

31 January 2024

ASX Announcement **December 2023 Quarterly Activity Report and Appendix 4C**

- Following human research ethics approval, Island completes dosing cohorts 1 and 2 in its ISLA-101 Single Ascending Dose study
- Post quarter, third cohort dosed under fasted conditions following confirmation from the Data Safety Review Committee that ISLA-101 was deemed safe and tolerable for the 16 subjects dosed across cohorts 1 and 2
- ISLA-101 granted key patent from IP Australia covering method of treating or preventing flavivirus infections by administering ISLA-101
- Island received tax refund of \$386,345 for FY2023 and secured facility with Radium Capital for prepayment of forecast R&D Tax Incentive (RDTI)
- Island closed the quarter with a cash position of \$1.0m

MELBOURNE Australia, 31 January 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 31 December 2023 (Q2 FY24).

CEO of Island Pharmaceuticals, Dr David Foster said, *"We made significant progress this quarter, with the first two cohorts of our ISLA-101 Single Ascending Dose study completed, and the first dose provided to our third cohort. Data read-outs are on track for early 2024, which will help optimise our planned Phase 2a PEACH clinical trial."*

"Our loan agreement with Radium Capital provided an important form of non-dilutive funding to support the progress of ISLA-101 development, while our ISLA-101 intellectual property portfolio was further boosted with the granting of a key Australian patent."

On 22 December 2023 Island announced that it received approval to commence dosing its third, and final cohort, in its Single Ascending Dose (SAD) study for ISLA-101. This followed a review of results from the second cohort by the Safety Review Committee, which concluded that the second dose was also safe and well-tolerated. Post quarter, the third cohort was provided its first dose of ISLA-101 under fasted conditions.

On 15 December 2023, Island executed a loan agreement with Radium Capital (Radium) on the forecast FY24 R&D Tax Incentive (RDTI), allowing Island to access up to 80% of its accrued RDTI rebate. Early access to these funds provided additional working capital as Island progresses development of its ISLA-101 lead asset in dengue fever.

On 12 December 2023, Island dosed all eight subjects in the second cohort of its ISLA-101 Single Ascending Dose (SAD) study. Dosing of the second cohort followed confirmation from the Safety Review Committee that the first cohort of healthy subjects demonstrated good tolerability to ISLA-101.

On 24 November 2023, Island dosed the first cohort in its Single Ascending Dose (SAD) study for ISLA-101. Study will ensure that administered doses can safely achieve blood concentrations of ISLA-101 that are predicted to be effective against the dengue virus.

On 7 November 2023 Island received Human Research Ethics Committee (HREC) approval to commence its Single Ascending Dose study for ISLA-101. Subject screening then commenced on 13 November 2023.

Corporate Activities

On 15 December 2023 Island advised that it has executed a loan agreement with Radium Capital for prepayment of its forecast FY24 R&D Tax Incentive claim. Under the loan facility, Island is able to access up to 80% of its accrued RDTI rebate. Early access to these funds provided additional working capital to progress development of ISLA-101.

On 1 December 2023, Island announced that Cameron Jones and Stephanie Vipond of Bio101 Financial Advisory were appointed as Joint Company Secretaries of the Company. The appointment complements Cameron's role of Chief Financial Officer of the Company, which he has held since IPO. The appointment follows the resignation of Mr Peter Webse as Company Secretary, who held the role of Company Secretary since July 2020. The Board thanks Peter for all his efforts.

On 16 November 2023 Island held its 2023 Annual General Meeting. The AGM presentation is available [here](#) and results of the AGM resolutions are available [here](#).

On 10 November 2023 Island announced that it had received \$386,345 via the Research and Development (R&D) Tax Incentive from the Australian Taxation Office (ATO) for the financial year ended 30 June 2023.

On 2 November 2023 Island was granted a key Australian patent for ISLA-101 by IP Australia. The patent grant entitled "Method of Viral Inhibition" was issued under Australian Patent No 2021205039, with an expiration date of 16 April 2034. Claims of the patent are directed to the method of treating or preventing flavivirus infections by administering ISLA-101.

Post quarter, Island appointed Nick McCoy as Vice President Clinical Development, replacing Teresa Byrne who resigned to take a full-time position. Mr McCoy is an experienced clinical research professional having worked across the pharmaceutical, biotechnology and medical device industries. His experience spans multiple therapeutic areas and all phases of clinical research within large global organisations and smaller privately held companies. Island thanks Teresa for all of her valuable input over the last two years.

Partnering Activities

From 1-3 November 2023, Island's Executive Chairman Dr Paul MacLeman attended the annual AusBiotech Conference in Brisbane, Australia. AusBiotech is Australia's leading biotech industry event, fostering collaboration and networking opportunities for the sector.

Post quarter, from 8-11 January 2024, Island CEO & Managing Director Dr David Foster attended J.P. Morgan Healthcare Conference 2024 in San Francisco, U.S. As part of the conference schedule, Dr Foster presented at the EGB Ventures annual investor dinner and held 1:1 meetings with a number of prospective investors. David also participated in a number of prospective business development discussions with potential industry partners.



Financial Summary

Island's cash position was A\$1.0 million as at 31 December 2023 (A\$1.410 million as at 30 September). During the December 2023 quarter total cash operating outflows were approximately A\$740k 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\$133k 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 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(793)	(1,011)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(70)	(140)
(f) administration and corporate costs	(271)	(599)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	(3)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	396	396
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(740)	(1,354)

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 (6 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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	386	386
3.6	Repayment of borrowings	(59)	(79)
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	327	307
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,410	1,998
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(740)	(1,354)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	327	307
4.5	Effect of movement in exchange rates on cash held	(21)	25
4.6	Cash and cash equivalents at end of period	976	976

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	976	1,410
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)	976	1,410

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

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

133

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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	505	505
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	505	505

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 \$118,440 at 31 December 2023 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. 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)	(740)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	976
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	976
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.3

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 December 2023 quarter until the Phase I clinical trial is completed, with results expected in March 2024.

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: The Company is actively discussing and considering capital management and corporate plans. The Company is confident of funding the ongoing and future operations.

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 per 8.6.2

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 January 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.