Canaccord Genuity Capital Markets

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Australian Equity Research

29 July 2025

Initiation of Coverage

Botanix Pharmaceuticals Ltd

Pharmaceuticals

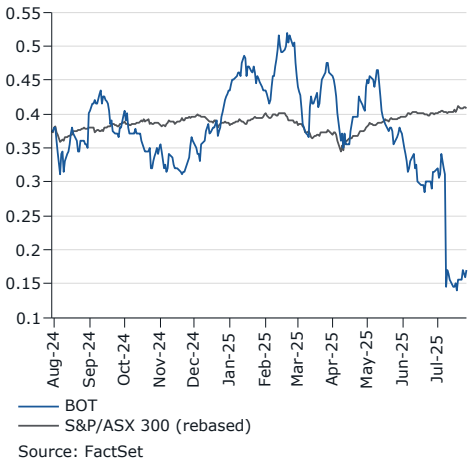
Rating	Price Target
BUY	**A$0.27**
BOT-ASX	Price **A$0.17**

Market Data

52-Week Range (A$) :	0.13 - 0.54
Market Cap (A$M) :	323.6
Shares Out. (M) :	1,961.1
Enterprise Value (A$M) :	252.2

FYE Jun	2024A	2025E	2026E	2027E
Sales (A$M)	0.6	5.4	67.8	145.2
Cons. Sales[1] (A$M)	-	5.7	62.7	139.1
EBITDA (A$M)	(15.4)	(81.4)	(37.1)	25.7
Cons. EBITDA (A$M)	-	(52.2)	(15.3)	41.2
Net Income Adj (A$M)	(13.9)	(80.6)	(41.8)	14.3

[1] : Consensus source: FactSet



Source: FactSet

Priced as of close of business 28 July 2025

Botanix is a speciality pharmaceutical company commercialising a topical gel, called Sofdra, to treat patients with hyperhidrosis (aka excessive underarm sweating) in the US.

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Oh so topical

Investment Recommendation

We initiate coverage of Botanix Pharmaceuticals with a BUY rating and $0.27 price target. Botanix is six months into the launch of Sofdra - a topical anticholinergic gel to offer a treatment solution to the ~5m patients in the US with primary axillary hyperhidrosis (PAH), aka excessive underarm sweating. The stock's recent volatility can be attributed to the market coming to terms with the reality of a dermatology drug launch. As such, in this initiation, we highlight the key debates and metrics to look for as the Sofdra rollout continues, underpinned by our US patient survey (n=50). The recent sell-off in Botanix provides an opportunity, in our view; investors are now equipped with reasonable consensus revenue expectations, and importantly, a clearer commercial outlook, which we believe is supported by the demand, and positive initial experience documented by patients using Sofdra. Our PT represents 7.7x FY26e EV/Rev; on a look-forward FY27e basis this represents ~3.6x EV/Rev, which sits at the top end of global/ASX listed comps and in line with median dermatology deal values. With the forecast growth in Sofdra sales across the next year, we expect Botanix to be cashflow positive in 2Q FY27e, representing a key inflection point for the company.

Hyperhidrosis 101 and Botanix's solution - Sofdra: PAH is a condition characterised by excessive underarm (axillary) sweating, due to an unknown cause. Over the last 20 years, a number of solutions (Botox, Qbrexza, MiraDry) have been developed and utilised; however, often fall short in one or more of clinical benefit, safety, usability and/or accessibility/cost. Alongside the efficacy and safety/usability demonstrated in clinical trials, Botanix has built infrastructure in an attempt to address the aforementioned factors, increasing: a) patient access (direct-to-door) b) patient retention (through a quasi-subscription model); and c) net revenue (through removal of a wholesaler).

Key debates and our opinion: The debates explored include the following: 1) The gross-to-net yield is low - **TRUE**; 2) Botanix's Japanese partner Kaken provides a clear trajectory for the US market - **FALSE**; 3) 12 bottle script refills per patient per year should be the norm - **FALSE**; 4) Botanix has developed a system to make Sofdra easier to access and retain more of the gross revenue - **NEUTRAL**; and 5) there are already treatments approved for hyperhidrosis in the US that will hinder uptake - **TRUE**.

Forecasts: We forecast A$68m (US$45m) in net revenue in FY26e (post royalties), based on ~33k patients continuing on treatment, driving ~157k prescriptions sold (~6.0 scripts patient). Our forecasts are driven by no. of new patient arrivals per rep...on average in FY26e we see ~45 reps driving 1,088 new patients each. We assess peak net revenue realisation for Botanix of A$220m (US$136m) in FY29e, which factors in a longer-term gross-to-net yield of 37% and persistency of ~20%. We forecast Botanix shifting to cashflow positive in 2Q FY27e, establishing an operating margin of 17% and 38% in FY27e-28e.

Valuation: Our diluted 12-month price target of $0.27 is informed by our DCF model (WACC: 10.3%, Tg: 2.5%) and cross-checked against ASX-listed and global comps (median FY+1 EV/Rev: 3.2x), as well as dermatology deal values (median EV/Rev multiple: 3.4x), which sits ~in line based on FY27e CGe net revenue: A$145m. More importantly, across the forecast period (FY26-FY28e), Botanix has the capacity to build into a peer comparable EV/EBITDA multiple of 8.0-11.0x, with our PT in line with FY28e EV/EBITDA at 6.7x. We include a detailed sensitivity analysis, highlighting the potential risks, and flex associated with new patient arrivals, patient persistency and gross-to-net yields, which we assess are necessarily conservative, in our valuation.

Contents

Financial summary

FY Profit & Loss (A$m)	FY24A	FY25E	FY26E	FY27E	FY28E
Net Revenue (incl. royalties rec. paid)	0.6	5.4	67.8	145.2	205.5
COGS	-	(0.9)	(11.6)	(23.7)	(32.1)
Gross Profit	0.6	4.4	56.2	121.5	173.4
R&D	(1.8)	(0.8)	(1.6)	(3.1)	(4.3)
SG&A	(14.2)	(85.0)	(91.7)	(92.7)	(92.2)
Total OpEx (incl. SBPs)	(16.0)	(85.8)	(93.3)	(95.8)	(96.5)
EBITDA (ex. Adj. & Others)	(15.4)	(81.4)	(37.1)	25.7	76.9
D&A	(0.1)	(2.3)	(2.3)	(2.3)	(2.3)
EBIT (ex. Adj. & Others)	(15.5)	(83.6)	(39.4)	23.4	74.6
Others, Adj., net interest, etc.	1.6	3.0	(2.4)	(2.9)	(0.8)
PBT	(13.9)	(80.6)	(41.8)	20.5	73.7
Tax	-	-	-	(6.1)	(22.1)
NPAT	(13.9)	(80.6)	(41.8)	14.3	51.6
EPS	(0.8)	(4.1)	(2.1)	0.7	2.6

Half-Year Profit & Loss (A$m)	2H25E	1H26E	2H26E	1H27E	2H27E
Net Revenue (incl. royalties paid)	5.0	26.7	41.0	67.3	77.9
Gross Profit	4.1	22.1	34.1	56.0	65.4
R&D	(0.7)	(0.6)	(0.9)	(1.4)	(1.7)
SG&A	(53.9)	(45.5)	(46.2)	(46.4)	(46.3)
Total OpEx (incl. SBPs)	(54.6)	(46.1)	(47.1)	(47.9)	(47.9)
EBITDA (ex. Adj. & Others)	(50.5)	(24.0)	(13.1)	8.2	17.5
EBIT (ex. Adj. & Others)	(51.6)	(25.2)	(14.2)	7.1	16.4
NPAT	(49.7)	(26.4)	(15.4)	3.8	10.5

Cashflow Statement (A$m)	FY24A	FY25E	FY26E	FY27E	FY28E
NPAT	(13.9)	(80.6)	(41.8)	14.3	51.6
D&A, and Adjustments	(4.4)	(18.3)	(14.8)	(14.9)	(12.4)
Change in Net Working Capital	(1.3)	20.4	3.7	11.6	7.7
Operating cashflows	**(8.1)**	**(79.3)**	**(30.7)**	**17.6**	**56.4**
Payment for property, plant and equipmen	(0.1)	-	(0.0)	(0.0)	(0.0)
Payment for intangibles	(17.9)	(0.8)	-	-	-
Other	-	-	-	-	-
Investing cashflows	**(18.0)**	**(0.8)**	**(0.0)**	**(0.0)**	**(0.0)**
Proceeds from issue of shares	100.9	40.0	-	-	-
Transaction costs from issue of shares	(5.8)	(2.4)	-	-	-
Principal repayments	-	(2.6)	(3.1)	(13.6)	(18.0)
Interest cost		(0.3)	(3.0)	(3.4)	(1.4)
Proceeds from loan	-	30.7	15.5	-	-
Exercise of options	-	0.5	1.7	0.2	1.8
Other	-	(0.2)	(0.7)	(0.5)	(0.4)
Financing cashflows	**95.1**	**65.8**	**10.5**	**(17.4)**	**(18.0)**
Cash at beginning of period	10.3	79.3	64.9	44.6	44.8
Net increase/(decrease) in cash	69.0	(14.3)	(20.3)	0.2	38.4
Fx effects	0.1	(0.1)	-	-	-
Cash at end of period	**79.3**	**64.9**	**44.6**	**44.8**	**83.2**

Balance Sheet (A$m)	FY24A	FY25E	FY26E	FY27E	FY28E
Cash and cash equivalents	79.3	64.9	44.6	44.8	83.2
Receivables	0.8	1.5	12.3	23.4	30.4
Prepayments	0.1	4.4	3.8	3.8	3.9
Inventories	1.2	24.1	23.2	26.3	27.1
Other	1.5	0.0	0.0	0.0	0.0
Total current assets	**82.9**	**94.9**	**83.9**	**98.4**	**144.6**
Property, plant and equipment	0.1	0.1	0.1	0.1	0.1
Right-of-use assets	-	0.8	0.8	0.8	0.8
Intangible assets	29.5	29.8	28.0	26.1	24.3
Other	0.0	0.0	0.0	0.0	0.0
Total non-current assets	**29.6**	**30.7**	**28.8**	**27.0**	**25.2**
Total assets	**112.5**	**125.5**	**112.7**	**125.4**	**169.7**
Payables	3.6	10.9	16.5	19.2	19.3
Provisions	0.1	0.3	0.3	0.3	0.3
Lease liabilities (current)	-	0.7	0.5	0.4	0.4
Loan liabilities (current)	-	3.1	13.6	18.0	9.3
Total current liabilities	**3.7**	**15.0**	**30.9**	**37.9**	**29.3**
Lease liabilities (non-current)	-	0.2	0.1	0.1	0.1
Loan liabilities (non-current)	-	25.0	26.9	8.9	(0.4)
Other	-	-	-	-	-
Total non-current liabilities	**-**	**25.2**	**27.0**	**9.0**	**(0.3)**
Total liabilities	**3.7**	**40.2**	**57.9**	**46.9**	**29.0**
Net assets	**108.7**	**85.3**	**54.7**	**78.5**	**140.7**
Contributed equity	188.3	227.0	230.2	230.8	234.1
Share based payments reserve	10.7	25.8	33.9	42.7	50.0
Other reserves	0.5	4.1	4.1	4.1	4.1
Accumulated losses	(90.8)	(171.7)	(213.5)	(199.1)	(147.5)
Total equity	**108.7**	**85.2**	**54.7**	**78.4**	**140.7**

Yearly revenue model (US$m)	FY25E	FY26E	FY27E	FY28E
Gross sales	**16.0**	**149.7**	**282.5**	**379.3**
Gross-to-net discount	81%	70%	66%	64%
Net sales	**3.1**	**44.7**	**95.9**	**136.0**
Gross-to-net yield	19%	30%	34%	36%
Royalties	(0.2)	(2.2)	(4.8)	(6.8)
COGS	(0.6)	(7.3)	(14.9)	(20.2)
R&D	(0.5)	(0.8)	(1.8)	(2.6)
SG&A	(27.9)	(34.8)	(35.0)	(34.6)
Other expenses	(25.2)	(22.8)	(23.2)	(23.5)
Total OpEx (incl. SBPs)	**(53.7)**	**(58.4)**	**(60.1)**	**(60.7)**
Operating profit	(51.3)	(23.2)	16.1	48.3
Margin	-2718%	-14%	27%	36%

Qtrly revenue model (US$m)	1Q26E	2Q26E	3Q26E	4Q26E
Gross sales	**22.0**	**32.7**	**43.8**	**51.1**
Gross-to-net discount	72%	65%	79%	65%
Net sales	**6.2**	**11.5**	**9.2**	**17.9**
Gross-to-net yield	28%	35%	21%	35%
Royalties	(0.3)	(0.6)	(0.5)	(0.9)
COGS	(1.1)	(1.9)	(1.5)	(2.9)
R&D	(0.1)	(0.2)	(0.2)	(0.3)
SG&A	(8.5)	(8.7)	(8.7)	(8.8)
Other expenses	(5.7)	(5.7)	(5.7)	(5.7)
Total opex (incl. SBPs)	**(14.3)**	**(14.6)**	**(14.6)**	**(14.9)**
Operating profit	(9.5)	(5.6)	(7.4)	(0.8)
Margin	-154%	-49%	-80%	-4%

Growth rates and margins	FY25E	FY26E	FY27E	FY28E
Growth Rates				
Net revenue	N/A	1162%	114%	42%
OpEx	437%	9%	3%	1%
EBIT	N/A	53%	159%	219%
Margin analysis				
Gross margin	83%	83%	84%	84%
EBIT margin	N/A	N/A	-99%	-232%
NPAT margin	N/A	N/A	-60%	-161%

Valuation			
Calculation		**Assumptions**	
Cost of equity	10.6%	Risk free rate	4%
Cost of debt (post-tax)	7.0%	Equity risk premium	6%
WACC (post-tax)	10.3%	Corporate tax rate	30%
PV of FCFF (10 years)	293.3	Beta (unlevered)	1.1
PV of terminal value	228.4	Tg	2.5%
Enterprise value	521.7		
TV as % of EV	43.8%		
Net debt/ (cash)	(4.1)		
Equity value	525.8		
SOI (fully diluted)	1963.0		
Implied valuation per share	**$0.27**		
Risked, diluted PT (A$)	$0.27		

Multiples		FY25E	FY26E	FY27E	FY28E
At current trading levels	$0.17				
EV/Revenue		N/A	5.0x	2.2x	1.3x
EV/EBITDA		N/A	-9.1x	12.7x	3.5x
EV/EBIT		N/A	-8.6x	13.9x	3.6x
P/E		N/A	-7.7x	22.6x	6.3x
At CG price target	$0.27				
EV/Revenue		N/A	7.7x	3.6x	2.5x
EV/EBITDA		N/A	-14.1x	20.3x	6.8x
EV/EBIT		N/A	-13.3x	22.3x	7.0x
P/E		N/A	-12.6x	36.7x	10.2x

Key company metrics	FY25E	FY26E	FY27E	FY28E
Sales reps	28	52	70	75
Yearly run rate of new arrivals per rep	1,112	1,088	1,089	1,023
New patient arrivals	10,214	47,630	69,330	75,727
New scripts sold	**7,661**	**35,723**	**51,998**	**56,795**
New quarterly patients continuing treatment	5,860	27,328	39,778	43,448
Total continuing patients	5,860	33,188	72,966	116,414
Repeat scripts	**9,210**	**121,824**	**245,363**	**342,487**
Total scripts sold	**16,870**	**157,547**	**297,361**	**399,282**
Gross price per script (US$m)	$950.0	$950.0	$950.0	$950.0
Net price per script (US$m)	$166.3	$283.8	$322.5	$340.6
Gross to net yield	17.5%	29.9%	34.0%	35.9%
Average conversion & persistency from new patients a	*57%*	*55%*	*42%*	*33%*

Source: Company Reports, Canaccord Genuity estimates

Investment overview

Investment summary

Botanix Pharmaceuticals is a specialty pharmaceutical company, currently focused on the commercialisation of its dermatology drug sofpironium topical gel, 12.45%, or Sofdra™ (henceforth referred to as Sofdra), for the treatment of primary axillary hyperhidrosis (PAH). Following the successful completion of two Phase III trials – CARDIGAN-I and CARDIGAN-II, which assessed the efficacy and safety of Sofdra in 701 patients with PAH, the drug was subsequently approved in June 2024 and fully launched in January 2025 in the United States. Our price target and valuation are underpinned by the following factors:

- **Drug design.** The chemical makeup and the topical application of the drug has been carefully considered to create an effective treatment which limits side effects compared to other anticholinergic approaches (both oral anticholinergics as well as topical anticholinergics, i.e. Qbrexza). We see this factor as driving patient enthusiasm and demand for the drug in a real-world setting, which was evident in our US patient survey (n=50) and user feedback analysis, perhaps more so than clinical trial results.
- **Commercial strategy.** Botanix has set out to create a more streamlined business model which aims to capture and retain patients at a higher rate (through the DTC telehealth model and home-delivery service) and has more control over the drug channel (as well as visibility on prescription trends). This should also facilitate the ability to retain more of the gross revenue over time (i.e. increasing the gross-to-net yield). We see these factors as key to driving near-term profitability (2Q FY27e cashflow breakeven/positive), which is likely differentiating for a specialty pharmaceutical company, and therefore an attribute we expect the market to reward.
- **Sensitivity to key metrics.** Our price target and valuation are highly sensitive to both gross-to-net pricing discounts and patient persistency rates, which are difficult to forecast in the early stages of a drug launch. We take a conservative approach regarding these factors, to limit some of the potential downside risk, and highlight to investors the potential upside opportunity to our current forecasts, which we anticipate gathering through script volumes, trading updates and repeat surveys.

Investment merits

Clever asset with a differentiated commercialisation approach. Sofdra was specifically designed to offer the therapeutic benefit of an anticholinergic, with more tolerable side effects. As a structural analogue of glycopyrrolate, modified to be rapidly converted to an inactive metabolite in blood circulation, Sofdra's anticholinergic effect is greatest at the site of local administration, and its systemic effects are limited. This is enhanced through its application as a topical gel, which does not require the patient to touch the product (and therefore avoids transfer). In its Phase III clinical trials, Sofdra demonstrated a favourable safety profile, reducing the rate of adverse events compared to oral anticholinergics. Based on our survey results, in comparison to the trials, we assess that both the safety and efficacy are more pronounced in the real world, which admittedly was even a surprise to us!

Patient demand is high, with a lower hurdle for conversion. Anecdotal feedback and our patient survey conducted among 50 hyperhidrosis patients in the US suggest that the demand for Sofdra is high, predominantly driven by lack of long-term effective treatment options. We believe Botanix's lower hurdle for patient conversion will be almost purely driven by the lack of patient co-payments commercially insured patients, removing any friction associated with committing to using Sofdra. This is helped by door-to-door delivery, facilitated by SendRx.

Earnings inflection point in <18 months. Based on our forecasts we expect Botanix to turn an operating profit in 2Q FY27e (2Q27e: US$21.2m in gross profit, US$15.2m in OpEx), which will be a key inflection point for the company.

Market expectations have settled. We think initial market excitement for Botanix (as is the case with any device or drug launch) saw the stock run in 1Q CY25, which was inevitably followed by a period of decompression. Recent proposed changes with the Trump government focused on drug pricing reform have also weighed on the stock. We assess Botanix has some clear air now – the company is afforded more visibility on data (than it would otherwise have) given the direct commercial partnership with SendRx vs the typical wholesaler → pharmacy → patient model. We think since the launch in ~Jan, Botanix is equipped with much better data to guide the market and set reasonable expectations (as well as provide more colour on trends), which has concerned the market over recent months.

Investment risks

Visibility on trends (scripts per patient, persistency). The biggest factor to consider (discussed in detail in our valuation sensitivities) is the lack of visibility often associated with dermatology drugs on both gross-to-net discounts (discussed below) and patient persistency. Botanix somewhat mitigate this through its relationship with SendRx. We are cautious, however, in ensuring there are reasonable expectations regarding drug persistence. In 2021, a longitudinal analysis was completed, which assessed the persistence rates of five different psoriasis drugs in Sweden in 2,300 patients. The analysis showed that persistence rates at 1, 2 and 5 years ranged from the highest rates for ustekinumab (79.9%, 64.8% and 41.6%, respectively) to the lowest for etanercept (57.8%, 39.7% and 16.8%). It is paramount that this is factored into forecasts. By the end of FY28, we forecast overall patient persistency of ~28%.

Pricing. We assess that President Trump's proposed Most Favoured Nation (MFN) drug pricing policy is likely to affect non-rare disease drugs the most, particularly those with generic options available (wet AMD blockbusters such as EYELEA, etc.). We also note an interesting article highlighted a more nuanced view of the pricing disparities among different countries, which likely makes the MFN policy less relevant. During the patent-protected period of a drug, US list prices are substantially higher than in other high-income countries: 3.5 times higher than in Japan and 1.6 times higher than in Germany, as per a recent published analysis. However, expanding the time horizon to include prices eight years before and after the loss of exclusivity narrows the U.S. drug price differential to around 2.7 times higher than Japan and around 1.3 times higher than Germany. Adjusting for purchasing power parity could further shrink the differential. The United States pays more for equivalent drugs but does so to reward innovation. The country is often granted 'preferential access' due to this (case in point is the supply of Ig during COVID). We will be following any developments here closely.

Gross-to-net discount assumptions. We value the Sofdra opportunity, based on Sofdra reaching peak sales in 4-5 years, with gross pricing of US$950 per bottle per month. While Botanix has developed a business model to retain more of the gross price, we conservatively model gross-to-net of ~20% over the long term. There is potential downside and upside risk to this, which we assess is predominantly driven by the quantum and value of the co-pays, driven by the mix shift of patients (based on insured type) and the quantum of co-pays in the medium and long term.

Drug protection and generic competition. We note that Botanix benefits from a 5-year New Chemical Entity (NCE) exclusivity period, expiring in June 2029. Patents protecting the chemical entity and method of use range between 2034 and 2040. We have not conducted a freedom-to-operate analysis of the patents associated with Sofdra and therefore see potential risk in generic competition entering the market from 2029 onwards.

Competitive risk. The competitive risk from current on-market products is well understood, in that, many of the products have been made available to patients, yet there is clear demand for different solutions. The most immediate, although difficult to quantify threat, is the 1% glycopyrronium bromide-based cream (from the Dr. Wolff Group), which in 2022/2023, was approved in 12 EU countries. While gravimetric sweat reduction was on par with Sofdra (and other PAH trials), the proportion of responders (patients with 2-point improvement in HDSS), was only 28%. The best comparison to make here (given it represents the only trial that used the same metric) is Botox, noting the Botox trial demonstrated a 94% responder rate. There have been no reports of bringing the drug to the US.

In January 2025, Dermata (DRMA-US | Not Rated) entered into a Clinical Trial Collaboration Agreement with Revance, where Dermata and Revance intend to conduct a Phase IIa trial to evaluate XYNGARI™, Dermata's topical *Spongilla* product candidate, with DAXXIFY®, Revance's botulinum toxin product, for the topical treatment of axillary hyperhidrosis. We note that as of March 31, 2025, Dermata held US$9.7m in cash and cash equivalents.

Pushback on DTC digital marketing by pharmaceutical companies. Lawmakers in the US have recently queried the rise of pharmaceutical-owned direct-to-consumer (DTC) telehealth platforms, with concerns that a medical service coming from a company-branded platform "appears intended to steer patients toward particular medications and creates the potential for inappropriate prescribing that can increase spending for federal health care programs". PfizerForAll and LillyDirect were the two platforms called out by Senators in the US, noting both went live in 2024 and offer access to virtual and in-person care and prescription medications and other health products delivered right to a user's doorstep.

Clinical risk. Sofdra has received FDA approval in June 2024 and therefore has a lower overall clinical risk. For some products, including some products used in dermatology, risks become apparent during the post-marketing period that require additional measures beyond product labelling and routine pharmacovigilance. Post approval of a drug, the FDA continues to seek additional tools to assess risk, including pharmacogenomic biomarkers for adverse drug reactions and the use of large medical records and epidemiological databases for the detection and characterisation of drug-associated safety outcomes.

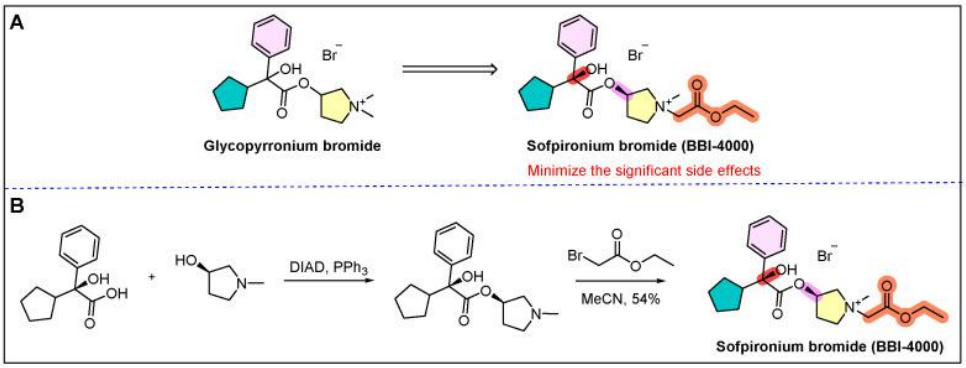
Company overview

Anticholinergic: *blocks acetylcholine, a neurotransmitter which activates certain nerves controlling functions such as sweating.*

Hyperhidrosis. Hyperhidrosis is a dermatologic disorder characterised by excessive sweating beyond what is needed for thermoregulation. With most cases being idiopathic (of unknown origin), the aetiology behind hyperhidrosis is not well understood. However, it is suggested to be caused by neurologic hyperactivity of the sympathetic innervation of the eccrine glands (aka excessive signals are being sent to sweat for no good reason).

Original science. Sofpironium bromide (Sofdra) was founded at Bodor Laboratories. It is an anticholinergic which acts to inhibit the M3 muscarinic receptors in eccrine sweat glands, reducing sweat production. Alongside its formulation as a topical gel, the chemical entity is a structural analogue of glycopyrrolate which was modified to be rapidly converted to an inactive metabolite in blood circulation. As such, the drug's effect is primarily restricted to local sites of administration only (i.e. it is a so-called retrometabolic or "soft" drug) and therefore minimises potential systemic side-effects. Its differentiation from glycopyrronium bromide is highlighted in **Figure 1**, noting that glycopyrronium bromide is the basis of various anticholinergics (oral, topical, etc.).

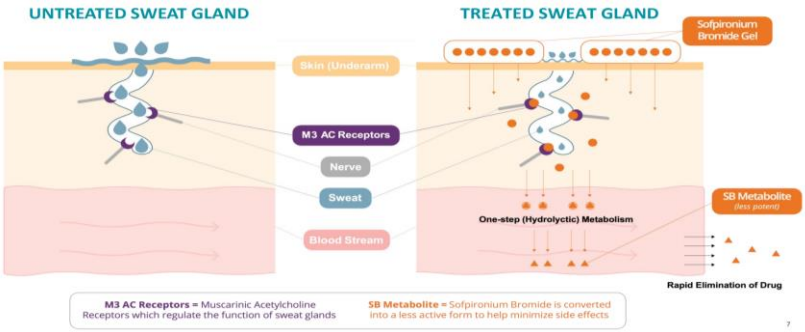
Figure 1: The discovery (A) and synthesis (B) of sofpironium



Source: Company Reports

History of anticholinergics in hyperhidrosis. Before the approval of Qbrexza (glycopyrronium tosylate, 2.4%) in 2018, only off-label anticholinergics – glycopyrrolate (Robinul and Cuvposa) and oxybutynin (Ditropan) were used to treat hyperhidrosis. Both drugs are approved to treat a range of conditions, typically by reducing bodily secretions (overactive bladder, drooling, gastric secretions). Given that they are taken orally, and are therefore systemic therapies, these drugs may affect the receptors located in multiple areas of the body, and as such, often cause several off-target effects that occur elsewhere in the body, typically reducing a patient's ability to comply with treatment.

Figure 2: Sofdra mechanism of action – blocks sweat gland receptors and rapidly degrades for excretion



Source: Company Reports

Brickell Biotech acquired the rights to Sofdra in 2012 and, alongside its Japanese partner Kaken, ran ~19 clinical trials. Kaken first announced positive results from the two Japanese Phase III trials in early 2020 and was subsequently approved in late 2020 under the brand name Ecclock. Concomitantly, Brickell Biotech completed two Phase III trials (CARDIGAN-I and CARDIGAN-II) in the US and announced positive results in October 2021. A summary of the trial results, and in comparison, to competitor products, can be found in **Appendix III: Treatment landscape.**

Botanix's acquisition from Brickell Biotech. In 2022, Botanix agreed to acquire Sofdra from Brickell Biotech, consisting of an immediate upfront payment of US$3m. An additional $2m was contingent upon a positive 'day-74' letter (acceptance of NDA) and an additional $4m if FDA approval was received prior to 30 September 2023 (reduced to $0, given Sofdra was not approved until June 2024). Brickell was also eligible to receive additional success-based regulatory and sales milestone payments of up to US$160m (which would only be applicable should the drug reach US$1.8b in sales), alongside tiered royalties (including to Bodor laboratories) from 12 to 20% (if sales reach >US$500m).

Botanix subsequently paid out the future contracted milestone payments. In July 2023, Botanix paid out US$8.25m to extinguish the contracted future milestone and royalty payments to Fresh Tracks (previously Brickell Biotech). Botanix are now only required to pay 5% royalty on net sales to the original founder, Bodor Laboratories.

Series of events concluding in an FDA approval and commercial launch. Following the original NDA submission of sofpironium bromide to the FDA in September 2022, the FDA issued a complete response letter (CRL), citing deficiencies in the instructions for use (IFU) … essentially suggesting that it wasn't completely clear how the patient should apply the product. The issues were addressed, and a resubmission was made in January 2024. FDA approval was granted on June 18, 2024.

Figure 3: Sofpironium Bromide (Sofdra) development and approval timeline

Date	Event
2012-2019	Early development of sofpironium bromide gel by Brickell Biotech; utilising 15% sofpironium bromide gel formulation (vs. 5% used in Japanese studies).
Q2 2020	Initiation of CARDIGAN-II and CARDIGAN-II Phase III trials, utilising a 15% sofpironium bromide gel formulation.
September 25, 2020	Japanese Pharmaceuticals and Medical Devices Agency approves sofpironium bromide 5%, ECCLOCK gel for the treatment of primary axillary hyperhidrosis in patients aged 13-72 years.
Q3 2021	Completion of CARDIGAN-I and CARDIGAN-II trials, demonstrating significant efficacy over placebo in reducing HDSS scores and sweat production.
May 2022	Botanix Pharmaceuticals acquires rights to sofpironium bromide from Brickell Biotech.
September 23, 2022	Submission of New Drug Application (NDA 217347) to the FDA for sofpironium bromide 15% gel.
September 22, 2023	FDA issues a Complete Response Letter (CRL) citing deficiencies in the Instructions for Use (IFU) and human factors (HF) validation study, highlighting concerns about user interface and labelling that could impact safe and effective use.
December 4, 2023	Following a Type A meeting, FDA confirms that Botanix's planned resubmission materials, including revised IFU, updated HF study, and labelling, would be acceptable.
December 20, 2023	Botanix completes resubmission of the NDA, addressing FDA's concerns with updated materials.
January 22, 2024	FDA accepts the resubmitted NDA as a Class 2 response, initiating a 6-month review period with a target approval date in late June 2024.
June 12, 2024	Botanix submits final labelling materials, including Prescribing Information and Patient Information, to FDA, marking the final step before anticipated approval.
June 18, 2024	FDA approves Sofdra (sofpironium bromide) 15% gel for the treatment of primary axillary hyperhidrosis in patients aged 9 years and older.
Apr-June 2025	A$40m capital raise announced in Apr-25. In June-25, Botanix confirmed a debt funding agreement with UK-based Kreos Capital for an initial tranche of A$31m (additional A$15.5m available for drawdown).

Source: Company Reports, Canaccord Genuity

What investors will debate

We raise four key debates in the market regarding Botanix, along with our opinion:

1. The gross-to-net yield is low...**TRUE.**
2. Botanix's Japanese partner Kaken provides a clear trajectory for the US market…**FALSE.**
3. 12 bottle script refills per patient per year should be the norm…**FALSE.**
4. Botanix have developed a system to make Sofdra easier to access and, retain more of the gross revenue...**NEUTRAL.**
5. There are already treatments approved for hyperhidrosis in the US that will limit uptake…**TRUE.**

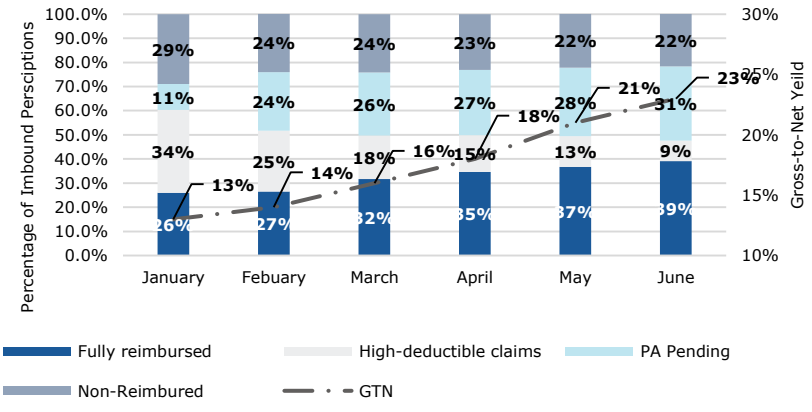
1. The gross-to-net yield is low...TRUE

If one took the gross to net yield over the first six months of launch (6-month average of 17%), it is likely that the gross-to-net yield would be considered low. There are a couple of factors to keep in mind regarding these numbers:

- The gross-to-net yield is typically the worst during 1Q of the CY, given that the majority of patient insurance plans are reset at the start of the year…this means that the patient's deductible aka "dollar value threshold they need to meet before their insurer starts paying" is reset. Most patients have a threshold of ~US$1,500, which on average takes 3-4 months to reach. We anticipate fewer high deductibles (~trending towards 5%) across the remainder of the year, noting that investors should be aware of the yearly reset.
- Botanix's initial aim is to drive patients through the door…this means the company is prioritising quantity over "quality" patients. By quality, we assess that over time, shown in the below **Figure 4,** the proportion of patients which become "fully reimbursed" patients will increase. Over the coming periods, we (on average) expect around 60% of the PA approvals to be granted (light blue → dark blue), and these will be listed as fully reimbursed scripts in the subsequent periods' data (currently, Botanix are earning no revenue from these patients). Naturally, over time, we expect the non-reimbursed patients to be those who discontinue.

Based on our sensitivity analysis and current trading levels, we assess the market is factoring marginal improvements in gross-to-net yield over the next ~12-18 months.

Figure 4: Payor coverage and gross-to-net yield implication in 2H25



Source: Company Reports, Canaccord Genuity

2. Botanix's Japanese partner Kaken provides a clear trajectory for the US market...FALSE

We believe extrapolating the Japanese sales data for Ecclock is likely fraught with overlooking the key differences between the two jurisdictions. In Japan, we understand there are two topical treatments approved for the treatment of hyperhidrosis – Ecclock (approved in 2021) and Rapifort wipes (equivalent to Qbrexza, approved in Japan in 2022), both of which are covered under the Japanese National Health Insurance (NHI) system.

In Japan, the NHI covers 70% of all medical costs, with the patients responsible for 30%, noting that drug prices are set by the Japanese government ministry, and are therefore ~half of those in the US. We understand that a high gap threshold does exist (where the patient is refunded after a certain amount is contributed within one month); however, Ecclock is unlikely to fall under this. We therefore assume that most patients have a 30% out-of-pocket fee for the purchase of Ecclock. The pricing and reimbursement structures under the Japanese NHI, however, are likely a much lower barrier for patients, and therefore for the company, to see broad uptake of Ecclock.

By extrapolating Ecclock sales in Japan and converting to the US equivalent bottles sold (noting 2 bottles in Japan = 1 in the US), this would equate to 185k bottles sold in the most recent FY. If we directly infer Japan as ~1/3 the size of the US, this suggests >555k bottles sold in the US. To account for higher pricing and reimbursement barriers, and a broader range of treatment options, at peak sales, we forecast ~400k bottles sold.

Figure 5: Ecclock model and US conversion

		Apr-Jun	July-Sep	Oct-Dec	Jan-March		Apr-Jun	July-Sep	Oct-Dec	Jan-March		Apr-Jun	July-Sep	Oct-Dec	Jan-March		Apr-Jun	July-Sep	Oct-Dec	Jan-March	
		1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24	3Q24	4Q24	FY24
Population		311	312	312	313	124.8	313	314	314	315	125.5	315	315	316	316	126.3	317	317	318	318	127.0
Prevlence of primary hyperhidrosis	*2.80%*	0.9	0.9	0.9	0.9	3.5	0.9	0.9	0.9	0.9	3.5	0.9	0.9	0.9	0.9	3.5	0.9	0.9	0.9	0.9	3.6
Axillary hyperhidrosis	*50.80%*	0.4	0.4	0.4	0.4	18	0.4	0.4	0.4	0.4	18	0.4	0.4	0.4	0.5	18	0.5	0.5	0.5	0.5	18
Diagnosed and seeking treatment	*30.00%*	133	133	133	133	532.5	134	134	134	134	535.7	134	135	135	135	538.9	135	135	136	136	542.1
		294	557	760	950		413	823	1,049	1,257		687	1,387	1,588	1,812		681	1,360	1,720	2,100	
Ecclock sales		294	263	203	190	**950**	413	410	226	208	**1,257**	687	700	201	224	**1,812**	681	679	360	380	**2,100**
Growth							*40%*	*56%*	*11%*	*9%*	*32%*	*66%*	*71%*	*-11%*	*8%*	*44%*	*-1%*	*-3%*	*79%*	*70%*	*16%*
Qtr contribution %		31%	28%	21%	20%		33%	33%	18%	17%		38%	39%	11%	12%		32%	32%	17%	18%	
HY revenue	$m		557		393			823		434			1387		425			1360		740	
HoH skew			59%		41%			65%		35%			77%		23%			65%		35%	
Implied bottles sold	*$37.00*	72,586	64,566	48,288	44,425	**229,865**	85,770	80,884	43,320	42,053	**252,027**	132,607	131,381	37,208	40,425	**341,621**	122,295	118,396	61,581	67,791	**370,062**
Implied patients	***24.0***					**9,578**					**10,501**					**14,234**					**15,419**
	18.0					**12,770**					**14,001**					**18,979**					**20,559**
	12.0					**19,155**					**21,002**					**28,468**					**30,838**
Implied penetration	***24.0***					1.8%					2.0%					2.6%					2.8%
	18.0					2.4%					2.6%					3.5%					3.8%
	12.0					3.6%					3.9%					5.3%					5.7%
USD/JPY		*109.5*	*110.1*	*113.6*	*115.6*		*130.1*	*137.0*	*141.0*	*133.7*		*140.0*	*144.0*	*146.0*	*149.8*		*150.5*	*155.0*	*158.0*	*151.5*	
USD sales	*US$m*	2.7	2.4	1.8	1.6	**8.5**	3.2	3.0	1.6	1.6	**9.3**	4.9	4.9	1.4	1.5	**12.6**	4.5	4.4	2.3	2.5	**13.7**
Growth											10%					36%					8%
US extrapolation		**1Q26**	**2Q26**	**3Q26**	**4Q26**	**FY26**	**1Q27**	**2Q27**	**3Q27**	**4Q27**	**FY27**	**1Q28**	**2Q28**	**3Q28**	**4Q28**	**FY28**	**1Q29**	**2Q29**	**3Q29**	**4Q29**	**FY29**
US equiv bottles sold	*2*	36,293	32,283	24,144	22,213	**114,933**	42,885	40,442	21,660	21,026	**126,013**	66,303	65,691	18,604	20,213	**170,811**	61,148	59,198	30,790	33,895	**185,031**
US pricing	*$375.00*	13.6	12.1	9.1	8.3	43.1	16.1	15.2	8.1	7.9	47.3	24.9	24.6	7.0	7.6	64.1	22.9	22.2	11.5	12.7	69.4
USD/AUD		*0.63*	*0.63*	*0.63*	*0.63*		*0.63*	*0.63*	*0.63*	*0.63*		*0.63*	*0.63*	*0.63*	*0.63*		*0.63*	*0.63*	*0.63*	*0.63*	
A$m		217	19.3	14.4	13.3	**68.8**	25.6	24.2	12.9	12.6	**75.3**	39.6	39.2	11.1	12.0	**101.9**	36.4	35.3	18.3	20.2	**110.2**
Extrapolated patient number in the US	***12.0***					**9,578**					**10,501**					**14,234**					**15,419**
	9.0					**12,770**					**14,001**					**18,979**					**20,559**
	6.0					**19,155**					**21,002**					**28,468**					**30,838**

Source: Company Reports, Canaccord Genuity

3. 12 bottle script refills per patient per year should be the norm… FALSE

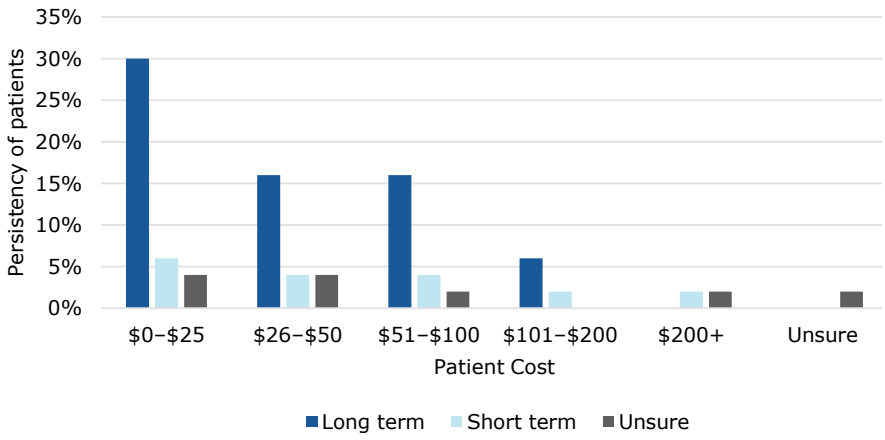
We forecast ~6.0 bottles per patient per year. The number of repeat bottles per year is driven by two factors: most importantly, the cost, and secondly, the side effects experienced by patients.

We note that in user feedback analysis (accessed via Reddit), several users suggested reducing the use of Sofdra ("half a pump", or "sparingly") to make the bottle last longer, either due to financial reasons or side effects experienced. As such, in our survey, we sought to verify this otherwise anecdotal commentary.

From the 50 patients in the survey, there was a noticeable trend in patients with minimal out-of-pocket costs and expected long-term use of the product (~50% of patients <$50 per month out of pocket expense). We also note that 24% of patients amended their dose or stopped treatment due to financial reasons, rather than effectiveness, safety, etc.). While anecdotally dosage reductions were occurring due to some side effects (blurry vision, irritation) this hasn't seemed to be replicated in a material way in our survey (noting that 60% experienced some side effects, 94% of which were mild or moderate).

The largest hurdle for long-term adoption from our research is therefore the out-of-pocket cost for patients. While we appreciate the relatively small number of participants, based on the responses, the implied use across all cohorts suggests average use of 6.3 bottles per annum. We note that from the 50 patients surveyed, 76% remain on drug.

Figure 6: Amount of out-of-pocket costs per month and expected use of Sofdra going forward



Source: Company Reports, Canaccord Genuity estimates

Figure 7: Cross-comparison between participants expected duration of use of Sofdra and estimation of the number of bottles per year used

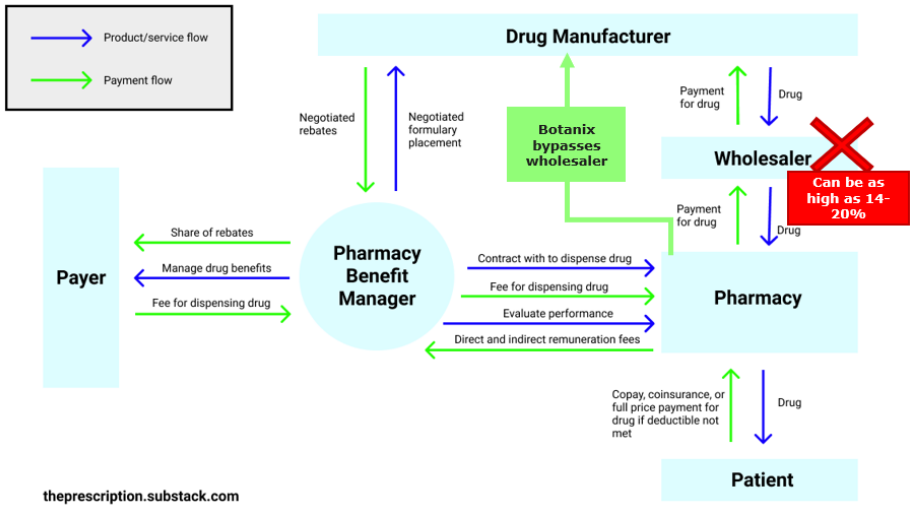
Tubes p.a.	Short-term	Long-term	Unsure
12.0	38%	30%	12%
6.0	34%	26%	0%
3.0	6%	6%	2%
3.0	8%	6%	0%
Implied use (bottles p.a)	**7.0**	**5.5**	**1.5**

Note Short-term: <1-year, Long-term≥1 year.
Source: Company Reports, Canaccord Genuity estimates

4. Botanix has developed a system to make Sofdra easier to access and, retain more of the gross revenue – NEUTRAL

In **Figure 8** we highlight the flow of money (green) once a drug prescription is filled. As opposed to standard practice, Botanix, alongside its partner SendRx, has removed the necessity for a wholesaler, which means Botanix/SendRx send Sofdra directly to the patient's doorstep, thereby lowering the gross-to-net (GTN) discount to retain more of the gross revenue. Over the medium-long-term, we forecast GTN at ~20%. In **Figure 8** below, we highlight the assumptions we have incorporated in our GTN calculation.

Figure 8: Flow of money in prescription drugs



Source: The Prescription Substack, Canaccord Genuity

Through removal of the wholesaler, we assess Botanix recoup ~15% GTN benefit, cognisant that wholesalers typically demand a 14-20% cut from the gross price. SendRx's flat fee at ~3%, is materially smaller, and allows the drug to be shipped from Botanix's warehouse to SendRx and direct to the patients address, once the prescription has been filled. Additionally, through Botanix's partnership with SendRx, the company has more control over the prescription and drug volumes, allowing real-time access to volumes (and somewhat avoiding channel stuffing), likely more akin to a rare disease drug launch. We do note, however, that the benefit from this direct model is likely only evident over the longer term (dependent on the more favourable mix of patients).

Figure 9: Gross-to-net (GTN) discount assumptions

Price	Payments	%	Amount
Gross Price			**US$950**
-	SendRx fee	*~3%*	($30-50)
-	Co-pay	*~20-40%*	($190-$380)
-	Rebates to PBMs	*~20%*	($190-$240)
-	Other	*~3-5%*	($30-$50)
Net price		***~24-40%***	**US$230-380**

Source: Company Reports, Canaccord Genuity estimates

5. There are already treatments approved for hyperhidrosis in the US that will limit uptake...TRUE

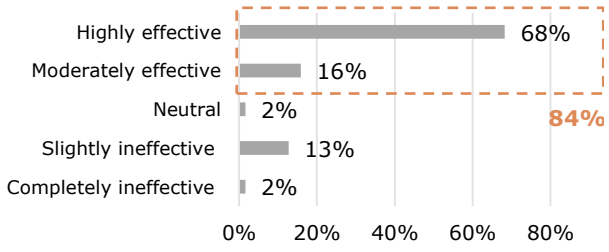
There is indeed a long list of approved drugs, off-label medications, and alternative treatments that patients appear to try to treat their hyperhidrosis. In our survey, while the main reason for discontinuing medication is the cost, the main reason for patients sought alternative treatments was that previous treatments were ineffective (50% of respondents).

Cross-trial comparison to distinguish efficacy between drugs to treat hyperhidrosis is difficult, given the differences in endpoints selected. For instance, for the primary endpoint, Journey Medical (Qbrexza) used a ≥4-point improvement in question #2 of the Axillary Sweating Daily Diary (ASDD) instrument which asked participants – "during the past 24 hours, how would you rate your underarm sweating at its worst? (0=No sweating at all, 1,2...10=worst possible sweating)". Botanix (Brickell Biotech), however, employed a ≥2-point improvement in the Hyperhidrosis Disease Severity Measure-Axillary-7 assessment (seven questions, each ranked on a 5-point scale), which is arguably more stringent. In the Phase III trials, Sofdra-treated patients did report a lower rate of dry mouth vs Qbrexza-treated patients (associated with anti-cholinergics: 17% vs 24%), although the majority of other safety measures were on par, including the discontinuation rate.

Given the similarities in clinical trial results between Sofdra and Qbrexza, yet the lack of commercial success for Qbrexza, it was pertinent for us to understand whether this was reflected in the real world, and whether there would be enough impetus to use Sofdra.

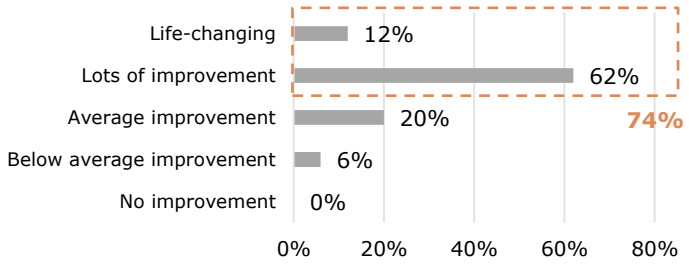
In our survey of 50 patients however, we note that 74% of patients deemed Sofdra as providing, lots of improvement (62%), or life-changing improvement (12%). Additionally, 76% of patients remained on treatment who participated in the survey, suggesting real-world benefits are much more evident. We discuss this in further detail in the following Survey section of the initiation.

Figure 10: User feedback "efficacy" analysis



Source: Reddit, Canaccord Genuity

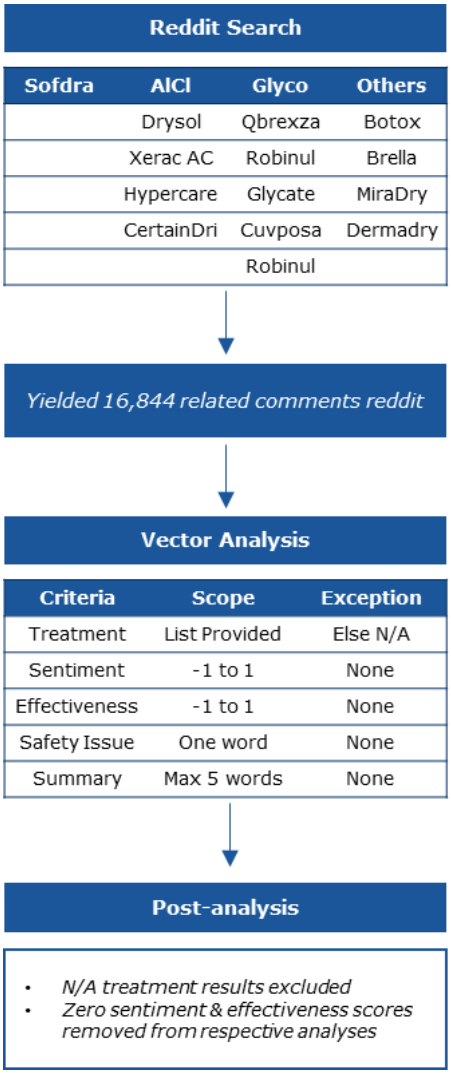
Figure 11: Efficacy analysis of US, 50-pt formal survey



Source: Reddit, Canaccord Genuity

User data and survey

Figure 12: Data collection method



Source: Canaccord Genuity

What started the idea…

As a preliminary step, we examined the hyperhidrosis subreddit, an active community comprising 53k members who suffer from hyperhidrosis. Although we cannot verify the validity of Reddit data, nor confirm the geographical location of the users, it serves as helpful initial anecdotal data for our assumptions. Given that Sofdra is in the early stages of its commercial rollout, assessing its uptake and expectations for persistency in the short and long term proves challenging.

Data collection and analysis method. The subreddit (r/hyperhidrosis, 53K users) was searched for treatments used on and off-label for the treatment of hyperhidrosis (i.e. Sofdra, AlCl, Drysol, Xerac AC, Hypercare, CertainDri, Glyco, Qbrexza, Robinul, Glycate, Cuvposa, Robinul, Botox, Brella, MiraDry and Dermadry). All available user comments (16,844 in total) were collated and processed for screening to identify direct mentions and experiences with the explicit treatment list mentioned above.

Each user's comment was analysed for treatment sentiment (on a scale from -1 to 1), treatment effectiveness (on a scale from -1 to 1), and any mentions of safety issues specific positives, and a 5-word summary. This analysis was performed using the word vector analysis, with each input structured uniformly to generate consistent, unbiased, and standardised outputs. This forms the basis of our analysis of Sofdra's competitive landscape compared to other treatments, approved or unapproved.

Post-analysis methodology. Once the results were analysed, comments that were unrelated to any treatment were removed. When assessing the sentiment and efficacy of treatments, neutral results (scores of 0) were removed, thereby decreasing statistical power and ensuring that samples do not include results where interpretation of word vector arrays is ambiguous, with respect to the drug's sentiment or effectiveness. This was to remove the influence of unrelated throw-away comments typical in public forums, as we were only interested in users sharing or expressing anecdotal evidence or opinions.

As aforementioned, unlike other healthcare landscapes, dermatology is largely consumer-driven, and as later discussed, pricing changes carry high influence on uptake, and market demand.

Interpreting the results. These results should of course be treated with caution. To note, to validate the initial data we retrieved from Reddit, we undertook a formal US patient survey in 50 PAH patients. A high-level summary of these results are included in the following sections.

Overleaf, see outcomes of the sentiment and efficacy analysis.

Figure 13: Criterion used to analyse sentiment and effectiveness,

Score	Sentiment Description	Effectiveness Description
-1	Strongly negative (e.g., extreme dissatisfaction, frustration, or disappointment with the treatment)	Completely ineffective (e.g., treatment had no effect or worsened the condition)
-0.5	Moderately negative (e.g., mild criticism, dissatisfaction, or scepticism)	Moderately ineffective (e.g., treatment had minimal or disappointing results)
0	Neutral (e.g., no strong positive or negative opinion, factual or balanced discussion)	Neutral or unclear (e.g., no clear indication of success or failure, or results not mentioned)
0.5	Moderately positive (e.g., mild satisfaction, optimism, or approval)	Moderately effective (e.g., treatment showed some positive results but not exceptional)
1	Strongly positive (e.g., high satisfaction, enthusiasm, or praise for the treatment)	Highly effective (e.g., treatment was very successful or significantly improved the condition)

Source: Github, Canaccord Genuity

Key takeaways

Sofdra feedback on the platform thus far has been positive in terms of both sentiment and effectiveness when compared to other commonly discussed treatment methods. Other treatments suggested more mixed responses, with the caveat that these were typically drawn from more data points.

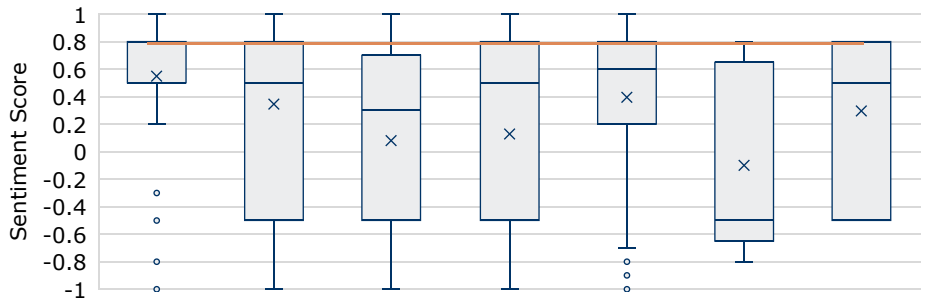
We were particularly interested in understanding the limiting factors in uptake for these treatments and how these patients were deciding which treatment to take.

For Sofdra, preliminary insights suggest that concerns mainly stemmed from 1) limited access to the drug, with comments dating back before the US launch and users being outside the US, 2) a small percentage of patients experiencing side effects, and 3) the drug's cost or lack of insurance coverage. These concerns align with our independent patient survey, which is discussed in more detail below.

Refer to **Figure 14** and **Figure 15** below for a high-level comparison of Sofdra with alternate treatment options, based on data pooled from multiple brands.

Figure 14: Sentiment Score Analysis

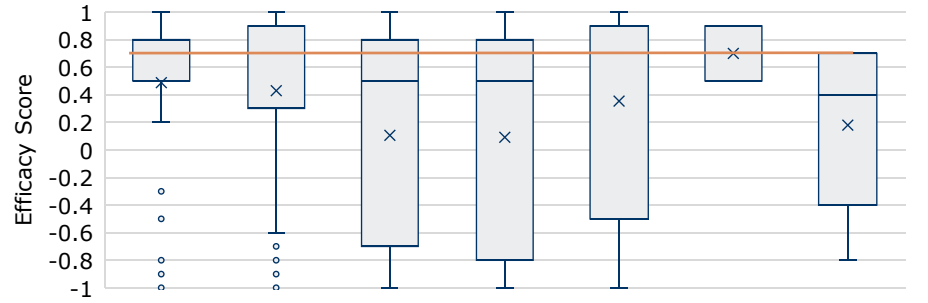
Sentiment	Categories						
	Sofdra	Glyco	AlCl	Botox	Device	Surgery	Other
Mean	0.5	0.3	0.1	0.1	0.4	-0.1	0.3
Median	0.8	0.5	0.3	0.5	0.6	-0.5	0.5
SD	0.5	0.6	0.7	0.7	0.6	0.7	0.6
N	139	3611	1403	986	3128	5	23



Source: Reddit, Canaccord Genuity

Figure 15: Effectiveness Score Analysis

Effectiveness	Categories						
	Sofdra	Glyco	AlCl	Botox	Device	Surgery	Other
Mean	0.5	0.4	0.1	0.1	0.4	0.7	0.2
Median	0.7	0.7	0.5	0.5	0.7	0.7	0.4
SD	0.6	0.6	0.7	0.7	0.7	0.3	0.6
N	63	2674	1149	986	2175	2	10



Source: Reddit, Canaccord Genuity

Summary of comments of treatment approaches

Sofdra: Initially, the supply was limited (pre-commercial launch), which restricted access, frustrated many patients, and was the main negative aspect. As distribution has improved, cost and ongoing payment requirements (especially out-of-pocket expenses) emerged as the new major concern, making it less accessible for some users. In comments, insurance coverage remained uncertain because it was not possible to screen for location.

Glyco (Glycopyrrolate and related formulations): Dryness, particularly oral dryness, was the most reported issue, leading to discomfort or secondary problems such as a dry mouth. Side effects were significantly more pronounced for oral formulations compared to topical ones (such as Qbrexza wipes). Effectiveness was inconsistent among users, with some reporting little or no benefit.

AlCl (Aluminium Chloride): High rates of ineffectiveness for certain individuals, especially those with more severe symptoms. There were also mentions of skin irritation, burning, itching, and stinging were frequent complaints.

Botox: Pain during injection and discomfort were notable deterrents. The high cost and limited insurance coverage made treatment unaffordable for some. Some users experienced only temporary or inconsistent results, which led to uncertainty about the duration of relief and the need for repeat treatments, causing hesitancy in other users.

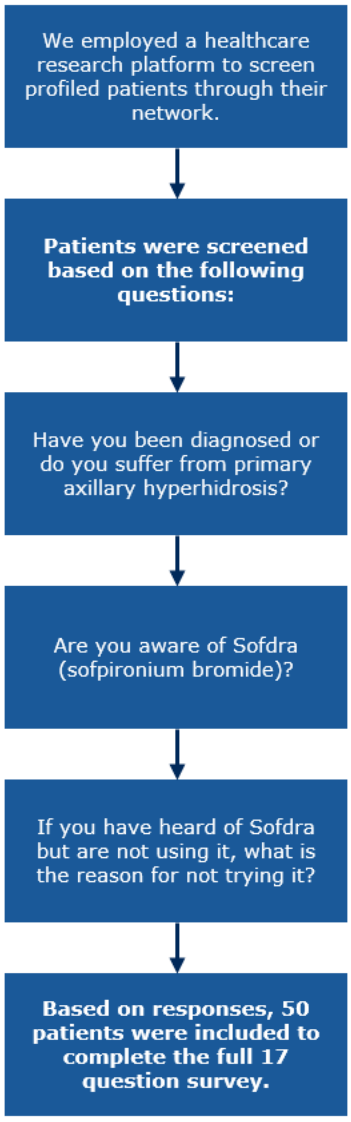
Device-Based Treatments (typically Iontophoresis): Discomfort or pain during sessions was commonly reported. With significant variable effectiveness - some found substantial relief, while others saw little to no improvement. Ongoing costs, including purchase, maintenance and supplies, were cited as an obstacle.

Figure 16: Treatment pros and cons

Treatment	Treatment Positives	Issues/Negatives with Treatment	Common Themes (General Comments)
Sofdra	Effective, hopeful, recommended, user-friendly, accessible	Availability (sometimes limited), cost, uncertainty, not suitable for all	Seeking and trying, effective for some, accessibility, hopes for more data, and insurance uncertainty
Glyco	Effective, helpful, life-changing, customizable dosing, manageable, recommended	Dryness, side effects (dry mouth, constipation), expense, uncertainty, occasional ineffectiveness	Works for many, concern over dryness, limited by cost, ongoing search for the best dose
AlCl	Effective, improvement, life-changing (for some), non-invasive, low cost	Irritation, itching, dryness, burning, occasional ineffectiveness, sticky application, rash, staining of clothes	Mixed results (some worsened), can cause skin issues, non-invasive and first-line for mild/moderate cases
Botox	Effective, hopeful, long-lasting relief, dramatic improvements (especially in severe cases), used after other therapies fail	Ineffective in some, cost (high for repeat injections), painful application, short-lived in some, insurance restrictions	Consistent with efficacy in severe cases, but cost/pain limit use, works for otherwise resistant cases
Devices (iontophoresis)	Effective, hopeful, safe (for many), home-use possible	Ineffective for some, uncertainty over results, cost, recurrence/maintenance required, inconvenience, variable access	User experience is highly variable, seeking alternatives if unsatisfactory, more neutral/undecided overall

Source: Reddit, Canaccord Genuity

Figure 17: Survey protocol



Source: Canaccord Genuity

Canaccord Genuity independent hyperhidrosis patient survey

Following early signals of superior treatment outcomes and positive consumer sentiment from public forums, we employed a global healthcare research platform to survey 50 early adopters of Sofdra in the US to assess its effectiveness and identify key market barriers. Please contact your CG representative for access to the full dataset from the survey.

Our findings highlight two critical points:

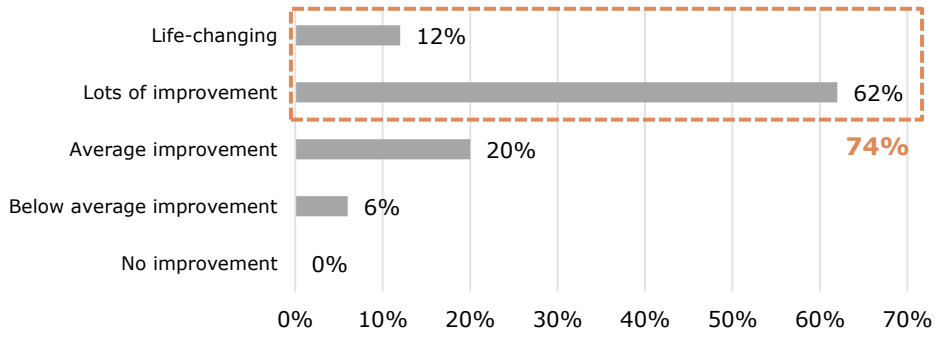
1. Sofdra is both highly safe and effective, and patients appear to be motivated for a new solution to treat their hyperhidrosis.
2. Patient out-of-pocket costs remain the primary market barrier.

In our view, reducing cost burdens and incentivising prescription renewal, beyond the initial 12 telehealth prescriptions, are the most significant obstacles to sustained, long-term adoption of Sofdra. Addressing these pressures will be crucial for maximising market penetration and patient retention.

Efficacy and safety

Our research shows that Sofdra significantly improves outcomes and reduces sweating in most patients (74%). It's also noteworthy that the analysis of participant data revealed no link between the drug's effectiveness and the intensity of side effects. The lack of correlation is a favourable finding. It implies that the clinical advantages are independent of a higher tolerability burden, enabling patients to achieve a substantial decrease in sweating (74% response) without experiencing increased adverse effects.

Figure 18: Efficacy of the treatment … is it working?

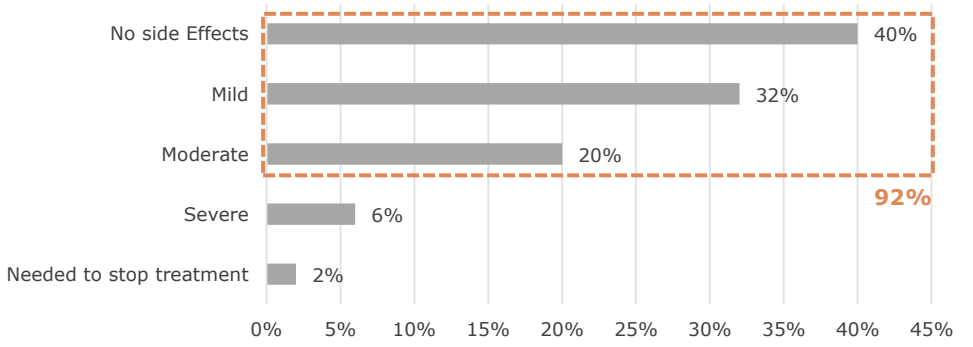


Moderate side effects	Improvement of symptoms (% of participants)			
	Below Avg	Avg	Lots	Life-changing
Blurred vision	-	-	2%	-
Burning or stinging	2%	-	-	-
Dizziness	2%	-	2%	-
Dry mouth	-	-	4%	-
Dry skin or irritation	2%	2%	2%	2%
Severe side effects				
	Below Avg	Avg	Lots	Life-changing
Dizziness	-	-	-	2%
Dry mouth	-	-	4%	-

Source: Survey respondents, Canaccord Genuity

Sofdra demonstrates a robust and favourable safety profile. Across our survey, most patients (72%) - reported no (40%) or only mild (32%) side effects (**Figure 19**). Among those experiencing moderate effects, dry mouth was the most common, with occasional cases of skin dryness or irritation. Importantly, the topical application and mechanism of action minimise systemic risks, and these side effects are not considered clinically concerning. While our data indicate that 4% of respondents (2 out of 50) discontinued due to side effects (notably severe dry mouth in one case) and one was at risk of stopping should mild skin irritation worsen, these instances remain rare. Notably, 58% of patients expressed satisfaction and showed no intent to discontinue or adjust dosage, reinforcing Sofdra's strong tolerability and patient acceptance.

Figure 19: Safety of the treatment...



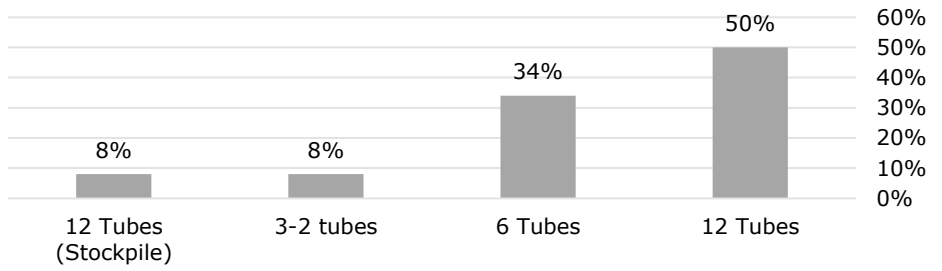
Safety	N	%
No side effects	20/50	40%
Side effects	30/50	60%
Dry skin or irritation	12/50	24%
Dry mouth	9/50	18%
Burning or stinging on application	3/50	6%
Blurred vision	3/50	6%
Dizziness	3/50	6%

Source: Survey respondents, Canaccord Genuity

Dosage and persistence expectations

We asked respondents about their tube consumption to estimate the average number of prescriptions filled per patient annually, in order to understand their intended use of the treatment in the future, whether it would be short-term, long-term, or uncertain. By cross-referencing these two datasets, we project that initial users will likely utilise about 7.0 tubes per year for short-term (less than 1 year) treatment and around 5.5 tubes annually for long-term use. Most participants who were unsure specified they would follow the prescription as directed (one tube per month). On a weighted basis, this could contribute an additional 1.5 prescriptions to both short-term and long-term rates (resulting in approximately 8.5 prescriptions per year for short-term and 7 for long-term). Reasons for adjusting treatment were 1) cost, and 2) side effect management. We discuss cost in more detail overleaf.

Figure 20: Persistence and dosage of responders



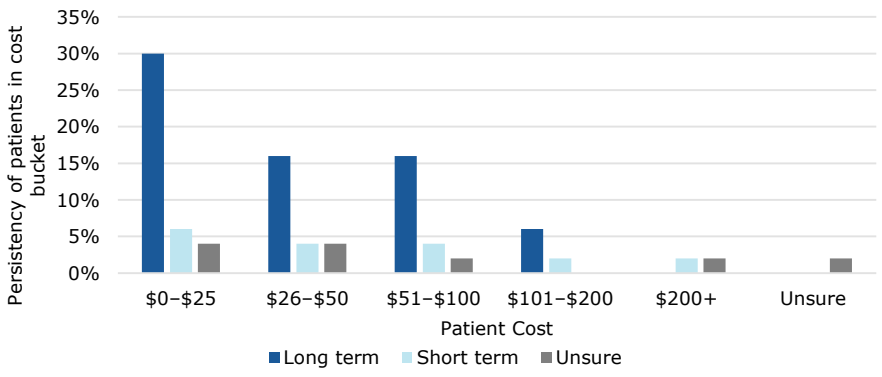
Tubes p.a.	Short Term	Long term	Unsure
12.0	38%	30%	12%
6.0	34%	26%	0%
3.0	6%	6%	2%
3.0	8%	6%	0%
Implied Use	**7.0**	**5.5**	**1.5**

Dosage question - Do you adjust the dose of Sodfra? (1) No, I plan to use a tube per month. (2) Yes, I will likely use a tube every second month. (3) Yes, I will likely use a tube every few months. (4) Yes, although the script gets sent out to me automatically each month. Dosage Persistence question - Do you plan to continue using Sofdra? (1) Yes, long term (2) Yes, short term (3) Unsure (4) No.
Source: Survey respondents, Canaccord Genuity

Patient out-of-pocket is the preventing factor

According to our survey results, we identified that the main barrier to patients' long-term usage of the drug is their out-of-pocket expenses, **Figure 21;** 24% of responders changed the alternative dose or stopped taking it due to financial reasons. The cost implications are the most significant factor predicting long-term use, surpassing safety and other improvements reported by participants.

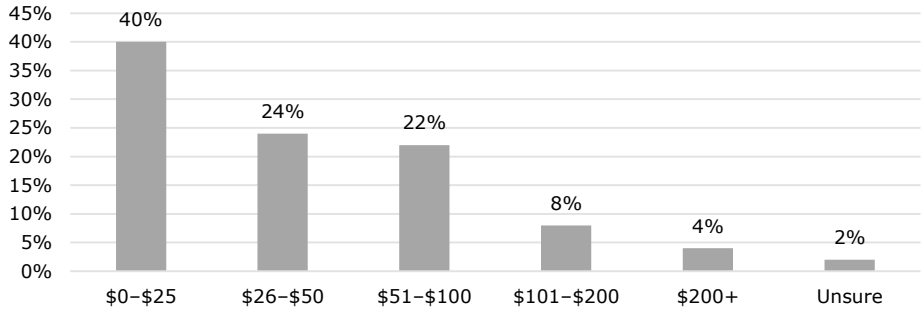
Figure 21: Patient out-of-pocket expense



Source: Survey respondents, Canaccord Genuity

Most respondents (~64%) spend less than $50 per month on treatments, representing the highest conversion rate among long-term users. It is crucial to acknowledge the expected patient uptake, as access to the drug at an affordable price is key.

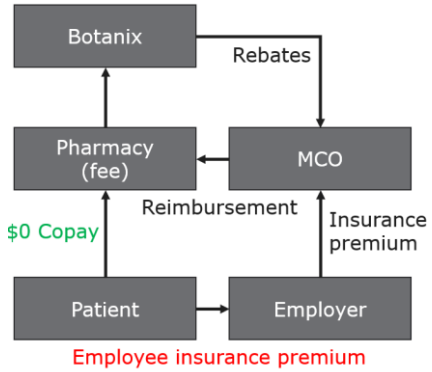
Figure 22: Patient out-of-pocket expense



	Fully Covered	Partially Covered	Not Covered	No Insurance	Σ
$0–$25	24.0%	14.0%	2.0%	-	40.0%
$26–$50	8.0%	16.0%	-	-	24.0%
$51–$100	8.0%	12.0%	2.0%	-	22.0%
$101–$200	2.0%	4.0%	2.0%	-	8.0%
$200+	-	4.0%	-	-	4.0%
Unsure	-	2.0%	-	-	2.0%
Σ	42.0%	52.0%	6.0%	-	100%

Source: Survey respondents, Canaccord Genuity

Figure 23: Copay structure, only for commercial insurance



Revenue = Reimbursement + $0 Copay – Pharmacy (fee) - Rebates

Source: Company Reports, Canaccord Genuity

Patients may either obtain a prescription online, or through the UpScript Health telehealth platform. We assess the majority (~55-60%) of patients receive 11 repeat prescriptions (which therefore provide access to Sofdra for one year). To extend usage, the patient must obtain an additional prescription; we assess the most attrition occurs at this stage (forecasting ~75% attrition rate). We note given the time frame of our survey; this is not captured.

Botanix is providing Sofdra via a limited copayment program of US$0 through pharmacies to increase patient participation. This approach does boost patient participation. However, the initiative is restricted to those with commercial insurance, which accounts for 54.8% of the US population, or ~186.4m individuals. Patients holding any federal or state government-assisted insurance (including Medicare, Medicaid, VA, Tricare, among others) are not eligible.

Figure 24: Insurance coverage type in the US

Insurance Type	Estimated Coverage (US)	% of US Population*	Sofdra Co-pay Eligibility
Commercial Insurance	165.3	48.6%	Yes
Non-covered Group	21.1	6.2%	Yes
Medicare	50.0	14.7%	No
Medicaid	72.1	21.2%	No
Military/VA	4.4	1.3%	No
Uninsured	26.9	7.9%	No

Note: The type of medical insurance as of 2023 and the estimated coverage for users are based on a US population of 340m in 2024. Non-Group - Includes those covered by a policy purchased directly from an insurance company, whether as a policyholder or as a dependent.
Source: KFF, Canaccord Genuity

Valuation

Our $0.27 price target is firstly formed from our 10-year forward DCF model, which incorporates the sales of Sofdra in the US, as well as royalties earned from Ecclock sales in Japan (through Botanix's Japanese partner Kaken Pharmaceuticals). In **Figure 25**, below we include our discounted, risked, free cash flow forecasts (FCFF) across FY25E-34E. Our DCF model incorporates the following components:

- **Equity parameters:** we apply a calculated WACC of 10.3%. We use a standardised 4.0% risk-free rate and 6.0% equity risk premium. Based on Botanix's financing agreement with Kreos Capital, we compute after tax cost of debt at 7.0%. EBR's three-year calculated beta is 0.84. As such, we attribute a nominal 1.1 beta, which is in line with similar stage and size companies (market cap, revenue-generating).
- **Free cash flows are presented** over a 10-year period, noting that these cash flows are not risked. Further details regarding revenue and expense assumptions can be found in the **Forecasts** section. We also provide a comprehensive sensitivity analysis further below.
- **Diluted share count:** Our diluted share count across the DCF period includes expected performance rights and options issued. We estimate periods in which we expect options to be exercised (usually immediately prior to the expiry date). We do not forecast Botanix requiring additional equity.

Figure 25: DCF model and multiples informing our $0.27 PT

Discounted Cash Flows	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
EBIT (ex. Adj. & Others)	(83.6)	(39.4)	23.4	74.6	90.9	83.6	75.6	69.6	65.1	61.7	55.1
Tax	0.0	0.0	(6.1)	(22.1)	(27.5)	(25.6)	(23.4)	(21.8)	(20.6)	(19.7)	(17.9)
Total D&A	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Share based payments	(15.7)	(9.5)	(9.3)	(8.8)	(6.7)	(0.6)	0.0	0.0	0.0	0.0	0.0
Delta NWC	20.4	3.7	11.6	7.7	0.5	(2.0)	(1.8)	(1.3)	(0.9)	(0.7)	(2.8)
Unlevered FCFF	**(86.1)**	**(31.3)**	**17.2**	**55.8**	**71.8**	**62.9**	**56.3**	**51.4**	**47.7**	**45.0**	**42.3**
NPV FCFF per share	**179.8**	**293.3**	**358.1**	**376.2**	**353.5**	**310.8**	**273.5**	**239.6**	**207.7**	**176.5**	**145.1**
Terminal FCFF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**42.3**
(x) 1 + TGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
(÷) (WACC - TGR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Terminal Value	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**553.6**
PV (Terminal Value)	**207.0**	**228.4**	**252.0**	**278.1**	**306.8**	**338.5**	**373.5**	**412.1**	**454.7**	**501.7**	**553.6**
	0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Summation of Cash Flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Σ PV (Unlevered FCFF)	179.8	293.3	358.1	376.2	353.5	310.8	273.5	239.6	207.7	176.5	145.1
(+) PV (Terminal Value)	207.0	228.4	252.0	278.1	306.8	338.5	373.5	412.1	454.7	501.7	553.6
PV (AU$m)	**386.8**	**521.7**	**610.2**	**654.3**	**660.3**	**649.3**	**647.0**	**651.7**	**662.4**	**678.2**	**698.7**
(+) Cash	64.9	44.6	44.8	83.2	148.5	218.2	276.5	330.4	381.2	429.8	476.2
(-) Total Debt	28.1	40.5	26.9	8.9	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Implied Equity Value (AU$m)	**423.5**	**525.8**	**628.1**	**728.6**	**809.2**	**867.9**	**923.9**	**982.5**	**1,044.0**	**1,108.4**	**1,175.3**
(÷) Shares outstanding (m)	1,947.8	1,963.0	1,965.5	1,972.2	1,991.0	2,095.9	2,107.9	2,107.9	2,107.9	2,107.9	2,107.9
Valuation	**$0.22**	**$0.27**	**$0.32**	**$0.37**	**$0.41**	**$0.41**	**$0.44**	**$0.47**	**$0.50**	**$0.53**	**$0.56**
EV/Revenue		7.7x	4.2x	3.2x	3.0x	3.2x	3.4x	3.6x	3.8x	4.0x	4.3x
EV/EBITDA		-14.1x	23.7x	8.5x	7.1x	7.6x	8.3x	9.1x	9.8x	10.6x	12.2x
EV/EBIT		-13.3x	26.1x	8.8x	7.3x	7.8x	8.6x	9.4x	10.2x	11.0x	12.7x

EV/Revenue informed valuation	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
1.0x	0.04	0.08	0.14	0.19	0.20	0.22	0.24	0.26	0.29	0.30
3.0x	0.11	0.23	0.35	0.41	0.39	0.40	0.41	0.43	0.45	0.46
5.0x	0.17	0.38	0.56	0.63	0.59	0.58	0.59	0.60	0.61	0.61
10.0x	0.35	0.75	1.08	1.18	1.07	1.03	1.02	1.01	1.02	0.99
EV/EBITDA informed valuation	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**	**FY32E**	**FY33E**	**FY34E**	**FY35E**
5.0x	-0.09	0.07	0.23	0.31	0.31	0.32	0.33	0.34	0.36	0.36
7.5x	-0.14	0.11	0.33	0.43	0.41	0.41	0.41	0.42	0.43	0.43
10.0x	-0.19	0.14	0.43	0.54	0.51	0.50	0.50	0.50	0.51	0.50
15.0x	-0.28	0.21	0.62	0.78	0.72	0.69	0.67	0.66	0.66	0.63

PT	**$0.27**
FY+1 EV/Revenue	**7.7x**

Source: Canaccord Genuity estimates

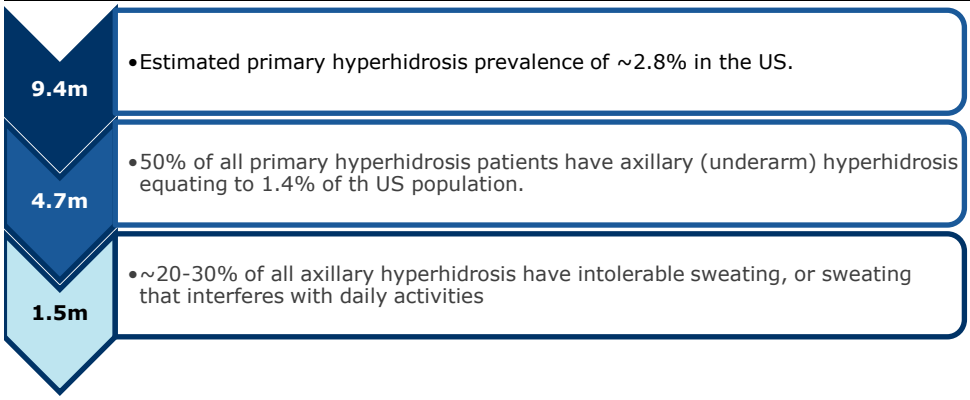
Market size

We assess the TAM for Sofdra on the basis of a bottom-up analysis of addressable patient population which looks to estimate the existing prevalence, and growing diagnosis of hyperhidrosis. In the US, we assess there are ~9.4m patients that have been diagnosed with primary hyperhidrosis by a healthcare practitioner. Of these, ~50% of patients have axillary (underarm) hyperhidrosis, which represents the overall TAM for Sofdra, in addressing axillary hyperhidrosis.

In accounting for the ~20-30% deemed as moderate to very severe hyperhidrosis (which causes patients to seek treatment), we assess there are ~1.5m actively seeking treatment. We see capacity for the patients seeking treatment to grow, as more efficacious, affordable and tolerable treatments (such as Sofdra) come to market (which has been called out in Botanix's presentations). We use the 1.5m as a sense check against our new patient arrivals to ensure the number of patients commencing treatment is not exaggerated.

There is some difficulty in finding accurate information regarding the number of patients diagnosed with hyperhidrosis. We tend to err on the side of caution; an analysis conducted by Brickell Biotech (who sold Sofdra to Botanix) suggested that while there may be as many as 15.3m individuals affected by hyperhidrosis, ~50% will discuss their excessive sweating with a practitioner, and only ~27% will go on to be diagnosed, equating to ~2m patients.

Figure 26: Overview of US hyperhidrosis market size



Source: Company Reports, Canaccord Genuity estimates

Figure 27: Summary of CGe's US hyperhidrosis market

			FY29E
Primary hyperhidrosis prevalence	m		9.6
Axillary hyperhidrosis	m	*50.80%*	6.0
Diagnosed and seeking treatment	**m**	***30.0%***	**1.8**
Patient arrivals	n	*4.0%*	59.387
Persistency	k	*24%*	
Continuing patients	**k**		**63,177**
Gross pricing/month script	US$m		$950
Gross-to-net	%	*36%*	
Net pricing/month script	US$m		$340
Net sales (pre-royalty)	US$m		$145.7
Net sales (pre-royalty)	A$m		$231.4
Net sales (post-royalty)	A$m		$219.8

Source: Company Reports, Canaccord Genuity estimates

Revenue and earnings multiple cross-checks. Our DCF model is cross-checked against EV/Revenue and EV/EBITDA multiples. Over FY26-27e, we expect the market to base Botanix on revenue growth, and increasingly on an EV/Revenue multiple.

Postulating potential EV/Revenue multiples of early-stage pharmaceutical companies is often fraught with a lack of comparable data, and back-solving. Our comparative companies include a diverse range of drug types, and end-market opportunities, including both rare disease, and quasi-speciality, generic pharmaceutical companies, which likely provide a more measured assessment of multiples paid.

While a FY26e EV/Revenue multiple of 7.7x is not necessarily supported, we are happy with a 12-month PT set at this level, given that we expect continued strong revenue growth over from FY26e to FY27e (A$67.8m → A$145.2; which on a look-forward basis represents ~3.6x EV/Revenue, and likely more importantly builds into a reasonable EV/EBITDA multiple average ~13.5x (across FY27-28e)…6.8x in FY28e.

We asses over a 5-year timeframe a 7.5-8.0x forward EV/EBITDA multiple is valid for Botanix based on the below peers.

Figure 28: Comps analysis for Botanix against US speciality- and ASX pharmaceutical companies

Companies	Code	Market cap	EV/Revenue			EV/EBITDA			Revenue growth	
			2025	2026	2027	2025	2026	2027	2026	2027
US Speciality Pharmaceutical companies										
AbbVie, Inc.	ABBV-US	336,111	6.6x	6.1x	5.7x	14.1x	12.3x	11.4x	8%	7%
Gilead Sciences, Inc.	GILD-US	144,545	5.6x	5.4x	5.1x	11.1x	10.5x	9.9x	4%	5%
Teva Pharmaceutical Industries	TEVA-IL	63,076	2.0x	2.0x	1.9x	7.1x	6.7x	5.9x	0%	4%
United Therapeutics Corporation	UTHR-US	13,735	3.3x	3.1x	3.0x	6.3x	6.2x	5.9x	7%	4%
Jazz Pharmaceuticals	JAZZ-US	7,154	2.4x	2.3x	2.2x	12.4x	5.9x	5.5x	5%	6%
Ionis Pharmaceuticals, Inc.	IONS-US	6,724	8.4x	7.4x	5.3x	N/A	N/A	N/A	14%	40%
Acadia Pharmaceuticals	ACAD-US	3,891	3.0x	2.7x	2.4x	37.4x	20.7x	10.0x	11%	12%
Supernus Pharmaceuticals Inc	SUPN-US	1,880	2.3x	2.0x	1.8x	8.6x	7.3x	5.5x	16%	12%
BioCryst Pharmaceuticals	BCRX-US	1,789	3.8x	3.5x	3.1x	24.0x	14.5x	11.4x	8%	12%
Arcutis Biotherapeutics	ARQT-US	1,771	5.3x	3.8x	2.8x	N/A	N/A	N/A	38%	35%
ANI Pharmaceuticals	ANIP-US	1,461	2.5x	2.3x	2.2x	9.7x	8.7x	7.6x	7%	7%
Avadel Pharmaceuticals	AVDL-US	1,069	4.0x	3.0x	2.6x	21.6x	7.9x	5.0x	30%	19%
Collegium Pharmaceuticals	COLL-US	1,021	2.4x	2.4x	2.5x	4.1x	4.6x	4.8x	3%	-7%
Pacira Biosciences	PCRX-US	1,044	1.6x	1.5x	1.3x	6.2x	5.2x	4.4x	11%	10%
Journey Medical Corp	DERM-US	131	1.9x	1.3x	0.9x	16.3x	3.6x	1.7x	53%	43%
US Median		1,880	3.0x	2.7x	2.5x	11.1x	7.3x	5.9x	8%	12%
ASX Pharmaceutical companies										
Telix Pharmaceuticals	TLX-AU	7,191	5.8x	4.5x	3.8x	39.7x	22.2x	15.3x	29%	20%
Neuren Pharmceuticals	NEU-AU	2,076	25.0x	13.6x	10.2x	121.5x	35.6x	22.1x	84%	33%
Clinuvel Pharmaceuticals	CUV-AU	596	4.2x	3.8x	3.4x	8.4x	8.3x	6.9x	11%	12%
Mayne Pharma Group	MYX-AU	427	0.8x	0.8x	N/A	6.6x	7.1x	N/A	5%	N/A
ASX Median		1,336	5.0x	4.1x	3.8x	24.1x	15.2x	15.3x	20%	20%
Botanix Pharmaceuticals @ PT	BOT-AU	526	N/A	7.7x	3.6x	N/A	N/A	20.3x	1162%	114%
Total Median		**1,880**	**3.3x**	**3.0x**	**2.7x**	**11.1x**	**7.9x**	**6.4x**	**11%**	**12%**

Source: FactSet, Canaccord Genuity estimates

M&A activity and potential deal valuations

Extrapolation of M&A activity is also difficult, given the limited number of relevant deals over the last 10 years. We note that the most recent dermatology deal, whereby Organon acquired Dermavant Sciences, has particularly helpful detail. Total deal consideration was US$1.2b, with a $175m upfront payment, $75m milestone on approval in atopic dermatitis, and $950m on commercial milestones, plus tiered royalties on net sales. FY23 sales of VTAMA were $75.1m, and as of May 2024, there were 385k total prescriptions written with over 13.5k prescribers for psoriasis. VTAMA, at the time, was covered for over 138m US commercial lives. The launch missed management and market expectations.

In contrast, two years into launch, we expect ~289k prescriptions for Sofdra, with net sales of US$44.7m in FY26e. We do not necessarily view this deal as comparable, given the potential of VTAMA across several indications, with total addressable patient population perhaps 2x that of Sofdra (plaque psoriasis, atopic dermatitis, etc.). Based on FY27e net revenue of ~US$91.9m, at the median revenue multiple of previous transactions, this would value Botanix at an EV of US$313m (A$495m). At the average of 6.6x, this would value Botanix at an EV of US$600m (A$955b). As a reminder, our current PT of $0.27 values Botanix at an EV of A$520m (US$330m).

Figure 29: Summary of M&A activity in dermatology across 2015-25

Date	Deal type	Target	Buyer	Focus	Upfront	Earnout	TTV	Rev	TTV/REV	Ref
Oct-24	Full company	Dermavant Sciences	Organon	VTAMA (tapinarof) Cream, 1%	175	1025	1200	75.1	16.0x	Link
Sep-22	Full company	Ducentis Biotherapeutics	Arcutis Biotherapeutics	Immunology/atopic dermatitis	Not disclosed		429	0	NM	Link
Mar-22	Full company	EPI Health (derma portfolio)	Novan	Acne, psoriasis, rosacea	27.5	23.5	51	17.6	2.9x	Link
Feb-22	Full company	Alchemee (The Proactiv Company)	Taro Pharmaceutical Industries Ltd	Acne (mainly OTC, some Rx overlap)	Not disclosed		99	6.1	16.2x	Link
Jan-22	Full company	VYNE Therapeutics, Inc	Journey Medical Corp.	Prescription dermatology (acne/rosacea)	25	450	475	0.9	NM	Link
Dec-21	Full company	Forendo Pharma	Organon -	Women's health , endometriosis	75	879	954	N/A	N/A	Link
Oct-21	Public exchange offer	Cassiopea SpA	Cosmo Pharmaceuticals	Prescription dermatology (acne, androgenic alopecia)	Not disclosed		357	0	NM	Link
Sep-18	Derm portfolio	Sandoz	Aurobindo Pharma	Generics & dermatology generics (300 products)	900	100	1000	900	1.1x	Link
Aug-18	Derm portfolio	Allergan - Dermatology Portfolio	Almirall	Prescription dermatology for Derm, acne, psoriasis	550	100	650	140	4.6x	Link
Jul-18	Derm portfolio	Bayer - Rx Dermatology Portfolio	LEO Pharma	Acne, fungal infections	Rumoured		1100	328	3.4x	Link
Jul-18	Derm Asset	Spear Pharmaceuticals	Mayne Pharma Group Ltd	Actinic keratosis	20.00	10.00	30.00	N/A	N/A	Link
Jul-17	Derm portfolio + others	Obagi (Medical Products)	Private Equity Group	Broad dermatology	190	-	190	85	2.2x	Link
Nov-15	Derm portfolio	Astellas	Leo Pharma	Acne, atopic dermatitis (ex. Japan)	Not disclosed		725	NR	NM	Link
Aug-15	Full company	Sprout Pharmaceuticals	Valeant Pharmaceuticals International	Rx (female health, some derm overlap)	1000	353.00	1353	N/A	N/A	Link
Average									**6.6x**	
Median									**3.4x**	

Source: As referenced, Canaccord Genuity

Valuation sensitivities

GTN yield and patient persistency/attrition are the two most sensitive factors within our model.

Persistency/attrition rates. We summarise our approach to building in patient attrition in the **Forecasts** section. At a high-level, we look to build in patient attrition to a level such that by FY29e, overall patient conversion and persistency sits at ~20% by FY28e, ~in line with longitudinal analysis of persistency rates in dermatology (psoriasis) drugs (made up of both 1-month and 1-year attrition rates, supported by our US patient survey).

Patient persistency rates of course, directly affect the number of scripts sold. In terms of new patient arrivals, our forecasts essentially extrapolate new patient arrivals as a factor of sales reps, increasing based on additional reps, rather than an increase in rep productivity. We therefore see patient persistency much more sensitive to our model than arrivals. What investors should note from the below sensitivity table is that small deviations in attrition rates evoke material changes in valuation. We would assess that we have been conservative on this front. We also note the asymmetry in the sensitivity table (**Figure 30**), where the incremental persistence change has larger upside than the respective downside.

Figure 30: Sensitivities associated with patient attrition rates (FY26-FY35e)

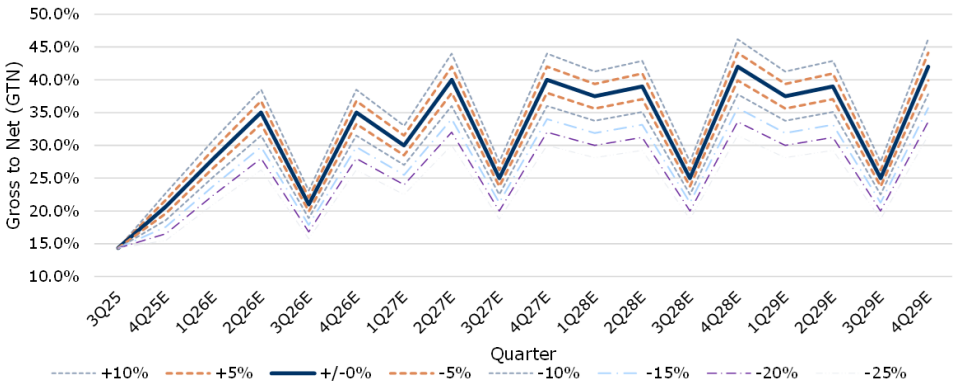
1-month attrition	1-year patient attrition				
PT	67.50%	71.25%	75.00%	78.75%	82.50%
21.15%	0.38	0.33	0.28	0.23	0.18
22.33%	0.37	0.32	0.27	0.23	0.18
23.50%	0.36	0.32	0.27	0.22	0.17
24.68%	0.36	0.31	0.26	0.21	0.17
25.85%	0.35	0.30	0.26	0.21	0.16
%Δ	- 10%	- 5%	+/- 0%	+ 5%	+ 10%
- 10%	41%	23%	5%	-14%	-32%
- 5%	38%	20%	2%	-16%	-34%
+/- 0%	36%	18%	0%	-18%	-36%
+ 5%	33%	15%	-2%	-20%	-37%
+ 10%	30%	13%	-5%	-22%	-39%

Note: The current persistency is 95% in patients with automatic refills (5 months data, 1-Feb to 30-Jun) and 79% from overall patient data.
Source: Canaccord Genuity estimates

Gross-to-net pricing (GTN). Simplistically gross-to-net yield is typically lower in dermatology drugs given a) manufacturers typically need to offer higher rebates to health plans for the drug to be included on the formularies (i.e. list of covered medications); and lower the patient hurdle for adoption (by removing or lowering the co-pay amount). These are inherent to dermatology drug because the impetus to adopt such drugs is lower compared to oncology drugs, for instance.

Our sensitivities regarding GTN are presented in **Figure 31**. GTN in FY25e was ~18%. We forecast GTN at 30%, 34% and 36% across FY26-FY28e, and see a yearly average GTN of ~34% to FY35e. We note that we have approached our sensitivity regarding GTN by presenting deviations from our gross-to-net in +/- 5% increments, based on an average GTN across FY25-29e of 32%, represented in orange in the table overleaf. What investors should note is that current pricing levels appear to be baking in, near worst-case scenarios for both GTN and patient persistency rates (bottom left corner of the PT section). We expect Botanix to provide ongoing quarterly updates which will provide more Clarity regarding these factors.

Figure 31: Gross-to-net yield sensitivity table



1-Year Patient Attrition	GTN Avg to FY29								
	PT	24%	26%	27%	29%	30%	32%	34%	35%
	67.50%	0.24	0.26	0.29	0.31	0.34	0.36	0.39	0.41
	71.25%	0.20	0.22	0.25	0.27	0.29	0.32	0.34	0.36
	75.00%	0.16	0.19	0.21	0.23	0.25	0.27	0.29	0.31
	78.75%	0.13	0.15	0.17	0.18	0.20	0.22	0.24	0.26
	82.50%	0.09	0.11	0.13	0.14	0.16	0.17	0.19	0.20
		% Change in GTN over all time points							
	%Δ	-25%	-20%	-15%	-10%	-5%	0%	5%	10%
	- 10%	-12%	-2%	7%	17%	26%	36%	45%	54%
	- 5%	-25%	-17%	-8%	1%	9%	18%	26%	35%
	+/- 0%	-39%	-31%	-23%	-15%	-8%	0%	8%	15%
	+ 5%	-52%	-45%	-38%	-31%	-25%	-18%	-11%	-4%
	+ 10%	-65%	-59%	-53%	-47%	-41%	-36%	-30%	-24%

Source: Canaccord Genuity estimates

Sales rep new patient arrivals rate. In the early launch phase, Botanix expects patient uptake and reach will be primarily driven by a boots-on-the-ground sales force. It is expanding its rep count; 33 reps imminently, 50 reps by3Q FY26 end. Each salesperson is expected to reach full capacity within ~one year. Accordingly, we assume new patient arrivals per sales rep will ramp up over one year (i.e., 0 patients in Q1, 120 in Q2, 250 in Q3, and 300 from Q4 onwards). In the sensitivity analysis below (see Figure 30) we scale these rates to a steady-state range of 200–400 new patients per rep per quarter, in increments of 50. We also include the 1-year persistency rate to demonstrate how these variables interact. We expect Botanix to provide ongoing sales force updates, where patient conversion will be tracked and mapped accordingly to target the patient run rates.

Figure 30: Sensitivities associated with patient attrition rates (FY26-FY35e)

New arrivals per rep/quarter	1-year patient attrition				
	PT	67.50%	71.25%	75.00%	78.75%	82.50%
	400	0.53	0.46	0.40	0.34	0.28
	350	0.45	0.39	0.33	0.28	0.22
	300	0.36	0.32	0.27	0.22	0.17
	250	0.28	0.24	0.20	0.16	0.12
	200	0.20	0.17	0.13	0.10	0.07
	%Δ	- 10%	- 5%	+/- 0%	+ 5%	+ 10%
	+100	97%	73%	50%	26%	3%
	+50	66%	46%	25%	4%	-16%
	+/-0	36%	18%	0%	-18%	-36%
	-50	5%	-10%	-25%	-40%	-55%
	-100	-26%	-38%	-50%	-62%	-74%

Source: Canaccord Genuity estimates

Forecasts

Our forecasts for Botanix are informed solely on the uptake of Sofdra in the United States. While Botanix currently report in AUD, all revenue, and the vast majority of expenses will be recognised in USD, hence we also provide a USD-based forecast summary.

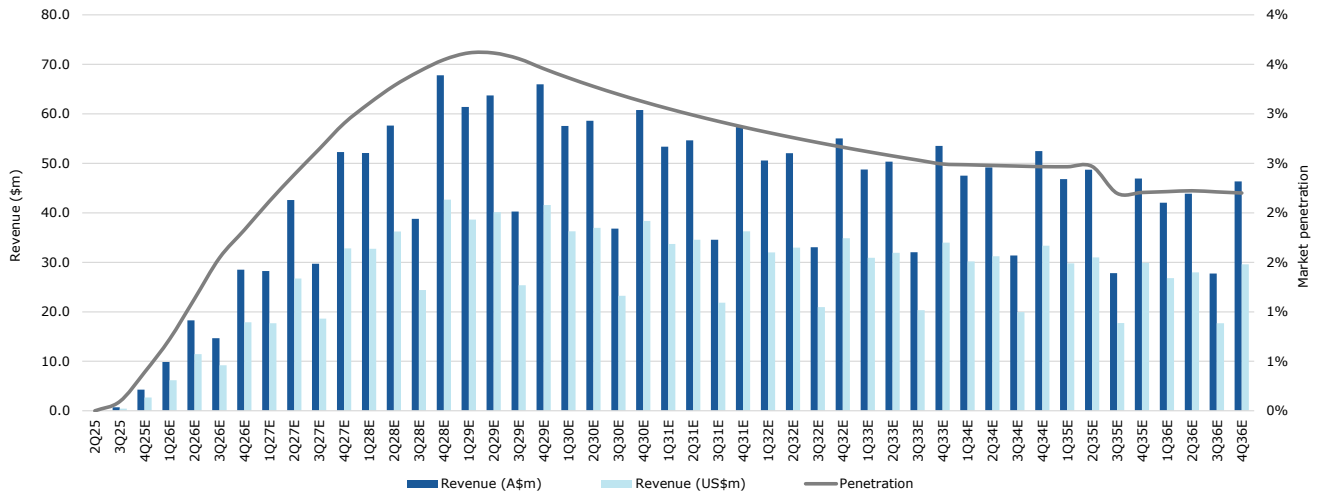
Our forecasts are predicated on the number of sales reps and expected new patient arrival rate per quarter. Noting the 1,099/month → 2,500/month new patient arrivals from Feb to June, we have developed a model which forecasts a similar sales rep productivity schedule going forward.

- **New sales reps.** Each additional rep that is added to the team works through a 9–12-month ramp of new patients added per quarter, from 120 → 250 → 300 new patients per quarter. Factoring in new rep dilution across the next year, we see 54 total sales reps by FY26 year-end…on a run-rate basis, we see each rep adding 270 patients per quarter (54 reps x 270 = 14,580 new patients).
- **Patient persistency.** We factor in both a short-term (1 month) attrition rate (of 23.5%), and a 1-year attrition rate (75-80%). Informed by our US patient survey, we assess the 1-month mark as an important threshold. Most patients took ~1 week to recognise improvements in their hyperhidrosis symptoms; given some patients may need to get a monthly repeat script, if improvements are not evident and/or out-of-pocket costs are too high, we would expect the patient to stop treatment. For patients who attain an 11-month repeat prescription (~60-70%), the threshold at which they either continue taking treatment or stop is the 1-year mark. Our 1-year attrition rate of 75-80% is predicated on long-term patient persistency rates of ~20%, informed by previous dermatology drugs.

Other considerations:

- ~5m → 6m total axillary hyperhidrosis patients which can be targeted within a <5-year timeframe. Given the responses from our survey (and sentiment from Reddit user feedback), in the short and medium term, we do not assess an issue with demand for Sofdra.
- 3.5% of these 5-6m patients (250-300k) fill at least one prescription of Sofdra. We assess this should allow for ~60k patients to remain on long-term treatment (12 months) across peak years, which sees average patient conversion and persistency at 55%, 42% and 33% across FY26-FY28e (in line with documented dermatology drug launches).
- 4.5 years to 'peak sales' estimates, based on dermatology drug launch predicates.
- Pricing remaining at US$950/script/month with gross-to-net yield somewhat stabilising to a yearly average of 30-35% by FY28e (noting we forecast 30%, 34% and 37% gross-to-net yield across FY26-FY28e, associated with Sofdra launch).
- We have somewhat attempted to capture the expected seasonality in revenues, largely driven by patient deductibles (typically causing lower net revenue realised in the 1Q of a CY). We note that Botanix's Japanese partner, Kaken Pharmaceuticals, has experienced pronounced revenue seasonality (Apr-Sept) since the launch of Ecclock in Japan in 2021. We understand that this has been a deliberate demand driver by Kaken to increase uptake in warmer months.
- As a result of these assumptions, Sofdra's peak gross sales sit at US$400m and net revenue estimates sit at US$140m (A$228m) in FY29e. We forecast a modest decline in sales post this period.

Figure 32: Long-term revenue forecasts for Sofdra



Source: Company Reports, Canaccord Genuity estimates

Figure 33: USD-based forecasts across FY25-FY8e

US$m	FY25E	1Q26E	2Q26E	3Q26E	4Q26E	FY26E	1Q27E	2Q27E	3Q27E	4Q27E	FY27E	1Q28E	2Q28E	3Q28E	4Q28E	FY28E
Gross sales	**16.0**	22.0	32.7	43.8	51.1	**149.7**	59.0	66.8	74.6	82.1	**282.5**	87.3	92.9	97.6	101.6	**379.3**
Gross-to-net discount	***81%***	*72%*	*65%*	*79%*	*65%*	***70%***	*70%*	*60%*	*75%*	*60%*	*66%*	*63%*	*61%*	*75%*	*58%*	*64%*
Net sales	**3.1**	6.2	11.5	9.2	17.9	**44.7**	17.7	26.7	18.6	32.8	**95.9**	32.7	36.2	24.4	42.7	**136.0**
Gross-to-net yield	***19%***	*28%*	*35%*	*21%*	*35%*	***30%***	*30%*	*40%*	*25%*	*40%*	***34%***	*38%*	*39%*	*25%*	*42%*	***36%***
Royalties	**(0.2)**	(0.3)	(0.6)	(0.5)	(0.9)	**(2.2)**	(0.9)	(1.3)	(0.9)	(1.6)	**(4.8)**	(1.6)	(1.8)	(1.2)	(2.1)	**(6.8)**
COGS	**(0.6)**	(1.1)	(1.9)	(1.5)	(2.9)	**(7.3)**	(2.9)	(4.2)	(2.8)	(5.0)	**(14.9)**	(5.0)	(5.3)	(3.6)	(6.3)	**(20.2)**
SG&A	**(27.9)**	(8.5)	(8.7)	(8.7)	(8.8)	**(34.8)**	(8.7)	(8.9)	(8.7)	(8.7)	**(35.0)**	(8.7)	(8.6)	(8.3)	(8.9)	**(34.6)**
Sales reps		*33*	*46*	*50*	*52*	***52***	*60*	*62*	*66*	*70*	***70***	*72*	*74*	*75*	*75*	***75***
R&D	**(0.5)**	(0.1)	(0.2)	(0.2)	(0.3)	**(0.8)**	(0.3)	(0.5)	(0.4)	(0.6)	**(1.8)**	(0.6)	(0.7)	(0.5)	(0.8)	**(2.6)**
Other expenses	**(25.2)**	(5.7)	(5.7)	(5.7)	(5.7)	**(22.8)**	(5.8)	(5.8)	(5.8)	(5.8)	**(23.2)**	(5.8)	(5.8)	(5.9)	(5.9)	**(23.5)**
Total opex (incl. SBPs)	**(53.7)**	(14.3)	(14.6)	(14.6)	(14.9)	**(58.4)**	(14.9)	(15.2)	(14.9)	(15.2)	**(60.1)**	(15.2)	(15.1)	(14.7)	(15.7)	**(60.7)**
Operating profit	**(51.3)**	(9.5)	(5.6)	(7.4)	(0.8)	**(23.2)**	(0.9)	6.0	(0.0)	11.0	**16.1**	10.9	13.9	4.9	18.6	**48.3**
Margin	***N/A***	*-154%*	*-49%*	*-80%*	*-4%*	***-52%***	*-5%*	*23%*	*0%*	*33%*	***17%***	*33%*	*38%*	*20%*	*44%*	***36%***

Source: Canaccord Genuity estimates

We use a few predicates to inform our forecast assumptions for Sofdra.

Dermatology drug launches are difficult to forecast given some of the unique drivers compared to oncology, rare disease, etc. These drivers include a) more patient-driven care (patient choice, brand awareness, etc.), b) typically more treatment choices, and c) non-emergent conditions, lowering the impetus to potentially find and/or persist on treatment.

From the small sample of previous drugs included below we would highlight three key takeaways, which we include in our forecasts:

- Time to peak sales is much shorter (2-3 years), which speaks to the importance of uptake in the first 12-18 months of commercial launch.
- Market penetration should be much lower (<10%), owing to the increased competition in dermatology and the materially lower persistence rates.
- Drug efficacy, safety, access and awareness all have to be exceptional for the drug to be successful. Without all factors, it appears that drug launches underwhelm expectations.

Qbrexza is, of course, the most interesting and relevant to Sofdra – we discuss Qbrexza in **Appendix II: Sofdra clinical summary.**

Figure 34: Summary of comparable drug launches in dermatology

Product	Indication	Region	Time to peak sales	Peak sales (US$m)	Est market pen.	Notes
Eucrisa (crisaborole)	Mild-to-moderate atopic dermatitis	US	~4 years	~$140m (2018-19)	~5–7% of eligible patients	Launched with high DTC push. Slower uptake due to mild efficacy.
Qbrexza (glycopyrronium cloth)	Primary axillary hyperhidrosis	US	~2–3 years	~$35m (2021)	~1–2% treated population	Approved 2018. Uptake limited by side effects, discontinuation.
Wynzora (calcipotriene/ betamethasone foam)	Psoriasis (mild-moderate)	US	~2–3 years	~$35m (2023)	~2–4% of topical-treated PsO	Competes in crowded class; moderate formulary access.

Source: Company Reports, Canaccord Genuity estimates

Pricing. We assume an average list price for Sofdra in the US of US$950 per script per month. As highlighted above, we assume >65% GTN over the medium and long-term, accounting for higher GTN discounts in the first 18-24 months of launch, expecting Botanix to cover all co-pays. We note that it is somewhat difficult to accurately forecast GTN. LEK's analysis of ~94 drugs, suggested an average GTN of ~41% for non-oncology/non-orphan disease drugs. As highlighted previously, we include the factors contributing to our GTN assumptions in **Figure 35** below. We see potential upside to our GTN forecasts, which is most likely to be driven by reductions in co-pay amounts, particularly as patient deductibles are reached (typically 3-4 months into a CY). We expect that as Botanix release quarterly and half-yearly updates over the next year, GTN levels will become much clearer (noting the noise associated with a drug launch).

There has been concern recently regarding impacts to Sofdra pricing based on potential changes to US drug pricing policies (Trump's Most Favoured Nation, MFN). We continue to monitor updates here; however, we remain somewhat optimistic, given price referencing to Ecclock in Japan is somewhat difficult, given the differences in sofpironium bromide concentration (Ecclock 5% vs Sofdra 15%). We assess that Sofdra is less exposed to stark pricing discounts.

Figure 35: Gross to net discount assumptions for Sofdra

Price	Payments	%	Amount
Gross Price			**US$950**
-	SendRx fee	*~3%*	($30-50)
-	Co-pay	*~20-40%*	($190-$380)
-	Rebates to PBMs	*~20%*	($190-$240)
-	Other	*~3-5%*	($30-$50)
Net price		***~24-40%***	**US$230-380**

Source: Company Reports, Canaccord Genuity estimates

Persistency. We assess the most vulnerable time for attrition, is 1-year post commencement of drug. At this time, the ~60-70% of patients who received an 11-month repeat prescription (11 refills) will need to consult with their doctor/the pharmacy in some way (in person/over the phone). As such, our 1-year attrition rates sit at 75-80%. Given the bolus of patients that will be added over the 18-24 months of launch, the largest drop off occurs in FY28e.

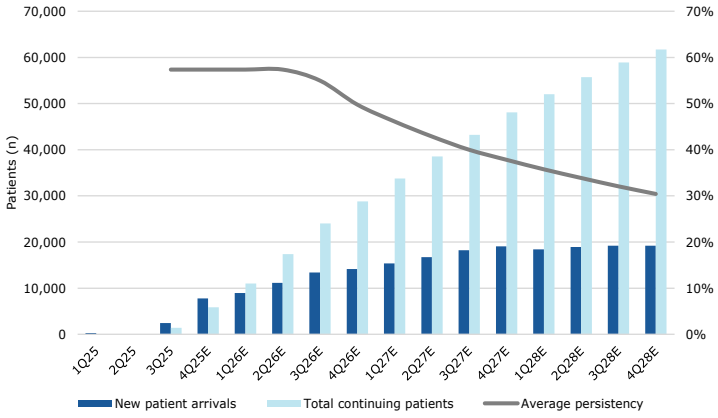
Alongside pricing, persistency is the key metric which affects long-term forecasts. While a longitudinal study has not been conducted in hyperhidrosis patients specifically, our long-term persistency rates are informed by 5-year studies conducted across multiple psoriasis drugs (Adalimumab, Etanercept, Ixekizumab, Secukinumab, Ustekinumab). This study suggested that on average, persistence was relatively low (17-27% at 5-years), despite the chronic nature of psoriasis. Changes in persistence over time seemed to be attributable to changes in the therapeutic landscape, providing patients with more options to switch biologic treatments if their current management was considered suboptimal. As such, we forecast long-term persistence rates of ~20%.

Figure 36: Long-term persistency rates for psoriasis drugs

Psoriasis drug	Treatment episodes, *n*	Persistence rate, %		
		1 year	2 years	5 years
Adalimumab	1046	64.6	47.9	26.8
Etanercept	974	57.8	39.7	16.8
Ixekizumab	50	81.3	–	–
Secukinumab	394	75.9	58.5	–
Ustekinumab	488	79.9	64.8	41.6

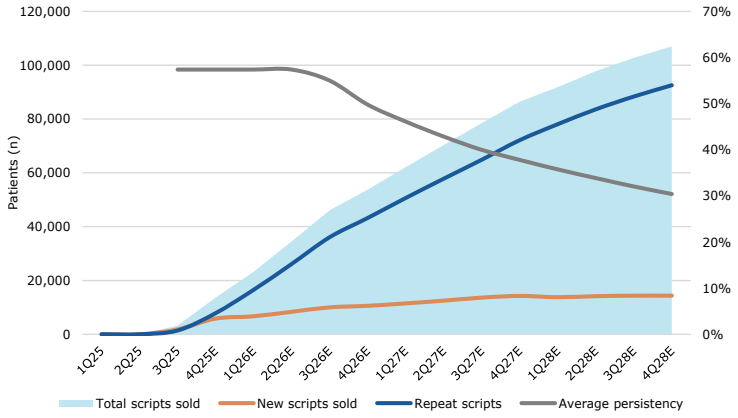
Source: Canaccord Genuity estimates

Figure 37: New patient arrivals and patient persistency rates



Source: Company Reports, Canaccord Genuity estimates

Figure 38: New and repeat scripts sold

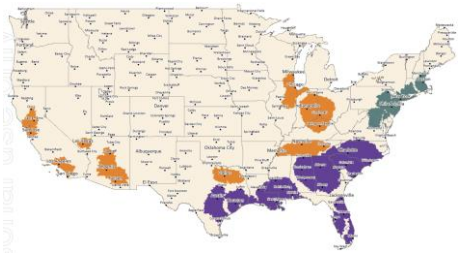


Source: Company Reports, Canaccord Genuity estimates

Sales and marketing

We have allocated US$350k/rep/year for the commercial rollout of Sofdra in the US (noting we assume uncapped commissions). Botanix has hired 33 reps in total (6 additional reps undergoing training currently). The company now expects 50 reps to be hired by the end of 2Q FY26e. We forecast 75 total sales reps (fully recruited by FY28e). We therefore forecast direct sales rep costs of US$16.2m, US$23.1m and US$26m across FY26e-FY28e). While overtime we expect Botanix to increasingly allocate more spend to digital marketing (and patient conversion), we assess that the next ~2 years will rely heavily on boots-on-ground sales reps. We assess that with a current sales force of ~33 reps, Botanix currently reaches ~37% of the U.S. population with standard field reps. The capacity for greater reach (into neighbouring states) is likely high, accounting for an additional ~50%. We observe and confirm that this is consistent with the company's reported sales distribution network, which currently focuses on the East Coast and is expanding into California, the most populous state in the United States.

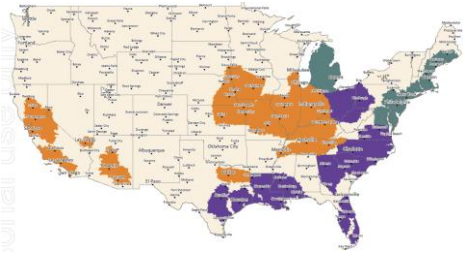
Figure 39: Q3 FY25



Region	Colour	Territories
Northeast	Teal	9
South	Purple	9
West	Orange	9
Total		**27**

Source: Company Reports, Canaccord Genuity

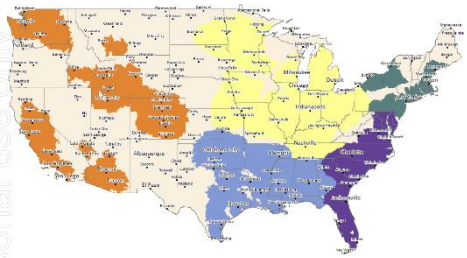
Figure 40: Q1 FY26E



Region	Colour	Territories
Northeast	Teal	11
South	Purple	11
West	Orange	11
Total		**33**

Source: Company Reports, Canaccord Genuity estimates

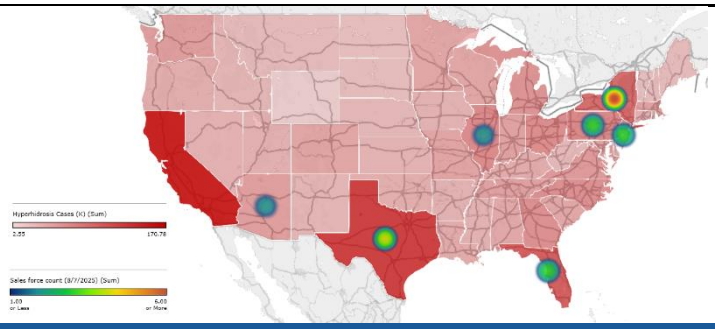
Figure 41: Q2 FY26E



Region	Colour	Territories
Northeast	Teal	12
South	Purple	10
West	Orange	10
Central	Orange	9
West	Blue	9
Total		**50**

Source: Company Reports, Canaccord Genuity estimates

Figure 42: CGe Hyperhidrosis prevalence distribution and sales safe locations, 1.47m people estimated to be diagnosed and seeking treatment in the US



US State	US Priority Target Hyperhidrosis Cases (k)*	Sales Reps (count)
Texas	135.5	6
Florida	101.2	4
New York	86.0	3
Pennsylvania	56.6	3
Illinois	55.0	3
New Jersey	41.1	2
Arizona	32.8	2
Connecticut	15.9	1
Other		9
Total	**524.4**	**33**
Surrounding assessable states	731.0	N/A
Total (inc. surrounding accessible states)	**1,255.4**	**33**

*Peripheral states include California, Nevada, Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Tennessee, Ohio, Indiana, Missouri, Kansas, Michigan, Ohio, Maryland, Delaware, Iowa, Nebraska, Kentucky, Michigan, and Rhode Island. Note that the image above shows sales representatives listed on Botanix's LinkedIn; there are nine associated members whose locality cannot be determined from publicly available information. The Data used is current as of July 7, 2025.
Source: Company Reports, Dolittle et al., Canaccord Genuity

Figure 43: Detailed revenue model for Sofdra in the United States

		3Q25	4Q25E	FY25E	1Q26E	2Q26E	3Q26E	4Q26E	FY26E	1Q27E	2Q27E	3Q27E	4Q27E	FY27E	1Q28E	2Q28E	3Q28E	4Q28E	FY28E
US population		83.7	83.8	**334.5**	83.8	83.9	84.0	84.1	**335.8**	84.2	84.3	84.3	84.4	**337.2**	84.5	84.6	84.7	84.8	**338.5**
Market growth per quarter									0.4%					0.4%					0.4%
Primary hyperhidrosis prevalence		2.3	2.3	**9.4**	2.3	2.3	2.4	2.4	**9.4**	2.4	2.4	2.4	2.4	**9.6**	2.4	2.4	2.4	2.4	**9.6**
Growing prevalence		2.4	2.5	**9.6**	2.5	2.5	2.6	2.6	**10.1**	2.6	2.6	2.7	2.7	**10.7**	2.7	2.8	2.8	2.9	**11.2**
Market growth									**5%**					**5%**					**5%**
Axillary hyperhidrosis		1.2	1.2	**4.9**	1.3	1.3	1.3	1.3	**5.2**	1.3	1.3	1.4	1.4	**5.4**	1.4	1.4	1.4	1.4	**5.7**
Diagnosed and seeking treatment		370	374	**1,470**	379	384	389	394	**1,545**	398	403	408	414	**1,624**	419	424	429	435	**1,707**
% of eligible patients treated		0.05%	0.48%		0.52%	0.65%	0.52%	0.85%		4.20%	5.21%	6.17%	7.02%		7.74%	8.31%	8.75%	9.08%	
% of eligible patients who try Sofdra		0.66%	2.08%	0.69%	2.36%	2.91%	3.44%	3.59%	3.08%	3.85%	4.14%	4.46%	4.61%	4.27%	4.40%	4.47%	4.47%	4.41%	4.44%
% of eligible who persist on Sofdra		0.09%	0.39%	0.40%	0.73%	1.13%	1.55%	1.83%	1.86%	2.12%	2.39%	2.65%	2.91%	2.96%	3.11%	3.29%	3.43%	3.55%	3.61%
Sales reps		27.0	28.0	**28.0**	33.0	46.0	50.0	52.0	**52.0**	60.0	62.0	66.0	70.0	**70.0**	72.0	74.0	75.0	75.0	**75.0**
New reps			1.0		5.0	13.0	4.0	2.0		8.0	2.0	4.0	4.0		2.0	2.0	1.0	-	
New arrivals per rep/quarter		90.0	278.0	**1112.0**	271.2	242.6	267.6	271.9	**1087.7**	255.8	269.4	276.1	272.3	**1089.1**	255.8	255.8	255.8	255.8	**1023.3**
New patient arrivals	n	2,430	7,784	**10,214**	8,950	11,160	13,380	14,140	**47,630**	15,350	16,700	18,220	19,060	**69,330**	18,420	18,932	19,188	19,188	**75,727**
Patients commencing drug	n	1,823	5,838	**7,661**	6,713	8,370	10,035	10,605	**35,723**	11,513	12,525	13,665	14,295	**51,998**	13,815	14,199	14,391	14,391	**56,795**
>1 month attrition	%	76.50%	76.50%		76.50%	76.50%	76.50%	76.50%		76.50%	76.50%	76.50%	76.50%		76.50%	76.50%	76.50%	76.50%	
New scripts sold	n	1,823	5,838	**7,661**	6,713	8,370	10,035	10,605	**35,723**	11,513	12,525	13,665	14,295	**51,998**	13,815	14,199	14,391	14,391	**56,795**
New quarterly patients continuing treati	n	1,394	4,466	**5,860**	5,135	6,403	7,677	8,113	**27,328**	8,807	9,582	10,454	10,936	**39,778**	10,568	10,862	11,009	11,009	**43,448**
Continuing patients	n	1,394	5,860	**5,860**	10,995	17,398	25,075	33,188	**33,188**	41,995	51,577	62,030	72,966	**72,966**	83,535	94,397	105,405	116,414	**116,414**
>1yr attrition		0	0		0	0	1,046	4,395		8,247	13,049	18,806	24,891		31,496	38,683	46,523	54,725	
Total continuing patients	n	1,394	5,860	**5,860**	10,995	17,398	24,030	28,793	**28,793**	33,749	38,528	43,224	48,075	**48,075**	52,038	55,714	58,883	61,690	**61,690**
Repeat scripts	n	1,394	7,816	**9,210**	16,493	26,098	36,044	43,189	**121,824**	50,623	57,792	64,836	72,113	**245,363**	78,057	83,571	88,324	92,535	**342,487**
		1.0	1.8		1.5	1.5	1.5	1.5		1.5	1.5	1.5	1.5		1.5	1.5	1.5	1.5	
Total scripts	n	3,217	13,654	**16,870**	23,206	34,468	46,079	53,794	**157,547**	62,135	70,317	78,501	86,408	**297,361**	91,872	97,770	102,715	106,925	**399,282**
Gross revenue	US$m	3.1	13.0	**16.0**	22.0	32.7	43.8	51.1	**149.7**	59.0	66.8	74.6	82.1	**282.5**	87.3	92.9	97.6	101.6	**379.3**
Net revenue	US$m	0.4	2.7	**3.1**	6.2	11.5	9.2	17.9	**44.7**	17.7	26.7	18.6	32.8	**95.9**	32.7	36.2	24.4	42.7	**136.0**
US Hyperhidrosis (incl. royalties paid)	US$m	0.4	2.5	3.0	5.9	10.9	8.7	17.0	42.5	16.8	25.4	17.7	31.2	91.1	31.1	34.4	23.2	40.5	129.2
USD:AUD		0.63	0.63	**0.63**	0.63	0.63	0.63	0.63	**0.63**	0.63	0.63	0.63	0.63	**0.63**	0.63	0.63	0.63	0.63	**0.63**
Gross revenue	A$m	4.9	20.7	**25.6**	35.2	52.3	69.9	81.5	**238.9**	94.1	106.5	118.8	130.7	**450.1**	138.9	147.8	155.2	161.5	**603.3**
Net revenue - US Hyperhidrosis	A$m	0.7	4.3	**5.0**	9.9	18.3	14.7	28.5	**71.4**	28.2	42.6	29.7	52.3	**152.8**	52.1	57.6	38.8	67.8	**216.3**
US Hyperhidrosis (incl. royalties paid)	A$m	0.7	4.1	**4.7**	9.4	17.4	13.9	27.1	**67.8**	26.8	40.5	28.2	49.7	**145.2**	49.5	54.7	36.9	64.4	**205.5**

Source: Company Reports, Canaccord Genuity estimates

Investment and expense assumptions

Profit and loss statement

COGS. Our near-term gross margin assumptions sit at ~80%, gradually building out to ~85% over a 5-year timeframe, as scale develops.

Earnings. Our long-term projection (>5 years) of 40-45% operating margins sits in line with successful specialty pharmaceutical companies, noting that depending on reimbursement and pricing structures, such companies are capable of operating margins >45%. Given the expected front-loaded, steeper S-curve, we forecast Botanix to convert to earnings generating in 1H FY27e with large step change in margins (EBIT margins: 17% in FY27e, 39% in FY28e).

R&D expense. While Botanix has previously mentioned ongoing efforts to expand its pipeline, we do not forecast material R&D expense for internal drug development. In the near-term, we see it likely that R&D efforts may focus on label expansion of Sofdra, to incorporate additional areas of the body (which is also likely to occur in off-label use). As such we see over the medium and long term we forecast modest R&D of A$3-5m.

SG&A expense. We have detailed our sales and marketing forecasts above. Over the long-term, S&M costs are forecast at 20% of revenue (>FY29e).

Interest expense. We forecast interest expense of A$3.0m in FY26e, A$3.4m in FY27e and A$1.4m in FY28e, based on an interest rate of 9.95% per the financing terms with Kreos Capital. Incorporating interest income (at 2.0%), in the near-term net interest expense over FY26-FY28 sits at ~A$2.5m. Post completion of interest and principal repayments in FY29e (on the basis that Botanix draw down the second tranche of A$15.5m, totalling A$46.5m), we forecast minimal interest.

Tax. We forecast tax rate at 30%, with tax deductions beginning in FY26e.

Cash flow and balance sheet

Cash. Following Botanix's debt agreement with Kreos Capital (first tranche drawdown totalling A$31m) and A$40m capital raise in 3Q FY25e, cash as of June 30th sits at A$64.9m. In 2H26e, we expect Botanix to draw on second debt tranche (A$15.5m).

Figure 44: Forecast summary FY25-FY28e

Profit & Loss statement, AU$m		FY25E	1H26E	2H26E	FY26E	1H27E	2H27E	FY27E	FY28E	FY29E
Total Revenue	$m	**5.4**	26.7	41.0	**67.8**	67.3	77.9	**145.2**	**205.5**	**219.8**
New patient arrivals	k	**10.2**	20.1	27.5	**47.6**	32.1	37.3	**69.3**	**75.7**	**59.4**
Continuing patients	k	**5.9**	17.4	28.8	**28.8**	38.5	48.1	**48.1**	**61.7**	**63.2**
Total Scripts	k	**16.9**	57.7	99.9	**157.5**	132.5	164.9	**297.4**	**399.3**	**427.8**
Total COGS	$m	**(0.9)**	(4.6)	(7.0)	**(11.6)**	(11.2)	(12.5)	**(23.7)**	**(32.1)**	**(33.6)**
Gross Profit	$m	**4.4**	22.1	34.1	**56.2**	56.0	65.4	**121.5**	**173.4**	**186.2**
Gross margin	%	**83%**	83%	83%	**83%**	83%	84%	**84%**	**84%**	**85%**
Total OpEx (incl. SBPs)	$m	**(85.8)**	(46.1)	(47.1)	**(93.3)**	(47.9)	(47.9)	**(95.8)**	**(96.5)**	**(93.0)**
Total Underlying Base Costs	$m	**(61.1)**	(34.5)	(35.2)	**(69.7)**	(35.4)	(35.1)	**(70.5)**	**(70.1)**	**(67.9)**
Material and related expenses	$m	**(5.9)**	(5.1)	(5.2)	**(10.3)**	(5.3)	(5.4)	**(10.7)**	**(11.2)**	**(11.6)**
Share based payments from options	$m	**(15.7)**	(4.8)	(4.7)	**(9.5)**	(4.6)	(4.6)	**(9.3)**	**(8.8)**	**(6.7)**
Other	$m	**(3.1)**	(1.7)	(2.0)	**(3.8)**	(2.6)	(2.8)	**(5.3)**	**(6.5)**	**(6.8)**
EBITDA (ex. Adj. & Others)	$m	**(81.4)**	(24.0)	(13.1)	**(37.1)**	8.2	17.5	**25.7**	**76.9**	**93.2**
D&A	$m	**(2.3)**	(1.1)	(1.1)	**(2.3)**	(1.1)	(1.1)	**(2.3)**	**(2.3)**	**(2.3)**
EBIT (ex. Adj. & Others)	$m	**(83.6)**	(25.2)	(14.2)	**(39.4)**	7.1	16.4	**23.4**	**74.6**	**90.9**
Total Adjustments and others	$m	**(0.1)**	-	-	**-**	-	-	**-**	**-**	**-**
Total other income	$m	**3.1**	(1.2)	(1.2)	**(2.4)**	(1.6)	(1.3)	**(2.9)**	**(0.8)**	**0.9**
PBT	$m	**(80.6)**	(26.4)	(15.4)	**(41.8)**	5.4	15.0	**20.5**	**73.7**	**91.8**
Income tax benefit/(expense)	$m	**-**	-	-	**-**	(1.6)	(4.5)	**(6.1)**	**(22.1)**	**(27.5)**
NPAT	$m	**(80.6)**	(26.4)	(15.4)	**(41.8)**	3.8	10.5	**14.3**	**51.6**	**64.2**
EPS	cents	**(4.1)**	(1.3)	(0.8)	**(2.1)**	0.2	0.5	**0.7**	**2.6**	**3.2**

Cash flow statement, AU$m		FY25E	1H26E	2H26E	FY26E	1H27E	2H27E	FY27E	FY28E	FY29E
Net cash flows from operating activities	$m	**(79.3)**	(19.3)	(11.4)	**(30.7)**	3.5	14.1	**17.6**	**56.4**	**72.8**
NPAT	$m	**(80.6)**	(26.4)	(15.4)	**(41.8)**	3.8	10.5	**14.3**	**51.6**	**64.2**
Change in Net Working Capital	$m	**20.4**	0.3	3.3	**3.7**	7.9	3.8	**11.6**	**7.7**	**0.5**
Adjustments and others	$m	**(21.7)**	(7.5)	(7.3)	**(14.8)**	(7.6)	(7.3)	**(14.9)**	**(12.4)**	**(9.1)**
Net cash flows used in investing activities	$m	**(0.8)**	(0.0)	(0.0)	**(0.0)**	(0.0)	(0.0)	**(0.0)**	**(0.0)**	**(0.0)**
Payment for intangibles	$m	**(0.8)**	-	-	**-**	-	-	**-**	**-**	**-**
Adjustments and others	$m	**-**	(0.0)	(0.0)	**(0.0)**	(0.0)	(0.0)	**(0.0)**	**(0.0)**	**(0.0)**
Net cash flows used in financing activities	$m	**65.8**	(0.8)	11.3	**10.5**	(7.1)	(10.3)	**(17.4)**	**(18.0)**	**(7.5)**
Change in debt	$m	**28.1**	-	12.4	**12.4**	(5.1)	(8.5)	**(13.6)**	**(18.0)**	**(9.3)**
Proceeds from issues of shares	$m	**40.0**	-	-	**-**	-	-	**-**	**-**	**-**
Other	$m	**(2.4)**	(0.8)	(1.1)	**(1.9)**	(1.9)	(1.8)	**(3.7)**	**0.0**	**1.8**
Net increase/(decrease) in cash	$m	**(14.3)**	(20.1)	(0.2)	**(20.3)**	(3.5)	3.7	**0.2**	**38.4**	**65.3**

Balance sheet, AU$m		FY25E	1H26E	2H26E	FY26E	1H27E	2H27E	FY27E	FY28E	FY29E
Cash, cash equivalents and ms	$m	**64.9**	44.8	44.6	**44.6**	41.1	44.8	**44.8**	**83.2**	**148.5**
Inventories	$m	**24.1**	21.5	23.2	**23.2**	25.7	26.3	**26.3**	**27.1**	**27.1**
Trade and other receivables	$m	**1.5**	8.0	12.3	**12.3**	20.2	23.4	**23.4**	**30.4**	**30.3**
Other current assets	$m	**4.4**	3.7	3.8	**3.8**	3.8	3.8	**3.8**	**3.9**	**3.7**
Total current assets	$m	**94.9**	78.0	83.9	**83.9**	90.9	98.4	**98.4**	**144.6**	**209.6**
Intangible assets	$m	**29.8**	28.9	28.0	**28.0**	27.0	26.1	**26.1**	**24.3**	**22.4**
Right of use asset	$m	**0.8**	0.8	0.8	**0.8**	0.8	0.8	**0.8**	**0.8**	**0.8**
Other	$m	**0.1**	0.1	0.1	**0.1**	0.1	0.1	**0.1**	**0.1**	**0.1**
Total non-current assets	$m	**30.7**	29.7	28.8	**28.8**	27.9	27.0	**27.0**	**25.2**	**23.3**
Accounts payable	$m	**10.9**	13.8	16.5	**16.5**	19.1	19.2	**19.2**	**19.3**	**18.5**
Provisions	$m	**0.3**	0.3	0.3	**0.3**	0.3	0.3	**0.3**	**0.3**	**0.3**
Current debt	$m	**3.1**	8.2	13.6	**13.6**	17.4	18.0	**18.0**	**9.3**	**-**
Operating lease liabilities	$m	**0.7**	0.6	0.5	**0.5**	0.5	0.4	**0.4**	**0.4**	**0.4**
Other	$m	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**	**0.0**	**0.0**
Total current liabilities	$m	**15.0**	22.9	30.9	**30.9**	37.2	37.9	**37.9**	**29.3**	**19.1**
Long-term debt	$m	**0.2**	0.2	0.1	**0.1**	0.1	0.1	**0.1**	**0.1**	**0.1**
Operating lease liabilities	$m	**25.0**	19.9	26.9	**26.9**	18.0	8.9	**8.9**	**(0.4)**	**(0.4)**
Other	$m	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**	**0.0**	**0.0**
Total non-current liabilities	$m	**25.2**	20.1	27.0	**27.0**	18.2	9.0	**9.0**	**(0.3)**	**(0.3)**
Total Equity	$m	**85.2**	64.7	54.7	**54.7**	63.3	78.4	**78.4**	**140.7**	**214.0**

Source: Canaccord Genuity estimates

Board and management

Vince Ippolito, Executive Chairman

Vince oversees the company's global commercial operations from Phoenix, US. With over 30 years of experience in the pharmaceutical industry, including more than 20 years in dermatology, Mr. Ippolito is a seasoned executive who has launched over 20 dermatology and aesthetic medicine brands. He played a key leadership role in two major dermatology acquisitions valued at a combined $7.8 billion. Prior to joining Botanix, he served as Executive Vice President and Chief Commercial Officer at both Medicis and Anacor Pharmaceuticals. Vince holds a Bachelor of Arts, Business Administration and Operations from the University of Wisconsin-Eau Claire.

Dr. Stewart Washer, Director

Dr Washer brings over 20 years of board and executive-level experience across biotechnology, medical technology, and agrifood sectors. He has facilitated acquisitions and strategic partnerships in the pharmaceutical and cannabinoid medicine industries. Dr. Washer has served on the boards of Zelda Therapeutics and Cynata Therapeutics and held senior roles at Hatchtech (sold for A$279m) and iCeutica (sold to Iroko Pharmaceuticals). He was previously Investment Director at Bioscience Managers and Venture Partner at the Inventages Fund, a €1.5 billion life science fund backed by Nestlé. His educational credentials have not been detailed. Dr Washer holds a Bachelor of Science from the University of Western Australia and obtained his PhD in Genetic Engineering from Murdoch University.

Dr. Bill Bosch, Non-Executive Director

Dr Bosch brings more than two decades of pharmaceutical experience, particularly in applying nanotechnology to drug development. He previously served as Chief Scientific Officer at iCeutica, where he co-invented the SoluMatrix™ drug delivery technology and played a central role in developing three FDA-approved products. Before that, he was Director of Pharmaceutical Research at Elan Corporation, managing the development of four commercial products using nanotech. He also co-founded NanoSystems in 1995 and co-invented the NanoCrystal Technology. Dr Bosch holds a Bachelor of Arts (Chemistry) from Colgate University and obtained his PhD in Chemistry from the University of Pennsylvania.

Danny Sharp, Non-Executive Director

Danny has more than 30 years of investment banking experience and a focus on healthcare and technology. He most recently served as Corporate Finance Executive Director at Canaccord Genuity and previously led Corporate Finance departments at Shaw and Partners and Lodge Partners. He currently serves on the board of Alcidion and on the Investment Committee of the Baker Heart and Diabetes Institute. Mr. Sharp holds a Bachelor of Economics and Law and is a CFA Charter Holder.

Dr. Howie McKibbon, Chief Executive Officer

Dr McKibbon brings over 20 years of pharmaceutical leadership experience, particularly in dermatology. He previously held senior roles including Senior Vice President of Sales and Marketing at Anacor Pharmaceuticals, Worldwide Commercial Operations at Dermavant Science, and VP of Dermatology and Immunology at Medicis Pharmaceuticals. Dr. McKibbon has launched 15 products, 11 of which are in dermatology, and managed over 30 dermatology brands. He was also involved in two of the world's largest dermatology acquisitions, collectively valued at $7.8 billion. He holds a B.A. in History from the University of South Florida, an MBA from Mercer University's Stetson School of Business and Economics, and a Doctor of Pharmacy from Mercer University's Southern School of Pharmacy.

Dr. Boris Meyerson, Chief Business Officer

Dr Meyerson has extensive experience in pharmaceutical business operations, particularly in dermatology. After beginning his career in academia, Dr. Meyerson went on to help establish and run four pharmaceutical companies. He has held senior roles at Bioglan, Chester Valley Pharmaceuticals, Graceway, Precision Dermatology, Encore, and Currax. As a consultant, he has helped pharmaceutical companies optimise business operations and improve sales and profitability. Dr. Meyerson holds a PhD in Mechanical Engineering.

Dr. Patricia Walker, Chief Medical Adviser

Dr Walker is a board-certified dermatologist with extensive experience in both clinical and industry settings. She has held numerous leadership roles, including President and Head of R&D at Brickell Biotech, Chief Medical Officer at Kythera Biopharmaceuticals, and Executive Vice President and Chief Scientific Officer for Allergan Medical Aesthetics. She also served as Vice President and Head of the Dermatology Therapeutic Area at Allergan. Dr. Walker earned her medical degree and completed her dermatology residency at the University of Iowa College of Medicine and a research fellowship at the NIH's Dermatology Branch.

David Morgan, Head of Corporate Affairs

David joined Botanix after more than three decades as an advertising agency principal. His client portfolio included companies like Intel, Citibank and Qwest. He also founded and managed the in-house advertising agency at Medicis Pharmaceuticals for 13 years, where he and his team launched over a dozen products, including Solodyn - once the best-selling dermatology product in the US. David holds a Bachelor of Fine Arts (Advertising Design) from Arizona State University.

John Schohl, Vice President, Managed Markets

John has over 25 years of experience in pharmaceutical market access, Mr. Schohl has developed and led formulary coverage strategies for both commercial and government payors in the US. He previously founded Evergreen Healthcare LLC, a consultancy that supported launches for Eucrisa (Anacor) and Winlevi (Cassiopea) and led managed markets strategy for Qbrexza. Earlier in his career, he spent 15 years at Medicis Pharmaceuticals, where he managed formulary strategy, distribution channels, sales training and customer service. His educational background is not publicly listed.

Appendix I: Indication and treatment landscape

Disease overview

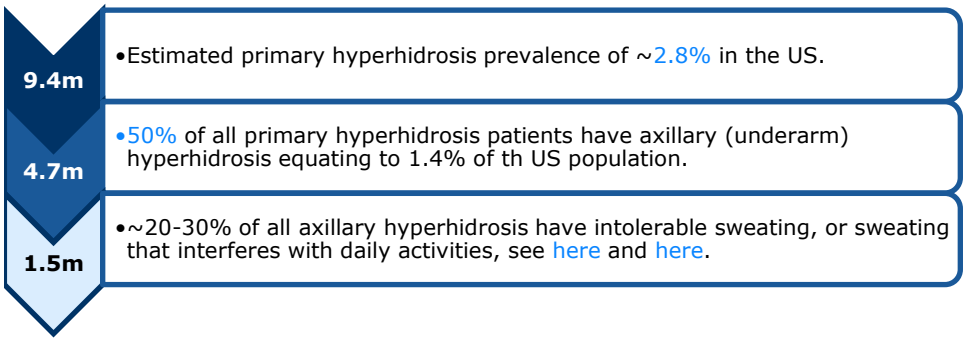
Hyperhidrosis is a chronic medical condition characterised by excessive sweating beyond what is necessary for thermoregulation. Hyperhidrosis can affect several parts of the body, including the underarms (axillary hyperhidrosis), palms (palmar hyperhidrosis), soles of the feet (plantar hyperhidrosis), face (craniofacial hyperhidrosis), and other areas. Hyperhidrosis can significantly impact quality of life, leading to physical discomfort, social anxiety, and decreased productivity.

There are two main classifications:

- **Primary Focal Hyperhidrosis**, which is idiopathic (of unknown origin) and typically localised (predominantly in the aforementioned regions of the body) – accounts for 90-93% of cases, with 50% of the population with underarm sweating amenable to Sofdra.
- **Secondary Generalised Hyperhidrosis,** often due to underlying medical conditions or medications, accounts for 7-10% of cases.

Incidence. Due to lack of awareness and inadequate diagnostic capabilities, it is likely that hyperhidrosis has been and continues to be, underdiagnosed across all jurisdictions. Based on earlier publications, the prevalence of primary hyperhidrosis in the United States was projected to be 2.8% (~9.4m patients), with 1.4% of these being axillary hyperhidrosis (~4.7m patients). We assess roughly 20-30% of patients seek diagnosis and treatment.

Figure 45: Addressable population breakdown



Source: Company reports, Canaccord Genuity estimates

Gravimetric testing involves weighing filter paper before and after it has been placed within a patient's underarms (using high precision scales) over a certain time frame (1 minute, 5 minutes etc.), thus, the rate of sweat production is defined as milligrams per 'x' minute per cm^2.

Diagnosis and assessment. Diagnosis for hyperhidrosis typically involves a range of assessments, along with a review of the patient's medical history. Once secondary hyperhidrosis has been ruled out (to eliminate underlying causes). Note that gravimetric testing, used to quantify the level of sweating, is not performed outside clinical trials. Clinicals typically rely on patient history and physical examination to form a diagnosis.

The Hyperhidrosis Disease Severity Measure-Axillary (HDSM-Ax) is a patient-reported outcome tool specifically designed to assess the severity and impact of axillary hyperhidrosis. While there are alternate versions of the questionnaire available, the version used in the Sofdra trials was based on seven questions (**Figure 47** overleaf) which asks the patient to score their experience, from 0 to 4, with higher scores indicating more severe disease. A 1-point reduction is considered clinically meaningful in trials, noting that in Botanix's two Phase III trials, the primary outcome assessed improvement based on a ≥2-point reduction in individual participant score from baseline to end of treatment, and inclusion criteria restricted enrollment to patients scoring 3-4 at baseline.

Figure 46: Hyperhidrosis Disease Severity Scale

Score	Severity Level	Patient Experience / Description
0	Mild	Sweating is present but not bothersome. Does not interfere with daily activities or quality of life.
1	Mild–Moderate	Sweating is noticeable and can be somewhat bothersome but has minimal impact on daily functioning.
2	Moderate	Sweating is clearly bothersome and causes some interference with daily activities, clothing choices, or social comfort.
3	Severe	Sweating is very bothersome, occurs frequently, and significantly interferes with social, emotional, or functional aspects of life.
4	Very Severe	Sweating is intolerable or debilitating, causes major disruption to daily life, and often results in emotional distress, avoidance behaviours, and a strong desire for aggressive treatment.

Source: Company Reports, Canaccord Genuity

Figure 47: Hyperhidrosis Disease Severity Measure-Axillary (HDSM-Ax)

FIGURE 1. Hyperhidrosis Disease Severity Measure—Axillary (HDSM-Ax) version 1.1

INSTRUCTIONS: We are interested in finding out about your current experience with excessive **underarm** sweating.

- Please consider excessive sweating in your **underarms only** when selecting the answer to each question.
- For each statement, please provide the response that best describes your **experience since you woke up yesterday**.
- Please answer **ALL** questions even if some seem similar to others or seem irrelevant to you.

1. Since you woke up yesterday, how often did you experience the following while you were awake? (Please select the number that best describes your experience.)

	None of the time	A little of the time	Some of the time	Most of the time	All of the time
a) Damp or wet clothing caused by underarm sweating?	0	1	2	3	4
b) Underarm sweating for no apparent reason?	0	1	2	3	4

2. Since you woke up yesterday, how severe was your experience with the following? (Please select the number that best describes your experience.)

	I did not experience this	Mild	Moderate	Severe	Very severe
a) Underarm sweating when you felt nervous, stressed or anxious?	0	1	2	3	4
b) Damp or wet clothing caused by underarm sweating?	0	1	2	3	4
c) Underarm sweating after little or no physical exercise?	0	1	2	3	4
d) Underarm wetness?	0	1	2	3	4
e) Underarm sweating for no apparent reason?	0	1	2	3	4
f) Underarm sweating that was unmanageable?	0	1	2	3	4
g) Underarm sweating when you were cool?	0	1	2	3	4

3. Since you woke up yesterday, what was your experience with each of the following? (Please select the number that best describes your experience.)

	Not at all	Slight	Moderate	Strong	Very strong
a) Feeling the need to change clothes because of underarm sweating?	0	1	2	3	4
b) Feeling the need to wipe sweat from your underarms?	0	1	2	3	4

SUMMARY QUESTIONS (ANCHORS):

4. Since you woke up yesterday, how much of the time did you experience excessive underarm sweating while you were awake? (Please select the number that best describes your experience.)

- **0** None of the time
- **1** A little of the time
- **2** Some of the time
- **3** Most of the time
- **4** All of the time

5. How severe was your underarm sweating AT ITS WORST since you woke up yesterday? (Please select the number that best describes your experience.)

- **0** I did not have underarm sweating (i.e., completely dry)
- **1** I had underarm sweating but it was mild (i.e., moist)
- **2** I had underarm sweating and it was moderate (i.e., damp)
- **3** I had underarm sweating and it was severe (i.e., wet)
- **4** I had underarm sweating and it was very severe (i.e., soaking)

6. How normal was your level of physical exercise and stress since you woke up yesterday? (Please select all that apply.)

- ☐ It was a normal day in terms of physical exercise or stress.
- ☐ I experienced more physical exercise than usual.
- ☐ I experienced more nervousness, stress, or anxiety than usual.
- ☐ I experienced less physical exercise than usual.
- ☐ I experienced less nervousness, stress, or anxiety than usual.

Source: J Drugs Dermatol, Canaccord Genuity

Appendix II: Sofdra clinical summary

Clinical summary

The FDA approved Sofdra in June 2024. Before the commencement of the two pivotal trials in the US, Sofpironium bromide (at various concentrations – 5%, 10% and 15%) had been tested in >1,300 subjects (including both adult and paediatric hyperhidrosis patients as well as healthy subjects)

Phase III trials – CARDIGAN-I and CARDIGAN-II

Trial design: Two multicentre, randomised, double-blind, vehicle-controlled trials (CARDIGAN 1 and CARDIGAN 2) enrolled 701 patients aged ≥10 years with confirmed primary axillary hyperhidrosis. Subjects applied Sofdra or vehicle once daily at bedtime for 6 weeks.

Primary Endpoints

1. Proportion achieving ≥2-point improvement in HDSM-Ax-7 score at Day 431.
2. Change in gravimetric sweat production (GSP) from baseline (mg/5 min).

Summary of efficacy and safety results

In both trials, both primary endpoints were met, each with a p-value <0.001. The safety profile was in line with expectations, noting the most common adverse events were effects from anticholinergics – dry mouth, blurred vision, urinary retention, as well as application site pain.

Figure 48: Summary of results from the two Phase III trials

Parameter	CARDIGAN 1		CARDIGAN 2	
	Sofdra	**Vehicle**	**Sofdra**	**Vehicle**
Baseline characteristics				
Subjects (n)	173	177	180	171
Age range (years)	10–76	10–76	10–76	10–76
Baseline HDSM-Ax-7 score (mean)	3.5	3.5	3.6	3.6
Baseline GSP (mg/5 min, median)	214.1	228.6	207.7	231.1
Primary endpoints (Day 43)				
≥2-point HDSM-Ax-7 improvement (%)	49% (n=172)	29% (n=177)	64% (n=178)	48% (n=169)
Treatment difference (95% CI)	18% (8%, 29%)		17% (6%, 27%)	
p-value	p<0.001		p<0.001	
GSP change (mg/5 min, median)	–128	–100	–143	–134
p-value	p<0.001		p<0.001	
Interquartile range (IQR)	(–201, –52)	(–228, –29)	(–260, –75)	(–230, –60)
Pooled safety endpoints ≥2%	**Sofdra**		**Vehicle**	
Dry mouth	14%		0.6%	
Blurred vision	9%		0.3%	
Application site pain	8%		2%	
Urinary retention	2%		0%	

Source: As referenced

Brickell/Botanix also conducted a long-term safety trial (ARGYLE). The long-term safety study followed 197 patients treated for 48 weeks with Sofdra, noting these patients were separate from those in the two Phase III trials. The trial did not find any further safety concerns, despite long-term exposure to Sofdra. Interestingly, the incidence of patients with any TEAEs decreased over time, as did the number of discontinuations. The most frequent AEs were in line with the Phase III trials: blurred vision (19%), dry mouth (17%), application site pruritus (15%). Efficacy results were also in line.

Additional studies

Phase IIb trial

Trial Design: Multicentre, randomised, double-blind, vehicle-controlled trial evaluating topical sofpironium bromide gel (5%, 10%, 15%) vs. vehicle in 227 patients with primary axillary hyperhidrosis. Treatment was applied once daily at bedtime for 42 days. We provide a summary of the key takeaway from this trial, which informed the Phase III trial.

Key Insights

- **Dose-Response**: Higher concentrations (15%) showed greater efficacy in sweat reduction (GSP) & symptom improvement (HDSM-Ax), though increased TEAEs.
- **Rapid Efficacy**: Statistically significant HDSM-Ax improvements observed by Day 8 in all active groups. A statistically significant GSP reduction was observed only in the 15% group.
- **Safety Trade-off**: The 15% group had the highest efficacy but also the highest TEAE incidence (51.9%), primarily driven by anticholinergic effects.

Figure 49: Efficacy profile of Sofdra in the Phase II trial

Parameter	5% Gel (n=57)	10% Gel (n=57)	15% Gel (n=56)	Vehicle (n=57)
≥2-point HDSM-Ax-11 improvement	47.4%* (p=0.007)	49.1%* (p=0.006)	50.0%* (p=0.002)	22.8%
GSP reduction (mg, EOT)	−163 (p=0.32)	−174 (p=0.26)	−217* (p=0.06)	−143
Onset of effect	Day 8 (sustained)	Day 8 (sustained)	Day 8 (sustained)	N/A

*Statistically significant vs. vehicle (one-sided p<0.10 prespecified threshold).
Source: Company Reports, Canaccord Genuity

Figure 50: Safety profile of Sofdra in the Phase IIb trial

Group	TEAE Incidence	Common TEAEs (≥10%)	Severe (Grade ≥3) TEAEs
5% Gel	29.8%	Dry mouth (15.8%), blurred vision (3.5%)	2 subjects
10% Gel	33.6%	Dry mouth (17.5%), blurred vision (10.5%)	2 subjects
15% Gel	51.9%	Dry mouth (22.2%), blurred vision (9.3%)	4 subjects
Vehicle	15.8%	Dry mouth (1.8%)	None

Source: Company Reports, Canaccord Genuity

Japanese trial

We also note given Sofpironium bromide gel (5%) was approved in Japan (Ecclock), additional data were available from the Japanese Phase III trial. We note while this provides some insight into potential efficacy & safety, the difference in concentrations and primary endpoints (HDSS vs HDSM-Ax) of the gels makes readthrough difficult.

Japanese Phase III Trial (5% Sofpironium bromide gel)

Trial Design: 80 patients with HDSS score 3–4; 5% gel applied daily

Primary endpoint: Proportion of patients who satisfied both (composite primary endpoint) of the below at Day 43:

1. A Hyperhidrosis Disease Severity Score (HDSS) of 1 or 2 at the end of 6-week treatment (indicating mild or no symptoms)
2. A 50% or greater reduction in total gravimetric weight of sweat at the end of treatment relative to baseline.

Results:

- 53.9% achieved both thresholds vs. 36.4% in the vehicle group (p=0.003).
- Median time to sustained symptom improvement was 6 days, with >50% of patients achieving clinically meaningful HDSS reduction by Day 7.
- The rate of adverse events for patients was much lower than the US trials, noting only 1.4% of patients experienced dry mouth, and little evidence of broader anticholinergic side effects. This is likely due to the lower concentration given in Japanese subjects.

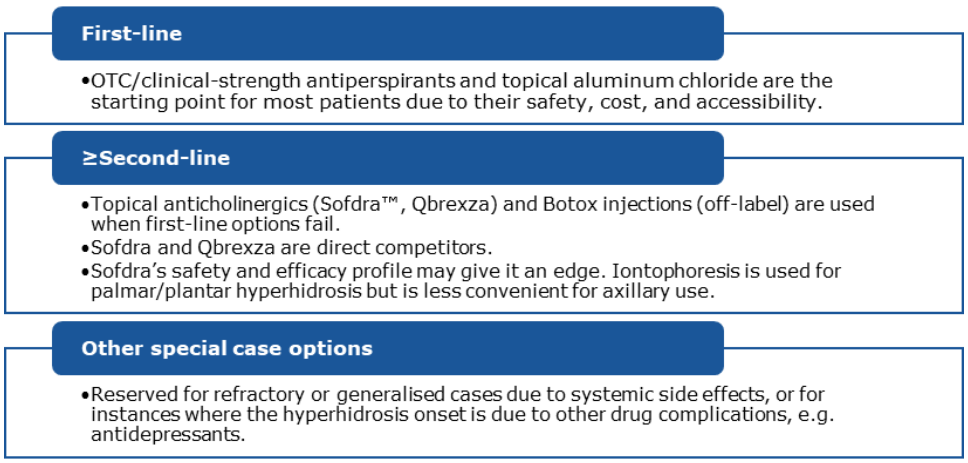
Appendix III: Treatment landscape

Hyperhidrosis is typically only clinically diagnosed when sweating impairs daily activities and creates physical, social or emotional discomfort. Patients may initially treat their symptoms through behavioural changes (frequent showers, changing clothes), before seeking more invasive treatment solutions.

- **First-line treatment for primary axillary hyperhidrosis emphasises topical antiperspirants.** Initially, over-the-counter options are utilised, advancing to prescription-strength aluminium chloride hexahydrate (ACH) formulations that are applied daily. These options tend to be most effective for patients with mild symptoms, and typically notice improvements within 1 to 2 weeks, with ongoing therapy as necessary. Patients treated with aluminium chloride reported excellent results in 60% of cases and good results in 40%, see more here.
- **If ACH proves ineffective or poorly tolerated, the following treatment option involves botulinum toxin injections (onabotulinumtoxinA**), which are highly effective and typically last 6–8 months. However, based on anecdotal feedback, these treatments require repeat injections and can be costly (US$1,000 for both underarms) with varying levels of insurer coverage (and often requiring multiple lines of treatment before it is approved). While botulinum toxin injections and surgical interventions such as sympathectomy offer more targeted solutions, they are invasive, expensive, and not without risks, including compensatory sweating or nerve damage
- **Rise of anticholinergic use.** Prior to the approval of Qbrexza (glycopyrronium tosylate, 2.4%, Topical wipes) in 2018, only off-label anticholinergics – glycopyrrolate (Robinul and Cyvposa) and oxybutynin (Ditropan) were, and still are, used to treat hyperhidrosis. Both drugs are approved to treat a range of conditions, typically by reducing bodily secretions (such as overactive bladder, drooling, and gastric secretions). Robinul, Cusposa and Ditripan are available in an oral formulation, which can affect the receptors located in multiple areas of the body. There are often several off-target effects that occur elsewhere in the body, typically reducing a patient's ability to adhere to treatment.

Below in **Figure 51** is the typical patient treatment pathway. Note that the reimbursement eligibility of some insurance policies may depend on the patient's prior treatments and shift the setting for Sofdra use.

Figure 51: Hyperhidrosis typical treatment progression



Source: Canaccord Genuity

Figure 52: Overview of treatment approaches for primary axillary hyperhidrosis

Image	Treatment	Cost	Eligibility	Mechanism	Effectiveness	Safety
	**Sofdra**	$0 copay for ~50% of US patients (with program); otherwise, out-of-pocket costs apply	Prescription, telehealth and pharmacy	Topical anticholinergic for hyperhidrosis	56.3% of patients had a ≥2-point HDSM-Ax improvement, vs 37.3% for the vehicle (+19.0%). 85% of patients experienced clinically meaningful improvement; more than 60% had a≥50% reduction in sweat, as shown here.	No severe/serious AEs; most AEs mild/moderate and transient; 4% discontinued due to AEs (mainly dry mouth, blurred vision), see here.
	**Botox (off-label use)**	No reimbursement; costs typically $1,000$2,000 per area per session in the US	Any clinic offering Botox	Intradermal injection blocks acetylcholine at the sweat glands	94% achieved ≥2-point HDSS improvement at 4 weeks vs. 35% placebo (p<0.001); median duration ~6–7 months depending on dosage, see here.	Well tolerated; local injection site pain, transient muscle weakness possible; no serious safety concerns, see here.
	**Qbrexza (glycopyrronium cloth)**	$580/month (full price); some specialty packages as low as $50; not reimbursed by most plans	Prescription, pharmacy	Topical anticholinergic wipe; similar payor/payment model to Sofdra	63% HDSS responder rate (≥2-point improvement) and 71.3% reduction in sweat production at 44 weeks, see here.	TEAEs were mainly mild/moderate and observed in 59.8% of patients; the most common were dry mouth (16.9%), blurred vision (6.7%), and site pain (6.4%). Serious TEAEs occurred in 1.3% of patients, with 8.0% of patients discontinuing treatment due to TEAEs over 44 weeks; see here.
	**Dermadry (iontophoresis)**	$500 (Hands, Feet & Underarms); $475 (Hands & Feet); $450 (Underarms)	Online purchase, direct to consumer	Iontophoresis uses a mild electrical current to reduce sweat production temporarily.	Success rates in studies up to 93–100% (self-reported and clinical); high efficacy for hands, feet, and underarms. Rates vary, and most clinical studies are for excessive palmoplantar (hands and feet) sweating, see here.	Generally safe; skin irritation, tingling, or mild discomfort possible; rare risk of burns, see here and here.
	**Topical aluminium chloride (AlCl)**	$20-$50 (Rx: Drysol, Xerac AC); $20–$30 (OTC: Driclor)	OTC/Rx, pharmacy	Blocks sweat gland ducts; 20–25% aluminium chloride hexahydrate	72% of patients achieved a clinically meaningful improvement (HDSS <2) at 4 and 12 weeks with 15% aluminium chloride, see here.	Skin irritation is the most common side effect: in a 691-patient study, 70% had minor pruritus, 21% moderate, and 9% severe; moderate skin irritation occurred in 36% and severe in 14%, see here.
	**Clonidine**	$4-$20/month (generic, 0.1mg bid)	Prescription, pharmacy	Centrally acting α2 adrenergic agonist; reduces sympathetic outflow	46% response rate in a retrospective study of systemic therapies for hyperhidrosis, though this included mixed subtypes (axillary, craniofacial, generalised), see here.	5 patients (26%) stopped the medication because of adverse effects, and 4 (21%) patients discontinued for lack of efficacy, see here.
	**Oxybutynin**	$4-$15/month (generic, 5mg bid)	Prescription, pharmacy	Anticholinergic; blocks muscarinic receptors	At 6 weeks, 93.4% of patients reported improvement, and 82.9% maintained substantial improvement after 24 weeks (see here).	Dry mouth is experienced by 70-100% of the patients treated. Cessation of oxybutynin therapy due to dry mouth in the studies with 6-12 weeks duration of treatment is infrequent (1.56%), see here.
	**Benztropine**	$5-$20/month (generic, 1–2mg/day)	Prescription, pharmacy	Anticholinergic; used off-label for HH, especially drug-induced hyperhidrosis (i.e. venlafaxine use)	Limited data: case reports suggest efficacy for drug-induced HH	Blurred vision, confusion, constipation, dizziness, drowsiness, dry mouth, tachycardia, urinary retention
	**OTC Clinical-strength antiperspirants(Secret, Degree, etc.)**	$8-$20 (varies by brand)	Over the counter, widely available	Topical aluminium-based; reduces sweating by blocking sweat ducts	Effective for mild cases; 15–25% aluminium salts; no formal clinical endpoints for hyperhidrosis	Skin irritation is possible; generally, well tolerated

The HDSM-Ax (Hyperhidrosis Disease Severity Measure-Axillary) is considered a superior measure of axillary hyperhidrosis severity compared to the HDSS (Hyperhidrosis Disease Severity Scale
HDSS = Hyperhidrosis Disease Severity Scale, AEs = Adverse Events.
Source: Company Reports, Canaccord Genuity

Competitive analysis summary

We provide a direct comparison of Sofdra's Phase III trial results in **Figure 53**. We note we include Qbrexza and Botox as the two relevant benchmarks given they also conducted pivotal trials in axillary hyperhidrosis patients and are the treatment approaches likely to be recommended by dermatologists/treating practitioners (noting we expect some patients to continue non-prescription treatment approaches).

We would highlight three key points:

- **Efficacy:** Direct efficacy comparisons are difficult due to the slight differences in endpoints selected for the trial. At a high-level, we would note that it appears in a clinical trial setting, both Sofdra and Qbrexza offer similar efficacy levels. In a clinical trial setting, Botox appears to have the highest efficacy.
- **Safety:** As discussed, common side effects associated with anticholinergics include dry mouth, blurred vision, as well as urinary retention. Compared to Qbrexza, Sofdra appears to have a lower incidence of patients experiencing dry mouth (14.2% vs 24%); however, it has a higher incidence of blurred vision (6.5% vs 3.5%). We note that Sofdra and Qbrexza (based on pooled Phase III data) had a discontinuation rate of 4.0% and 3.7% respectively. As such, we assume a relatively similar safety profile.
- **Barriers to adoption.** Given the strong efficacy associated with Botox, yet the lack of broad adoption, it would suggest that the cost of Botox (~US$1,000 for both underarms, with varying levels of insurance coverage) and inconvenience of injections are hurdles to adoption. Given the relevance of Qbrexza to Sofdra, we provide more detailed information regarding Qbrexza below.

Figure 53: Overview of clinical trial results in primary axillary hyperhidrosis

	Sofdra		Qbrexza		Botox
Manufacturer	**Brickell Biotech (Botanix Pharma.)**		**Dermira (Journey Medical)**		**Allergan (AbbVie)**
Chemical name/MoA	Sofpironium bromide gel (anticholinergic)		Glycopyrronium tosylate wipes (anticholinergic)		Botulinum toxin type A injection
Trial Identifier	NCT03836287	NCT03948646	NCT02530281	NCT02530294	Published paper
Trial name	CARDIGAN-I	CARDIGAN-II	ATMOS-I	ATMOS-II	N/A
Year	2021	2021	2016	2016	2007
Study population	350 patients aged ≥9 years (1:1 drug vs placebo)	351 patients aged ≥9 years (1:1 drug vs placebo)	344 patients aged ≥9 years (1:1 drug vs placebo)	353 patients aged ≥9 years (1:1 drug vs placebo)	322 patients aged ≥18 years (1:1 drug vs placebo)
Eligibility	(a) HH symptoms for ≥ 6 months' duration, (b) HDSM-Ax of 3 - 4 and (c) a minimum GSP of 50 mg in each axilla with a combined total of at least 150 mg.	(a) HH symptoms for ≥ 6 months' duration, (b) HDSM-Ax of 3 - 4 and (c) a minimum GSP of 50 mg in each axilla with a combined total of at least 150 mg.	(a) HH symptoms for ≥ 6 months' duration, (b) ASDD of ≥ 4 and (c) a minimum GSP of 50 mg in each axilla over 5 minutes	(a) HH symptoms for ≥ 6 months' duration, (b) ASDD of ≥ 4 and (c) a minimum GSP of 50 mg in each axilla over 5 minutes	(a) HDSM-Ax of 3 - 4 and (c) a minimum GSP of 50 mg in each axilla over 5 minutes.
Primary endpoints	≥2-point improvement in HDSM-Ax; Change in gravimetric sweat production	≥2-point improvement in HDSM-Ax; Change in gravimetric sweat production	≥4-point improvement in ASDD; Absolute change in sweat production	≥4-point improvement in ASDD; Absolute change in sweat production	≥2-point improvement in HDSS; Gravimetric sweat reduction
Pooled analysis of primary endpoints	• 56.3% achieved ≥2-point HDSM-Ax improvement vs. 37.% with vehicle (p<0.001) • Median gravimetric sweat reduction of -138.mg vs. -114.5 (p=0.0002) • 62.3% of patients achieved both a HDSM-Ax-7 ≥1-point improvement and 50% GSP reduction		• 59.1% achieved ≥4-point ASDD improvement vs. 25.7% with vehicle (p<0.001) • Least squares mean gravimetric sweat production of -108.8mg vs. 90.6mg (p<0.001) • 74.9% of patients achieved a 50% or greater GSP reduction from baseline in sweat production vs. 53.2% (p<0.001).		• 94% achieved ≥2-point HDSS improvement at 4 weeks vs. 35% placebo (p<0.001) • 94% of patients achieved a 50% or greater GSP reduction from baseline in sweat production vs. 36% (p<0.001).
Pooled analysis of safety profile	TEAEs and local skin reactions	TEAEs and local skin reactions	Anticholinergic side effects and local skin reactions	Anticholinergic side effects and local skin reactions	Injection site reactions, muscle weakness, headache
	Dry mouth (14.2% vs 0.6%%), blurred vision (7.9% vs 0.3%), mydriasis (6.5% vs 0%) application site pain (7.9% vs 1.7%%)		Dry mouth (24.2% vs 5.6%), mydriasis (6.8%), vision blurred (3.5% vs 0%) =, application site pain (8.7% vs 9.5%)		Injection site pain and transient muscle weakness reported in <10% of patients.

Source: As referenced

Qbrexza

Overview. Obrexza (glycopyrronium tosylate, 2.4%) is a topical anticholinergic medication (administered in the form of wipes) approved in 2018 to treat primary axillary hyperhidrosis.

History. The original owner of Qbrexza was Dermira, generating US$24.0m in sales in 2020…when Dermira was acquired by Eli Lily in 2020, Lily specifically called out the potential prospects for Qbrexza, however they subsequently sold the drug to Journey in 2021. Despite some sales growth, Qbrexza's overall revenue has remained flat. In 2024, even with increased unit sales, higher rebate costs and market pressures offset gains, contributing to a net revenue decrease for the company (US$25.1m in 2024 vs US$25.4m in 2023). We note that commercial investment has been reduced, with the number of sales territories cut in half from 2023 to 2024, limiting the reach and frequency of prescriber engagement.

Journey Medical faced several challenges in making Qbrexza a widely successful product in the US market:

- **Ownership.** Journey made an upfront US$12.5m cash payment to Dermira, with US$144.0m in total payments based on certain milestones. Journey also agreed to pay royalties on Qbrexza net sales ranging from the lower teen digits to the upper teen digits, for a period of eight years ending in 2029, subject to certain reductions. We think this has hampered the ability for Journey to grow revenue, noting their reported net revenue would include these royalty payments. In contrast, Botanix pay 5% flat royalty on all Sofdra sales to Bodor Laboratories.
- **Access and reimbursement barriers:** It appears high rebate costs and inconsistent insurance coverage continued to impede patient access. Out-of-pocket costs remained high for many (some citing US$600 per month), and savings programs could not fully address insurance denials or coverage gaps, restricting broader adoption.
- **Side effect profile and application.** Its side effect profile, primarily due to anticholinergic effects, and the delivery method (wipes) were commonly cited as drawbacks, given the ease in product transfer (often leading to worsening side effects).

Appendix IV: Payors and coverage

Figure 54: Commercial Accounts

Phase 1 accounts		
PBM	Payor	Lives*
--	Zinc Health	35.1
Ascent	Prime Therapeutics	33.5
--	Emisar Health	27.0
--	Ascent health	22.6
Emisar	United Healthcare	12.6
Ascent	Cigna	9.0
Zinc	Elevance (Anthem)	6.1
Zinc	Aetna Health	6.0
--	Caremark PCS	2.1
--	Kaiser	1.8
--	Express Scripts	1.2
--	OptumRx Government	0.8
		157.8
Phase 2 accounts		
PBM	Payor	Lives*
CVS	Federal Employees Health Benefit	5.5
Ascent	HCSC Members	5.5
Zinc	Blue Shield CA	1.8
Zinc	BCBS MA	1.3
Ascent	Florida Blue	1.2
Ascent	BCBS AL	1.2
Ascent	Regence / Cambia	1.1
Ascent	Premera	1.1
Zinc	CareFirst BCBS	1.0
Emisar	Independence BC	1.0
--	Dividend Group /MedImpact	1.0
Zinc	Wellmark	1.0
Ascent	Elixir PBM	0.9
FLRx	Lifetime Healthcare	0.8
Ascent	BCBS MN	0.7
Ascent	BCBS NC	0.7
Ascent	BCBS LA	0.7
Ascent	Kroger PBM	0.7
Ascent	Humana Health	0.6
Ascent	Medical Mutual OH	0.6
--	Procare/MC21	0.6
Ascent	Horizon BCBS NJ	0.5
Emisar	BCBS SC	0.4
Ascent	Emblem Health	0.4
Ascent	HMSA Hawaii	0.4
Emisar	BCBS AZ	0.4
Emisar	BCBS Kansas City	0.4
Ascent	BCBS KS	0.3
Ascent	BCBS Highmark	0.2
Emisar	BCBS Michigan	0.2
		32.0

A payor is any entity that funds or reimburses healthcare services, while a Pharmacy Benefit Manager (PBM) is a company that administers prescription drug benefits for health plans and other payors
*Total lives are the amount of policy holders covered by the insurance company.
Source: Company Reports, Canaccord Genuity

Payor Coverage Strategy and Negotiations. Botanix has established contracts with major commercial payors in the US, covering over 110m lives – current Jan 25. Notably, the company gained coverage with Ascent Health, the second-largest payor organization, which encompasses around 65m commercial lives. This accounts for nearly 40% of all US commercial lives (160m).

Botanix remain in the early stage of establishing coverage with Medicaid patients, noting that given the hyperhidrosis demographic, this will likely contribute a small proportion. Botanix are still in the validation process, where they are processing 20 claims per state to prove the process by which physicians need to complete to gain that coverage. We expect updates regarding Medicaid claims in the next 6 months, noting that this adds an additional 18-22% of total addressable population, which is not included in current coverage estimates, nor our forecasts.

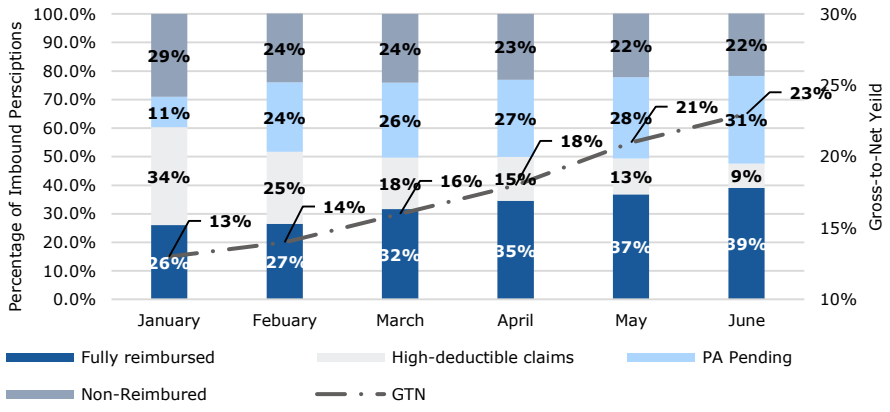
Payors, coverage and gross-to-net yield

Patient insurance buckets are the main driver for gross-to-net yield, with further improvement anticipated as 1) high deductable claims continue to shrink - expected to approach 5%, 2) patient mix encompasses more fully reimbursed patients, evident from our data collection these will be the longer term users of Sofdra, and 3) eventually when market share increases non-reimbursed claims will reduce as coverage is expanded, and patient "quality" rather than quantity is the focus.

The four patient groups are outlined below.

- **Fully reimbursed:** Fully covered with no prior authorisation (PA) required or with PA approved.
- **Prior authorisation pending:** Payors require patients to be pre-authorised, in order to access the treatment. This can include documented diagnosis or requiring progression/failure of prior lines of treatment before reimbursement is granted. Patients included in this category are currently non-payers.
- **High deductable claims:** High deductables are patients coverage plans which stipulate the minimum spend required (i.e. US$1500) to "trigger" payors to begin payment contributions. These thresholds typically reset at the start of the calendar year, hence, 1Q of each CY, is typically the weakest period in gross-to-net realisation.
- **Non-reimbursed.** These patients are making no payments yet are currently receiving Sofdra for free.

Figure 55: Payor coverage and gross-to-net yield implication

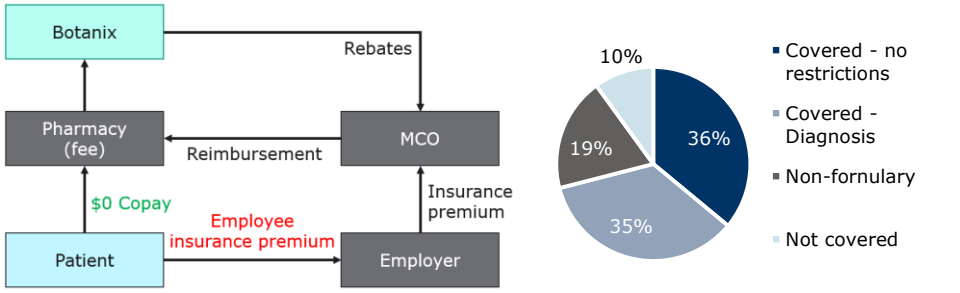


Note that PA pending, once approved, will be a fully reimbursed script in the following period, that being on a cumulative rolling basis.
Source: Company reports, Canaccord Genuity

Insurance blend. The US healthcare system relies on a mix of public and private insurance entities—commonly referred to as "payors" or "managed care organisations", which act as intermediaries between patients, healthcare providers, and pharmaceutical companies. These payors include private insurance companies, government programs such as Medicare and Medicaid, and commercial employer-sponsored plans. Each payor negotiates coverage terms, reimbursement rates, and access to medications.

Typically, employers purchase health insurance for their staff, who then pay monthly premiums, along with co-payments, when they seek healthcare services. When a patient obtains a prescription, the insurance company (payor) determines coverage and reimbursement levels, while pharmaceutical companies often offer rebates (typically through a managed care organisation, or MCO) to secure advantageous formulary positions. To overcome some of the cost hurdles associated with obtaining a prescription, Botanix have elected to pay the co-pay for patients who utilise commercial insurance (which is factored into the GTN discount).

Figure 56: Payment block flow diagram



(1) Patient: Gets Sofdra via their doctor or telemedicine prescription, patients pay $0 copay with cost covered by Botanix, (2) Pharmacy (SendRx) receives reimbursement from MCO (based on negotiated rate) + patient copay (if applicable), deducts a fee (We estimate ~3%), and pays Botanix. (3) Botanix pays the rebates to PBMs/MCOs, based on volume. (4) Gross-to-Net (GTN): Botanix avoids 20-30% distributor fees by using SendRx's closed network, improving GTN. Looking at the patient-payor landscape, 36% of prescriptions have no restrictions - immediate coverage. 35% of prescriptions: Prior authorization to label (requiring diagnosis confirmation) and step edits through aluminium chloride (patients must have tried this first-line treatment), 19% of prescriptions: Non-formulary subject to review - requiring phone calls to insurers, 10% of prescriptions: Not covered
Source: Company reports, Canaccord Genuity

Botanix has employed a two-phase approach to engage payors and enhance coverage.

- **Phase 1 (Commercial):** Automatic coverage for large employer-sponsored plans and major MCOs (e.g., UnitedHealthcare, Aetna), with zero copay for patients via Botanix's copay assistance and rebates to encourage PBM inclusion.
- **Phase 2 (Opt-in):** Coverage is available through a broader set of payors and PBMs but requires opt-in or additional steps for activation. The list includes regional Blue Cross Blue Shield plans, government employee programs, and other PBMs. Copay assistance is still available, but the process may be less streamlined than in Phase 1.

Drug distribution. In the traditional US healthcare system, several intermediaries are involved: manufacturers sell to wholesalers, who in turn distribute to pharmacies, where patients collect their prescriptions. Botanix's model aims to remove the wholesaler from the loop, who would otherwise liaise with the pharmacy to get the drug into stores. Botanix utilise SendRx to deliver the drug to a patient's door (dispensing the delivery), for a flat fee of ~3%. This approach should theoretically enhance gross-to-net margins by more than 17-22% by circumventing distributor fees and lowering pharmacy costs.

Figure 57: Drug distribution channel

Source: Company Reports, Canaccord Genuity

Patient acquisition. Patient acquisition is driven through two models: digital and boots-on-ground. In the short term, most of the patient growth will be generated from the presence of the sales force, currently consisting of 27 members, with six more joining the field (33 total) by the end of 3Q FY26.

Looking at Sofdra's digital presence, this will take a back seat for now and will be implemented on a slow burn (we estimate maximum US$2-3m spend over the next ~12-18 months).

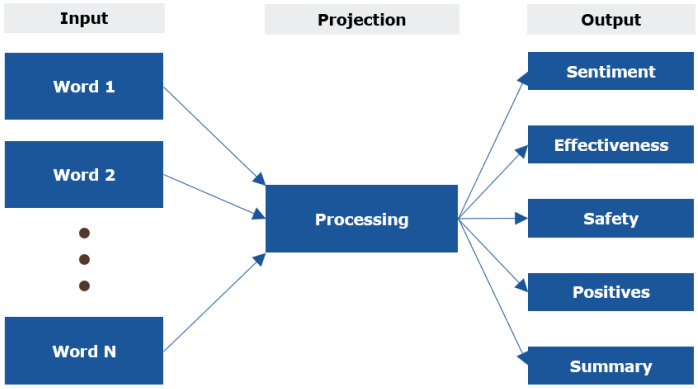
Appendix V: Sofdra user feedback analysis

Data collection

Data was collected from a public online forum (r/Hyperhidrosis, 53K members) for user-generated content searching for a predefined set of treatments, including Sofdra, aluminium chloride-based products (e.g., Drysol, Xerac AC, Hypercare, CertainDri), glycopyrrolate formulations, and other relevant interventions (such as Botox, Brella, Mirdry and Dermadry), yielding over 16,000 unique data points. Each relevant post was extracted along with its metadata - date, time, user identifier, post title, comment hierarchy, and the full text body. To ensure data integrity and facilitate downstream processing, all entries were structured in JSON format, see **Figure 58**.

Prompt engineering and template design: To standardise the output, we developed a structured prompt template. Each input was formatted as a labelled string, clearly distinguishing the post title and body. This approach ensured consistent data ingestion and output formatting, which is critical for reliable downstream analysis.

Figure 58: Simplified algorithm structure and method



Criteria	Scope	Exception
Treatment	List Provided	Else N/A
Sentiment	-1 to 1	None
Effectiveness	-1 to 1	None
Safety Issue	One word	None
Summary	Max 5 words	None

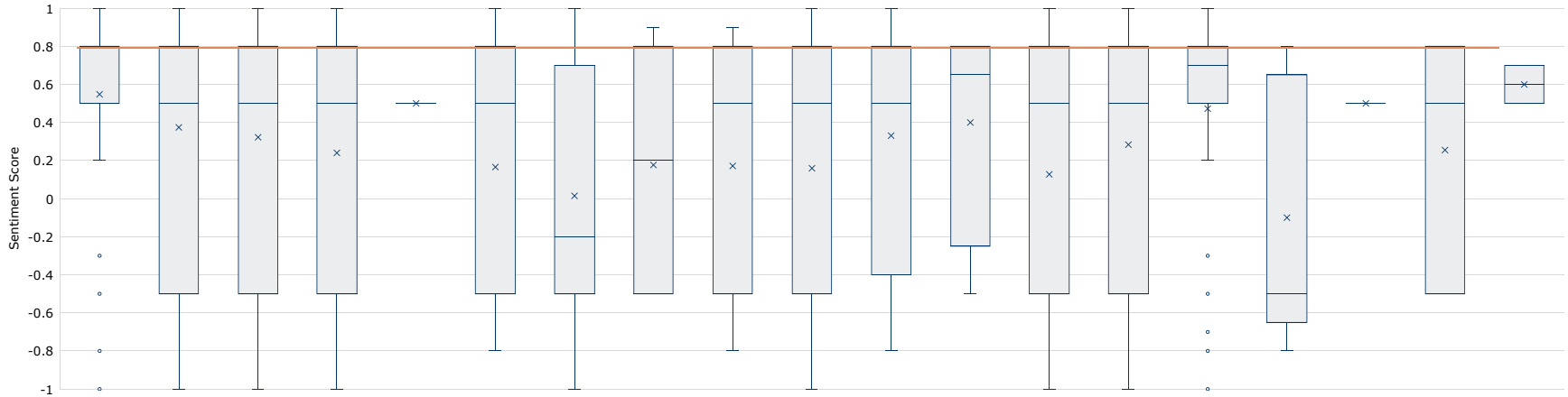
Source: Canaccord Genuity

Post-analysis quality control

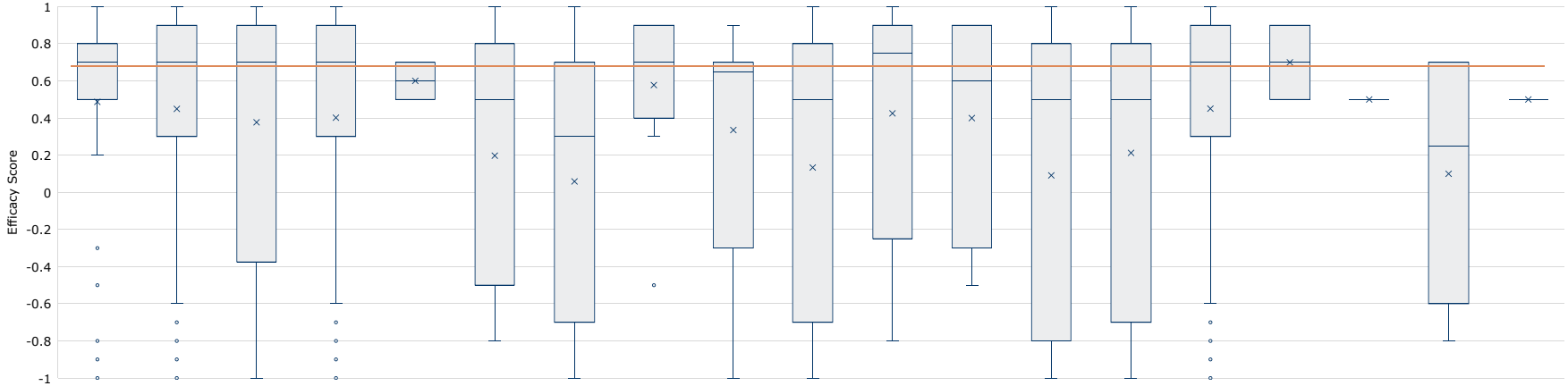
- **Output validation:** 200 plus input-output pairs were manually reviewed to verify the correct identification and categorisation of key data points. No discrepancies were detected, indicating robust model performance.
- **Filtering out neutral results:** To focus on meaningful sentiment and effectiveness insights, entries with neutral or non-committal language (i.e., no clear positive or negative stance) were excluded from the final analysis. This ensured that only posts expressing a distinct viewpoint contributed to the sentiment and effectiveness metrics.
- **Deduplication of user experiences:** To avoid over-representation, only one user experiences were included. Multiple posts from the same user expressing the same sentiment or opinion were consolidated, ensuring each perspective was counted only once. No cross-sectional analysis was performed to assess the diversity or distribution of user responses.

Figure 59: Sentiment and effectiveness analysis

Sentiment	Treatments																		
		Oral & Topical Glycopyrrolate				Aluminium chloride (AlCl) based treatments							Miscellaneous						
	Sofdra	Glyco	Qbrexa	Robinul	Cuvposa	AlCl	Drysol	Xerac AC	Hypercare	Certain Dri	Driclor	Sweat Block	Botox	MiraDry	Dermadry	ETS	Antihydral	Brella	Carpe
Mean	0.5	0.4	0.3	0.2	0.5	0.2	0.0	0.2	0.2	0.2	0.3	0.4	0.1	0.3	0.5	-0.1	0.5	0.3	0.6
Median	0.8	0.5	0.5	0.5	0.5	0.5	-0.2	0.2	0.5	0.5	0.5	0.7	0.5	0.5	0.7	-0.5	0.5	0.5	0.6
SD	0.5	0.6	0.6	0.7	0.0	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.7	#DIV/0!	0.6	0.1
N	139	2412	666	530	3	44	795	13	46	488	13	4	986	1295	1833	5	1	20	2

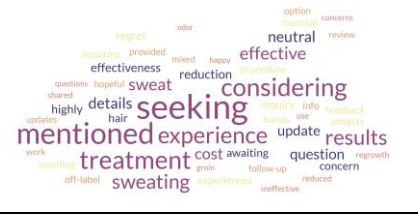


Effectiveness	Treatments																		
		Oral & Topical Glycopyrrolate				Aluminium chloride (AlCl) based treatments							Miscellaneous						
	Sofdra	Glyco	Qbrexa	Robinul	Cuvposa	AlCl	Drysol	Xerac AC	Hypercare	Certain Dri	Driclor	Sweat Block	Botox	MiraDry	Dermadry	ETS	Antihydral	Brella	Carpe
Mean	0.5	0.4	0.4	0.4	0.6	0.2	0.1	0.6	0.3	0.1	0.4	0.4	0.1	0.2	0.5	0.7	0.5	0.1	0.5
Median	0.7	0.7	0.7	0.7	0.6	0.5	0.3	0.7	0.7	0.5	0.8	0.6	0.5	0.5	0.7	0.7	0.5	0.3	0.5
SD	0.6	0.6	0.7	0.6	0.1	0.7	0.7	0.5	0.6	0.7	0.7	0.7	0.8	0.7	0.6	0.3	N/A	0.6	N/A
N	63	1818	460	394	2	37	651	9	34	402	12	4	687	885	1290	2	1	8	1



Source: Reddit, Canaccord Genuity

Figure 60: Word maps generated from consolidated "Issues with treatment", "positives with treatment", "Summary 5-words max" outputs

	Treatment Positives	Issues with treatment	General comments
Sofdra			
Glyco			
AlCl			
Botox			
Device			

Source: Reddit, Canaccord Genuity

Appendix VI: Canaccord Genuity independent survey

In **Figure 61** below, we include the list of questions included in the US hyperhidrosis patient survey, which was conducted on 50 patients.

Figure 61: List of questions included in the US patient survey (n=50)

	Questions
1.	Based on how it affects your daily life, how would you rate the severity of your hyperhidrosis before treatment?
2.	What treatments have you tried to treat your hyperhidrosis?
3.	What was your reason for stopping previous treatments?
4.	How long have you been using Sofdra?
5.	How would you rate the effectiveness of Sofdra on a scale of 1–5?
6.	How soon did you start seeing results?
7.	Which side effects, if any, have you experienced?
8.	If you experienced side effects, how would you rate their severity?
9.	How easy was it to get a prescription for Sofdra?
10.	Did insurance cover the cost?
11.	How much did you pay out-of-pocket (per tube/month)?
12.	Do you adjust the dose of Sofdra?
13.	Overall, how satisfied are you with Sofdra?
14.	Do you plan to continue using Sofdra?
15.	If you have stopped using Sofdra, or reduced the dose, what is the reason you have ceased treatment?
16.	If you have stopped using Sofdra, what treatment are you partaking in now?
17.	Would you recommend Sofdra to others with hyperhidrosis?

Source: Canaccord Genuity

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Investment Recommendation

Date and time of first dissemination: July 28, 2025, 16:30 ET

Date and time of production: July 28, 2025, 07:35 ET

Target Price / Valuation Methodology:

Botanix Pharmaceuticals Ltd - BOT

Our diluted 12-month price target of $0.27 is informed by our DCF model (WACC: 10.3%, Tg: 2.5%) and cross-checked against ASX-listed and global comps (median FY+1 EV/Rev: 3.2x), as well as dermatology deal values (median EV/Rev multiple: 3.4x), which sits ~in line based on FY27e CGe net revenue: A$145m. More importantly, across the forecast period (FY26-FY28e), Botanix has the capacity to build into a peer comparable EV/EBITDA multiple of 7-10x, with our PT in line with FY28e EV/EBITDA at 6.7x. We include a detailed sensitivity analysis, highlighting the potential risks, and flex associated with new patient arrivals, patient persistency and gross-to-net yields, which we assess are necessarily conservative, in our valuation.

Risks to achieving Target Price / Valuation:

Botanix Pharmaceuticals Ltd - BOT

Key risk elements for BOT include but are not limited to clinical risks, regulatory risk, reimbursement, commercial/competitive, intellectual property and financial.

Distribution of Ratings:

Global Stock Ratings (as of 07/28/25)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	640	69.95%	26.72%
Hold	124	13.55%	7.26%
Sell	6	0.66%	0.00%
Speculative Buy	139	15.19%	53.24%
	915*	100.0%	

*Total includes stocks that are Under Review

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*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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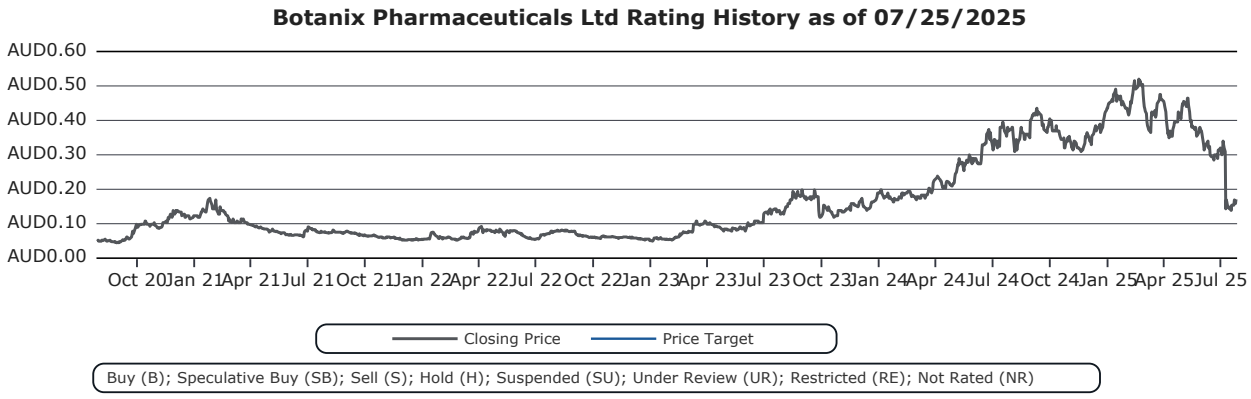

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