

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 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

	31 Dec 2020	31 Dec 2019	% change
Revenues from ordinary activities	6,965,724	7,664,648	(9.1%)
Profit (Loss) from continuing operations after tax attributable to the owners of Botanix Pharmaceuticals Limited	664,129	(6,995,671)	N/A
Profit (Loss) for the half-year attributable to the owners of Botanix Pharmaceuticals Limited	571,750	(6,959,295)	N/A

3. Net tangible assets per security

	31 Dec 2020 Cents	31 Dec 2019 Cents
Net tangible asset per ordinary security	<u>2.55</u>	<u>3.41</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 2020.

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 2020 is attached.

10. Signed



Vince Ippolito
Executive Chairman

Date: 26 February 2021

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ACN 009 109 755

HALF YEAR REPORT

for the half year ended 31 December 2020

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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 and President

Mr Matthew Callahan
Executive Director

Dr William Bosch
Executive Director

Dr Michael Thurn
Executive Director

Dr Stewart Washer
Non-Executive Director

Company Secretary

Mr Simon Robertson

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

Automatic Registry Services
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Website: www.botanixpharma.com

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P.O. Box 1407
SUBIACO WA 6904

Solicitors

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

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Bankers

NAB
100 St Georges Terrace
Perth WA 6000

**DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

The Directors of Botanix Pharmaceuticals Limited present the following report for the half-year ended 31 December 2020:

DIRECTORS

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 and President

Dr William Bosch

Executive Director

Mr Matthew Callahan

Executive Director

Dr Michael Thurn

Executive Director

Dr Stewart Washer

Non-Executive Director

PRINCIPAL ACTIVITIES

Botanix Pharmaceuticals Limited (ASX:BOT) is a clinical stage synthetic cannabinoid pharmaceutical company with a targeted pipeline of dermatology and antimicrobial products. Botanix has generated strong scientific support for the anti-inflammatory and antimicrobial mechanisms of action of synthetic cannabinoids with application in the development of novel dermatology and bacteria fighting applications.

REVIEW OF OPERATIONS AND RESULTS

RESULTS

Net profit after income tax of the Company for the six months ended 31 December 2020 was \$664,129 (2019: net loss \$6,995,671).

OPERATIONS

Overview

For the 6 months ending 31 December 2020, Botanix has continued to progress its pipeline of synthetic cannabinoid products, focused on the treatment of serious skin diseases and for antimicrobial applications.

Clinical development

Botanix's clinical development pipeline includes clinical programs which are leveraging synthetic cannabidiol in the topical treatment of serious skin diseases and for antimicrobial applications. Botanix also has an active discovery chemistry program to identify, synthesise, and test novel chemical entities that are structurally related to naturally occurring cannabinoids. In addition, Botanix has an exclusive license to use a proprietary drug delivery system called Permetrex™, for direct skin delivery of pharmaceuticals.

DIRECTORS' REPORT (CONTINUED)**Antimicrobial platform: study initiated and completed in 2H CY2020 - Positive Data Release in 1Q 2021**

In August 2020, Botanix commenced recruitment for its BTX 1801 Phase 2a clinical study to evaluate the safety, tolerability and efficacy of BTX 1801 for the prevention of surgical site infections. The double-blind, vehicle controlled clinical study evaluates two formulations of BTX 1801 to decolonise *Staphylococcus aureus* (*Staph*) and methicillin-resistant *Staphylococcus aureus* (*MRSA*) from the nose of healthy adults.

In November 2020, Botanix successfully completed a Pre-Investigational New Drug (Pre-IND) meeting with the US Food and Drug Administration's (FDA) Office of Infectious Diseases for the BTX 1801 synthetic cannabidiol antimicrobial product. The meeting provided Botanix with an opportunity to seek advice and clarification from the FDA on the development plan and data package required to initiate clinical studies for BTX 1801 in the US. In addition, Botanix gained feedback from the FDA on the drug development plan required for BTX 1801 to support a Fast-Track application and New Drug Application (NDA) in light of its existing Qualified Infectious Disease Product (QIDP) designation. The FDA advised that the proposed drug development plan and data package presented were sufficient to initiate clinical development in the US and ultimately support an NDA submission. The FDA encouraged Botanix to request a Fast-Track designation for BTX 1801 following submission of an IND application.

In November 2020, the BTX 1801 Phase 2a study was fully enrolled, with all participants successfully completing the clinical study the following month. Positive data from the study was announced in early 1Q 2021.

In addition to the clinical development program for the prevention of surgical site infections, Botanix continued to actively explore opportunities for its synthetic cannabidiol and cannabidiol analog development assets. These include other bacterial infections, different routes of administration of the drug (other than application to the skin) and new uses for cannabinoids under development by the Company that have improved bioavailability and potency.

BTX 1702: study poised to commence

The Company's BTX 1702 Phase 1b clinical study is poised to commence in 1H CY2021. The 8-week randomised, double-blind, vehicle-controlled trial will evaluate the safety and tolerability of BTX 1702 in patients with moderate to severe papulopustular rosacea. Given the overlap of characteristics between rosacea and acne, the study will also provide supporting information for the BTX 1503 program.

BTX 1503: successful End of Phase 2 meeting

In July 2020, Botanix achieved an important drug development milestone, with the completion of a successful End of Phase 2 meeting for BTX 1503 with the FDA. The meeting provided an opportunity for Botanix to seek confirmation from the FDA on the drug development plan for the BTX 1503 to support registration, of which a critical component is the design of the Phase 3 clinical studies. The FDA highlighted the excellent safety profile of synthetic BTX 1503, by allowing several waivers for studies that are normally required for dermatology drug registration. The timetable for the progression of the BTX 1503 Phase 3 study is under review, pending the competition of Botanix's BTX 1702 (rosacea) Phase 1b clinical study and lifting of relevant travel and clinical trial conduct restrictions across key geographies in the US particularly where more than half of planned clinical trials have been impacted by the COVID-19 restrictions.

DIRECTORS' REPORT (CONTINUED)

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

In January 2021, Botanix announced the publication of research data from its antimicrobial platform in nature Research's peer-reviewed journal, *Communications Biology*. The research article describes for the first-time that synthetic cannabidiol can also kill a select group of Gram-negative bacteria, including the bacterial responsible for gonorrhoea, meningitis, and legionnaires disease. In addition, the new data also demonstrated the potential to develop novel structural analogs of cannabinoids with increased antimicrobial activity providing a foundation for the development of a whole new class of antimicrobials.

On 3 February 2021, Botanix announced positive top-line data from its BTX 1801 Phase 2a nasal decolonisation proof of concept study. Results of the study showed the two different formulations (ointment and gel) of BTX 1801 met the study endpoints. Firstly, BTX 1801 was safe and well tolerated, with all 66 enrolled participants successfully completing the study. The incidence of adverse events was low, mild in severity and occurred at similar rates across the different treatment groups with no severe events reported. Secondly, efficacy of both ointment and gel formulations at the primary endpoint of Day 12 was demonstrated. The top-line data and additional information from the BTX 1801 study, will further inform Botanix's development strategies for the antimicrobial platform.

On 12 February 2021, Botanix announced the receipt of a R&D Tax Incentive refund of A6,876,853 for the 2019 / 2020 financial year.

There are no other matters or circumstances which have arisen since the end of the period which significantly affect 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.

The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.



Vince Ippolito
Executive Chairman
26 February 2021

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF BOTANIX PHARMACEUTICALS LIMITED

As lead auditor for the review of Botanix Pharmaceuticals Limited for the half-year ended 31 December 2020, 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.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 26 February 2021

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BOTANIX PHARMACEUTICALS LIMITED

ACN: 009 109 755

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Note	Consolidated 31 December 2020 \$	Consolidated 31 December 2019 \$
Revenue from continuing operations			
Interest revenue		78,338	103,792
Revenue		10,533	-
Total revenue from continuing operations		88,871	103,792
Other income			
Research and Development incentive scheme		6,876,853	7,560,856
Employee benefits expense		(563,264)	(2,670,284)
Finance expense		(30,954)	(17,106)
Foreign exchange losses		(10,328)	(132,406)
Research and Development expense		(4,345,425)	(8,379,834)
Professional consultant expense		(346,588)	(952,766)
Share based payments	7	(648,557)	(2,060,706)
Depreciation expense of Right of Use assets		(40,195)	(22,086)
Other expenses		(313,823)	(342,065)
Travel expenses		(2,460)	(83,066)
Total expenses		(6,301,595)	(14,660,319)
Profit/(Loss) before income tax expense		664,129	(6,995,671)
Income tax benefit		-	-
Profit/(Loss) after income tax for the half year		664,129	(6,995,671)
Other Comprehensive Income/loss for the half year:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation difference		(92,379)	36,376
Other Comprehensive income/loss for the period, net of tax		(92,379)	36,376
Total Comprehensive Income/Loss for the half year attributed to members of Botanix Pharmaceuticals Limited		571,750	(6,959,295)

Basic and diluted Profit/Loss per share for the half year attributable to members of Botanix Pharmaceuticals Limited (cents):

Basic profit/loss per share (cents)	0.07	(0.077)
Diluted profit/loss per share (cents)	0.07	(0.077)

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 2020

	Note	Consolidated 31 December 2020 \$	Consolidated 30 June 2020 \$
ASSETS			
Current Assets			
Cash & cash equivalents		19,221,193	24,645,185
Trade and other receivables	2	7,105,130	130,644
Prepayments		21,926	1,470
Total Current Assets		26,348,249	24,777,299
Non-Current Assets			
Plant and Equipment		80,343	92,325
Right-of-use asset		255,365	352,718
Other financial assets		56,505	88,730
Total Non-Current Assets		392,213	533,773
Total Assets		26,740,462	25,311,072
LIABILITIES			
Current Liabilities			
Trade and other payables		1,515,910	1,176,942
Lease liabilities		117,861	124,328
Provisions		50,786	76,748
Total Current Liabilities		1,684,557	1,378,018
Non-Current Liabilities			
Lease liabilities		198,840	296,296
Total Current Liabilities		198,840	296,296
Total Liabilities		1,883,397	1,674,314
Net Assets		24,857,065	23,636,758
EQUITY			
Contributed equity	6	71,475,764	71,414,355
Share based payment reserves	7	4,084,760	3,497,612
Foreign currency translation reserve	7	(104,336)	(12,001)
Accumulated losses	7	(50,599,123)	(51,263,208)
Total Equity		24,857,065	23,636,758

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

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BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

Note	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	33,889,883	(34,532,499)	1,269,358	(11,527)	615,215
Total comprehensive loss for the period					
Loss for the half year	-	(6,995,671)	-	-	(6,995,671)
Total other comprehensive income	-	-	-	36,376	36,376
Total comprehensive loss for the period	-	(6,995,671)	-	36,376	(6,959,295)
Transactions with owners in their capacity as equity holders:					
Ordinary shares net of costs	37,424,499	-	-	-	37,424,499
Shares issued on cashless exercise of options	99,973	-	(99,973)	-	-
Options issued during the period	-	-	2,060,706	-	2,060,706
Balance at 31 December 2019	71,414,355	(41,528,170)	3,230,091	24,849	33,141,125
Balance at 1 July 2020	71,414,355	(51,263,208)	3,497,612	(12,001)	23,636,758
Total comprehensive loss for the period					
Profit for the half year	-	664,129	-	-	664,129
Total other comprehensive income/loss	-	(44)	-	(92,335)	(92,379)
Total comprehensive loss for the period	-	664,085	-	(92,335)	571,750
Transactions with owners in their capacity as equity holders:					
Ordinary shares net of costs	-	-	-	-	-
Shares issued on cashless exercise of options	61,409	-	(61,409)	-	-
Share based payments	-	-	648,557	-	648,557
Balance at 31 December 2020	71,475,764	(50,599,123)	4,084,760	(104,336)	24,857,065

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

BOTANIX PHARMACEUTICALS LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Interest received	78,338	93,834
Cash flow boost received	10,000	-
Research and Development	(4,373,845)	(12,163,772)
Payments to suppliers & employees	(1,052,345)	(2,527,782)
Finance costs	(30,954)	(3,592)
Net cash used in operating activities	(5,368,806)	(14,601,312)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(5,928)	(79,380)
Payment for security deposit	-	(61,140)
Net cash used in financing activities	(5,928)	(140,520)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares net of costs	-	37,331,065
Repayment of lease liability	(61,924)	-
Net cash (used in) provided by financing activities	(61,924)	37,331,065
Net increase/(decrease) in cash held	(5,436,658)	22,589,233
Cash and cash equivalents at beginning of period	24,645,185	4,704,457
Foreign exchange adjustment	12,649	(129,527)
Cash and cash equivalents at end of period	19,221,176	27,164,163

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 2020

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 2020 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 2020 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.

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 2020 that have been applied by the Company. The 30 June 2020 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 2020.

NOTE 2: TRADE AND OTHER RECEIVABLES

	31 December 2020	30 June 2020
	\$	\$
Current:		
Other receivables	228,277	130,644
Research and Development grant receivable ⁽¹⁾	6,876,853	-
	7,105,130	130,644

Under the Research and Development income tax regime the Group is entitled to and Research and Development credit on eligible Research and Development expenditure incurred. The determination of whether the expenditure is eligible expenditure requires judgement and is subject to assessment by the Australian Taxation Office.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2020

NOTE 3: RIGHT-OF-USE LEASE ASSETS

Carrying value

	31 December 2020	
	Premises	Total
	\$	\$
Cost	431,899	431,899
Accumulated depreciation	(176,534)	(176,534)
Carrying value as at 31 December 2020	255,365	255,365

Reconciliation

	Premises	Total
	\$	\$
31 December 2020		
Opening Balance	352,718	352,718
Additions	-	-
Depreciation expense	(62,805)	(62,805)
Foreign exchange adjustment	(34,548)	(34,548)
Closing Balance	255,365	255,365

NOTE 4: TRADE AND OTHER PAYABLES

	31 December 2020	30 June 2020
	\$	\$
Current:		
Trade payables ⁽¹⁾	1,307,752	1,009,791
Sundry payables & accrued expenses	208,158	167,151
	1,515,910	1,176,942

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

Accounting policy

Trade and other payables are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

NOTE 5: LEASE LIABILITIES

	31 December 2020	
	Premises	Total
	\$	\$
Current Liabilities	117,861	117,861
Non-Current Liabilities	198,840	198,840
Fair value as at 31 December 2020	316,701	316,701

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2020

Reconciliation

	31 December 2020	
	Premises	Total
31 December 2020	\$	\$
Opening Balance	420,624	420,624
Payments made	(87,371)	(87,371)
Finance Expenses	25,447	25,447
Foreign exchange adjustment	(41,999)	(41,999)
Closing Balance	316,701	316,701

NOTE 6: CONTRIBUTED EQUITY

	31 December 2020 Number	31 December 2020 \$	30 June 2020 Number	30 June 2020 \$
Fully paid ordinary shares	973,142,074	71,475,764	972,698,044	71,414,355

(b) Movements in fully paid shares on issue	Number	\$
Balance as at 1 July 2020	972,698,044	71,414,355
Placement	-	-
1,944,555 options exercised at \$0.106 via cashless exercise facility	444,030	61,409
Balance as at 31 December 2020	973,142,074	71,475,764
Balance as at 1 July 2019	774,028,204	33,889,883
Balance as at 31 December 2019	972,698,044	71,414,360

Issued Options	Number 2020	Number 2019
Unlisted Options	68,506,336	56,754,276

Movements in options on issue	Number	Number
Balance as at 1 July	72,392,557	47,470,235
Add: Options issued	-	25,500,000
Less: Exercise of options	(1,944,555)	(11,006,315)
Less: Expiry/cancellation of unlisted options	(1,941,666)	(5,209,644)
Balance as at 31 December	68,506,336	56,754,276

No options were issued during the period.

\$648,556 was expensed in the current period in relation to vesting of Share Based Payments issued in prior periods.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2020

NOTE 7: RESERVES & ACCUMULATED LOSSES

	31 December 2020	30 June 2020
	\$	\$
Reserves	3,980,424	3,485,612
Share based payments reserve		
Balance at beginning of period	3,497,612	1,269,358
Share based expense	648,557	2,328,231
Exercise of options under cashless exercise facility	(61,409)	(99,977)
Balance at end of period	4,084,760	3,497,612
Foreign currency translation reserve		
Balance at beginning of period	(12,001)	(11,527)
Effect for foreign currency translation during the period	(92,335)	(474)
Balance at end of period	(104,336)	(12,001)

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 2020	30 June 2020
	\$	\$
Accumulated Losses		
Movements in accumulated losses were as follows:		
Balance at beginning of period	(51,263,208)	(34,532,499)
Net profit/loss for the period – continuing	664,085	(16,730,709)
Balance at end of period	(50,599,123)	(51,263,208)

NOTE 8: 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 Executive 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. At 31 December 2020, all revenues and material assets are considered to be derived and held in one geographical area being Australia with the exception of the Non-current financial assets which are held in the United States.

NOTE 9: CONTINGENT ASSETS & LIABILITIES

The Directors are not aware of any contingent assets or liabilities that may arise from the Group's operations as at 31 December 2020.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2020

NOTE 10: EVENTS OCCURRING AFTER THE REPORTING PERIOD

In January 2021, Botanix announced the publication of research data from its antimicrobial platform in nature Research's peer-reviewed journal, *Communications Biology*. The research article describes for the first-time that synthetic cannabidiol can also kill a select group of Gram-negative bacteria, including the bacterial responsible for gonorrhoea, meningitis, and legionnaires disease. In addition, the new data also demonstrated the potential to develop novel structural analogs of cannabinoids with increased antimicrobial activity providing a foundation for the development of a whole new class of antimicrobials.

On 3 February 2021, Botanix announced positive top-line data from its BTX 1801 Phase 2a nasal decolonisation proof of concept study. Results of the study showed the two different formulations (ointment and gel) of BTX 1801 met the study endpoints. Firstly, BTX 1801 was safe and well tolerated, with all 66 enrolled participants successfully completing the study. The incidence of adverse events was low, mild in severity and occurred at similar rates across the different treatment groups with no severe events reported. Secondly, efficacy of both ointment and gel formulations at the primary endpoint of Day 12 was demonstrated. The top-line data and additional information from the BTX 1801 study, will further inform Botanix's development strategies for the antimicrobial platform.

On 12 February 2021, Botanix announced the receipt of a R&D Tax Incentive refund of A6,876,853 for the 2019 / 2020 financial year.

There are no other matters or circumstances which have arisen since the end of the period which significantly affect 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 at 31 December 2020 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
26 February 2021

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 2020, 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 statement of 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 2020 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 2020 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

BDO


Jarrad Prue

Director

Perth, 26 February 2021