



26 February 2024

ASX Announcement

Island Pharmaceuticals announces fully underwritten rights issue

- **Island Pharmaceuticals announces a fully underwritten non-renounceable pro rata offer for eligible shareholders to raise up to approximately \$1.95 million (Offer) before costs**
- **Offer provides for eligible shareholders to subscribe for two new shares for every five existing shares held on the Record Date (New Shares), plus one option for every New Share issued (New Options)**
- **Each option holder will be eligible for one additional option for each New Option exercised within three months of the closing date of the Offer (Piggy Back Options)**
- **Each Director on the Board of Island Pharmaceuticals will participate in the Offer**

MELBOURNE Australia, 26 February 2024: Australian antiviral drug development company, Island Pharmaceuticals Ltd (**ASX: ILA, Island or the Company**) is pleased to announce that it is conducting a capital raising of up to approximately \$1.95 million (before costs) through a fully underwritten, non-renounceable rights issue to eligible shareholders.

In recent months, Island has reported strong and consistent delivery of milestones in the development of its lead asset, ISLA-101, a well-known molecule, being repurposed for the treatment of dengue fever. With ~400m cases of dengue fever recorded in humans each year and the disease now endemic in ~100 countries, there is a significant unmet need for treatment options.

In February 2024, a key milestone was reached when the final subject in Island's ISLA-101 Single Ascending Dose study was dosed. All doses were found to be safe and well tolerated, which, based on preliminary data, achieved the primary endpoint. Final data from that study will inform the highly value-driving, follow-on Phase 2, PEACH¹ efficacy study for ISLA-101.

¹ The PEACH study is a Phase 2a Randomized, Double Blind, Placebo-controlled Study for the Prophylactic Examination of an Antiviral in a Dengue Challenge model



CEO and Managing Director, Dr David Foster commented, “We are delighted with the support shown by existing and new sophisticated and professional investors to this Offer and are very pleased to extend the Offer on the same terms to all eligible shareholders.

Funds raised will be used to analyse the Phase 1 dose and prepare for the planned Phase 2 clinical trial (PEACH study). If the options issued under the Offer are exercised funds will advance our Phase 2 efficacy study for ISLA-101 with respect to dengue fever, which will define an exciting and critical period for the Company.”

Terms of Offer

The Company is undertaking a non-renounceable rights issue – being two (2) New Shares for every five (5) existing shares held by eligible shareholders as at the Record Date of Thursday, 29 February 2024, approximately 32,507,388 (subject to rounding) New Shares, at an offer price of \$0.060 (6 cents) per New Share, plus 1 New Option (exercise price of \$0.060 (6 cents) and expiry date of 12 months from the closing date of the offer) for every New Share issued under the Offer, (with a right for the option holder to be issued with additional options, being 1 further option for every New Option exercised within 3 months of the date on which the offer closes (the Piggy Back Options will have an exercise price of \$0.060 (6 cents) and expiry date of 12 months from the closing date of the offer)), to raise up to approximately \$1.95 million before costs (**Offer**).

The Offer will open on Tuesday, 5 March 2024 and close at 5pm (AEDT), Thursday 14 March 2024. Issues under this Offer will be made pursuant to a prospectus to be issued in accordance Section 713 of the Corporations Act, and the Offer will not affect the Company's current ASX Listing Rule 7.1 capacity. No shareholder approval is required for the Offer.

Shareholders who subscribe for their full entitlement under the Offer will also be able to apply for additional shares at the same price (**Top Up Offer**) along with New Options on the same term as set out above. The Company reserves the right to scale back any applications for additional securities under the Top Up Offer in its absolute discretion.

PAC Partners Securities Pty Limited has been appointed as Lead Manager to the Offer. The Offer is fully underwritten by PAC Partners Securities Pty Limited ACN 623 653 912 (**Underwriter**) pursuant to an underwriting agreement entered into between the Company and the Underwriter on or around the date of this announcement (**Underwriting Agreement**). If there remains any shortfall after allocations under the Top Up Offer, the Underwriter will subscribe or procure subscriptions for the Shortfall in accordance with the terms of the Underwriting Agreement.

Each Director on the Board of Island Pharmaceuticals has committed to participating in the Offer.



The New Shares will be fully paid ordinary shares, which will rank equally with the Company's existing issued shares and the Company will make an application to the ASX for the official quotation of the New Shares. Application will be made to the ASX for quotation of the New Options and Piggy Back Options, if quotation is not granted, these options will be issued as unlisted options.

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Offer) together with the impact of the issue of the New Shares under the Offer. It assumes that no options are exercised prior to the Record Date.

Maximum number of New Shares issued	32,507,388 (subject to rounding)
Maximum number of New Options to be issued	32,507,388 (subject to rounding)
Maximum number of Piggy Back Options to be issued (assuming that all New Options issued under the Offer are exercised within 3 months of the date on which the offer closes)	32,507,388 (subject to rounding)
Maximum proceeds (excluding costs associated with the Offers) if the Maximum Subscription Amount is achieved	Approximately \$1.95 million
Maximum number of Shares on issue following the Offers (<u>excluding</u> any Shares issued upon the exercise of any New Options or Piggy Back Options)	113,775,856 Shares (subject to rounding)
Maximum number of options on issue on completion of the Offers (prior to issue of any Piggy Back Options)	42,277,656 options (subject to rounding)

Further information pertaining to the Offer will be sent to eligible shareholders in a Prospectus to be lodged with the ASX on Monday, 26 February 2024 and to be dispatched to eligible shareholders on or around Tuesday, 5 March 2024.



Use of funds

An indicative use of funds raised from the Offer is set out below:

Description	A\$
Completion and analysis of data from Phase 1 dose escalation study	\$ 507,225
Preparation for Phase 2 clinical trial (PEACH study) including submissions and discussions with FDA	\$245,592
Intellectual property and license fees	\$111,743
The Company's business development activities, working capital and corporate activities	\$886,940
Costs of the Offers	\$198,500
Total	\$1,950,000

Timetable

The following is an indicative timetable for the Offer:

Indicative Timetable¹ Event	Date
Lodgement of Prospectus with ASX and ASIC	26 February 2024
Record Date	29 February 2024
Dispatch of Prospectus and Offer opens	5 March 2024
Closing of Offer	14 March 2024
Allotment and issue of New Shares and New Options under Offer	21 March 2024
Expected normal trading of New Shares under Offer	22 March 2024
Right to be issued Piggy Back Options lapses (if New Options are not exercised)	5.00pm (AEST) on 14 June 2024, or if the Closing Date is extended, the date which is 3 months from the Closing Date

1. Dates / times are indicative and subject to change. All times / dates are in reference to Australian Daylight Savings Time

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The release of this announcement was authorised by the Board.



For further information, please contact:

Dr Paul MacLeman
Executive Chairman
Island Pharmaceuticals Ltd
info@islandpharmaceuticals.com

Investors and media, for further information, please contact:

Jane Lowe
IR Department
Mobile: +61 411 117 774
jane.lowe@irdepartment.com.au

About Island Pharmaceuticals

Island (ASX: ILA) is a drug repurposing company, focused on areas of unmet need for antiviral therapeutics to address infectious diseases. Our lead asset is ISLA-101, a drug with a well-established safety profile, being repurposed for the prevention and treatment of dengue² fever and other mosquito (or vector) borne diseases.

If ISLA-101 achieves FDA approval, and certain other criteria are met, Island may be eligible to obtain a "Priority Review Voucher" at the time of FDA approval. This means that as well as getting approval to manufacture and sell ISLA-101, the Priority Review Voucher (PRV) could permit Island to expedite the FDA approval process for a new drug or sell the PRV in a secondary market.

Island encourages all current investors to go paperless by registering their details with the Company's share registry, Automatic Registry Services, whose contact info is housed on the Shareholder Services page of the Company's website.

Visit www.islandpharmaceuticals.com for more on Island.