

# BOT: Placement to Accelerate Commercial Activities

**BOT.ASX | BOTANIX PHARMACEUTICALS LIMITED | HEALTHCARE | BIOTECHNOLOGY**

PRICE  
**A\$0.150/sh**

TARGET PRICE  
**A\$0.300/sh**  
(FROM A\$0.310/sh)

RECOMMENDATION  
**SPECULATIVE BUY**  
(UNCHANGED)

ANALYST  
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## Event

BOT has successfully completed a \$13.5 million single tranche placement through the issues of 103.9 million shares at \$0.13/sh.

Proceeds will be used for preparation for commercial launch activities for Sofdra™, costs and working capital.

## Impact

The company now has circa \$23.0 million in pro-forma cash, including the expected \$2.0 million R&D rebate and the \$1.4 million of options exercised post Sep'Q end.

Funds raised will enable BOT to accelerate commercial activities and shorten post approval time to revenue generation.

The company will now be able to engage additional resources across the multiple work streams focused on engaging US payers (insurers), preparing launch marketing and sales materials, testing the telemedicine and supply chain elements and finalising sales strategies.

Submission of the final component required for FDA approval of Sofdra™ remains on target for early 1Q CY2024, targeting FDA approval in mid-CY2024.

## Action

We maintain our **Speculative Buy recommendation with an updated \$0.30/sh Valuation and Price Target** (prev. \$0.31/sh.), reduced as a result of dilution from the placement.

We continue to see a solid buying opportunity post the recent complete response letter (CRL).

As a reminder, the CRL solely pertained to patient instructions (specifically the instructions paper and product carton wording) — a minor issue in the broader context.

Compared to other ASX-listed cases of CRL's, BOT's appears to be the lowest risk and most manageable. Moreover, the same examples indicate most CRLs eventually secure approval, with precedent of a re-rate following refiling and into approval.

## Catalysts

- FDA End of Review Meeting - 4Q CY23
- Finalise Instructions for Use/Conduct Human Factor Study - 4Q CY23
- Re-submit to FDA - 1Q CY24
- FDA Approval - Mid CY24

*Euroz Hartleys declares that it has acted as underwriter to, and/or arranged an equity issue in, and/or been engaged in a capital raising during the last year. Euroz Hartleys has received a fee for these services from: Botanix Pharmaceuticals Limited (BOT.ASX).*

Share Price	0.15	A\$/sh	
Price Target	0.30	A\$/sh	
Valuation	0.30	A\$/sh	
Shares on issue	1,684	m, dil.	
Market Capitalisation	252.6	A\$m	
Enterprise Value	222.9	A\$m	
Debt	0.0	A\$m	
Cash (Proforma)	23.0	A\$m	
Unpaid capital	6.7	A\$m	
<b>Key Financial Metrics</b>	<b>24F</b>	<b>25F</b>	<b>26F</b>
Revenue (A\$m)	3.4	61.8	147.2
EBITDA (A\$m)	-1.6	4.2	55.8
Reported NPAT (A\$m)	-2.5	3.1	54.6
Normalised NPAT (A...)	-2.5	3.1	54.6
Gross Cashflow (A\$m)	-1.7	4.1	55.7
Capex (A\$m)	0.0	0.0	0.0
Op. Free Cash flow (...)	-3.1	-1.3	37.0
EBITDA Growth (%)	-0.8	-3.6	12.2
NPAT Growth (%)	-0.7	-2.2	16.5
Normalised EPS (Ac)	-0.2	0.2	3.2
Norm. EPS growth (%)	-0.8	-2.2	16.5
PER (x)	-90.7	74.2	4.2
EV/EBITDA (x)	-137.7	52.8	4.0
EV/Revenue (x)	65.9	3.6	1.5
Net Cash (A\$m)	19.7	18.6	55.7

## Performance



Source: IRESS

Income Statement	24F	25F	26F	Performance Ratios	24F	25F	26F
Net Sales	0.0	60.8	146.0	<b>Growth &amp; Margins</b>			
Royalties	0.9	1.0	1.2	Revenue Growth	-12%	1727%	138%
Other (inc R&D)	2.5	0.0	0.0	EBITDA Growth	-82%	-361%	1220%
<b>Total Revenue</b>	<b>3.4</b>	<b>61.8</b>	<b>147.2</b>	EBIT Growth	-72%	-222%	1652%
(-) COGS (inc. roy)	0.0	-14.6	-33.6	Net Profit Growth	-72%	-222%	1652%
<b>Gross Profit</b>	<b>3.4</b>	<b>47.2</b>	<b>113.6</b>	<b>Margins</b>			
(-) R&D	0.0	0.0	0.0	EBITDA margin	-48%	7%	38%
(-) SG&A	-5.0	-43.0	-57.8	EBIT margin	-75%	5%	37%
<b>EBITDA</b>	<b>-1.6</b>	<b>4.2</b>	<b>55.8</b>	Net profit margin	-75%	5%	37%
(-) D&A	-0.9	-1.1	-1.2	Effective tax rate	0%	0%	0%
<b>EBIT</b>	<b>-2.5</b>	<b>3.1</b>	<b>54.6</b>	<b>Liquidity</b>			
(-) Net finance	0.0	0.0	0.0	Capex/depreciation	0.0	0.0	0.0
(+/-) Other	0.0	0.0	0.0	Current ratio	24.5	4.8	9.6
<b>PBT</b>	<b>-2.5</b>	<b>3.1</b>	<b>54.6</b>	Quick ratio	24.6	3.6	7.6
(-) Tax	0.0	0.0	0.0	Receivable days	60.0	42.5	41.1
<b>NPAT</b>	<b>-2.5</b>	<b>3.1</b>	<b>54.6</b>	Payable days	60.0	60.0	60.0
(+/-) Adj.	0.0	0.0	0.0	<b>Risk Measures</b>			
<b>Norm NPAT</b>	<b>-2.5</b>	<b>3.1</b>	<b>54.6</b>	Dividend Cover	na	na	na
<b>Cash Flow Statement</b>	<b>24F</b>	<b>25F</b>	<b>26F</b>	Payout ratio	0%	0%	0%
<b>NPAT</b>	<b>-2.5</b>	<b>3.1</b>	<b>54.6</b>	Net interest cover	na	na	na
(+) D&A	0.9	1.1	1.2	Net debt/equity	-0.4	-0.4	-0.5
(+) Non-cash expenses	0.0	0.0	0.0	<b>Returns</b>			
(-) Leases	-0.1	-0.1	-0.1	ROIC	-4%	5%	37%
(+/-) Other	0.0	0.0	0.0	ROA	-6%	6%	49%
<b>Gross Cash Flow</b>	<b>-1.7</b>	<b>4.1</b>	<b>55.7</b>	ROE	-6%	6%	53%
(-) Capital expenditure	0.0	0.0	0.0	<b>Share Data/Valuation</b>	<b>24F</b>	<b>25F</b>	<b>26F</b>
(+/-) Working capital	-1.3	-5.4	-18.6	Issued shares	1,541.1	1,541.1	1,541.1
<b>Operating Free Cash Flow</b>	<b>-3.1</b>	<b>-1.3</b>	<b>37.0</b>	Weighted ave shares	1,426.8	1,541.1	1,541.1
(-) Acquisition	-12.1	0.0	0.0	Fully diluted shares	1,684.0	1,684.0	1,684.0
(-) Milestone payment	0.0	0.0	0.0	Basic EPS	-0.2	0.2	3.5
(+) Placement	24.6	0.0	0.0	YoY change	-76%	-222%	1652%
(+) Disposal	0.0	0.0	0.0	Fully diluted EPS	-0.2	0.2	3.2
(+/-) Other	0.0	0.0	0.0	YoY change	-76%	-222%	1652%
<b>Net Cash Flow</b>	<b>9.4</b>	<b>-1.3</b>	<b>37.0</b>	Fully diluted normalised EPS	-0.2	0.2	3.2
				YoY change	-76%	-222%	1652%
BoP Net Cash / (Debt)	10.2	19.7	18.6	Dividend/share	0.0	0.0	0.0
(+/-) Net Cash Flow	9.4	-1.3	37.0	Franking	na	na	na
(+/-) Other	0.1	0.1	0.1	Gross cash flow/share	-0.1	0.3	3.6
<b>EoP Net Cash / (Debt)</b>	<b>19.7</b>	<b>18.6</b>	<b>55.7</b>	NBV/share	2.9	3.1	6.7
				NTA/Share	1.5	1.8	5.4
<b>Balance Sheet</b>	<b>24F</b>	<b>25F</b>	<b>26F</b>	<b>Valuation</b>			
Cash	19.7	18.6	55.7	PER (Basic) (x)	-90.7	74.2	4.2
Inventory	3.5	8.5	20.2	PER (Fully diluted) (x)	-99.1	81.1	4.6
Receivables	0.6	7.2	16.6	PER (Fully diluted, normalized) (x)	-99.1	81.1	4.6
Other	0.1	0.1	0.1	P/CFPS (x)	-132.8	56.3	4.2
<b>Current Assets</b>	<b>23.9</b>	<b>34.3</b>	<b>92.5</b>	Price/NBV (x)	5.1	4.8	2.3
PP&E	0.0	0.0	0.0	Price/NTA (x)	10.0	8.5	2.8
Intangible	21.9	20.8	19.7	Dividend Yield (%)	0.0	0.0	0.0
ROUA	0.0	0.0	0.0	EV/EBITDA (x)	-137.7	52.8	4.0
Other	0.1	0.1	0.1	EV/EBIT (x)	-87.5	71.5	4.1
<b>Non-current Assets</b>	<b>22.1</b>	<b>21.0</b>	<b>19.7</b>	EV/Revenue (x)	65.9	3.6	1.5
<b>Total Assets</b>	<b>45.9</b>	<b>55.3</b>	<b>112.3</b>				
Payables	0.8	7.1	9.5				
Lease liabilities	0.0	0.0	0.0				
Provisions	0.2	0.2	0.2				
<b>Current Liabilities</b>	<b>1.0</b>	<b>7.2</b>	<b>9.7</b>				
Lease liabilities	0.0	0.0	0.0				
<b>Non-current liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>				
<b>Total liabilities</b>	<b>1.0</b>	<b>7.2</b>	<b>9.7</b>				
<b>Net Assets</b>	<b>44.9</b>	<b>48.1</b>	<b>102.6</b>				
Issued Capital	118.1	118.1	118.1				
Reserves	6.4	6.4	6.4				
Retained earnings	-79.5	-76.4	-21.8				
<b>Total equity</b>	<b>45.0</b>	<b>48.1</b>	<b>102.7</b>				

## Forecasts

The table below illustrates a summary of our US Sofpironium Bromide forecasts.

**Figure 1: US Sofpironium Bromide Forecasts**

US SB Forecasts	Units	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
<b>Prescriptions Sold</b>	'000s	<b>72.0</b>	<b>168.0</b>	<b>228.0</b>	<b>276.0</b>	<b>312.0</b>	<b>348.0</b>	<b>384.0</b>	<b>420.0</b>	<b>456.0</b>
Implied Patients Treated	'000s	6.0	14.0	19.0	23.0	26.0	29.0	32.0	35.0	38.0
... Market penetration	%	0.2%	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	0.9%	1.0%
... Growth	%		133%	36%	21%	13%	12%	10%	9%	9%
Wholesale Pricing (WAC)	US\$/script	720	742	764	787	810	835	860	886	912
...Price escalation	%		3%	3%	3%	3%	3%	3%	3%	3%
Net pricing (net)	US\$/script	540	556	573	590	608	626	645	664	684
...Gross-to-net	%	25%	25%	25%	25%	25%	25%	25%	25%	25%
<b>Net Sales</b>	<b>US\$m</b>	<b>38.9</b>	<b>93.4</b>	<b>130.6</b>	<b>162.9</b>	<b>189.6</b>	<b>217.9</b>	<b>247.6</b>	<b>278.9</b>	<b>311.9</b>
(-) COGS	US\$m	-7.4	-16.8	-22.2	-26.1	-28.4	-32.7	-37.1	-41.8	-46.8
<b>Gross Profit</b>	<b>US\$m</b>	<b>31.5</b>	<b>76.6</b>	<b>108.4</b>	<b>136.8</b>	<b>161.2</b>	<b>185.2</b>	<b>210.5</b>	<b>237.1</b>	<b>265.1</b>
...Gross Margin	%	81%	82%	83%	84%	85%	85%	85%	85%	85%
(-) SG&A	US\$m	-27.5	-37.0	-39.2	-44.8	-47.4	-49.0	-49.5	-55.8	-62.4
...as % of Net sales	%	71%	40%	30%	28%	25%	23%	20%	20%	20%
(-) Royalty	US\$m	-1.9	-4.7	-6.5	-8.1	-9.5	-10.9	-12.4	-13.9	-15.6
...as % of Net sales	%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Operating Income</b>	<b>US\$m</b>	<b>2.0</b>	<b>35.0</b>	<b>62.7</b>	<b>83.9</b>	<b>104.3</b>	<b>125.3</b>	<b>148.6</b>	<b>167.4</b>	<b>187.2</b>

Source: EH estimate

\*based on 12 scripts/pa

\*\*based on 3.7m target patient population

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The companies and securities mentioned in this report, include:

Botanix Pharmaceuticals Limited (BOT.ASX) | Price A\$0.150 | Target price A\$0.300 | Recommendation Speculative Buy;

*Price, target price and rating as at 29 November 2023 (\* not covered)*

## Additional disclosures

The analyst declares that they have a beneficial interest in: Botanix Pharmaceuticals Limited (BOT.ASX)

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