

Quick Comment

Botanix Pharmaceuticals Ltd (BOT \$0.056) Speculative Buy



Analyst	Date	Price Target
Seth Lizee	28 th January 2022	\$0.17/sh

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December Quarterly: Big Year Ahead!

Key Points

- BOT has released their December quarterly report
- The company continues to make solid progress on its various clinical programs, with 2022 shaping up to be a pivotal year for the company

BTX1702 - Rosacea

- BOT is currently undertaking a phase 1b/2a study in patients with moderate to severe papulopustular rosacea
- The study continues to advance, BOT has noted its on track to complete enrolments in mid-2022, broadly inline with our timelines
- The multi-site 8 week study will investigate the safety and tolerability of BTX1702, in addition to examine:
 - Change in inflammatory lesion counts from baseline (at days 15/29/57);
 - Proportion of patients with investigators global assessment (IGA) treatment success; and
 - Change in clinicians erythema assessment (CEA)
- This study represents strategically important research to BOT and its wider clinical development pipeline, providing the company key safety and efficacy data in addition to validating various new systems
- We anticipate results of this study will be released in the June quarter

BTX1204A - Atopic Dermatitis

- The BTX1204A proof of concept study in canine atopic dermatitis remains on track
- The study launched in September 2021 is on track to complete enrolment this quarter, the company further expecting data in early 2Q 2022 (broadly inline with our expectations)
- Given the similarity between atopic dermatitis in canines and humans, successful outcomes from this early stage study has the potential to:
 - Drive licensing programs for animal health; in addition to
 - Support progression to a late-stage phase 2b clinical study in humans with atopic dermatitis

BTX1801 - Antimicrobial

- The company is on track to initiate its BTX1801 phase 2 study in late Q1 2022 (in line with our timelines)
- This follows the successful phase 2a study in 2021, the company has further completed an additional round of animal studies and other preclinical work to support this upcoming study
- The BTX1801 program designed to target nasal decolonisation of staph aureus and MRSA in patients undergoing haemodialysis with a view to reduce the incidence of life threatening blood stream infections
- Currently there are no approved products in this space targeting nasal decolonisation, successful outcomes have the potential to open significant market opportunities for BOT
- BOT has further reaffirmed it intends to leverage existing US FDA programs including:
 - Qualified Infection Disease Product (QIDP);
 - Fast Track status; and
 - Limited Population Pathway for Antimicrobial and Antifungal Drugs (LPAD) status
- These incentives, if all granted, should allow BOT to accelerate BTX1801's development, reduce its clinical costs and overall increase the product's exclusivity period

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Permetrex (Platform Technology) / New indications / Business Development

- BOT has stated its activity to acquire new opportunities that either leverage the Permetrex platform and/or can be progressed rapidly through clinical development towards approval remain ongoing

Corporate / Other

- The company finished the quarter with circa \$16.8m in cash at bank
 - BOT expects the receipt of its R&D tax return in 1Q 2022 which will further strengthen cash reserves
 - We note the company remains well funded to undertake near term development activities

Timeline / Key Catalyst

- A number of major catalyst approach as we enter CY2022, as outlined below:

Timeline	CY2022				CY2023+	
	Mar'Q	Jun'Q	Sep'Q	Dec'Q	Mar'Q	Jun'Q+
BTX1503 (Acne)						
Phase 3 Study						
BTX1801 (Antimicrobial)						
Phase 2b Study						
Phase 3 Study						
BTX1702 (Rosacea)						
Phase 1b Study						
Phase 3 Study						
BTX1204A (Atopic Derm.)						
Canine Follow up Study						
INAD						
Commercial Partner (Cannine)						
Phase 2b Study						
Phase 3 Study						
Permetrex (Delivery Tech.)						
Licensing Agreements						

- We maintain our Speculative buy recommendation and \$0.17/sh. Price Target

Investment Thesis

Botanix Pharmaceuticals Ltd (BOT) is a clinical stage pharmaceutical company. The company is looking to shake up big markets in dermatology and antimicrobials with its four clinical programs which leverage the unique properties of synthetic cannabinoid, in conjunction with a proprietary drug delivery system. We believe the market is pricing these programs as failures, or close to it, whereas our analysis suggest the opposite. The prize, should individual programs ultimately be clinically successful, is huge. We anticipate the stock will trade up as we approach the multiple catalyst due early to mid-next year, if BOT can deliver successful clinical outcomes, we believe the stock can trade above our price target, perhaps substantially.

Botanix Pharmaceuticals Ltd (BOT)

Share Price	0.056	A\$/sh	Enterprise Value	34.5	A\$/m
Price Target	0.17	A\$/sh	Debt	Nil	A\$/m
Valuation	0.17	A\$/sh	Cash (Not incl. R&D)	16.8	A\$/m
Shares on issue	1,041.6	m(dil)	Unpaid Capital	7.1	
Market Capitalisation	58.3	A\$m			

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