Nexalis Therapeutics Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Nexalis Therapeutics Ltd
ABN:	90 611 845 820
Reporting period:	For the half-year ended 30 June 2026
Previous period:	For the half-year ended 30 June 2025

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2. Results for announcement to the market

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Loss from ordinary activities after tax attributable to the owners of Nexalis Therapeutics Ltd	up	51.9%	to	(1,297,938)
Loss for the half-year attributable to the owners of Nexalis Therapeutics Ltd	up	51.9%	to	(1,297,938)

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 $1,297,938 (30 June 2025: $854,332).

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.74)	(0.40)

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4. Control gained over entities

Not applicable.

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5. Loss of control over entities

Not applicable.

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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.

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7. Dividend reinvestment plans

Not applicable.

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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 Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Nexalis Therapeutics Ltd for the half-year ended 30 June 2026 is attached.

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12. Signed

Signed ______________________________ Date: 31 August 2026

Sean Williams
Chairman

Nexalis Therapeutics Ltd
Corporate directory
30 June 2026

Directors	Sean Williams - Non-Executive Chairman Mr Darryl Davies - CEO and Executive Director Mr James Barrie - Non-Executive Director
Company secretary	James Barrie
Registered office	Level 9, 505 Little Collins Street, Melbourne VIC 3000
Principal place of business	Level 9, 505 Little Collins Street, Melbourne VIC 3000
Share register	Automic Legal Pty Ltd Level 5 126 Phillip Street, Sydney NSW 2000
Auditor	RSM Australia Partners Level 27 120 Collins Street Melbourne Vic 3000
Stock exchange listing	Nexalis Therapeutics Ltd shares are listed on the Australian Securities Exchange (ASX code: NX1)
Website	nexalistherapeutics.com

The directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as the 'Consolidated entity') consisting of Nexalis Therapeutics Limited (referred to hereafter as the 'Company', 'Nexalis Therapeutics Ltd' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2026.

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

Sean Williams – Non-Executive Chairman
Darryl Davies - CEO and Executive Director (appointed 25 June 2026)
James Barrie – Non-Executive Director (appointed 12 May 2026)
Dr Ronald Wise – Non-Executive Director (resigned 12 May 2026)
Tony Fitzgerald – Non-Executive Director (resigned 25 June 2026)

Principal activities
The principal activities of the Consolidated entity during the period were focused on the development of registrable inhaled drugs. The Consolidated entity's drug formulations aim to bring fast, safe and effective relief to suffers of pain and anxiety related illnesses.

Review of operations
The loss for the Consolidated entity after providing for income tax amounted to $1,297,938 (30 June 2025: $854,332).

Nexalis' focus for the half-year continued to be on developing its unique drug candidates to address unmet medical needs in the pain management and mental health sectors. Expenditure on these programs totalled $1,175,757 for the half-year (2025: $1,006,114). The Company received $898,719 in Research & Development Tax Incentives payments during the half year related to the 2025 year.

The Company's overarching goal is to achieve a New Drug Approval for each treatment with the US Food & Drug Administration ('**FDA')** as quickly and cost effectively as possible. Nexalis plans to utilise the FDA's 505b(2) pathway in its clinical development plans in order to assist in this process.

The Company's clinical trial programs aim to demonstrate the safety, tolerability and efficacy for treating a targeted range of pain and mental health related conditions.

Cancellation of Funding Facility
On 31 October 2025 Nexalis entered into a debt funding facility agreement with Linlithgow Family Office ('**LFO'**) which provided for funding of up to $52.3m ('**LFO Facility**') to accelerate the development of IRX-211 to treat Breakthrough Cancer Pain ('**BTcP**'), IRX-616a to treat Panic Disorder ('**PD**') and SRX-25 for the treatment of Treatment-Resistant Depression ('**TRD**').

On 20 May 2026 LFO issued notice under the LFO Facility that it had permanently cancelled the remaining available commitment under the LFO Facility and would not be accepting any further drawdown requests. Since inception of the LFO Facility, a total of $2.4 million of drawdown requests were submitted, of which $0.8 million of funding was received by the Company.

[Up-date on resolution of Funding Facility to be provided.]

The Company's board continues to seek potential alternate funding partners to ensure continuity of funding of its clinical trial programs. However, there are presently no meaningful discussions underway in that regard.

Clinical Development Plan Update
Following the cancellation of the LFO Facility's remaining funding commitment, the Company was forced to temporarily suspend the study orders with iNGENū CRO Pty Ltd ('**iNGENū**') for both the IRX-211, Phase 2 and IRX-616a, Phase 1 clinical studies. While the suspension remains in place, management is reviewing the clinical development strategy for each asset to ensure that programs can progress in a focused, capital-efficient and commercially appropriate manner once funding is available. This involves direct communication with sites and vendors to evaluate options.

IRX616a Panic Disorder Treatment
The IRX-616a Phase 1 clinical trial was successfully completed during the half year, with results exceeding expectations and no Serious Adverse Events reported. The Phase 1 data confirmed the safety and tolerability of IRX-616a in healthy volunteers and provided valuable dose-ranging insights to inform the design of future patient studies.

While the temporary suspension of the remaining study-order activities will delay completion of Database Lock and the formal Clinical Study Report (‘**CSR**’), the Company has access to sufficient data and clinical insights to allow Phase 2 planning to continue.

Building on the successful completion of the Phase 1 trial, the Company is progressing the design of the IRX-616a Phase 2 program. Management is evaluating a flexible and appropriately scaled development pathway.

IRX211 Breakthrough Cancer Pain Treatment
The Phase 2 study is a multicentre, randomised, double-blind, placebo-controlled crossover study incorporating individual dose titration. It is designed to evaluate the efficacy, safety and patient-reported outcomes associated with IRX-211 in opioid-tolerant cancer patients experiencing BTcP.

The present study design has a target enrolment of 156 participants, with the crossover design intended to allow participants to act as their own control during the comparative treatment periods.

Recruitment at the lead clinical site (Vitalis) did progress to a satisfactory standard during the half year. In response, the Company is presently engaging directly with other participating and potential clinical trial sites regarding study budgets, recruitment processes and operational requirements. In parallel, a detailed review of the current status of the IRX-211 Phase 2 trial is being undertaken to identify the factors contributing to the poor patient recruitment and screening outcomes experienced.

SRX-25 Resistant Depression Treatment
The SRX-25 oral clinical program remains in the planning phase, with the Protocol drafted during the half year. The Company intends to progress formulation and manufacturing planning activities alongside the development of an appropriate Phase 1 trial design for implementation in Australia once funding is available. The timing and scope of this work will be managed carefully to ensure that it does not divert time, attention or available financial resources from the Company’s Phase 2-ready drug candidates.

Corporate
During the half year, the Company successfully completed its transition from InhaleRx Limited to Nexalis Therapeutics Limited with a new ASX ticker (NX1) becoming effective from 17 February 2026.

The rebrand reflects the shift in the Company’s strategic focus beyond inhaled therapies following the addition of the SRX-25 oral program with the Company now positioned as a diversified clinical-stage drug development company.

Capital management
The Company completed a capital raise in the form of a Placement in November 2025 which raised $750,000 (before costs) via the issue of approximately 30 million new fully paid ordinary shares in the Company at an offer price of $0.025 to secure working capital funding. Participants in the Placement received one free attaching investor option for every two shares subscribed (1:2), exercisable at $0.042 expiring two years from the issue date.

The Placement was structured in two stages, with the second stage of $150,000 approved by shareholders, together with the attaching options, at an Extraordinary General Meeting held on 29 January 2026. $172,500 related to the first stage of the Placement ($600k) was also received during the March 2026 quarter.

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

Matters subsequent to the end of the financial half-year
On 14 July 2026, the company issued 4,120,019 performance rights to current and former directors as remuneration for their services provided as directors.

On 27 August 2026, the company entered into a deed whereby the funding facility was settled in full. At 30 June 2026, an amount of $641,848 was recognised as a current liability in relation to this amount. Under the agreement 38,449,145 held by the lender were cancelled. In addition, they were issued 15,000,000 options with and exercise price of $0.15 which expire in 5 years from the date of issue.

No other matter or circumstance has arisen since 30 June 2026 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.

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

Sean Williams
Chairman

31 August 2026

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Nexalis Therapeutics Ltd for the half year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 31 August 2026
Melbourne, Victoria

Nexalis Therapeutics Ltd
Contents
30 June 2026

General information

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

Nexalis Therapeutics Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9,
505 Little Collins Street, Melbourne VIC 3000

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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2026.

Nexalis Therapeutics Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2026

		Consolidated	
	Note	**June 2026 $**	**June 2025 $**
Revenue			
Other income	3	630,103	551,449
Interest revenue calculated using the effective interest method		1,073	5,670
Expenses			
Consulting fees		(192,166)	(204,832)
Legal fees		(44,700)	(3,190)
Employee benefits expense		(49,588)	(21,592)
Audit fees		(27,532)	(20,500)
Depreciation and amortisation expense		(1,753)	-
Insurance		(48,783)	(55,172)
Directors' fees		(108,988)	(1,270)
Product development expenditure		(1,275,757)	(1,006,114)
Other expenses		(58,304)	(43,666)
Finance costs		(121,543)	(55,115)
Loss before income tax expense		(1,297,938)	(854,332)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Nexalis Therapeutics Ltd		(1,297,938)	(854,332)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Nexalis Therapeutics Ltd		(1,297,938)	(854,332)
		Cents	**Cents**
Basic earnings/(loss) per share from continuing operations	13	(0.52)	(0.40)
Diluted earnings/ (loss) per share from continuing operations	13	(0.52)	(0.40)

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

Nexalis Therapeutics Ltd
Statement of financial position
As at 30 June 2026

	Note	Consolidated June 2026 $	December 2025 $
Assets			
Current assets			
Cash and cash equivalents		791,334	436,900
Trade and other receivables	4	729,537	914,634
Prepayments		91,488	81,086
Total current assets		1,612,359	1,432,620
Non-current assets			
Property, plant and equipment		12,677	-
Total non-current assets		12,677	-
Total assets		1,625,036	1,432,620
Liabilities			
Current liabilities			
Trade and other payables	5	2,762,512	1,638,539
Borrowings	6	720,084	426,109
Employee benefits		5,100	2,004
Total current liabilities		3,487,696	2,066,652
Non-current liabilities			
Borrowings	6	-	315,169
Employee benefits		1,522	1,323
Total non-current liabilities		1,522	316,492
Total liabilities		3,489,218	2,383,144
Net liabilities		(1,864,182)	(950,524)
Equity			
Issued capital	7	15,393,383	15,149,113
Reserves		37,687	(102,323)
Accumulated losses		(17,295,252)	(15,997,314)
Total deficiency in equity		(1,864,182)	(950,524)

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

Nexalis Therapeutics Ltd
Statement of changes in equity
For the half-year ended 30 June 2026

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2025	14,527,183	(212,615)	(14,378,534)	(63,966)
Loss after income tax expense for the half-year	-	-	(854,332)	(854,332)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(854,332)	(854,332)
Transactions with owners in their capacity as owners:				
Share-based payments	-	41,184	-	41,184
Balance at 30 June 2025	14,527,183	(171,431)	(15,232,866)	(877,114)

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2026	15,149,113	(102,323)	(15,997,314)	(950,524)
Loss after income tax expense for the half-year	-	-	(1,297,938)	(1,297,938)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,297,938)	(1,297,938)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 7)	244,270	-	-	244,270
Share-based payments	-	140,010	-	140,010
Balance at 30 June 2026	15,393,383	37,687	(17,295,252)	(1,864,182)

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

Nexalis Therapeutics Ltd
Statement of cash flows
For the half-year ended 30 June 2026

	Note	Consolidated June 2026 $	Consolidated June 2025 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(698,768)	(453,428)
Interest received		1,073	5,670
R&D tax rebate received		898,719	489,526
Interest and other finance costs paid		(44,273)	(2,863)
Net cash from operating activities		156,751	38,905
Cash flows from investing activities			
Payments for property, plant and equipment		(14,430)	-
Net cash used in investing activities		(14,430)	-
Cash flows from financing activities			
Proceeds from issue of shares	7	322,500	-
Proceeds from borrowings		281,136	247,500
Share issue transaction costs		(22,523)	-
Repayment of borrowings		(369,000)	-
Net cash from financing activities		212,113	247,500
Net increase in cash and cash equivalents		354,434	286,405
Cash and cash equivalents at the beginning of the financial half-year		436,900	194,915
Cash and cash equivalents at the end of the financial half-year		791,334	481,320

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2026 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 31 December 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 and there was no impact on applying these standards.

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Consolidated entity incurred a loss of $1,297,938 for the six-month period ended 30 June 2026, and as at that date, the Consolidated entity’s current liabilities exceeded its current assets by $1,875,337 and it had a net liability position of $1,864,182.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year report.

The Directors believe there are reasonable grounds to believe that the Consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors’ assessment on this matter considers the following factors:

- The Consolidated implemented cost-saving measures to support its ongoing operations. Subsequent to year-end, the facility agreement with LFO (refer to notes 6 and 12) was amended such that the amount outstanding as at 30 June 2026 of $641,848 will be settled through the issuance of new options, with the funds previously advanced by LFO remaining available to the Consolidated entity;
- The Directors are in discussions with Ingenu CRO Pty Ltd to reach an agreement to defer payment of a significant portion of the total amounting owing of $2,125,952 as at 30 June 2026 (refer to note 11) until the Consolidated entity has either completed a significant capital raise or found a new funding partner for its clinical trial program;
- The Consolidated entity has ceased product development activities and continues to actively manage and reduce discretionary expenditure while seeking additional funding sources. These measures are intended to preserve cash resources and support the Consolidated entity's ability to continue as a going concern until further funding is secured. In addition, the Research and Development Tax Rebate of $630,103 (note 4) is a key factor in the Consolidated entity’s cash flow forecast, and management will need to lodge the relevant claim and obtain the refund to support its near-term funding requirements;
- Also, the Consolidated entity is currently seeking for alternative pathways to continue its research and development activities, including entering into a financing arrangement and/or seeking a funding parter for its clinical trial programs.

Accordingly, the Directors believe that the Consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated entity does not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments
The Consolidated entity is organised into one operating segment. The operating segment is development of medical technologies. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 3. Other income

	Consolidated	
	June 2026	**June 2025**
	$	**$**
Research and development tax rebate	630,103	551,449

Note 4. Trade and other receivables

	Consolidated	
	June 2026	**December 2025**
	$	**$**
Current assets		
Research and development tax rebate receivable	630,103	898,719
GST receivable	99,434	15,915
	729,537	914,634

The research and development tax rebate receivable at 31 December 2025 was received in full during the half-year.

Note 5. Trade and other payables

	Consolidated	
	June 2026	**December 2025**
	$	**$**
Current liabilities		
Trade payables	2,438,570	1,457,531
Other payables	323,942	181,008
	2,762,512	1,638,539

Note 6. Borrowings

	Consolidated June 2026 $	Consolidated December 2025 $
Current liabilities		
Insurance premium funding	78,236	47,652
Funding facility	641,848	-
Research and development financing	-	378,457
	720,084	426,109
Non-current liabilities		
Funding facility	-	315,169
	720,084	741,278

The consolidated entity entered into a funding facility of up to $38.5 million from Linlithgow Family Office (**LFO**) to fully cover the clinical trial costs, including the associated non-clinical work and trial drug manufacturing costs for the IRX-211 and IRX-616a drug development plans through to the completion of Phase 2 clinical trials (the **Facility**) over the next 2-3 years.

Amounts drawn down under the Facility attracts interest at 15% p.a, capitalised monthly with terms tied to the completion of Phase 2 trials for IRX-211 and IRX 616a.

During the half-year, $281,136 was drawn down under this facility. Total interest of $77,216 has been accrued to date.

In November 2025, the consolidated entity secured a further funding facility of up to $13.8 million from LFO to cover the addition of SRX-25. This facility has not been drawn on at the time of signing of this report.

On 20 May 2026 LFO issued notice under the LFO Facility that it had permanently cancelled the remaining available commitment under the LFO Facility and would not be accepting any further drawdown requests.

On 27 August 2026, the company entered into a deed whereby the funding facility was settled in full, refer to note 12 for further details.

The research and development tax rebate receivable at 31 December 2025 was received in full during the half-year, refer to note 4. The R&D financing was settled in full out of these proceeds.

Note 7. Issued capital

	Consolidated June 2026 Shares	Consolidated December 2025 Shares	Consolidated June 2026 $	Consolidated December 2025 $
Ordinary shares - fully paid	253,037,323	239,357,323	15,393,383	15,149,113

Note 7. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2023	239,357,323		15,149,113
Issue of shares	9 January 2026	6,900,000	$0.025	172,500
Issue of shares	17 February 2026	6,000,000	$0.025	150,000
Shares issued to settle fees to advisors	23 February 2026	780,000	$0.025	19,500
Less cost of capital raised		-	$0.000	(97,730)
Balance	30 June 2026	253,037,323		15,393,383

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.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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

Capital management
The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt. There has been no change to capital risk management policies during the period.

Note 8. Dividends

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

Note 9. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 10. Contingent assets and liabilities

In the opinion of the directors, the Consolidated entity did not have any contingencies at 30 June 2026 (31 December 2025: none).

Note 11. Related party transactions

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated June 2026 $	Consolidated June 2025 $
Payment for goods and services:		
Product development expenditure incurred with Ingenu CRO Pty Ltd (an entity related to Darryl Davies)	906,712	650,845
Fees paid to James Barrie for company secretary services while a director	7,500	3,500
Consulting services provided by Dr Sud Argawal (a director of Cannvalate Pty Ltd)	-	27,500

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated June 2026 $	Consolidated December 2025 $
Current payables:		
Trade payables Ingenu CRO Pty Ltd (an entity related to Darryl Davies)	2,125,952	1,415,686
Fees payable to key management personnel	194,789	37,462
Fees payable to Dr Sud Argawal (a director of Cannvalate Pty Ltd)	95,298	95,298

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 12. Events after the reporting period

On 14 July 2026, the company issued 4,120,019 performance rights to current and former directors as remuneration for their services provided as directors.

On 27 August 2026, the company entered into a deed whereby the funding facility was settled in full. At 30 June 2026, an amount of $641,848 was recognised as a current liability in relation to this amount. Under the agreement 38,449,145 held by the lender were cancelled. In addition, they were issued 15,000,000 options with and exercise price of $0.15 which expire in 5 years from the date of issue.

No other matter or circumstance has arisen since 30 June 2026 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.

Note 13. Earnings per share

	Consolidated June 2026 $	Consolidated June 2025 $
Loss after income tax attributable to the owners of Nexalis Therapeutics Ltd	(1,297,938)	(854,332)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	250,878,362	213,448,224
Weighted average number of ordinary shares used in calculating diluted earnings per share	250,878,362	213,448,224

Note 13. Earnings per share (continued)

	Cents	Cents
Basic earnings/(loss) per share from continuing operations	(0.52)	(0.40)
Diluted earnings/ (loss) per share from continuing operations	(0.52)	(0.40)

Share options and performance rights over ordinary shares are not included in the calculation of diluted earnings per CDI because they are anti-dilutive for the half-year ended 30 June 2026. These options and performance rights could potentially dilute basic earnings per ordinary share in the future.

Nexalis Therapeutics Ltd
Directors' declaration
30 June 2026

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 30 June 2026 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

____
Sean Williams
Chairman

31 August 2026

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Nexalis Therapeutics Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Nexalis Therapeutics Ltd ('the Company') and its controlled entities (together 'the Consolidated entity') which comprises the consolidated statement of financial position as at 30 June 2026 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration of the Consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nexalis Therapeutics Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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* ('ASRE 2410'). 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 Consolidated entity 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that during the six-month period ended 30 June 2026 the Consolidated entity incurred a loss of $1,297,938. As at that date, the Consolidated entity's current liabilities exceeded its current assets by $1,875,337 and the Consolidated entity had a net liability position of $1,864,182. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Nexalis Therapeutics Ltd Limited 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility 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 Consolidated entity's financial position as at 30 June 2026 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.

RSM

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 31 August 2026
Melbourne, Victora