

ASX/Media Release

20 May 2019

Dermatology industry leader joins Botanix

Key highlights

- **Appointment of Mr Vince Ippolito, a US-based dermatology industry leader with over 30 years of pharmaceuticals experience as President of Botanix**
- **Mr Ippolito played a leading role in the recent sale of dermatology company Anacor to Pfizer for US\$5.2bn**
- **Proven track record with more than 20 years in the dermatology industry and the launch of over 20 branded dermatology medicines**
- **Mr Ippolito will lead global commercial operations for Botanix as they prepare for data read-outs from pivotal clinical studies in the coming months**

Philadelphia PA and Sydney Australia, 20 May 2019: Medical dermatology company Botanix Pharmaceuticals Limited (ASX: BOT, “Botanix” or the “Company”) is pleased to announce the appointment of Mr Vince Ippolito, as President.

Founder and Executive Director of Botanix, Matt Callahan, said: “On behalf of the Board I would like to welcome Vince to Botanix. Vince has an enviable track record of developing and launching more than 20 dermatology products in the US and brings a wealth of knowledge and industry expertise to the Company.

“As Executive Vice President and Chief Commercial Officer, Vince has played a leading role in two large dermatology transactions with a combined valuation of US\$7.8bn, including the recent sale of dermatology Anacor to Pfizer for US\$5.2bn.”

Mr Ippolito has more than 30 years of experience in the pharmaceuticals industry, including more over 20 years experience in dermatology. He most recently served as President and Chief Operating Officer of Dermavant Sciences, a specialty biopharmaceutical company that is commercialising products which treat inflammatory skin diseases and medical dermatologic conditions which recently completed a US\$330m transaction with GSK. Mr Ippolito also sits on the Board of Suneva Medical, a privately held regenerative aesthetics company.

Prior to his role at Dermavant Sciences, Mr Ippolito served as the Chief Commercial Officer and Executive Vice President of Anacor Pharmaceuticals, a dermatology-based biopharmaceutical company. During his time at Anacor he was responsible for building the marketing and sales functions, and developing the company’s product portfolio, as well as playing a key role in the US\$5.2bn sale to Pfizer.

Earlier in his career, Mr Ippolito launched multiple new dermatology products during his tenure at Medicis Pharmaceutical Corporation, an industry-leading dermatology company. Mr. Ippolito served in multiple key executive roles, including General Manager of Dermatology products, Senior Vice President of North American Sales and Executive Vice President, Sales and Marketing. Mr Ippolito played a key role in the sale of Medicis to Valeant for US\$2.6bn in 2012 and he went on to serve as Senior Vice President, General Manager, Aesthetics.

Mr Ippolito said: “I am very excited to be joining the Botanix team and I have been keenly following the Company’s growth for many years. Botanix is uniquely positioned and poised for success with its pipeline of novel therapies that have the potential to meet many unmet patient needs. The Company is also way ahead of the curve with its delivery technology, Permetrex™, a highly elegant formulation with considerable potential across the broader dermatology space.”

Mr Ippolito joins Botanix as President and will assume responsibility for all of the Company’s commercial operations worldwide. As the Company prepares for data read-outs from its psoriasis mechanism of action study this quarter, then Phase 2 data from acne next quarter (and with Phase 2 data from atopic dermatitis to follow), engagement with partners and commercial planning for the Botanix pipeline is gaining increasing momentum. The growing interest in cannabinoid pharmaceutical products is reflected in the accelerating M&A activity in the sector and the addition of Mr Ippolito and his broad network, is a significant addition to the Company’s capability.

The Company has agreed that it will issue Mr Ippolito 3,000,000 options under its Employee Securities Incentive Plan (Plan). The options will have an exercise price the higher of the closing share price on the previous day’s trading before the day of issue and the 7 day VWAP of the shares trading before the day of issue. The options will vest on issue and will expire four years after the date of issue. Shareholder approval will not be sought for the issue of options (or their exercise) as Mr Ippolito was not a director of Botanix at the time of the negotiations and had no influence over the decision to issue the options. The grant of the options is a cost effective and efficient means of acknowledging the capabilities that Mr Ippolito can bring to Botanix as President.

Subject to Shareholders approving a proposed remuneration package for Mr Ippolito, the Company proposes that Mr Ippolito will join the Board as Executive Chairman. As part of the remuneration package to be approved by Shareholders, it is intended that Mr Ippolito will be issued 12,000,000 options under Botanix’s Plan. These options will have an exercise price the higher of the closing share price on the previous day’s trading before the day of issue and the 7 day VWAP of the shares trading before the day of issue. The options will expire four years after the date of issue. The meeting for this approval will be called shortly with complete details of the proposed remuneration package to be outlined in the notice of meeting. Schedule 1 of this announcement contains the key terms of Mr Ippolito’s employment agreement in respect of his proposed role as Executive Chairman.

About Botanix Pharmaceuticals

Botanix Pharmaceuticals Limited (ASX:BOT) is a clinical stage medical dermatology company based in Perth, Australia and Philadelphia, PA. The Company's focus is the development of safe and effective topical treatments for acne, psoriasis, atopic dermatitis and other skin conditions. The active ingredient contained in Botanix products is a synthetic form of a widely studied natural compound known as cannabidiol or CBD. Treatment targets include inflammation, deterioration of the skin barrier, skin cell proliferation, pruritus (itch), excess sebum production and bacterial infection.

Botanix has an exclusive license to use a proprietary drug delivery system (Permetrex™) for direct skin delivery of active pharmaceuticals in all skin diseases. Botanix is working with multiple parties to test the application of Permetrex™ on both a fee-for-service and traditional license basis.

Botanix pursues a rapid clinical development strategy aimed at accelerating product commercialisation. The patient treatment duration of clinical studies is generally completed within a 4 to 12-week timeframe.

The Company successfully completed its first acne patient studies with BTX 1503 in early 2018 and is finalizing a Phase 2 clinical study with data read-out expected in Q3 2019. A second Phase 2 clinical study in atopic dermatitis is also underway with completion expected before the end of 2019. Finally, Phase 1b BTX 1308 psoriasis mechanism of action of CBD study is nearing completion with data planned to be available in 2Q CY2019. Pipeline projects that leverage the anti-microbial properties of cannabidiol are also moving forward and are planned to enter the clinic in 2H 2019.

To learn more please visit: <https://www.botanixpharma.com/>

For more information, please contact:

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Schedule 1: Vincent Ippolito – proposed appointment as Executive Chairman

In accordance with ASX Listing Rule 3.16.4, Botanix makes the following disclosures in respect of the key terms of Mr Ippolito's employment agreement in respect of his role as Executive Chairman (Employment Agreement).

a) Term of agreement

Mr Ippolito's employment as Executive Chairman will commence on the date that Shareholders approve the resolutions relating to Mr Ippolito's proposed remuneration package.

The term of Mr Ippolito's employment will be for three years and will automatically renew for successive periods of one year unless either party gives the other party 60 days' written notice prior to the end of the initial term or renewal period.

b) Duties and responsibilities

Mr Ippolito's duties and responsibilities include the following:

- i. leading commercial operations and business development inclusive of fund raising and execution of US corporate development plans;
- ii. business planning, implementation of strategic development, pipeline selection and prioritisation and clinical trial design and execution;
- iii. acting in accordance with and promoting the best interests of the Company;
- iv. devoting sufficient time and attention to promote the business and affairs of the Company; and
- v. general management.

c) Total remuneration

Mr Ippolito's remuneration will be \$200,000 per annum while he works part time and \$400,000 per annum when commences his position in a full-time capacity.

At the Board's discretion, Mr Ippolito's remuneration will be reviewed and adjusted annually by the Board and may be increased (but not decreased) from time to time as the Board deems appropriate.

Mr Ippolito will also be:

- i. eligible to receive an annual bonus based on attaining objective performance goals and targets as established by the Board; and
- ii. entitled to 12,000,000 options under the Company's Employee Securities Incentive Plan subject to performance and vesting conditions.

d) Termination

Botanix can terminate the Employment Agreement for cause or without cause at any time by giving written notice.

Mr Ippolito can terminate the Employment Agreement:

- i. for good reason at any time by giving written notice; or
- ii. voluntarily without good reason by giving 30 days' prior written notice.

e) Non-solicitation

While employed at Botanix, and for 12 months following the date on which Mr Ippolito's employment terminates, Mr Ippolito must not:

- i. directly or through others, solicit or attempt to solicit any of the Company's suppliers, employees, consultants or independent contractors to change or terminate a relationship with the Company; or
- ii. directly or through others:
 1. hire or attempt to hire any of the Company's employees, consultants or independent contractors; or
 2. solicit or attempt to solicit any of the Company's employees, consultants or independent contractors to become an employee, consultant or independent contractor for any other person or business entity,

unless more than six months have elapsed between the last day of such person's employment or service with the Company and the first day of the solicitation or hiring.