

# Island Pharmaceuticals Ltd

## De-risking the commercial path

Island Pharmaceuticals Ltd (ASX:ILA) is an antiviral therapeutics company targeting infectious diseases. The company has made two recent announcements that improve its chances of selling Galidesivir for Marburg to the US government, ahead of potential FDA clearance of the drug. On 20 November 2025 it announced the appointment of leading Washington D.C. based federal government affairs and lobbying firm, Todd Strategy Group (TSG), to support US government engagement. Following this, on 24 November 2025 ILA announced that it has been granted membership to the Medical Countermeasures Coalition (MC<sup>2</sup>), similarly to support US government engagement. Both developments improve ILA's commercial readiness by inserting experienced policymakers between ILA and federal procurement agencies. They also increase the probability that Galidesivir is noticed, understood and budgeted for within relevant US bio defence funding lines. Our probability-weighted NPV (rNPV) for ILA remains at \$1.14/share.

## Who are Todd Strategy Group (TSG) and Medical Countermeasures Coalition (MC<sup>2</sup>)?

TSG is a boutique federal government affairs and lobbying firm based in Washington D.C., founded in 2014. It has deep health policy, bio defence funding and regulatory strategy expertise, with clients in healthcare and related sectors. Personnel include ex-congressional committee members, as well as former senior officials from BARDA, ASPR and HHS (US government agencies that are relevant to ILA's commercial goals). TSG emphasises bipartisan relationships with both Congress and the executive branch and has a track record advising on federal legislative and regulatory strategy and helping clients seeking access to US federal procurement channels.

ILA will be working with TSG's Health Policy and Medical Countermeasures Principal, Taylor Sexton. He was previously a Senior Advisor to the Assistant Secretary for Preparedness and Response (ASPR) within the US Department of Health and Human Services (HHS) through the COVID-19 pandemic. While at HHS, Mr Sexton was involved in the development and execution of Operation Warp Speed.

MC<sup>2</sup> is an international alliance of non-profit organisations, academic groups and industry partners dedicated to advancing the development, accessibility and deployment of medical countermeasures. Also based in Washington D.C., its broader aim is to protect global populations against emerging infectious diseases, pandemics and biological threats. It focuses on strengthening preparedness and response systems by promoting supportive policies, encouraging sustained R&D funding, and ensuring that lifesaving countermeasures can be rapidly deployed when and where they are most needed.

Existing MC<sup>2</sup> members include major biotechnology companies and current suppliers (Exhibit 1) to the US government's Strategic National Stockpile (SNS). Its board includes former senior US government bio defence officials and industry executives with decades of experience in medical countermeasures development and deployment.

Interestingly, Taylor Sexton (TSG's Principal directly working with ILA) is also an Executive Director of MC<sup>2</sup>. This bodes well commercially for ILA in that it has partnered with key people and organisations that have been demonstrated successful execution in making countermeasure sales to the SNS.

### Historical earnings and RaaS' estimates (in A\$m unless otherwise stated)

Year end	Revenue	Gross profit	EBITDA	NPAT	EPS (cps)	EV/EBITDA (x)	EV/Sales (x)
06/24a	0	0	(2.9)	(2.9)	(3.18)	n.m.	n.m.
06/25a	0	0	(3.6)	(3.6)	(2.07)	n.m.	n.m.
06/26f	0	0	(6.5)	(4.6)	(1.77)	n.m.	n.m.
06/27f	480.8	419.2	400.4	280.3	96.55	0.4	0.3

Source: Company data, RaaS estimates FY26f to FY27f

## Biotech

26 November 2025

### Share Details

ASX code	ILA
Share price (25-Nov)	\$0.57
Market capitalisation	\$145.1M
Shares on issue	254.6M
Options on issue (various)	43.7M
Net cash at 30-Sept-25	\$6.9M
Free float (LSEG)	~68.4%
Avg. daily volume (12-mths)	0.42M

### Share Performance (12 months)



### RaaS Initiation Report

[Island Pharmaceuticals RaaS Initiation Report](#)

### Upside Case

- Galidesivir NHP trial is successful
- Galidesivir is FDA cleared and PRV granted
- Galidesivir first sales to US government

### Downside Case

- Animal Rule is not granted for Galidesivir
- Galidesivir NHP trial is unsuccessful
- ISLA-101 trials fail to progress

### Catalysts

- Final FDA feedback / trial starts (March qtr 2026)
- NHP trial results (June qtr 2026)
- NDA submission (December half 2026)

### Company Contact

Dr David Foster (CEO)  
info@islandpharmaceuticals.com

Henry Jordan (IR) +61 431 271 538  
henry.jordan@sdir.com.au

### RaaS Contact

Naheed +61 422 314 710  
Rahman\* naheed.rahman@raasgroup.com

\*The analyst owns shares

## Strategic rationale for the engagements

ILA's decision to engage with TSG and MC<sup>2</sup> make sense as:

1. The US government is likely the single largest buyer of Galidesivir, if FDA cleared.
2. Procurement budgets require early positioning. Agencies such as BARDA and DoD budget six-18 months ahead, so engagement prior to potential approval is desirable.
3. FDA clearance of Galidesivir does not automatically translate into purchasing. Awareness and stakeholder alignment need to be built ahead of time.

Given the above, appointing a credible federal government affairs firm and being a member of an influential group like MC<sup>2</sup> prior to the FDA decision on Galidesivir is strategically sound, as it strengthens ILA's positioning for pursuing US government contracts.

## What TSG and MC<sup>2</sup> bring to ILA

TSG maintains relationships with various key federal agencies including BARDA, ASPR, HHS, NIH/NIAID, CDC and the US DoD. Amongst other things, these agencies allocate, justify and execute antiviral procurement. Lobbying firms like TSG translate clinical data into actionable policy language that resonates with policymakers. For ILA, this is important as it will be guided on the process from FDA decision, to interagency evaluation, to BARDA/DoD contracting, to SNS stockpiling.

Being a member of MC<sup>2</sup> allows ILA to leverage several experts in the biodefence, health-safety and medical countermeasures fields. Furthermore, ILA can now engage with existing providers to the SNS to gain insights on the best approach to commercialising Galidesivir and potentially how to maximise the value of any contract that might be secured in time. A quick market cap assessment of MC<sup>2</sup> members that are listed and supply to the SNS show companies with substantially higher market caps: SIGA Technologies (A\$654m), Bavarian Nordic A/S (A\$3.5b), Ginkgo Bioworks Holdings (A\$802m) and CSL Seqirus (\$88b). ILA is in good company.

As a final point, the key commercial risk for Galidesivir is not lack of efficacy (the data to date is strong); it is being overlooked as a drug and not actually making the sale to the US government. These developments directly mitigate this risk and improve the commercial probability of success, in our view.

### Exhibit 1: MC<sup>2</sup> group members



Source: Company data

## Exhibit 2: ILA Financial Summary

Island Pharmaceuticals (ASX:ILA)						Share price						A\$	0.57
Profit and Loss (A\$m)						Interim (A\$m)							
Y/E 30 June	FY24A	FY25A	FY26F	FY27F	FY28F	Revenue	H125A	H225A	H126F	H226F	H127F	H227F	
Sales Revenue	0.0	0.0	0.0	480.8	0.0	Revenue	0.1	0.0	0.0	0.0	0.0	480.8	
Gross Profit	0.0	0.0	0.0	419.2	0.0	EBITDA	(1.5)	(2.2)	(1.8)	(4.8)	(9.0)	409.4	
EBITDA underlying	(2.9)	(3.6)	(6.5)	400.4	(22.0)	EBIT	(1.5)	(2.2)	(1.8)	(4.8)	(9.0)	409.4	
Depn	0.0	0.0	0.0	0.0	0.0	NPAT (normalised)	(1.5)	(2.1)	(1.2)	(3.3)	(6.3)	286.6	
Amort	0.0	0.0	0.0	0.0	0.0	Minorities	-	-	-	-	-	-	
EBIT underlying	(2.9)	(3.6)	(6.5)	400.4	(22.0)	NPAT (reported)	(1.5)	(2.4)	(1.2)	(3.3)	(6.3)	286.6	
Interest	(0.1)	0.0	0.0	(0.0)	0.3	EPS (normalised)	(0.85)	(1.22)	(0.52)	(1.24)	(2.33)	98.88	
Tax	0.0	0.0	2.0	(120.1)	6.5	EPS (reported)	(0.84)	(1.42)	(0.45)	(1.24)	(2.17)	98.23	
Minorities	0.0	0.0	0.0	0.0	0.0	Dividend (cps)	-	-	-	-	-	-	
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Imputation	-	-	-	-	-	30.0	
NPAT pre significant items*	(2.9)	(3.6)	(4.6)	280.3	(15.2)	Operating cash flow	2.2	(4.9)	(3.5)	(4.8)	(9.0)	272.7	
Significant items	0.0	(0.3)	0.0	0.0	0.0	Free Cash flow	3.2	(6.0)	(3.5)	(4.8)	(9.0)	272.7	
NPAT (reported)	(2.9)	(3.9)	(4.6)	280.3	(15.2)	Divisions	H125A	H225A	H126F	H226F	H127F	H227F	
Cash flow (A\$m)						Galidesivir	0.0	0.0	0.0	0.0	0.0	307.7	
Y/E 30 June	FY24A	FY25A	FY26F	FY27F	FY28F	ISLA-101	0.0	0.0	0.0	0.0	0.0	0.0	
EBITDA underlying (Stat)	(2.9)	(3.6)	(6.5)	400.4	(22.0)	Sales revenue	0.0	0.0	0.0	0.0	0.0	307.7	
Interest	0.0	0.1	0.0	(0.0)	0.3	COGS	0.0	0.0	0.0	0.0	0.0	(61.5)	
Tax	0.0	0.0	0.0	(122.8)	0.0	Employment costs	(0.1)	(0.2)	(0.3)	(0.3)	(0.5)	(0.5)	
Working capital changes	(0.3)	0.8	(1.8)	(13.9)	13.9	Operating costs	(0.7)	(1.3)	(0.5)	(0.5)	(2.5)	(3.0)	
Operating cash flow	(3.2)	(2.8)	(8.3)	263.7	(7.9)	R&D costs	(0.7)	(0.7)	(1.0)	(4.0)	(6.0)	(6.3)	
Mtce capex	0.0	0.0	0.0	0.0	0.0	EBITDA (adjusted)	(1.5)	6.7	(1.8)	(4.8)	(9.0)	409.4	
Free cash flow	(3.2)	(2.8)	(8.3)	263.7	(7.9)	Margins, Leverage, Returns		FY24A	FY25A	FY26F	FY27F	FY28F	
Growth capex	0.0	0.0	0.0	0.0	0.0	EBITDA		n/a	n/a	n/a	83.3%	n/a	
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT		n/a	n/a	n/a	83.3%	n/a	
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		n/a	n/a	n/a	58.3%	n/a	
Cash flow pre financing	(3.2)	(2.8)	(8.3)	263.7	(7.9)	Net Debt (Cash)		1.2	7.3	0.6	264.3	256.4	
Equity	2.6	8.8	0.0	0.0	0.0	Net Debt/EBITDA (x)	(x)	n/a	n/a	n/a	0.7	n/a	
Debt	0.4	(0.4)	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	(441.6%)	7608.2%	(29.7%)	(1421.6%)	(2285.2%)	
Dividends paid	0.0	0.0	0.0	0.0	0.0	EBIT interest cover (x)	(x)	n/a	n/a	n/a	0.0	n/a	
Net cash flow for year	(0.2)	5.6	(8.3)	263.7	(7.9)	ROA		(223.3%)	(72.0%)	(129.3%)	270.7%	(7.8%)	
Balance sheet (A\$m)						ROE		(378.4%)	(90.4%)	(93.8%)	196.4%	(5.5%)	
Y/E 30 June	FY24A	FY25A	FY26F	FY27F	FY28F	ROIC		(2049.5%)	(3871.6%)	(480.9%)	2723.1%	(102.2%)	
Cash	1.7	7.3	0.6	264.3	256.4	Working capital		0.3	(0.1)	0.0	13.9	0.0	
Accounts receivable	0.9	0.2	0.0	24.2	0.0	WC/Sales (%)		n/a	n/a	n/a	2.9%	n/a	
Inventory	0.0	0.0	0.0	0.0	0.0	Revenue growth		n/a	n/a	n/a	n/a	n/a	
Other current assets	0.0	0.1	0.1	0.1	0.1	EBIT growth pa		n/a	n/a	n/a	n/a	n/a	
Total current assets	2.6	7.5	0.7	288.6	256.5	Pricing		FY24A	FY25A	FY26F	FY27F	FY28F	
PPE	0.0	0.0	0.0	0.0	0.0	No of shares (y/e)	(m)	127	233	270	290	292	
Intangibles and Goodwill	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	90	173	233	270	298	
Investments	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	(3.18)	(2.26)	(1.59)	94.42	(5.16)	
Deferred tax asset	0.0	0.0	2.0	4.7	11.2	EPS Normalised/Diluted	cps	(3.18)	(2.07)	(1.77)	96.55	(5.16)	
Other non current assets	0.0	0.0	0.0	0.0	0.0	EPS growth (norm/dil)		n/a	n/a	n/a	-5561%	n/a	
Total non current assets	0.0	0.0	2.0	4.7	11.2	DPS	cps	-	-	-	-	-	
Total Assets	2.6	7.5	2.6	293.3	267.7	DPS Growth		n/a	n/a	n/a	n/a	n/a	
Accounts payable	0.6	0.3	0.0	10.3	0.0	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	
Short term debt	0.4	0.0	0.0	0.0	0.0	Dividend imputation		0	0	0	0	30	
Tax payable	0.0	0.0	0.0	0.0	0.0	PE (x)		-	-	-	0.6	-	
Other current liabilities	0.1	0.0	0.0	0.0	0.0	PE market		21.0	21.0	21.0	21.0	21.0	
Total current liabilities	1.0	0.3	0.0	10.4	0.0	Premium/(discount)		n/a	n/a	n/a	(97.1%)	n/a	
Long term debt	0.0	0.0	0.0	0.0	0.0	EV/EBITDA		n/a	n/a	n/a	0.4	n/a	
Other non current liabs	0.0	0.0	0.0	0.0	0.0	FCF/Share	cps	-2.5	-1.2	-3.1	91.0	-2.7	
Total long term liabilities	0.0	0.0	0.0	0.0	0.0	Price/FCF share	-	22.8	-48.0	-18.6	0.6	-21.2	
Total Liabilities	1.0	0.3	0.0	10.4	0.0	Free Cash flow Yield		(4.4%)	(2.1%)	(5.4%)	159.6%	(4.7%)	
Net Assets	1.5	7.2	2.6	282.9	267.7								
Share capital	22.4	31.6	31.6	31.6	31.6								
Accumulated profits/losses	(21.2)	(25.1)	(29.7)	250.6	235.4								
Reserves	0.3	0.6	0.6	0.6	0.6								
Minorities	0.0	0.0	0.0	0.0	0.0								
Total Shareholder funds	1.5	7.2	2.6	282.9	267.7	* excludes non-cash share-based payments							

Source: Company data for actuals, RaaS estimates (FY26F-FY28F)

# FINANCIAL SERVICES GUIDE

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BR Head Office: Level 1, 160 Edward Street, Brisbane, QLD, 4000 [www.brsecuritiesaustralia.com.au](http://www.brsecuritiesaustralia.com.au)

RaaS: c/- Rhodes Docherty & Co Pty Ltd, Suite 1, Level 1, 828 Pacific Highway, Gordon, NSW, 2072.

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

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