



# Corporate Update

**October 2022**

AVENOVA®  
DERMAdoctor

**NYSE American: NBY**



## 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.

# Corporate Overview

## Established, High-Margin Brands

- Avenova is the #1 antimicrobial lid & lash spray in the US dry eye market
- DERMAdoctor acquisition (Nov'21) expanded portfolio into skincare market
- PhaseOne and NeutroPhase cutting-edge wound care technology

## Complementary Product Lines

- Innovative, proprietary OTC products address underserved customer needs
- Similar customer demographic across all brands
- Scientifically developed and clinically proven *—not cosmetic*

## Clear Path to Profitability

- Complementary sales & marketing skillsets create a strong, fast-growing company
- Expanding distribution and international reach
- Creating science-based, problem-solving, accessible solutions for improved well-being



## Avenova for Eye Care



## DERMAdoctor for Skin Care



## PhaseOne & NeutroPhase for Wound Care

# Investment Highlights

## Predictable, Recurring Revenue

Drive future success from current Avenova and DERMAdoctor customers and brands. \$10.1 million net sales in trailing twelve months

## Multipronged Product Strategy

Accelerate topline growth from existing products with expanded DTC digital marketing and pursue new OTC product launches in eyecare and skincare markets

## Improving Operating Margin

Leveraging DERMAdoctor's warehouse facility and NovaBay's corporate functions. 2 locations (HQ: San Francisco, CA, DD: Kansas City, MO) and 32 employees.

## Well Capitalized

Current financing expected to be sufficient to fund 2023 operations including new product creation and international expansion

# Execution on Growth

01

## New Products Launches



02

## DERMAdoctor Distribution Expansion

Domestic distribution expansion with Costco and QVC

International distribution expansion in China (Tmall + UNQ) and European union

03

## Avenova Demographic Expansion

Avenova expanding into the eyelash extension market



Cosmoprof North America (CPNA)

Leading B2B Beauty Exhibition in US

# Introducing Our Executive Team



**Justin M. Hall, Esq.**  
Chief Executive Officer

Justin Hall joined NovaBay in February 2013 and currently serves as Company's Chief Executive Officer & General Counsel responsible for overseeing all company operations, including sales, manufacturing, and business development. Mr. Hall previously served as the Corporate Counsel of Accuray Incorporated, a radiation oncology company, where provided substantive legal advice on a broad range of complex legal matters. Mr. Hall received a B.A. in Business Administration and Management from the University of California, San Diego, and a J.D. from the University of San Diego School of Law.



**Andrew Jones**  
Chief Financial Officer

Andrew Jones joined NovaBay in May 2020 as Chief Financial Officer. He previously served as Vice President, Finance of MyoScience, Inc., a commercial stage medical device company, through its acquisition by Pacira BioSciences. In this position, he was responsible for overseeing all accounting and finance functions as well as executive management and board-level reporting, including strategic planning decisions that resulted in significant revenue growth and gross margin improvements. Prior to MyoScience, Mr. Jones was at Armetheon, Inc., Asante Solutions, Inc., and PricewaterhouseCoopers. Mr. Jones holds a BA in business administration from the University of Washington.



**Audrey Kunin, M.D.**  
Chief Product Officer

Audrey Kunin, M.D. joined NovaBay in November 2021 as Chief Product Officer. Dr. Kunin is a board-certified dermatologist, author, clinician, educator and the Founder of DERMAdoctor. Establishing herself as a trailblazer in the industry, Dr. Kunin created DERMAdoctor to address the all-too common skincare concerns that were overlooked in the beauty industry, providing a hassle-free, highly effective, prestige treatment for these conditions, problem-solving without irritation and with no prescription necessary. Dr. Kunin is also an accomplished radio and television talk show guest and has graced the pages of top consumer magazines.



## Executing on Business Strategy



NovaBay Pharmaceuticals  
Announces Significant Orders for  
DERMAdoctor's Top-Selling  
Kakadu C Anti-Aging Serum  
ahead of the Holiday Season

Oct. 18, 2022



NovaBay Pharmaceuticals Chief  
Product Officer Dr. Audrey Kunin  
to Showcase DERMAdoctor's  
Eczema Balm on Return QVC®  
Appearance

Sept. 12, 2022

NovaBay Pharmaceuticals  
Targets New Market with  
Antimicrobial Avenova Lid and  
Lash Spray for Lash Extensions

July 28, 2022

NovaBay Pharmaceuticals'  
DERMAdoctor Products Now  
Available at Target.com and  
Urbanoutfitters.com

July 21, 2022

NovaBay Pharmaceuticals  
Reports Record Avenova Sales  
During Amazon's Prime Day  
Event

July 15, 2022

NovaBay Pharmaceuticals  
Introduces Hydrating Cleansing  
Oil to its DERMAdoctor Calm  
Cool + Corrected Product Line

April 1, 2022

# AVENOVA<sup>®</sup>



purely *you*<sup>™</sup>

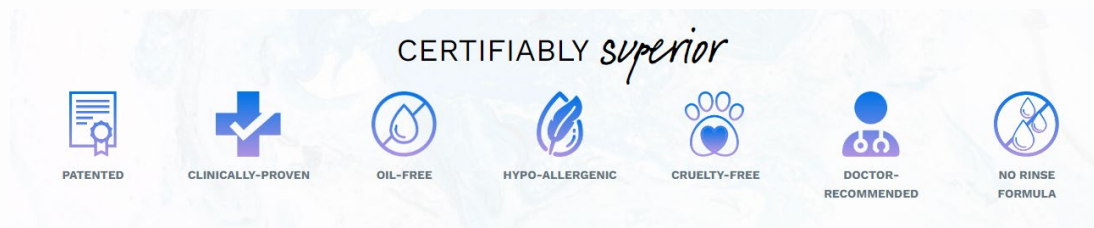
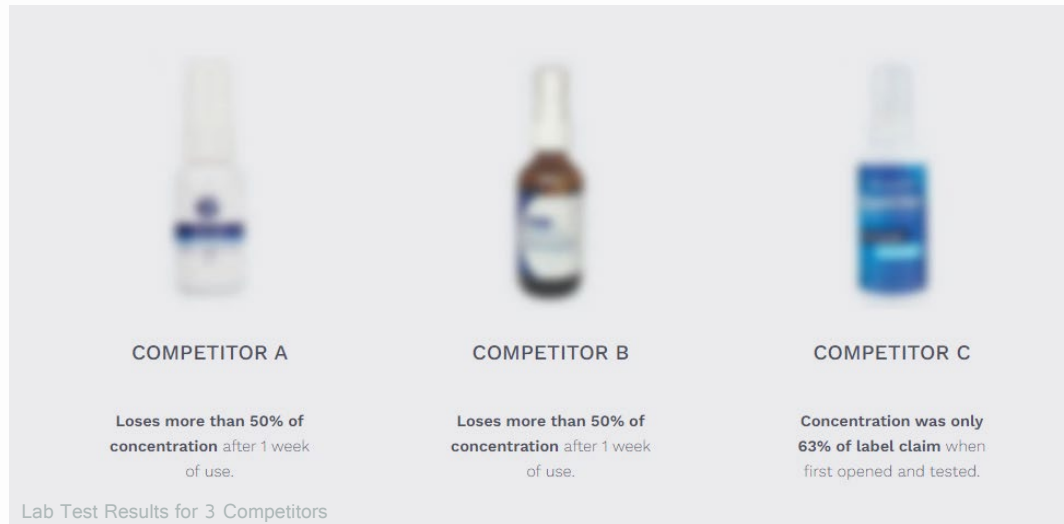


## Science for sore eyes.

- No. 1 Doctor-Recommended Antimicrobial Lid & Lash Spray
- Pioneering use of hypochlorous acid (HOCl) – a substance naturally produced by the body – for antimicrobial lid & lash spray
- Kills a broad spectrum of bacteria and helps relieve chronic eye conditions like dry eye, blepharitis, styes, contact lens discomfort and inflammation
- 510(k) FDA-cleared formulation is the only known stable, truly pure HOCl commercial solution
- Manufactured and lab tested in the U.S. and clinically proven to be the most effective lid & lash solution available without a prescription
- *80-100 times more potent than Clorox bleach yet completely nontoxic*

# Avenova Efficacy Advantages

Inferior formulation and packaging by competitors can result in an ineffective solution and may contain harmful impurities such as bleach, plastic leachables and detergents



## The Avenova Difference.

NO BLEACH NO IMPURITIES NO IRRITATION

Purest, longest-lasting formulation of HOCl

No stinging or irritation

Non-toxic and non-sensitizing

Completely safe for regular, long-term use

*safe for everyone!*

# Avenova Sales Channels



## Rx - Retail Pharmacy

- Physicians prescribe Avenova Rx 40mL and patients fill prescriptions at a pharmacy of their choice (CVS, Walgreens, Walmart, Rite Aid, etc.)

## Rx - Partner Pharmacy

- Physicians prescribe Avenova Rx 40mL and send it to a designated Avenova partner pharmacy
- Our 10 Partner Pharmacies nationwide offer a predesignated price for both insured and uninsured patients



## Physician Dispensed

- Physicians purchase Avenova Rx 20mL, at a discounted price, and dispense the product through their offices
- Offers a one-stop shop experience for patient convenience
- Helps ensure patients use Avenova correctly for best results
- Creates a revenue stream for physician practices

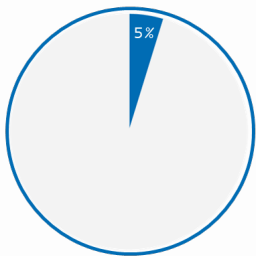


## OTC

- Physicians refer patients to Avenova.com, Amazon, Walmart & CVS
- Available 24/7 for customer convenience
- Physicians can provide patients with a one-time discount code on Avenova.com

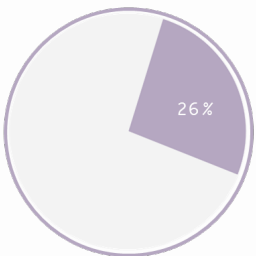
The Avenova Rx sales channel seeds and fosters growth in all sales channels which maintains Avenova's market leadership position as the #1 doctor recommended product.

# Avenova Opportunities for Growth



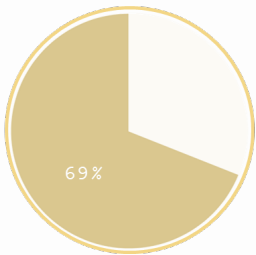
## Rx + Retail Pharmacy

- Partnership with ImprimisRx, the nations largest ophthalmic compounding pharmacy
- Rx version of Avenova available at 99 % of retail pharmacies nationwide



## Physician Dispensed

- Promoted through targeted email sequencing campaigns
- Using online tools for broader reach without increasing the sales organization
- Promote physician self-serve ordering through Avenova.com



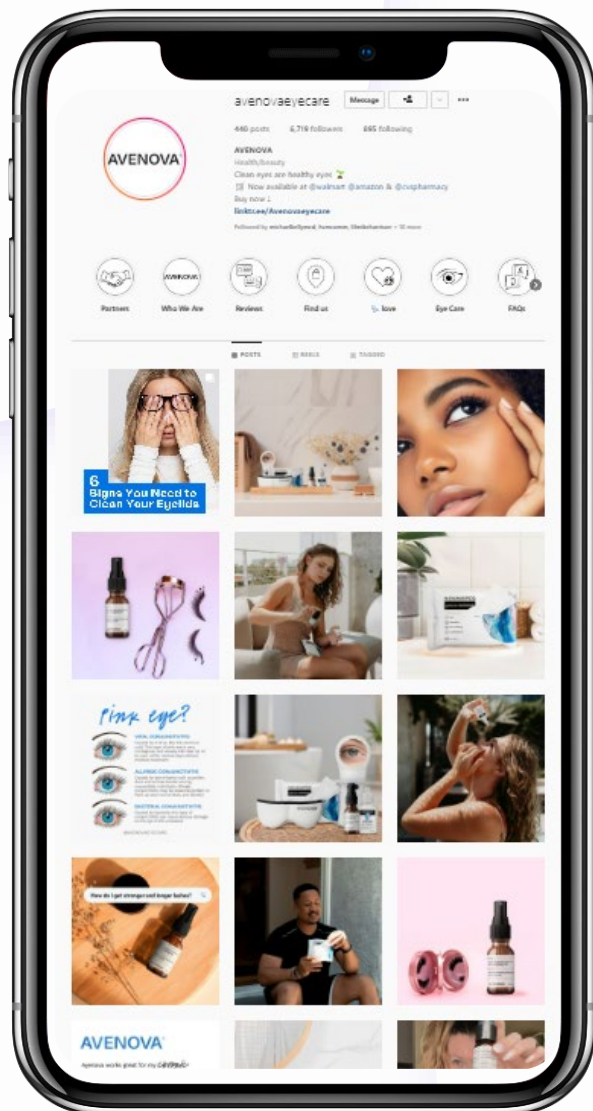
## OTC

- Easy access to Rx-strength product without a prescription
- Helps offset impact of high-deductible healthcare plans
- Provides stable gross-to-net pricing
- Benefits from “Doctor Recommended” halo effect from the Rx channel





# Rapid Uptake with Avenova DTC Strategy



Vast majority of unit sales are currently through OTC channel, less than 3 years from non-prescription product launch

Broad product accessibility through major online retailers and in-store stocking at CVS

Online “Subscribe & Save” feature on Avenova.com and Amazon.com, for repeat orders and revenue stabilization, now represents 17 % of monthly online sales

Core expertise in DTC digital marketing supports expansion of customer base

**AVENOVA**<sup>®</sup>  
avenova.com

**amazon**

**Walmart**

**CVS**

# Complete Dry Eye Product Portfolio

One product for each step in the standard dry eye treatment regimen

*relieve*

*treat*

*prevent*

**Drops**

+

**Compress**

+

**Cleanser**

+

**Wipes**

+

**Supplements**







## **Addressing a New Demographic: Lash Extensions**

Expansion into new, younger demographic for Avenova

Creates cross-selling opportunities by demographic overlap with DERMAdoctor customers

Ideal cleanser to make your long lashes last longer

Lash extensions harbor extra bacteria increasing the risk of lid infections

- Can't rub eyes, requiring extra care in face washing
- Eye makeup needs removal without pulling out or wearing down lashes
- Oil-based makeup removers, cleansers, facial hydration and oil-serum hybrids cause glue to dissolve

# DERMAdoctor<sup>®</sup>

Skin. Caring. For all of you.



## DERMAdoctor: Established Brand in Growing Skincare Market



### Established Brand

- Founded in 1998 by Drs. Audrey and Jeff Kunin
- Over 30 high-quality skincare products

### Scientifically Formulated Proprietary Products

- Created by board-certified dermatologist
- Focus on alleviating and healing common skin conditions: dry skin, blemishes, keratosis pilaris and aging
- Effective, hypoallergenic, and problem-solving

### Significant Global Growth Opportunity

- Cosmetic skincare products estimated to reach \$185 billion by 2027
- The skincare segment is growing faster than any other part of the beauty industry

DERMAdoctor delivers on the promise that clinical skin therapy can be fun and easy, while delivering significant, measurable results

## Leveraging the Brand

# DERMAdoctor

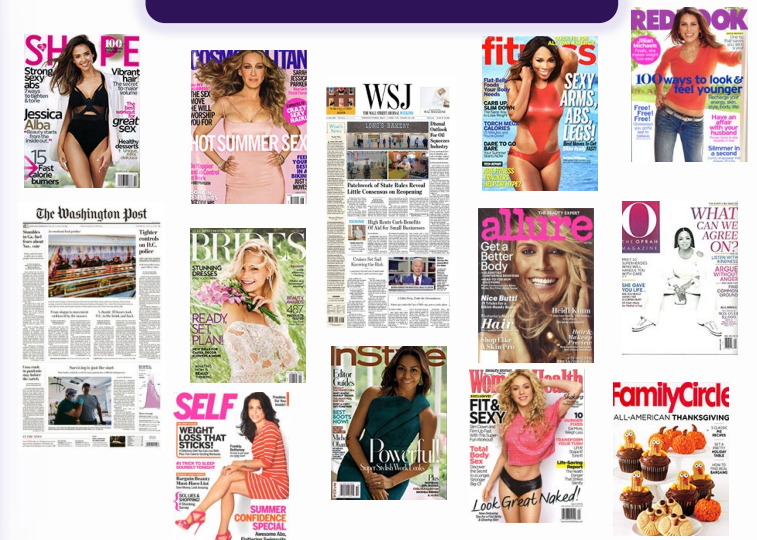
### Awards and Recognition



### Dr. Kunin on TV



### Publications





# Primary Product Families



Kakadu C

Vitamin C based elixirs  
with anti-aging properties



KP Duty

Exfoliating body treatments  
targeting keratosis pilaris to  
alleviate dry, rough, bumpy skin



AIN'T misbehavin'

Suite of solutions for  
acne and related conditions



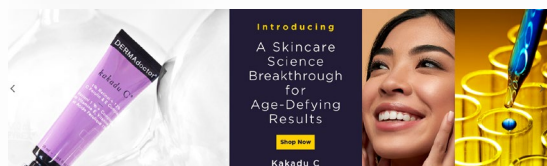
Calm Cool + Corrected

Created for irritable, itchy, red,  
inflamed skin cause by eczema,  
rosacea and seborrheic dermatitis



# DERMAdoctor Sales Channels

## Direct



DERMAdoctor.com



## Domestic



URBAN OUTFITTERS



THG



SkinStore



Physician  
Offices

## International



### Current Int'l Distribution

- Middle East (Kuwait, UAE, Qatar, SA)
- Great Britain
- Central America
- South America

### Expansion Opportunities

- China
- European Union



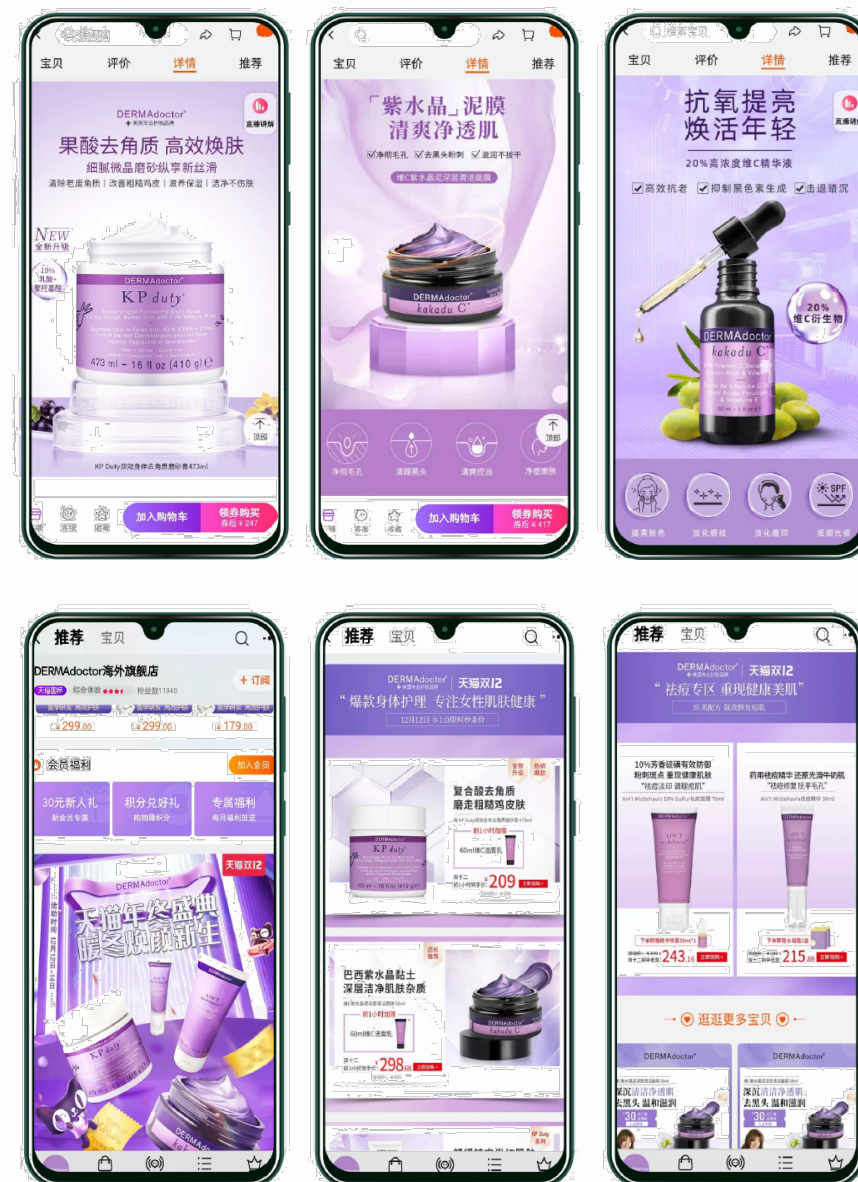
# New Partners Enhance Marketing in China

Major growth opportunity with new partners

- Tmall store (Amazon equivalent) upgraded with Duomai
- UNQ to provide additional influencer marketing

Growing market for functional skincare products

- China market expected to exceed \$100 billion by 2024
- Accounting for >22% of the total Chinese skincare market



# WOUND CARE

## Cutting Edge Wound Care Technology



The safe and effective HOCl solution for managing viruses, bacteria and fungi

Leverages NovaBay proprietary HOCl technology

Rx product for routine and tough cases

Distributed through partners  
PhaseOne Health (U.S.)  
Pioneer Pharma (China)

# SUMMARY

## Past and Future Milestone



# Financial, Operational, and Investment Highlights

## Predictable, Recurring, and Growing Revenue

- \$10.1 million TTM net sales
- 18% year-over-year increase in Avenova spray OTC unit sales
- Strong seasonality in second half of the year for DERMAdoctor

## Multipronged Commercial Growth Strategy

- New OTC product launches
- International expansion
- More effective digital & social marketing capabilities

## Improving Profitability

- Top-line growth
- Fulfillment efficiencies
- In-house marketing capabilities
- Combined back-office functions

## Well Capitalized

- Closed \$2M tranche in Sept'22
- Closing \$3M tranche in Nov'22
- Anticipated cash in excess of \$5M at year-end
- Funding is adequate for 2023 operating expenses and all growth initiatives