QUARTERLY ACTIVITIES, CASHFLOW REPORT AND OPERATIONS UPDATE

30 October 2026

Quarter ended 30 September 2026

Melbourne, Australia – Nexalis Therapeutics Ltd (ASX: NX1), ('**Nexalis**', '**NX1**' or '**the Company'**), is pleased to provide its quarterly activities report for the period ended 30 September 2026.

Highlights and significant developments for the quarter include:

1. **Settlement reached with Linlithgow Family Office:** On 27 August 2026 the Company executed a Settlement Deed with Linlithgow Family Office ('**LFO**'), terminating the LFO Facility by mutual agreement. No amounts are repayable by the Company, and LFO's security over the Company's assets has been released.
2. **Path cleared for RDTI forward funding:** With the release of LFO's security interest on the Personal Property Securities Register ('**PPSR**'), the Company is now able to progress forward funding of its Research & Development Tax Incentive ('**RDTI**') refund. Work with RSM and forward financing partners is advancing to finalise a Letter of Comfort covering the period 1 January to 30 September 2026.
3. **iNGENū settlement nearing completion:** A deed of settlement with iNGENū CRO Pty Ltd ('**iNGENū**') is in draft form, and the Company expects to update the market within days rather than weeks. Execution will allow close-out of the IRX-616a Phase 1 study to proceed.
4. **IRX-616a Phase 2 preparation:** Building on the positive Phase 1 results, the Company prepared a draft Phase 2 protocol and obtained quotes from clinical sites and Contract Research Organisations ('**CROs**'). This means the study can move quickly once funding is secured.
5. **IRX-211 site terms renegotiated:** Nexalis engaged directly with sites and vendors. Genesis Care and the South West Sydney site agreed to reduced costs, providing a viable path forward for the Phase 2 trial.
6. **Board renewal (post quarter):** Sean Williams stepped down as Non-Executive Chairman effective 2 October 2026, and Niv Dagan has been appointed Non-Executive Chairman.

Outlook

The September quarter was one of limited clinical activity, as the Company's study orders with iNGENū remained paused following the withdrawal of LFO funding in May 2026. The Board recognises that this has been a difficult and frustrating period for shareholders, and thanks them for their continued patience.

The quarter was nonetheless used to resolve legacy matters and to prepare the Company's programs for a prompt restart. Nexalis now has the LFO Facility dispute resolved with no repayment obligation and its assets free of LFO's security. A settlement with iNGENū is close to finalisation, the IRX-616a Phase 1 data is clean and in hand, a Phase 2 study is planned and costed, and IRX-211 clinical sites are retained on more sustainable terms. The Board believes the Company enters the December quarter on a firmer footing and better placed to secure the funding needed

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to unlock the value of its pipeline. Strengthening the Company's cash position is the Board's immediate priority, and RDTI forward funding is the first step.

Settlement with Linlithgow Family Office

As previously reported, on 31 October 2025 Nexalis entered into a debt funding facility agreement with LFO which provided for funding of up to $52.3m ('**LFO Facility**'). In May 2026 LFO cancelled the remaining available commitment under the LFO Facility. Since inception of the LFO Facility, $0.8 million of funding was received by the Company.

On 27 August 2026 the Company and LFO entered into a Settlement Deed resolving all matters between them in connection with the LFO Facility, without any admission of liability by either party. The key terms of the settlement are:

- the LFO Facility has been terminated by mutual agreement, and neither party has any further obligations under it, including in respect of the outstanding drawdown notices;
- no payment is to be made by either party, and the Company retains the funds previously advanced under the LFO Facility, which are not repayable;
- the general security agreement granted by the Company in favour of LFO has been terminated, and LFO's security interests have been released, including the associated PPSR registrations;
- the 38,449,145 options previously issued to LFO under the LFO Facility have been cancelled;
- in consideration, the Company agreed to issue 15,000,000 options to LFO, each with an exercise price of $0.15 and an expiry date five years from the date of issue of 30 October 2026; and
- the parties have given mutual releases of all claims in connection with the LFO Facility, and each party bears its own costs.

The settlement removes a significant source of uncertainty for the Company. It avoids the cost and distraction of a potential dispute and leaves the Company's balance sheet free of any debt or security in favour of LFO.

Importantly, the release of LFO's security means the Company is now able to progress forward funding of its RDTI refund, which has historically provided a valuable source of non-dilutive working capital. The Company is working with its R&D tax advisers, RSM, and prospective forward financing partners to assess the eligible R&D activities undertaken between 1 January and 30 September 2026. The aim is to finalise a Letter of Comfort, which will underpin the forward funding arrangement. The Company will update the market as these arrangements are finalised.

The Board continues to seek alternative funding partners to support its clinical trial programs and will provide further updates as opportunities develop.

iNGENū Deed of Settlement

Following the suspension of the IRX-211 Phase 2 and IRX-616a Phase 1 study orders in May 2026, the Company has been in ongoing dialogue with iNGENū regarding the terms of a deed of settlement. These discussions are well progressed and the deed is currently in draft form.

The Company expects to be in a position to update the market on the execution of the deed soon, and further details will be released at that time. Execution of the deed is expected to allow the remaining close-out activities for the IRX-616a Phase 1 study to proceed.

Clinical Development Strategy and Outlook

The Company's objective is to obtain US Food & Drug Administration ('**FDA**') approval of a New

Drug Application ('**NDA**') for each indication. The Company's clinical trial programs aim to demonstrate the safety, tolerability and efficacy of its candidates in treating a targeted range of pain and mental health related conditions.

NX1 currently has three drug candidates under development:

1. **IRX-616a** – an inhaled treatment for Panic Disorder ('**PD**'), which has completed its Phase 1 clinical trial with no Serious Adverse Events ('**SAEs**') reported. A draft Phase 2 protocol has now been prepared.
2. **IRX-211** – an inhaled treatment for Breakthrough Cancer Pain ('**BTcP**') in Phase 2, for which revised, lower-cost terms have been agreed with participating clinical sites.
3. **SRX-25** – an oral treatment for Treatment-Resistant Depression ('**TRD**'), which remains in the planning phase while the Company prioritises its Phase 2-ready assets.

Clinical Development Plan Update

The study orders with iNGENū for IRX-211 Phase 2 and IRX-616a Phase 1 remained suspended throughout the quarter, and clinical progress was restricted as a result. Management used this period to plan how best to advance each program without a funding partner in place. The focus was on preserving the value created to date and positioning each program to restart quickly and cost-effectively once funding is available.

The Company's current clinical development priorities are:

1) IRX-616a – Phase 1 close-out and Phase 2 readiness

All participants in the Phase 1 study were dosed and the database queries were cleaned before the study order was paused, so the remaining close-out work is well defined. In parallel, the Company has drafted a Phase 2 protocol and obtained site and CRO quotes, so the study is ready to proceed once funded.

2) IRX-211 – Phase 2 trial optimisation

Revised terms have been agreed with participating sites to reduce the cost of the trial, providing a more sustainable and capital-efficient path forward.

3) SRX-25 – Phase 1 planning

SRX-25 remains in the planning phase. The Company has deliberately prioritised its Phase 2-ready candidates, and work on SRX-25 will resume as resources allow.

Summary of Clinical Activities

IRX-616a – Panic Disorder (Phase 1 complete; Phase 2 in preparation)

The randomised, double-blind, placebo-controlled, single ascending dose Phase 1 study of IRX-616a was conducted at CMAX Clinical Research in Adelaide in 24 healthy volunteers across three cohorts. The last participant last dose milestone was achieved on 14 May 2026, and no SAEs were reported. The results confirmed the safety and tolerability of IRX-616a and provided valuable dose-ranging insights to inform the design of future patient studies.

Fortunately, all participants had been dosed and the database queries cleaned before the study order was paused. During the quarter, the Company held detailed discussions with CMAX and iNGENū to plan the database lock, the tables, figures and listings ('**TFLs**') and the Clinical Study Report ('**CSR**'). These stages are expected to proceed as soon as the deed of settlement with iNGENū is executed.

Encouraged by the positive Phase 1 results, the Company also used the quarter to plan the IRX-616a Phase 2 study and to undertake medical writing for it. A draft Phase 2 protocol has been prepared, and the Company has engaged with clinical sites and CROs to obtain quotes. This means the study is ready to progress once funding is in place. Details of the study design will be released to the market in due course.

Key activities during the quarter included:

1. Detailed planning with CMAX and iNGENū for database lock, TFLs and the CSR.
2. Preparation of a draft Phase 2 protocol through medical writing.
3. Engagement with clinical sites and CROs to obtain Phase 2 study quotes.

IRX-211 – Breakthrough Cancer Pain (Phase 2)

The IRX-211 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 of IRX-211 in opioid-tolerant cancer patients experiencing breakthrough cancer pain, with a target enrolment of 156 participants.

During the quarter, the Nexalis team took over direct communication with sites and vendors to explain the Company's position and to renegotiate the terms of engagement. These discussions were very positive. Genesis Care and bothSouth West Sydney site agreed to reduce the costs associated with the study, enabling a viable path forward for the trial. The Company is thankful to both for being so agile and responsive to its requests.

Given the recruitment challenges experienced at the original lead site (Vitalis), it is no longer considered an option as an active site. The Company's recruitment strategy is now centred on the Genesis Care network and the South West Sydney site. Genesis Care operates a national oncology research network of more than 45 clinical sites, which gives the Company access to a substantial patient population and established clinical-trial infrastructure.

No changes were made to the IRX-211 Phase 2 protocol during the quarter.

Key activities during the quarter included:

1. Direct engagement by Nexalis with clinical sites and vendors following the suspension of the study order.
2. Agreement of reduced study costs with Genesis Care and the South West Sydney site.
3. Refocusing of the site strategy away from Vitalis toward sites better positioned to recruit.

IRX-211 remains a key value driver within the Company's pipeline, targeting a significant unmet need in breakthrough cancer pain with a non-opioid, rapid onset therapeutic approach.

SRX-25 – Treatment-Resistant Depression (Planning Phase)

SRX-25 is an oral esketamine-based development program targeting treatment-resistant depression. There was no further progress on SRX-25 during the quarter. This is consistent with the Company's decision to concentrate its time and resources on its Phase 2-ready candidates.

The work completed in prior quarters remains in place, including the Phase 1 clinical trial protocol, the intellectual property strategy and the evaluation of a potential FDA 505(b)(2) regulatory pathway. This will allow the program to be re-engaged efficiently when resources allow. Progression into clinical development remains subject to the availability of funding and the necessary regulatory and governance approvals.

Immediate objectives

Nexalis remains focused on the following immediate objectives:

1. Finalising the Letter of Comfort with RSM and completing RDTI forward funding for the period 1 January to 30 September 2026, now that LFO's security has been released.
2. Executing the deed of settlement with iNGENū and completing database lock, TFLs and the CSR for the IRX-616a Phase 1 study.
3. Securing funding for its clinical development programs, including a replacement funding partner.
4. Finalising the IRX-616a Phase 2 protocol and the selection of sites and CROs, so that the study can commence promptly once funded.
5. Maintaining IRX-211 site readiness on the revised, lower-cost terms so that recruitment can resume when the study order is reinstated.

Corporate Update

Board changes

Subsequent to the end of the quarter, Sean Williams resigned as Non-Executive Chairman and Director of the Company effective 2 October 2026. Sean had served as Chairman since July 2021 and stepped down to focus on other business commitments and family matters. During his tenure, he oversaw the Company's transition from a medical technology business to a clinical-stage drug development company, including advancement of the IRX-211 program and completion of the Phase 1 trial of IRX-616a.

The Board thanks Sean Williams for his outstanding leadership and contribution as Chairman since 2021. During a transformative period for Nexalis, Sean provided steady guidance as the Company evolved into a clinical-stage biotechnology business, advancing key development programs and strengthening the foundations for future growth. We wish Sean and his family every success in their future endeavours.

We are also pleased to welcome Niv Dagan as Non-Executive Chairman, effective 2 October 2026. Niv brings more than 20 years of experience across capital markets, corporate advisory and institutional investment, together with a strong track record supporting emerging growth companies. The Board looks forward to benefiting from his expertise as Nexalis advances its clinical programs and pursues its next stage of growth.

Payments to Directors & Related Parties

Payments to related parties and their associates during the September 2026 quarter totalled $43k. This comprised $22k in salary paid to Key Management Personnel and $21k paid to a director for company secretarial services and director's fees.

Use of funds

The net cash outflow from operating activities during the quarter was $419k, and the Company held cash of $371k at 30 September 2026. No funding was received under the LFO Facility during the quarter, and the facility was terminated on 27 August 2026 (refer to the comments above).

During the quarter, funds spent on operating activities comprised:

- $202k in clinical development costs;
- $181k in general corporate and administration costs, including insurance ($43K); legal costs

(58K); company secretary and director's fees ($21k); CFO ($11K); share registry & ASX ($24K); and other costs ($24K);

- $22k in salaries paid to employees; and
- $14k in investor relations costs.

GST is included in the amounts noted above as applicable.

The Company's near-term funding priority is to complete the RDTI forward funding arrangement described above. The Board is also assessing further options to strengthen the Company's cash position and to fund the next stage of its clinical programs.

The Company will provide further updates in due course.

Authorised for release by the Board of Directors.

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ABOUT NEXALIS THERAPEUTICS LTD (ASX: NX1)

Nexalis Therapeutics Ltd is an Australian Clinical Stage Drug Development Company that is developing rapid onset therapies to address unmet medical needs in pain management and mental health sectors. The Company is currently focused on 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**').

The overarching goal is to pursue U.S. FDA approval and registration using rapid and cost-effective regulatory pathways, such as 505(b)(2).

There is a significant economic opportunity for NX1 and the Company's shareholders, the clinical indications under investigation have been carefully selected in consultation with regulatory authorities. Bringing new approved medications to market will address critical gaps whereby there's currently mismatched treatment options that can carry dependency concerns.