

30 April 2024

ASX Announcement

March 2024 Quarterly Activity Report and Appendix 4C

- Final dosing completed in ISLA-101 Single Ascending Dose study, with the Safety Review Committee confirming safety and tolerability
- Highly positive pharmacokinetic (PK) data from ISLA-101 Single Ascending Dose study reported, showing the required levels of concentration in the blood (post quarter)
- Results of fully underwritten non-renounceable rights issue for eligible shareholders announced, raising approximately \$1.95m (Offer) before costs
- Island closed the quarter with a cash position of \$1.6million

MELBOURNE Australia, 30 April 2024: Australian antiviral drug development company, Island Pharmaceuticals Ltd (ASX: ILA; "Island"; "the Company") is pleased to release its Appendix 4C and quarterly business activities review for the quarter ending 31 March 2024.

CEO of Island Pharmaceuticals, Dr David Foster said, *"This has been a significant quarter for our ISLA-101 clinical development program. We successfully reached the primary endpoint of our ISLA-101 Single Ascending Dose study and reported positive pharmacokinetic (PK) data. With these data in hand we have obtained the information requested by the US Food & Drug Administration (FDA). We are now working to update the protocol for the Phase 2 PEACH challenge study and submit it to FDA along with study reports from the Single Ascending Dose Escalation Study."*

During the quarter, we were also pleased to receive strong support for our rights offer, enabling it to be fully underwritten. This capital has ensured we are in a robust position to progress our immediate ISLA-101 clinical goals."

On 19 January 2024 Island announced that the third cohort in the ISLA-101 Single Ascending Dose study had been dosed. Dosing of the third cohort followed confirmation by the Safety Review Committee that the subjects dosed in the first and second cohort demonstrated good tolerability to ISLA-101.

On 6 February 2024 Island announced that it had completed dosing all subjects in its ISLA-101 Single Ascending Dose study, with the Safety Review Committee confirming each fasted dose with safe and well tolerated.

On 26 February 2024 Island announced a fully underwritten non-renounceable rights issue for eligible shareholders to raise approximately \$1.95m (Offer) before costs, with the potential to raise further funds through the exercise of attaching options, plus Piggy Back options. The Offer provided for eligible shareholders with the opportunity to subscribe for two new shares for every five existing shares held in the Company. The funds will be used to analyse the Phase 1 dose and prepare for the planned Phase 2 clinical trial.



Corporate Activities

In February, Island CEO Dr David Foster met with existing and potential new investors in Australia to provide an overview of the business and the market opportunity, and an update on the clinical development program for ISLA-101.

Partnering Activities

From 8-11 January 2024, Island CEO & Managing Director Dr David Foster attended J.P. Morgan Healthcare Conference 2024 in San Francisco, U.S. Dr Foster presented at the EGB Ventures annual investor dinner, held meetings with prospective investors, and participated numerous business development discussions with potential industry partners.

Post quarter, Dr David Foster presented at the Asia Bio Partnering Forum in Singapore on 24-25 April. The inaugural event hosted biotech and healthcare leaders from around the world, connecting them with emerging innovators from across the Asia Pacific region with the goal of fostering partnerships and deals. As part of the same trip, Dr Foster presented Island to a mix of existing and new investors in Singapore and Hong Kong.

Financial Summary

Island's cash position was A\$1.6 million as at 31 March 2024 (A\$1.0 million as at 31 December 2023). During the March 2024 quarter total cash operating outflows were approximately A\$1.17million largely attributed to payments for research and development as the Company completed the ISLA-101 dose escalation study.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C was A\$145k and included Director fees, salary and superannuation for the CEO/Managing Director, Executive Chair and Non-Executive Directors.

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Approved for release to the ASX by:

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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 dengue 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, Automic 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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ISLAND PHARMACEUTICALS LIMITED

ABN

48 641 183 842

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(771)	(1,782)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(70)	(210)
(f) administration and corporate costs	(327)	(926)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(3)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	396
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,170)	(2,524)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,950	1,950
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(132)	(132)
3.5 Proceeds from borrowings	-	386
3.6 Repayment of borrowings	(59)	(138)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,759	2,066
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	976	1,998
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,170)	(2,524)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,759	2,066
4.5	Effect of movement in exchange rates on cash held	17	42
4.6	Cash and cash equivalents at end of period	1,582	1,582

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,582	976
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,582	976

6. Payments to related parties of the entity and their associates

- | | Current quarter
\$A'000 |
|---|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | 145 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount at 6.1 includes Director fees, salary and superannuation for the CEO/Managing Director, Executive Chair and Non-Executive directors.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	465	465
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	465	465

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

- i) Loan facility of \$59,220 at 31 March 2024 with Hunter Premium Finance for insurance policies at Flat Rate of 4.95%, loan is unsecured and matures 7 June 2024.
- ii) Loan facility with Innovation Structured Finance Co., LLC serviced via Radium Capital and is an advance on 80% of the Company's R&D Tax Incentive (RDTI) for the financial year ending 30 June 2024. The interest rate for the loan facility is 16% per annum. Repayment is timed to coincide with the receipt of Island's 2024FY RDTI refund. An advance of \$386,300 was received on 18 December 2023. As at 31 March 2024 interest accrued on the facility was approximately \$19,052 and the total loan facility was \$405,352, being fully drawn. The Company expects this loan facility to be settled in full in October 2024 upon receipt of the 2024FY RDTI refund.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,170)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,582
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,582
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.4

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The R&D costs during the quarter ending 31 March 2024 were high due to costs associated with the Phase I clinical trial. R&D costs in the quarter ending 30 June 2024 are expected to be lower than the 31 March 2024 quarter as the Company has completed the Phase I clinical trial and is preparing for its Phase II clinical trial.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: During the quarter ending 31 March 2024, the Company announced a Rights Offer with attaching options and piggy back options. Exercise of options will provide the Company with additional capital of up to \$3.9million (\$1.95million options and \$1.95million piggy back options). The Company has a number of initiatives in place to secure funding for the options on issue.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its operations to meet its business objectives on the basis outlined above, in that it is expected R&D expenditure will reduce in the quarter ending 30 June 2024 and the Company has a number of initiatives in place to secure funding for the options on issue.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.