



Media release

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Hatchtech signs commercialisation deal with Dr. Reddy's Laboratories

New Drug Application for Xeglyze™ filed with the US FDA

Hatchtech, an Australian pharmaceutical company developing an innovative prescription head lice product, today announced the signing of a commercialisation agreement with integrated pharmaceutical company Dr. Reddy's Laboratories (NYSE: RDY) for the rights of Xeglyze™ Lotion in key territories.

The deal involves upfront and pre-commercialisation payments to be received over the next twelve months, with an additional set of sales milestone payments for commercialisation in the territories of the United States, Canada, India, Russia and the CIS, Australia, New Zealand and Venezuela. Hatchtech will retain global rights for non-human applications of Xeglyze™ Lotion and its active ingredient, abametapir, as well as the right to commercialise the product for human use in territories outside of agreement with Dr. Reddy's.

Additionally, Hatchtech announced it will be filing its New Drug Application for Xeglyze™ with the US Food and Drug Administration (FDA) today. Xeglyze™ was identified for pre-clinical development in 2005 and has been in active development for 10 years. If approved, the product will be marketed in the United States by Promius Pharma, a wholly-owned specialty company of Dr. Reddy's Laboratories.

The deal signifies the successful exit of Hatchtech's venture capital investors, including OneVentures, QIC, GBS Ventures, Uniseed and Blue Sky Ventures, along with a number of private sophisticated investors. A total \$33 million of capital has been invested since the formation of the company, with OneVentures being Hatchtech's largest shareholder at 37% shareholding. Following the most recent round of financing in 2013, the board appointed CEO Hugh Alsop, who has taken the product through the final stages development, marketing application, and commercialisation.

Mr Alsop said: "This is a great outcome, and we are excited by what the sale means for the company and shareholders. Dr Reddy's will be an outstanding partner for the commercialisation of Xeglyze™ and this deal builds on an already strong relationship forged during the development of the active drug within the Reddy's Custom Pharmaceutical Services business.

"Hatchtech will seek additional commercialisation partners in other territories for further human and non-human applications of Xeglyze™.

"Additionally, the submission of our New Drug Application to the FDA today is a significant achievement and represents the culmination of many years of development work. It takes us one step closer to making this novel product available for the treatment of head lice infestation," Mr Alsop added.



Hatchtech Chairman, and OneVentures Partner and Managing Director, Dr Paul Kelly said today of the deal: "We are excited to have secured a commercialisation path for Xeglyze™ with a company of the calibre and capability of Dr. Reddy's. The success of Hatchtech has not only maximised the value for shareholders, it has enhanced the experience in later-stage drug development of the researchers and the executive team involved, who will continue to reinvest their rich skills to advance other novel therapies," Dr Kelly added.

Hatchtech has benefited from various government funding initiatives, including the Australian Government's R&D tax credit, the Export Market Development Grant (EMDG) and the Innovation Investment Fund (IIF), amounting to \$6 million in funding invested in the company since inception.

Hatchtech was founded in 2001 by Dr Vern Bowles whilst Deputy Director of the Centre for Animal Biotechnology at The University of Melbourne, with seed funding from Uniseed. The research underpinning the core intellectual property is the culmination of 15 years of his work, and Melbourne University continues to be a significant shareholder in the company.

In September 2014, Hatchtech announced positive results from its two pivotal Phase 3 clinical studies evaluating Xeglyze™ Lotion as a potential treatment for head lice infestation. The studies involved 704 people across 14 clinical trial sites in the US and resulted in 81.5% of the participants remaining lice free following the observation period of 14 days after a single 10 minute application.

New York based Molecular Securities Inc. acted as financial advisor to Hatchtech in connection with this transaction. Skadden, Arps, Slate, Meagher & Flom LLP provided legal counsel, and Deloitte provided tax advice.

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About Hatchtech

Hatchtech Pty Ltd is an Australian specialty pharmaceutical product company developing technology for the control of invertebrate pests. The Company's lead product is Xeglyze™ Lotion, a novel, next generation prescription head lice product in development that aims to overcome the frustrating, costly and inconvenient cycles of retreatment for head lice infestation currently experienced by children and their parents. The Company's investors include OneVentures Innovation Fund, University of Melbourne Endowment Trust, Queensland Biotechnology Fund, GBS Venture Partners, Uniseed, and Australian Super.



About Xeglyze™ Lotion

Despite its prevalence and high cost to the community, there have been few major advances in controlling head lice infestation in recent years. Most pediculicide products have little ovicidal activity and require two treatments (approximately 7 to 10 days apart), with the second application required to treat those lice that have hatched from eggs that survived the first treatment and were not physically removed by nit combing. Non-compliance with this regimen and the difficulty in choosing the optimal time for the second application, are major drawbacks in using these products. Hatchtech's Xeglyze™ Lotion, a topical formulation containing abametapir; an inhibitor of metalloproteases, has demonstrated both ovicidal and lousicidal activity and offers the potential for a more effective treatment using only a single application.

About Dr. Reddy's

Dr. Reddy's Laboratories Ltd. is an integrated pharmaceutical company, committed to accelerating access to affordable and innovative medicines, because it believes Good Health Can't Wait. Through its three businesses - Pharmaceutical Services & Active Ingredients, Global Generics and Proprietary Products – the company offers a portfolio of products and services that include active pharmaceutical ingredients, (APIs), custom pharmaceutical services, generics, biosimilars and differentiated formulations. With operations in 26 countries across the globe, the major therapeutic areas of Dr. Reddy's are gastro-intestinal, cardiovascular, diabetology, oncology, pain management and anti-infectives. For more information, log on to: www.drreddys.com