

NovaBay signs strategic agreement for Asia markets

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NovaBay signs strategic agreement with China firm for Asia markets



Singapore: NovaBay Pharmaceuticals has expanded its commercial partnership agreement with Naqu Area Pioneer Pharma, a Shanghai-based company that markets high-end pharmaceutical products into China, for the commercialization of NeutroPhase skin and wound cleanser in select Asian markets in addition to China.

Under the terms of the agreement, NovaBay will receive an upfront payment of \$500,000, with additional payments totaling \$200,000 that may be triggered by certain milestones. In addition, Pioneer Pharma (Singapore), an affiliate of Naqu Area Pioneer Pharma, has agreed to make a two-tranche equity investment in unregistered and untradeable NovaBay common stock that could reach \$5.5 million. After an initial investment of \$1 million immediately, plus another \$1.5 million contingent on obtaining regulatory approval, for the issuance of units consisting of shares and warrants (a total of two million shares and warrants to purchase two million shares) in 2012, Pioneer has the option to invest up to another two million shares at \$1.50 per share over the next twelve months upon exercise of the warrants.

Developed by NovaBay, NeutroPhase is the only pure hypochlorous acid (HOCl) skin and wound cleanser cleared by the US Food and Drug Administration (FDA) for the treatment of chronic non-healing wounds, including stage I-IV pressure ulcers, stasis ulcers, leg ulcers, diabetic foot ulcers, post surgical wounds, first and second degree burns, abrasions and minor irritations of the skin. Recently, NovaBay received an additional 510K clearance from the FDA for the use of NeutroPhase to moisten and debride graft and donor sites and to be administered through a new convenient spray pump.

"The expanded partnership with a premier marketing organization such as Pioneer Pharma opens up the opportunity for NovaBay to provide NeutroPhase in multiple emerging markets in Southeast Asia," said Dr Ron Najafi, chairman and chief executive officer of NovaBay.

"Our partnership with NovaBay continues to grow due to large unmet medical need NeutroPhase addresses in the Asian continent," stated Mr XinZhou "Paul" Li, president of Pioneer. "With the product profile NeutroPhase possesses, it has the

capacity to satisfy the large market opportunity that Southeast Asia represents. Our sales and marketing organization is looking forward to launching NeutroPhase over the coming months."

Under the expanded five year agreement, NovaBay will continue to manufacture NeutroPhase in the US and export the finished product to Pioneer's subsidiary in Southeast Asia at a set transfer price. In addition to China, where regulatory approval to commence marketing is expected mid-2013, the agreement provides exclusive distribution of NeutroPhase in Hong Kong, Macau, Taiwan, Singapore, Malaysia, Indonesia, Myanmar, Philippines, Thailand, Vietnam, Brunei, Cambodia and Laos, where commercial launch in smaller selected markets is expected by the end of 2012 and others by 2014.