Botanix (BOT)

Analysts | Daniel Williamson | Ian Christie, CFA

**Recommendation** | **SPEC BUY**
---|---
**Current Price** | 4.8 cents
**Valuation** | 8.0 cents

**Event & Impact | Positive**

BOT has received Human Research Ethics Committee approval to commence its first BTX 1204 atopic dermatitis patient study. Atopic dermatitis affects up to 25 million people in the United States, with current marketable treatments generating more than $3.8bn in annual sales.

The study will commence immediately with expected completion in 1H CY2018. Up to 36 patients will be enrolled and treated over a 4-week period with either BTX 1204 or a placebo (the drug delivery vehicle) in a randomised, double blind, vehicle (placebo) controlled study.

Importantly, due to similarities in formulation, BOT can move straight into a Phase 1b study with BTX 1204 based on its successful Phase 1 safety study for its acne product BTX 1503. Following completion of this study BOT plans a multicentre Phase 2 safety and efficacy study, commencing in the US in 2H CY2018.

At the same time, BOT has released its quarterly cashflow report. BOT maintained a strict development timeline in 1Q FY18, completing a Phase 1 safety study for BTX 1503, commencing the Company’s first patient study for BTX 1503, and expanding the portfolio of pipeline products.

BOT finished the quarter with $4.2m cash in the bank. Cash outflows are expected to ramp up in the current quarter as BOT progress two clinical studies as well as development of its Permetrex-enabled pipeline products.

![Figure 1: BOT quarterly cash flows](source: BOT releases)

**Recommendation**

Significant news-flow is expected for BOT in the coming months, with data expected from its soon to be completed acne patient study followed by data from this atopic dermatitis study. The expanded portfolio adds to BOT’s investment appeal and diversifies risks associated with the FDA approval process. SPEC BUY maintained.
Important Disclosure
Argonaut acted as the Lead Manager to the Placement that raised $7.4M in April 2017 and will receive fees commensurate with this service. Argonaut holds or controls 12.1M BOT Options exercisable at $0.03 on or before 30 June 2019.

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