Island Pharmaceuticals Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Island Pharmaceuticals Limited
ABN:	48 641 183 842
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

				$
Loss from ordinary activities after tax attributable to the owners of Island Pharmaceuticals Limited	up	213.8%	to	(4,811,335)
Loss for the half-year attributable to the owners of Island Pharmaceuticals Limited	up	213.8%	to	(4,811,335)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $4,811,335 (31 December 2024: $1,533,422).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.37	2.14

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year Financial Report.

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11. Attachments

Details of attachments (if any):

The Half-year Financial Report of Island Pharmaceuticals Limited for the half-year ended 31 December 2025 is attached.

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12. Signed

Authorised for release by the Board.

Signed _____ Date: 25 February 2026

Jason Carroll
Non-Executive Chair

Island Pharmaceuticals Limited

ABN 48 641 183 842

Half-year Financial Report - 31 December 2025

Island Pharmaceuticals Limited
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31 December 2025

Island Pharmaceuticals Limited
Corporate directory
31 December 2025

Directors	Mr Jason Carroll - Non-Executive Chair (appointed 2 July 2025) Dr David Foster - Executive Director & CEO Mr Christopher Ntoumenopoulos - Non-Executive Director Mr Phillip Lynch - Executive Chairman (resigned 2 July 2025)
Company secretary	Cameron Jones
Registered office	c/- Bio101 Financial Advisory Pty Ltd Suite 1.01 117 Camberwell Road Hawthorn East, VIC 3123
Principal place of business	Suite 1.01 117 Camberwell Road Hawthorn East, VIC 3123
Share register	Automic Pty Ltd Deutsche Bank, Tower Level 5 126 Phillip Street Sydney NSW 2000
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Solicitors	K&L Gates Level 25 525 Collins Street Melbourne Victoria 3000
Stock exchange listing	Island Pharmaceuticals Limited shares are listed on the Australian Securities Exchange (ASX code: ILA)
Website	www.islandpharmaceuticals.com

Island Pharmaceuticals Limited
Directors' report
31 December 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Island Pharmaceuticals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

Directors
The following persons were directors of Island Pharmaceuticals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Director
Mr Jason Carroll - Non-Executive Chairman (appointed 2 July 2025)
Dr David Foster - Executive Director & CEO
Mr Christopher Ntoumenopoulos - Non-Executive Director
Mr Phillip Lynch - Executive Chairman (resigned 2 July 2025)

Company secretary
Cameron Jones

Principal activities
Island Pharmaceuticals Limited is a mid-clinical stage biotechnology Company listed on the Australian Securities Exchange (ASX: ILA). Island is a drug research and repurposing Company, focused on areas of unmet need for drugs that can address urgent viral diseases, public health or biosecurity threats. The Company is executing a dual development strategy for its assets, ISLA-101 and Galidesivir.

Significant changes in the state of affairs
During the period, the Company signed an asset purchase agreement and completed the strategic acquisition of the Galidesivir antiviral program from NASDAQ-listed BioCryst Pharmaceuticals Inc. (Nasdaq: BCRX).

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Financial update
The loss for the consolidated entity after providing for income tax amounted to $4,811,335 (31 December 2024: $1,533,422).

Island's operating cash outflows for the half year was $1,981,773 (31 December 2024: $1,075,230) and reported closing cash of $6,869,506 at 31 December 2025 (30 Jun 2025: $7,251,918).

Review of operations
During the reporting period Island continued to advance ISLA-101, a drug with a well-known safety profile, being repurposed, initially as a potential preventative or treatment for dengue fever, as well as expanded its asset portfolio with Galidesivir, a clinical-stage antiviral molecule with a broad spectrum of activity in over 20 RNA viruses, including high-priority threats such as Ebola, Marburg, MERS, Zika and Yellow fever – viruses with significant unmet medical needs and that may contribute to national security threats.

Operational overview:

Portfolio expansion achieved with the acquisition of Galidesivir

During the reporting period, Island Pharmaceuticals completed the strategic acquisition of the Galidesivir antiviral program from NASDAQ-listed BioCryst Pharmaceuticals, marking a transformational expansion of the Company's portfolio.

The acquisition followed an extensive due diligence process and was fast-tracked from the originally proposed option structure to a full asset purchase agreement.

Galidesivir is a clinical-stage, broad-spectrum antiviral with demonstrated activity across more than 20 RNA viruses, including high-priority pathogens such as Marburg and Ebola, and has benefited from more than US$70m in prior US Government research and development funding.

The program includes completed Phase 1 studies and supportive non-human primate data in Marburg, providing a strong foundation to pursue a regulatory pathway under the US Food Drug Administration's (FDA) Animal Rule. Island's strategy is to prioritise Marburg as the lead indication, with potential eligibility for a Priority Review Voucher (PRV) upon approval, alongside the opportunity to access US Government procurement pathways aligned with national biodefence priorities.

The acquisition strengthens Island's clinical-stage pipeline alongside ISLA-101 and positions the Company to advance two high-quality antiviral assets targeting significant unmet medical need and global health security markets.

The Company completed the full acquisition of the Galidesivir program in July CY25.

Ongoing engagement with the US FDA regarding Galidesivir's clinical development

During the reporting period, Island progressed its regulatory strategy for Galidesivir under its open Investigational New Drug (IND) application with the US FDA. On 29 August 2025, the Company formally lodged a request for a Type C meeting with the FDA to seek alignment on utilising the Animal Rule to support potential approval of Galidesivir for the treatment of Marburg.

Subsequently, in 19 September 2025, Island announced that the FDA had granted the Type C meeting request, providing the Company with the opportunity to obtain written feedback on the proposed Animal Rule pathway, animal study design requirements and potential eligibility for a PRV. The Company submitted a comprehensive briefing package to the FDA, incorporating relevant historical Galidesivir data, with written responses expected by 12 November CY25 (US time).

Collectively, these activities represented a material step toward potential accelerated approval and support the Company's broader strategy of positioning Galidesivir as a countermeasure for government stockpiling against high-priority viral threats.

FDA confirms Animal Rule pathway and eligibility for Galidesivir

In a major development, Island received formal written feedback from the US FDA confirming that the Animal Rule is an appropriate regulatory pathway for the approval of Galidesivir as a countermeasure for Marburg virus. Importantly, the FDA also advised that Galidesivir would qualify for a Tropical Disease PRV upon approval, with historical PRV sales being valued as high as US$200m.

The FDA provided detailed guidance on clinical program design, enabling Island to refine its development strategy and prepare for submission of a study protocol, with the Company targeting commencement of the next phase of clinical development in Q1 CY26, subject to FDA agreement. The feedback materially de-risked the regulatory pathway and supports Island's strategy to position Galidesivir as a critical countermeasure for inclusion in US and allied government stockpiles.

The regulatory update builds on historical non-human primate data demonstrating up to 94% survival in Marburg-infected animals treated with Galidesivir versus 0% in placebo controls, reinforcing the strength of the existing efficacy dataset and underpinning the Company's progression toward an Animal Rule-based New Drug Application (NDA).

US Government affairs group appointed to advance biodefence opportunities:

Island appointed Washington DC–based government affairs firm Todd Strategy Group (TSG) to strengthen engagement across the US biodefence and health security landscape.

TSG brings deep federal experience, including former senior officials from BARDA, ASPR and HHS, and will support Island in navigating US regulatory, policy and funding pathways as Galidesivir advances under the FDA's Animal Rule framework. The engagement is designed to enhance Island's visibility within the US medical countermeasure ecosystem, identify potential non-dilutive funding opportunities, and position Galidesivir in alignment with evolving national preparedness priorities.

Management considers this appointment a strategically important step in accelerating US government engagement and strengthening commercial readiness as the Company progresses toward clinical execution and potential Strategic National Stockpile opportunities.

Acceptance into the Medical Countermeasures Coalition to advance US procurement and stockpiling opportunities

Island Pharmaceuticals was granted membership to the Medical Countermeasures Coalition (MC2) during the period, a strategic step aligned with its objective to advance Galidesivir's positioning in the US. MC2 is an alliance of biotechnology companies, academic groups and policy leaders focused on advancing development, funding and deployment of medical countermeasures, including products eligible for inclusion in the US Strategic National Stockpile.

Membership provides Island with enhanced engagement opportunities across US Government and biodefence networks, including interaction with existing Strategic National Stockpile suppliers and former senior US biodefence officials represented within the coalition. The Company expects MC2 inclusion to support upcoming regulatory, clinical and stockpiling initiatives for Galidesivir, reinforcing its US government-facing strategy and broader biodefence positioning.

Additional regulatory engagement with the FDA to advance Galidesivir's Animal Rule development path

Island continued its comprehensive regulatory engagement with the US FDA to optimise the development pathway for Galidesivir under the Animal Rule. Following prior confirmation from the regulator that Galidesivir for use in Marburg virus is eligible for development under the Animal Rule pathway, the Company submitted formal responses and clarification questions addressing detailed FDA guidance on the proposed clinical and non-clinical program.

The submission, completed within the FDA's designated timeframe, forms part of an ongoing collaborative process to refine study design and align development plans with regulatory expectations.

US Patent Granted for Galidesivir Program Extends Patent Estate

Island was granted US Patent No. 12,472,197 by the United States Patent and Trademark Office, providing patent protection through July CY42 for the use of Galidesivir in the treatment of SARS-CoV-2 (COVID-19) infections.

The patent, titled *"Methods, Compositions, and Dosing Regimens for Treatment of SARS-CoV-2 Infections,"* further expands the Galidesivir intellectual property portfolio acquired in July CY25 and reinforces the molecule's positioning as a broad-spectrum antiviral candidate.

The grant complements Island's near-term regulatory focus on advancing Galidesivir under the FDA's Animal Rule pathway for Marburg virus, while preserving long-dated IP protection across additional viral indications, supporting optionality and long-term commercial potential for the program

Agreement with Texas Biomedical Research Institute provides optionality for Galidesivir development

During the period, Island secured a Master Service Agreement (MSA) with Texas Biomedical Research Institute (Texas Biomed), a leading US-based BSL-4 infectious disease research facility, providing strategic optionality to advance Galidesivir under the FDA's Animal Rule pathway.

Texas Biomed is one of only four BSL-4 facilities in the US capable of conducting non-human primate studies required for highly pathogenic viruses, and the only independent, non-profit institute combining BSL-4 containment with a federally designated National Primate Research Centre.

The agreement positions Island to potentially undertake non-human primate efficacy studies to support approval of Galidesivir as a countermeasure for Marburg virus disease under the Animal Rule framework.

Texas Biomed's extensive experience in high-containment infectious disease research, including work on Ebola and other haemorrhagic fever viruses, enhances Island's ability to progress Galidesivir within a regulated BSL-4 environment aligned with US government biodefence priorities.

ISLA-101 program progress

During the period, Island continued to analyse data from its Phase 2a PROTECT study, which demonstrated reduced duration of viraemia across both prophylactic and treatment arms, alongside improvements in clinical symptoms in the prophylactic arm and modulation of infection-related biomarkers in treated patients.

The Company progressed consultation with key opinion leaders and members of its Scientific Advisory Board to refine the design of a potential Phase 2b clinical trial in dengue-infected patients.

In parallel, reformulation activities advanced to develop proprietary oral and intravenous formulations of ISLA-101, aimed at broadening applicability across both prophylactic and therapeutic use settings.

Presentation to the Third Annual Dengue Endgame Summit

During the reporting period, Island presented additional data from its Phase 2a/b PROTECT study using ISLA-101 at the Third Annual Dengue Endgame Summit (14 August CY25). The presentation highlighted continued evidence of antiviral activity in both prophylactic and therapeutic cohorts, including reductions in viral load (viremia), lower NS1 antigen levels, and favourable trends in white blood cell and platelet counts compared to controls.

Pharmacokinetic data demonstrated that achieved drug levels were within the targeted inhibitory range, supporting the selected dosing strategy. ISLA-101 was generally well tolerated, with adverse events predominantly mild to moderate. These findings further strengthen the clinical dataset supporting ISLA-101's development as a potential dengue countermeasure and inform planning for subsequent field-based studies.

Corporate overview:

Appointment of Jason Carroll as Non-Executive Chairman

Mr Carroll commenced as Non-Executive Chairman on 2 July CY26. He is a highly regarded healthcare executive and brings over 30 years of experience in life sciences. During his career, he has held senior leadership roles at several multinational pharmaceutical companies including Johnson & Johnson, Janssen Pharmaceutica and iNova Pharmaceuticals.

Mr Carroll has extensive experience in clinical product development, successful market access and reimbursement programs for new drug treatments, alongside the delivery of regional M&A and business development strategies in international markets.

Alongside Mr Carroll's appointment, Mr Phil Lynch stood down to focus on other interests. Island sincerely thanks Mr Lynch for his contribution and wishes him well in his future endeavours.

Capital management and strategic shareholder support via options exercises

During the period, Island strengthened its balance sheet through the exercise of options by existing substantial shareholders, reinforcing investor confidence in the Company's dual-asset development strategy.

In August CY25, MWP Partners Limited exercised 5,000,000 options at $0.07 per option, providing $350,000 in new capital. In July CY25, substantial shareholder and Co-Founder Dr William Garner exercised 11,142,856 options at $0.07 per option, providing approximately $780,000 in additional funding. Further, in December CY25, the Company received approximately $1.01 million following the exercise of 14,428,970 options at $0.07 per share by existing shareholders, including Non-Executive Chairman Mr Jason Carroll, Non-Executive Director Mr Chris Ntoumenopoulos and substantial shareholders Dr Daniel Tillett and MWP Partners Limited.

This funding further bolstered Island's cash position and reflected continued support from Board members and key long-term investors.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Matters subsequent to the end of the financial half-year

On 16 February 2026, the Company raised $9.0 million by issuing 25,714,285 new fully paid ordinary shares at an issue price of $0.35 per share.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

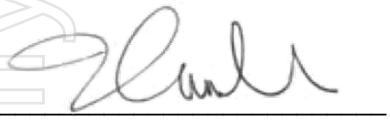
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Island Pharmaceuticals Limited
Directors' report
31 December 2025

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Jason Carroll
Non-Executive Chair

25 February 2026

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Island Pharmaceuticals Limited

As lead auditor for the review of Island Pharmaceuticals Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Island Pharmaceuticals Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 25 February 2026

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Island Pharmaceuticals Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025

	31 Dec 2025 $	31 Dec 2024 $
Revenue and other income		
Research and development grant income	40,783	96,842
Interest Income	108,991	323
Total revenue and other income	149,774	97,165
Expenses		
Research and development expenses	(1,349,520)	(705,822)
Corporate and administration expenses	(526,965)	(454,644)
Share based payment expense	(2,365,032)	(56,799)
Employee benefits expense	(156,250)	(148,777)
Professional services expenses	(506,054)	(237,920)
Depreciation and amortisation expenses	(52,645)	-
Effect of changes in foreign exchange rates	(4,643)	682
Finance costs	-	(27,307)
Total expenses	(4,961,109)	(1,630,587)
Loss before income tax expense	(4,811,335)	(1,533,422)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Island Pharmaceuticals Limited	(4,811,335)	(1,533,422)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(43)	(615)
Other comprehensive income for the half-year, net of tax	(43)	(615)
Total comprehensive income for the half-year attributable to the owners of Island Pharmaceuticals Limited	(4,811,378)	(1,534,037)
	Cents	**Cents**
Basic earnings per share	(1.90)	(1.07)
Diluted earnings per share	(1.90)	(1.07)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Island Pharmaceuticals Limited
Consolidated statement of financial position
As at 31 December 2025

	Note	31 Dec 2025 $	30 Jun 2025 $
Assets			
Current assets			
Cash and cash equivalents		6,869,506	7,251,918
Trade and other receivables		192,396	179,608
Prepayments		166,213	61,500
Total current assets		7,228,115	7,493,026
Non-current assets			
Intangibles	4	789,058	-
Total non-current assets		789,058	-
Total assets		8,017,173	7,493,026
Liabilities			
Current liabilities			
Trade and other payables	5	824,096	312,387
Employee benefits		36,058	24,038
Total current liabilities		860,154	336,425
Total liabilities		860,154	336,425
Net assets		7,157,019	7,156,601
Equity			
Issued capital	6	34,115,072	31,630,102
Reserves		2,938,157	611,374
Accumulated losses		(29,896,210)	(25,084,875)
Total equity		7,157,019	7,156,601

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Island Pharmaceuticals Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2025

	Issued capital $	Foreign exchange reserve $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2024	22,393,812	1,454	323,637	(21,200,056)	1,518,847
Loss after income tax expense for the half-year	-	-	-	(1,533,422)	(1,533,422)
Other comprehensive income for the half-year, net of tax	-	(615)	-	-	(615)
Total comprehensive income for the half-year	-	(615)	-	(1,533,422)	(1,534,037)
Transactions with owners in their capacity as owners:					
Vesting charge for share-based payments	-	-	62,799	-	62,799
Issue of ordinary shares	3,500,000	-	-	-	3,500,000
Issue of ordinary shares upon exercise of options	342,794	-	-	-	342,794
Transfer of fair value on exercised options	20,533	-	(20,533)	-	-
Balance at 31 December 2024	26,257,139	839	365,903	(22,733,478)	3,890,403

	Issued capital $	Foreign exchange reserve $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2025	31,630,102	743	610,631	(25,084,875)	7,156,601
Loss after income tax expense for the half-year	-	-	-	(4,811,335)	(4,811,335)
Other comprehensive income for the half-year, net of tax	-	(43)	-	-	(43)
Total comprehensive income for the half-year	-	(43)	-	(4,811,335)	(4,811,378)
Transactions with owners in their capacity as owners:					
Vesting charge for share-based payments	-	-	2,366,883	-	2,366,883
Issue of ordinary shares	100,000	-	-	-	100,000
Share issue transaction costs	(1,659)	-	-	-	(1,659)
Issue of ordinary shares upon exercise of options	2,346,572	-	-	-	2,346,572
Transfer of fair value on exercised options	40,057	-	(40,057)	-	-
Balance at 31 December 2025	34,115,072	700	2,937,457	(29,896,210)	7,157,019

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Island Pharmaceuticals Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2025

	Note	31 Dec 2025 $	31 Dec 2024 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(2,090,764)	(1,940,783)
Interest received		108,991	323
Research and development grant received		-	865,230
Net cash used in operating activities		(1,981,773)	(1,075,230)
Cash flows from investing activities			
Payments for intangibles	4	(841,703)	-
Net cash used in investing activities		(841,703)	-
Cash flows from financing activities			
Proceeds from issue of shares	6	2,346,573	3,500,000
Proceeds from issue of shares upon exercise of options		100,000	342,794
Proceeds from issue of options		1,850	6,000
Share issue transaction costs		(1,659)	-
Repayment of borrowings		-	(449,275)
Net cash from financing activities		2,446,764	3,399,519
Net increase/(decrease) in cash and cash equivalents		(376,712)	2,324,289
Cash and cash equivalents at the beginning of the financial half-year		7,251,918	1,660,377
Effects of exchange rate changes on cash and cash equivalents		(5,700)	7,549
Cash and cash equivalents at the end of the financial half-year		6,869,506	3,992,215

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Island Pharmaceuticals Limited
Notes to the consolidated financial statements
31 December 2025

Note 1. General information

The financial statements cover Island Pharmaceuticals Limited as a consolidated entity consisting of Island Pharmaceuticals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Island Pharmaceuticals Limited's functional and presentation currency.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Island Pharmaceuticals Limited (the 'Company') is a Company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2025 comprise the Company and its subsidiary entities (together referred to as the "Group" and individually as "Group entities").

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2026.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, there was no impact on the amounts recognised in current or prior period and no expected significant changes in future periods.

The adoption of these new or amended Accounting Standards and Interpretations did not have an impact on the interim financial statements of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Intangible assets
Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The fair value of each patent contained within the intangible asset was based on management estimate and amortisation is recognised over the remaining life of the patents. Any contingent payments resulting from clauses associated with intangible assets are to be expensed when and if they occur.

Note 3. Operating segments

During the year the Group continued to operate a single segment, being research and development activities principally in the geographic regions of Australia and the United States of America.

Note 4. Intangibles

	31 Dec 2025 $	30 Jun 2025 $
Galidesivir	841,703	-
Less: Accumulated amortisation	(52,645)	-
	789,058	-

The Company signed an asset purchase agreement on 9 July 2025 for the acquisition of the Galidesivir program from BioCryst Pharmaceuticals Inc (Nasdaq: BCRX) for US $550,000 (AUD $841,703). Galidesivir is a broad acting antiviral with a robust development history with significant research and development funding from the US government. The acquisition price was apportioned to each patent group based on management estimate and amortisation is recognised over the remaining life of the patents.

The asset purchase agreement includes milestone payments to be made to BioCryst upon the occurrence of certain criteria. Refer to note 8 for further information.

Note 5. Trade and other payables

	31 Dec 2025 $	30 Jun 2025 $
Trade payables	210,268	150,400
Accrued expenses	597,049	82,154
Other payables	4,779	2,829
Owing to key management personnel	12,000	77,004
	824,096	312,387

Note 6. Issued capital

	31 Dec 2025 Shares	30 Jun 2025 Shares	31 Dec 2025 $	30 Jun 2025 $
Ordinary shares - fully paid	269,052,397	236,093,034	34,115,072	31,630,102

The following movements in ordinary shares were recorded during the half-year ended.

	31 Dec 2025 Shares	30 Jun 2025 Shares	31 Dec 2025 $	30 Jun 2025 $
Opening Balance	236,093,034	126,767,093	31,630,102	22,393,812
Issue of ordinary shares	666,666	73,333,334	100,000	7,000,000
Issue of ordinary shares upon exercise of options	32,292,697	33,241,241	2,346,572	2,047,485
Transfer of fair value on exercise of options	-	-	40,057	20,533
Issue of ordinary shares in lieu of payment for services	-	2,751,366	-	415,000
Less: Cost of raising capital	-	-	(1,659)	(246,728)
	269,052,397	236,093,034	34,115,072	31,630,102

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Upon a poll each share shall have one vote.

Note 6. Issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Note 7. Share based payment reserve

For the options granted during the period, the Black Scholes inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Vesting condition	Number granted
24/04/2025	24/04/2028	$0.4200	$0.1600	109.52%	0.00%	3.60%	$0.3332	[1,2]	750,000
20/08/2025	20/08/2028	$0.2000	$0.1500	109.00%	0.00%	3.60%	$0.1440	[1]	200,000
15/08/2025	15/08/2028	$0.1950	$0.1500	108.62%	0.00%	3.60%	$0.1394	[1]	20,000
19/08/2025	19/08/2028	$0.2100	$0.1500	108.65%	0.00%	3.60%	$0.1525	[1]	200,000
31/10/2025	31/10/2028	$0.4300	$0.3000	102.94%	0.00%	3.60%	$0.3054	[3]	2,000,000
28/10/2025	28/10/2028	$0.3800	$0.3000	102.93%	0.00%	3.60%	$0.2619	[3]	4,000,000
28/10/2025	28/10/2028	$0.3800	$0.1500	102.93%	0.00%	3.60%	$0.3023	[1]	3,000,000
28/10/2025	28/10/2025	$0.3800	$0.1500	102.93%	0.00%	3.60%	$0.3024	[4]	750,000
12/11/2025	12/11/2028	$0.4250	$0.2500	102.95%	0.00%	3.60%	$0.3135	[1]	8,000,000

[1] Vesting condition of 50% 12 months from grant date, and 50% 24 months from grant date.
[2] Granted and therefore fair valued on AGM date. However, vesting condition commenced on 24 April 2025.
[3] Vesting condition of 50% upon receipt of U.S. FDA approval for Galidesivir under the Animal rule pathway, and 50% upon issue of a Priority Review Voucher by the FDA in connection with such approval.
[4] Vested immediately.

Note 8. Commitments and contingencies

Galidesivir acquisition milestone payments
The Company will pay BioCryst the following non-refundable, non-creditable amounts as a Milestone Payment within thirty days following each achievement of the corresponding milestone event:

- US $500,000, payable upon the completion of each Phase II clinical trial
- US $1,000,000, payable upon each NDA approval
- US $1,500,000, payable upon receipt of each Animal Rule approval

Additionally, the Company is required to pay:
- Tiered royalties of 5-10% of net sales
- 25% of proceeds from sale of any Priority Review Voucher awarded due to FDA approval of the acquired program

The directors are of the opinion that there are no other significant commitments and contingencies requiring disclosure for the Company as at 31 December 2025 (30 Jun 2025: nil).

Note 9. Events after the reporting period

On 16 February 2026, the Company raised $9.0 million by issuing 25,714,285 new fully paid ordinary shares at an issue price of $0.35 per share.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Island Pharmaceuticals Limited
Directors' declaration
31 December 2025

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Jason Carroll
Non-Executive Chair

25 February 2026

William Buck
ACCOUNTANTS & ADVISORS

Independent auditor's review report to the members of Island Pharmaceuticals Limited

Report on the half-year financial report

Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Island Pharmaceuticals Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 202 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2025,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

William Buck
ACCOUNTANTS & ADVISORS

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 25 February 2026