

Botanix Pharmaceuticals Limited (BOT.AX)
Rating: Buy

Joseph Pantginis, Ph.D.

646-975-6968

jpantginis@hwcwresearch.com

 Sara Nik, Ph.D.
 212-916-3970
snik@hwcwresearch.com

 Joshua Korsen, Ph.D.
 212-715-2886
jkorsen@hwcwresearch.com

 Matthew Keller, Ph.D.
 212-856-5745
mkeller@hwcwresearch.com

 Lander Egaña Gorroño,
 Ph.D.
 212-916-3977
legana@hwcwresearch.com
Sofdra Launch Continues Building Momentum; Reiterate Buy

Stock Data		7/25/2025	
Price		A\$0.17	
Exchange		ASX	
Price Target		A\$2.00	
52-Week High		A\$0.54	
52-Week Low		A\$0.13	
Enterprise Value (M)		A\$268	
Market Cap (M)		A\$333	
Shares Outstanding (M)		1,961.1	
3 Month Avg Volume		15,441,108	
Short Interest (M)		NA	
Balance Sheet Metrics			
Cash (M)		A\$65.00	
Total Debt (M)		A\$0.00	
Total Cash/Share		A\$0.03	
Cash (M): Pro forma cash on April 2025 equity raise.			
EPS (\$) Diluted			
Full Year - Jun	2024A	2025E	2026E
1st Half	--	(0.02)A	(0.01)
2nd Half	--	(0.01)	(0.01)
FY	(0.01)	(0.03)	(0.02)
Revenue (\$M)			
Full Year - Jun	2024A	2025E	2026E
1st Half	--	0.4A	6.9
2nd Half	--	1.7	11.8
FY	0.6	2.0	18.6



Sofdra quarterly activity update underscores strong demand and sustained growth potential. Yesterday, Botanix provided an update on its most recent quarterly activity, with 4Q FY2025 ending June 30, 2025 marking the first full first quarter of the U.S. launch of sofpironium bromide gel (Sofdra). Recall, Sofdra was approved by the FDA in June 2024 as a once-daily topical anticholinergic therapy the treatment of primary axillary hyperhidrosis (PAH), a condition with causes excessive underarm sweating. PAH affects about 4.8% of the U.S. population, translating to about ~16 million people, signifying a sizable market opportunity. The market for treatments is ~\$1.6 billion annually and projected to grow to \$2.8 billion by 2030. Key launch metrics for 4Q, as highlighted by company management, include:

- Sofdra net revenue increased from \$0.7 million in 3Q to \$4.3 million in 4Q.
- Unique prescribers grew 115% from 1,075 at the end of 3Q to 2,316 at the end of 4Q.
- New patient arrivals for 4Q were 7,053 vs 2,975 in 3Q.
- Total prescriptions shipped grew 324% for the quarter from 3,222 in 3Q to 13,647 in 4Q
- Sofdra's Gross to Net (GTN) indicators are tracking positively, currently yielding 23% with a target GTN of 30-40%.

The company also reported 4Q gross sales of \$20.4 million (vs \$4.8 million in 3Q) with increases month over month. The observed strong early sales are a function of a growing prescriber base that continues to expand as Sofdra awareness builds. The total prescription growth is further supported by high patient adherence and refill rates exceeding benchmarks for comparable dermatology products on the market (3.4 refills on average for Sofdra at 6-months post-launch vs. an industry average of 2 refills per year). Outside of new patient starts, management notes that the refill rates are the biggest driver of Sofdra growth observed to date. Looking ahead, the company is now focused on making strategic investment to further accelerate Sofdra's growth. In support, the company has expanded its sales force from 27 to 33, with a total of 17 additional sales professionals expected to be fully trained and certified during 1Q FY2026 and deployed in 2Q to new US territories where Botanix believes strong markets for Sofdra can be quickly developed or enhanced. With a strong cash balance of \$64.9 million, company management believes it is well-positioned to achieve profitability with its current cash reserve. We are encouraged by these promising early numbers, and look forward to further launch updates. With a large and eager market, we project peak sales of \$825 million, indicative of the significant opportunity for Sofdra.

Sofdra is positioned to fill the PAH treatment gap; bolstered by prior Japan approval. Overall, the positioning for Sofdra is strong, in our belief, as no new chemical entities have ever been approved for hyperhidrosis. Topical anticholinergics are newer treatments, with Qbrexza wipes (Journey Medical; DERM; not rated) as the first approved product. We note, Sofdra is mechanistically differentiated from Qbrexza, promising fewer side effects. Applied as a gel, in a manner similar to traditional antiperspirants, Sofdra acts by binding selectively to muscarinic-acetylcholine (M3-AC) receptors in the sweat glands, blocking acetylcholine to inhibit sweat, and is rapidly metabolized. Sofdra was previously approved in Japan in November 2020 (under the name Ecclock, by Kaken Pharmaceuticals). Our estimates for commercial potential in the U.S. are further supported by proven commercial performance in Japan, assuming 1/3 of the U.S. hyperhidrosis market size, while having a similar incidence and prevalence. In the last 12 months, ~350,000 units of Ecclock have been sold by the company's licensee in Japan. In the U.S., the company will target ~3.7 million existing PAH patients via dermatologists, plus ~6.3 million sufferers who are yet to seek treatment, via AI-enabled omnichannel marketing.

What should investors be mindful of? With a direct path to patients, through a large market and engaged population, coupled with a commercial strategy focused on delivering rapid product delivery and refills, we foresee a continued successful launch with positive patients' outcomes and profitability. That said, 2025 should be a telling year for the success of the company as its attempts to build a U.S. foothold and all focus will be solely on the early as well as sustained launch metrics. While we are impressed by the comprehensive commercial strategy put forth, inherent launch risks, and building U.S. visibility represent the greatest challenges we anticipate the company facing as we move into the second half of the year. We also note the risk of being a single asset focused company for the time being, but look forward to future pipeline development updates to potentially offset some of that risk over the long-term.

Valuation and Risks. We reiterate our Buy rating and A\$2 price target. Our valuation is based on our clinical net present value (NPV) model, which allows us to flex multiple assumptions affecting a drug's profile. Sofdra is the sole driver of Botanix' valuation currently and for the foreseeable future. Sofdra is at a 100% chance of approval, because of its June 2024 approval; the variability of the model comes now from the launch metrics over the next several quarters as well as peak sales estimates. Factors that could impede reaching our price target include whether Botanix can generate or sustain revenue from sales of the therapeutic product due to factors such as whether the therapeutic product can be sold at a competitive price and otherwise accepted in the market. Therefore, any revenue from sales of the therapeutic product may not offset the commercialization costs. Botanix' investment case currently rests solely on the Sofdra launch, so it takes into account two main risks: (1) single product risk; and (2) the drug is early in the launch in the U.S. Other factors that could impede reaching our price target include the inability of the company to secure adequate funding to progress its products through the development pathway or the occurrence of dilutive capital raises, lack of commercial success, and delisting risk.

(US\$ in millions except per share data) - June fiscal year

Profit & Loss	2022A	2023A	2024A	2025E	2026E	2027E	2028E
Grant and licensing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D collaborations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Product and Royalties	0.0	0.1	0.6	2.0	18.6	63.2	234.0
Other revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenues	0.0	0.1	0.6	2.0	18.6	63.2	234.0
CoGS	0.0	0.0	0.0	1.6	1.1	3.8	14.0
Gross Profit	0.0	0.1	0.6	0.4	17.5	59.4	220.0
<i>Gross margin</i>	0%	100%	100%	20%	94%	94%	94%
G&A	4.3	4.2	6.6	32.3	33.9	35.9	38.1
R&D	10.3	5.7	1.8	0.6	0.7	0.8	1.0
Other op ex	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	(14.6)	(9.8)	(7.8)	(32.5)	(17.1)	22.6	180.9
<i>EBIT margin</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	36%	77%
Depreciation	0.0	2.3	2.3	0.0	0.0	0.0	0.0
Amortisation Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	(14.6)	(7.5)	(5.5)	(32.5)	(17.1)	22.6	180.9
<i>EBITDA margin</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	36%	77%
Non operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Interest Income/Other	1.4	0.8	(6.1)	(22.0)	(15.0)	(3.0)	(3.0)
Interest expense	0.0	0.1	0.0	0.0	0.0	0.0	0.0
EBT	(13.2)	(9.2)	(13.9)	(54.5)	(32.1)	19.6	177.9
<i>EBT margin</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	31%	76%
Provision for taxes	0.0	0.0	0.0	0.0	0.0	4.9	44.5
Net Income	(13.2)	(9.2)	(13.9)	(54.5)	(32.1)	19.6	177.9
Participation of preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income to common	(13.2)	(9.2)	(13.9)	(54.5)	(32.1)	14.7	133.4
<i>net margin</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	23%	57%
NoSH - basic	973.1	1,154.0	1,501.6	1,886.3	2,009.0	2,025.0	2,031.0
NoSH - diluted	973.1	1,154.0	1,501.6	1,886.3	2,009.0	2,045.0	2,047.0
EPS - basic	(0.01)	(0.01)	(0.01)	(0.03)	(0.02)	0.01	0.07
EPS - diluted	(0.01)	(0.01)	(0.01)	(0.03)	(0.02)	0.01	0.07

Source: SEC filings and H.C. Wainwright estimates.

Joseph Pantginis, Ph.D. jpantginis@hwcwco.com

Half-yearly P&L -Jun fiscal		Dec	Jun		Dec	Jun	
\$ in millions	FY'24A	FH1'25A	FH2'25E	FY'25E	FH1'26E	FH2'26E	FY'26E
Licensing	0.0	0.00	0.00	0.0	0.00	0.00	0.0
R&D collaborations	0.0	0.00	0.00	0.0	0.00	0.00	0.0
Product and Royalties	0.6	0.35	1.65	2.0	6.85	11.75	18.6
Other revenues	0.0	0.00	0.00	0.0	0.00	0.00	0.0
Revenues	0.6	0.35	1.65	2.0	6.85	11.75	18.6
CoGS	0.0	0.90	0.70	1.6	0.40	0.72	1.1
Gross Profit	0.6	-0.55	0.95	0.4	6.45	11.03	17.5
Gross margin	100%	-160%	58%	20%	94%	94%	94%
SG&A	6.6	15.98	16.31	32.3	16.87	17.03	33.9
R&D	1.8	0.28	0.34	0.6	0.35	0.36	0.7
Other op ex	0.0	0.00	0.00	0.0	0.00	0.00	0.0
EBITDA	(5.5)	(16.8)	(15.7)	(32.5)	(10.8)	(6.4)	(17.1)
EBITDA margin	nm			nm			nm
Non operating expenses	0.0	0.00	0.00	0.0	0.00	0.00	0.0
Net Interest Income/Other	(6.1)	(14.08)	(7.92)	(22.0)	(7.50)	(7.50)	(15.0)
Interest expense	0.0	0.00	0.00	0.0	0.00	0.00	0.0
EBT	(13.9)	(30.9)	(23.6)	(54.5)	(18.3)	(13.9)	(32.1)
EBT margin	nm			nm			nm
Provision for taxes	0.0	0.00	0.00	0.0	0.00	0.00	0.0
Participation of preferred stock							
Net Income to common	(13.9)	(30.9)	(23.6)	(54.5)	(18.3)	(13.9)	(32.1)
net margin	nm			nm			nm
NoSH - basic	1,501.56	1,817.63	1955.00	1,886.30	2,003.00	2015.00	2,009.00
NoSH - diluted	1,501.56	1,817.63	1955.00	1,886.30	2,003.00	2015.00	2,009.00
EPS - basic	(0.01)	(0.02)	(0.01)	(0.03)	(0.01)	(0.01)	(0.02)
EPS - diluted	(0.01)	(0.02)	(0.01)	(0.03)	(0.01)	(0.01)	(0.02)

Source: Company documents and H.C. Wainwright estimates.

Joseph Pantginis, Ph.D. - jpantginis@hcwco.com

Important Disclaimers

This material is confidential and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). It may also be privileged or otherwise protected by work product immunity or other legal rules. If you have received it by mistake, please let us know by e-mail reply to unsubscribe@hcwresearch.com and delete it from your system; you may not copy this message or disclose its contents to anyone. The integrity and security of this message cannot be guaranteed on the Internet.

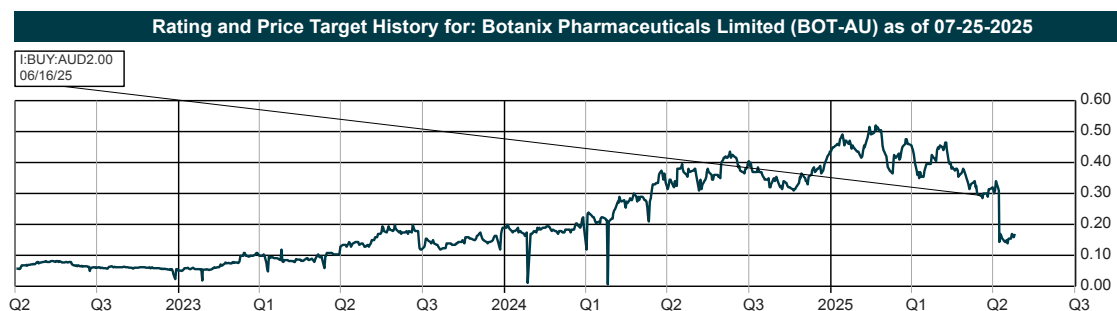
H.C. WAINWRIGHT & CO, LLC RATING SYSTEM: H.C. Wainwright employs a three tier rating system for evaluating both the potential return and risk associated with owning common equity shares of rated firms. The expected return of any given equity is measured on a RELATIVE basis of other companies in the same sector. The price objective is calculated to estimate the potential movements in price that a given equity could reach provided certain targets are met over a defined time horizon. Price objectives are subject to external factors including industry events and market volatility.

RETURN ASSESSMENT

Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

Market Perform (Neutral): The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector.

Market Underperform (Sell): The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector.



Investment Banking Services include, but are not limited to, acting as a manager/co-manager in the underwriting or placement of securities, acting as financial advisor, and/or providing corporate finance or capital markets-related services to a company or one of its affiliates or subsidiaries within the past 12 months.

Distribution of Ratings Table as of July 25, 2025				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	537	80.27%	109	20.30%
Neutral	75	11.21%	13	17.33%
Sell	2	0.30%	0	0.00%
Under Review	55	8.22%	14	25.45%

H.C. Wainwright & Co, LLC (the "Firm") is a member of FINRA and SIPC and a registered U.S. Broker-Dealer.

I, Joseph Pantginis, Ph.D., Sara Nik, Ph.D., Joshua Korsen, Ph.D., Matthew Keller, Ph.D. and Lander Egaña Gorroño, Ph.D. , certify that 1) all of the views expressed in this report accurately reflect my personal views about any and all subject securities or issuers discussed; and 2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report; and 3) neither myself nor any members of my household is an officer, director or advisory board member of these companies.

None of the research analysts or the research analyst's household has a financial interest in the securities of Botanix Pharmaceuticals Limited (including, without limitation, any option, right, warrant, future, long or short position).

As of June 30, 2025 neither the Firm nor its affiliates beneficially own 1% or more of any class of common equity securities of Botanix Pharmaceuticals Limited.

Neither the research analyst nor the Firm knows or has reason to know of any other material conflict of interest at the time of publication of this research report.

The research analyst principally responsible for preparation of the report does not receive compensation that is based upon any specific investment banking services or transaction but is compensated based on factors including total revenue and profitability of the Firm, a substantial portion of which is derived from investment banking services.

The Firm or its affiliates did receive compensation from Botanix Pharmaceuticals Limited for investment banking services within twelve months before, and will seek compensation from the companies mentioned in this report for investment banking services within three months following publication of the research report.

The Firm does not make a market in Botanix Pharmaceuticals Limited as of the date of this research report.

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. Past performance is no guarantee of future results. This report is offered for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. This research report is not intended to provide tax advice or to be used to provide tax advice to any person. Electronic versions of H.C. Wainwright & Co., LLC research reports are made available to all clients simultaneously. No part of this report may be reproduced in any form without the expressed permission of H.C. Wainwright & Co., LLC. Additional information available upon request.

H.C. Wainwright & Co., LLC does not provide individually tailored investment advice in research reports. This research report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this research report.

H.C. Wainwright & Co., LLC's and its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed in this research report.

H.C. Wainwright & Co., LLC and its affiliates, officers, directors, and employees, excluding its analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this research report.

The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us as being accurate and does not purport to be a complete statement or summary of the available data on the company, industry or security discussed in the report. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

Securities and other financial instruments discussed in this research report: may lose value; are not insured by the Federal Deposit Insurance Corporation; and are subject to investment risks, including possible loss of the principal amount invested.