31 October 2024

ASX Announcement

September 2024 Quarterly Activity Report and Appendix 4C

- Island signed a binding Letter of Intent with BioCryst for the potential acquisition of antiviral molecule, galidesivir
- The US FDA approved proposed amendment to the ISLA-101 Phase 2 clinical trial protocol, with the study now including a prophylactic and therapeutic arm
- Mr Chris Ntoumenopoulos appointed Non-Executive Director, bringing extensive financial markets experience to the Island's Board
- Post quarter, Island commenced its Phase 2a/b PROTECT clinical trial, and secured A$3.5m in new funding to support key inflection points and pipeline build
- Island closed the quarter with a cash position of $0.72million

MELBOURNE Australia, 31 October 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 three-month period ended 30 September 2024 (Q1 FY25).

CEO of Island Pharmaceuticals, Dr David Foster said, *"Q1 FY25 marked a breakthrough for Island. After submitting our amended protocol to the US FDA for ISLA-101, we were able to commence a Phase 2a/b trial, incorporating both prophylactic and therapeutic arms across two cohorts. With the dosing of subjects and the administration of an attenuated strain of dengue in the Phase 2a prophylactic arm now complete, we eagerly await trial data and look forward to reporting further details later this quarter.*

We were delighted to welcome Chris Ntoumenopoulos to the Board this quarter. In his short time with the Company, Chris has proven to be a valuable asset, bringing fresh insights and a proactive approach that have positively influenced our direction and decision-making.

Additionally, the A$3.5m in new funding secured post quarter has ensured we are in a strong financial position to deliver on our key clinical program inflection points and sharpen our focus on building Island's asset pipeline, including the potential acquisition of galidesivir."

Key Announcements

On 3 July 2024 Island announced that it had executed a non-binding term-sheet with global NASDAQ-listed company, BioCryst Pharmaceuticals, Inc. (Nasdaq: BCRX) to acquire galidesivir, a clinical stage antiviral molecule that has shown antiviral activity against several different viruses, including Ebola, Zika and Marburg viruses.

On 3 July 2024 Island provided an update on its ISLA-101 clinical program, including the filing of the final Single Ascending Dose Clinical Study Report with the US Food & Drug Administration (US FDA), along with a proposed updated protocol for the Phase 2 clinical study.

On 7 August 2024 Island confirmed that the US FDA had cleared the proposed amendment to the ISLA-101 Phase 2 clinical trial protocol, with the study being structured as a Phase 2a/b to include a prophylactic and therapeutic arm split across two cohorts.

On 27 August 2024 Island commenced screening for enrolment of subjects for the ISLA-101 Phase 2a/b clinical study in dengue fever following Institutional Review Board (IRB) approval from the US Army.

On 11 September 2024 Island executed a binding Letter of Intent at a cost of US$50k with BioCryst for the potential acquisition of antiviral molecule, galidesivir, securing Island an exclusive 12-month option to take up the rights.

On 19 September 2024 Island announced changes to its Board of Directors, including the appointment of Mr Chris Ntoumenopoulos as Non-Executive Director. In tandem Dr David Brookes announced his retirement from the Board to focus on other business activities.

Post quarter, on 3 October 2024 Island announced that it had dosed subjects in its Phase 2a/b PROTECT clinical trial. On the same day, Island also announced it had received firm commitments for a placement of A$3.5m at A$0.07 per share, plus attaching options for every share acquired. This new investment ensures Island is well-funded, enabling the achievement of critical near-term inflection points and pipeline build.

Trial Update

Island expects to have data from the Phase 2a prophylactic arm by end of the calendar year.

All subjects have been dosed and exposed to the challenge virus, and all have been compliant, returning to the hospital for follow up visits and blood draws.

After all subjects have completed taking the required dose of ISLA-101 or placebo, and the requisite number of blood samples have been collected, the samples will be sent to analytical labs for examination of a number of factors. These factors include: pharmacokinetics (how ISLA-101 behaves in the body and ultimately detecting blood concentration of ISLA-101 following dosing); RNAemia (a measure of viral RNA which is an indirect measure of virus levels); viremia (a direct measure of virus levels in blood); immune cell profiling, and; antibody response to virus.

Once the data from these analyses are obtained and compiled, a Safety Review Committee comprised of leading dengue experts will review the data and make a recommendation regarding how to proceed with the Phase 2b therapeutic arm. Island is eagerly awaiting these results and will not have visibility into the data until the Safety Review Committee meeting, which is anticipated to occur before the end of calendar year 2024.

Corporate Activities

In July, Island Executive Chairman Dr Paul MacLeman presented to investors and industry at the 18th Bioshares Biotech Summit in Fremantle, Western Australia. A copy of the presentation can be found here.

In September, Island was awarded the Rising Star 2024 Award by BioNTX as part of the 10th Annual iC³® Life Sciences & Healthcare Innovation Summit in Texas, USA.

In late September, Dr Paul MacLeman presented to investors at the Pitt Street Research Life Sciences Conference in Sydney.

Post quarter, on 3 October 2024, Island announced the completion of a $3.5million two-tranche Placement.

Post quarter, on 8 October 2024, Island held a special investor webinar, where CEO Dr David Foster provided an update on the Phase 2a/b PROTECT clinical trial and the recent Placement. A recording of the webinar can be accessed here.

Post quarter on 15 October 2024, Pitt Street Research released an initiation research report on Island. The research report is available here.

Also post quarter on 18 October 2024, Island advised that the 2024 Annual General Meeting will be held on Tuesday, 19 November 2024 at 9am in Sydney and accessible virtually. Details on the location and Notice of Meeting documents can be accessed here.

Partnering Activities

Island continues to perform due diligence on the galidesivir asset. A team of expert consultants has been assembled and they are currently reviewing all aspects of the program, including intellectual property, manufacturing, human clinical and animal pre-clinical data and regulatory strategies.

Financial Summary

Island's cash position was A$0.72 million as at 30 September 2024 (A$1.7 million as at 30 June 2024). During the September 2024 quarter total cash operating outflows were approximately A$941k as the Company executed 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$187k and included Director fees, salary and superannuation for the CEO/Managing Director, Executive Chair and Non-Executive Directors.

Post quarter, on 3 October 2024, Island announced that it had received firm commitments for a two-tranche placement to existing and new investors to raise approximately A$3.5 million at 7 cents (A$0.07) a share (Placement). With one new option attached with every new share issued (with an exercise price of 7 cents (A$0.07), 50% expiring within 12 months of issue and 50% expiring 24 months of issue), subject to shareholder approval.

The Placement was supported by investors who approached the company to offer cornerstone support, including biotech investor, Dr Daniel Tillett and prominent Hong Kong-based fund manager, Angus Walker, together with Island co-founder and major investor, Dr Bill Garner; substantial shareholder Jason Carroll and recently appointed Non-Executive Director, Chris Ntoumenopolous (subject to shareholder approval).

The Placement of 50,000,000 new fully paid ordinary shares (Shares) at 7 cents (A$0.07) per share representing a discount of 11.39% to the volume weighted average price (VWAP) over the 15 days up to and including 30 September 2024 and a 12.50% discount to the closing price on 30 September 2024 together with 50,000,000 new options at 7 cents (A$0.07) per Option (Options), subject to shareholder approval, which is being sought at the Company's Annual General Meeting.

The first tranche of the Placement, comprising 27,222,212 Shares ($1,905,554.840) (Tranche 1), was issued using the Company's placement capacity under ASX Listing Rule 7.1 (14,533,327 shares) and 7.1A (12,688,885 shares). The second tranche of the Placement, comprising 22,777,778 Shares ($1,594,445.16) and 50,000,000 Options (Tranche 2), is subject to shareholder approval (including issue to Non-Executive Director, Chris Ntoumenopolous) which is expected to be obtained at the Company's Annual General Meeting.

The Options will be unlisted securities with an exercise price of 7 cents (A$0.07). 50% of the Options automatically expire 12 months from the date of issue, and the remaining 50% of the Options automatically expire 24 months from, the date of issue. The Placement was managed by Island directly, with no broking fees paid to external parties.

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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[2] 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	**Quarter ended ("current quarter")**
48 641 183 842	30 September 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) research and development	(483)	(483)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(104)	(104)
	(f) administration and corporate costs	(354)	(354)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(941)**	**(941)**

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 (3 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)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	7	7
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**7**	**7**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,660	1,660
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(941)	(941)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7	7
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	**Cash and cash equivalents at end of period**	**724**	**724**

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	724	1,660
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)**	**724**	**1,660**

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	187
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.

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	439	439
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**439**	**439**

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 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 30 September 2024 interest accrued on the facility was approximately $53,159 and the total loan facility was $439,459, being fully drawn. The Company expects this loan facility to be settled in full 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)	(941)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	724
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	724
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**0.8**

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: Yes, the Company expects expenditure to be broadly in line with the September 2024 quarter until the Phase 2 clinical trial is completed.

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: As announced on 3 October 2024, the company received commitments for a two tranche placement of $3.5million.

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: Yes. As announced on 3 October 2024, the company received commitments for a two tranche placement of $3.5million

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.

31 October 2024

Date: .....

The Board

Authorised by: .....
(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.