TELIX PHARMACEUTICALS

Telix Pharmaceuticals Limited Interim Report 2022

See it. Treat it.

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Company directory

Directors

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Mark Nelson PhD
Tiffany Olson
Jann Skinner

Company Secretary

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TELIX PHARMACEUTICALS

Directors' report

Your Directors present their report on the Telix Pharmaceuticals Group for the half-year ended 30 June 2022. The Telix Pharmaceuticals Group (Group) consists of Telix Pharmaceuticals Limited (Telix or the Company) and its wholly owned subsidiaries.

The names and details of the Company's Directors in office during the half-year and until the date of this report are detailed below. Directors were in office for the entire period unless noted otherwise.

H Kevin McCann AO	Chairman
Christian Behrenbruch PhD	Managing Director and Group Chief Executive Officer
Oliver Buck	Non-Executive Director (retired 18 May 2022)
Andreas Kluge MD PhD	Non-Executive Director
Mark Nelson PhD	Non-Executive Director
Tiffany Olson	Non-Executive Director (appointed 31 March 2022)
Jann Skinner	Non-Executive Director

Review of operations and results

Our business

Telix is a commercial-stage biopharmaceutical company focused on the development and commercialisation of diagnostic and therapeutic radiopharmaceuticals. Telix is headquartered in Melbourne, Australia with commercial operations in the United States, Europe (Belgium and Switzerland), and Japan.

Telix is developing a portfolio of radiopharmaceutical products that aims to address significant unmet medical need in oncology and rare diseases. In December 2021, Telix received marketing authorisation approval for its first commercial product, Illuccix® (kit for the preparation of gallium Ga 68 gozetotide injection), also known as ^{68}Ga PSMA-11 injection, from the United States Food and Drug Administration (FDA)[1]. Illuccix is also approved by the Australian Therapeutic Goods Administration (TGA),[2] is permitted for commercial sale in New Zealand,[3] and is pending approval decisions in Canada and Europe.

Principal activities

The principal activities of the Group during the half-year were directed to the first commercial sales of Illuccix in the United States (U.S.) and the further development of the Group's pipeline of radiopharmaceutical products, including completion of recruitment into the Company's Phase III pivotal clinical trial of TLX250-CDx for renal cancer imaging. There was no significant change in the nature of these activities during the period.

Operating and financial review

Executive summary

During the half-year, Telix achieved a major commercial milestone with the launch of Illuccix in the U.S. and the subsequent receipt of first commercial revenues from sales of Illuccix.

Also during the half-year, the Company completed a placement to institutional investors raising $175,000,000, with transaction costs incurred of $7,816,000. Funds are primarily being applied to Telix's clinical trial pipeline, particularly late-stage clinical trials planned for prostate, renal and brain (glioblastoma) cancer.

- Revenue increased 726% per cent from $2,910,000 (2021) to $24,047,000 which included research and development services income of $1,535,000.
- Sales of Illuccix in the U.S. were $19,300,000 (US$13,596,000) with total sales for the half-year of $22,512,000, which included sales of Illuccix under compassionate and magisterial use in other regions.
- The total comprehensive loss for the half-year was $70,622,000 an increase of 111% per cent from $33,436,000 (2021).
- Earnings before interest, taxes, depreciation and amortisation and R&D expense (EBITDARD) increased 190% per cent from $(13,727,000) (2021) to $(39,822,000).
- Net loss attributable to ordinary security holders increased 92% per cent from 12 cents (2021) to 23 cents.
- Cash at the end of the half-year increased 456% per cent from $22,037,000 (2021) to $122,608,000.

No dividend was proposed or paid during the half-year.

Full details of Illuccix commercialisation activities can be found in the Operations report.

1. ASX disclosure 20 December 2021.
2. ASX disclosure 4 November 2021.
3. ASX disclosure 21 July 2022.

EXECUTING ON OUR GROWTH STRATEGY:

KEY MILESTONES IN 1H 2022

1 ILLUCCIX U.S. COMMERCIAL LAUNCH

$19.3M

US$13.6M in sales revenue following FDA approval

Transitional pass-through payment status granted, full reimbursement effective 1 July 2022

UPPI, Jubilant and RLS join Cardinal Health and Pharmalogic as Illuccix distribution partners

149

Illuccix dispenses in more than 140 pharmacies across the U.S.

2 ILLUCCIX GLOBAL ROLLOUT

- PSMA-PET/CT imaging listed on the Medicare Benefits Schedule in Australia from 1 July 2022
- Global Medical Solutions Australia (GMSA) signed as distribution partner in Australia
- Distribution network expanded to include all major European Union markets and the United Kingdom
- Isologic signed as licence and distribution partner for Canada
- New Drug Application filed in Korea
- Investigational New Drug Application filed in China for a Phase III registration study bridging to FDA approval

3 DIAGNOSTIC PORTFOLIO EXPANSION

ZIRCON Phase III pivotal study of renal cancer imaging agent completes target enrolment

Investigational New Drug Application filed in China for a Phase III registration study bridging to the ZIRCON study

4 THERAPEUTIC PROGRAM ADVANCEMENT

- First cohort of patients dosed in Phase I ProstACT SELECT prostate cancer therapy study
- First patients dosed in Phase II STARLITE-2 renal cancer therapy study
- Ethics approval granted and patient screening for Phase II ProstACT TARGET prostate cancer therapy study
- Site preparation in Australia and New Zealand for Phase III ProstACT GLOBAL prostate cancer therapy study
- Ethics approval granted for Phase I IPAX-2 and Phase II IPAX-Linz glioblastoma therapy studies
- FDA Orphan Drug Designation (ODD) granted for TLX66 for bone marrow conditioning treatment

5 SUPPLY CHAIN AND MANUFACTURING

Build-out at the Brussels South (Seneffe) manufacturing facility commenced

Lutetium-177 supply network expanded to include Eckert and Ziegler and SHINE

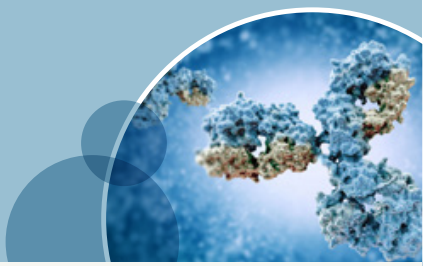
Partnership with Monash University and Global Medical Solutions Australia to establish Australian Precision Medicine Enterprise (APME) Project for Australian radioisotope manufacturing

6 PIPELINE EXPANSION

Licence agreement with Eli Lilly and Company for worldwide exclusive rights to develop and commercialise the antibody olaratumab as a radiopharmaceutical

Co-development and commercialisation agreement with RefleXion Medical for Illuccix with biology-guided radiotherapy

Partnership with Invicro LLC to develop TelixAI™ artificial intelligence platform



7 CORPORATE MILESTONES

$175M

A$175M institutional placement completed

€12.1M

€12.1 million low-cost debt financing package secured for Brussels South manufacturing facility build-out

TIFFANY OLSON

Tiffany Olson appointed to the Board of Directors

Strategy and risk management

Telix was created to deliver on the promise of nuclear medicine. The Group is focused on the development and commercialisation of diagnostic and therapeutic radiopharmaceuticals to address significant unmet medical need in oncology and rare diseases. Telix's product development strategy is to closely integrate with, and add value to, standard of care, reflective of the modern team-based approach to managing cancer and rare diseases. The core pillars of Telix's strategy are to:

- **Use Illuccix as a commercial launchpad**, to build a customer base in the urologic oncology field and generate revenue from sales of Illuccix;
- **Deliver a high-value diagnostic portfolio**, with a focus on Telix's renal cancer imaging candidate (TLX250-CDx), as a follow-on product for an unmet need in urologic oncology;
- **Unlock the commercial value of Telix's therapeutic pipeline**, by advancing clinical development programs for the Company's late-stage therapeutic assets in prostate, renal and brain cancers, and bone marrow conditioning; and
- **Expand the pipeline**, through ongoing investment in research and innovation activities that will add strategic value and underpin the product lifecycle management strategy.

Identifying and managing risks is a crucial practice for any sustainable business. Effective risk management is essential in delivering value for our stakeholders and requires commitment and involvement across the business, from the Board through to employees across all levels of the Group's operations.

Central to our approach to risk and opportunity management is our Enterprise Risk Management Framework (ERMF). This framework articulates Telix's approach to managing risk and opportunity and is supported by risk appetite and tolerance statements relating to key business performance indicators. Telix's approach to risk and opportunity management is reinforced by a proactive identification, assessment, management and escalation of risks and opportunities. The framework is integrated with our Environmental, Social and Governance (ESG), business continuity, crisis management and assurance policies and practices with the aim of enhancing business resilience and growth prospects.

The current and future performance of the Group, including the value of the Group's assets and its business strategies, may be affected by changing circumstances, uncertainties and risks faced by life sciences companies in general which include:

- Ongoing known impacts associated with COVID-19 as well as potential impacts not yet known, including ongoing restrictions in different jurisdictions associated with the pandemic. The specific impacts of COVID-19 on Telix are described in further detail below;
- The availability of skilled staff and expertise, and the retention of critical employees;
- Financial risks including currency risk, the impact of rising interest rates on future cash flows as well as on discount rates used in valuing assets and liabilities;
- Increases in oil prices which may increase expenses associated with travel as well as transportation of Telix's products for sale;
- Geopolitical risks, including the Ukraine/Russia conflict impact on isotope supply chain and key materials;
- Commitments and policies on climate and carbon emissions by governments;
- Changes in government policies and/or legislative or regulatory interpretations;
- Clinical trial failure;
- Inability to obtain timely regulatory approvals;
- Competition – existing and emerging – and new business opportunities in our target markets;
- Cyber security and information protection, including with respect to patient information; and
- Operational resilience including failure of technical infrastructure.

Telix also faces risks specific to its strategic objectives which are highlighted as:

- The risk that the Company does not successfully commercialise its product pipeline, including in the first instance Illuccix, and therefore does not achieve financial sustainability and/or future growth targets;
- The risk that the Company's follow-up commercial product development activities, for example TLX250-CDx and TLX101-CDx, is not successful and therefore does not deliver near-term revenue streams beyond Illuccix; and
- The risk that the expansive and complex organisational and execution challenges of Telix's business are not successfully met and that Telix does not achieve its strategic objective to become a sustainable late-stage therapeutics company.

The activities of the Group remain subject to specific impacts associated with the COVID-19 pandemic, including but not limited to the following:

- Access to hospital sites, particularly relevant for recruitment into clinical trials, has largely returned to pre-pandemic levels, however the Group remains conscious of the demands on global health systems and their employees, and the potential future impact this may have on the development progress of key clinical assets;
- The global nature of the Group's activities adapted well to challenges posed by restricted access to workplaces including due to government mandated shutdowns. The Group continues to support flexible working arrangements while balancing the need and desire to bring workers 'back to the office' and Telix is focusing on initiatives and strategies to enhance internal and external collaboration and effective cross-team communication; and
- COVID-19 has impacted global supply chains across most sectors, and Telix is not immune from this impact. The Group prioritises strong vendor relationships, proactive issues management and lead-time management to minimise potential disruptions to supply chain elements critical to delivery of the Group's business objectives.

ESG and Sustainability – and its importance to Telix

In its corporate values, renewed during 2021, Telix pledged a commitment to putting patients and people first. Encompassed within this is an inherent sense of responsibility to all stakeholders, including the Company's shareholders, and to minimise our impact on the environment as the organisation grows. At Telix, continued improvement across the spectrum of Environmental, Social and Governance (ESG) standards is important in reducing risk, improving financial and operating performance and creating economic opportunity. Strong performance on ESG standards is essential to meeting our aspirations to drive positive change for patients, deliver value to shareholders, and create a sustainable business. ESG matters at Telix are overseen by the Audit and Risk Committee of the Board of Directors. As a step to defining its forward planning, Telix undertook a comprehensive materiality assessment to establish highly material topics for strategy development and reporting purposes. Undertaken through research, deep dive interviews and surveys involving employees, partners, competitors and investors, the result of this assessment is the ranking of 14 high priority topics – being those identified as most important to Telix's internal and external stakeholders. Telix's 2021 ESG Report is available on the Telix corporate website (www.telixpharma.com) and includes a dashboard, which maps the Group's current status and plans against each priority area.

Working ethically

Telix's Code of Conduct articulates the behaviour expected of Telix's Directors, senior executives and employees. The code is promoted across the business and is reinforced by formal training and proportionate disciplinary action if breached. The Board of Directors is informed of any material breach of the code. Telix has a Whistleblower Protection Policy that is closely aligned to the code and which enables any employee, contractor or supplier who becomes aware of misconduct or suspected misconduct in breach of the code or other governance policy to speak up without fear of intimidation, reprisal or disadvantage. Telix's suite of policies aimed at ethical work practices are supported and reinforced by formal training and awareness programs across the business.

Operations report

1 Commercialisation activities: Illuccix

Americas

Imaging of prostate-specific membrane antigen with positron emission tomography (PSMA PET imaging) is emerging as a standard of care in the U.S. having been included in the latest National Comprehensive Cancer Network (NCCN) Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Prostate Cancer. The flexible, pharmacy-based production model for Illuccix has helped expand access to PSMA PET imaging across the U.S., with Illuccix now accessible to approximately 90 percent of PET imaging sites across the country.

In the U.S., the first commercial doses of Illuccix were administered in April 2022. At launch, Illuccix was available through 117 radiopharmacies in the Cardinal Health, Pharmalogic and United Pharmacy Partners Inc network. As of 30 June 2022 pharmacy distribution had expanded to 149 pharmacies, including the addition of select pharmacies in the Jubilant Radiopharma and Radioisotope Life Sciences networks.

In the first 10 weeks of commercial launch to 30 June 2022, sales of Illuccix generated $19,300,000 in revenue through sales to distribution partners and direct customers. Revenue is recognised when a dose is administered, with service fees payable to distribution partners included in cost of goods sold.

During the period Illuccix received a designated Healthcare Common Procedure Coding System (HCPCS) Level II code, A9596 to be adopted by U.S. Centers for Medicare and Medicaid Services (CMS) and commercial payors, and was also granted Transitional Pass-Through Payment Status to enable CMS to provide separate payments for the radiopharmaceutical and the PET-CT scan, when performed with Illuccix in a hospital outpatient setting. Both of these designations were adopted by CMS from 1 July 2022, meaning that Illuccix is now fully reimbursed in the U.S..

Illuccix was also made available for purchase by all Veterans Affairs entities entitled to Federal Supply Service (FSS) pricing. Of the nine million veterans receiving care through the Veterans Health Administration, 500,000 have been diagnosed with prostate cancer – representing an incidence rate that is approximately 40 percent higher than the general public.[1]

Marketing authorisation applications are under review in Canada and Brazil. During the period, Telix announced a distribution agreement with Isologic Innovative Pharmaceuticals Ltd (Isologic) in Canada, which has a radiopharmaceutical network serving 265 hospitals and clinics across the country.[2] The agreement will see Isologic distribute Illuccix in Canada for four years from Canadian regulatory approval, subject to the maintenance of annual minimum sales commitments.

Europe, Middle East and Africa (EMEA)

Telix received a review period extension for its European marketing authorisation application (MAA) from the Danish Medicines Agency (DKMA), in its capacity as a Reference Member State (RMS) on behalf of thirteen European countries reviewing the application. The Group completed the build-out of its distribution network to cover major EU markets as well as the United Kingdom and Ireland.

The extension allowed additional time to respond to information requests in relation to product manufacturing and pharmaceutical characterisation of Illuccix in compliance with European Pharmacopeia, the single reference for the quality control of medicines. The extension was granted due to delays caused by the ongoing pandemic.

The European MAA review process concluded on 9 August 2022 with Telix responding to all information requests by this date. Telix expects to receive a notification of decision in late September 2022.

During the period, Telix signed a distribution agreement with Abdulla Fouad for Medical Supplies and Services Company (AFMS), appointing AFMS as the commercial distributor for Illuccix in the Kingdom of Saudi Arabia, for a period of two years from regulatory approval, subject to the achievement of annual minimum sales commitments.

Telix now has commercial distribution agreements in place for all major European Union markets and the United Kingdom.

Asia-Pacific (APAC)

Telix is working with strategic partner, Grand Pharmaceutical Group Limited (Grand Pharma), to commercialise TLX591-CDx and other imaging and therapeutic assets in the Greater China region. During the period Grand Pharma and Telix consulted with the Chinese regulatory authority, the National Medical Products Administration (NMPA) Center for Drug Evaluation (CDE) and submitted an Investigational New Drug (IND) application for approval to conduct a Phase III bridging study for TLX591-CDx in China. This study is required to provide "supplementary" data in an exclusively Chinese population to establish that efficacy of TLX591-CDx is equivalent in Chinese and Western populations. Subsequent to the period end the CDE confirmed acceptance of the application for review.

In Australia, Illuccix became the first PSMA PET imaging agent to receive regulatory approval from the TGA. Illuccix will be available to order for nationwide delivery to all PET imaging sites in Australia, for patient scheduling from 1 September 2022. Distribution will be via Telix's local distribution partner Global Medical Solutions Australia which operates six radiopharmacies across the country.[3]

1. Veterans Prostate Cancer Awareness, Inc. / Veterans Affairs EMR analysis.
2. ASX disclosure 23 June 2022.
3. ASX disclosure 16 February 2022.

PSMA PET imaging for patients with prostate cancer has been listed on the Medicare Benefits Schedule (MBS) since 1 July 2022. Reimbursement for the use of PSMA PET imaging covers the cost of initial staging of intermediate to high-risk patients with prostate cancer and the re-staging of patients with recurrent prostate cancer which is in line with the clinical indications granted in Australia for Illuccix.

In New Zealand, the drug safety regulator Medsafe confirmed Illuccix is an exempt product under the *NZ Medicines Act 1981* and the *Radiation Safety Act 2016* and can be supplied and used in New Zealand.[1]

In South Korea, an imported New Drug Application was submitted by Telix's local partner DuChemBio Co, Limited, to the Ministry of Food and Drug Safety for TLX591-CDx.[2]

In the APAC region, Telix has commercial distribution agreements in place for Australia, Greater China (including Hong Kong, Taiwan, Macau) and South Korea.

2 Prostate cancer clinical development program

Telix's core prostate cancer research is focused on imaging and therapeutic agents which target prostate specific membrane antigen (PSMA), a well-validated drug target in prostate cancer. Telix's prostate cancer therapy candidates TLX591 (^{177}Lu-DOTA-rosopatamab) and TLX592 (^{225}Ac–RADmAb®) are being studied in a number of clinical studies. In addition, Telix is working to expand the utility and access of its approved prostate cancer imaging agent, Illuccix, in conjunction with several complementary and established medical technologies. Telix is also developing its investigational single-photon emission computed tomography (SPECT) imaging agent, TLX599-CDx (^{99m}Tc-PSMA-11), which has potential to expand access to advanced prostate cancer imaging for patients that may not have access to PSMA PET.

Prostate cancer imaging

Collaboration with RefleXion Medical for biology-guided radiotherapy

In June 2022, following a successful preliminary strategic collaboration, Telix expanded its relationship with US-based RefleXion Medical, signing a co-development and commercialisation agreement to evaluate the use of Illuccix as a biological guide with RefleXion's advanced biology-guided radiotherapy (BgRT) platform. BgRT is the first, and currently only, cancer treatment designed to integrate PET technology as part of external-beam radiotherapy delivery. In BgRT, PET tracers are used as biological guides to locate cancer cells and guide the delivery of radiotherapy to tumours in real-time. RefleXion will exclusively partner with Telix to use kit-based ^{68}Ga PSMA PET imaging agents with BgRT. Both companies will seek regulatory approval for use of Illuccix for BgRT and share potential commercialisation opportunities. The clinical program is due to start in 2023.

Using Illuccix for BgRT could potentially open a new market opportunity for Illuccix as a therapy guidance agent. More than 60,000 men undergo external-beam radiotherapy for prostate cancer every year in the U.S. alone.

NOBLE Registry TLX599-CDx (^{99m}Tc-PSMA-11)

While PSMA PET imaging is emerging as a new standard of care for prostate cancer diagnosis and staging, access to PET imaging equipment is typically limited outside of major cities and in emerging health care systems. Telix is developing TLX599-CDx as an accessible alternative, particularly for locations where SPECT is the predominant imaging modality.

While Illuccix® relies on PET imaging, TLX599-CDx employs SPECT imaging which is widely available throughout the world. This work is conducted under a program called the NOBLE (Nobody Left Behind) Registry, which is funded in collaboration with the Oncidium Foundation. Since its launch in April 2021, patients have been imaged with TLX599-CDx at eight sites in eight different countries.[3]

Prostate cancer therapy

Telix is developing TLX591, an antibody-directed lutetium-177 (^{177}Lu) therapeutic platform targeting PSMA for the treatment of prostate cancer. There is significant evidence that suggests the antibody approach may deliver superior efficacy and a more efficient dosing regimen compared to a small molecule approach. Telix is running a series of clinical studies evaluating the efficacy of TLX591 in all stages of prostate cancer, from first recurrence to advanced metastatic disease. Progress was made across all programs during the period.

- The multi-centre 50-patient ProstACT SELECT Phase I radiogenomics study dosed its first cohort of patients. The goal of the study is to compare ^{68}Ga-PSMA (gallium-based imaging) and ^{177}Lu-PSMA (lutetium-based therapy), specifically exploring the biodistribution and tumour uptake of small molecule and antibody-based targeting in men with PSMA-expressing metastatic castrate-resistant prostate cancer (mCRPC). The study is designed to inform optimal patient selection for ^{177}Lu antibody therapy, with the goal of enabling indication expansion for Telix's PSMA therapeutic portfolio;
- Ethics approval was received and patient screening began for the ProstACT TARGET Phase II study run in collaboration with GenesisCare. The study is evaluating TLX591 in combination with external beam radiation therapy in patients with PSMA-avid, biochemically recurrent oligometastatic disease. The aim of the study is to determine the efficacy, biodistribution, and combination dosimetry of TLX591 plus external beam radiation with the primary endpoint of radiographic progression-free survival;
- Sites in Australia and New Zealand are being prepared to commence patient screening in the ProstACT GLOBAL Phase III study, ahead of initiating global sites. ProstACT GLOBAL is an international, multi-centre, randomised controlled trial in patients with PSMA-expressing mCRPC, experiencing disease progression following prior treatment with a novel androgen axis drug. The trial will enrol up to 390 patients and incorporates patient selection using ^{68}Ga-PSMA imaging with TLX591-CDx (Illuccix). The trial will compare standard of care therapy alone versus standard of care therapy plus TLX591, with a primary endpoint of radiographic progression-free survival; and
- The Phase I CUPID study of Telix's targeted alpha therapy prostate cancer therapy candidate (TLX592), in patients with advanced prostate cancer continued to dose patients. TLX592 (^{225}Ac-RADmAb®) employs Telix's proprietary RADmAb® engineered antibody technology and

1. ASX disclosure 21 July 2022.
2. ASX disclosure 2 August 2022.
3. The NOBLE Registry is being conducted at eight sites globally in Australia, Azerbaijan, Egypt, Indonesia, Mexico, Nigeria, South Africa, and the United Arab Emirates.

targets PSMA. TLX592 has been engineered to clear rapidly from a patient's circulation, rendering it more suitable for use as a targeting agent for ^{225}Ac, a potent therapeutic alpha emitting radionuclide.

3 Renal cancer program

Renal cancer imaging

Telix's investigational renal cancer imaging product TLX250-CDx (^{89}Zr-DFO-girentuximab) and the renal cancer therapeutic candidate TLX250 (^{177}Lu-DOTA-girentuximab) are the key assets in the Group's renal cancer program. Each of these products targets carbonic anhydrase IX (CAIX), a cancer target expressed by several tumour types including clear cell renal cell carcinoma (ccRCC), the most common and aggressive form of renal cancer.

Telix expects that TLX250-CDx, if approved, will be the first PET imaging agent to enable non-invasive assessment of patients with suspected ccRCC. TLX250-CDx may provide a non-invasive method to aid in diagnosis and staging of ccRCC and the identification of metastatic disease through whole body imaging, ultimately leading to improved patient management by minimising the need for surgical intervention and guiding treatment decisions. In addition to its potential use as a diagnostic and staging tool, Telix is considering the potential for TLX250-CDx to also be used as an active surveillance tool for patients not deemed surgical candidates.

In March 2022, Telix's international, multi-centre, Phase III ZIRCON trial of TLX250-CDx reached target enrolment of 252 patients. The trial remained open for an additional three months to generate additional data to support a Biologics License Application (BLA) to the FDA.

At the end of June 2022, 300 patients had been dosed in the study and recruitment was closed in early July 2022. Telix expects to report the outcome from the ZIRCON study in 2H 2022.

TLX250-CDx has been granted breakthrough therapy designation by the FDA which provides several benefits, including eligibility for fast track designation, more consultative interactions with the FDA and the opportunity to submit a rolling BLA.

As noted previously, Telix and its partner Grand Pharma submitted an IND to the NMPA's CDE for approval to commence a pivotal Phase III registration study of TLX250-CDx that will bridge to the Phase III ZIRCON trial. Subsequent to the period end the CDE confirmed acceptance of the application for review.

TLX250-CDx indication expansion

Scientific literature documents that the CAIX protein is also over expressed in other cancerous tumours beside renal malignancies. In June 2021, a first patient was dosed in a Phase I study of TLX250-CDx in patients with urothelial carcinoma or bladder cancer. The investigator-led study called ZiP-UP is the first in a series of trials designed to harness TLX250-CDx to evaluate CAIX expression in cancers other than renal cancer, currently the focus of the ZIRCON (imaging) and STARLITE (therapy) studies.

Two additional investigator-led studies of TLX250-CDx continued to dose patients during the period, being:

- PERTINENCE, a Phase I study in patients with non-muscle-invasive bladder cancer (NMIBC).[1] This builds on the licence and development agreement with ATONCO S.A.S. (ATONCO) announced in December 2019[2] and if successful will progress to a therapeutic study using TLX250 as a targeted alpha therapy candidate with astatine-211 (^{211}At); and
- OPALESENCE, a Phase II study in patients with triple negative breast cancer.[3]

Other collaborative studies are in development for ovarian, colorectal, head and neck, lung, and pancreatic cancers. These studies, if successful, will lead to aid in patient management and potential use alongside immunotherapies.

Renal cancer therapy

During the reporting period, first patients were dosed in the Phase II STARLITE-2 trial of TLX250 (^{177}Lu-girentuximab) plus nivolumab.[4] The study, which will enrol up to 30 patients is being conducted at the Memorial Sloan Kettering Cancer Center (MSKCC) (New York, U.S.).

STARLITE 2 will assess the efficacy of TLX250 targeted radiation in combination with immunotherapy for ccRCC. The clinical hypothesis is that low doses of targeted radiation can potentially overcome immune resistance – or immunologically "prime" a tumour making it more susceptible to cancer immunotherapy.

A second study, STARLITE 1, has received IND clearance from the FDA and is due to commence pending Independent Review Board clearance.

4 Glioblastoma program

Glioblastoma, also known as glioblastoma multiforme (GBM), is the most common and aggressive form of brain cancer and carries a poor prognosis, primarily due to there being few effective treatment options.

Telix's investigational GBM therapy TLX101 (4-L-[^{131}I] iodo-phenylalanine, or ^{131}I-IPA) targets L-type amino acid transporter 1 (LAT-1), a promising target in several cancer types, including glioblastoma. TLX101 is a novel approach that is readily able to pass through the blood-brain barrier, the normal protective barrier prevents many potential drug candidates from entering the brain.

1. ASX disclosure 21 December 2021.
2. ASX disclosure 16 December 2019.
3. ASX disclosure 18 August 2021.
4. Telix media release 4 May 2022.

The IPAX-1 Phase I study completed recruitment in 2021,[1] and established a favourable safety profile for TLX101 and promising preliminary disease stabilisation with evidence of anti-tumour responses in a second-line (refractory) disease setting.[2]

The next phase of development for this asset will be to investigate TLX101 in combination with post-surgical standard of care comprised of external beam radiation therapy (EBRT) and temozolomide in newly diagnosed GBM patients. During the period Telix was granted Human Research Ethics Committee (HREC) approval to commence a Phase I dose escalation study (called IPAX-2) in this setting and site initiation activities are underway. Twelve patients are expected to be recruited to evaluate whether the observed safety and drug interaction profile remains suitable in this setting before progressing to a Phase II study.

In addition to the Company-sponsored IPAX-2 study, Kepler University Hospital in Linz (Austria) received ethics approval to commence an institution-led Phase II study of TLX101 (called IPAX-Linz, or IPAX-L) in combination with EBRT in patients with relapsed-glioblastoma. This provides an opportunity to continue to study the benefit to patients in the recurrent (second line) setting, building on the experience of the IPAX-1 study at a leading neuro-oncology site in Europe.

5 Rare disease and bone marrow conditioning program

TLX66 (^{90}Y-besilesomab) targets CD66, a receptor expressed on specific types of immune/blood cells, and has been granted Orphan Drug Designation (ODD) status in Europe for bone marrow conditioning for hematopoietic stem cell transplantation.

During the period the Company announced that it has also been granted ODD status for TLX66 from the FDA.[3] Recent development activity has focused on a manufacturing campaign to support future clinical studies.

The granting of an ODD with the FDA qualifies Telix for various drug development incentives, which may include FDA administered market exclusivity for seven years, waived FDA prescription drug user fees, and tax credits for R&D and clinical development costs.

6 Selected research partnerships

In-licence agreement for olaratumab

Telix has a demonstrated track-record of successfully acquiring or in-licencing assets with established safety data and clinical insights and advancing to late-stage clinical development or through to commercialisation.

In April 2022, Telix signed a licence agreement with Eli Lilly and Company (“Lilly”) granting exclusive worldwide rights to develop and commercialise radiolabelled forms of Lilly's olaratumab antibody for the diagnosis and treatment of human cancers[4].

Olaratumab was originally developed by Lilly as a (non-radiolabelled) monoclonal antibody targeting Platelet Derived Growth Factor Receptor Alpha (PDGFRα). PDGFRα is expressed in multiple tumour types including soft tissue sarcomas. Soft tissue sarcomas are generally a radiation susceptible cancer that may be inherently amenable to systemic radionuclide therapy and olaratumab’s ability to target PDGFRα makes it a highly novel candidate for use as a radionuclide targeting agent.

The agreement will allow Telix to repurpose olaratumab as a targeting agent for radiopharmaceutical imaging and cancer therapy. Olaratumab has an established safety profile that underpins its potential use as a radionuclide targeting agent. Telix’s initial development focus will be on a rare type of cancer known as soft tissue sarcoma.

The in-licencing agreement with Lilly is another opportunity for Telix to develop an existing antibody as a radiopharmaceutical target, and is de-risked with safety data, clinical and manufacturing insights. The commercial performance of olaratumab as a treatment for soft tissue sarcoma, before being voluntarily withdrawn from the market, also validates the commercial potential.

Artificial intelligence to enhance clinical outcomes

During the period, Telix announced a partnership with Invicro LLC to develop an artificial intelligence platform known as TelixAI™[5]. The commercial objective of the development partnership is the submission to the FDA 510(K) approval for software as a medical device.

Artificial intelligence tools can enhance and maximise intelligence gained from imaging, increase efficiency and apply data insights to influence therapeutic outcomes. This is a promising area and a priority in Telix’s broad research and innovation program. TelixAI™ will initially focus on prostate cancer and will eventually be applied to all of the Group’s imaging products. The platform seeks to increase the efficiency and reproducibility of imaging assessments by automatically separating healthy versus abnormal tracer uptake and then classifying lesions as either soft tissue or bone lesions. A working prototype of TelixAI™ was demonstrated at the Society of Nuclear Medicine and Molecular Imaging annual meeting held in Vancouver in June 2022.

1. ASX disclosure 21 June 2021.
2. ASX disclosure 20 October 2021.
3. ASX disclosure 29 March 2022.
4. ASX disclosure 11 April 2022.
5. Telix media release 14 June 2022.

7 Supply chain and manufacturing

Lutetium-177 clinical supplier network expansion

Telix continues to focus on the build-out of its supply chain and relationships with industry leading partners to ensure it has a supplier network with proximity to major international markets, with built-in redundancy and the ability to consistently deliver high quality product to clinical and commercial customers.

During the period, the Company announced two additional clinical supply agreements with Eckert & Ziegler Strahlen- und Medizintechnik AG (EZAG) and SHINE Technologies to enhance its ^{177}Lu supplier network, which includes a commercial supply agreement with ITM Isotope Technologies Munich SE, and clinical supply agreements with the Australian Nuclear Science and Technology Organisation (ANSTO), and Eczacıbaşı-Monrol (Monrol).

The new supply agreements are for clinical supply of the highly pure no-carrier-added (n.c.a.) lutetium-177 (^{177}Lu), a therapeutic isotope used in Telix's portfolio of MTR investigational products.

Brussels South radiopharmaceutical production facility

In March 2022, the Company announced it had secured a €12,100,000 debt financing package to help fund first-stage building works of its radiopharmaceutical production facility in Brussels South, Belgium[1]. The financing package consists of low-cost loans, with BNP Paribas and IMBC Group, an initiative of the Walloon Regional Government.

The state-of-the-art facility will further differentiate Telix as a leader in the global radiopharmaceutical industry and serve as the primary European manufacturing site for Telix's products, aligning with the Group's strategic objective of maintaining control and reliability of its supply chain, as well as cost control. It will also function as an integral hub for research and development activities, specifically in relation to the scale-up of radioisotope production.

Telix has now completed major building and infrastructure works to prepare for the commencement of clean room and hot cell installation for nine GMP manufacturing lines for isotope processing and radiopharmaceutical manufacturing. The Company is currently on track to complete the build-out and commence regulatory inspections by end-2022.

Establishment of the Australian Precision Medicine Enterprise (APME) project

During the period, Telix partnered with Monash University and Global Medical Solutions Australia (GMSA) to establish the Australian Precision Medicine Enterprise (APME) project.

The goal is to support large-scale development and manufacturing of precision medicines and theranostics for the Australian and Asia Pacific markets, with business-to-business and business-to-research collaboration between universities and industry. This will include the fit-out and build of a high energy cyclotron, which will be the source of critical radioisotopes.

This initiative aims to address the Good Manufacturing Practice manufacturing gap in the Australian radiopharmaceuticals manufacturing sector and foster a stable, long-term supply of radioisotopes for the Australian medical market.

APME was awarded a $23,000,000 Federal Government grant funding under the Manufacturing Collaboration Stream of the Modern Manufacturing Initiative[2], towards the planned $71,200,000 cost of the project which will be jointly funded by Monash University, GMSA and Telix.

The project partners will contribute $41,200,000 over the three-year project period, including a $25,000,000 contribution from GMSA and $11,200,000 from Monash University. Telix will contribute $5,000,000 over the three-year period, subject to the establishment of a formal consortium agreement and receipt of grant funding. Telix will benefit from the increased capacity to develop and manufacture theranostic radiopharmaceuticals in Australia, strengthening its global supply chain for both clinical and commercial products.

8 Key appointments

Telix reported a number of key appointments during the period. These include:

- Tiffany Olson, Non-Executive Director;[3]
- Raphael Ortiz, Chief Operating Officer, EMEA;
- Craig Ulrick, Chief Information Officer; and
- Darren Smith, Group Chief Financial Officer (effective 1 August 2022).[4]

1. ASX disclosure 22 March 2022.
2. https://business.gov.au/grants-and-programs/modern-manufacturing-initiative-manufacturing-collaboration.
3. ASX disclosure 31 March 2022.
4. ASX disclosure 1 June 2022.

Changes to issued capital

At the beginning of the period, the Company had 285,072,908 fully paid ordinary shares and 17,929,373 unlisted share options on issue.

Issue of fully paid ordinary shares – institutional placement

Between 27 January 2022 and 8 February 2022, the Company issued a total of 22,727,273 fully paid ordinary shares further to the institutional placement announced on 24 January 2022. Shares were issued at a price of $7.70 per share to raise $175,000,000, with transaction costs incurred of $7,816,000.

Exercise of unlisted share options and warrants for the issue of fully paid ordinary shares

A total of 5,016,160 fully paid ordinary shares were issued upon exercise of 4,575,000 unlisted share options and 780,923 warrants during the half-year ended 30 June 2022.

Lapse of unlisted share options

A total of 200,400 unlisted share options lapsed, unexercised, during the period.

Issue of unlisted share appreciation rights (SARs) and unlisted share rights

During the period a total of 2,882,033 unlisted SARs and 220,000 share rights were issued to employees and Directors of the Group. This included 139,672 SARs to Group CEO and Managing Director, Christian Behrenbruch and 52,070 SARs to Non-executive Director, Tiffany Olson following shareholder approval at the Company's AGM held on 18 May 2022. These SARs have an exercise price of $4.95 per SAR and an expiry date not later than 17 May 2027. Other than those issued to Tiffany Olson, SARs have a three-year performance measurement period and only vest on achievement of published performance measures. Share rights have a nil exercise price and an expiry date not later than 13 June 2027. Share rights vest on achievement of individual performance and retention targets.

Total number of shares and options on issue

	31 December 2021	30 June 2022	At the date of this report
Shares on issue	285,072,908	312,816,341	312,916,341
Options, warrants and share rights on issue	17,929,373	15,375,083	15,375,083

Events after the reporting period

On 11 July 2022, Telix annouced that the Phase III ZIRCON trial of Telix's investigational renal cancer imaging agent, TLX250-CDx, completed recruitment and was closed.

Also on 11 July 2022, Telix announced that Kevin Richardson, a senior global executive with a career focus on sales, marketing and business operations in the oncology and radiopharmaceutical markets, has commenced in the role of CEO, Telix Americas.

On 2 August 2022, Telix announced that the National Medical Products Administration (NMPA) Center for Drug Evaluation (CDE) had accepted IND applications to commence Phase III bridging studies for TLX591-CDx and TLX250-CDx in China.

Also on 2 August 2022, Telix announced that an imported New Drug Application was submitted by Telix's partner in South Korea, DuChemBio Co, Limited, to the Ministry of Food and Drug Safety for TLX591-CDx.

Other than the matters referred to above, there were no subsequent events that required adjustment to or disclosure in the Directors' report or the Interim financial report of the Company for the half-year ended 30 June 2022.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor independence

A statement of independence has been provided by the Company's auditor, PricewaterhouseCoopers, and is included in this report.

This report is made in accordance with a resolution of Directors.

H Kevin McCann AO
Chairman

18 August 2022

Christian Behrenbruch PhD MBA JD
Group CEO and Managing Director

18 August 2022

Auditor's Independence Declaration

As lead auditor for the review of Telix Pharmaceuticals Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
18 August 2022

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TELIX PHARMACEUTICALS

Interim financial report

Contents

Interim consolidated statement of comprehensive income or loss

for the half-year ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Continuing operations			
Revenue	4.1	24,047	2,910
Cost of inventory sold		(10,568)	(875)
Research and development costs	4.2	(24,843)	(13,670)
Selling, general and administration costs	4.3	(22,753)	(6,519)
Employment costs	4.4	(26,638)	(10,631)
Remeasurement of provisions	12	(5,718)	(3,394)
Depreciation and amortisation	4.5	(2,721)	(2,546)
Finance costs	4.6	(3,317)	(2,505)
Other income and expenses	4.7	1,808	4,782
Loss before income tax		**(70,703)**	**(32,448)**
Income tax expense	4.8	**(188)**	**(66)**
Loss from continuing operations after income tax		**(70,891)**	**(32,514)**
Loss is attributable to:			
Owners of Telix Pharmaceuticals Limited		(70,891)	(32,514)
Loss for the half-year		**(70,891)**	**(32,514)**
Other comprehensive income/(loss):			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		269	(922)
Total comprehensive loss for the half-year		**(70,622)**	**(33,436)**
Total comprehensive loss for the half-year is attributable to:			
Owners of Telix Pharmaceuticals Limited		(70,622)	(33,436)

		30 June 2022 Cents	30 June 2021 Cents
Basic loss per share from continuing operations attributable to the ordinary equity holders of the Company		(23.07)	(11.56)
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company		(23.07)	(11.56)

The above interim consolidated statement of comprehensive income or loss is to be read in conjunction with the notes to the interim consolidated financial statements.

Interim consolidated statement of financial position

as at 30 June 2022

	Note	30 June 2022 $'000	31 December 2021 $'000
Current assets			
Cash and cash equivalents		122,608	22,037
Trade and other receivables	5	16,910	19,420
Inventories		6,533	3,454
Other current assets		3,444	2,632
Total current assets		**149,495**	**47,543**
Non-current assets			
Trade and other receivables	5	281	212
Property, plant and equipment	6	6,095	3,951
Right-of-use assets	7	2,394	2,378
Intangible assets	8	57,677	55,729
Total non-current assets		**66,447**	**62,270**
Total assets		**215,942**	**109,813**
Current liabilities			
Trade and other payables	9	20,157	19,040
Borrowings	10	-	19
Contract liabilities	11	10,240	6,143
Lease liabilities		555	613
Provisions	12	10,396	7,403
Employee benefit obligations		5,198	4,764
Total current liabilities		**46,546**	**37,982**
Non-current liabilities			
Contract liabilities	11	17,979	23,056
Lease liabilities		2,011	1,907
Provisions	12	43,819	44,578
Employee benefit obligations		179	132
Total non-current liabilities		**63,988**	**69,673**
Total liabilities		**110,534**	**107,655**
Net assets		**105,408**	**2,158**
Equity			
Share capital	14.1	344,114	170,840
Foreign currency translation reserve		(884)	(1,153)
Share-based payments reserve	14.2	6,540	5,942
Accumulated losses		(244,362)	(173,471)
Total equity		**105,408**	**2,158**

The above interim consolidated statement of financial position is to be read in conjunction with the notes to the interim consolidated financial statements.

Interim consolidated statement of changes in equity

for the half-year ended 30 June 2022

	Note	Share capital	Foreign currency translation reserve	Share-based payments reserve	Accumulated losses	Total equity
		$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2022		**170,840**	**(1,153)**	**5,942**	**(173,471)**	**2,158**
Loss for the half-year		-	-	-	(70,891)	(70,891)
Other comprehensive loss		-	269	-	-	269
Total comprehensive loss for the half-year		**-**	**269**	**-**	**(70,891)**	**(70,622)**
Contributions of equity		175,000	-	-	-	175,000
Transaction costs arising on new share issues		(7,816)	-	-	-	(7,816)
Issue of shares on exercise of options		4,418	-	-	-	4,418
Cashless exercise of options		1,672	-	(1,672)	-	-
Share based payments	14.2	-	-	2,270	-	2,270
		173,274	**-**	**598**	**-**	**173,872**
Balance as at 30 June 2022		**344,114**	**(884)**	**6,540**	**(244,362)**	**105,408**
Balance as at 1 January 2021		**167,058**	**299**	**4,620**	**(92,961)**	**79,016**
Loss for the half-year		-	-	-	(32,514)	(32,514)
Other comprehensive income		-	(922)	-	-	(922)
Total comprehensive loss		**-**	**(922)**	**-**	**(32,514)**	**(33,436)**
Issue of shares on exercise of options		850	-	-	-	850
Share based payments	14.2	-	-	1,500	-	1,500
		850	**-**	**1,500**	**-**	**2,350**
Balance as at 30 June 2021		**167,908**	**(623)**	**6,120**	**(125,475)**	**47,930**

The above interim consolidated statement of changes of equity is to be read in conjunction with the notes to the interim consolidated financial statements.

Interim consolidated statement of cash flows

for the half-year ended 30 June 2022

	30 June 2022	30 June 2021
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	7,343	1,813
Receipts in relation to R&D tax incentive	18,414	-
Payments to suppliers and employees	(85,868)	(30,387)
Interest received	1	-
Interest paid	(109)	(74)
Net cash used in operating activities	**(60,219)**	**(28,648)**
Cash flows from investing activities		
Purchases of intangible assets	(6,823)	(3)
Purchases of plant and equipment	(2,374)	(329)
Payments for decommissioning liability	(2,138)	(446)
Net cash used in investing activities	**(11,335)**	**(778)**
Cash flows from financing activities		
Repayment of borrowings	(13)	(316)
Principal element of lease payments	(418)	(195)
Proceeds from issue of shares and other equity	179,418	850
Transaction costs of capital raising	(7,816)	-
Net cash provided by financing activities	**171,171**	**339**
Net increase/(decrease) in cash held	**99,617**	**(29,087)**
Net foreign exchange differences	954	757
Cash and cash equivalents at the beginning of the financial year	22,037	77,945
Cash and cash equivalents at the end of the half-year	**122,608**	**49,615**

The above interim consolidated statement of cash flows is to be read in conjunction with the notes to the interim consolidated financial statements.

Notes to the interim consolidated financial statements

1 Corporate information

Telix Pharmaceuticals Limited (Telix or the Company) is a for profit company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange since its listing on 15 November 2017 (ASX:TLX). Telix is developing a portfolio of clinical-stage products that address significant unmet medical need in oncology and rare diseases.

Telix is the ultimate parent company of the Telix Pharmaceuticals Group (the Group).

This consolidated financial report of Telix Pharmaceuticals Limited for the half-year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 18 August 2022.

2 Segment reporting

The Telix Pharmaceuticals Group is an oncology group with operations in the Americas, Asia Pacific, and Europe, Middle East and Africa. During the half-year, the Group achieved a major commercial milestone with the launch of its prostate cancer imaging product Illuccix in the U.S. and the subsequent receipt of first commercial revenues from sales of Illuccix in April 2022. As the business continues to evolve in the second half, it is expected that Group performance will be evaluated by management and the Board based on commercial sales of Illuccix and the further development of the Group's pipeline of radiopharmaceutical products. Financing (including finance costs and finance income) and income taxes are managed on a Group basis.

3 Basis of preparation and changes to the company's accounting policies

This consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 (Cth). This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2021 and any public announcements made by Telix Pharmaceuticals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The Group has identified that there is no impact of new standards issued but not yet applied.

3.1 Going concern

These financial statements have been prepared on the basis that the Company is a going concern.

For the half-year ended 30 June 2022, the Group incurred an operating loss of $70,891,000 (30 June 2021: $32,514,000) and cash used in operating activities of $60,219,000 (30 June 2021: $28,648,000). As at 30 June 2022 the net assets of the Group stood at $105,408,000 (31 December 2021: $2,158,000), with cash on hand at $122,608,000 (31 December 2021: $22,037,000).

On 27 January 2022 the Group completed a $175,000,000 institutional placement of new, fully paid ordinary shares at a price of $7.70 per share.

Cash on hand following the institutional placement and future cash inflows in relation to commercial activities is considered sufficient to meet the Group's forecast cash outflows in relation to research and development activities currently underway and other committed business activities for at least 12 months from the date of this report.

On this basis, the Directors are satisfied that the Group continues to be a going concern as at the date of this report. Further, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the interim consolidated statement of financial position as at 30 June 2022.

As such, no adjustment has been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

4 Profit and loss information

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

4.1 Revenue

The Group derives revenue from the sale and transfer of goods and services over time and at a point in time under the following major business activities:

	30 June 2022	30 June 2021
	$'000	$'000
Sale of goods - at a point in time (commercial)	19,300	-
Sale of goods - at a point in time (non-commercial)	3,212	2,072
Research and development services - over time	1,535	838
Total revenue from continuing operations	**24,047**	**2,910**

4.2 Research and development costs

	30 June 2022	30 June 2021
	$'000	$'000
Preclinical	2,795	26
Clinical	9,325	4,411
Manufacturing	12,200	7,742
Other research and development related costs	523	1,491
	24,843	**13,670**

4.3 Selling, general and administration costs

	30 June 2022	30 June 2021
	$'000	$'000
Professional fees	7,257	2,469
Marketing and sponsorship	10,360	2,387
Other administration	2,655	842
Rent and insurance	764	623
Travel costs	1,637	89
Training and compliance	80	109
	22,753	**6,519**

4.4 Employment costs

	30 June 2022	30 June 2021
	$'000	$'000
Salaries and wages	20,379	8,071
Share based payments and incentives	5,361	2,089
Superannuation	572	236
Non-executive directors' fees	326	235
	26,638	**10,631**

4.5 Depreciation and amortisation

	30 June 2022	30 June 2021
	$'000	$'000
Depreciation	633	457
Amortisation of intangible assets	2,088	2,089
	2,721	**2,546**

4.6 Finance costs

	30 June 2022	30 June 2021
	$'000	$'000
Bank fees	29	11
Interest expense on lease liabilities	107	72
Other interest expense	2	2
Unwind of discount	3,179	2,420
	3,317	**2,505**

The Group recognised an unwind of discount on provisions of $2,624,000 (30 June 2021: $1,836,000) and contract liabilities of $555,000 (30 June 2021: $584,000)

4.7 Other income and expenses

	30 June 2022	30 June 2021
	$'000	$'000
Research and development tax incentive income	-	4,598
Realised currency (loss)/gain	(492)	79
Unrealised currency gain	2,298	4
Interest income	1	-
Other income	1	101
	1,808	**4,782**

4.8 Income tax expense

The Group recognises unused tax losses as an income tax benefit only to the extent that the tax losses can be set off against probable future taxable profits. A deferred tax asset has not been recognised for tax losses incurred for the half-year ended 30 June 2022. Income tax expense is recognised based on Management's estimate of tax payable by subsidiaries. The net income tax expense recognised for the half-year ended 30 June 2022 is $188,000 (2021: $66,000)

5 Trade and other receivables

	30 June 2022	31 December 2021
	$'000	$'000
Trade receivables	16,910	730
R&D tax incentive receivable	-	18,690
Deposits	281	212
	17,191	**19,632**
Current	16,910	19,420
Non-current	281	212
Total trade and other receivables	**17,191**	**19,632**

6 Property, plant and equipment

	Land and buildings	Plant and equipment	Furniture, fittings and equipment	Leasehold improvements	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	**2,203**	**991**	**461**	**296**	**3,951**
Additions	2,011	84	170	109	2,374
Reclassifications	741	(741)	-	-	-
Depreciation charge	(43)	(31)	(106)	(21)	(201)
Exchange differences	(11)	(9)	0	(9)	(29)
Balance at 30 June 2022	**4,901**	**294**	**525**	**375**	**6,095**
Cost	5,093	450	900	476	6,919
Accumulated depreciation	(192)	(156)	(375)	(101)	(824)
Net book amount	**4,901**	**294**	**525**	**375**	**6,095**
Balance at 1 January 2021	**2,402**	**250**	**225**	**187**	**3,064**
Additions	-	796	396	147	1,339
Depreciation charge	(88)	(52)	(161)	(38)	(339)
Exchange differences	(111)	(3)	1	-	(113)
Balance at 31 December 2021	**2,203**	**991**	**461**	**296**	**3,951**
Cost	2,352	1,117	729	376	4,574
Accumulated depreciation	(149)	(126)	(268)	(80)	(623)
Net book amount	**2,203**	**991**	**461**	**296**	**3,951**

7 Right-of-use assets

	Properties	Motor vehicles	Total
	$'000	$'000	$'000
Balance at 1 January 2022	**2,067**	**311**	**2,378**
Additions	99	372	471
Depreciation charge	(326)	(106)	(432)
Exchange differences	(4)	(19)	(23)
Balance at 30 June 2022	**1,836**	**558**	**2,394**
Cost	3,300	998	4,298
Accumulated depreciation	(1,464)	(440)	(1,904)
Net book amount	**1,836**	**558**	**2,394**
Balance at 1 January 2021	**1,380**	**377**	**1,757**
Additions	1,195	73	1,268
Depreciation charge	(515)	(141)	(656)
Exchange differences	7	2	9
Balance at 31 December 2021	**2,067**	**311**	**2,378**
Cost	3,204	645	3,849
Accumulated depreciation	(1,137)	(334)	(1,471)
Net book amount	**2,067**	**311**	**2,378**

8 Intangible assets

	Goodwill	Intellectual property	Patents	Licences	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	**4,097**	**44,486**	**337**	**6,809**	**55,729**
Additions	-	-	-	6,823	6,823
Amortisation charge	-	(1,927)	(28)	(133)	(2,088)
Changes in provisions	-	(528)	-	(1,883)	(2,411)
Exchange differences	(8)	(107)	7	(268)	(376)
Balance at 30 June 2022	**4,089**	**41,924**	**316**	**11,348**	**57,677**
Cost	4,089	57,831	663	11,978	74,561
Accumulated amortisation	-	(15,907)	(347)	(630)	(16,884)
Net book amount	**4,089**	**41,924**	**316**	**11,348**	**57,677**
Balance at 1 January 2021	**4,224**	**50,377**	**249**	**4,339**	**59,189**
Transfers	-	(125)	125	-	-
Amortisation charge	-	(3,823)	(66)	(290)	(4,179)
Changes in provisions	-	(170)	-	2,975	2,805
Exchange differences	(127)	(1,773)	29	(215)	(2,086)
Balance at 31 December 2021	**4,097**	**44,486**	**337**	**6,809**	**55,729**
Cost	4,097	55,680	672	7,301	67,750
Accumulated amortisation	-	(11,194)	(335)	(492)	(12,021)
Net book amount	**4,097**	**44,486**	**337**	**6,809**	**55,729**

Additions for the half-year ended 30 June 2022 are outlined below:

Acquisition of olaratumab licence

The Group entered into a licence agreement with Eli Lilly and Company (Lilly) under which Telix is granted exclusive worldwide rights to develop and commercialise radiolabelled forms of Lilly's olaratumab antibody for the diagnosis and treatment of human cancers. Telix's initial development focus will be on a rare type of cancer known as soft tissue sarcoma (STS).

Under the terms of the agreement Telix paid Lilly an upfront payment of $6,823,000 (US$5,000,000) for the grant of an exclusive licence to Lilly's intellectual property related to the development of a radiolabelled olaratumab, as well as access to material for use by Telix in initial pre-clinical and early-phase clinical studies in application to potential uses for the diagnosis and treatment of human cancers.

Lilly may be eligible for up to US$225,000,000 in payments based upon the achievement of pre-specified development, regulatory and commercial milestones. Lilly would also be eligible to receive industry standard royalties on net sales. The agreement also includes an option for Lilly to be granted an exclusive licence to a radiolabelled companion diagnostic which would be developed by Telix. If exercised, Lilly will pay Telix US$5,000,000 and up to US$30,000,000 in potential development milestones, as well as industry standard royalties.

Contingent consideration in connection with licence agreements is recognised as a financial liability only when a non-contingent obligation arises (i.e. when a milestone is met). The determination of whether the payment should be capitalised or expensed is usually based on the reason for the contingent payment. If the contingent payment is based on regulatory approvals received (i.e. development milestone), it will generally be capitalised as the payment is incidental to the acquisition so the asset may be made available for its intended use. If the contingent payment is based on period volumes sold (i.e. sales related milestone), it will generally be expensed.

8 Intangible assets CONTINUED

The allocation of intangible assets to each cash-generating unit (CGU) is summarised below:

		30 June 2022	31 December 2021
CGU	**Name of entity**	**$'000**	**$'000**
TLX591-CDx (*Illuccix*)	Telix Innovations	16,613	18,316
TLX591	Telix France	12,796	12,984
TLX101	Therapeia	1,364	1,473
TLX66	Telix Switzerland	14,297	14,824
TLX66-CDx	Telix Switzerland	942	986
Seneffe manufacturing facility license	Telix Belgium	4,526	6,809
Olaratumab	Corporate	6,823	-
Patents	Corporate	316	337
		57,677	**55,729**

Impairment trigger for goodwill and indefinite life intangible assets

The Group has considered reasonable possible changes in the key assumptions and has not identified any instances that could cause the carrying amounts of the intangible assets at 30 June 2022 to exceed their recoverable amounts.

9 Trade and other payables

	30 June 2022	31 December 2021
	$'000	**$'000**
Trade creditors	10,535	11,884
Other creditors and accruals	9,166	6,721
Payroll liabilities	456	435
Total trade and other payables	**20,157**	**19,040**

10 Borrowings

Telix entered into loan agreements with BNP Paribas and IMBC Group totalling €10,100,000 on a 10-year term, and a loan with BNP Paribas totalling €2,000,000 on a two-year, extendable term. All three committed loans are to fund the build-out of the Brussels South (Seneffe) manufacturing facility. All loans have a two-year repayment holiday period, with repayments due to commence from March 2024. As at 30 June 2022, Telix has not drawn down on these loan facilities.

11 Contract liabilities

	30 June 2022	31 December 2021
	$'000	**$'000**
Opening balance	**29,199**	**30,750**
Revenue recognised	(1,535)	(2,698)
Unwind of discount	555	1,147
Closing balance	**28,219**	**29,199**
Current	10,240	6,143
Non-current	17,979	23,056
Total contract liabilities	**28,219**	**29,199**

Grand Pharma strategic partnership

On 2 November 2020, the Group entered into a strategic commercial partnership with Grand Pharmaceutical Group Limited (Grand Pharma or GP, formerly known as China Grand Pharma or CGP) for the Group's portfolio of MTR products. A non-refundable upfront payment of USD $25,000,000 was received upon signing of the contract with GP. The strategic partnership with GP includes a licence of existing intellectual property and the provision of research and development services. The Group has recorded its contractual liability to undertake the identified performance obligations relating to research and development services using a cost plus margin approach.

12 Provisions

	Government grant liability	Contingent consideration	Decommissioning liability	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2022	**1,539**	**41,910**	**8,532**	**51,981**
Remeasurement of provisions	(284)	6,002	-	5,718
Unwind of discount	120	2,486	18	2,624
Charged to profit or loss	**(164)**	**8,488**	**18**	**8,342**
Exchange differences	(38)	(1,258)	(263)	(1,559)
Amounts deducted from intangible assets	-	(528)	(1,883)	(2,411)
Provision utilised	-	-	(2,138)	(2,138)
Balance at 30 June 2022	**1,337**	**48,612**	**4,266**	**54,215**
Current	92	10,304	-	10,396
Non-current	1,245	38,308	4,266	43,819
Total provisions	**1,337**	**48,612**	**4,266**	**54,215**
Balance at 1 January 2021	**1,055**	**25,096**	**6,796**	**32,947**
Remeasurement of provisions	587	14,268	-	14,855
Unwind of discount	155	3,283	443	3,881
Charged to profit or loss	**742**	**17,551**	**443**	**18,736**
Exchange differences	(197)	(567)	(295)	(1,059)
Amounts deducted from intangible assets	-	(170)	2,975	2,805
Provision utilised	(61)	-	(1,387)	(1,448)
Balance at 31 December 2021	**1,539**	**41,910**	**8,532**	**51,981**
Current	55	5,078	2,270	7,403
Non-current	1,484	36,832	6,262	44,578
Total provisions	**1,539**	**41,910**	**8,532**	**51,981**

12.1 Government grant liability

The grants are repayable to the Walloon regional government in Belgium based on a split between fixed and variable repayments. The fixed proportion is based on contractual cash flows agreed with the Walloon government. The variable cash flows are based on a fixed percentage of future sales and are capped at an agreed upon level.

The Group has estimated that the full variable repayments will be made up to the pre-agreed capped amount. The key inputs into this calculation are the risk adjusted discount rate of 2.41% (2021: 0.44%), the expected sales volumes and the net sales price per unit. The expected sales volumes and net sales price per unit assumptions are consistent with those utilised by the Group in the calculation of the contingent consideration liability and intellectual property valuation.

12.2 Contingent consideration

Telix Switzerland (formerly TheraPharm)

Telix acquired TheraPharm on 14 December 2020. Part of the consideration for the acquisition was in the form of future payments contingent on certain milestones. These are:

- €5,000,000 cash payment upon successful completion of a Phase III pivotal registration trial.
- €5,000,000 cash payment upon achievement of marketing authorisation in Europe or United States, whichever approval comes first.
- 5% of net sales for the first three years following marketing authorisation in Europe or United States, whichever approval comes first.

The contingent consideration liability has been valued using a discounted cash flow model that utilises certain unobservable Level 3 inputs. These key assumptions include risk adjusted post-tax discount rate of 14.1% (2021: 12.2%), market authorisation date, expected sales volume over the forecast period, net sales price per unit and approval for marketing authorisation probability success factor.

The following table summarises the quantitative information about these assumptions, including the impact of sensitivities from reasonable possible changes where applicable:

Contingent consideration valuation

Unobservable input	Methodology	30 June 2022
Risk adjusted post-tax discount rate	The post-tax discount rate used in the valuation has been determined based on required rates of returns of listed companies in the biotechnology industry (having regards to their stage of development, size and risk adjustments)	A 0.5% increase in the post-tax discount rate would decrease the contingent consideration by 2.2% and a decrease in the post-tax discount rate by 0.5% would increase the contingent consideration by 2.2%
Expected sales volumes	This is determined through assumptions on target market population, penetration and growth rates in the United States and Europe	A 10% increase in the sales volumes would increase the contingent consideration by 1.6% and a 10% decrease in sales volumes would decrease the contingent consideration by 1.6%
Net sales price per unit	The sales price per unit is estimated based on comparable products currently in the market	A 10% increase in the net sales price per unit would increase the contingent consideration by 1.6% and a 10% decrease in net sales price per unit would decrease the contingent consideration by 1.6%
Approval for marketing authorisation probability success factor	This assumption is based on management's estimate for achieving regulatory approval and is determined through benchmarking of historic approval rates	An increase in the probability of success factor by 10% would increase the contingent consideration by 104.2% and a 10% decrease in the probability of success factor would decrease the contingent consideration to nil.

Telix Innovations (formerly ANMI)

The Group acquired Telix Innovations on 24 December 2018. The Group is liable for future variable payments which are calculated based on the percentage of net sales for five years following the achievement of market authorisation of the product. The percentage of net sales varies depending on the net sales achieved in the United States and the rest of the world. The Group also holds an option to buy-out the remaining future variable payments in the third year following the achievement of market authorisation, if specified sales thresholds are met.

As at consolidated statement of financial position date, the Group has remeasured the contingent consideration to its fair value. The remeasurement is as a result of changes to the key assumptions such as probability of success factors, risk adjusted post-tax discount rate, expected sales volumes and net sales price per unit.

The contingent consideration liability has been valued using a discounted cash flow model that utilises certain unobservable Level 3 inputs. These key assumptions include risk adjusted post-tax discount rate of 14.1% (2021: 12.2%), expected sales volume over the forecast period and net sales price per unit.

The following table summarises the quantitative information about these assumptions, including the impact of sensitivities from reasonable possible changes where applicable:

Contingent consideration valuation

Unobservable input	Methodology	30 June 2022
Risk adjusted post-tax discount rate	The post-tax discount rate used in the valuation has been determined based on required rates of returns of listed companies in the biotechnology industry (having regards to their stage of development, size and risk adjustments)	A 0.5% increase in the post-tax discount rate would decrease the contingent consideration by 0.9% and a decrease in the post-tax discount rate by 0.5% would increase the contingent consideration by 0.9%
Expected sales volumes	This is determined through the FY22-FY24 commercial budgets approved for each region	A 10% increase in sales volumes across all regions would increase the contingent consideration by 2.6% and a 10% decrease in sales volumes would decrease the contingent consideration by 2.6%
Net sales price per unit	This is determined through the FY22-FY24 commercial budgets approved for each region	A 10% increase in the net sales price per unit would increase the contingent consideration by 7.3% and a 10% decrease in net sales price per unit would decrease the contingent consideration by 7.3%

12.3 Decommissioning liability

The Group has recognised a provision for its obligation to decommission its nuclear product manufacturing plant facility at the end of its operating life in 2041. The decommissioning costs expected to be incurred in 2041 of €4,357,000 have been discounted at a rate of 2.41% (2021: 0.44%) and translated to Australian dollars at the exchange rate at 30 June 2022.

The provision represents the best estimate of the expenditures required to settle the present obligation at 30 June 2022. While the Group has made its best estimate in establishing its decommissioning liability, because of potential changes in technology as well as safety and environmental requirements, plus the actual timescale to complete decommissioning, the ultimate provision requirements could vary from the Group's current estimates. Any subsequent changes in estimate will be recognised directly through profit and loss. Each year, the provision is increased to reflect the unwind of discount and to accrue an estimate for the effects of inflation, with the charges being presented in the consolidated statement of comprehensive income or loss. Actual payments for commencement of decommissioning activity are disclosed as provision utilised in the above table.

12.4 Fair value

Provisions are categorised as Level 3 financial liabilities and remeasured at each reporting date with movements recognised in profit or loss, except in instances where changes are permitted to be added to / reduce an associated asset. The inputs used in fair value calculations are determined by Management.

The carrying amount of financial liabilities measured at fair value is principally calculated based on inputs other than quoted prices that are observable for these financial liabilities, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices). Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates.

Sensitivity of Level 3 financial liabilities

The potential effect of using reasonably possible alternative assumptions in valuation models, based on a change in the most significant input, such as sales volumes, by an increase/(decrease) of 10 per cent while holding all other variables constant will (decrease)/increase profit before tax by $1,277,000 (2021: $1,006,000).

Valuation processes

The finance team of the Group performs the valuation of provisions required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and Board at least once every six months, in line with the Group's half-yearly reporting periods.

The main Level 3 inputs used by the Group in measuring the fair value of provisions are derived and evaluated as follows:

- Discount rates are determined by an independent third party using a weighted average cost of capital model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Regulatory/marketing authorisation approval dates and approval for marketing authorisation probability risk factors are derived in consultation with the Group's regulatory team.
- Expected sales volumes and net sales price per unit are estimated based on market information on annual incidence rates and information for similar products and expected market penetration.
- Contingent consideration cash flows are estimated based on the terms of the sale contract. Changes in fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO and Board. As part of this discussion the CFO presents a report that explains the reason for the fair value movement.

13 Contractual maturities of financial liabilities

As at 30 June 2022, the contractual maturities of the Group's non-derivative financial instrument liabilities are outlined below. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

As at 30 June 2022	1-6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
Non-derivatives						
Trade and other payables	20,157	-	-	-	20,157	20,157
Lease liabilities	436	429	1,982	188	3,035	2,566
Government grant liability	-	257	852	237	1,346	1,337
Contingent consideration	-	11,376	52,119	991	64,486	48,612
Decommissioning liability	-	-	-	6,634	6,634	4,266
Total financial liabilities	**20,593**	**12,062**	**54,953**	**8,050**	**95,658**	**76,938**

As at 31 December 2021, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

As at 31 December 2021	1-6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
Non-derivatives						
Trade and other payables	19,040	-	-	-	19,040	19,040
Borrowings	19	-	-	-	19	19
Lease liabilities	417	375	1,940	330	3,062	2,520
Government grant liability	-	55	1,022	468	1,545	1,539
Contingent consideration	-	5,400	64,853	1,549	71,802	41,910
Decommissioning liability	2,271	-	-	6,809	9,080	8,532
Total financial liabilities	**21,747**	**5,830**	**67,815**	**9,156**	**104,548**	**73,560**

14 Equity

14.1 Share capital

	30 June 2022	30 June 2022	31 December 2021	31 December 2021
	Number	$'000	Number	$'000
Opening balance	**285,072,908**	**170,840**	**280,405,322**	**167,058**
Shares issued through the exercise of share options and warrants [i] [ii]	5,016,160	6,090	4,667,586	3,782
Contributions of equity [iii]	22,727,273	175,000	-	-
Transaction costs arising on new share issues	-	(7,816)	-	-
Closing balance	**312,816,341**	**344,114**	**285,072,908**	**170,840**

i. Options exercised during the half-year through the employee Equity Incentive Plan resulted in 5,016,160 (31 December 2021: 4,667,586) shares being issued for a total value of $6,090,000 (31 December 2021: $3,782,000).

ii. On 11 September 2018, Telix completed the acquisition of Atlab. The consideration for the acquisition comprised $12,612,000 in Telix shares at a fair value of shares on the execution date of $0.85 per share (14,837,531 Telix shares) and in warrants over Telix shares at a fair value of $184,000 (780,923 warrants). The warrants were exercised on 22 March 2022 at an exercise price of $1.34 per warrant.

iii. On 27 January 2022 the Group completed a $175,000,000 institutional placement of new, fully paid ordinary shares at a price of $7.70 per share.

The weighted average ordinary shares for the period 1 January 2022 to 30 June 2022 is 307,331,423 (31 December 2021: 282,205,557). The Company does not have a limited amount of authorised capital.

14.2 Share-based payments reserve

	30 June 2022	30 June 2022	31 December 2021	31 December 2021
	'000	$'000	'000	$'000
Opening balance	17,148	5,942	20,226	4,620
Options issued	3,102	2,270	3,745	1,322
Options exercised	(4,575)	(1,672)	(4,716)	-
Options lapsed	(200)	-	(2,107)	-
Closing balance	**15,475**	**6,540**	**17,148**	**5,942**

15 Commitments and contingent liabilities

15.1 Capital commitments

At 30 June 2022, the Group's capital commitments are $10,122,000 (31 December 2021: $NIL). Capital commitments that relate to the build-out of the Brussels South (Seneffe) manufacturing facility are financed.

15.2 Research and development commitments

At 30 June 2022, the company has $47,137,000 (31 December 2021: $15,985,000) commitments against existing research and development and clinical development related contracts. These contracts have typical termination provisions to limit the commitment to the time and materials expended at termination, the orderly close out of activities or up to an approved work order amount.

15.3 Contingent liabilities and contingent assets

On 18 March 2021 the Group entered into a non-exclusive global clinical and commercial supply agreement with Garching-based ITM Isotopen Technologien München AG (ITM) for the supply of highly pure no-carrier-added lutetium-177, a therapeutic isotope. ITM will supply the product for use in the Group's investigational programs in prostate and renal cancer therapy and subject to approval of the Group's drug candidates for therapeutic use, also provide the product for scale-up and commercialisation.

At 30 June 2022 there is a possible obligation for the Group to pay €1,000,000 to ITM on the approval of the product for therapeutic use by the relevant regulatory authority in either USA, France, Germany, Spain, Italy or the UK and €1,000,000 when the Group makes a commercial arms-length sale of the product. The existence of the obligation will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group.

On 4 April 2022 the Group announced that it is part of a $71,200,000 Australian Precision Medicine Enterprise (APME) Project, which has been awarded $23,000,000 in Federal Government grant funding under the Manufacturing Collaboration Stream of the Modern Manufacturing Initiative (MMI). The APME Project brings together industry partners Global Medical Solutions' (GMS) Australia subsidiary, Global Medical Solutions Australia (GMSA) and Telix Pharmaceuticals with Monash University to address the Good Manufacturing Practice (GMP) manufacturing gap in the Australian radiopharmaceuticals manufacturing sector.

As a project partner, Telix will benefit from the increased capacity to develop and manufacture theranostic radiopharmaceuticals in Australia, strengthening its global supply chain for both clinical and commercial products. At 30 June 2022 there is a possible obligation for the Group to contribute $5,000,000 over the three-year period, subject to the establishment of a formal consortium agreement and receipt of grant funding. The existence of the obligation will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group.

16 Related party transactions

16.1 Transactions with other related parties

ABX-CRO is a clinical research organisation (CRO) that specialises in radiopharmaceutical product development. Telix has entered into a master services agreement with ABX-CRO for the provision of clinical and analytical services for its programs. Non-Executive Director, Dr Andreas Kluge, is the principal owner and Geschäftsführer (Managing Director) of ABX-CRO. In the half-year ended 30 June 2022, the total amount paid was $1,750,320 (31 December 2021: $1,512,452) and the amount payable to ABX-CRO at 30 June 2022 was $246,723 (31 December 2021: $485,384).

17 Events occurring after the reporting period

On 11 July 2022, Telix annouced that the Phase III ZIRCON trial of Telix's investigational renal cancer imaging agent, TLX250-CDx, completed recruitment and was closed.

Also on 11 July 2022, Telix announced that Kevin Richardson, a senior global executive with a career focus on sales, marketing and business operations in the oncology and radiopharmaceutical markets, has commenced in the role of CEO, Telix Americas.

On 2 August 2022, Telix announced that the National Medical Products Administration (NMPA) Center for Drug Evaluation (CDE) had accepted IND applications to commence Phase III bridging studies for TLX591-CDx and TLX250-CDx in China.

Also on 2 August 2022, Telix announced that an imported New Drug Application was submitted by Telix's partner in South Korea, DuChemBio Co, Limited, to the Ministry of Food and Drug Safety for TLX591-CDx.

Other than the matters referred to above, there were no subsequent events that required adjustment to or disclosure in the Directors' report or the Interim financial report of the Company for the half-year ended 30 June 2022.

Directors' declaration

In accordance with a resolution of the Directors of Telix Pharmaceuticals Limited, we state that:

In the opinion of the Directors:

a. the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the period ended on that date, and
   ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations by the Chief Executive Officer and Chief Financial Officer and as recommended under the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations for the half-year ended 30 June 2022.

Signed in Melbourne on 18 August 2022.

On behalf of the Board

H Kevin McCann AO
Chairman

Christian Behrenbruch PhD MBA JD
Group CEO and Managing Director

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Telix Pharmaceuticals Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the interim consolidated statement of financial position as at 30 June 2022, the interim consolidated statement of comprehensive income or loss, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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 Telix Pharmaceuticals Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 half-year 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year 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 half-year 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

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and fair view of the Group's financial position as at 30 June 2022 and of 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.

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
18 August 2022

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