

Quick Comment

Botanix Pharmaceuticals Ltd (BOT \$0.07) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Seth Lizee	29 th September 2021	\$0.17/sh

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Clinical Development Updates: Atopic Dermatitis / Rosacea

Key Points

BTX 1204A - Atopic Dermatitis

- BOT has announced the proof of concept (POC) study in canines is now underway
- This follows the receipt of ethics approval and initiation of sites in Australia and NZ
- Study structure:
 - 45 canines (Across 3 sites)
 - Two active formulations (high and low dose) and vehicle arm (15 dogs each)
 - Treated twice per day over 28-day period
- The study objective will evaluate treatment effectiveness, using:
 - Enhanced Pruritus Score (EPS); and
 - Canine Atopic Dermatitis Extent and Severity Index (CADESI-04)
- This POC study follows encouraging data from previously completed pilot study
- Successful outcomes from this study will drive:
 - Licensing programs for animal health; and
 - Support progression to late-stage phase 2b clinical study in humans with atopic dermatitis

BTX 1702 - Rosacea

- BOT has also announced recruitment for its BTX1702 phase 1b study is progressing to plan
- This is despite COVID-19 restrictions in some areas where clinics have been selected
- BOT notes recruitment for clinical studies is considered "essential work" under the respective states guidelines
- In addition to this, BOT has screened further sites to maintain recruitment momentum if required in the future

Group

- The company has circa \$21.6m in cash at bank, we believe BOT is well funded to undertake near term development activities (We detail this analysis further in our initiation report)
- We note a number of short to medium term catalyst lie ahead:

24 Month Timeline	CY'2021		CY'2022				CY'2023+	
	Sep'Q	Dec'Q	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

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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	0.07	A\$/sh	Enterprise Value	51.3	A\$/m
Price Target	0.17	A\$/sh	Debt	Nil	A\$/m
Valuation	0.17	A\$/sh	Cash	21.6	A\$/m
Shares on issue	1,041.6	m(dil)			
Market Capitalisation	72.9	A\$m			

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