

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 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

	31 Dec 2020	31 Dec 2020	% change
Revenues from ordinary activities	23,900	6,965,724	(99.7)
Profit (Loss) from continuing operations after tax attributable to the owners of Botanix Pharmaceuticals Limited	(6,508,794)	664,129	N/A
Profit (Loss) for the half-year attributable to the owners of Botanix Pharmaceuticals Limited	(6,490,223)	571,750	N/A

3. Net tangible assets per security

	31 Dec 2021 Cents	31 Dec 2020 Cents
Net tangible asset per ordinary security	<u>1.48</u>	<u>2.55</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 2021.

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 2021 is attached.

10. Signed



Vince Ippolito
Executive Chairman

Date: 22 February 2022



ACN 009 109 755

HALF YEAR REPORT

for the half year ended 31 December 2021

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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 Stewart Washer
Non-Executive Director

Company Secretary

Mr Simon Robertson

Home Securities Exchange:

Australian Securities Exchange Limited
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152 – 158 St George's Terrace
PERTH WA 6000

ASX Code: BOT

Share Registry

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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 2021

The Directors of Botanix Pharmaceuticals Limited (Botanix, the Company or Group) present the following report for the half-year ended 31 December 2021:

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 Stewart Washer

Non-Executive Director

PRINCIPAL ACTIVITIES

Botanix Pharmaceuticals Limited is an ASX-listed dermatology focused company based in Perth (Australia) and Philadelphia (USA) committed to the development of novel treatments for common skin diseases and infections that are underpinned by science and supported by well-controlled, randomised clinical trials. The Company has two complimentary development platforms - dermatology and antimicrobial products - both of which currently leverage the unique anti-inflammatory, immune modulating and antimicrobial properties of cannabinoids, particularly synthetic cannabidiol or CBD.

Botanix has an exclusive license to use a proprietary drug delivery system (Permetrex™) for direct skin delivery of active pharmaceuticals in all skin diseases, which it utilises in its existing development programs and is being explored with a view to being utilized in a number of other product opportunities.

The Company is developing a pipeline of product candidates, with recent positive data from its BTX 1801 Phase 2a antimicrobial study and its Phase 1b/2 rosacea clinical study is well advanced. Following a successful meeting with the FDA, the Company has also confirmed a drug development plan for the BTX 1503 acne Phase 3 program, to support registration. The Company is also exploring a number of pipeline opportunities in dermatology.

REVIEW OF OPERATIONS AND RESULTS

RESULTS

The Company incurred a net loss after income tax for the six months ended 31 December 2021 of (\$6,508,794) (2020: net profit of \$664,129) as a result of the continued advancement of its dermatology and antimicrobial clinical pipeline which has delivered strong results to date. During the half, Botanix spent \$4.1 million in direct costs on its rigorous research and development program.

DIRECTORS' REPORT (CONTINUED)
OPERATIONS**Overview**

For the six-month reporting period ending on 31 December 2021 (H1 FY21), Botanix has continued to progress its pipeline of dermatology products focused on the treatment of serious skin diseases and identifying new solutions for bacterial infections. Botanix's dermatology program is well advanced, with canine atopic dermatitis (BTX 1204A) and rosacea (BTX 1702) programs on track to complete enrolments this quarter and mid-2022 respectively, while we continue to evaluate new product opportunities nearing maturity to add to the pipeline. The Company's antimicrobial platform has also made significant progress, with the completion of pre-clinical work to support the initiation of a Phase 2 human study next quarter in Australia.

Clinical 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).

Dermatology platform***BTX 1702: Phase 1b/2 study for Papulopustular Rosacea***

Despite COVID-19 restrictions for patients and investigators in Australia and New Zealand, the Company's Phase 1b/2 randomised, double blinded, vehicle-controlled clinical study in patients with moderate to severe papulopustular rosacea is progressing well and remains on track to complete patient enrolment in mid-2022.

The 8-week study active at 16 dermatology sites across Australia and New Zealand, will investigate the safety and tolerability of two different concentrations of BTX 1702 alongside a placebo in 120 adults. All patients are dosed twice daily.

The study also aims to examine the change in inflammatory lesion counts from baseline to day 57, the change in Clinician's Erythema Assessment (CEA) scale, and the proportion of patients with Investigator's Global Assessment (IGA) treatment success. As part of the study design, Botanix has centralised the review of each clinical investigator's ratings for patient inclusion and is using advanced Canfield imaging technology across all sites to support clinical assessments. These initiatives should significantly enhance the quality and consistency of the data collected and thereby improving the probability of success.

Recruitment for the study is planned to complete by mid-year with data available shortly after. With success, the Company plans to initiate a Phase2/3 clinical study in late CY2022, based on the data generated from this first study.

DIRECTORS' REPORT (CONTINUED)**BTX 1204A: Canine atopic dermatitis**

Following encouraging data from a 28-day pilot study in canines completed in CY2021, Botanix launched its BTX 1204A proof of concept study in September 2021 with receipt of ethics approval and the initiation of sites across Australia and New Zealand in October 2021. The study is on track to complete enrolment this quarter, with data expected in Q2 CY2022.

Atopic dermatitis in canines and humans is clinically and immunologically very similar. Further positive outcomes of this new study will support progress towards a late-stage Phase 2b clinical study in humans. The potential benefit of BTX 1204A in canine and human treatments is supported by Botanix studies that indicate synthetic CBD addresses multiple factors of atopic dermatitis disease pathology, inhibits itchⁱ and repairs skin barrier dysfunction^{ii, iii}, is a potent antimicrobial against *Staph Aureus* bacteria^{iv}, and has broad anti-inflammatory properties. The market for atopic dermatitis is very large with roughly 1 in 10 people developing the disease at some point in their lives. In the United States alone there is an estimated 31.6 million people with some form of atopic dermatitis^{v, vi}.

Positive data from the BTX1204A study will also release opportunities for licensing or partnering the canine dermatitis application with a company with an existing animal health presence for further development and commercialisation.

Antimicrobial platform: BTX 1801 for bacterial infections

Following the announcement of positive data from the Phase 2a study in 2021, Botanix's antimicrobial clinical development program BTX 1801 is moving forward with a Phase 2 study, which is scheduled to commence in late Q1 2022 with ethics applications. The BTX 1801 program targets nasal decolonisation (of *Staph aureus* and *MRSA* in subjects who persistently carry these bacteria in their nasal cavities), to prevent bloodstream bacterial infections.

Bloodstream infections that result from bacteria carried in a patient's nose are a significant mortality risk to haemodialysis patients, who are also often diabetic or immunocompromised. Haemodialysis is an ongoing therapy that takes over the key functions of the kidneys, filtering out toxins, wastes and extra fluid from the blood up to three times per week. To access the blood, haemodialysis patients start with a central venous catheter implanted directly into their chest, which is usually replaced after 12 months.

There are no approved products to decolonise the nasal passages of patients undergoing haemodialysis. This represents a significant market opportunity for Botanix, with more than 160,000 new patients starting haemodialysis each year with a central venous catheter, and this patient population are responsible for more than 70% of bloodstream infections in the entire haemodialysis population.

Botanix has recently completed a further round of animal studies and other preclinical work to enable a longer term, repeat dose study to be conducted in humans with confirmed bacterial colonisation. Ethics approval for the planned Phase 2 study is planned to be submitted in late 1Q 2022 with a study start in 2Q CY22.

Expanding the pipeline - Permetrex™ technology and new opportunities

During the half, the Company also remained active in efforts to expand the pipeline and has assessed several new drugs that can be more effectively delivered utilising the Permetrex™

DIRECTORS' REPORT (CONTINUED)

drug delivery platform. Leveraging historical work Botanix has undertaken for partners in a range of dermatology diseases, the Company continues to review several opportunities to either rescue stranded assets that currently are unable to deliver enough active drug to the target site in the skin, or

BOTANIX PHARMACEUTICALS LIMITED

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which may benefit from the improved safety, efficiency and / or cosmetic elegance of the Permetrex™ technology.

Separately, the Company is also investigating other pipeline opportunities that may provide early opportunities for revenue generation in dermatology indications, where Botanix doesn't currently have a development program. These opportunities are expected to be complementary to the Company's existing pipeline and provide support for Botanix's goal of becoming a leading dermatology drug development company.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Subsequent to 31 December 2021 the Company has lodged a Research and Development Incentive Application. If granted as lodged, the Company is expecting to receive a refund of \$2,754,835.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually changing and is dependent on measures imposed by the Australian Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the matters detailed above 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 7 and forms part of the Directors' Report for the half year ended 31 December 2021.

Signed in accordance with a resolution of the Directors.



Vince Ippolito
Executive Chairman
22 February 2022

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 2021, 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, 22 February 2022

BOTANIX PHARMACEUTICALS LIMITED

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Note	Consolidated 31 December 2021 \$	Consolidated 31 December 2020 \$
Revenue from continuing operations			
Interest revenue		23,900	78,338
Other Revenue		-	10,533
Total revenue from continuing operations		<u>23,900</u>	<u>88,871</u>
Other income			
Research and Development incentive scheme		-	6,876,853
Expenses			
Employee benefits expense		(1,342,011)	(563,264)
Finance expense		(19,976)	(30,954)
Foreign exchange gains (losses)		14,207	(10,328)
Research and Development expense		(4,180,007)	(4,345,425)
Professional consultant expense		(519,182)	(346,588)
Share based payments	5	(88,557)	(648,557)
Amortisation of Right of Use assets		(62,012)	(40,195)
Depreciation of Plant and Equipment		(9,020)	(8,369)
Other expenses		(326,136)	(307,915)
Total expenses		<u>(6,532,694)</u>	<u>(6,301,595)</u>
Profit/(Loss) before income tax expense		<u>(6,508,794)</u>	<u>664,129</u>
Income tax benefit		-	-
Profit/(Loss) after income tax for the half year		<u>(6,508,794)</u>	<u>664,129</u>
 Other Comprehensive Income/loss for the half year:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation difference		18,571	(92,379)
Other Comprehensive income/(loss) for the period, net of tax		18,571	(92,379)
Total Comprehensive Income/(Loss) for the half year attributed to members of Botanix Pharmaceuticals Limited		<u><u>(6,490,223)</u></u>	<u><u>571,750</u></u>
 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)		(0.67)	0.07
Diluted profit/loss per share (cents)		(0.65)	0.07

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

BOTANIX PHARMACEUTICALS LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
ASSETS			
Current Assets			
Cash & cash equivalents		16,845,978	21,554,906
Trade and other receivables	2	135,808	45,387
Prepayments		25,386	9,921
Total Current Assets		17,007,172	21,610,214
Non-Current Assets			
Plant and Equipment		76,895	76,392
Right-of-use asset		145,956	201,243
Other financial assets		63,224	62,371
Total Non-Current Assets		286,075	340,006
Total Assets		17,293,247	21,950,220
LIABILITIES			
Current Liabilities			
Trade and other payables	3	2,644,544	804,881
Lease liabilities		174,812	147,146
Provisions		54,488	85,891
Total Current Liabilities		2,873,844	1,037,918
Non-Current Liabilities			
Lease liabilities		20,939	112,172
Total Non-Current Liabilities		20,939	112,172
Total Liabilities		2,894,783	1,150,090
Net Assets		14,398,464	20,800,130
EQUITY			
Contributed equity	4	71,475,764	71,475,764
Share based payment reserves	5	4,093,147	4,004,590
Reserves	5	(64,444)	(83,015)
Accumulated losses	5	(61,106,003)	(54,597,209)
Total Equity		14,398,464	20,800,130

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

BOTANIX PHARMACEUTICALS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Translation Reserve	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2020	71,414,355	(51,263,208)	3,497,612	(12,001)	23,636,758
Total comprehensive profit 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:					
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
Balance at 1 July 2021	71,475,764	(54,597,209)	4,004,590	(83,015)	20,800,130
Total comprehensive loss for the period					
Loss for the half year	-	(6,508,794)	-	-	(6,508,794)
Total other comprehensive income/loss	-	-	-	18,571	18,571
Total comprehensive loss for the period	-	(6,508,794)	-	18,571	(6,490,223)
Transactions with owners in their capacity as equity holders:					
Share based payments	-	-	88,557	-	88,557
Balance at 31 December 2021	71,475,764	(61,106,003)	4,093,147	(64,444)	14,398,464

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

BOTANIX PHARMACEUTICALS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Interest received	23,900	78,338
Cash flow boost received	-	10,000
Research and Development	(3,527,207)	(4,373,845)
Payments to suppliers & employees	(1,106,061)	(1,052,345)
Finance costs	(19,976)	(30,954)
Net cash used in operating activities	(4,629,344)	(5,368,806)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(6,843)	(5,928)
Net cash used in investing activities	(6,843)	(5,928)
CASHFLOWS FROM FINANCING ACTIVITIES		
Repayment of principle portion of lease liability	(72,153)	(61,924)
Net cash used in financing activities	(72,153)	(61,924)
Net increase/(decrease) in cash held	(4,708,340)	(5,436,658)
Cash and cash equivalents at beginning of period	21,554,906	24,645,185
Foreign exchange adjustment	(588)	12,649
Cash and cash equivalents at end of period	16,845,978	19,221,176

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 2021

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 2021 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 2021 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 2021 that have been applied by the Company. The 30 June 2021 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 2021.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

NOTE 2: TRADE AND OTHER RECEIVABLES

	31 December 2021 \$	30 June 2021 \$
Current:		
Other receivables ⁽¹⁾	135,808	45,387
	135,808	45,387

⁽¹⁾ Other receivables are non-trade receivables, are non-interest bearing and have an average term of 3 months and generally receivable from the ATO for GST.

NOTE 3: TRADE AND OTHER PAYABLES

	31 December 2021 \$	30 June 2021 \$
Current:		
Trade payables ⁽¹⁾	1,164,276	652,091
Sundry payables & accrued expenses	1,480,268	152,790
	2,644,544	804,881

⁽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 4: CONTRIBUTED EQUITY

	31 December 2021 Number	31 December 2021 \$	30 June 2021 Number	30 June 2021 \$
Fully paid ordinary shares	973,142,074	71,475,764	973,142,074	71,475,764

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

NOTE 4: CONTRIBUTED EQUITY (continued)

(b) Movements in fully paid shares on issue

	Number	\$
Balance as at 1 July 2021	973,142,074	71,475,764
Placement	-	-
Options exercised	-	-
Balance as at 31 December 2021	973,142,074	71,475,764
Balance as at 1 July 2020	972,698,044	71,414,355
Balance as at 31 December 2020	973,142,074	71,475,764

	Number 2021	Number 2020
Issued Options		
Unlisted Options	59,153,639	68,506,336
Movements in options on issue		
Balance as at 1 July	50,320,307	72,392,557
Add: Options issued	10,000,000	-
Less: Exercise of options	-	(1,944,555)
Less: Expiry/cancellation of unlisted options	(1,166,668)	(1,941,666)
Balance as at 31 December	59,153,639	68,506,336

\$88,557 was expensed in the current period in relation to vesting of Share Based Payments issued in prior periods and options granted during the current period as disclosed below.

10 million Options (valued at \$0.03 per option) vesting over 3 years commencing on the issue date being 7 October 2021 were issued to employees and consultants. Unvested options will expire if the employees and consultants cease to be engaged by the Group.

\$41,851 has been recorded as an expense in the half year for the issue of these options.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

NOTE 4: CONTRIBUTED EQUITY (continued)

	Unlisted options
Number of options in series	10,000,000
Grant date share price	\$0.067
Exercise price	\$0.089
Expected volatility	80%
Option life	3 years
Dividend yield	0.00%
Interest rate	0.23%

NOTE 5: RESERVES & ACCUMULATED LOSSES

	31 December 2021 \$	30 June 2021 \$
Reserves	4,028,703	3,921,575
Share based payments reserve		
Balance at beginning of period	4,004,590	3,497,612
Share based expense	88,557	568,387
Exercise of options under cashless exercise facility	-	(61,409)
Balance at end of period	4,093,147	4,004,590
Foreign currency translation reserve		
Balance at beginning of period	(83,015)	(12,001)
Effect for foreign currency translation during the period	18,571	(71,014)
Balance at end of period	(64,444)	(83,015)

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2021

NOTE 5: RESERVES & ACCUMULATED LOSSES (continued)

	31 December 2021 \$	30 June 2021 \$
Accumulated Losses		
Movements in accumulated losses were as follows:		
Balance at beginning of period	(54,597,209)	(51,263,208)
Net profit/loss for the period – continuing	(6,508,794)	(3,334,001)
Balance at end of period	(61,106,003)	(54,597,209)

NOTE 6: 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 2021, 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 7: 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 2021.

NOTE 8: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2021 the Company has lodged a Research and Development Incentive Application. If granted as lodged the Company is expecting to receive a refund of \$2,754,835.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually changing and is dependent on measures imposed by the Australian Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the matters detailed above 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 2021 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
22 February 2022

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 2021, 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 2021 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 2021 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

The block contains a handwritten signature in black ink. The signature appears to be 'J Prue' written in a cursive, flowing style.

Jarrad Prue

Director

Perth, 22 February 2022