21 July 2023

Botanix secures commitments for A$12.5 million via institutional placement, to extinguish future milestone and royalty payments related to Sofpironium Bromide

Key highlights

- **Botanix has received firm commitments for A$12.5 million via an institutional placement**
- **Proceeds expected to be primarily used to extinguish the future milestone and royalty payments due to Fresh Track Therapeutics Inc in respect of Sofpironium Bromide**
- **A number of new institutional investors with life sciences expertise have committed under the placement, which was led and supported largely by Botanix's existing institutional shareholders**
- **The transaction strategically positions Sofpironium Bromide and Botanix for potential M&A and licensing opportunities**
- **The FDA review of Sofpironium Bromide remains on track, with approval targeted for the end of September 2023**

Philadelphia PA and Phoenix AZ, 21 July 2023: Clinical dermatology company, Botanix Pharmaceuticals Limited (ASX: BOT, "**Botanix**" or "the **Company**"), is pleased to announce that it has received firm commitments from new and existing institutional and sophisticated investors for 104,166,667 new fully paid ordinary shares ("**New Shares**") at A$0.12 per New Share ("**Placement Price**") under a placement to raise up to A$12.5 million in gross proceeds ("**Placement**").

The issue price of A$0.12 represented a discount of 13.4% to the 5-day and a small 3.1% discount to the 30-day VWAP before the trading halt on Wednesday 19 July 2023. The Placement is not underwritten.

Proceeds from the Placement are expected to be primarily used to extinguish the future milestone and royalty payments due to Fresh Tracks Therapeutics Inc ("**Fresh Tracks**"), the company that Botanix acquired Sofpironium Bromide gel ("**SB gel"**) from in early 2022 (the "**Transaction**"). The remaining proceeds will be used to cover costs associated with finalising FDA review and preparing for commercial launch in the United States, as well as general working capital purposes and costs of the offer.

Botanix Executive Chairman, Vince Ippolito, commented*: "We are extremely pleased to announce this Placement to sophisticated and institutional investors to fund the buyout of the financial obligations that we owed to Fresh Tracks, in respect of the acquisition of SB gel last year.*

By providing a single upfront payment now, we have potentially saved up to $160 million in milestone and royalty payments that would have otherwise been payable on future milestones events and sales. Not only does this remove a substantial financial obligation and allow us to retain significantly all of

the revenue from SB gel, it makes the product and Botanix much more attractive as an acquisition target by consolidating the revenue benefits of SB gel together with the asset rights in Botanix."

Botanix will not be undertaking a Shareholder Placement Plan ("**SPP**") in conjunction with this institutional placement, given the company conducted a SPP within the last 12 months (9 November 2022).

Details of the Transaction with Fresh Tracks

Botanix has negotiated an agreement with Fresh Tracks to extinguish all of the potential future financial obligations owed to Fresh Tracks under the Asset Purchase Agreement for SB gel, which was executed by the parties in May 2022. As outlined in Figure 1 below, Botanix is currently obliged to pay Fresh Tracks US$4M on FDA approval of SB gel, US$4M if approval is extended to another indication (such as for palmar or plantar hyperhidrosis) and US$4M for approval in the UK or Europe. The Company is also currently obliged to pay sales milestones of up to US$160M which commence upon reaching the first US$75M of Net Sales, as well as to pay royalties ranging from 12% to 20% on Net Sales from initiation of commercial sales.

In exchange for the payment of US$8.25M to Fresh Tracks, which would be payable following execution and delivery of an amendment to the Transaction agreement on settlement of the Placement, all of these future financial obligations due would be extinguished. Given that Botanix was otherwise on target to pay Fresh Tracks US$4M in September following planned FDA approval of SB gel, the additional US$4.25m payment amount now is relatively modest, compared to the significant future potential payments that would be payable to Fresh Tracks as regulatory and sales milestones and royalties on Net Sales of SB.

Financial Obligations to Fresh Tracks	Current Commitment to Fresh Tracks (USD)	After Royalty Buyout Transaction (USD)
Upfront payment to buyout future milestone and royalty payments	→	$8.25m
FDA Approval for SB (target September)	$4m →	Nil
Marketing approval for SB in EU or UK	$4m →	Nil
Approval of SB in another indication	$4m →	Nil
Sales Milestones (once Net Sales exceed $75m - up to $1.8 billion p.a)	~$160m →	Nil
Royalties on Net Sales	12-20% →	Nil*

*Note – Botanix will retain an obligation to the head licensor, Bodor Laboratories, to pay a 5% royalty on Net Sales made by Botanix

Figure 1 – Comparison of financial obligations to Fresh Tracks before and after Transaction

Botanix expects to maintain the Transition Services Agreement with Fresh Tracks that was also entered into in May 2022. The existing royalty of 5% of Net Sales will remain payable to the original inventor of SB gel (Bodor Laboratories).

Why the buyout is attractive to Botanix and why complete it now?

The buyout is particularly attractive to Botanix, not only because of the relatively modest payment made to Fresh Tracks in respect of extinguishing the potential future financial obligations to Fresh Tracks, but also because the buyout will consolidate the control and financial benefits of SB gel to Botanix, which is expected to make it much more attractive to potential M&A or other partners in the future.

The buyout also comes at a strategically important time to Botanix. The FDA review of SB gel is targeted to be completed in late September 2023 and Botanix is currently preparing for commercial launch of the product following successful approval.

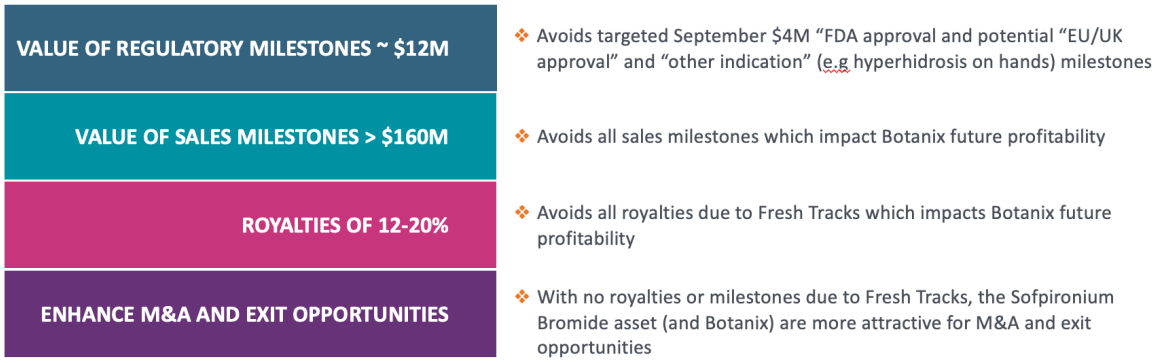

Figure 2 – Summary of benefits to Botanix from the Transaction

Details of the Placement

Placement of up to approximately 104,166,667 New Shares (for gross proceeds of approximately A$12.5 million) will be conducted pursuant to Botanix's placement capacity under ASX Listing Rule 7.1 and is expected to settle on Wednesday, 26 July 2023. New Shares issued under the Placement will rank pari passu with existing Botanix fully paid ordinary shares from their date of issue.

Euroz Hartleys Limited acted as Sole Lead Manager and Bookrunner to the Placement and is entitled to the fees as set out in the Appendix 3B lodged today.

Indicative timetable*

Event	Date
Trading halt	Wednesday, 19 July 2023
Announcement of completion of Placement, trading halt lifted	Friday, 21 July 2023
Settlement of the Placement	Wednesday, 26 July 2023
Allotment and expected trading of New Shares issued under the Placement	Thursday, 27 July 2023

*This timetable is indicative only and Botanix may, at its discretion, vary any of the above dates, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth) and other applicable laws. The commencement of trading and quotation of New Shares is subject to ASX confirmation.

This ASX announcement is authorized for release by the Board.

About Botanix Pharmaceuticals

Botanix Pharmaceuticals Limited (ASX:BOT) is a dermatology company based in Philadelphia and Phoenix (US) which is progressing its lead product Sofpironium Bromide for the treatment of primary axillary hyperhidrosis, through FDA approval. A mid-cycle review for the product has been successfully completed by FDA in 1Q 2023, which subject to other information that may be required by FDA, remains on track for approval targeted for the end of September 2023. Sofpironium Bromide is positioned to be a leading first line and second line therapy and potentially represents a safe and effective new option for patients.

The Company also has a pipeline of other products in late-stage clinical studies for the treatment of moderate to severe rosacea (successful Phase 1b/2 study in 4Q 2022), dermatitis and acne respectively. Botanix is also developing a topical antimicrobial product for the eradication of bacteria on the skin surface, initially in patients who are undergoing hemodialysis. To learn more please visit: http://www.botanixpharma.com/

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Cautionary Note on Forward-Looking Statements

Any statements in this press release about future expectations, plans and prospects for the Company, the Company's strategy, future operations, and other statements containing the words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," and similar expressions, constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: the Company's ability to successfully develop its product candidates and timely complete its planned clinical programs, the Company's ability to obtain marketing approvals for is product candidates, the expected timing and/or results of regulatory approvals and the outcome and effects of Sofpironium Bromide and the market for Sofpironium Bromide. In addition, the forward-looking statements included in this press release represent the Company's views as of the date hereof. Likewise, comments from the FDA do not reflect a final decision on the information reviewed as part of any NDA submission and should not be construed to do so. These comments are preliminary and may be subject to change as FDA finalizes its review of any NDA and FDA may also identify other information that must be provided before any application can be approved. The Company anticipates that subsequent events and developments will cause the Company's views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date hereof.