

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **December 31, 2025**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **001-33216**

**SONOMA PHARMACEUTICALS, INC.**  
(Name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of Incorporation or Organization)

**68-0423298**  
(I.R.S. Employer identification No.)

**5445 Conestoga Court, Suite 150, Boulder, CO**  
(Address of principal executive offices)

**80301**  
(Zip Code)

**(800) 759-9305**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
**Common Stock, \$0.0001 par value**

Trading Symbol  
**SNOA**

Name of Each Exchange on Which Registered  
**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated Filer ☐  
Non-accelerated Filer ☒  
Emerging Growth Company ☐

Accelerated Filer ☐  
Smaller reporting company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, par value \$0.0001 per share, as of February 9, 2026 was 1,730,613.

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SONOMA PHARMACEUTICALS, INC.

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**PART I - FINANCIAL INFORMATION**

**Item 1. Unaudited Financial Statements**

**SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share amounts)

	<b>December 31, 2025</b>	<b>March 31, 2025</b>
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,561	\$ 5,374
Accounts receivable, net	2,382	2,232
Inventories, net	3,703	2,915
Prepaid expenses and other current assets	3,351	1,915
Current portion of deferred consideration, net of discount	148	212
Total current assets	12,145	12,648
Property and equipment, net	314	225
Operating lease, right of use assets	642	84
Deferred tax asset, net	458	589
Deferred consideration, net of discount, less current portion	—	73
Other assets	64	74
Total assets	\$ 13,623	\$ 13,693
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,646	\$ 953
Accrued expenses and other current liabilities	2,111	2,224
Deferred revenue, current portion	314	641
Short-term debt	—	220
Operating lease liabilities, current portion	146	58
Total current liabilities	4,217	4,096
Deferred revenue, net of current portion	—	17
Withholding tax payable	5,465	5,142
Operating lease liabilities, less current portion	509	27
Total liabilities	10,191	9,282
Commitments and Contingencies (Note 5)		
Stockholders' Equity:		
Convertible preferred stock, \$0.0001 par value; 714,286 shares authorized at December 31, 2025 and March 31, 2025, no shares issued and outstanding at December 31, 2025 and March 31, 2025	—	—
Common stock, \$0.0001 par value; 50,000,000 shares authorized at December 31, 2025 and March 31, 2025, 1,730,613 and 1,634,265 shares issued and outstanding at December 31, 2025 and March 31, 2025, respectively (Note 1) (Note 7)	—	—
Additional paid-in capital	207,023	206,593
Accumulated deficit	(200,400)	(197,806)
Accumulated other comprehensive loss	(3,191)	(4,376)
Total stockholders' equity	3,432	4,411
Total liabilities and stockholders' equity	\$ 13,623	\$ 13,693

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(In thousands, except per share amounts)  
(Unaudited)

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenues	\$ 4,349	\$ 3,564	\$ 13,968	\$ 10,534
Cost of revenues	2,699	2,294	8,734	6,597
Gross profit	1,650	1,270	5,234	3,937
Operating expenses:				
Research and development	557	427	1,726	1,403
Selling, general and administrative	1,771	1,874	5,618	5,588
Total operating expenses	2,328	2,301	7,344	6,991
Loss from operations	(678)	(1,031)	(2,110)	(3,054)
Other (expense) income, net	(271)	112	(812)	675
Net loss before income taxes	(949)	(919)	(2,922)	(2,379)
Income tax benefit (expense)	130	(9)	328	(302)
Net loss	\$ (819)	\$ (928)	\$ (2,594)	\$ (2,681)
Net loss per share: basic and diluted	\$ (0.48)	\$ (0.63)	\$ (1.56)	\$ (2.40)
Weighted-average number of shares outstanding: basic and diluted	1,713	1,464	1,667	1,117
Other comprehensive loss:				
Net loss	\$ (819)	\$ (928)	\$ (2,594)	\$ (2,681)
Foreign currency translation adjustments	174	(357)	1,185	(1,831)
Comprehensive loss	\$ (645)	\$ (1,285)	\$ (1,409)	\$ (4,512)

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)  
(Unaudited)

	<b>Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,594)	\$ (2,681)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	106	107
Stock-based compensation	120	134
Deferred income taxes	200	169
Operating lease right-of-use asset	(553)	136
Changes in operating assets and liabilities:		
Accounts receivable, net	46	219
Inventories, net	(484)	(679)
Prepaid expenses and other current assets	(1,226)	1,547
Deferred consideration, net of discount	176	142
Accounts payable	589	864
Accrued expenses and other current liabilities	(248)	(1)
Withholding tax payable	323	326
Operating lease liabilities	554	(136)
Deferred revenue	(423)	(140)
Net cash (used in) provided by operating activities	(3,414)	7
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(163)	(33)
Net cash used in investing activities	(163)	(33)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock, net of offering expenses	266	3,079
Proceeds from exercise of employee stock options	44	33
Payments for fractional shares related to reverse-split	—	(1)
Principal payments on short-term debt	(220)	(323)
Net cash provided by financing activities	90	2,788
Effect of exchange rate on cash and cash equivalents	674	(654)
Net (decrease) increase in cash and cash equivalents	(2,813)	2,108
Cash and cash equivalents, beginning of period	5,374	3,128
Cash and cash equivalents, end of period	\$ 2,561	\$ 5,236
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 10	\$ 8
Cash paid for taxes	\$ 870	\$ —

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2025 AND 2024**  
(In thousands, except share amounts)  
(Unaudited)

	Common Stock (\$0.0001 par Value)		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance, March 31, 2025	1,634,265	\$ —	\$ 206,593	\$ (197,806)	\$ (4,376)	\$ 4,411
Exercise of employee stock options	8,500	—	23	—	—	23
Employee stock-based compensation	—	—	57	—	—	57
Foreign currency translation adjustment	—	—	—	—	806	806
Net loss	—	—	—	(1,241)	—	(1,241)
Balance, June 30, 2025	1,642,765	\$ —	\$ 206,673	\$ (199,047)	\$ (3,570)	\$ 4,056
Exercise of employee stock options	7,000	—	21	—	—	21
Employee stock-based compensation	—	—	39	—	—	39
Foreign currency translation adjustment	—	—	—	—	205	205
Net loss	—	—	—	(534)	—	(534)
Balance, September 30, 2025	1,649,765	\$ —	\$ 206,733	\$ (199,581)	\$ (3,365)	\$ 3,787
Proceeds from At-the-Market sale of common stock, net of offering expenses	80,848	—	266	—	—	266
Employee stock-based compensation	—	—	24	—	—	24
Foreign currency translation adjustment	—	—	—	—	174	174
Net loss	—	—	—	(819)	—	(819)
Balance, December 31, 2025	1,730,613	\$ —	\$ 207,023	\$ (200,400)	\$ (3,191)	\$ 3,432

  

	Common Stock (\$0.0001 par Value)		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance, March 31, 2024	780,371	\$ —	\$ 203,209	\$ (194,349)	\$ (2,723)	\$ 6,137
Proceeds from At-the-Market sale of common stock, net of offering expenses	158,311	—	748	—	—	748
Exercise of employee stock options	2,000	—	7	—	—	7
Employee stock-based compensation	9,538	—	107	—	—	107
Foreign currency translation adjustment	—	—	—	—	(881)	(881)
Net loss	—	—	—	(1,143)	—	(1,143)
Balance, June 30, 2024	950,220	\$ —	\$ 204,071	\$ (195,492)	\$ (3,604)	\$ 4,975
Proceeds from At-the-Market sale of common stock, net of offering expenses	381,433	—	1,541	—	—	1,541
Exercise of employee stock options	7,250	—	26	—	—	26
Payments for fractional shares related to reverse-split	(288)	—	(1)	—	—	(1)
Employee stock-based compensation	—	—	14	—	—	14
Foreign currency translation adjustment	—	—	—	—	(593)	(593)
Net loss	—	—	—	(610)	—	(610)
Balance, September 30, 2024	1,338,615	\$ —	\$ 205,651	\$ (196,102)	\$ (4,197)	\$ 5,352
Proceeds from At-the-Market sale of common stock, net of offering expenses	277,150	—	790	—	—	790
Employee stock-based compensation	—	—	13	—	—	13
Foreign currency translation adjustment	—	—	—	—	(357)	(357)
Net loss	—	—	—	(928)	—	(928)
Balance, December 31, 2024	1,615,765	\$ —	\$ 206,454	\$ (197,030)	\$ (4,554)	\$ 4,870

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**SONOMA PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Rounded to nearest thousand unless specified)  
(Unaudited)

**Note 1. Organization and Recent Developments**

***Organization***

Sonoma Pharmaceuticals, Inc. (the “Company”) was incorporated under the laws of the State of California in April 1999 and was reincorporated under the laws of the State of Delaware in December 2006. The Company moved its principal office from Petaluma, California to Woodstock, Georgia in June 2020 and to Boulder, Colorado in October 2022. The Company is a global healthcare leader for developing and producing stabilized hypochlorous acid (“HOCl”) products for a wide range of applications, including wound care, eye care, dermatological conditions, podiatry, animal health care, and as a non-toxic disinfectant. The Company’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. The Company sells its products either directly or via partners in over 55 countries worldwide.

***Reverse Stock Split***

Effective August 29, 2024, the Company effected a reverse stock split of its common stock, par value \$0.0001 per share. Every twenty shares of common stock were reclassified and combined into one share of common stock. No fractional shares were issued as a result of the reverse stock split. Instead, each fractional share was settled with cash. The reverse stock split reduced the number of shares of the Company’s common stock outstanding from 21,174,693 to 1,058,447. The total number of authorized shares of common stock was not proportionally decreased and the par value per share of the common stock continues to be \$0.0001.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial statements and are in the form prescribed by the Securities and Exchange Commission (the “SEC”) in instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The accompanying condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company’s financial position, results of operations and cash flows for the periods indicated. All material intercompany accounts and transactions have been eliminated in consolidation. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended March 31, 2025, and notes thereto included in the Company’s annual report on Form 10-K, which was filed with the SEC on June 17, 2025.

**Note 2. Liquidity and Financial Condition**

The Company reported a net loss of \$819,000 and \$928,000 for the three months ended December 31, 2025 and 2024, respectively, and \$2,594,000 and \$2,681,000 for the nine months ended December 31, 2025 and 2024, respectively. At December 31, 2025 and March 31, 2025, the Company’s accumulated deficit amounted to \$200,400,000 and \$197,806,000, respectively. The Company had working capital of \$7,928,000 and \$8,552,000 as of December 31, 2025 and March 31, 2025, respectively. The cash balance at December 31, 2025 and March 31, 2025 was \$2,561,000 and \$5,374,000, respectively. During the nine months ended December 31, 2025 and 2024, net cash (used in) provided by operating activities amounted to \$3,414,000 and \$7,000, respectively.

Management believes that the Company has access to additional capital resources through possible public or private equity offerings, debt financings, corporate collaborations or other means; however, the Company cannot provide any assurance that other new financings will be available on commercially acceptable terms, if needed. If the economic climate in the U.S. deteriorates, the Company’s ability to raise additional capital could be negatively impacted. If the Company is unable to secure additional capital, it may be required to take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet its obligations. These measures could cause significant delays in the Company’s continued efforts to commercialize its products, which is critical to the realization of its business plan and the future operations of the Company. This uncertainty along with the Company’s history of losses indicates that there is substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

**Note 3. Summary of Significant Accounting Policies*****Use of Estimates***

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. Significant estimates and assumptions include the valuation allowance relating to the Company's deferred tax assets. Periodically, the Company evaluates and adjusts estimates accordingly.

***Net Loss per Share***

The Company computes basic net loss per share by dividing net loss per share available to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable.

The following table provides the net loss for each period along with the computation of basic and diluted net loss per share:

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Numerator:</b>				
Net loss	\$ (819,000)	\$ (928,000)	\$ (2,594,000)	\$ (2,681,000)
<b>Denominator:</b>				
Weighted-average number of common shares outstanding: basic and diluted	1,713,000	1,464,000	1,667,000	1,117,000
Net loss per share: basic and diluted	\$ (0.48)	\$ (0.63)	\$ (1.56)	\$ (2.40)

The computation of basic and diluted loss per share for the three and nine months ended December 31, 2025 and 2024 excludes the potentially dilutive securities summarized in the table below because their inclusion would be anti-dilutive.

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Common stock to be issued upon vesting of restricted stock units	82,000	—	82,000	—
Common stock to be issued upon exercise of options	64,000	42,000	64,000	42,000
	146,000	42,000	146,000	42,000



## ***Revenue Recognition***

The Company recognizes revenue in accordance with Accounting Standards Codification (“ASC”), Topic 606 Revenue from Contracts with Customers (“Topic 606”). Revenue is recognized when the Company transfers promised goods or services to the customer, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under the agreement, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

The Company derives the majority of its revenue through sales of its products directly to end users and to distributors. The Company also sells products to a customer base, including hospitals, medical centers, doctors, pharmacies, distributors and wholesalers. The Company has also entered into agreements to license its technology and products.

The Company considers customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with a customer. For each contract, the Company considers the promise to transfer products, each of which are distinct, to be the identified performance obligations. In determining the transaction price the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which it expects to be entitled.

Sales to stocking distributors are made under terms with fixed pricing and limited rights of return (known as “stock rotation”) of the Company’s products held in their inventory. Revenue from sales to distributors is recognized upon the transfer of control to the distributor.

The Company assessed the promised goods and services in the technical support contract with Invekra for a ten-year period as being a distinct service that Invekra can benefit from on its own and as separately identifiable from any other promises within the contract. Given that the distinct service is not substantially the same as other goods and services within the Invekra contract, the Company accounted for the distinct service as a performance obligation. At December 31, 2025, March 31, 2025 and March 31, 2024, the Company had deferred revenue related to Invekra in the amounts of \$0, \$69,000 and \$152,000, respectively.

## ***Accounts Receivable***

Trade accounts receivable are recorded net of allowances for cash discounts for prompt payment, doubtful accounts, and sales returns. Estimates for cash discounts and sales returns are based on analysis of contractual terms and historical trends.

The Company’s policy is to reserve for uncollectible accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance for doubtful accounts is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Other factors that the Company considers include its existing contractual obligations, historical payment patterns of its customers and individual customer circumstances, an analysis of days sales outstanding by customer and geographic region, and a review of the local economic environment and its potential impact on government funding and reimbursement practices. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company did not deem it necessary to record an allowance for doubtful accounts for probable credit losses at December 31, 2025, March 31, 2025 and March 31, 2024. At December 31, 2025, March 31, 2025 and March 31, 2024, the Company’s accounts receivable, net balances are \$2,382,000, \$2,232,000 and \$2,898,000, respectively. Additionally, at December 31, 2025, March 31, 2025 and March 31, 2024, the Company has allowances of \$19,000, \$8,000 and \$27,000, respectively, related to potential discounts, returns, distributor fees and rebates. The allowances are included in accounts receivable, net in the accompanying condensed consolidated balance sheets.

### ***Inventories***

Inventories are stated at the lower of cost, cost being determined on a standard cost basis (which approximates actual cost on a first-in, first-out basis), or net realizable value.

Due to changing market conditions, estimated future requirements, age of the inventories on hand and production of new products, the Company regularly reviews inventory quantities on hand and records a provision to write down excess and obsolete inventory to its estimated net realizable value.

### ***Segment Reporting***

The Company has one primary business activity and operates in one reportable segment. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer ("CEO") who evaluates performance and makes operating decisions about allocating resources based on financial data presented on a consolidated basis. The measures of profitability and the significant segment expenses reviewed by the CODM are consistent with these financial statements and footnotes.

### ***Recent Accounting Standards***

Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, establishes incremental disaggregation of income tax disclosure pertaining to the effective tax rate reconciliation and income taxes paid. This standard is effective for fiscal years beginning after December 31, 2024 and requires prospective application with the option to apply it retrospectively. The Company intends to adopt this standard in its Annual Report on Form 10-K for the year ending March 31, 2026. The Company is currently evaluating the potential impact of adopting the standard on its disclosures.

This and other accounting standards that have been issued or proposed by the FASB, the SEC or other standard setting bodies that do not require adoption until a future date are not expected to have a material impact on the condensed consolidated financial statements upon adoption.

## **Note 4. Condensed Consolidated Balance Sheet**

### ***Inventories, net***

Inventories, net consist of the following:

	<b>December 31, 2025</b>	<b>March 31, 2025</b>
Raw materials	\$ 2,068,000	\$ 1,395,000
Finished goods	1,951,000	1,818,000
	4,019,000	3,213,000
Less: allowance for obsolete and excess inventory	(316,000)	(298,000)
Total inventories, net	<u>\$ 3,703,000</u>	<u>\$ 2,915,000</u>

## Leases

The Company's operating leases are comprised primarily of facility leases. Balance sheet information related to the Company's leases is presented below:

	December 31, 2025	March 31, 2025
<b>Operating leases:</b>		
Operating lease right-of-use assets	\$ 642,000	\$ 84,000
Operating lease liabilities – current	146,000	58,000
Operating lease liabilities – non-current	509,000	27,000

Other information related to leases is presented below:

### Nine Months Ended December 31, 2025

Operating lease cost	\$ 285,000
Other information:	
Operating cash flows from operating leases	\$ (553,000)
Weighted-average remaining lease term – operating leases (in months)	46.5
Weighted-average discount rate – operating leases	10.6%

As of December 31, 2025, the annual minimum lease payments of our operating lease liabilities were as follows:

### For Years Ending March 31,

2026 (excluding the nine months ended December 31, 2025)	\$ 51,000
2027	210,000
2028	208,000
2029	169,000
2030	162,000
Thereafter	12,000
Total future minimum lease payments, undiscounted	812,000
Less: imputed interest	(157,000)
Present value of future minimum lease payments	\$ 655,000

## **Note 5. Commitments and Contingencies**

### ***Legal Matters***

The Company may be involved in legal matters arising in the ordinary course of business including matters involving proprietary technology. While management believes that such matters are currently insignificant, matters arising in the ordinary course of business for which the Company is or could become involved in litigation may have a material adverse effect on its business and financial condition of comprehensive loss.

### ***Employment Matters***

At December 31, 2025, the Company had an employment agreement in place with one of its key executives. This executive employment agreement provided, among other things, for the payment of up to twenty-four months of severance compensation for terminations under certain circumstances.

As of December 31, 2025, with respect to this agreement, aggregated annual salaries was \$475,000 and potential severance payments to these key executives is \$1,425,000 if triggered.

## **Note 6. Debt**

### ***Financing of Insurance Premiums***

On February 1, 2025, the Company entered into a note agreement for \$274,000 with an interest rate of 7.97% per annum with final payment on November 1, 2025. This instrument was issued in connection with financing insurance premiums. At December 31, 2025 and March 31, 2025, the outstanding principal on the note amounted to \$0 and \$220,000, respectively.

## **Note 7. Stockholders' Equity**

### ***Sale of Common Stock***

In connection with the Equity Distribution Agreement that the Company entered into on September 26, 2025 with Ladenburg Thalmann & Co. Inc., from October 8, 2025 to November 14, 2025 the Company sold 80,848 shares of its common stock for gross proceeds of \$347,000 and net proceeds of \$266,000 after deducting commissions and other offering expenses paid by the Company.

## **Note 8. Stock-Based Compensation**

For the three months ended December 31, 2025 and 2024, the Company incurred \$24,000 and \$13,000 of stock-based compensation expense, respectively. For the nine months ended December 31, 2025 and 2024, the Company incurred \$120,000 and \$134,000 of stock-based compensation expense, respectively. All stock-based compensation incurred is included in selling, general and administrative expense in the accompanying condensed consolidated statements of comprehensive loss.

For the nine months ended December 31, 2025, the Company estimated the fair value of employee and non-employee stock options using the Black-Scholes option pricing model. The fair value of employee stock options was estimated using the following weighted-average assumptions:

	<b>Weighted - Average Assumptions</b>
Fair value of the Company's common stock on date of grant	\$ 2.85
Expected term	5 years
Risk-free interest rate	4.38%
Dividend yield	0%
Volatility	112.56%
Fair value of options granted	\$ 2.32

At December 31, 2025, there was unrecognized compensation costs of \$121,000 related to stock options which is expected to be recognized over a weighted-average amortization period of 1.25 years.

Stock options award activity is as follows:

	<b>Number of Shares</b>	<b>Weighted- Average Exercise Price</b>
Outstanding at April 1, 2025	73,081	\$ 43.27
Options granted	9,000	2.85
Options exercised	(15,500)	2.81
Options forfeited	(2,918)	99.48
Outstanding at December 31, 2025	63,663	\$ 44.82
Exercisable at December 31, 2025	39,080	\$ 71.25

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the underlying stock options and the fair value of the Company's common stock, or \$3.64 per share at December 31, 2025.

Restricted stock award activity is as follows:

	<b>Number of Shares</b>	<b>Weighted Average Award Date Fair Value per Share</b>
Unvested restricted stock awards outstanding at April 1, 2025	45,000	\$ 2.68
Restricted stock awards granted	60,500	2.85
Forfeited stock awards	(23,500)	2.78
Unvested restricted stock awards outstanding at December 31, 2025	82,000	\$ 2.78

A tax benefit of \$43,000 has been recognized as a result of non-qualified stock options exercised during the nine months ended December 31, 2025.

The Company issues new shares of common stock upon exercise of stock options or release of restricted stock awards.

**Note 9. Income Taxes**

At the end of each interim reporting period, the Company determines the income tax provision by using an estimate of the annual effective tax rate, adjusted for discrete items occurring in the quarter.

Our effective tax rate for the three and nine months ended December 31, 2025 was (13.7)% and (11.53)%. The Company's effective tax rate for the three months and nine months ended December 31, 2025 differed from the federal statutory tax rate of 21% primarily due to the valuation allowance recognized against deferred tax assets in the U.S and permanent tax adjustment of intercompany interest expense in Mexico and Netherlands.

Judgment is required in determining whether deferred tax assets will be realized in full or in part. Management assesses the available positive and negative evidence on a jurisdictional basis to estimate if deferred tax assets will be recognized and when it is more likely than not that all or some deferred tax assets will not be realized, and a valuation allowance must be established. As of December 31, 2025, the Company continues to maintain a valuation allowance in the U.S.

**Note 10. Revenue Disaggregation**

The Company generates product revenues from products which are sold into the human and animal healthcare markets.

The following table presents the Company's disaggregated revenues by source:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Human Care	\$ 3,863,000	\$ 3,188,000	\$ 12,534,000	\$ 9,358,000
Animal Care	486,000	376,000	1,434,000	1,176,000
	<u>\$ 4,349,000</u>	<u>\$ 3,564,000</u>	<u>\$ 13,968,000</u>	<u>\$ 10,534,000</u>

The following table shows the Company's revenues by geographic region:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
United States	\$ 1,218,000	\$ 614,000	\$ 3,672,000	\$ 1,930,000
Europe	1,560,000	1,257,000	5,179,000	3,943,000
Asia	800,000	579,000	2,519,000	1,832,000
Latin America	518,000	829,000	1,614,000	2,174,000
Rest of the World	253,000	285,000	984,000	655,000
Total	<u>\$ 4,349,000</u>	<u>\$ 3,564,000</u>	<u>\$ 13,968,000</u>	<u>\$ 10,534,000</u>

**Note 11. Significant Customer Concentrations**

The following table shows major customers revenues as a percentage of net revenue:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Customer B	12%	23%	12%	21%
Customer C	25%	19%	20%	19%

The following table shows major customers accounts receivable balances as a percentage of net accounts receivables:

	December 31,	
	2025	2024
Customer A	*%	19%
Customer C	20%	14%
Customer D	*%	25%
Customer E	11%	*%

\* % Represents less than 10%

**Note 12. Subsequent Events**Annual Equity Grant

On January 2, 2026, the Company granted an aggregate of 30,000 stock options to the independent members of its Board of Directors. The options vest in equal annual increments over a three year period and have an exercise price of \$3.68. Additionally, on January 2, 2026, the Company granted an aggregate of 25,500 stock options to its employees. The options vest immediately on the grant date and have an exercise price of \$3.68. Additionally, on January 2, 2026, the Company issued an aggregate of 36,000 restricted stock units to the members of its management group. The restricted stock units vest either (i) on the third anniversary of the grant date or (ii) in equal increments over a twenty-four month period.

Appointment of New Director

On January 28, 2026, the Company appointed Vanessa Jacoby as a director of the Company. Pursuant to the Company's non-employee director compensation plan, as amended on January 28, 2026, as a non-employee director of the Company, Ms. Jacoby will receive an annual retainer of \$32,500. She will also receive an additional \$10,000 annually as Chair of the Audit Committee and \$7,500 as a non-chairperson member of the Compensation Committee. The Company will also reimburse Ms. Jacoby for reasonable expenses in connection with attendance at board and committee meetings.

In conjunction with her appointment to the Board, on January 28, 2026, Ms. Jacoby was automatically granted options to purchase up to 10,000 shares of common stock. The options will vest in three equal installments over a period of three years on the first, second, and third anniversary of the grant or upon change of control.

Consulting Agreement with Dr. Birnbaum

Effective January 28, 2026, Dr. Jay Birnbaum retired from the Company's Board of Directors. Dr. Birnbaum will continue to serve the Company pursuant to a consulting agreement (the "Consulting Agreement"), for a term of one year. Dr. Birnbaum will receive compensation of 5,000 Restricted Stock Units (RSUs) representing 5,000 shares of the Company's Common Stock per quarter. Such RSUs will vest on the second business day after the Company files its Annual Report on Form 10-K for the year ended March 31, 2027, or upon change of control. Any outstanding equity awards held by Dr. Birnbaum will continue to vest in accordance with their terms, subject to Dr. Birnbaum's continued compliance with the terms of the Consulting Agreement through each applicable vesting date.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes to those statements included elsewhere in this Quarterly Report on Form 10-Q as of December 31, 2025 and our audited consolidated financial statements for the year ended March 31, 2025 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on June 17, 2025.*

*This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this report, the words "anticipate," "suggest," "estimate," "plan," "aim," "seek," "project," "continue," "ongoing," "potential," "expect," "predict," "believe," "intend," "may," "will," "should," "could," "would," "likely," "proposal," and similar expressions are intended to identify forward-looking statements.*

*Forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to the risks described in our Annual Report on Form 10-K and this Quarterly Report on Form 10-Q including: our ability to become profitable; our dependence on third-party distributors; certain tax impacts of inter-company loans between us and our Mexican subsidiary; the progress and timing of our development programs and regulatory approvals for our products; the benefits and effectiveness of our products; the ability of our products to meet existing or future regulatory standards; the progress and timing of clinical trials and physician studies; our expectations and capabilities relating to the sales and marketing of our current products and our product candidates; our ability to compete with other companies that are developing or selling products that are competitive with our products; the establishment of strategic partnerships for the development or sale of products; the risk our research and development efforts do not lead to new products; the timing of commercializing our products; our ability to penetrate markets through our sales force, distribution network, and strategic business partners to gain a foothold in the market and generate attractive margins; the ability to attain specified revenue goals within a specified time frame, if at all, or to reduce costs; the outcome of discussions with the U.S. Food and Drug Administration, or FDA, and other regulatory agencies; the content and timing of submissions to, and decisions made by, the FDA and other regulatory agencies, including demonstrating to the satisfaction of the FDA the safety and efficacy of our products; our ability to successfully transition our European products to the new Medical Device Regulation, or to comply with its ongoing requirements; our ability to manufacture sufficient amounts of our products for commercialization activities; our ability to protect our intellectual property and operate our business without infringing on the intellectual property of others; our ability to continue to expand our intellectual property portfolio; the risk we may need to indemnify our distributors or other third parties; risks attendant with conducting a significant portion of our business outside the United States; fluctuations in foreign currency exchange rates; risks relative to global economic conditions, prospective tariffs or changes to trade policies; our ability to comply with complex federal and state fraud and abuse laws, including state and federal anti-kickback laws; risks associated with changes to health care laws; our ability to attract and retain qualified directors, officers and employees; our expectations relating to the concentration of our revenue from international sales; our ability to expand to and commercialize products in markets outside the wound care market; our ability to protect our information technology and infrastructure; and the impact of any future changes in accounting regulations or practices in general with respect to public companies. These forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required by law.*

### **Our Business**

We are a global healthcare leader for developing and producing stabilized hypochlorous acid, or HOCl, products for a wide range of applications, including wound care, eye care, dermatological conditions, podiatry, animal health care and non-toxic disinfectants. Our 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. We sell our products either directly or via partners in over 55 countries worldwide.



## Business Channels

Our core market differentiation is based on being the leading developer and producer of stabilized hypochlorous acid, or HOCl, solutions. We have been in business for over 20 years, and in that time, we have developed significant scientific knowledge of how best to develop and manufacture HOCl products backed by decades of studies and data collection along with manufacturing experience.

We sell our products into many markets both in the U.S. and internationally. In international markets, we sell a variety of products into over 55 countries. Our core strategy is to work with partners both in the United States and around the world to market and distribute our products. In some cases, we market and sell our own products.

### *Dermatology*

We have developed unique, differentiated, and safe dermatologic products that support paths to healing for various dermatologic conditions. Our products are primarily targeted at the treatment of redness and irritation, the management of scars and symptoms of eczema/atopic dermatitis. In Europe and the United Kingdom, we have developed products to treat acne. We are strategically focused on introducing innovative new products that are supported by human clinical data with applications that address specific dermatological procedures currently in demand. In addition, we look for markets where we can provide effective product line extensions and pricing to new product families.

In the United States, we relaunched the direct sale of our prescription and office dispense dermatology products in December 2024, including Epicyn<sup>®</sup> Facial Cleanser, Levicyn<sup>®</sup> Antimicrobial Dermal Spray, Levicyn Gel, Levicyn Spray Gel, Celacyn<sup>®</sup> Scar Management Gel. We also relaunched over-the-counter Lasercyn<sup>®</sup> Dermal Spray and Lasercyn Gel.

Other over-the-counter dermatology products in the United States include Regenacyn<sup>®</sup> Advanced Scar Gel, which is clinically proven to improve the overall appearance of scars while reducing pain, itch and redness, Reliefacyn<sup>®</sup> Advanced Itch-Burn-Rash-Pain Relief Hydrogel for the alleviation of red bumps, rashes, shallow skin fissures, peeling, and symptoms of eczema/atopic dermatitis, and Rejuvacyn<sup>®</sup> Advanced Skin Repair Cooling Mist for management of minor skin irritations following cosmetic procedures as well as daily skin health and hydration. Rejuvacyn is certified as a Natural Personal Care Product by the Natural Products Association, and Reliefacyn received the National Eczema Association Seal of Acceptance<sup>™</sup> in 2023, the National Psoriasis Foundation Seal of Recognition in 2025 and the National Rosacea Society Seal of Acceptance in 2025. In January 2024, we launched Lumacyn<sup>™</sup> Clarifying Mist, a direct-to-consumer skin care product in the United States. Lumacyn is an all-natural daily toner to soothe skin, reduce redness and irritation, and manage blemishes by reducing infection.

Our consumer products are available through online retailers, our online store and third-party distributors. On January 29, 2025, we entered into a Master Supply Agreement with WellSpring Pharmaceutical Corporation for the sale of our Microcyn<sup>®</sup> technology-based products to large retailers in the United States. The agreement is for an initial term of two years, subject to three automatic one-year renewal periods. We amended the agreement on March 21, June 2, and July 23, 2025 to include additional products for distribution.

In January 2023, we launched a line of office dispense products exclusively for skin care professionals, including two new prescription strength dermatology products, Reliefacyn Plus Advanced Itch-Burn-Rash-Pain Relief Hydrogel and Rejuvacyn Plus Skin Repair Cooling Mist. These products, along with Regenacyn Plus Scar Gel, are marketed and sold directly to dermatology practices and medical spas.

We sell dermatology products in international markets through distributors. In these markets, we have a network of partners, ranging from country specific distributors to large pharmaceutical companies to full-service sales and marketing companies. We work with our international partners to create products they can market in their home country. Some products we develop and manufacture are custom label while others use branding we have already developed. We have created or co-developed a wide range of products for international markets using our core HOCl technology.

### *First Aid and Wound Care*

Our HOCl-based wound care products are intended for the treatment of acute and chronic wounds as well as first- and second-degree burns, and as an intraoperative irrigation treatment. They work by first removing foreign material and debris from the skin surface and moistening the skin, thereby improving wound healing. Secondly, our HOCl products assist in the wound healing process by removing microorganisms. HOCl is an important constituent of our innate immune system, formed and released by the macrophages during phagocytosis. Highly organized cell structures such as human tissue can tolerate the action of our wound care solution while single-celled microorganisms cannot, making our products advantageous to other wound-irrigation and antiseptic solutions. Due to its unique chemistry, our wound treatment solution is also much more stable than similar products on the market and therefore maintains much higher levels of hypochlorous acid over its shelf life.

In the United States, we sell our wound care products directly to hospitals, physicians, nurses, and other healthcare practitioners and indirectly through non-exclusive distribution arrangements. In Europe, the Middle East and Asia, we sell our wound care products through a diverse network of distributors.

In June 2023, we announced a new application of our HOCl technology for intraoperative pulse lavage irrigation treatment, which can replace commonly used IV bags in a variety of surgical procedures. The intraoperative pulse lavage container is designed to be used in combination with a pulse lavage irrigation device, or flush gun, for abdominal, laparoscopic, orthopedic, and periprosthetic procedures. It is in trial use by hospitals in Europe and launched in the U.S. in November 2023.

In April 2024, we announced expansion of our Microcyn Negative Pressure Wound Therapy Solution products line, now available in 250mL, 450mL and 990mL sizes to meet the diverse needs of healthcare professionals and patients.

In August 2024, we entered into a distribution agreement with Medline Industries, LP, for the marketing and distribution of our wound care products in the United States. The agreement is for an initial term of five years, subject to automatic one-year renewal periods. In October 2024, we entered into an amendment to the agreement which allows Medline to also sell our wound care products in Canada, as well as to sell additional over-the-counter wound care products to retailers in both countries.

### *Eye Care*

In the United States, our prescription product Acucyn<sup>®</sup> Eyelid & Eyelash Cleanser is an effective solution for symptoms of blepharitis and the daily hygiene of eyelids and lashes, and helps manage red, itchy, crusty and inflamed eyes. It is strong enough to kill the bacteria that causes discomfort, fast enough to provide near instant relief, and gentle enough to use as often as needed.

We sell Ocucyn<sup>®</sup> Eyelid & Eyelash Cleanser to consumers through our online store, and third party distributors. Ocucyn is designed for everyday use as a safe, gentle, and effective solution for good eyelid and eyelash hygiene. In international markets we rely on distribution partners to sell our eye products.

### *Podiatry*

Our HOCl-based wound care products are also indicated for the treatment of diabetic foot ulcers. In the United States, we sell our wound care products directly to podiatrists as well as hospitals, nurses, and other healthcare practitioners and indirectly through non-exclusive distribution arrangements. In Europe, we sell our wound care products for podiatric use through a diverse network of distributors.

In April 2023, we launched Podiacyn<sup>®</sup> Advanced Everyday Foot Care direct to consumers for over-the-counter use in the United States, intended for management of foot odors, infections, and irritations, as well as daily foot health and hygiene. Podiacyn is available through our online store and third-party distributors.

## Animal Health Care

MicrocynAH<sup>®</sup> is an HOCl-based topical product that cleans, debrides and treats a wide spectrum of animal wounds and infections. It is intended for the safe and rapid treatment of a variety of animal afflictions including cuts, burns, lacerations, rashes, hot spots, rain rot, post-surgical sites, pink eye symptoms and wounds to the outer ear.

For our animal health products sold in the U.S., we partner with Compana Pet Brands. Compana distributes non-prescription products to national pet-store retail chains and farm animal specialty stores, such as PetSmart, Tractor Supply, and Menards.

For the Asian and European markets, in May 2019 we partnered with Petagon, an international importer and distributor of quality pet food and products, for an initial term of five years. We supply Petagon with all MicrocynAH products sold by Petagon.

## Surface Disinfectants

Our HOCl technology has been formulated as a disinfectant and sanitizer solution and is sold in numerous countries. It is designed to be used to spray in aerosol format in areas and environments likely to serve as a breeding ground for the spread of infectious disease, which could result in epidemics or pandemics.

Through our partner MicroSafe, we sell hard surface disinfectant products into Europe, the Middle East and Australia.

## Additional Information

Investors and others should note that we announce material financial information using our company website ([www.sonomapharma.com](http://www.sonomapharma.com)), our investor relations website ([ir.sonomapharma.com](http://ir.sonomapharma.com)), SEC filings, press releases, public conference calls and webcasts. The information on, or accessible through, our websites is not incorporated by reference in this Quarterly Report on Form 10-Q.

## Results of Operations

### Comparison of the Three Months Ended December 31, 2025 and 2024

#### Revenue

The following table shows our consolidated total revenue and revenue by geographic region for the three months ended December 31, 2025 and 2024:

(In thousands)	Three Months Ended December 31,		\$ Change	% Change
	2025	2024		
United States	\$ 1,218	\$ 614	\$ 604	98%
Europe	1,560	1,257	303	24%
Asia	800	579	221	38%
Latin America	518	829	(311)	(38%)
Rest of the World	253	285	(32)	(11%)
Total	<u>\$ 4,349</u>	<u>\$ 3,564</u>	<u>\$ 785</u>	<u>22%</u>

Revenues in the U.S. increased 98%, primarily as a result of an increase in sales of over-the-counter products and increasing sales by new and existing distributors.

Europe revenues increased 24% as a result of increased demand for our products.

Revenues in Asia increased 38% and Rest of World revenues decreased 11%. Revenues from these regions tend to fluctuate when viewed on a quarterly basis due to customers placing larger, but less frequent, orders to benefit from quantity discounts and reduced shipping costs when ordering larger quantities.

Latin America revenues decreased 38%, primarily due to timing of customer orders for overflow manufacturing.

**Cost of Revenue and Gross Profit**

The cost of revenue and gross profit metrics for the three months ended December 31, 2025 and 2024 are as follows:

<i>(In thousands, except for percentages)</i>	Three Months Ended December 31,		\$ Change	% Change
	2025	2024		
Cost of Revenues	\$ 2,699	\$ 2,294	\$ 405	18%
Cost of Revenue as a % of Revenues	62%	64%		
Gross Profit	\$ 1,650	\$ 1,270	\$ 380	30%
Gross Profit as a % of Revenues	38%	36%		

The increase in gross profit of \$380,000 for the three months ended December 31, 2025, as compared to the prior period, was primarily due to an increase in revenue and overall product mix.

**Research and Development Expense**

The research and development expense metrics for the three months ended December 31, 2025 and 2024 are as follows:

<i>(In thousands, except for percentages)</i>	Three Months Ended December 31,		\$ Change	% Change
	2025	2024		
Research and Development Expense	\$ 557	\$ 427	\$ 130	30%
Research and Development Expense as a % of Revenues	13%	12%		

The increase in research and development expenses for the three months ended December 31, 2025 of \$130,000 was primarily due to increased product development to support new product releases.

### ***Selling, General and Administrative Expense***

The selling, general and administrative expense metrics for the three months ended December 31, 2025 and 2024 are as follows:

<i>(In thousands, except for percentages)</i>	<b>Three Months Ended December 31,</b>		<b>Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Selling, General and Administrative Expense	\$ 1,771	\$ 1,874	\$ (103)	(5%)
Selling, General and Administrative Expense as a % of Revenues	41%	53%		

The decrease in selling, general and administrative expenses for the three months ended December 31, 2025 of \$103,000 was the result of ongoing efforts to control expenses.

### ***Other (Expense) Income, net***

Other (expense) income, net for the three months ended December 31, 2025 was \$(271,000) compared to \$112,000 for the three months ended December 31, 2024. Other (expense) income, net primarily relates to exchange rate fluctuations.

### ***Income Tax Benefit (Expense)***

Income tax benefit (expense) for the three months ended December 31, 2025 and 2024 was \$130,000 and (\$9,000), respectively. The benefit for the current period was related to an expected tax loss in Mexico this fiscal year. The expense for the prior period was primarily related to the use of our Mexico deferred tax asset.

### ***Net Loss***

The following table provides the net loss for each period along with the computation of basic and diluted net loss per share:

<i>(In thousands, except per share data)</i>	<b>Three Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Net loss	\$ (819)	\$ (928)
Weighted-average shares outstanding: basic and diluted	1,713	1,464
Net loss per share: basic and diluted	\$ (0.48)	\$ (0.63)

## Comparison of the Nine Months Ended December 31, 2025 and 2024

### Revenue

The following table shows our consolidated total revenue and revenue by geographic region for the nine months ended December 31, 2025 and 2024:

<i>(In thousands)</i>	Nine Months Ended December 31,		\$ Change	% Change
	2025	2024		
United States	\$ 3,672	\$ 1,930	\$ 1,742	90%
Europe	5,179	3,943	1,236	31%
Asia	2,519	1,832	687	38%
Latin America	1,614	2,174	(560)	(26%)
Rest of the World	984	655	329	50%
Total	<u>\$ 13,968</u>	<u>\$ 10,534</u>	<u>\$ 3,434</u>	<u>33%</u>

Revenues in the U.S. increased 90%, primarily as a result of an increase in sales of over-the-counter products and increasing sales by new and existing distributors.

Europe revenues increased 31% as a result of increased demand for our products.

Revenues in Asia increased 38% and Rest of World revenues increased 50%. Revenues from these regions tend to fluctuate when viewed on a quarterly basis due to customers placing larger, but less frequent, orders to benefit from quantity discounts and reduced shipping costs when ordering larger quantities.

Latin America revenues decreased 26%, primarily due to timing of customer orders for overflow manufacturing.

### Cost of Revenue and Gross Profit

The cost of revenue and gross profit metrics for the nine months ended December 31, 2025 and 2024 are as follows:

<i>(In thousands, except for percentages)</i>	Nine Months Ended December 31,		\$ Change	% Change
	2025	2024		
Cost of Revenues	\$ 8,734	\$ 6,597	\$ 2,137	32%
Cost of Revenue as a % of Revenues	63%	63%		
Gross Profit	\$ 5,234	\$ 3,937	\$ 1,297	33%
Gross Profit as a % of Revenues	37%	37%		

The increase in gross profit of \$1,297,000 for the nine months ended December 31, 2025, as compared to the prior period, was primarily due to an increase in revenue and overall product mix.

### ***Research and Development Expense***

The research and development expense metrics for the nine months ended December 31, 2025 and 2024 are as follows:

<i>(In thousands, except for percentages)</i>	<b>Nine Months Ended December 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Research and Development Expense	\$ 1,726	\$ 1,403	\$ 323	23%
Research and Development Expense as a % of Revenues	12%	13%		

The increase in research and development expenses for the nine months ended December 31, 2025 of \$323,000 was primarily due to increased product development to support new product releases.

### ***Selling, General and Administrative Expense***

The selling, general and administrative expense metrics for the nine months ended December 31, 2025 and 2024 are as follows:

<i>(In thousands, except for percentages)</i>	<b>Nine Months Ended December 31,</b>		<b>Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Selling, General and Administrative Expense	\$ 5,618	\$ 5,588	\$ 30	1%
Selling, General and Administrative Expense as a % of Revenues	40%	53%		

The increase in selling, general and administrative expenses for the nine months ended December 31, 2025 of \$30,000 was the result of ongoing efforts to generate increased revenues across all geographic regions.

### ***Other (Expense) Income, net***

Other (expense) income, net for the nine months ended December 31, 2025 was (\$812,000) compared to \$675,000 for the nine months ended December 31, 2024. Other (expense) income, net in the current period primarily relates to exchange rate fluctuations, offset by the recognition of income of approximately \$323,000 related to employee retention credits. Other (expense) income, net in the prior period primarily relates to exchange rate fluctuations.

### ***Income Tax Benefit (Expense)***

Income tax benefit (expense) for the nine months ended December 31, 2025 and 2024 was \$328,000 and (\$302,000), respectively. The benefit for the current period was related to an expected tax loss in Mexico this fiscal year. The expense for the prior period is primarily related to the use of our Mexico deferred tax asset.

## Net Loss

The following table provides the net loss for each period along with the computation of basic and diluted net loss per share:

(In thousands, except per share data)	Nine Months Ended December 31,	
	2025	2024
Net loss	\$ (2,594)	\$ (2,681)
Weighted-average shares outstanding: basic and diluted	1,667	1,117
Net loss per share: basic and diluted	\$ (1.56)	\$ (2.40)

## Liquidity and Capital Resources

We reported a net loss of \$2,594,000 and \$2,681,000 for the nine months ended December 31, 2025 and December 31, 2024, respectively. At December 31, 2025 and March 31, 2025, our accumulated deficit amounted to \$200,400,000 and \$197,806,000, respectively. At December 31, 2025 and March 31, 2025, we had cash and cash equivalents of \$2,561,000 and \$5,374,000, respectively. At December 31, 2025 and March 31, 2025, we had working capital of \$7,928,000 and \$8,552,000, respectively.

We believe we have access to additional capital resources through possible public or private equity offerings, debt financings, corporate collaborations or other means; however, we cannot provide any assurance that other new financings will be available on commercially acceptable terms, if needed. If the economic climate in the U.S. deteriorates, our ability to raise additional capital could be negatively impacted. If we are unable to secure additional capital, we may be required to take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet our obligations. These measures could cause significant delays our continued efforts to commercialize products, which is critical to the realization of our business plan and our future operations. This uncertainty along with our history of losses indicates that there is substantial doubt about the our ability to continue as a going concern within one year after the date that these financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments that may be necessary should we be unable to continue as a going concern.

## Sources of Liquidity

Since our inception, substantially all of our operations have been financed through sales of equity securities. Other sources of financing that we have used to date include our revenues, as well as various loans and the sale of certain assets to customers.

Since January 1, 2025, substantially all of our operations have been financed through cash on hand and the following transactions:

- Proceeds of \$266,000, net of offering expenses, from the sale of common stock at various dates; and
- Proceeds of \$619,000 related to employee retention credits for the years 2020 and 2021.



## Cash Flows

The following table presents a summary of our condensed consolidated cash flows for operating, investing and financing activities for the nine months ended December 31, 2025 and 2024 as well as balances of cash and cash equivalents and working capital:

<i>(In thousands)</i>	Nine Months Ended December 31,	
	2025	2024
Net cash (used in) provided by:		
Operating activities	\$ (3,414)	\$ 7
Investing activities	(163)	(33)
Financing activities	90	2,788
Effect of exchange rates on cash	674	(654)
Net change in cash and cash equivalents	(2,813)	2,108
Cash and cash equivalents, beginning of the period	5,374	3,128
Cash and cash equivalents, end of the period	\$ 2,561	\$ 5,236
Working capital <sup>(1)</sup> , end of period	\$ 7,928	\$ 8,677

(1) Defined as current assets minus current liabilities.

Net cash used in operating activities during the nine months ended December 31, 2025 was \$3,414,000, primarily due to our net loss of \$2,594,000, an increase in inventory of \$484,000, and an increase in prepaid expenses of \$1,226,000, offset by an increase in accounts payable of \$589,000, a decrease in accounts receivable of \$46,000 and stock compensation of \$120,000.

Net cash provided by operating activities during the nine months ended December 31, 2024 was \$7,000, primarily due to a net loss of \$2,681,000 offset by a decrease in prepaid expenses of \$1,547,000, a decrease in accounts receivable of \$219,000 and an increase in accounts payable of \$864,000.

Net cash used in investing activities was \$163,000 for the nine months ended December 31, 2025, primarily related to the purchase of equipment.

Net cash used in investing activities was \$33,000 for nine months ended December 31, 2024, primarily related to the purchase of equipment.

Net cash provided by financing activities was \$90,000 for the nine months ended December 31, 2025, primarily related to net proceeds from the sale of common stock of \$266,000 and exercise of stock options of \$44,000, offset by \$220,000 of principal payments on a short-term loan related to financing of insurance premiums.

Net cash provided by financing activities was \$2,788,000 for the nine months ended December 31, 2024, primarily due to net proceeds from the sale of common stock of \$3,079,000 offset by \$323,000 of principal payments on a short-term loan related to financing of insurance premiums.

## **Material Trends and Uncertainties**

We rely on certain key customers for a significant portion of our revenues. In the future, a small number of customers may continue to represent a significant portion of our total revenues in any given period. These customers may not consistently purchase our products at a particular rate over any subsequent period.

We are exposed to risk from foreign currency devaluation for both the Mexico Peso and the Euro versus the US dollar. Risk related to foreign currency valuation tends to be unpredictable and can be affected by various factors outside of our control.

We face a substantial Mexico tax liability, intercompany debt, unpaid technical assistance charges and accrued interest. These amounts are due in 2027. At this time, management believes there are sufficient assets on the balance sheet to cover any tax obligation without interrupting our operations or business. We have engaged tax professionals to review all options to limit our exposure to these amounts and to proceed in a manner that is most advantageous to us.

We also closely monitor global economic conditions, including the risk of economic downturn or recession, the prospect of new or increased tariffs, as well as overall consumer sentiment, any of which may impact our financial results.

On July 4, 2025, the United States enacted tax reform legislation through the One Big Beautiful Bill Act ("OBBA"), which changes existing U.S. tax laws, including extending or making permanent certain provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company anticipates an insignificant impact to deferred tax assets and liabilities and to income taxes payable in the period of enactment. We continue to evaluate the impact the new legislation will have on our consolidated financial statements.

## **Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. Significant estimates and assumptions include the valuation allowance relating to our deferred tax assets. Periodically, we evaluate and adjust estimates accordingly.

## **Off-Balance Sheet Transactions**

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) prior to the filing of this Quarterly

Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were in design and operating effectively.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal controls over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the third quarter of fiscal year 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### **Inherent Limitations on Effectiveness of Controls**

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

On occasion, we may be involved in legal matters arising in the ordinary course of our business including matters involving proprietary technology. While management believes that such matters are currently insignificant, matters arising in the ordinary course of business for which we are or could become involved in litigation may have a material adverse effect on our business, financial condition or results of comprehensive loss.

### Item 1A. Risk Factors

There have been no material changes from risk factors previously disclosed in our annual report on Form 10-K for the fiscal year ended March 31, 2025, as filed with the SEC June 17, 2025.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not issue any unregistered securities during the quarter ended December 31, 2025 and through February 12, 2026.

### Item 3. Default Upon Senior Securities

We did not default upon any senior securities during the quarter ended December 31, 2025.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

During the quarter ended December 31, 2025, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

### Item 6. Exhibits

#### Exhibit Index

Exhibit No.	Description
3.1	<a href="#"><u>Restated Certificate of Incorporation of Oculus Innovative Sciences, Inc., effective January 30, 2006</u></a> (included as exhibit 3.1 of the Company's Annual Report on Form 10-K filed June 20, 2007, and incorporated herein by reference).
3.2	<a href="#"><u>Certificate of Amendment of Restated Certificate of Incorporation of Oculus Innovative Sciences, Inc., effective October 22, 2008</u></a> (included as exhibit A in the Company's Definitive Proxy Statement on Schedule 14A filed July 21, 2008, and incorporated herein by reference).
3.4	<a href="#"><u>Certificate of Amendment of Restated Certificate of Incorporation of Oculus Innovative Sciences, Inc., as amended, effective March 29, 2013</u></a> (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed March 22, 2013, and incorporated herein by reference).

- 3.5 [Certificate of Amendment of Restated Certificate of Incorporation of Oculus Innovative Sciences, Inc., as amended, effective December 4, 2014](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed December 8, 2014, and incorporated herein by reference).
- 3.6 [Certificate of Amendment of Restated Certificate of Incorporation of Oculus Innovative Sciences, Inc., as amended, effective October 22, 2015](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed October 27, 2015, and incorporated herein by reference).
- 3.7 [Certificate of Amendment of Restated Certificate of Incorporation of Oculus Innovative Sciences, Inc., as amended, effective June 24, 2016](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed June 28, 2016, and incorporated herein by reference).
- 3.8 [Certificate of Amendment of Restated Certificate of Incorporation of Sonoma Pharmaceuticals, Inc., as amended, effective December 6, 2016](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed December 7, 2016, and incorporated herein by reference).
- 3.9 [Amended and Restated Bylaws, as amended, of Sonoma Pharmaceuticals, Inc., effective December 6, 2016](#) (included as exhibit 3.2 to the Company's Current Report on Form 8-K filed December 7, 2016, and incorporated herein by reference).
- 3.10 [Amendment No. 1 to Amended and Restated Bylaws, as amended, of Sonoma Pharmaceuticals, Inc., effective June 14, 2024](#) (included as exhibit 3.10 to the Company's Annual Report on Form 10-K filed June 17, 2024, and incorporated herein by reference).
- 3.11 [Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock, filed with the Delaware Secretary of State on April 24, 2012](#) (included as exhibit 4.2 to the Company's Current Report on Form 8-K, filed April 25, 2012, and incorporated herein by reference).
- 3.12 [Certificate of Designation of Series B Preferred Stock, effective October 18, 2016](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed October 21, 2016, and incorporated herein by references).
- 3.13 [Certificate of Amendment of Restated Certificate of Incorporation of Sonoma Pharmaceuticals, Inc., as amended, effective June 19, 2019](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed June 19, 2019, and incorporated herein by reference).
- 3.14 [Certificate of Amendment of Restated Certificate of Incorporation of Sonoma Pharmaceuticals, Inc., as amended, effective August 29, 2024](#) (included as exhibit 3.1 to the Company's Current Report on Form 8-K filed August 28, 2024, and incorporated herein by reference).
- 4.1 [Specimen Common Stock Certificate](#) (included as exhibit 4.1 to the Company's Annual Report on Form 10-K filed June 28, 2017, and incorporated herein by reference).
- 4.2 [Section 382 Rights Agreement, dated as of October 18, 2016, between Oculus Innovative Sciences, Inc. and Computershare Inc., which includes the Form of Certificate of Designation of Series B Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C](#) (included as exhibit 4.1 to the Company's Current Report on Form 8-K filed October 21, 2016, and incorporated herein by reference).
- 10.1 [Form of Indemnification Agreement between Oculus Innovative Sciences, Inc. and its officers and directors](#) (included as exhibit 10.1 to the Company's Registration Statement on Form S-1 (File No. 333-135584), as amended, declared effective on January 24, 2007, and incorporated herein by reference).
- 10.2 [Office Lease Agreement, dated May 18, 2006, between Oculus Technologies of Mexico, S.A. de C.V. and Antonio Sergio Arturo Fernandez Valenzuela \(translated from Spanish\)](#) (included as exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-135584), as amended, declared effective on January 24, 2007, and incorporated herein by reference).
- 10.3 [Office Lease Agreement, dated July 2003, between Oculus Innovative Sciences, B.V. and Artikona Holding B.V. \(translated from Dutch\)](#) (included as exhibit 10.11 to the Company's Registration Statement on Form S-1 (File No. 333-135584), as amended, declared effective on January 24, 2007, and incorporated herein by reference).
- 10.4 [Form of Director Agreement](#) (included as exhibit 10.20 to the Company's Registration Statement on Form S-1 (File No. 333-135584), as amended, declared effective on January 24, 2007, and incorporated herein by reference).
- 10.5 [Amendment to Office Lease Agreement, effective February 15, 2008, by and between Oculus Innovative Sciences Netherlands B.V. and Artikona Holding B.V. \(translated from Dutch\)](#) (included as exhibit 10.32 to the Company's Annual Report on Form 10-K filed June 13, 2008, and incorporated herein by reference).
- 10.6† [Exclusive Sales and Distribution Agreement, dated November 6, 2015, by and between Oculus Innovative Sciences, Inc. and Manna Pro Products, LLC](#) (included as exhibit 10.1 to the Company's 8-K filed March 23, 2016 and incorporated herein by reference).
- 10.7† [Asset Purchase Agreement dated October 27, 2016, between Oculus Innovative Sciences, Inc. and Invekra, S.A.P.I de C.V.](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed October 31, 2016, and incorporated herein by reference).
- 10.8† [Amendment Agreement to Acquisition Option dated October 27, 2016, by and between More Pharma Corporation S. de R.L. de C.V. and Oculus Technologies of Mexico, S.A. de C.V.](#) (included as exhibit 10.2 to the Company's Current Report on Form 8-K filed October 31, 2016, and incorporated herein by reference).

- 10.9 [2016 Equity Incentive Plan](#) (included as exhibit A to the Company's Definitive Proxy Statement on Schedule 14A filed July 29, 2016, and incorporated herein by reference).
- 10.10++ [Asset Purchase Agreement dated May 14, 2019, between Sonoma Pharmaceuticals, Inc. and Petagon, Ltd.](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed May 22, 2019, and incorporated herein by reference).
- 10.11++ [Asset Purchase Agreement dated February 21, 2020, between Sonoma Pharmaceuticals, Inc. and MicroSafe Group, DMCC](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed February 27, 2020, and incorporated herein by reference).
- 10.12++ [License, Distribution and Supply Agreement by and between Sonoma Pharmaceuticals, Inc. and Brill International, S.L. dated May 19, 2020](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed May 26, 2020, and incorporated herein by reference).
- 10.13 [2021 Equity Incentive Plan](#) (included as appendix on the Company's Definitive Proxy Statement on Schedule 14A filed July 29, 2021 and incorporated herein by reference).
- 10.14 [2024 Equity Incentive Plan](#) (included as appendix on the Company's Definitive Proxy Statement on Schedule 14A filed July 1, 2024 and incorporated herein by reference).
- 10.15++ [Exclusive License and Distribution Agreement between the Company and Dyamed Biotech Pte Ltd., dated November 4, 2021](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed November 9, 2021, and incorporated herein by reference).
- 10.16 [Sonoma Pharmaceuticals, Inc. Non-Employee Director Compensation Program and Stock Ownership Guidelines, revised by the Board of Directors on January 28, 2026](#) (included as exhibit 10.2 to the Company's Current Report on Form 8-K filed January 28, 2026, and incorporated herein by reference).
- 10.17 [First Amendment to the Lease between the Company and Westland Development Services, Inc., dated June 21, 2023](#) (included as exhibit 10.38 to the Company's Quarterly Report on Form 10-Q filed November 13, 2023, and incorporated herein by reference).
- 10.18\* [Second Amendment to the Lease between the Company and Westland Development Services, Inc., dated November 5, 2025](#).
- 10.19 [At Market Issuance Sales Agreement, by and between the Company and Ladenburg Thalmann & Co. Inc., dated September 26, 2025](#) (included as exhibit 1.1 to the Company's Current Report on Form 8-K filed September 26, 2025, and incorporated herein by reference).
- 10.20 [Offer letter to Jerome Dvonch dated February 7, 2024](#) (included as exhibit 10.41 to the Company's Quarterly Report on Form 10-Q filed February 8, 2024, and incorporated herein by reference).
- 10.21 [Offer letter to John Dal Poggetto dated February 7, 2024](#) (included as exhibit 10.42 to the Company's Quarterly Report on Form 10-Q filed February 8, 2024 and incorporated herein by reference).
- 10.22++ [Distribution Agreement, dated August 19, 2024, by and between Sonoma Pharmaceuticals, Inc. and Medline Industries, LP](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed August 21, 2024, and incorporated herein by reference).
- 10.23+ [Amendment No. 1 to Distribution Agreement, dated October 17, 2024, by and between Sonoma Pharmaceuticals, Inc. and Medline Industries, LP](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed October 22, 2024, and incorporated herein by reference).
- 10.24++ [Master Supply Agreement, dated January 29, 2025, by and between Sonoma Pharmaceuticals, Inc. and WellSpring Pharmaceutical Corporation](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed January 30, 2025, and incorporated herein by reference).
- 10.25++ [Amendment No. 1 to Master Supply Agreement, dated March 21, 2025, by and between Sonoma Pharmaceuticals, Inc. and WellSpring Pharmaceutical Corporation](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed March 25, 2025, and incorporated herein by reference).
- 10.26++ [Amendment No. 2 to Master Supply Agreement, dated June 2, 2025, by and between Sonoma Pharmaceuticals, Inc. and WellSpring Pharmaceutical Corporation](#) (included as exhibit 10.30 to the Company's Annual Report on Form 10-K filed June 17, 2025, and incorporated herein by reference).
- 10.27++ [Amendment No. 3 to Master Supply Agreement, dated July 23, 2025, by and between Sonoma Pharmaceuticals, Inc. and WellSpring Pharmaceutical Corporation](#) (included as exhibit 10.31 to the Company's Quarterly Report on Form 10-Q filed August 7, 2025, and incorporated herein by reference).
- 10.28++ [Distribution and Supply Agreement, effective March 28, 2025, by and between Sonoma Pharmaceuticals, Inc. and Phase One Health, LLC](#) (included as exhibit 10.31 to the Company's Annual Report on Form 10-K filed June 17, 2025, and incorporated herein by reference).

- 10.29 [Amended and Restated Employment Agreement by and between the Company and Amy Trombly, dated October 3, 2025](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed October 9, 2025, and incorporated herein by reference).
- 10.30 [Consulting Agreement by and between the Company and Dr. Jay Birnbaum, dated January 28, 2026](#) (included as exhibit 10.1 to the Company's Current Report on Form 8-K filed January 28, 2026, and incorporated herein by reference).
- 21.1 [List of Subsidiaries](#) (included as exhibit 21.1 to the Company's Annual Report on Form 10-K filed June 28, 2017, and incorporated herein by reference).
- 31.1\* [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).
- 31.2\* [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).
- 32.1\* [Certification of Officers pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#).
- 101.INS\* Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
- 101.SCH\* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104\* Cover Page Interactive Data File (formatted in inline XBRL, and included in exhibit 101).

\* Filed herewith.

† Confidential treatment has been granted with respect to certain portions of this agreement.

+ Certain portions of the exhibit have been omitted to preserve the confidentiality of such information. The Company will furnish copies of any such information to the SEC upon request.

+ The schedules to the exhibit have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish copies of any such schedules to the SEC upon request.

Copies of above exhibits not contained herein are available to any stockholder, upon payment of a reasonable per page fee, upon written request to: Chief Financial Officer, Sonoma Pharmaceuticals, Inc., 5445 Conestoga Court, Suite 150, Boulder, Colorado 80301.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 10, 2026

By: /s/ Amy Trombly  
Amy Trombly  
President and Chief Executive Officer,  
(Principal Executive Officer)

Date: February 10, 2026

By: /s/ Jerome Dvonch  
Jerome Dvonch  
Chief Financial Officer  
(Principal Financial and  
Principal Accounting Officer)



### Lease Extension Agreement

This Second Amendment to the Lease (this "Second Amendment") is made November 5, 2025, by and between WESTLAND DEVELOPMENT SERVICES, INC., a Colorado Corporation, (the "Landlord"), and SONOMA PHARMACEUTICALS, INC., a(n) Delaware Corporation (the "Tenant").

### RECITALS

- A. The Landlord and the Tenant entered into that certain Lease, dated February 19, 2021 and a First Amendment to the Lease dated June 21, 2023 (collectively referred to as the "Lease") with respect to the premises described therein (the "Premises"), covering approximately 2,766 square feet of the Premises, known as 5445 Conestoga Court, Unit(s)/Suite(s) (150), Boulder, Colorado.
- B. The Landlord and the Tenant desire to extend the term of the Original Lease, alter the Base Rent payable under the Original Lease and to make other amendments to the Lease as provided in this Second Amendment.

### AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Landlord and the Tenant covenant and agree as follows:

1. LEASE TERM. Tenant wishes to extend the term of the Lease for a period of two (2) years (the "Renewal Lease Term") commencing on February 1, 2026, so that the Renewal Lease Term will expire on January 31, 2028.
2. RENT. Tenant shall pay three-thousand six-hundred eighty-eight and no/100 dollars (\$3,688.00) per month from February 1, 2026 through January 31, 2027; three-thousand seven-hundred ninety-eight and 64/100 dollars (\$3,798.64) per month from February 1, 2027 through January 31, 2028 during the Renewal Lease Term.
3. OPERATING EXPENSES. The Tenant shall continue to pay Tenant's Pro Rata Share, currently at 14.91%, of Operating Expenses in the manner provided in the Lease.
4. LANDLORD WORK. The Tenant accepts the Premises in their "as-is" condition, and the Tenant is not entitled to any improvement by the Landlord or to any other allowance, concession, or credit from Landlord for improvements.
5. STATUS OF LEASE OBLIGATIONS. The Tenant acknowledges and certifies that as of the date hereof, the Landlord has performed all covenants and obligations on the part of the Landlord to be performed under the Lease and that the Tenant has no claims or right of offset against the Landlord or the rentals reserved under the Original Lease as amended by this Second Amendment.
6. RATIFICATION. The Tenant ratifies and confirms the Lease as amended this Second Amendment. Except as amended this Second Amendment, all of the terms and conditions of the Lease shall remain in full force and effect.
7. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors, and permitted assigns of the respective parties hereto.
8. COUNTERPARTS; ELECTRONIC SIGNATURES. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. The parties agree that signatures transmitted electronically shall be binding as if they were original signatures.



Lease Extension Agreement

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Second Amendment as of the day and year first above written.

**LANDLORD:**

WESTLAND DEVELOPMENT SERVICES, INC.,  
a Colorado Corporation

By: /s/ Peter Aweida  
Name: Peter Aweida  
Title: President  
Date: November 11, 2025

**TENANT:**

SONOMA PHARMACEUTICALS, INC.  
a Delaware Corporation

By: /s/ Amy Trombly  
Name: Amy Trombly  
Title: Chief Executive Officer  
Date: November 10, 2025



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

I, Amy Trombly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sonoma Pharmaceuticals, Inc. for the quarter ended December 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2026

By: /s/ Amy Trombly  
Amy Trombly  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

I, Jerome Dvonch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sonoma Pharmaceuticals, Inc. for the quarter ended December 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2026

By: /s/ Jerome Dvonch  
Jerome Dvonch  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officers of Sonoma Pharmaceuticals, Inc., a Delaware corporation (the "Company"), do hereby certify, to such officers' knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended December 31, 2025 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 10, 2026

By: /s/ Amy Trombly  
Amy Trombly  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 10, 2026

By: /s/ Jerome Dvonch  
Jerome Dvonch  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)