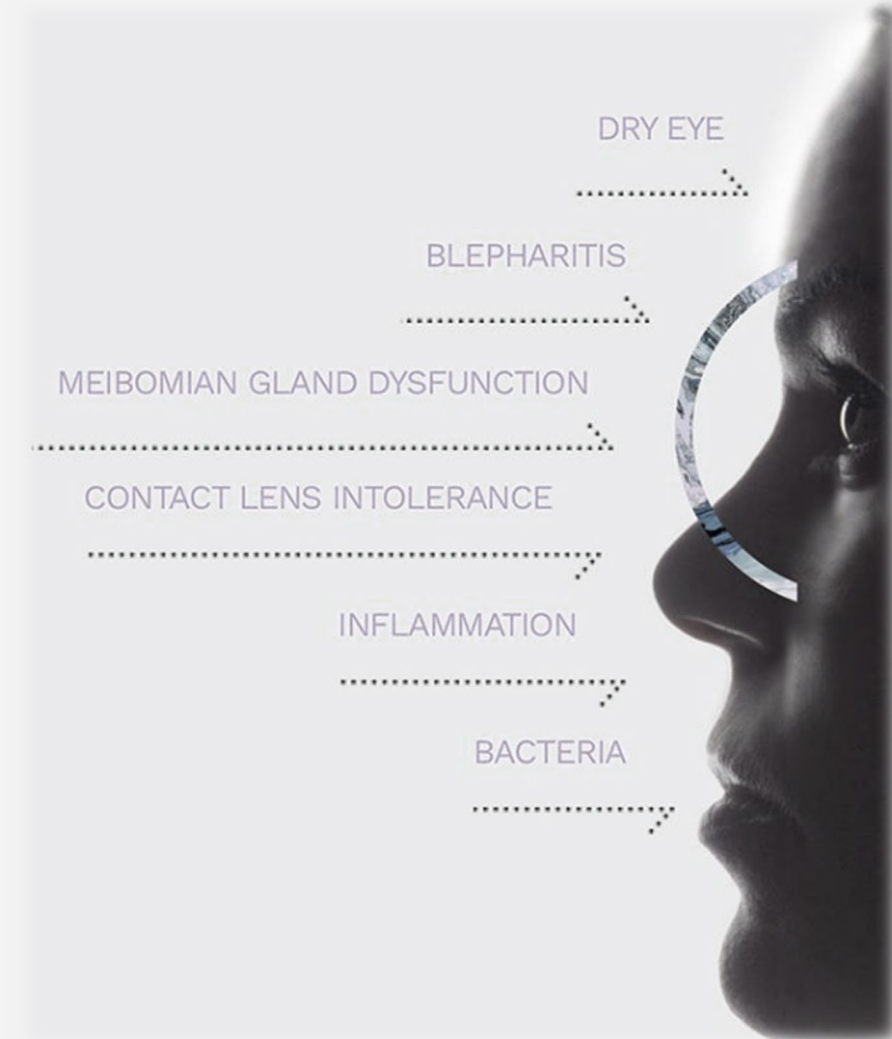


# Refreshed Consumer Lifestyle Branding

Instagram @avenvaeyecare



purely *you*™



AVENOVA®

# Avenova Prescription Sales Channels

- **Rx Sales/Prescription Channel**

- Field sales, inside sales and business development representatives are 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, featuring the word "MCKESSON" in a bold, blue, sans-serif font. The letter "K" is stylized with a small orange square above its middle bar.  
AmerisourceBergen®The AmerisourceBergen logo, featuring a blue stylized wave icon above the company name "AmerisourceBergen" in a black, sans-serif font, followed by a registered trademark symbol.  
CardinalHealthThe CardinalHealth logo, featuring a red stylized wave icon above the company name "CardinalHealth" in a black, sans-serif font.

# 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

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



# Strategy for Future Growth

- **Driving Avenova and CelleRx Clinical Reset sales to consumers**
  - DTC channel presents the greatest opportunity for growth
  - Enhanced e-commerce, digital marketing and advertising programs, and refreshed branding
  - Expanded online access and new brick-and-mortar availability
- **Targeting ophthalmic and skin care consumer product line extensions for acquisition or licensing opportunities**
  - Leverage established commercial operations
  - Capitalize on relationships with eyecare professionals

# Financial and Operating Highlights

- **2020 highlights**
  - Revenue of \$9.9 million increased 51% over prior year
  - Avenova online sales account for more than 50% of total revenue and more than triple from prior year
  - Avenova unit sales set new record
- **Strong balance sheet to support current and future growth initiatives**
  - \$12.0 million in cash and equivalents as of December 31, 2020
  - Simplified balance sheet with no long-term debt instruments

# In Summary

- Recent consumer launch of CelleRx Clinical Reset, allowing NovaBay to enter the large beauty market
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