

Appendix 4D

Half-yearly report
Botanix Pharmaceuticals Limited
ABN 70 009 109 755

1. Company details

Name of entity:	Botanix Pharmaceuticals Limited
ABN:	70 009 109 755
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

	31 Dec 2023	31 Dec 2022	% change
Revenues from ordinary activities	377,930	43,649	765.8%
Profit (Loss) from continuing operations after tax attributable to the owners of Botanix Pharmaceuticals Limited	(5,467,164)	(4,596,985)	(18.9%)
Profit (Loss) for the half-year attributable to the owners of Botanix Pharmaceuticals Limited	(5,467,164)	(4,596,985)	(18.9%)

3. Net tangible assets per security

	31 Dec 2023 Cents	30 Jun 2023 Cents
Net tangible asset per ordinary security	<u>1.26</u>	<u>0.93</u>

4. Dividends

No dividends were paid during the current or previous financial years and no dividends have been declared subsequent to the financial year end and up to the date of this report.

5. Dividend reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

6. Foreign entities

Not applicable.

7. Gain or loss of control over entities

There were no entities over which control was gained or lost during the half-year ended 31 December 2023.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of Botanix Pharmaceuticals Limited for the half-year ended 31 December 2023 is attached.

10. Signed



Vince Ippolito
Executive Chairman

Date: 27 February 2024

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755



ACN 009 109 755

HALF YEAR REPORT

for the half year ended 31 December 2023

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

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This financial report covers Botanix Pharmaceuticals Limited ("Botanix" or the "Company") and its subsidiaries. The financial report is presented in Australian dollars.

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

CORPORATE INFORMATION

Directors

Mr Vince Ippolito
Executive Chairman

Mr Matthew Callahan
Executive Director

Dr William Bosch
Non-Executive Director

Dr Stewart Washer
Non-Executive Director

Mr Danny Sharp
Non-Executive Director

Company Secretary

Ms Susan Park

Home Securities Exchange:

Australian Securities Exchange Limited
Level 40, Central Park
152 – 158 St George's Terrace
PERTH WA 6000

ASX Code: BOT

Share Registry

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Telephone: (08) 6555 2945
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Website: www.botanixpharma.com

Solicitors

Gilbert + Tobin
Level 16, Brookfield Place
Tower 2
123 St Georges Terrace
PERTH WA 6000

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Bankers

NAB
100 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The Directors of Botanix Pharmaceuticals Limited (Botanix, the Company or Group) present the following report for the half-year ended 31 December 2023:

DIRECTORS

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

The Directors in office at any time during the half year and until the date of this report, unless otherwise stated, are set out below:

Mr Vince Ippolito

Executive Chairman

Mr Matthew Callahan

Executive Director

Dr William Bosch

Non-Executive Director

Dr Stewart Washer

Non-Executive Director

Mr Danny Sharp

Non-Executive Director

PRINCIPAL ACTIVITIES

Botanix Pharmaceuticals Limited (ASX:BOT) is a clinical dermatology company based in Philadelphia and Phoenix (US) which is progressing its lead product Sofpironium Bromide gel, 15% ("Sofdra™"), for the treatment of primary axillary hyperhidrosis, through FDA approval. Approval of Sofdra is expected at the end of Q2 CY2024, with launch to occur shortly thereafter. Sofdra is positioned to become a leading therapy for both first line and second line use and is expected to represent a safe and effective new option for patients.

Sofdra contains Sofpironium Bromide, the first and only new chemical entity developed to treat "primary axillary hyperhidrosis"—a medical condition which results in excessive underarm sweating. Sofdra achieved statistical significance on all primary and secondary endpoints and was found to have a favourable safety profile in Phase 3 pivotal studies and in a 48-week long-term safety study.

The Company also has a pipeline of other products in late-stage clinical studies which are currently on hold as Sofdra remains the core focus for the Company.

RESULTS

The Company incurred a net loss after income tax for the six months ended 31 December 2023 of \$5,467,164 (2022: loss of \$4,596,985) as a result of the continued advancement of its lead dermatology asset Sofdra and the preparation of the product for launch in 3Q 2024. During the half year, Botanix spent \$978,208 in direct costs on its research and development program.

REVIEW OF OPERATIONS AND RESULTS

For the six-month reporting period ending on 31 December 2023 (H1 FY24), Botanix has made significant progress with its Sofdra lead asset which, after a short delay, was successfully resubmitted for FDA approval in late December and subsequently accepted by FDA as complete

response in late January 2024. FDA has confirmed that the resubmission of the Sofdra NDA is a 'Class 2 response' (i.e., a 6-month review period from resubmission), with the result that approval remains targeted for late June 2024. Now that the Company has clarity on the acceptability of the resubmission of the NDA for Sofdra, the team has turned its focus towards minimising the period between successful approval and launch.

Sofdra (Sofpironium Bromide) gel, 15%

Botanix's lead asset is Sofdra, a topically applied gel for the treatment of primary axillary hyperhidrosis (a medical condition that causes excessive underarm sweating), which affects 10 million individuals in the US alone. Phase 3 clinical studies have been completed successfully, with primary and secondary efficacy endpoints achieved, with a high degree of statistical significance.

Sofdra regulates sweating at the site of application, by binding to the primary sweat receptor and thereby blocking the sweat signal. The gel is delivered to the underarms using a patented applicator, which is similar to the 'roll on' commonly used in antiperspirants, which allows the patient to avoid direct drug contact with their hands. The drug is designed to be rapidly metabolized by the body as it passes through into the blood stream, (rather than traveling around the body and affecting other organs), and this helps to reduce incidence, severity, and duration of side effects of the drug, compared to other compounds in the class.

Approximately 85% of patients using the gel in Phase 3 clinical studies, experienced a clinically meaningful improvement in their condition. More than 700 patients were enrolled in the two Phase 3 studies and approximately 300 patients participated in a separate 48-week safety study of Sofdra. The majority of adverse events were mild to moderate and transient in nature. Based on these studies, the Company believes that Sofdra has the potential to be the best-in-class treatment for axillary hyperhidrosis, as existing therapies are less than ideal, either because of the lack of efficacy, an unfavourable side effect profile, present the risk of drug exposure, or produce pain from invasive injection procedures or severing of the nerves through surgery.

In the US, there are approximately 10 million subjects who suffer from primary axillary hyperhidrosis, which is the patient population in which the successful Phase 3 studies were conducted. Of those subjects, approximately 3.7 million subjects are actively seeking treatment. Even assuming a modest penetration of this population at the current price of competitive treatments (i.e., approximately US\$7,200 per year), this provides a significant market opportunity for Sofdra.¹

In September 2023, 12 months after submission of the new drug application (NDA) for Sofpironium Bromide, Botanix received a "Complete Response" letter from FDA that solely focused on a deficiency in the Instructions for Use ("IFU") document. The IFU is a paper insert in

¹ Source: Reports and Data, "Hyperhidrosis Treatment Market By Treatment Type, By Disease Type, By End-User, By Regional Outlook, and Segment Forecasts, 2022.

the product carton that instructs the patient how to use the product safely and effectively. Following rapid completion of revised Instructions for Use for Sofdra and the required human factors validation study that assessed those instructions, the Company successfully achieved an earlier than expected resubmission of the NDA for Sofdra in late December 2023.

These resubmission materials were limited to the revised patient IFU, the new human factors validation study protocol and report; an updated use-related risk analysis and updated draft prescribing information, carton, and container labels; and the conditionally approved proprietary name (“Sofdra”) submission. Botanix also brought forward the annual safety update to FDA, including the pharmacovigilance report from Japan and any new safety findings reported in the scientific literature (which would otherwise usually be filed in March each year).

Botanix’s resubmission has been accepted by FDA as a ‘complete response’, and FDA confirmed that the resubmission of the Sofdra NDA is a ‘Class 2 response’ (i.e., a 6-month review period from resubmission), with the result that approval remains targeted for late June 2024.

In July 2023 Botanix paid US\$8.25m to Fresh Tracks Therapeutics Inc (previously known as Brickell Biotech) to extinguish the contracted future milestone and royalty payments due to Fresh Tracks under the Asset Purchase Agreement. The Company will retain an obligation to the head licensor, Bodor Laboratories, to pay a 5% royalty on net sales made by Botanix.

The Company continues to ramp up commercial launch preparation activities for Sofdra and has focused on engaging US payers (insurers) around contracting and pricing for the product, as well as preparing patient and physician-focused launch marketing and sales materials, testing telemedicine and supply chain elements, and finalising sales strategies. Having successfully launched more than 25 dermatology products between them, Botanix’s management team and Board have an unrivalled track record in commercializing products and exiting dermatology companies to larger partners.

Pipeline development

Botanix’s clinical development pipeline includes dermatology and antimicrobial programs which leverage the Company’s novel skin delivery technology (Permetrex™), utilizing proprietary drug mechanisms of action such as the anti-inflammatory and antimicrobial properties of synthetic cannabidiol (CBD). The Company is currently reviewing the status of the pipeline in light of the planned launch of Sofdra in order to devote appropriate resources to ensure the successful commercialization of our lead product.

Corporate

Two capital raisings were completed by Botanix in the first half of the financial year, totalling A\$26 million. The first of these placements totalled A\$12.5 million from new and existing institutional and sophisticated investors. Proceeds of US\$8.25 million from this placement was used to extinguish future milestone and royalty payments due to the Company’s partner Fresh Tracks—a move that could save up to \$160 million and prime the Company for potential M&A or partnership activity.

In December, Botanix finalised the placement of A\$13.5 million in new shares, which was led by Botanix's existing institutional shareholders and included a significant number of new institutional investors. Proceeds from this placement will be applied towards preparation for commercial launch activities of Sofdra in the United States, as well as general working capital purposes and costs. The Company is well funded through anticipated approval.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Subsequent to 31 December 2023, the Company received notification that Botanix's resubmission has been accepted by FDA as a 'complete response', and FDA confirmed that the Sofdra NDA will have a 6-month review period from resubmission culminating in a target approval date in late June 2024.

The Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' Report for the half year ended 31 December 2023.

Signed in accordance with a resolution of the Directors.



Vince Ippolito
Executive Chairman
27 February 2024

AUDITORS INDEPENDENCE DECLARATION



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**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF BOTANIX
PHARMACEUTICALS LIMITED**

As lead auditor for the review of Botanix Pharmaceuticals Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Botanix Pharmaceuticals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a horizontal line.

Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth
27 February 2024

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	Consolidated 31 December 2023 \$	Consolidated 31 December 2022 \$
Revenue from continuing operations			
Sales revenue		377,930	43,649
Total revenue from continuing operations		377,930	43,649
Other income			
Interest revenue		41,559	19,012
Research and Development incentive scheme		-	3,669,439
Total other income		41,559	3,688,451
Expenses			
Employee benefits expense		(1,274,013)	(886,900)
Finance expense		(6,627)	(76,672)
Foreign exchange gains (losses)		24,215	72,704
Research and Development expense		(978,208)	(5,090,828)
Professional consultant expense		(1,523,141)	(1,248,302)
Share based payments	5	(1,493,222)	(735,330)
Amortisation of Right of Use assets		-	(6,727)
Depreciation of Plant and Equipment		(8,431)	(10,101)
Other expenses		(627,226)	(346,929)
Total expenses		(5,886,653)	(8,329,085)
Profit/(Loss) before income tax expense		(5,467,164)	(4,596,985)
Income tax benefit		-	-
Profit/(Loss) after income tax for the half year		(5,467,164)	(4,596,985)
 Other Comprehensive gain/(loss) for the half year: Items that may be reclassified subsequently to profit or Foreign exchange translation difference		 (390,198)	 (195,101)
Other Comprehensive gain/(loss) for the period, net of		(390,198)	(195,101)
 Total Comprehensive (Loss) for the half year attributed to members of Botanix Pharmaceuticals Limited		 (5,857,362)	 (4,792,086)
Basic and diluted Loss per share for the half year attributable to members of Botanix Pharmaceuticals Limited (cents):			
Basic profit/loss per share (cents)		(0.38)	(0.45)
Diluted profit/loss per share (cents)		(0.38)	(0.45)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Consolidated 31 December 2023 \$	Consolidated 30 June 2023 \$
ASSETS			
Current Assets			
Cash & cash equivalents		18,313,361	10,250,395
Inventory		3,132,256	3,147,031
Trade and other receivables		219,624	489,124
Prepayments		109,447	92,078
Total Current Assets		21,774,687	13,978,628
Non-Current Assets			
Plant and Equipment		61,669	65,376
Intangible assets	2	25,844,740	10,729,375
Other financial assets		-	62,644
Total Non-Current Assets		25,906,409	10,857,395
Total Assets		47,681,096	24,836,023
LIABILITIES			
Current Liabilities			
Trade and other payables	3	2,199,228	1,733,296
Provisions		91,243	151,700
Total Current Liabilities		2,291,228	1,884,996
Total Liabilities		2,291,228	1,884,996
Net Assets		45,389,868	22,951,027
EQUITY			
Contributed equity	4	119,945,660	93,489,658
Share based payment reserves	6	7,881,624	6,041,423
Reserves	6	(48,320)	341,878
Accumulated losses	6	(82,389,096)	(76,921,932)
Total Equity		45,389,868	22,951,027

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

BOTANIX PHARMACEUTICALS LIMITED

ACN: 009 109 755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

		Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Translation Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2023		93,489,658	(76,921,932)	6,041,423	341,878	22,951,027
Total comprehensive loss for the period						
Loss for the half year		-	(5,467,164)	-	-	(5,467,164)
Total other comprehensive income/loss		-	-	-	(390,198)	(390,198)
Total comprehensive loss for the period		-	(5,467,164)	-	(390,198)	(5,857,362)
Transactions with owners in their capacity as						
Proceeds from issued capital	4	28,335,624	-	-	-	28,335,624
Transaction costs from issued capital	4	(1,879,622)	-	346,981	-	(1,532,641)
Share based payments	5	-	-	1,493,220	-	1,493,220
Balance at 31 December 2023		119,945,660	(82,389,096)	7,881,624	(48,320)	45,389,868
Balance at 1 July 2022		71,475,764	(67,767,958)	4,338,787	105,185	8,151,777
Total comprehensive loss for the period						
Loss for the half year		-	(4,596,985)	-	-	(4,596,985)
Total other comprehensive income/loss		-	-	-	(195,101)	(195,101)
Total comprehensive loss for the period		-	(4,596,985)	-	(195,101)	(4,792,086)
Transactions with owners in their capacity as						
Proceeds from issued capital		13,460,613	-	-	-	13,460,613
Transaction costs from issued capital		(962,090)	-	181,808	-	(780,282)
Share based payments		-	-	735,330	-	735,330
Balance at 31 December 2022		83,974,287	(72,364,943)	5,255,924	(89,916)	16,775,352

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	31 December 2023	31 December 2022
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	811,929	241,033
Interest received	41,559	18,266
Research and Development	(1,405,636)	(7,137,206)
Payments to suppliers & employees	(3,208,094)	(2,442,417)
Finance costs	-	(79,449)
R&D tax concession received	-	3,669,439
Net cash used in operating activities	(3,760,242)	(5,730,333)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant, and equipment	(36,172)	(4,900)
Payment for intangible assets	(14,739,586)	(5,107,490)
Net cash used in financing activities	(14,775,758)	(5,112,390)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	26,000,000	13,460,604
Transaction costs paid from the issue of shares	(1,578,412)	(823,984)
Proceeds from loan	-	1,849,236
Repayment of borrowings	-	(1,849,236)
Exercise of options	2,335,624	-
Repayment of principle portion of lease liability	-	(89,992)
Net cash provided by financing activities	26,757,212	12,546,628
Net increase/(decrease) in cash held	8,221,212	1,703,904
Cash and cash equivalents at beginning of period	10,250,395	7,285,653
Foreign exchange adjustment	(158,246)	(273,802)
Cash and cash equivalents at end of period	18,313,361	8,715,755

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

- The half-year financial report is a general-purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.
- The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Botanix Pharmaceuticals Limited as at 30 June 2023 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the company during the period 1 July 2023 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

Basis of Accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Going Concern

The financial statements for the period ended 31 December 2023 have been prepared on the basis that the Group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the period, the Group recorded a net loss after tax of \$5,467,164 (31 December 2022: \$4,596,985). The Group had a net working capital surplus of \$19,483,459 at 31 December 2023 (30 June 2023: \$12,093,632) and experienced net cash outflows from operating activities for the period of \$3,760,242 (31 December 2022: \$5,730,333).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors believe the Group will continue as a going concern based on the following considerations:

- Notwithstanding the above, the Group had a net working capital surplus of \$19,483,459 on 31 December 2023 (30 June 2023: \$12,093,632).
- On 27 July 2023, the Company announced that it successfully completed a capital raising from new and existing institutional and sophisticated investors for the placement of 104,166,667 fully paid ordinary shares at A\$0.12 to raise \$12.5m in gross proceeds in an oversubscribed placement to acquire outstanding royalty, milestone, and other financial obligations to Fresh Tracks Inc.
- On 1 December 2023, the Company announced that it successfully completed a capital raising from new and existing institutional and sophisticated investors for the placement of 103,846,155 fully paid ordinary shares at A\$0.13 per new share to raise \$13.5m in gross proceeds in an oversubscribed placement.

Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Board of Directors. The Board, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2023 that have been applied by the Company. The 30 June 2023 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2023.

Significant Judgments

Capitalisation of internally developed project development

Distinguishing the research and development phases of a new project development and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. The Directors have considered the development phase of the Sofpironium Bromide project and acknowledge that regulatory approval has not yet been received, however, the Directors have made a judgment that the Company meets the technical feasibility criteria. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 2: INTANGIBLE ASSETS

	31 December 2023	30 June 2023
	\$	\$
At cost	25,844,740	10,729,375
	25,844,740	10,729,375

	Acquisition Costs \$	Development Costs \$	Total \$
Balance at 1 July 2022	3,295,246	-	3,295,246
Additions	3,560,009	-	3,560,009
Additions from internal development	-	3,874,120	3,874,120
Balance at 30 June 2023	6,855,255	3,874,120	10,729,375

	Acquisition Costs \$	Development Costs \$	Total \$
Balance at 1 July 2023	6,855,255	3,874,120	10,729,375
Additions ⁽¹⁾	12,620,216	-	12,620,216
Additions from internal development	-	2,737,912	2,737,912
FX translation ⁽²⁾	(242,763)	-	(242,763)
Balance at 31 December 2023	19,232,708	6,612,032	25,844,740

⁽¹⁾ Botanix paid US\$8.25m to Fresh Tracks Therapeutics Inc (previously known as Brickell Biotech) in July 2023 to extinguish the contracted future milestone and royalty payments due to Fresh Tracks under the Agreement. This payment has been recorded as an intangible asset for the December 2023 reporting period.

⁽²⁾ An amount of AU\$0.2m was recorded for FX differences.

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 3: TRADE AND OTHER PAYABLES

	31 December 2023	30 June 2023
	\$	\$
Current:		
Trade payables ⁽¹⁾	1,285,439	1,390,702
Sundry payables & accrued expenses	914,546	342,594
	2,199,985	1,733,296

⁽¹⁾ Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 4: CONTRIBUTED EQUITY

	31 December 2023	31 December 2023	30 June 2023	30 June 2023
	Number	\$	Number	\$
Fully paid ordinary shares	1,547,144,642	119,945,660	1,312,460,376	93,489,658

(b) Movements in fully paid shares on issue	Number	\$
Balance as at 1 July 2023	1,312,460,376	93,489,658
Exercise of options ⁽¹⁾	26,671,444	2,335,624
Placement ⁽²⁾	104,166,667	12,500,000
Placement ⁽³⁾	103,846,155	13,500,000
Less: transaction costs ⁽⁴⁾		(1,879,622)
Balance as at 31 December 2023	1,547,144,642	119,945,660

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 4: CONTRIBUTED EQUITY (continued)

⁽¹⁾ 26,671,444 options were exercised during the half year to 31 December 2023 with 26,671,444 shares issued.

⁽²⁾ On 27 July 2023, Botanix completed a placement to raise \$12,500,000. Botanix issued 104,166,667 shares at \$0.12 per share.

⁽³⁾ On 1 December 2023, Botanix completed a placement to raise \$13,500,000. Botanix issued 103,846,155 shares at \$0.13 per share.

⁽⁴⁾ Included within the transactions costs were 8,000,000 broker options issued to Zenix Nominees, as disclosed in Note 5.

NOTE 5: SHARE BASED PAYMENTS

	Number 2023	Number 2022
Issued Options		
Unlisted Options	82,890,317	55,000,000
Movements in options on issue		
Balance as at 1 July	111,111,761	75,153,639
Add: Options issued	10,450,000	10,000,000
Less: Options exercised	(26,671,444)	-
Less: Expiry/cancellation of unlisted options	(12,000,000)	(30,153,639)
Balance as at 31 December	82,890,317	55,000,000

\$375,494 was expensed in the current period in relation to vesting of options issued in prior periods and options granted during the current period as disclosed below.

2.45 million Retention Options were issued under the Company's Employee Incentive Plan on 12 September 2023, expiring on 12 September 2026. The exercise price is \$0.105 per option, valued at \$0.1109 per option. The options vest subject to achievement of hurdles linked to ongoing employment, with the fair value vested over the resulting service periods.

8 million Options were issued to Zenix Nominees following the share placements in July 2023 and December 2023. 6 million options were issued on 27 July 2023, expiring on 27 July 2025. The exercise price is \$0.18 per option, and they are valued at \$0.0377 per option. 2 million options were issued on 1 December 2023, expiring on 1 December 2025. The exercise price is \$0.195 per option, and they are valued at \$0.0564 per option. The value of these options was capitalised as a cost of issuing shares, as per Note 5.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 5: SHARE BASED PAYMENTS (continued)

The Options were valued using Black Scholes with the below assumptions:

	Unlisted options Employee Share Scheme	Unlisted options Broker Options	Unlisted options Broker Options
Number of options in series	2,450,000	6,000,000	2,000,000
Grant date share price	\$0.18	\$0.13	\$0.165
Exercise price	\$0.105	\$0.18	\$0.195
Expected volatility	67.83%	67.29%	72.41%
Option life	3 years	2 years	2 years
Dividend yield	0.00%	0.00%	0.00%
Interest rate	3.73%	3.92%	4.07%

	Number 2023	Number 2022
Issued Performance Rights		
Unlisted Performance Rights	63,333,335	19,000,000

Movements in performance rights on issue

Balance as at 1 July	7,333,335	-
Add: Performance Rights issued	56,000,000	19,000,000
Less: Exercised during the period	-	-
Balance as at 31 December	63,333,335	19,000,000

56 million performance rights (PRs) were granted to Howard McKibbin on 24 August 2023 under the Company's Employee Incentive Plan. The PRs have an expiry date of 31 August 2028 and a nil exercise price. The rights were valued by reference to the share price on grant date of \$0.185.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 5: SHARE BASED PAYMENTS (continued)

Vesting Condition

Proportion of Rights that will vest

Tranche 1:

The date that is 12 months following the FDA approval of Sofpironium Bromide, provided that:

9,333,334 Rights

- the approved label for Sofpironium Bromide includes an efficacy and safety data set that supports promotion of the product in the US market; and
- the CEO has had continuous employment with the Company up to and including that date.

Tranche 2:

The date that is the later of 12 months after the later of the vesting date of Tranche 1, or 30 December 2025, provided that:

9,333,333 Rights

- the Company has launched Sofpironium Bromide for commercial sale in the United States.
- the Company has established a distribution network which is effectively providing reimbursed prescriptions to patients; and
- the CEO has had continuous employment with the Company up to and including that date.

Tranche 3:

12 months after the vesting date of Tranche 2 provided that:

9,333,333 Rights

- the Company has deployed its digital telehealth platform for the diagnosis of patients with hyperhydrosis;
- the Company is generating revenue from prescriptions as a direct result from utilization of the telehealth platform; and
- the CEO has had continuous employment with the Company up to and including that date.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 5: SHARE BASED PAYMENTS (continued)

7,000,000 Rights

Tranche 4:

- Achieving US\$45 million of revenue from the sales of Sofpironium Bromide in a financial year
- the CEO has had continuous employment with the Company up to and including that date.

Tranche 5:

- Achieving US\$100 million of revenue from the sales of Sofpironium Bromide in a financial year.
- the CEO has had continuous employment with the Company up to and including that date.

7,000,000 Rights

Tranche 6:

- Achieving US\$150 million of revenue from the sales of Sofpironium Bromide in a financial year.
- the CEO has had continuous employment with the Company up to and including that date.

7,000,000 Rights

Tranche 7:

- Achieving US\$250 million of revenue from the sale of products in a financial year.
- the CEO has had continuous employment with the Company up to and including that date.

7,000,000 Rights

Management have assumed a more than likely probability of achievement of all above hurdles. \$1,321,880 has been recorded as an expense in the half year to 31 December 2023 for the issue of these PRs. The fair value of the performance rights has been vested from grant date to expected achievement date in relation to each performance hurdle.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 6: RESERVES & ACCUMULATED LOSSES

	31 December 2023	30 June 2023
	\$	\$
Reserves	7,833,304	6,383,301
Share based payments reserve		
Balance at beginning of period	6,041,423	4,338,786
Share based expense	1,493,220	1,520,828
Issue of options (cost of raising capital)	346,981	181,809
Balance at end of period	7,881,624	6,041,423
Foreign currency translation reserve		
Balance at beginning of period	341,878	105,185
Effect for foreign currency translation during the	(390,198)	236,693
Balance at end of period	(48,320)	341,878

Share Based Payments Reserve

The share-based payments include the following:

- Items recognised as expenses on valuation of employee and director share options.
- Options issued to non-related parties in exchange for cash or services.

Foreign Currency Translation Reserve

The foreign currency translation reserve includes the following:

- Effect of foreign currency translation of foreign subsidiary at period end

	31 December 2023	30 June 2023
	\$	\$
Accumulated Losses		
Movements in accumulated losses were as		
Balance at beginning of period	(76,921,932)	(67,767,958)
Net profit/loss for the period – continuing	(5,467,164)	(9,153,974)
Balance at end of period	(82,389,096)	(76,921,932)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

NOTE 7: SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, being the research and development dermatology and antimicrobial products. The chief operating decision makers of the Group are the Directors.

All the Group's activities are interconnected, and all significant operating decisions are based on analysis of the Group as one segment. The financial results of the segment are the equivalent of the financial statements as a whole.

	31 December 2023 \$	31 December 2022 \$
Revenue from continuing operations	377,930	43,649
Other Income	41,559	3,669,439
Expenditure on continuing operations	5,886,653	8,329,086

	31 December 2023 \$	30 June 2023 \$
Current Assets	21,774,687	13,978,628
Non-Current Assets	25,906,409	10,857,395
Total Assets	47,681,096	24,836,023
Total Liabilities	2,291,228	1,884,996
Net Assets	45,389,868	22,951,027

NOTE 8: CONTINGENT ASSETS & LIABILITIES

The Company has an obligation to pay Bodor Laboratories US\$500,000 upon the first US New Drug Application approval and US\$100,000 upon each subsequent FDA approval of an additional product.

The Directors are not aware of any other contingent assets or liabilities that may arise from the Group's operations as of 31 December 2023.

NOTE 9: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2023, the Company received notification that Botanix's resubmission has been accepted by FDA as a complete response, and FDA confirmed that the Sofdra NDA will have a 6-month review period from resubmission culminating in a target approval date in late June 2024.

There are no other matters or circumstances which have arisen since the end of the period which significantly affects or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

In the opinion of the Directors of Botanix Pharmaceuticals Limited:

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standards AASB 134: 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Group's financial position as of 31 December 2023 and of its performance for the half year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the board



Vince Ippolito
Executive Chairman
27 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Botanix Pharmaceuticals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Botanix Pharmaceuticals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo.

Dean Just

Director

Perth, 27 February 2024