TELIX PHARMACEUTICALS

Telix Pharmaceuticals Limited 2021 Annual Report

See it. Treat it.

Contents

See it. Treat it.

Telix is at the forefront of one of the biggest transformations in medicine.

Using molecularly targeted radiation (MTR) to combine imaging and therapy, Telix's technology has the potential to dramatically improve the way clinicians are able to find and treat cancer and deliver truly personalised therapy for patients living with cancer and rare diseases.

Telix is building the foundations for long-term growth and value with its first commercial imaging product now approved in the United States and Australia, and more than 18 clinical trials underway, across a range of diseases.

The Company's core diagnostic and therapeutic "theranostic" pipeline is focused on:

- Prostate cancer
- Kidney cancer
- Glioblastoma (brain cancer)
- Hematologic (blood) cancers and bone marrow transplantation

Telix is headquartered in Melbourne, Australia with international operations in Belgium, Japan, Switzerland, and the United States. Our manufacturing hub in Belgium is underpinned by one of the largest private radiopharmaceutical manufacturing footprints in Europe.

Annual General Meeting
Telix Pharmaceuticals will hold its AGM at 11.00am AEST, Wednesday 18 May 2022 at:
The Events Centre
Collins Square
727 Collins Street
Melbourne VIC 3008 Australia

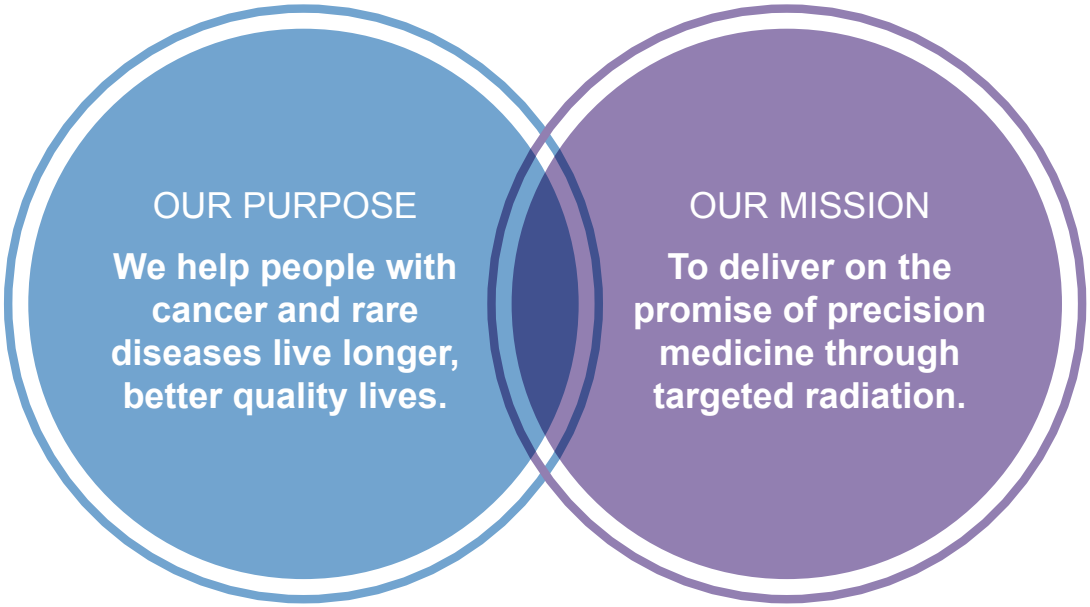
Registered Office
Telix Pharmaceuticals Limited
401/55 Flemington Road
North Melbourne VIC 3051 Australia

Australian Business Number
85 616 620 369

Our purpose, mission and values

We are united by a common purpose and commitment to our values. In 2021, we updated our purpose, mission and values to reflect our patient-centric focus, the innovative approach we apply across our business and our ongoing commitment to quality, integrity and achievement.

These values are embedded in our organisational framework to drive behaviours and guide decisions.



OUR VALUES

Everyone counts

We put patients and our people first.
We respect and value diversity and individuality.
We foster a culture of collaboration, where all voices are heard.

We strive to be extraordinary

We explore the possibilities and celebrate learning and success.
We are courageous and embrace challenge.
We use our talents and knowledge to create a better future.

We pursue our goals with determination and integrity

We take responsibility for our words, our actions and our results.
A commitment to quality and safety underpins everything we do.
We strive for excellence in every action, every day.
In doing this, we create value for our shareholders.

Our business

Extensive portfolio of diagnostic and therapeutic assets with compelling clinical data

13,200 patient doses delivered in the past 12 months

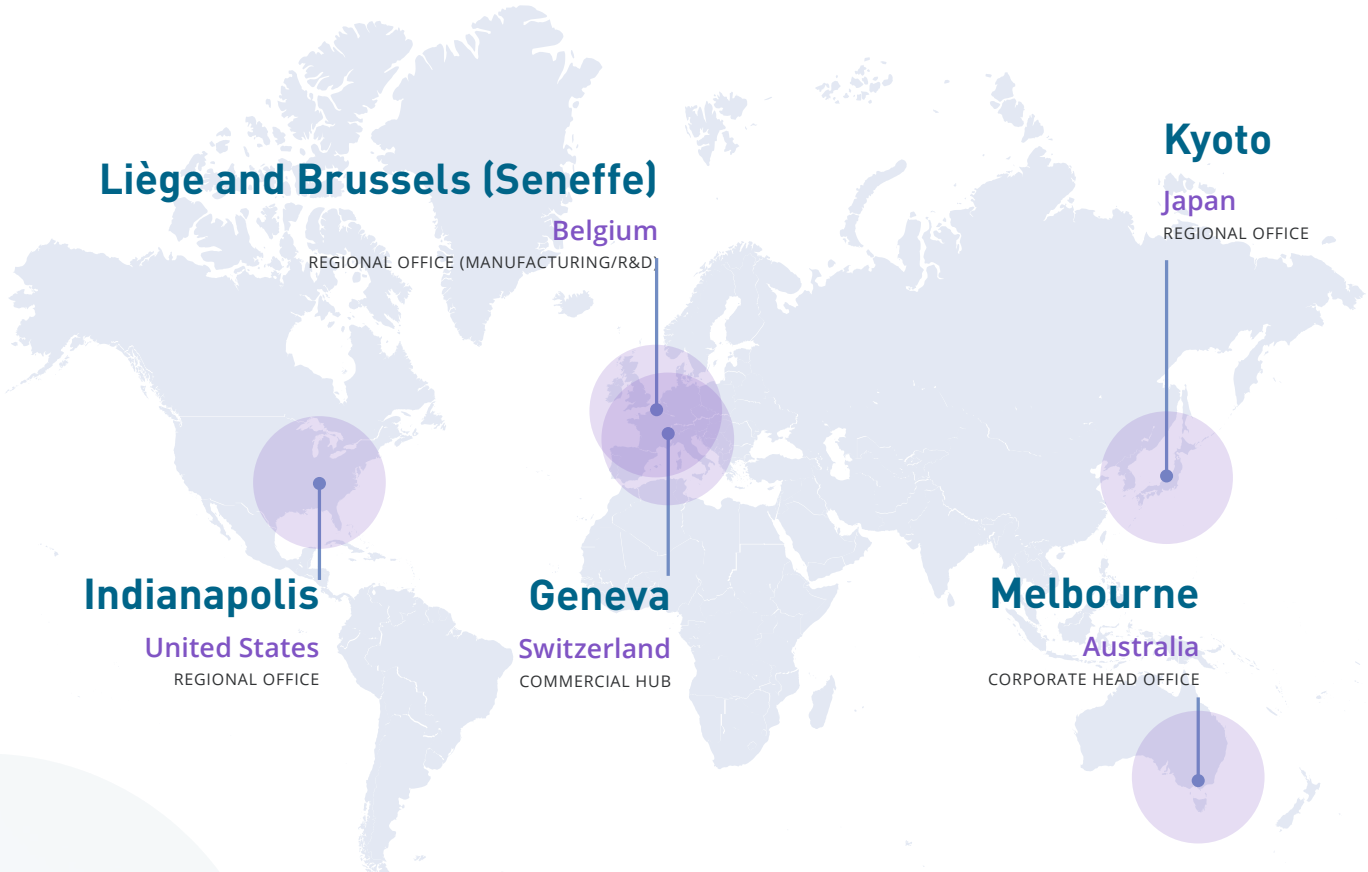
FDA[1] approval for TLX591-CDx (Illuccix)

Leading supply chain and distribution network

18 active clinical studies (8 indications)

80 countries in the Telix distribution network

11 countries with a manufacturing footprint



1. United States Food and Drug Administration.

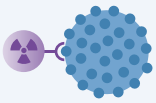
Our technology

Molecularly targeted radiation (MTR)

Many existing cancer therapies are non-selective, killing healthy tissue and impacting vital organs at the same time as treating disease. Existing external beam radiation therapy (EBRT) approaches are very effective but typically only deliver localised treatment and also cause collateral tissue damage. Localised therapeutic approaches rely on the treating physician making assumptions about the extent of disease but missing even small amounts of surviving cells means the cancer can regrow and lead to relapse over time.

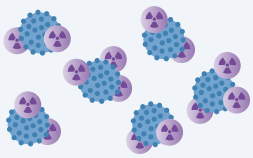
Theranostics: See it. Treat it.

MTR delivers targeted radiation to cancer cells with precision, regardless of where the cancer is in the body. When the radioactive "payload" uses diagnostic radionuclides, imaging can be used to precisely localise disease and stage a patient's cancer. When therapeutic isotopes are delivered to the cancer cell, the patient is treated in a highly precise way that spares most normal healthy tissue and maximises patient outcomes. The word "theranostic" is a combination of the terms therapeutic and diagnostic. Imaging and therapy used together – "see and treat" – is a powerful new way to tackle unmet need in cancer and rare diseases.



Targeted radiation delivery

- A targeted radiation drug comprises a radioactive isotope ("payload") attached to a targeting agent such as a small molecule or antibody, which binds selectively to cancer cells.
- The drug attaches to unique biomarkers found on the surface of cancer cells. Depending on the payload, either imaging or therapy is delivered.



Systemically administered

- Once administered, targeted radiation circulates throughout the body and seeks out cancer cells wherever they are located.
- This is different from traditional radiation therapy, which is typically highly localised.

See it. Treat it

- Some radioisotopes have physical properties that may be used to image cancer, for diagnosis and staging purposes.
- Higher dose radiation with α- and β-emitting radioisotopes can be used as therapies to kill cancer cells.

Quality of life

- Better-informed treatment decisions and personalised, precision medicine may lead to improved patient outcomes.

Improving and enhancing radiation oncology through MTR

Radiation has always been a critical part of cancer care, but delivery has been restricted to localised tumours, limiting efficacy, while high dosage radiation has come with unwanted side effects.

The evolution from external-beam radiation to systemically-delivered and targeted radiation is transforming the use of radiation in cancer care, across the spectrum of diagnostics and staging, to surgical intervention.

Telix is developing MTR for both stand-alone treatment and “combination therapy”. The goal is to integrate with traditional medical oncology, to deliver potentially more targeted and personalised therapy, and patient-friendly dosing regimens.

2021 milestones

Jan 2021
- TLX250-CDx, first United States patients dosed in Ph III study (kidney cancer imaging)
- Research agreement with Heidelberg University Hospital

Feb

Mar
- ^{177}Lu supply agreement
- Illuccix, commercial GMP[1] manufacturing agreement

Apr
- **NOBLE Registry launched and first patient imaged**
- TLX250-CDx, Japan study meets objectives

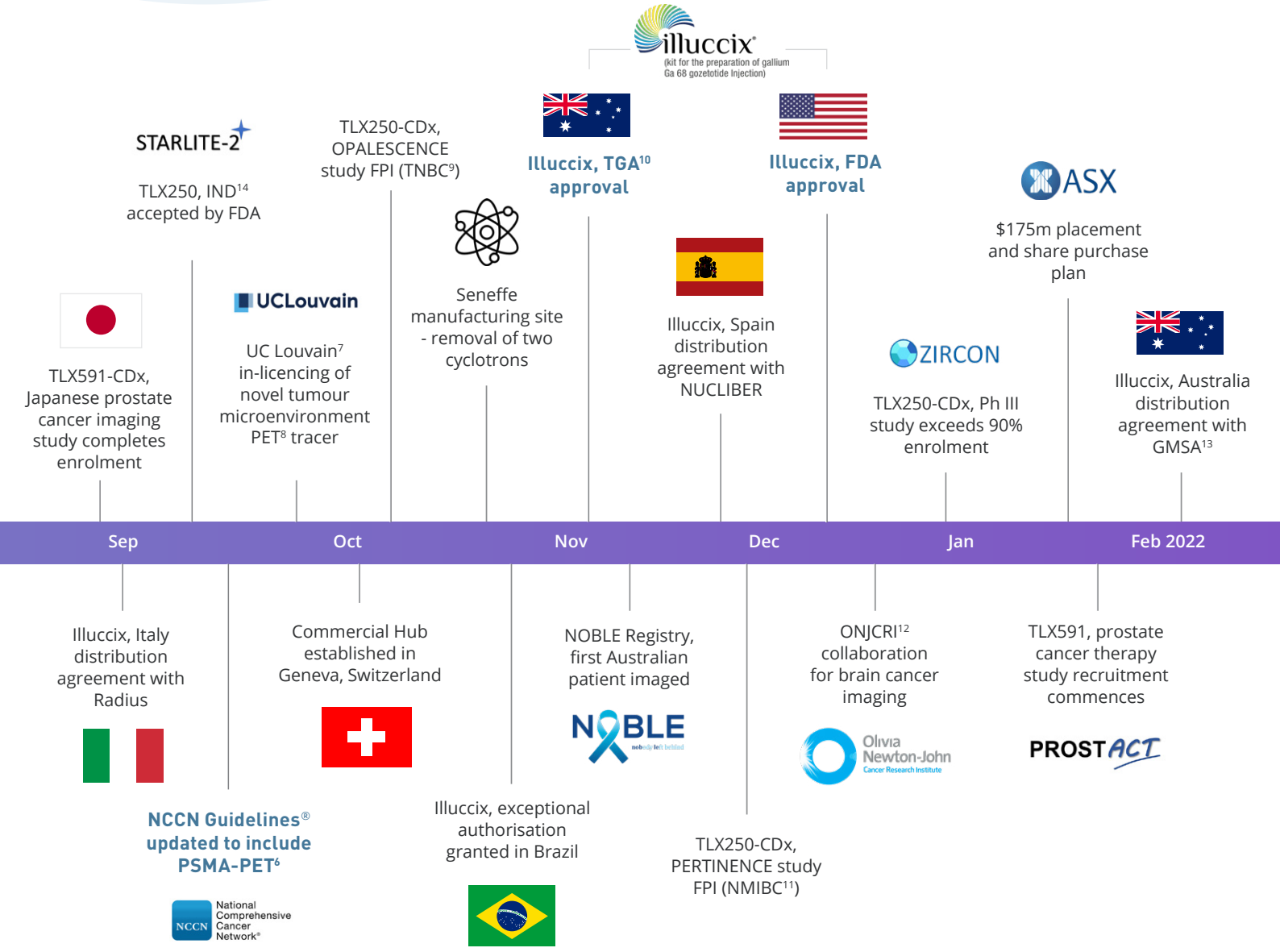
May
- TLX591, ethics and CTN[2] to commence Phase III study
- Asia Pacific operating region established
- **TLX66 in AL-Amyloidosis study results**
- Illuccix, Germany distribution agreement with EZAG[3]

Jun
- **TLX101 in glioblastoma study results**
- Eurostars grant for alpha therapy (with ATS[4])

July
- **TLX592, CUPID study FPI**
- TLX250-CDx, ZiP-UP study FPI (bladder cancer)
- TLX66, ethics for study in pediatric leukemia
- TLX591-CDx, Emory breast cancer study FPI[5]

Aug
- Merck KGaA pan-cancer clinical collaboration
- LightPoint Medical, collaboration for radioguided surgery
- Prostate cancer therapy program expansion with GenesisCare

1. Good Manufacturing Practice.
2. Clinical Trial Notification.
3. Eckert & Ziegler Strahlen- und Medizintechnik AG.
4. Alpha Therapy Solutions.
5. First patient in (or first patient enrolled).



6. Prostate-specific membrane antigen-positron emission tomography (imaging).
7. Université catholique de Louvain (Belgium).
8. Positron emission tomography.
9. Triple negative breast cancer.
10. Australian Therapeutic Goods Administration.
11. Non muscle invasive bladder cancer.
12. Olivia Newton-John Cancer Research Institute.
13. Global Medical Solutions Australia.
14. Investigational New Drug Application.

Letter from the Chairman

Dear Shareholders,

As I reflect on Telix's journey over the past 12 months, there are two themes that particularly stand out.

The first is the resilience and tenacity of our CEO and the Telix management. Many of the challenges of 2020 which arose from the COVID-19 pandemic continued in 2021, particularly with respect to supply chain and distribution, slower clinical trial recruitment and the limited regulator bandwidth leading to delays in approvals. However, the Telix team proved that it could operate in this new world order. Within this highly variable environment, Telix is becoming better at predicting timelines and risk-managing our clinical activity. The addition of experienced commercial leadership in all operating territories gives the Board of Directors comfort that we can transition to an earnings-based model for Telix and it is clearly understood that 2022 is the year that approvals, reimbursement and sales team performance must translate into predictable and understandable revenue.

The second is business growth and maturity. Our organisation grew dramatically during the year, with the workforce almost doubling to approximately 158 employees worldwide.

We significantly expanded our Americas headcount to be ready for the commercial launch of Illuccix in the United States. The European team also grew considerably, both in preparation to operationalise the Seneffe manufacturing facility and building out a commercial team, under the leadership of Richard Valeix. This commercial team will be primarily based in our commercial hub in Geneva.

We also formalised the establishment of our Asia-Pacific team to deliver on commercial activities, including the launch of Illuccix, for the Australia / New Zealand markets, as well as oversight of important partnerships in Japan, Korea and China. It has been a stellar year in terms of the new talent in the team.

Revenue growth is our focus for 2022, following the marketing approval of Illuccix by the FDA in the United States and the TGA in Australia in late 2021. We are also working towards the submission of two additional regulatory packages for the marketing authorisation of our kidney cancer imaging product and our brain cancer imaging product. These products will, if approved, over time build out a diversified cash flow for the business.

In late 2021 your Board concluded that we had a need for capital to aggressively pursue our therapeutic clinical studies and so undertook a significant capital raise in January 2022 following FDA approval of Illuccix and on having completion certainty of the ZIRCON Phase III trial for kidney cancer imaging. Notwithstanding market volatility at that time, we were able to raise $175 million from institutional investors, mainly based in Australia. The quality of the register and the support from both new and existing shareholders is a testament to the positive perception of what Telix is seeking to accomplish for human health, and the value creation for shareholders that is being generated in the process. We'd like to thank and acknowledge all our shareholders for their support.

As a company with a market capitalisation of circa $2 billion, a critical part of "growth and maturation" is our platform and communication around environmental, social and governance matters essential to the sustainable success of the business. Telix is a highly diverse, global and inclusive organisation with many initiatives in place to make everyone welcome and to ensure all voices are heard. This is reflected in the values that unite and drive our people. In 2022 this will come into sharper focus with a strong programmatic focus on diversity and inclusion on our Board and across our workforce.

As we have now entered the S&P/ASX 200 index, our standards and commitment to environmental, social and governance issues will evolve. The Board and executive team have the vision, mindset, and dedication to achieve this. You can read more on this in this Annual Report.

Against the backdrop of an enormous number of social challenges and risks, our Shareholders have supported us magnificently. This is a reflection of the impressive execution of Dr Christian Behrenbruch and the executive team. I commend the team on their accomplishments and also thank you, our Shareholders, for enabling the next epoch of the Company's journey to a mature, established and commercially sustainable biopharmaceutical company. Finally, I would also like to thank my Board colleagues who greatly contributed to our achievements in 2021. They are collegiate and hard working.

In conclusion, we have built a company with global impact, delivering on an unmet need to patients with cancer and rare diseases.

H Kevin McCann, AO
Independent Non-Executive Chairman

"We have built a company with global impact, delivering on an unmet need to patients with cancer and rare diseases."

H Kevin McCann, *AO*
Independent Non-Executive Chairman

"Every day, people around the globe benefit from the impact of our R&D and now with our first commercial product, this impact will be even greater."

Dr Christian Behrenbruch,
Group CEO and Managing Director

Chief Executive Officer's report

Dear Shareholders,

Telix was one of the best performing biopharma equities on the ASX in 2021 against the backdrop of a significant downturn in the global life sciences sector. In some respects, this downturn is surprising given that it is now clearly understood that biotech saves lives and is a fundamental part of delivering human health in our modern world. However, it also illustrates how important supply chain, distribution, manufacturing performance and clinical execution is to the fortunes of the biotech industry. It has not been an easy time for the sector.

We achieved this performance through a major growth in the execution capability of the team, particularly in key areas around quality, regulatory affairs, compliance and commercial operations. As Telix's reputation for execution grows, we have been able to bring onboard the next generation of talent that will enable the transition from a development-stage organisation to a commercial firm. This transition was completed last year with the approval of our first product, Illuccix in the United States, a rare event for any emerging biopharma company, let alone an ASX-listed one. In 2022 we will build on this platform as we prepare to file two additional new drug applications with the FDA for kidney cancer imaging (TLX250-CDx) and brain cancer imaging (TLX101-CDx).

Three major goals will dominate the management team's attention in 2022. The first is clearly commercialisation of Illuccix. Telix's commercial strategy varies by territory. In some places, such as the United States, we have built a hybrid model of in-house sales functions alongside partner distribution firms. In Europe, we take more responsibility for manufacturing but leave the market access to partners. In APAC we will be "on the ground" in Australia and New Zealand but rely on carefully chosen partners for China, Korea, Japan and other key Asian markets. The net result is an enormous amount of market reach.

The second goal is advancing two follow-on diagnostic candidates to commercial stage, being the kidney cancer imaging program (TLX250-CDx) and the brain cancer imaging program (TLX101-CDx). It is a tremendous advantage that many of our diagnostic programs will be able to generate early – and meaningful – standalone revenue streams in addition to their value in selecting patients for therapy and measuring treatment response.

Which leads to our third goal, the acceleration of our therapeutic programs, and reinforcing our position as a therapeutics company that does "precision medicine". The lead focus areas of prostate, renal (kidney) and brain cancer therapy have the potential to address large markets with significant unmet need. Oncologists understand our products and are excited about our clinical studies, particularly the ProstACT group of studies for metastatic prostate cancer.

The Company's therapy programs now have an assured path forward following Telix's successful capital raise, which enables us to fund those key therapy trials and be confident that our balance sheet will go the distance, considering conservative earnings expectations over the next 12-18 months, as we likely come out of this pandemic. We raised sufficient capital that we don't expect to go back to the market for cash to complete the development of our lead prostate cancer therapy program, the highest value asset in the portfolio. In 2022 we will also collect exciting and important therapeutic data in kidney cancer, brain cancer and pediatric leukemia, to name but a few indications. This builds on the encouraging recurrent glioblastoma (GBM) data already obtained for TLX101.

Importantly, the combination of the placement and earnings expectations over the next 12-18 months means that the Company's financial resources underpin Telix's market capitalisation. A strong company, with the greatest number of commercial, partnering and merger and acquisition (M&A) options, requires a commensurately robust balance sheet. Our financial resources will enable us to be maximally competitive, hire the best people globally and continue to build out a pipeline that we believe is the best in the radiopharmaceutical business.

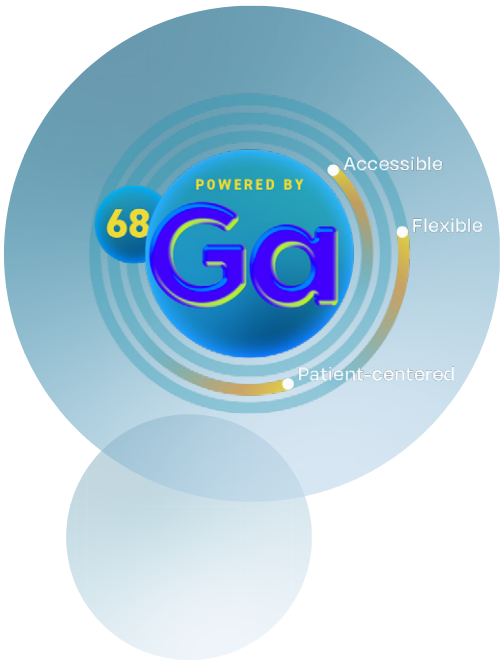
We have a built a strong business through partnerships, M&A and increasingly through our own innovation processes. With over 18 clinical trials running globally we are demonstrating in a highly visible way, how targeted radiation can impact cancer care, both diagnostically and therapeutically. Every day, people around the globe benefit from the impact of our R&D and now with our first commercial product, this impact will be even greater. This is reflected in our purpose to help people with cancer and rare diseases live longer, better quality lives.

I believe this purpose is as important to shareholders as it is to our employees.

Thank you for your ongoing support of Telix and we look forward to delivering on our corporate objectives for 2022.

Dr Christian Behrenbruch
Group CEO and Managing Director

Our first commercial product: Illuccix®



The reporting year ended with Telix receiving FDA regulatory approval for its lead prostate cancer imaging product, Illuccix® (Kit for the preparation of gallium-68 (^{68}Ga) gozetotide (also known as PSMA-11) injection).

FDA approval followed regulatory approval from the Australian Therapeutic Goods Administration (TGA) in November.

These approvals are an important validation for the technology and Telix's clinical development strategy. It positions Telix as one of the first companies worldwide to bring the next generation of prostate cancer imaging to clinicians treating cancer patients.

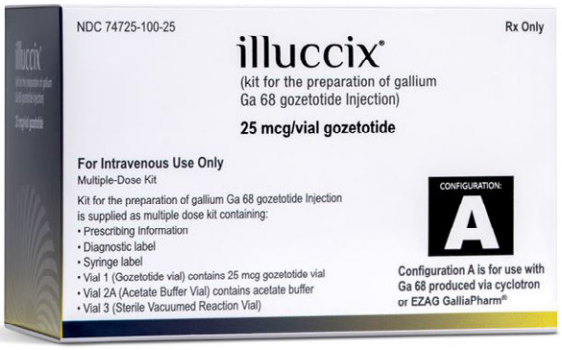
Further validation for this state-of-the-art imaging modality came with the addition of prostate specific membrane antigen (PSMA) positron emission tomography (PET) / computed tomography (CT) (PSMA-PET/CT) imaging to a number of leading clinical guidelines, including the National Comprehensive Cancer Network Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Prostate Cancer, in 2021.

Illuccix is the first commercially available FDA-approved product to enable wide accessibility to ^{68}Ga-based PSMA-PET imaging for physicians across the United States.

Illuccix can be prepared in nuclear pharmacies and healthcare centres across the United States using Eckert & Ziegler's GalliaPharm® generator or IRE ELIT's Galli Eo® generator or using General Electric's widely available FASTlab™ cyclotrons.

This geographic reach, combined with a four-hour shelf life after radiolabeling, enables Illuccix to significantly expand accessibility of advanced PSMA-PET imaging to eligible patients in the United States.

In conjunction with distribution partners, Cardinal Health and Pharmalogic, Telix has one of the largest commercial teams in the United States focused on prostate cancer imaging. With a distribution network encompassing more than 140 nuclear pharmacies, Telix will be able to provide Illuccix to more than 85% of eligible PET imaging sites. An agreement was completed with contract development and manufacturing organisation (CDMO) Grand River Aseptic Manufacturing (GRAM) in March 2021 for commercial-scale Good Manufacturing Practice (GMP) manufacturing of Illuccix for the United States and Australian markets.



In the United States, Illuccix is indicated for positron emission tomography (PET) of prostate-specific membrane antigen (PSMA) positive lesions in patients with prostate cancer with:

- Suspected metastasis who are candidates for initial definitive therapy;
- Suspected recurrence based on elevated serum prostate-specific antigen (PSA) level.

Other key achievements for Illuccix during 2021:

- **Europe**: marketing authorisation application (MAA) submission progressed to the final stage of regulatory assessment with the Danish Medicines Agency (DKMA), in its capacity as a Reference Member State (RMS);
- Specific therapeutic program (STP) authorisation in the Czech Republic, allowing use prior to a full European marketing authorisation;
- Commercial distribution agreements with Eckert & Ziegler Strahlen und Medizintechnik AG, Radius S.r.l., and NUCLIBER S.A. for Illuccix in Germany, Italy, and Spain, respectively – all EU5 countries – in line with the planned buildout of the Company's European distribution network;
- **Brazil**: exceptional authorisation for Telix's partner MJM Produtos Farmacêuticos e de Radioproteção LTDA (RPH), allowing Illuccix to be marketed and sold ahead of full regulatory approval, anticipated in 2022;
- **South Korea**: commenced selling Illuccix and generating early revenue with our commercial partner DuChemBio.

"Approval of Illuccix will give patients considerably improved access to PSMA-PET imaging, an advanced diagnostic tool recently included in the NCCN Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Prostate Cancer.

With patient doses able to be prepared on-site or via commercial radiopharmacy networks, Illuccix delivers flexible patient scheduling and on-demand access throughout the day."

Dr Oliver Sartor,
Medical Director at Tulane Cancer Center.

As at the end of 2021, marketing authorisation applications for Illuccix were under review and progressing in no fewer than 15 countries including 13 European Union member states, the United Kingdom and Canada.

Important Safety Information (U.S.):
https://www.illuccixhcp.com/important-safety-information

Prescribing Information (U.S.):
http://illuccixhcp.com/s/illuccix-prescribing-information.pdf

Our clinical pipeline

Telix has one of the most expansive, late-stage research portfolios of diagnostic and therapeutic MTR candidates globally.

Its core product pipeline is focused on prostate, kidney, glioblastoma (brain) and hematologic (blood) cancers.

Telix's investigational diagnostic products enable physicians to identify which patients may be most suitable for treatment, while its therapeutic candidates deliver highly potent radiotherapy.

Comprehensive portfolio of MTR candidates for oncology and rare disease applications

	Targeting Molecule	Target	Radioactive Isotope	Phase I	Phase II	Phase III	Commercial
Prostate	Small molecule	PSMA[1]	^{68}Ga	TLX591-CDx (^{68}Ga-PSMA-11, Illuccix®)			Imaging
	Antibody	PSMA	^{177}Lu	TLX591 (^{177}Lu–rosopatamab)			Therapy
	Antibody	PSMA	^{225}Ac	TLX592 (^{225}Ac–RADmAb®)			Therapy (2nd Gen)
	Small molecule	PSMA	^{99m}Tc	TLX599-CDx (^{99m}Tc-iPSMA)*			Imaging/ Surgery
	Small molecule	PSMA	^{68}Ga	TLX591-Sx (^{68}Ga-PSMA-IRDye)			Imaging/ Surgery
Kidney	Antibody	CA9[2]	^{89}Zr	TLX250-CDx (^{89}Zr–girentuximab)			Imaging
	Antibody	CA9	^{177}Lu	TLX250 (^{177}Lu–girentuximab)			Therapy
Brain	Small molecule	LAT-1[3]	^{18}F	TLX101-CDx (^{18}F-FET)			Imaging
	Small molecule	LAT-1	^{131}I	TLX101 (^{131}I-IPA)			Therapy
BMC/RD[4]	Antibody	CD66[5]	^{99m}Tc	TLX66-CDx (^{99m}Tc-besilesomab, Scintimun®)[6]			Imaging
	Antibody	CD66	^{90}Y	TLX66 (^{90}Y-besilesomab)			Therapy

Shaded arrows indicate completion expectations in the next 12 months.

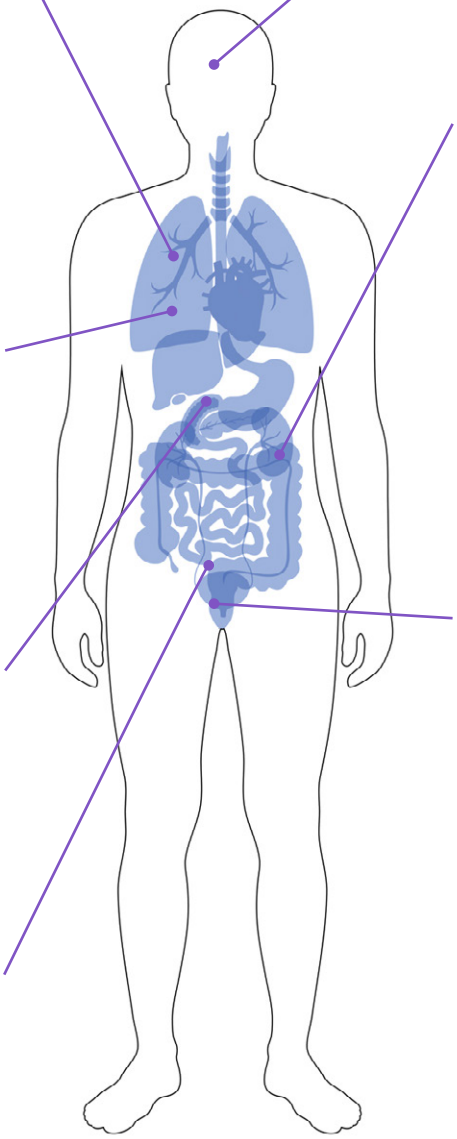
*Registry Study

1. Prostate-specific membrane antigen.
2. Carbonic anhydrase IX.
3. Large amino acid transporter.
4. Bone marrow conditioning and rare diseases.
5. Cluster of differentiation 66.
6. Scintimun® is a registered trademark of Curium Pharma.

With the exception of Telix's ^{68}Ga PSMA-11 imaging agent in the United States and Australia, none of Telix's products have received a marketing authorisation in any jurisdiction.

Telix is pioneering a new cancer modality

Telix is at the forefront of this highly promising medical advance with more than 18 clinical trials underway across a range of diseases. The business is backed by a demonstrated commitment to developing the required infrastructure and supply chains and clinical support to deliver these exciting new medical treatments into the hands of clinicians treating cancer patients.



Breast Cancer

Ph	Name	Asset	Dx/Tx
II	OPALESCENCE (IIT)	TLX250-CDx	Dx
I	Emory University (IIT)	TLX591-CDX	Dx

Lung and Ovarian Cancers

Ph	Name	Asset	Dx/Tx
I	Royal Adelaide (IIT)	APOMAB	Dx/Tx

Bone Marrow Conditioning

Ph	Name	Asset	Dx/Tx
I/IIa	TRALA (IIT)	TLX66	Tx

Bladder Cancer

Ph	Name	Asset	Dx/Tx
I	ZiP-UP (IIT)	TLX250-CDx	Dx
I	PERTINENCE (IIT)	TLX591-CDX	Dx

Glioblastoma

Ph	Name	Asset	Dx/Tx
I/II	IPAX-1	TLX101	Tx

Kidney Cancer

Ph	Name	Asset	Dx/Tx
III	ZIRCON	TLX250-CDx	Dx
I/II	ZIRDAC	TLX250-CDx	Dx
II	STARLITE-1	TLX250	Tx
I	STARLITE-2	TLX250	Tx

Prostate Cancer

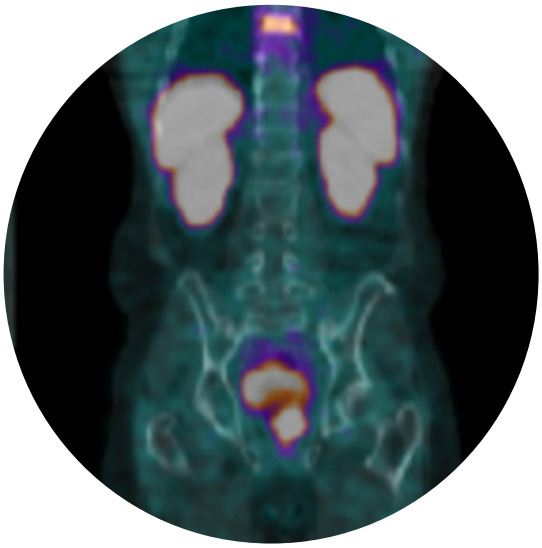
Ph	Name	Asset	Dx/Tx
III	University of Linz (IIT)	TLX591-CDx	Dx
II	Emory University (IIT)	TLX591-CDx	Dx
II	Enhancing (IIT)	TLX591-CDx	Dx
II	Mem. Sloan Kettering (IIT)	TLX591-CDx	Dx
N/A*	NOBLE	TLX599-CDx	Dx
III	PROSTACT	TLX591	Tx
I	CUPID	TLX592	Tx

*Registry Study.

Prostate cancer and PSMA program

Prostate cancer is the most commonly diagnosed male cancer and a leading cause of death in men worldwide. In 2020 more than 1.4 million men were diagnosed, and despite recent advances in treatment, over 375,000 died from their disease.[1]

High rates of screening in developed countries mean most men are diagnosed early when their disease is clinically confined to the prostate gland. These men receive local therapy, either prostatectomy or radiotherapy, and may be cured of their disease. However, approximately 15% of patients develop advanced forms of the disease that can spread to other parts of the body. This is known as metastatic prostate cancer. Thus, there remains a significant need for clinical research and effective new management tools.



NOBLE Registry image. Credit: Peter Tually.

Core prostate cancer portfolio:

- **Illuccix (TLX591-CDx, ^{68}Ga gozetotide also known as PSMA-11)**, preparation for imaging prostate cancer with PET (now approved in the United States and Australia, and under regulatory review in 15 additional countries)
- **TLX599-CDx (^{99m}Tc-iPSMA)**, an investigational prostate cancer imaging agent that uses single photon emission computed tomography (SPECT)
- **TLX591 (^{177}Lu-DOTA-rosopatamab)**, the Company's lead prostate cancer therapy candidate
- **TLX592 (^{64}Cu/^{225}Ac-RADmAb®)**, the Company's next generation prostate cancer therapy candidate for targeted alpha therapy (TAT)

Each of these assets targets PSMA, a protein expressed on the surface of prostate cancer cells but which is low or absent on most normal healthy cells, making it a suitable target for prostate cancer theranostics.

Prostate cancer imaging

Telix's lead product for prostate cancer imaging with positron emission tomography (PET), Illuccix, was approved by the Australian TGA in November 2021, and the United States FDA in December 2021 (refer to earlier section in this report).

During 2021, Telix also supported the launch of the NOBLE Registry of the Company's SPECT-based investigational imaging product, TLX599-CDx (^{99m}Tc-iPSMA), co-supported by the Brussels-based Oncidium foundation.

The Registry aims to collect data that, ultimately, may improve access for men to state-of-the-art prostate cancer imaging tools in remote and rural locations where SPECT is the predominant imaging modality. The NOBLE Registry is collecting prospective, real-world clinical data on the use of TLX599-CDx from a consortium of sites in seven countries, including Australia. Patients were dosed in Nigeria, Egypt and Australia during 2021, and in Mexico during February 2022, with other clinical sites in Indonesia, South Africa, and the United Arab Emirates.

NOBLE nobody left behind Oncidium foundation

"The NOBLE Registry partnership with Telix represents the essence of what we stand for at the Oncidium foundation; raising awareness about theranostics as an alternative for cancer care, and providing support to accelerate global access. Based on promising early results, we see great potential in NOBLE, and look forward to other future areas of collaboration with Telix for the benefit of patients."

Rebecca Lo Bue,
General Manager of the Oncidium foundation

1. Globocan 2021.

Prostate cancer therapy

Telix also made significant progress with its lead PSMA-targeting therapy program, which is exploring TLX591 in areas of unmet medical need across the full prostate cancer treatment journey. The ProstACT program of studies is evaluating the efficacy of Telix's lutetium-177 (^{177}Lu)-labelled therapeutic antibodies in all stages of prostate cancer, from first recurrence to advanced metastatic disease (mCRPC). In May the Company was granted Human Research Ethics Committee (HREC) approval and received Clinical Trial Notification (CTN) clearance by the Australian Therapeutic Goods Administration (TGA) to commence a pivotal Phase III study, ProstACT GLOBAL.

ProstACT GLOBAL is an international, multi-centre, randomised controlled trial (RCT) in patients with PSMA-expressing mCRPC, experiencing disease progression following prior treatment with a novel androgen axis drug (NAAD). The ProstACT trial will enrol approximately 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 (rPFS).

Prostate cancer is the most common male cancer

Worldwide, 1.4 million men were diagnosed with prostate cancer in 2020[1]

More than 375,000 men died from prostate cancer globally in 2020[1]

Detecting early metastatic disease in this setting is vital

Illuccix (TLX591-CDx) was approved in the United States and Australia during 2021

Over 13,200 individual patient doses of TLX591-CDx delivered globally in 2021 through clinical trials and magisterial or compassionate use

Total addressable market value for Illuccix in United States and Europe estimated at US$1.1 billion (increase in past 12 months owing to growing incidence rates and inclusion in practice guidelines)

Total addressable market value for TLX591 (therapy) in United States and Europe estimated at US$4.5 billion

> "Our strategic collaboration with Telix is helping to advance clinical trials with the aim to make proven new treatments available more quickly. With GenesisCare's extensive network of cancer care centres and Telix's drug development and commercialisation expertise, this partnership has potential to make a real difference in life outcomes for patients."
>
> ***Dan Collins,***
> *GenesisCare Founder and CEO*

In August Telix announced ProstACT SELECT and ProstACT TARGET, two ancillary studies under the ProstACT umbrella that significantly extend the evaluation of Telix's TLX591 antibody-directed ^{177}Lu therapeutic platform:

- ProstACT SELECT, a Phase I radiogenomics study with the goal of comparing ^{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 mCRPC. Demonstrating the "theranostic" approach, 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. ProstACT SELECT is a multi-centre study and will enrol up to 50 patients.
- ProstACT TARGET, a Phase II single arm study to evaluate TLX591 in combination with EBRT in patients with PSMA-avid biochemically recurrent oligometastatic disease, designed to generate early data in front-line care. The aim of the study – a collaboration with Telix's strategic partner, GenesisCare – is to determine the efficacy, biodistribution, and combination dosimetry of TLX591 plus EBRT. The primary endpoint is rPFS.

This expanded ProstACT study program will inform the Company's long-term clinical and commercialisation strategies for the TLX591 therapeutic candidate and generate multiple opportunities for near-term data readouts throughout the program duration.

1. Globocan 2021.

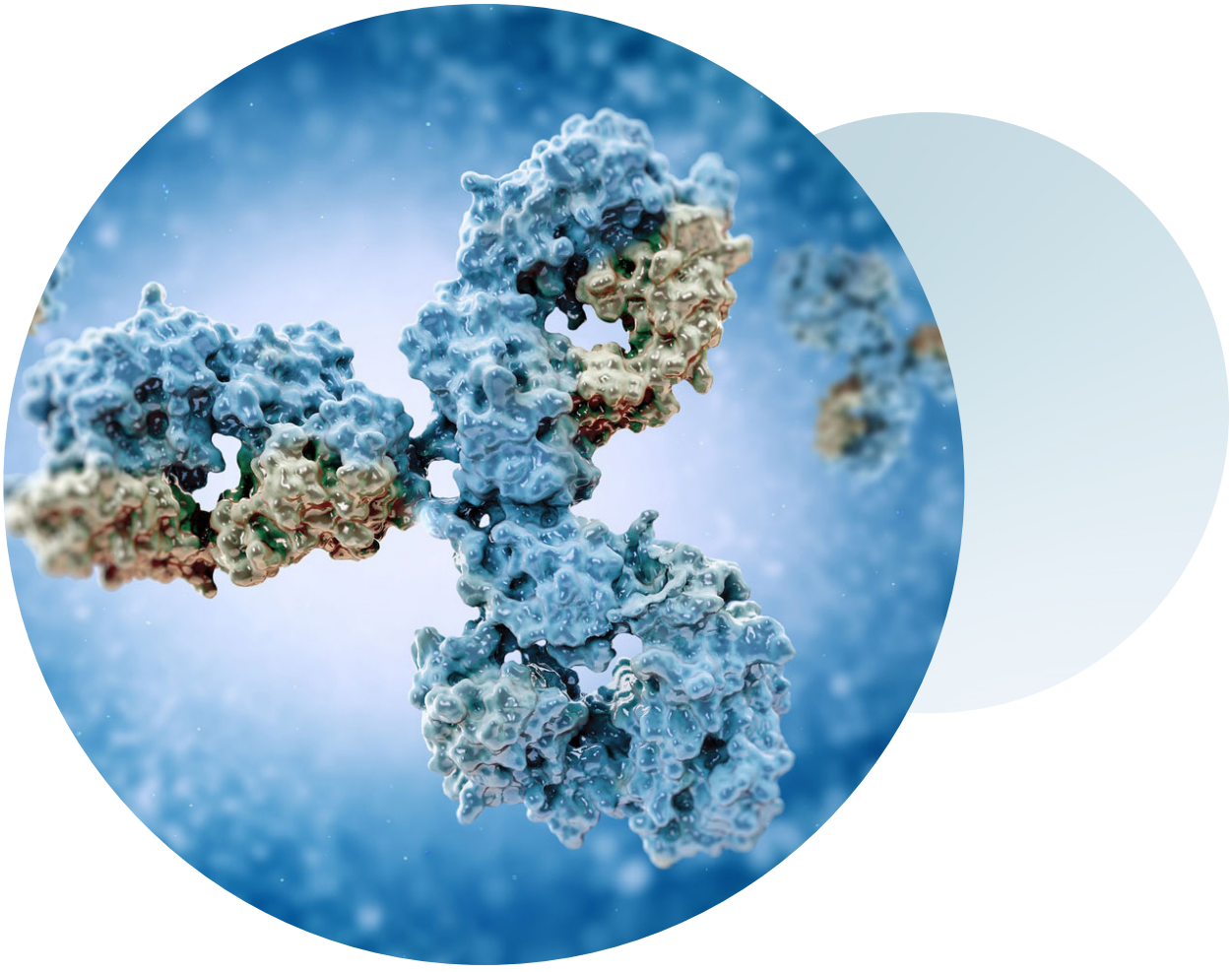
During August, a first patient was dosed in the first-in-human Phase I CUPID study of Telix's TAT prostate cancer therapy candidate TLX592, in patients with advanced prostate cancer. TAT delivers high-energy, short-range radiation that penetrates only a few cells deep, potentially suited to patients with early-stage metastatic prostate cancer with small disease burden, or patients with late-stage prostate cancer following failure of ^{177}Lu-PSMA therapy. TLX592 targets PSMA, as does the Company's TLX591 prostate cancer therapy program. However, TLX592 has been engineered with Telix's proprietary RADmAb® antibody technology to clear far more rapidly from a patient's circulation than unmodified antibodies, while maintaining TLX591's specificity for tumour-expressed PSMA and hepatic (liver) clearance, rendering it potentially more suitable for use as a targeting agent for ^{225}Ac, a potent therapeutic alpha emitting radionuclide.

TLX592 represents Telix's most significant proprietary antibody development to date and it is our aim to develop this program for both the early stages of metastatic prostate cancer, as well as for later stage patients no longer responding to lutetium therapy, in tandem with TLX591.

One of Telix's key objectives is to establish category leadership in urologic oncology, thereby being able to offer patients with prostate cancer a broad suite of state-of-the-art diagnostic imaging and therapeutic options.

Future indications

The protein targeted in Telix's prostate cancer imaging and therapy programs, PSMA (also known as glutamate carboxypeptidase II (GCPII), is highly expressed in many cancers including lobular breast cancer (also called invasive lobular carcinoma, or ILC). During 2021, first patients were dosed at Emory University (Atlanta, GA) in a Phase I study of TLX591-CDx for the staging of ILC, marking the first formal clinical investigation of TLX591-CDx outside of prostate cancer. ILC is the second most common form of breast cancer, affecting about 10% of people with invasive breast cancer. Currently there are no accurate imaging techniques for staging lobular breast cancer, adversely impacting clinicians' ability to inform decisions about optimal treatment and management of the disease.



Kidney cancer and CA9 program

Worldwide 430,000 people were diagnosed with kidney cancer in 2020, with almost 180,000 dying from their disease.[1] Kidney cancer tends to be resistant to both chemotherapy and radiotherapy, and while immunotherapies have dramatically improved the overall outlook for patients with metastatic kidney cancer, many do not adequately respond to these and eventually progress. There remains a significant need for new therapeutic options for patients with advanced kidney cancer.

Advanced imaging has a crucial role in diagnosis and staging, including with clear cell renal cell carcinoma (ccRCC), the most common and aggressive form of kidney cancer. The current standard of care is computed tomography (CT) or magnetic resonance imaging (MRI) followed by invasive surgery, however conventional imaging techniques are unable to reliably distinguish between benign and malignant tumours. Improved detection of ccRCC (including metastatic disease) with PET/CT imaging could lead to more accurate staging, with potential to spare unnecessary biopsies and limit unnecessary surgeries.

Telix's kidney cancer program comprises the investigational PET imaging agent TLX250-CDx (^{89}Zr-DFO-girentuximab), granted FDA Breakthrough Therapy (BT) designation in the United States in 2020, and the therapeutic candidate TLX250 (^{177}Lu-girentuximab). Each of these investigational products is being developed to target a cell-surface antigen called carbonic anhydrase IX (CA9), a cancer target that is overexpressed in ccRCC due to a mutation of the von Hippel-Lindau (VHL) protein. CA9 is present on 90+% of ccRCC cells but is absent from most normal healthy kidney tissues and is therefore an attractive target for both imaging and therapy.

During 2021, Telix made significant progress with the Company's international, multi-centre Phase III ZIRCON trial, which is evaluating the sensitivity and specificity of pre-surgical imaging with PET, using TLX250-CDx to non-invasively detect ccRCC, in comparison with histologic standard of truth determined from surgical resection in up to 252 patients. The study has now exceeded 90% recruitment and the Biologics Licence Application (BLA) consultation process with the FDA has commenced, as the Company progresses a regulatory filing. With no comparable clinical product presently available, TLX250-CDx has potential to be the first commercially available diagnostic imaging agent intended for the non-invasive assessment of patients with suspected ccRCC.

There is an increasing body of scientific evidence that radiation could enhance the effect of immune therapies, which are increasingly used throughout oncology, by overcoming resistance mechanisms, "immune priming" the tumour (e.g. ref Herrera et al. Cancer Discovery 2022). The two Telix-supported STARLITE studies, which are assessing the efficacy of TLX250 as an immune primer in combination with current immuno-oncology therapies for ccRCC, were also advanced during 2021. The FDA accepted Investigational New Drug (IND) applications for both STARLITE 1 and STARLITE 2, being conducted at MD Anderson Cancer Center (Houston, TX) and Memorial Sloan Kettering Cancer Center (New York, NY), respectively. Patient screening commenced for STARLITE 2 in late 2021.

Future indications

The cancer target CA9 utilised in Telix's kidney cancer imaging and therapy programs also has overexpression in many other solid tumours, including bladder or urothelial, breast, brain, cervix, colon, esophagus, head and neck, lung, ovarian, pancreatic and vulval cancers. During 2021, a number of investigator-led studies were initiated using PET imaging with TLX250-CDx to "indication scout" for future therapy applications and demonstrate the value of a "theranostic" approach.

- ZiP-UP in patients with urothelial carcinoma or bladder cancer
- OPALESCENCE in triple negative breast cancer
- PERTINENCE in non-muscle invasive bladder cancer

ccRCC is the most common and aggressive form of kidney cancer

Worldwide, 430,000 people were diagnosed with kidney cancer in 2020[1]

More than 180,000 people died from kidney cancer globally in 2020[1]

TLX250-CDx has been granted Breakthrough Therapy designation by the United States FDA

No comparable product to TLX250-CDx is presently clinically available

TLX250-CDx has potential to be the first diagnostic imaging agent indicated for the non-invasive assessment of patients with suspected ccRCC

International, multi-centre Phase III ZIRCON trial of TLX250-CDx nearing completion (expected to complete patient recruitment during Q1 2022, despite COVID-19 disruption)

Total addressable market value for TLX250-CDx in United States and Europe estimated at US$350 million

Total addressable market value for TLX250 in United States and Europe estimated at US$3 billion

1. Globocan 2021.

Glioblastoma (brain cancer) and LAT-1 program

Worldwide, more than 300,000 people were diagnosed with brain or central nervous system cancer in 2020 and 250,000 people died from their disease.[1] Glioblastoma (GBM) is the most common and aggressive primary brain cancer diagnosed in adults, accounting for more than half of all brain tumours. The mainstay of treatment for GBM typically comprises surgical resection, followed by combined radiotherapy and chemotherapy. However, despite such treatment, most patients experience recurrence, with an expected survival duration of approximately 12-15 months from diagnosis.

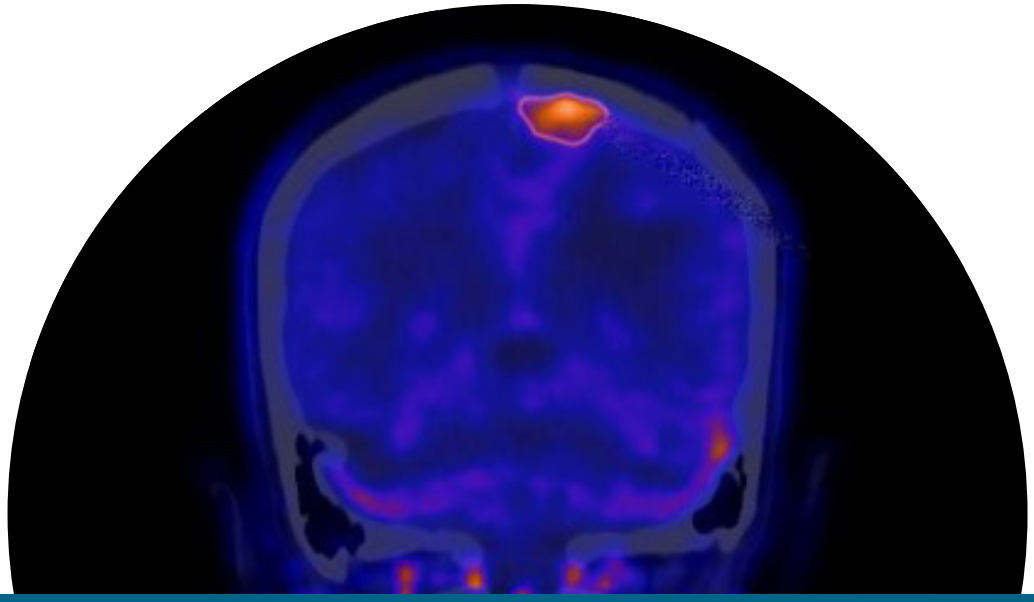
Telix's GBM program comprises the investigational PET imaging agent TLX101-CDx (^{18}F-FET) and the therapeutic candidate TLX101 (^{131}I-IPA). Both target L-type amino acid transporter 1 (LAT-1), a membrane transport protein that is typically highly expressed in GBM. TLX101 is a novel approach that is readily able to pass through the blood-brain barrier, the normal protective barrier that prevents many potential drug candidates from entering the brain.

During 2021, Telix concluded the IPAX-1 study of TLX101 in combination with EBRT in recurrent GBM. First peer-reviewed results were presented at the Congress of Neurological Surgeons (CNS) meeting in October, confirming that the study met its primary objective, demonstrating safety and tolerability of TLX101 at doses tested, with overall survival (OS) at the point of interim analysis of 15.97 months. GBM has a median survival from initial diagnosis of 12-15 months, so the prospect of potentially improved OS in the second line setting warrants further investigation in a larger patient cohort, including earlier stage patients.

During 2022, TLX101 will be evaluated in front-line therapy, in combination with standard of care and using TLX101-CDx as a complementary imaging agent. The protocol for a Phase I/II study was finalised in late 2021 with the Phase I component expected to commence in Q1 2022, pending ethics approval.

In December, Telix entered into a clinical data access agreement with the Olivia Newton-John Cancer Research Institute (ONJCRI) relating to a clinical trial investigating the use of ^{18}F-FET to image glioblastoma patients with PET (FET-PET). The FET-PET in Glioblastoma (FIG) Study is a prospective, multi-centre study, which aims to definitively establish the role of FET-PET in the management of GBM. Data from the FIG study may be used to support global regulatory submissions for TLX101-CDx, whilst also enabling public dissemination of data in a way that can be robustly mined for the benefit of patients suffering from this disease with particularly poor prognosis.

- Glioblastoma is the most aggressive form of primary brain cancer
- Worldwide, more than 300,000 people were diagnosed with brain or central nervous system cancer in 2020, with GBM accounting for more than half of all tumours[1]
- TLX101 and TLX101-CDx have been granted orphan drug designation in the United States and Europe
- IPAX-1 study demonstrated encouraging tumour responses including some patients with prolonged disease stabilisation
- TLX101 to be evaluated in front-line therapy during 2022, in combination with standard of care treatments
- Total addressable market value for TLX101 in United States and Europe estimated at US$1.5 billion



1. Globocan 2021.

Hematologic (blood) cancers / bone marrow conditioning and CD66 program

The indications for bone marrow transplantation are increasing from hematological malignancies to more recently solid tumours and numerous autoimmune conditions. Traditional conditioning regimens are associated with morbidity and mortality from chemotherapy, limiting their use particularly in pediatric and rare diseases.

Conditions like systemic amyloid light chain amyloidosis (SALA), an orphan disease that is often treated by autologous transplant, could benefit from more tolerable conditioning regimens. Novel cell and gene therapies could also increase their utilisation by minimising chemotherapy conditioning approaches.

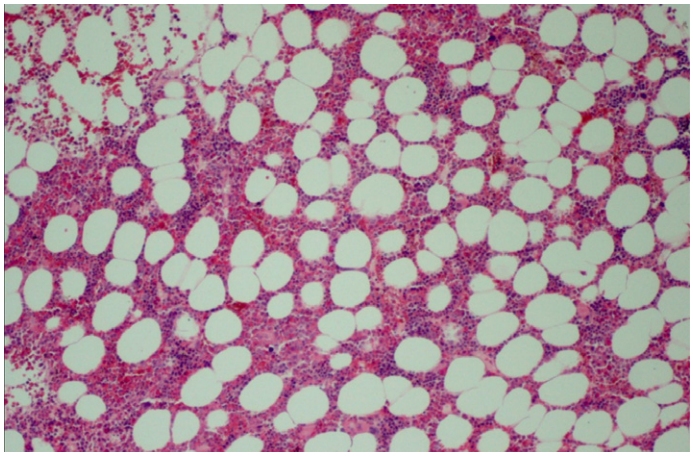
Telix's TLX66-CDx (^{99m}Tc-besilesomab, Scintimun®) and TLX66 (^{90}Y-besilesomab) investigational assets have potential application across a range of conditions requiring bone marrow conditioning. Besilesomab targets cluster of differentiation 66 (CD66), a receptor expressed on specific types of immune/blood cells and a potential target for novel conditioning radiopharmaceuticals. TLX66 has been granted orphan drug designation (ODD) status in Europe for bone marrow conditioning for hematopoietic stem cell transplantation (HSCT), a broad clinical indication.

Prior Phase I and II clinical studies of TLX66 have demonstrated encouraging efficacy and safety data in multiple myeloma, pediatric leukemia and SALA, a rare disease with a poor prognosis characterised by abnormal protein deposition in the organs of the body.

During 2021, Telix reported initial results for safety and tolerability for the Targeted Radiotherapy for AL-amyloidosis (TRALA) trial at the University of Southampton, United Kingdom. The study found that TLX66 was well-tolerated, enabling successful engraftment of the patients' own transplanted stem cells without the need for toxic chemotherapy. Peer review data presented in December 2021 confirms the study met its primary objective, demonstrating the initial safety profile in patients with AL amyloidosis and may offer a new approach to bone marrow conditioning in patients who could benefit from HSCT. This supports taking TLX66 forward into a pivotal Phase II registration study in this rare disease indication, which is currently being planned in collaboration with the amyloid community of patients and physicians.

In August 2021, London-based Great Ormond Street Hospital (GOSH), an international centre of excellence in child healthcare, received UK research ethics approval to commence a Phase II academic study of TLX66 in children with high-risk leukemia. This open label Phase II study, which will enrol 25 patients, is being carried out by GOSH to evaluate safety and efficacy of TLX66 as part of a reduced toxicity conditioning regimen in children and adolescents undergoing allogeneic HSCT. The study is independently funded by the generosity of a philanthropic foundation, with GOSH as the sponsor, and is expected to commence enrolment during Q1 2022.

TLX66-CDx (Scintimun®) is an approved product in approximately 30 countries around the world, indicated for scintigraphic imaging, in conjunction with other appropriate imaging modalities, for determining the location of inflammation/infection in peripheral bone in adults with suspected osteomyelitis. Through clinical collaboration with key opinion leaders, Telix sees an opportunity to significantly expand the utility of this "companion imaging" agent to other oncology, inflammation and infection imaging applications.



- SALA is an orphan disease indication with an annual incidence of approximately 12 per 1,000,000 population[1]
- SALA portends a very poor prognosis, with a median survival from diagnosis of ~11 months if untreated
- TLX66 has been granted ODD status in Europe for bone marrow conditioning for HSCT
- Telix views rare disease indications as a potential acceleration strategy across the entire pipeline
- TLX66-CDx is currently approved and marketed as Scintimun® in approximately 30 countries
- Total addressable market value for TLX66 in United States and Europe estimated at US$600 million, with potential upside for TLX66-CDx (imaging)

1. Monique Minnema and Stefan Schönland, The EBMT Handbook: Hematopoietic Stem Cell Transplantation and Cellular Therapies, 2019.

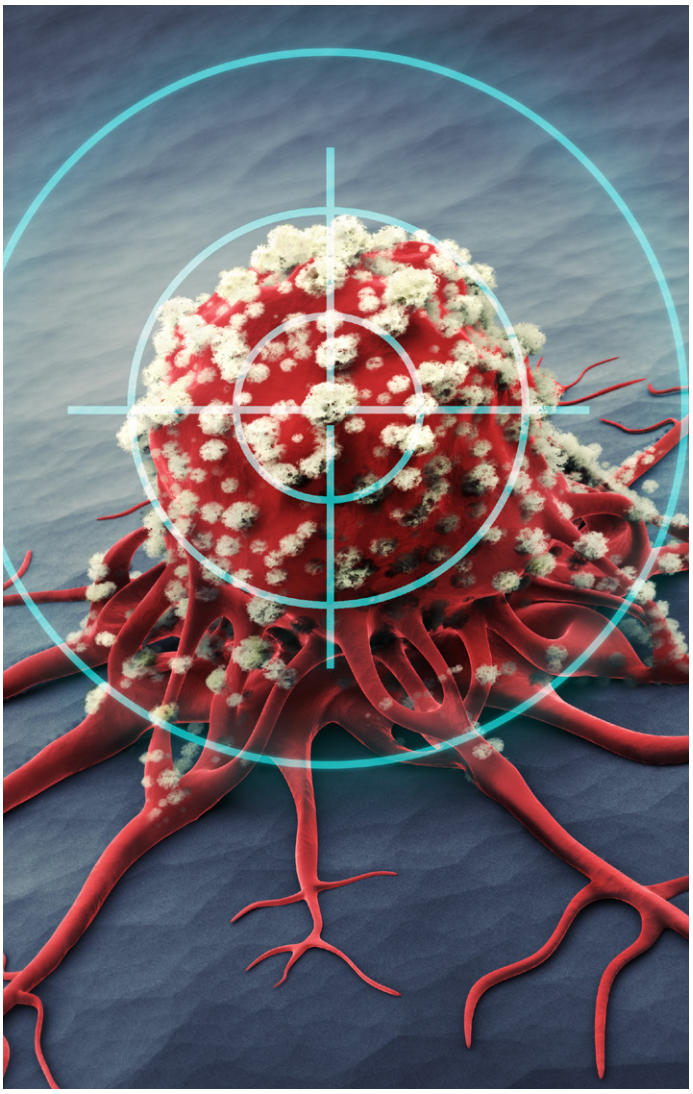
Our future: research and innovation focus

The team at Telix is driven by innovation and always looking over the horizon to what will be the "new frontier" in the field of radiopharmaceuticals.

Building the pipeline of future products, through Telix's own research and development, and with partners, is a core strategic focus. In harnessing the power of MTR to explore new targets, complement existing therapies and find new clinical applications, Telix's aim is to build a pipeline of new product candidates which can improve patient outcomes and in turn, deliver value to shareholders.

Telix was founded on the premise of taking clinically-validated products rapidly to commercialisation. The team's expertise in technology evaluation and product development, along with the Company's standing as one of the world's largest dedicated radiopharmaceutical companies has opened up access to a range of new opportunities and partnerships.

This research and innovation focus will define the Telix of the future.



Core areas of research and development focus

1. Targeted alpha therapy (TAT)

TATs have the potential to supercharge targeted radiation. Alpha emitters are "next generation" radionuclides that possess a very high energy output, but a localised radiation profile. This offers potentially greater potency and reduced likelihood of hitting surrounding healthy tissue. Furthermore, the prospective indications for alpha emitting candidates are highly complementary to beta emitters due to their different properties: alpha therapies have a short penetration depth into tumours to suit smaller, disseminated disease or micro-metastatic disease, whereas traditional beta-emitting radioisotopes (such as ^{177}Lu and ^{131}I) have a longer penetration and may suit bulky metastatic disease.

Telix's vision is to develop alpha and beta therapies for the indications it is pursuing, to increase the options available to treat cancer within its portfolio and provide patients with additional options along their treatment journey. From a commercial standpoint this will be an important part of product "lifecycle" management. In prostate cancer, the Company is developing TLX591, a beta therapy and the subject of the ProstACT trials but in parallel is also developing TLX592 as an alpha therapy, the subject of the CUPID study. TLX592 is being evaluated as a potential adjuvant treatment for high-risk patients that have early metastatic disease, and eventually is expected to have utility in any patients progressing following conventional, beta-emitting ^{177}Lu-PSMA radionuclide therapy.

In December 2021 a first patient was dosed in a Phase I study of TLX250-CDx in patients with non-muscle-invasive bladder cancer (NMIBC) at the Institut de Cancérologie de l'Ouest (ICO) in France. This study known as PERTINENCE, a collaboration with Atonco S.A.S., is an important step towards evaluating TLX250 with an alpha emitting isotope for the first time in humans. During 2022 we look forward to furthering this collaboration to explore girentuximab as a base for therapy with the alpha-emitting radioisotope astatine-211 (^{211}At) as well as extending and accelerating development options to numerous cancer types where there is unmet medical need.

In August, Telix entered into a pan-cancer clinical collaboration with Merck KGaA, Darmstadt, Germany (Merck), to conduct combination studies with one of Merck's investigational proprietary DNA Damage Response Inhibitor (DDRi) molecules in combination with each of Telix's TLX591 and TLX250 MTR therapeutic programs. This clinical collaboration builds on the success of a strategic research collaboration agreement between Telix and Merck announced in August 2019.

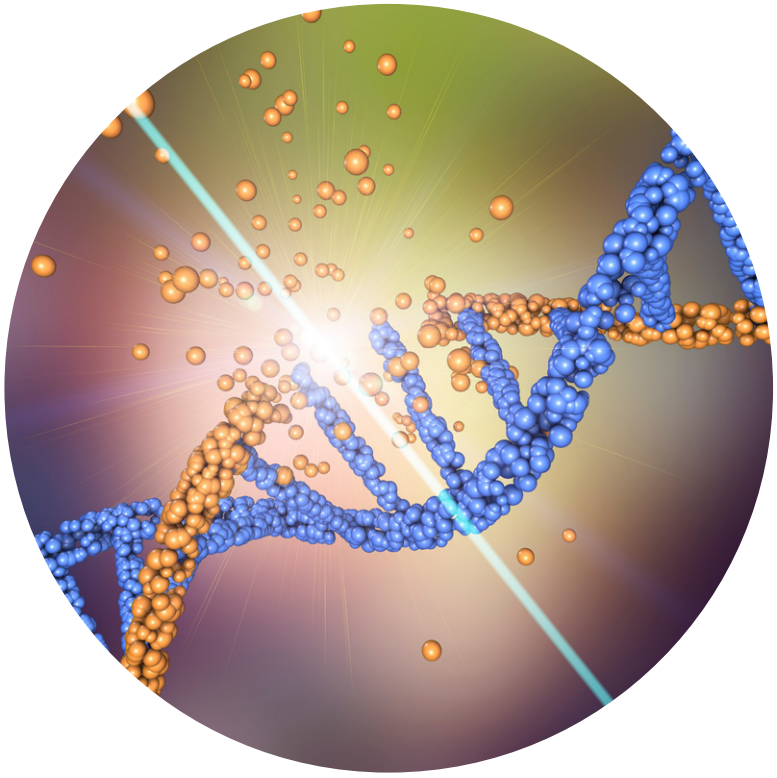
This collaboration represents the vanguard of nuclear medicine and oncology, and we are excited by the new data and intellectual property already generated demonstrating potent synergy between Telix and Merck's technologies, which is highly supportive of clinical translation. Pre-clinical studies provide evidence that the combined effect of Merck's DDRi compound with Telix's MTR candidates has potential to significantly impact cancer by improving efficacy and reducing the required radiation dose for tumour reduction and remission, compared to MTR only.

2. Combination therapies

Studies have demonstrated that low doses of radiation can act as an "immune primer" and can make a tumour more responsive to immunotherapy. Tumours can suppress the immune response with checkpoint receptors. In immunotherapy, checkpoint inhibitors (CPI) disrupt this suppression in tumour-clearing T cells. However, responses to CPI are highly variable, based on immune-responsiveness of tumour or cancer type.

Targeted radiation has the potential to remodel a tumour's immune-status and therefore enhance the effectiveness of immunotherapy, by altering the tumour microenvironment, priming the immune system by recruiting the patient's immune cells and acting to reprime a tumour that has developed resistance.

Immunotherapy is forecast to be a US$100B market by 2027,[1] and the combination of MTR and CPI could be a large market opportunity. The STARLITE 1 and 2 Phase II studies of TLX250 in kidney cancer therapy are a world-first clinical evaluation of MTR in combination with checkpoint inhibitors.



1. Global Immuno-Oncology Market Size, Status and Forecast 2021-2027.

3. Understanding the tumour microenvironment (TME)

Tumours are complex, heterogeneous collections of cells. This complex biology means that aggression of a tumour type or expression of biomarkers is the result of interactions of numerous molecular "drivers". The dynamic interactions of cancer cells with their microenvironment enhances their complexity and stimulates the characteristics of a tumour causing it to metastasise or become resistant to treatment. By better understanding the TME and harnessing the ability of MTR to target multiple parts of the tumour, Telix's goal is to develop new approaches which may complement existing treatments and make them more efficacious.

Telix has in-licenced a novel antibody (APOMAB®) from AusHealth, which is currently the subject of a Phase I study in lung and ovarian cancers. This antibody targets the La/SSB protein,[1] which is only expressed on dying or dead cancer cells, such as those found in patients that have been pre-treated with chemotherapeutic agents or EBRT. Repeated cycles of therapeutic APOMAB treatment is designed to expose increasing amount of target protein on the newly-killed tumour cells; resulting in a "bystander killing" effect on neighbouring cancer cells. This is an example of how a better understanding of the TME may boost the efficacy of many existing cancer treatments.

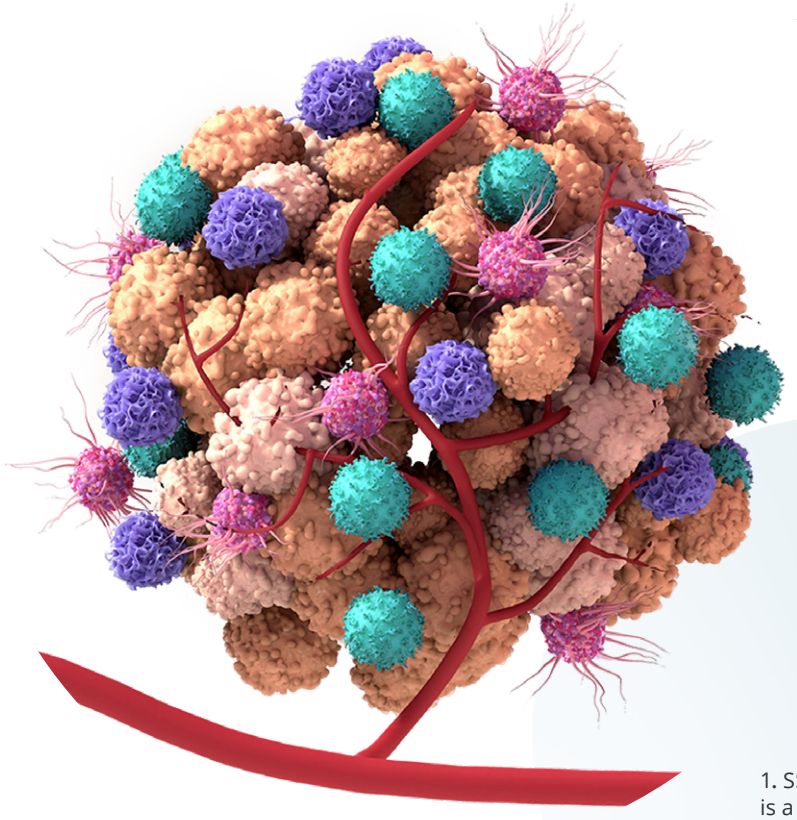
Telix also in-licenced a novel PET radiotracer, originating from the Université catholique de Louvain in France, known as ^{18}F-3-fluoro-2-hydroxypropionate or ^{18}F-FLac, which has shown promise for imaging lactate metabolism in oxygenated tumours and TME, an important area of research for Telix. ^{18}F-FLac could act as an adjunct to ^{18}F-FDG PET, which is used in ~90% of scans, to help identify cancers that are more aggressive in nature and less responsive to current treatments, particularly immuno-oncology therapeutics.

Telix believes in the strength of collaboration and working with the leaders of the field for translation of new theranostics. In February 2021, Telix initiated a new collaboration with Heidelberg University Hospital (UKHD) and Professor Frederik Giesel in Germany for the development of next generation theranostic radiopharmaceuticals. This combines the expertise and resources from both Telix and UKHD to develop and explore further novel treatments in urologic oncology. A lead candidate has already been identified and is currently progressing through further preclinical studies to generate the pharmacological and toxicological package required to support clinical translation.

4. Artificial intelligence (AI)

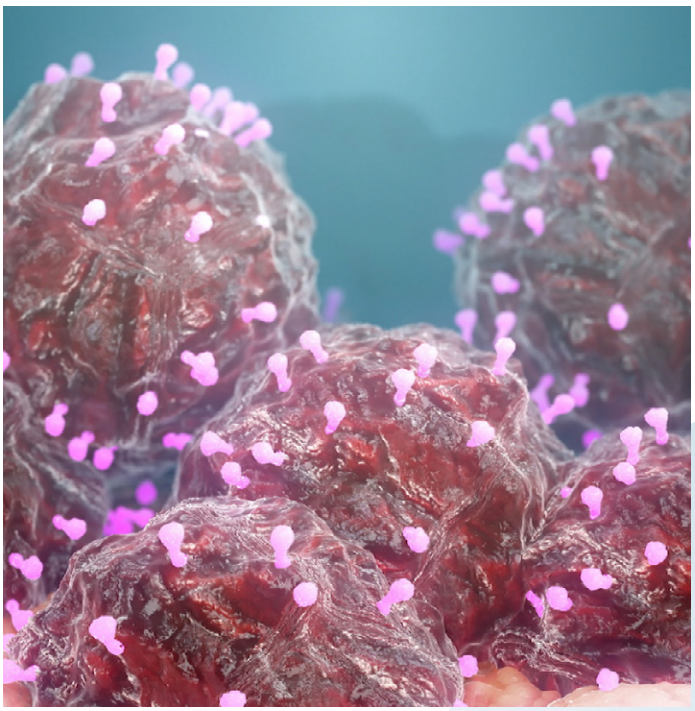
AI is used to recognise complex patterns within large data sets and can be applied to enhance decision-making through predictive analysis. Radioimaging using MTR relies heavily on digital data processing and expert input from highly trained technicians and radiologists to correctly interpret the data. In this context AI could be transformative in helping to improve the accuracy, precision, efficiency and overall quality of radioimaging for cancer patients.

Telix is working with specialist partners, with a vision to use AI to enhance its diagnostic imaging products. AI can be applied to improve image quality, and use algorithms to better quantify and classify lesions, and monitor changes in disease burden. AI is also expected to play an important role in the optimisation of treatment, by integrating imaging and clinical data to inform disease prognosis and forecasting optimal dose prediction and treatment response.



1. SSB (Small RNA Binding Exonuclease Protection Factor La) is a Protein Coding gene.

> We are extremely excited by the potential of this collaboration to transform surgical outcomes for patients across a range of major cancer types, starting with prostate cancer. The combination of Lightpoint's SENSEI® probe, alongside Telix's ground-breaking MTR agents, has the potential to create an extremely precise technique to help surgeons detect cancer that might not otherwise be found during surgery."
>
> ***Graeme Smith,***
> *Lightpoint Medical CEO*



5. Radio-guided surgery (RGS)

Bringing molecular imaging into the operating theatre is a key part of Telix's portfolio strategy for urologic oncology. Telix is working with several partners to develop advanced image- and radio-guided surgical technologies to assist urologic surgeons with the real-time identification of cancer cells. Surgeons currently have no reliable way to detect cancer intra-operatively, relying on sight or touch during an operation. As a result, cancer may be left behind or healthy tissue needlessly removed.

Telix is collaborating with Paris-headquartered Mauna Kea Technologies (Mauna Kea), a leading medical device company pioneering the development of real-time intra-operative endomicroscopic visualisation of cancer tissue. Named the Imaging and Robotics in Surgery (IRiS) Alliance, this collaboration is combining the use of Telix's dual-modality PET tracer TLX591-Sx (^{68}Ga-PSMA-IRDye) that delivers concurrent PET and fluorescent (optical) imaging, with Mauna Kea's Cellvizio® confocal laser endomicroscopy (CLE) in vivo cellular imaging platform. The clinical objective is to enable the urologic surgeon to access real-time visualisation of cancer tissues in the operating theatre in a manner that can be directly correlated to pre-operative PET imaging. The IRiS Alliance aims to develop advanced capabilities for pre-operative planning, intra-operative guidance, surgical margin assessment and other surgical parameters, with initial applications in prostate and kidney cancer.

Telix is also working with Lightpoint Medical, which has developed a miniature gamma probe, a device used to detect radiation in patients and guide surgery, which is inserted into a surgical port and can then be controlled by the clinician during the procedure. When used with molecularly-targeted imaging agents, Lightpoint's device may enable the intra-operative detection of cancer in real time; supporting greater precision in the removal of tumours. Telix and Lightpoint are evaluating the use of Telix's investigational prostate cancer SPECT imaging agent TLX599-CDx (^{99m}Tc-HYNIC-iPSMA) – together with Lightpoint's SENSEI® flexible laparoscopic gamma probe for intra-operative cancer detection. The ultimate objective of the clinical collaboration is to obtain marketing approval for use of TLX599-CDx in RGS, a new indication for prostate cancer.

Our global leadership team

Christian Behrenbruch, BEng (Hons) DPhil (Oxon) MBA (TRIUM) JD (Melb) FIEAust GAICD

Group Managing Director and Chief Executive Officer

Dr Behrenbruch has over twenty years of healthcare entrepreneurship and executive leadership experience. He has previously served in a CEO or Executive Director capacity at Mirada Solutions, CTI Molecular Imaging (now Siemens Healthcare), Fibron Technologies and ImaginAb, Inc. He is a former Director of Momentum Biosciences LLC, Siemens Molecular Imaging Ltd, Radius Health Ltd (now Adaptix) and was the former Chairman of Cell Therapies Pty Ltd (a partnership with the Peter MacCallum Cancer Centre). Christian was previously a Director of Factor Therapeutics (ASX: FTT) and Amplia Therapeutics Limited (ASX: ATX). Christian holds a DPhil (PhD) in biomedical engineering from the University of Oxford, an executive MBA jointly awarded from New York University, HEC Paris and the London School of Economics (TRIUM Program) and a Juris Doctor (Law) from the University of Melbourne. He is a Fellow of Engineers Australia in the management and biomedical colleges and a Graduate of the Australian Institute of Company Directors.

Gabriel Liberatore BSc (Hons) PhD (Melb) MBA (La Trobe) MAICD

Group Chief Operating Officer

Dr Liberatore has over 20 years' experience in pharmaceutical and biotech development and operational management functions. Underpinned with science qualifications and a solid background in research and development, Gabriel has held senior business development, consultancy, research and development and operational roles with CSL Limited (ASX: CSL), Deloitte (Australia), Swisse Wellness (112.HK) and the PACT Group (ASX: PGH). Gabriel holds a PhD in Neuroscience from the University of Melbourne, a post-doctorate from Columbia University and an MBA (Corporate Strategy) from La Trobe University. Gabriel is an Advisory Board member at Swinburne University and is a Member of the Australian Institute of Company Directors.

Douglas Cubbin, FCA GAICD

Group Chief Financial Officer

Mr Cubbin is a Certified Practicing Accountant (CPA) with thirty years of experience in finance and executive roles in a diversity of industry sectors, including healthcare, financial services, building, transport/logistics and telecommunications. He is a fellow of the Australian Society of CPAs and a Graduate of the Institute of Company Directors. Doug has spent the last sixteen years in CFO, COO, Commercial and Business Development roles in Nuclear Medicine. Prior to that, Doug was the Group CFO of DHL (Australia-Pacific). From 2013 to 2016, Doug was the Chairman of Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Pty Ltd and the General Manager of Business Development at ANSTO.

Melanie Farris BComn FGIA FCG GAICD

Chief Governance and Risk Officer, Group Company Secretary

Ms Farris is an experienced governance and corporate operations professional and Non-Executive Director with over 15 years' experience in listed life sciences companies, as well as extensive experience in the planning, management and delivery of strategic corporate activities including IPO, M&A diligence and integration, risk and governance strategy. Melanie's prior roles include with Factor Therapeutics Limited (ASX: FTT), Invion Limited (ASX: IVX), Menzies Research Centre, HRH The Prince of Wales's Office, Global Asset Management, Imperial Cancer Research Fund, and The Prince's Foundation. Melanie holds a Bachelor of Communication (Public Relations), and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of the Governance Institute of Australia, a Fellow of the Chartered Governance Institute (UK) and a Graduate of the Australian Institute of Company Directors.

Dr Colin Hayward, MBBS FFPM

Group Chief Medical Officer

Dr Hayward has over 20 years' of global pharmaceutical, biotechnology and drug development experience and leads Telix's medical affairs, clinical operations and pharmaco-vigilance activities on a global basis. Prior to joining Telix, Colin was the Chief Medical Officer of Premier Research (North Carolina, US), a leading global Contract Research Organisation (CRO) specialising in the biopharmaceutical and specialty pharmaceutical areas of clinical research. Colin has held a series of senior medical, executive and board-level roles with F. Hoffmann-La Roche, Myriad Genetics, Prism Ideas Ltd and Symprove Ltd. Earlier in his career, Colin worked in the UK National Health Service with a clinical focus in intensive care and anaesthesia. Colin holds a Medical degree from the University of London and is a Fellow of the Faculty of Pharmaceutical Medicine (UK).

Helen Hovenga MBA, Grad. Dip. HRM & IR, BA (Psych)

Global Chief People Officer

Ms Hovenga has worked with Executives, CEOs and Boards in developing and delivering transformation, the ideal Culture and People Strategies. Her most recent role prior to Telix was as Executive Director, People & Culture with Peter MacCallum Cancer Centre for 3,500 Health practitioners and Research employees. Her broad, deep and diverse Human Resources experience has been gained across large, complex organisations and sectors, including Public Health, Finance, Manufacturing, Mining, Automotive and Retail. She has worked with organisations such as Afterpay, Mars, Toyota, Coles, CUB, Cleanaway, Newcrest and Peter MacCallum Cancer Centre in Executive Leadership roles. Helen has a Masters of Business (HR) with distinction from Charles Sturt University; Helen's passions are in change, transformation, agility, developing and implementing Strategy, people leadership, stakeholder partnerships, high performance, digital solutions and improved commercial outcomes.

Richard Valeix MBA

Chief Executive Officer, EMEA

Mr Valeix joins Telix with approximately twenty years of pharmaceutical industry experience, including radiopharmaceuticals, gained in senior executive leadership roles across a broad range of therapeutic product areas. Prior to joining Telix, Richard worked at Advanced Accelerator Applications (AAA), a Novartis Company where he served for seven years in the roles of General Manager for France, Switzerland, Belgium, Netherlands and Luxembourg, and Global Head of Marketing and Sales. Earlier in his career, Richard held senior sales, marketing and strategy roles at Ipsen and Roche, where he gained extensive experience in European market access, reimbursement, regulatory affairs and commercial launch planning for first-in-class products. Richard holds a Pharmacist diploma from the Pharmaceutical University Marseille (France), a Master's degree in Management gained from the ESC Business School Marseille, and has completed the International Marketing Program from INSEAD, Paris (France).

Dr David Cade, MBBS MBA GAICD

Chief Executive Officer, Asia Pacific

Dr Cade has over 20 years' experience as an industry physician spanning the fields of novel biotechnology, pharmaceuticals and medical devices. Prior to joining Telix, David held senior executive roles at Cochlear Limited (ASX: COH), where he served as Chief Medical Officer, and at Sirtex Medical Limited (ASX: SRX), where he served as Chief Medical Officer and in other senior roles across the US, Europe and Australia, gaining deep experience in the Oncology, Interventional Radiology and Nuclear Medicine therapeutic areas. Earlier in his career David trained in surgery at Monash Medical Centre in Melbourne and worked at management consultancy, Booz & Company across the Asia Pacific. David holds an MBBS from Monash Medical School, an MBA from Melbourne Business School and ESADE Business and Law School Barcelona, and is a Graduate of the Australian Institute of Company Directors.

Tracey Brown, PhD GAICD

Global SVP Product Portfolio Management

Dr Brown joined Telix in February 2020 and leads Telix's product portfolio in her role as the Global Senior Vice President of Product Portfolio Management. Over the last 25 years, Tracey has founded and acted as the Chief Scientific Officer or Chief Development Officer in several global biotechnology companies (Meditech, Alchemia and Anatara Lifesciences) and worked with European and USA biotechnology companies to lead product development, taking products from conception through to registration. Through this process, Tracey has developed broad-ranging experience in the manufacture of chemical and biological therapeutics, development and implementation of preclinical and clinical development plans, regulatory affairs via interaction with international regulatory agencies and management of clinical trials (Phase I-III). Tracey obtained her PhD in Biochemistry and Molecular Biology from Monash University, is a Graduate of the Australian Institute of Company Directors and holds an adjunct Associate Professorship at Monash University.

Jonathan Barlow, BSc LLB (Hons) PGDipMgt GAICD

Chief Business Development Officer and General Counsel

Mr Barlow has over 20 years' experience working with major pharmaceutical, biotech and technology-driven organisations, both in Australia and overseas. Jonathan practised in commercial and intellectual property law at Allens, a leading international law firm, before joining the pharmaceuticals division of Mayne Group Limited (later Hospira Inc.) where he served as Legal Director – Asia Pacific and Director of Strategic Projects – Asia Pacific. Jonathan then founded Kinetic Venture Advisory in 2014, a boutique legal practice focussed on supporting the commercialisation of new technologies across the life sciences and technology sectors. Jonathan is a Graduate of Melbourne Business School, the Australian Institute of Company Directors and the Asialink Leaders Program.

Michael Wheatcroft, BSc (Hons) PhD (Cantab)

Chief Scientist

Dr Wheatcroft is Director of R&D at Telix. After completing a PhD in the Department of Biochemistry, Cambridge University, Mike worked at Cambridge Antibody Technology (now Medimmune, UK), a technology leader in the area of antibody engineering and protein sciences. After moving to Melbourne in 2010 he oversaw the preclinical development of several engineered antibody drug conjugates and clinical translation of novel antibody fragment in prostate and ovarian cancer, including radioimmunoconjugates. Since then Mike has worked in senior development roles at Medicines Development Limited (MDL), Hatchtech P/L and Starpharma Limited where he performed in a variety of managerial roles related to GMP production, clinical study support and nonclinical studies for a range of pharmaceutical and medical device products.

Scott Law

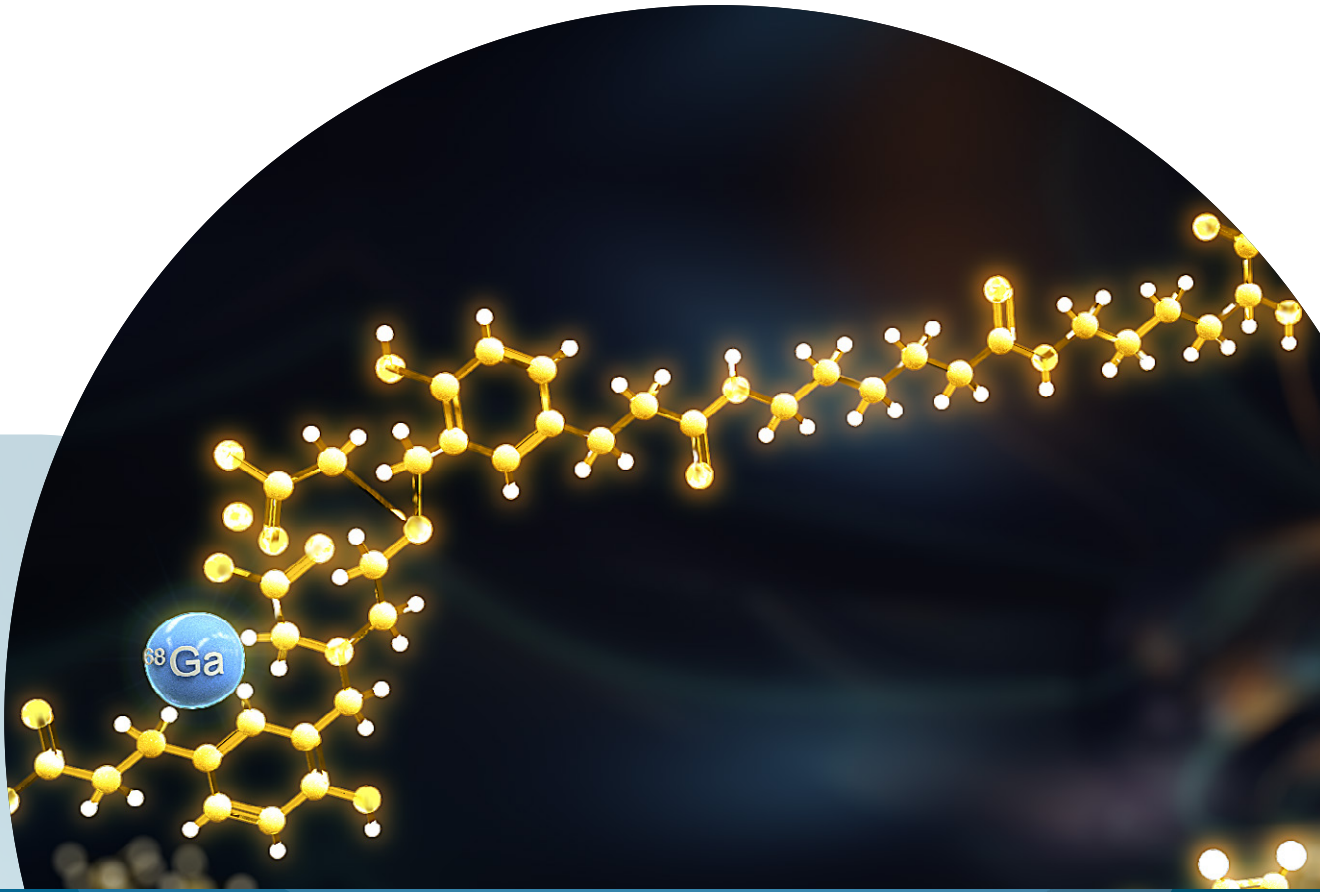
SVP Global Manufacturing Operations

Scott brings with him over 30 years' global pharmaceutical experience, including senior manufacturing roles at companies such as Baxter, Emergent BioSolutions, Ferndale Laboratories, and Pfizer. Most recently, Scott served as Vice President, Manufacturing and Operations at Cognate BioServices where he was responsible for the manufacture and commercialisation of cell-based products.

Kyahn Williamson, BA

SVP Investor Relations and Corporate Communications

Kyahn joined Telix in 2021 from WE Communications, where she was Group Head of Investor and Corporate Communications. Over the past 15 years, Kyahn has worked with a wide range of ASX-listed companies spanning the medtech and biotech sectors, designing and implementing investor relations and public relations strategies, and advising across multiple IPOs and M&A transactions. Kyahn holds a Bachelor of Arts (Public Relations).



TELIX PHARMACEUTICALS

Environmental, Social and Governance (ESG) report

ESG and its importance to Telix

Environmental, Social and Governance (ESG) is a set of standards for how a company operates in regard to the planet and its people.

In its corporate values, renewed during 2021, Telix has pledged a commitment to putting patients and its people first. Encompassed within this is an inherent sense of responsibility to all stakeholders, including the Company's shareholders and to minimise the impact to the environment as the organisation grows.

At Telix, continued improvement across the spectrum of 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. The Chief Governance and Risk Officer, working closely with the SVP of Corporate Communications and Investor Relations and all members of the Global Leadership Team, is responsible for progressing the development of the ESG strategy.

Environmental

Telix is required to carry out its activities in accordance with applicable environment and human safety regulations in each of the jurisdictions in which it undertakes its operations. Commencing in 2020, this also includes environmental regulations relevant to its licenced radiopharmaceutical production facility in Seneffe, Belgium.

Telix has obligations of regular inspections by the Federal Agency for Nuclear Control (FANC) and FANC's subsidiary in charge of the regulatory controls and safety assessments, BEL-V. Telix's obligations with respect to these regulations have been met and are up to date. The site passed the last requisite environmental audits conducted by FANC on 17 June 2021.

During the 2021 year, the site's two legacy cyclotrons were decommissioned and removed. Other than two cyclotron vaults, the site has been fully decontaminated. Telix submitted the first of its five-yearly mandatory inventory of "nuclear passive" reports to authorities on 30 March 2021.

In 2022, Telix will commence a progressive program of refurbishing or relocating to new offices in each regional hub, to accommodate growth. Telix is committed to reducing its footprint through more energy-efficient buildings, and review of waste management and water consumption at each site. Telix is committed to using technologies, where possible, that will minimise environmental impact right across its operations, from the use of electronic communication methods for internal and shareholder communications, to selection of medical radioisotopes of high-purity and sustainable production methods.

Telix is committed to the development of a Group-wide Environmental Policy, strategy and goals within the next two years, including the development of a three-year climate related issues strategy.

During July 2021, Telix received authorisation from the Belgian Agence Fédérale de Contrôle Nucléaire (AFCN) to decommission the first of two cyclotrons housed at the Company's licenced radiopharmaceutical production facility in Seneffe, Belgium. The first cyclotron was successfully removed in October 2021 by SCK-CEN, a leader in nuclear safety and facility decommissioning, whose innovative approach to removal has ensured as much material can be recycled as possible. Removal of the second cyclotron followed in November 2021, allowing the build-out of a new state-of-the art facility for medical radioisotope production and drug product manufacturing to progress. Telix's Seneffe facility will serve as the primary European manufacturing site for Telix's products, helping deliver supply chain certainty and control.

Social

Telix's social criteria focus on the Company's business relationships with employees, vendors, customers, communities, and how they are fostered, improved, and leveraged to create positive change. In line with its purpose to help patients live longer, better quality lives, the social element of ESG at Telix, also takes into consideration the needs of patients around the world, and their communities.

Employee engagement and wellbeing, alongside diversity and inclusion, is a focal point of the Company's People and Culture Strategy, particularly in the context of the rapid growth of the workforce in the past 12 months.

Telix has a Diversity and Inclusion Policy which outlines the Company's commitment to diversity and inclusion and the provision of a work environment that is free from discrimination and promotes equal opportunity for all. The Company establishes appropriate, measurable objectives for achieving gender and other forms of diversity and inclusion, including with respect to increasing female representation in senior leadership and on the Board. All employees are required to attend respect in the workplace training, and all people leaders are required to attend unconscious bias education. Telix also runs an employee affinity group focused on diversity, inclusion and belonging.

Telix has adopted culture-based objectives, in addition to program and commercial objectives, aligned to its short-term incentive program. These culture-based objectives promote both performance and the delivery of goals to be in line with Telix's Code of Conduct and Corporate Values.

For the year ended 31 December 2021 culture-based objectives included deliverables related to sustainable workforce practices including for hiring, onboarding, training and retention. In 2021, 100% of objectives related to sustainable workforce were achieved.

Diversity and inclusion metrics

The Board sets key performance indicators for senior management to measure achievement against objectives for gender and other forms of diversity, and requires senior management to report against such objectives.

- Board female to male ratio 17% vs 83%
- Board composition target: Not less than 30% female representation on the Board by December 2022
- Global Leadership Team (GLT): Female to male ratio 29% vs 71% (2020 12% vs 88%)
- Group employees: Female to male ratio 43% vs 57% (2020 35% vs 65%)
- 2021 workforce target: Not less than 50% of new appointments to be female. Of 83 new appointments the ratio of females to males was 48% vs 52%.
- Gender pay gap: Between 2020 and 2021 the gender pay gap at Telix reduced by 4%. The gender pay gap and associated hiring and retention processes remain under review in 2022.

In July 2021 an engagement survey was undertaken which achieved a 90% completion rate and an overall engagement score of 86%. Wellbeing at Telix is also monitored and addressed through regular surveys and initiatives in place to drive mental health awareness, encourage balance, and offer direct support for employees.

The Company's commitment to product safety and quality is articulated in its Quality Charter. A focus on safety, procedures and documentation for clinical trials and commercial use is a key area of operational focus.

Governance

The Board is committed to good governance practices across the Group and its operations and continues to set an agenda with a focus on environmental, social and governance matters that are essential to the Group's sustainability and success. In furtherance of this commitment, in May 2021, the remit of the Audit and Risk Committee was expanded to include oversight of ESG and sustainability matters.

During 2022, the Board will consider and act upon the appropriate committee or committee structure to have oversight of healthcare governance issues, including quality, patient safety, access to medicine, anti-bribery and transparency.

The Board continues to keep the balance of diversity, skills and experience of its members, as well as their independence, under review.

The Board has referred to the guidance provided by the ASX Corporate Governance Council and acknowledges the recommendation that a majority of the Board of a listed entity should be independent Directors, and targets to reach this objective during 2022.

All Directors and employees of Telix must adhere to the Telix Code of Conduct. The underlying principle of the Code is that Telix has a commitment not only to comply with its legal obligations but also to act ethically and responsibly, and in the best interests of the Company and its stakeholders.

ESG materiality assessment and dashboard for action

As a step to defining its forward planning, in Q4 2021, 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.

The ESG dashboard maps Telix's current status and plans against these priority areas.

Environment

1. **Environmental Policy:** Target - In place by the end of 2022, with a commitment to an updated environmental strategy and published greenhouse emission targets within two years.

Social

2. **Access to medicine:** Telix is driven to help people with cancer and rare diseases live longer, better quality lives. As part of this commitment to action, the existing NOBLE Registry was designed to bring PSMA-SPECT imaging to rural, remote and developing regions. NOBLE itself stands for No Body Left Behind.
3. **Product and Service safety:** Our commitment and action to patient safety is communicated in our Quality Charter and supported by strong standard operating procedures.
4. **Supply chain management:** Supported by the existing Modern Slavery Policy, in 2022 Telix is developing a Supplier Code of Conduct addressing sustainability issues and the identification of areas of concern and action.
5. **Clinical trial safety:** Telix is bound by and committed to international codes, principles and guidance including the International Council for Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH).
6. **Diversity, equity and inclusion:** Continues as a strong focus of the Board and Management with measurable targets set, engagement surveys undertaken and a tone that is promoted from the Board throughout the organisation, including via our employee-led Wellbeing and Diversity and Inclusion groups.
7. **Employee engagement and satisfaction:** Measured formally through engagement surveys (86% engagement score in 2021) and informally through workshops and focus groups. We encourage and facilitate employee ownership of the Company through our equity incentive plan and promote the alignment of employee and shareholder interests.
8. **Labour management and practices:** Our philosophy is informed by the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights. We believe that everyone should have the right to freedom of association with others.
9. **Employee recruitment, development and retention:** Our P&C team work closely with team leaders on workforce planning and talent acquisition. Our refreshed applicant tracking system provides service to hiring managers and applicants alike. Telix has a comprehensive onboarding process for new hires and uses a system of cascading objectives and key results to set goals, facilitate development and reward performance.

Governance

10. **Board oversight of ESG / sustainability:** During 2021, the remit of the Audit and Risk Committee was expanded to include oversight of ESG and sustainability matters. During 2022, the Board will consider the appropriate committee or committee structure to have oversight of healthcare governance issues, including quality, patient safety, access to medicine, anti-bribery and transparency.
11. **Board composition:** The Board has set a target that not less than 30% of Directors will be female by the end of 2022. The 2021 skills audit has identified expertise in global pharmaceutical sales and marketing, pharmaceutical manufacturing, global supply chain and distribution as appropriate to bring added value to the Board.
12. **Business ethics:** The Company's values state that we pursue our goals with determination and integrity. Telix will build on the strong foundations of its Code of Conduct and related policies to continue to drive a culture of ethical performance.
13. **Bribery and corruption:** Telix is committed to conducting its business and operations with honesty, integrity and the highest standards of personal and professional ethical behaviour. Telix has zero tolerance for bribery and corruption in any form. The principles and rules of our Anti-Bribery and Corruption policies and practices, including individual accountability, will continue to be embedded into our culture and across our operations.
14. **Whistleblower program:** Closely linked to our Code of Conduct, our Whistleblower Protection Policy is frequently trained and discussed across the teams. The Policy has an easy-reference "how to" guide for users, and provides multiple reporting channels including an external independent 1-800 contact for whistleblowers.

Our people

2021 was a year of focused delivery for Telix. The Company has undergone rapid growth in order to deliver on its commercial, clinical and research objectives. Consequently, there has been a strong focus on recruiting and developing top talent, underpinned by a clear people strategy and focus on policies, systems and processes to support its people to deliver operationally.

As the Company transitions to commercial stage, a cross-functional leadership team has been established for each of the operating regions (Americas, EMEA and APAC). The build out of the regional operations has been designed to ensure each geography can operate autonomously, with greater responsibility for commercial outcomes and lifecycle management, specific to its market. The role of the Regional President has been elevated to Regional CEO. Each region has senior leaders in operations, manufacturing and quality, clinical, finance, marketing and people and culture.

The operating and key cross-company functions are represented at the Company's Global Leadership Team (GLT), providing a centralised steering group to share knowledge and ensure cohesion across the global business. Reflecting the dynamic nature of the Telix business, the GLT represents a diverse set of skills from its global operations, and a strong representation of female leaders. Across the business, 43% of employees are female, and 33% of managerial roles are performed by women.

Telix is committed to continual improvement of the diversity in its workforce, with a strong focus on creating a sense of belonging and supporting the health and wellbeing of all employees.

Our focus on quality and patients

At Telix, our mission is to deliver on the promise of precision medicine through targeted radiation. It is our privilege to serve the global community as we strive to achieve our mission.

We recognise that the foundation for achieving our mission is a willingness and capability to embrace, enable and embed a culture of "Quality" across our organisation. We do this by putting patient safety as our number one priority.

The Quality Culture we strive for is demonstrated in a number of areas such as using our quality system to drive operational excellence, support customer needs, achieve desired product and process quality attributes and importantly addressing patient needs when designing and delivering our products and services.

Telix strives to support patients and patient safety by focusing on the key obligations such as conducting business in compliance with all applicable laws, regulations, and standards and ensuring executive management responsibility and accountability. We establish and provide appropriate education and training to enable Telix's people to carry out their work competently.

The foundation on which we operate is through the fundamental adoption and compliance to internationally recognised standards and guidance documents in the three primary areas of clinical activities (GCP), manufacturing (GMP) and distribution (GDP).

Management of vendors is of significant importance to Telix. In order to manage product and patients risks, we actively manage, and audit suppliers and services, establishing and maintaining visibility of their performance.

The Telix global quality unit is responsible for ensuring that the Company is effectively executing quality planning, record-keeping/document control, auditing, and issue management while utilising appropriate risk-based decision making. Our global pharmacovigilance unit ensures that the Company establishes and maintains a positive benefit/risk profile for Telix's products.

At Telix we understand that Quality is everybody's responsibility.

Directors' report

Your Directors present their report on the Telix Pharmaceuticals Group for the financial year ended 31 December 2021. 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 financial 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
Andreas Kluge MD PhD	Non-Executive Director
Mark Nelson PhD	Non-Executive Director
Jann Skinner	Non-Executive Director

Directors' report

H Kevin McCann, AO BA LLB (Hons) LLM (Harvard) Life Fellow AICD

Appointed Non-Executive Director and Chairman, 17 September 2017

Mr McCann has extensive board experience with some of Australia's most recognised companies. He is Chairman of China Matters and a member of Champions of Change, a Pro-Chancellor of the University of Sydney, and a Trustee of the Sydney Opera House Trust. Previously, Kevin has been Chairman of Macquarie Group and Macquarie Bank Limited, Chairman of Origin Energy Limited, Healthscope Limited and ING Management Limited. Kevin practiced as a commercial lawyer as a partner of Allens Arthur Robinson from 1970 to 2004 and was Chairman of Partners from 1995 to 2004. Kevin has a Bachelor of Arts and a Bachelor of Law (Honours) from Sydney University and a Master of Law from Harvard University. Kevin was made an Officer of the Order of Australia for services to business, corporate governance and gender equality in January 2020. He is a Life Fellow of the Australian Institute of Company Directors.

Christian Behrenbruch, B.Eng (Hons) D.Phil (Oxon) MBA (TRIUM) JD (Melb) FIEAust

Co-Founder. Appointed Executive Director, 3 January 2017

Dr Behrenbruch has over twenty years of healthcare entrepreneurship and executive leadership experience. He has previously served in a CEO or Executive Director capacity at Mirada Solutions, CTI Molecular Imaging (now Siemens Healthcare), Fibron Technologies and ImaginAb, Inc. He is a former Director of Momentum Biosciences LLC, Siemens Molecular Imaging Ltd, Radius Health Ltd (now Adaptix) and was the former Chairman of Cell Therapies Pty Ltd (a partnership with the Peter MacCallum Cancer Centre). Christian was previously a Director of Factor Therapeutics Limited (ASX: FTT) and Amplia Therapeutics Limited (ASX: ATX). Christian holds a DPhil (PhD) in biomedical engineering from the University of Oxford, an executive MBA jointly awarded from New York University, HEC Paris and the London School of Economics (TRIUM Program) and a Juris Doctor (Law) from the University of Melbourne. He is a Fellow of Engineers Australia in the management and biomedical colleges and a Graduate of the Australian Institute of Company Directors.

Ms Jann Skinner B Com FCA FAICD

Appointed Non-Executive Director, 19 June 2018

Ms Skinner has extensive experience in audit and accounting and in the insurance industry. She was a partner of PricewaterhouseCoopers for 17 years before retiring in 2004. Jann is an independent Non-Executive Director of QBE Insurance Group Limited, where she also serves as Chairperson of the Audit Committee and Deputy Chairperson of the Risk & Capital Committee. She also serves as a Director of the Create Foundation Limited and HSBC Bank Australia Limited. Jann is a Fellow of both Chartered Accountants Australia & New Zealand and the Australian Institute of Company Directors.

Oliver Buck, Dipl. Phys. (Theoretical Biophysics, TUM)

Appointed Non-Executive Director, 16 January 2017

Mr Buck is a bio-physicist who has spent his professional career in a variety of entrepreneurial and management positions in industrial companies. Oliver has served as founder and Managing Director of several companies in the fields of manufacturing, technology, demilitarisation, pharmaceuticals and information technologies. Oliver is the co-founder of ITM Isotope Technologies Munich SE, one of the largest isotope manufacturing and distribution companies in the world, founded in conjunction with Technical University of Munich. Since 2012, Oliver has acted as senior advisor to the CEO in a role that continues to support the ITM group as it has become a leader in next generation medical isotopes and theranostics. Oliver holds a graduate degree in theoretical physics from the Technical University of Munich and is an alumnus of the German National Academy for Security Policy and the "Young Leaders Program" of the Atlantik Brücke/American Council on Germany.

Andreas Kluge, MD PhD (Berlin)

Co-Founder. Appointed Executive Director, 3 January 2017. Transitioned to Non-Executive Director, 2 June 2020

Dr Kluge has over 20 years of clinical research and development experience, including as Founder, General Manager and Medical Director for ABX-CRO, a full service CRO for Phase I-III biological, radiopharmaceutical and anticancer trials based in Dresden, Germany. He is also Founder and was founding CEO of ABX GmbH (www.abx.de), one of the leading manufacturers of radiopharmaceutical precursors globally. Andreas is further Founder, General Manager and Medical Director for Therapeia, an early-stage development company in the field of neuro-oncology, which was acquired by Telix. Andreas has extensive experience in the practice of Nuclear Medicine and radiochemistry, molecular imaging and the clinical development of novel radionuclide-based products and devices. He is the author of numerous patents and publications in the field of Nuclear Medicine, neurology, infection and immunology. Andreas is a registered physician and holds a doctorate in Medicine from the Free University of Berlin.

Mark Nelson, B.Sc (Hons) (Melb), M.Phil (Cantab), Ph.D (Melb)

Appointed Non-Executive Director, 17 September 2017

Dr Nelson is Chairman and Co-Founder of the Caledonia Investments Group, and a Director of The Caledonia Foundation. He is Chairman of Art Exhibitions Australia, a Director of Kaldor Public Art Projects, Director of The Mindgardens Neuroscience Network, and serves as a Governor of the Florey Neurosciences Institute. Previously Mark was a Director of The Howard Florey Institute of Experimental Physiology and Medicine, and served on the Commercialisation Committee of the Florey Institute. Mark was educated at the University of Melbourne and University of Cambridge (UK).

Directors' interests in the securities of Telix Pharmaceuticals Limited

In accordance with section 300(11) of the Corporations Act 2001 (Cth), the interests of the Directors in the shares and options of Telix Pharmaceuticals Limited, as at the date of this report were:

	Number of:	
	Ordinary Shares	Options
K McCann	1,150,000	-
C Behrenbruch	23,075,000	300,708
O Buck	1,552,500	-
A Kluge	22,675,000	-
M Nelson	3,628,750	-
J Skinner	100,000	495,000

Directors' meetings

The number of meetings of Directors and committees of Directors held in the year to 31 December 2021, and the number of meetings attended by each Director, is as below. The Disclosure Committee meets formally each quarter to review and approve the Appendix 4C and Activities Report. The Disclosure Committee additionally reviews all material announcements to the market. In addition to standing Committees of the Board, in the year ended 31 December 2021 the Board convened a special purpose Subcommittee to consider and address matters relating to capital needs and capital management.

	Board of Directors		Audit and Risk Committee		People, Culture, Nomination and Remuneration Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
K McCann	4	4	5	5	4	4
C Behrenbruch[(i)]	4	4	5	5	4	3
O Buck	4	4	5	5	4	4
A Kluge	4	4	-	-	-	-
M Nelson	4	4	5	5	4	4
J Skinner	4	4	5	5	4	4

(i) C Behrenbruch attends above committee meetings by invitation.

	Disclosure Committee		Special purpose Subcommittee	
	Eligible to attend	Meetings	Eligible to attend	Meetings attended
K McCann	4	4	3	3
C Behrenbruch	4	4	3	3
O Buck	-	-	-	-
A Kluge	-	-	-	-
M Nelson	-	-	3	3
J Skinner	3	3	3	3

Committee membership

At the date of this report the Company has three Committees of the Board in place:

- Audit and Risk Committee, which also has oversight of ESG matters, the members of which are independent Non-Executive Directors Ms Jann Skinner (Chairperson), Mr Kevin McCann and Dr Mark Nelson, as well as non-independent Non-Executive Director, Mr Oliver Buck.
- People, Culture, Nomination and Remuneration Committee, the members of which are independent Non-Executive Directors Mr Kevin McCann (Chairperson), Dr Mark Nelson and Ms Jann Skinner, as well as non-independent Non-Executive Director, Mr Oliver Buck.
- Disclosure Committee, which assists the Board to discharge its responsibility for compliance with the Company's continuous disclosure obligations. The Disclosure Committee is constituted by the Chairperson of the Board, CEO and the Company Secretary. The Chairperson of the Audit and Risk Committee is included as a member of the Disclosure Committee for financial related disclosures.

Principal activities of the Company in the year under review

Telix Pharmaceuticals Limited was formally established on 3 January 2017 and listed on the Australian Securities Exchange on 15 November 2017.

Telix is a biopharmaceutical company focused on the development and commercialisation of diagnostic and therapeutic products using Molecularly Targeted Radiation (MTR). Telix is headquartered in Melbourne, Australia with international operations in Belgium, Japan, Switzerland and the United States.

Telix is developing a portfolio of clinical-stage products that address significant unmet medical need in oncology and rare diseases. In November 2021, Telix received its first marketing authorisation approval for Illuccix® (TLX591-CDx, Kit for the preparation of ^{68}Ga PSMA-11 injection) for prostate cancer imaging from the Australian Therapeutic Goods Administration (TGA). This was followed by United States Food and Drug Administration (FDA) approval in December 2021.

Activities during the year were principally directed to establishing Telix as a globally recognised oncology and rare diseases company, through the continued development and commercialisation of the Group's four lead programs:

- TLX591-CDx (Illuccix) / TLX591: diagnosis and treatment of metastatic castrate-resistant prostate cancer
- TLX250-CDx/TLX250: diagnosis and treatment of renal (kidney) cancer
- TLX101-CDx / TLX101: diagnosis and treatment of glioblastoma (brain cancer)
- TLX66-CDx (Scintimun®) / TLX66: bone marrow conditioning and rare diseases.

Corporate structure

Telix Pharmaceuticals Limited is incorporated and domiciled in Australia. Telix Pharmaceuticals Limited is listed on the Australian Securities Exchange (ASX) with the ticker TLX (ASX: TLX). Telix operates globally in a number of jurisdictions through wholly owned subsidiaries. Subsidiaries of Telix have been established or acquired in order to optimally manage the Company's extensive intellectual property portfolio and to facilitate clinical, operational and commercial activities in the key territories in which the Company does business.

Financial results and dividends

Telix is a commercial-stage company through the early commercialisation and sale of its investigational product TLX591-CDx (prostate cancer imaging kit). Revenue from the sale of TLX591-CDx of $4,898,000 (2020: $3,278,000), and $2,698,000 (2020 $1,935,000) of revenue associated with the China Grand Pharma transaction was recorded for the year. With four lead programs under clinical and regulatory development, Telix recorded an operating loss for the year.

The loss after tax of the Group for the year ended 31 December 2021 was $80,510,000 (2020: $44,887,000). At 31 December 2021, the Group held total assets of $109,813,000 (2020: $157,821,000) and net assets of $2,158,000 (2020: $79,016,000). No dividend was recommended or paid during the year. There was no return of capital by the Company to any of its shareholders during the year.

Significant changes in the state of affairs

Issue of unlisted equity incentives

On 27 January 2021, the Company agreed to issue 2,226,856 unlisted share options with an exercise price of $4.38 each and an expiry date of 26 January 2026 (TLXO009). The options were issued to staff and key advisors to the Company. This number included 100,708 options which were issued to Managing Director and CEO, Christian Behrenbruch following shareholder approval at the Company's Annual General Meeting of Shareholders on 12 May 2021. All options vest and become exercisable upon the achievement of $100,000,000 in cumulative revenue (before cost of goods sold) from product sales.

On 21 July 2021 the Company issued 1,292,992 unlisted share options to new employees. Options have an exercise price of $5.37 each (being the 10 day volume weighted average price of shares to 20 July 2021), and an expiry date of 20 July 2026 (TLXO010). All options vest and become exercisable upon the achievement of $100M in cumulative revenue (before cost of goods sold) from product sales.

Also on 21 July 2021, the Company issued 225,000 unlisted Rights to acquire fully paid ordinary shares. Each Right was issued for nil consideration and has a nil exercise price. Subject to performance and other conditions being met, Rights will vest and become exercisable on or before 20 July 2026 (TLXO011). TLX shares to be allocated following vesting of Rights are currently on issue and held in the
Telix Employee Share Trust. Rights were issued in line with the Company's Equity Incentive Plan and long-term incentive policy for key employees.

Changes to unlisted share options: Exercise of options for the issue of shares, and lapse of options

During the year ended 31 December 2021, a total of 4,667,586 fully paid ordinary shares were issued upon exercise of 4,716,100 unlisted share options.

On 19 July 2021, a total of 1,018,574 share options lapsed unexercised. On 21 December 2021, a total of 1,088,224 share options lapsed unexercised. These options lapsed in accordance with the terms of their grant.

The total issued securities of the Company are as follows. The increase in issued securities between 31 December 2021 and the date of this report primarily relates to the issue of 22,727,273 new shares further to the $175,000,000 institutional placement announced on 24 January 2022.

	At 31 December 2021	At the date of this Report
Ordinary shares	285,072,908	308,200,181
Share options and warrants	17,929,373	17,529,373

Review of operations

2021 was a transitional year for the Company as it prepared for the commercial launch of its lead product Illuccix (Kit for the preparation of gallium-68 (^{68}Ga)-PSMA-11), progressing the regulatory filings underway in 17 countries, establishing and training its United States-based sales and field force, creating a global distribution network and preparing to implement commercial scale manufacturing. This culminated in the first marketing authorisation approval for Illuccix being granted by the Therapeutic Goods Administration (TGA) in Australia in November 2021, followed by an approval from the United States Food and Drug Administration (FDA) in December 2021.

The approval of Illuccix is an important validation for the Company and positions Telix as one of the first companies worldwide to deliver PSMA-PET imaging, the highly anticipated next generation of prostate cancer imaging, to patients. This state-of-the-art imaging modality was added to leading clinical guidelines, including the National Comprehensive Cancer Network Guidelines® for prostate cancer, during 2021.

Telix's next most advanced investigational imaging product is for kidney cancer, specifically clear cell renal cell carcinoma (ccRCC), TLX250-CDx (^{89}Zr-DFO-girentuximab) also progressed significantly during 2021, overcoming the recruitment challenges arising from the COVID-19 pandemic impacting the pivotal Phase III ZIRCON study, which is now in the final stages of patient enrolment, with ~95% of a planned 252 patients dosed. This study has been conducted at over 34 sites across the United States, Europe and Australia. TLX250-CDx has been assigned the Breakthrough Therapy (BT) designation by the FDA. This designation gives Telix the opportunity to interact closely with the FDA, potentially expediting the regulatory approval process for TLX250-CDx in the United States. The Company commenced the biologic licence application (BLA) with the FDA in late 2021, as the first step towards filing for regulatory approval in the United States.

The Company continues to advance the assets in its core therapeutic pipeline. In prostate cancer, the Company initiated the ProstACT group of studies of TLX591 (^{177}Lu-DOTA-rosopatamab), in Australia and New Zealand. Two ancillary studies will run concurrently to the ProstACT GLOBAL Phase III study, being SELECT, a Phase I radiogenomics study, and TARGET, a Phase II study in the front line setting in combination with EBRT, which is co-funded by GenesisCare.

Telix also commenced two Phase II studies of its investigational kidney cancer therapy TLX250 (^{177}Lu-DOTA-girentuximab) in combination with immunotherapy. These two investigator-led studies are being run in close consultation with Telix and will inform the design of the Phase III trial in ccRCC.

In brain cancer, the Company reported topline results in the IPAX-1 Ph I/II study of TLX101 (4-L-[^{131}I] iodo-phenylalanine) in combination with external beam radiation therapy in recurrent glioblastoma multiforme (GBM). The first peer-reviewed results from this study were presented at the Congress of Neurological Surgeons (CNS) meeting in October 2021, demonstrating that the treatment was well tolerated and overall survival at the point of interim analysis was 15.97 months.

The Company reported that the TRALA (Targeted Radiotherapy for AL Amyloidosis) Phase I/II study of TLX66 (^{90}Y-besilesomab) met its study objectives. Nine patients with AL amyloidosis received TLX66 as the sole bone marrow conditioning agent prior to undergoing autologous hematopoietic stem cell transplant (HSCT). TLX66 demonstrated a favourable safety profile and was well tolerated in all nine patients, each of whom completed the trial.

Telix has continued to expand its partnerships with manufacturing, supply and distribution partners globally. This includes manufacturing agreements with Grand River Aseptic Manufacturing (GRAM) to perform commercial-scale Good Manufacturing Practice (GMP) manufacturing of Telix's Illuccix product. The Company also entered into a manufacturing agreement with Global Medical Solutions, Ltd (GMS) to manufacture and supply finished unit doses of TLX591 (^{177}Lu-rosopatamab) and TLX592 to sites in Australia for Telix's prostate cancer therapy trials.

The Company has also secured supply of Lutetium-177 (^{177}Lu) for its therapeutic programs with multiple commercial and clinical supply agreements. This includes a global commercial and clinical supply agreement with ITM Isotope Technologies Munich SE, and clinical supply agreements with Eckert & Ziegler AG (EZAG), Monrol, Shine, and the Australian Nuclear Science and Technology Organisation (ANSTO).

During the 2021 year, Telix received authorisation to decommission the two cyclotrons housed at the radiopharmaceutical production facility at Seneffe, Belgium, which will become the Company's manufacturing site in Europe. Both cyclotrons have been removed, in one piece, by SCK-CEN a leader in nuclear safety and facility decommissioning. The innovative approach to removal has ensured as much material can be recycled as possible. Other than two cyclotron vaults, the site has been fully decontaminated. Telix submitted the first of its five-yearly mandatory inventory of "nuclear passive" reports to authorities on 30 March 2021.

Telix has continued to work closely with its United States distribution partners, Cardinal Health and Pharmalogic, in preparation for the launch of Illuccix. Additionally, the Company signed an agreement in the United States with Eckert & Ziegler to co-promote Illuccix and EZAG's GalliaPharm® generators to ensure healthcare providers nationwide have secure access to Illuccix and Ga-68 generators.

Telix has continued to build out its global distribution network for Illuccix, entering into national distribution agreements with Radius (Italy), and EZAG (Germany).

During 2021, Telix continued to build its workforce adding high-calibre talent in the functional areas of Sales and Marketing, Medical Affairs, Quality and Regulatory, Research and Innovation, Human Resources, Information Technology and Manufacturing and Supply Chain in preparation for commercial launch and to support the clinical development in late-stage programs. The Company also established an Asia Pacific operating region, with Dr David Cade appointed as President. The Company also appointed Richard Valeix, as President, EMEA, and established a commercial hub in Geneva, Switzerland to complement the already strong R&D, manufacturing and supply-chain focus of the EMEA headquarters in Belgium.

Forward strategy and operational targets

Telix's corporate objectives for 2022 are underpinned by three key themes:

1. Being patient-centric in everything we do
2. Becoming a revenue generating company
3. Building a sustainable workforce

Programs and commercial

The Company has set out five strategic priorities as it establishes itself as a commercial, revenue generating company with its first diagnostic product while continuing to unlock the value in the pipeline of therapeutic assets.

Use Illuccix as a commercial launchpad

Telix will launch its first commercial product Illuccix (Kit for the preparation of ^{68}Ga-PSMA-11) for the imaging of prostate cancer in the United States and Australia. Telix also expects to obtain other required regulatory approvals to launch in Europe in 2022 and will pursue marketing authorisation applications in priority growth markets in Asia Pacific and other regions. Securing reimbursement in the United States and Australia will be a priority for early 2022, with the adoption of PSMA-PET imaging into key clinical guidelines globally expected to help drive payor and clinical adoption.

The approval of Illuccix is an important validation for Telix, and the Company's goal is to establish its leadership in the urologic oncology domain.

Create a high value diagnostic portfolio

While launching the Company's first commercial product represents a major inflection point for Telix, a significant advantage Telix possesses is a broad and deep pipeline of clinical stage, as well as earlier pre-clinical stage assets. During 2022, Telix is preparing to file for regulatory approval for a "fast following" second product, TLX250-CDx (^{89}Zr-girentuximab) for the imaging of kidney cancer, thus delivering a significant commercial de-risk to the business. With limited commercial competition in an area of high unmet medical need, the kidney cancer imaging diagnostic will complement Illuccix, as a high-value imaging tool for the urology field.

To achieve this outcome, Telix expects to report the outcomes of the Phase III ZIRCON trial during 2022, following which a BLA will be filed with the FDA and other regulatory authorities. Given TLX250-CDx was granted BT designation by the FDA during 2020 and TLX250-CDx is expected to be the first product of its type on the market for the diagnosis of "indeterminate renal masses", Telix expects this product to significantly reduce the Company's commercial risk through diversification of its commercial-stage product portfolio.

Advance late-stage assets in the core therapeutic pipeline

Beyond imaging, Telix expects to demonstrably transition from a diagnostics-focused company to a company developing multiple therapeutics during 2022. Telix will continue to advance the ProstACT studies which have received ethics approval and clinical trial notification (CTN) from the TGA and file an Investigational New Drug application to commence the Phase III ProstACT trial for TLX591 (prostate cancer therapy) in the United States.

Telix will continue recruitment of patients into its two Phase II STARLITE trials of TLX250 (kidney cancer therapy) during 2022, and commence the Phase I/II IPAX-2 trial of TLX101 (glioblastoma therapy) in a front-line setting. Further, Telix plans to materially advance its TAT program, with the first clinical data becoming available from the Company's first in human biodistribution CUPID study of TLX592 during 2022. These critical data will enable Telix to design the Company's first therapy trials for this unique TAT asset.

The Company also intends to use the findings from the TRALA study of investigational therapy TLX66 in systemic amyloid light chain amyloidosis (SALA) to progress development for this asset which has shown encouraging results in this rare disease with poor prognosis.

Pipeline expansion

Telix is regarded as a pioneer in the radiopharmaceutical sector and its deep pipeline is a source of competitive advantage, will drive the next generation of personalised, targeted radiation, and has the potential to create future value with an extensive intellectual property portfolio. Telix will continue to explore novel targets, clinical applications and manufacturing technologies.

Workforce development

Talent attraction and retention remains a key priority to support the scale up of the Company in 2022. Telix has made significant progress in its workforce planning and hiring to support the transition to commercialisation and delivering against key metrics such as speed to hire talent, retention of its top performers and increasing employee engagement.

In 2022 the Company will continue its focus on strengthening the diversity and inclusion of Telix's workforce and wellbeing practices.

Regulatory and environmental matters

Telix is required to carry out its activities in accordance with applicable environment and human safety regulations in each of the jurisdictions in which it undertakes its operations. Commencing in 2020, this also includes environmental regulations relevant to its licenced radiopharmaceutical production facility in Seneffe, Belgium.

Telix has obligations of regular inspections by the Federal Agency for Nuclear Control (FANC) and FANC's subsidiary in charge of the regulatory controls and safety assessments, BEL-V. Telix's obligations with respect to these regulations have been met and are up to date. The site passed the last requisite environmental audits conducted by FANC on 17 June 2021.

During the 2021 year, the site's two legacy cyclotrons were decommissioned and removed. Other than two cyclotron vaults, the site has been fully decontaminated. Telix submitted the first of its five-yearly mandatory inventory of "nuclear passive" reports to authorities on 30 March 2021.

Beyond those mentioned above the Company is not aware of any matter that requires disclosure with respect to any significant regulations in respect of its operating activities.

There have been no issues of non-compliance during the year.

Significant events after the balance date

On 27 January 2022, 22,047,273 fully paid ordinary shares were issued further to an institutional placement announced on 24 January 2022. On 31 January 2022, 519,481 fully paid ordinary shares were issued, and on 8 February 2022, 160,519 fully paid ordinary shares were issued for a total number of shares issued under the placement of 22,727,273. Shares were issued at $7.70 per share to raise $175,000,000 before costs of the offer.

A Share Purchase Plan (SPP) was also announced on 24 January 2022, to raise up to $25,000,000 at the same offer price. The closing date of the SPP has been extended to 25 February 2022 (from 11 February 2022). The extension was effected to ensure that all eligible shareholders had additional time to participate in the SPP.

Also on 27 January 2022, the Company announced a first patient dosed in Telix's PSMA-targeting ProstACT therapeutic program, which is exploring TLX591 in areas of unmet medical need across the full prostate cancer treatment journey, from first recurrence to mCRPC. The first patient, dosed at Princess Alexandra Hospital in Brisbane, Queensland, was treated as part of the ProstACT SELECT clinical trial, a Phase I radiogenomics study running concurrently to the pivotal Phase III study, ProstACT GLOBAL.

On 3 February 2022, 400,000 fully paid ordinary shares were issued following the exercise of 400,000 share options. MD and CEO, Dr Christian Behrenbruch exercised fully vested TLXO004 options with an exercise price of $1.09 each for total consideration paid of $436,000.

On 7 February 2022, the Company announced a review period extension or "freeze" for its marketing authorisation application (MAA) in Europe for Illuccix. Telix requested this extension from the Danish Medicines Agency (DKMA) to provide sufficient time to respond to the remaining Information Requests (IRs) in relation to product manufacturing and pharmaceutical characterisation of Illuccix in compliance with European Pharmacopeia. The original IR deadlines to meet the 23 March 2022 decision date could not be met due to unexpected process delays and vendor outages that had arisen from the rapid onset of the "omicron" COVID-19 variant. The issuance of a time extension of this nature was in line with European Union regulatory guidance that allows holding an application timetable at the same procedure day and freezing further timetable requirements when it is demonstrably not possible for applicants to submit responses within the original timeframe due to extraneous circumstances, such as the COVID-19 pandemic. Telix confirmed it had until 9 August 2022 to provide responses to the questions arising during the final stages of the regulatory review process which were received subsequent to the "clock restart" on 9 December 2021.

On 10 February 2022, the Company joined the S&P/ ASX 200 index.

On 16 February 2022, the Company announced a commercial distribution agreement with Global Medical Solutions Australia (GMSA) for Illuccix in Australia. The agreement significantly expands patient access to Illuccix, which will now be available to every PET/CT site across Australia via GSMA, which will distribute Illuccix kits as well as ^{68}Ga-PSMA-11-unit doses from its network of six radiopharmacies across the country.

Other than the matters referred to above, there were no subsequent events that required adjustment to or disclosure in the Directors' Report or the Financial Report of the Company for the year ended 31 December 2021.

Likely developments and expected results

The likely developments in the operations of the Group and the expected results from those operations in future financial years will be affected by the success of management in reaching critical development and commercial milestones in its core programs. This will include becoming a financially sustainable, revenue generating company based on the successful launch of its first product, Illuccix; launching TLX250-CDx (^{89}Zr-girentuximab) for the imaging of kidney cancer; and demonstrably transitioning from a diagnostics-focused company to a multi-product therapeutics company.

Letter from the Chairman of the People, Culture, Nomination and Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 31 December 2021. This Report contains information regarding the remuneration arrangements for the Directors and other key management personnel (KMP) for Telix during 2021.

With the assistance of the People, Culture, Nomination and Remuneration Committee, the Board assesses the remuneration framework on an annual basis. In setting and reviewing the remuneration policy, the Board considers the remuneration guidelines of shareholder and corporate governance advisors. In the event that we depart from these guidelines, we explain the Board's reasoning. The Board aims to provide clarity in the remuneration framework so that our shareholders, employees and all other interested parties understand how remuneration at Telix helps drive the business forward.

The Board is of the view that the elements of remuneration should produce an appropriate range of reward outcomes linked to performance, market benchmarks and the Company's strategy, as well as working together to incentivise and reward for appropriate behaviours and culture.

During 2021, the People, Culture, Nomination and Remuneration Committee engaged an external remuneration consultant - Godfrey Remuneration Group, a local remuneration consultant with experience and expertise in ASX 200 companies - to provide KMP remuneration recommendations and advice.

Utilising the advice from Godfrey Remuneration Group, the Committee has agreed to adopt recommendations including:

- That the remuneration of the CEO and executive leadership team be comprised of Fixed Pay; Short Term Variable Remuneration to be awarded subject to performance; and Long Term Variable Remuneration subject to performance measured over at least a three-year period (with a further three-year clawback period).
- That total remuneration packages of the CEO and executive leadership team targets percentile 50 (P50) of market data, to be achieved over a number of years in context with the Company's commercial success and demonstration of sustainable revenue generation.
- The adoption of a variable remuneration policy to include deferral elements.
- The development and implementation of a KMP Equity Holding Policy.

The Board is committed to a remuneration framework that attracts great talent, drives a culture of performance and links overall remuneration and incentives to the achievement of the Group's long-term strategy and business objectives.

H Kevin McCann, AO
Chairman, People, Culture, Nomination and Remuneration Committee

"The Board is committed to a remuneration framework that attracts great talent, drives a culture of performance and links overall remuneration and incentives to the achievement of the Group's long-term strategy and business objectives."

H Kevin McCann,
Chairman, People, Culture, Nomination and Remuneration Committee

Remuneration report (audited)

This remuneration report for the year ended 31 December 2021 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth).

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director, whether executive or otherwise.

For the purposes of this report, the term "Director" refers to Non-Executive Directors only. "KMP" refers to other key management personnel.

The names and details of the Directors and KMPs of the Group in office during the financial year and until the date of this report are detailed below. Unless otherwise noted, Directors and KMPs listed are in office at the date of this report.

Non-Executive Directors	
H Kevin McCann AO	Director and Chairman
Oliver Buck	Director
Andreas Kluge MD PhD	Director
Mark Nelson PhD	Director
Jann Skinner	Director
Executive Director	
Christian Behrenbruch PhD	Managing Director and Group Chief Executive Officer
Other key management personnel	
Doug Cubbin	Group Chief Financial Officer
Gabriel Liberatore PhD	Group Chief Operating Officer

External remuneration consultant advice

In July 2021, the People, Culture, Nomination and Remuneration Committee (PCNRC) engaged an external remuneration consultant - Godfrey Remuneration Group (GRG), a local remuneration consultant with experience and expertise in ASX 200 companies - to provide remuneration recommendations and related advice.

The scope of works included:

- review of the remuneration quantum and structure, including benchmarking the market competitiveness of remuneration practices for the CEO, KMP and other executive leadership team members;
- formulating recommendations with a view to ensuring that remuneration quantum and structure was reasonable, market competitive and appropriate to the Company's circumstances;
- recommendations on Non-Executive Director remuneration quantum and structure;
- review and recommendations on short term variable remuneration design and implementation;
- review and recommendations on long term variable remuneration design and implementation; and
- remuneration framework development.

The amount payable for the information and work that led to GRG's recommendations is as follows:

Godfrey Remuneration Group Pty Ltd	Fee $
Market benchmarking, organisation modelling, and recommendations on NED, KMP and GLT remuneration.	40,000
Review of and advice on the design and calibration of STI and LTI plans including drafting recommendations.	31,000
	71,000

GRG was also engaged to provide consulting services regarding Telix's general employee remuneration review. The fees charged in relation to this activity totalled $56,000.

The Board is satisfied that the remuneration recommendations received from GRG were free from undue influence from those to whom the recommendations related on the following basis:

- the engagement of GRG as external remuneration consultant was undertaken by the PCNRC;
- the engagement was led by the Chairman of the Committee and closely involved the Chairperson of the Audit and Risk Committee;
- each remuneration recommendation received was accompanied by a declaration from GRG stating that their advice was provided free from undue influence from those to whom the recommendations related; and
- the Committee and the Board considered the recommendations independent of Management.

Remuneration practice and philosophy

The Group's guiding principle for remuneration is that remuneration should be transparent, should reward achievement, and should facilitate the alignment of shareholder and executive interests. The Company's philosophy is that shareholder and executive interests are best aligned by:

- providing levels of fixed remuneration and variable (or "at risk") remuneration sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy;
- ensuring variable remuneration is contingent on outcomes that grow and/or protect shareholder value; and
- ensuring a suitable proportion of remuneration is received as a share-based payment so that reward is earned by achievement and performance over the longer term.

The Telix executive leadership team is responsible for making and executing decisions that build Group value. In setting the remuneration philosophy and design, the Board aims to balance reward for short-term results with long-term business performance and value creation. The Group's remuneration practice and philosophy recognises the remuneration guidelines of shareholder and corporate governance advisors and explains where we depart from them in specific instances. The Board's aim is to provide clarity so that our shareholders, executives, and all other interested parties understand how remuneration at Telix helps drive the business strategy and shareholder alignment.

Policy and process for remuneration setting and review

The Group aims to reward the executive leadership team with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- attract and retain appropriately capable and talented individuals to the Company;
- reward for corporate performance;
- align the interest of employees with those of shareholders; and
- build a strong cohesive leadership team which can deliver execution excellence against the strategy.

Remuneration consists of:

- Fixed Pay;
- Short Term Variable Remuneration (STVR); and
- Long Term Variable Remuneration (LTVR).

The sum of the elements constitutes the Target Total Remuneration Package (TTRP). Both internal relativities and external market factors are considered when setting the structure and quantum of TTRP.

Embedded in TTRP is the concept that performance is rewarded via the STVR and LTVR plans. On the other hand, Fixed Pays aim to recognise the competence and calibre of the individual relative to the requirements of the role. While this may change over time, changes to the Fixed Pay are intended to provide competitive, appropriate remuneration and retain talent rather than provide an incentive or reward for targeted performance.

The PCNRC recommends to the Board the remuneration packages for the CEO, other KMP and other members of the Global Leadership Team (GLT) (together, the executive leadership team of the Group). As occurred during the year ended 31 December 2021, the Committee may seek external advice to determine the appropriate level and structure of the remuneration packages.

Fixed Pay

To ensure that the Company continues to attract, retain and motivate its executive leadership team, the TTRP of the CEO and GLT is targeted toward P50 of market data.

In the FY2021 remuneration review, two comparison groups were used to obtain market data: comparison by market capitalisation and comparison to industry peers. The Board is of the view that these two groups provided a reasonable basis for comparison at this stage in the Company's growth - with demonstrated market acceptance of the Company vision and pipeline (as witnessed by market capitalisation) but pending demonstration of sustainable revenue generation anticipated to commence in 2022 and 2023 (following receipt in Q4 2021 of the Company's first marketing authorisations for its lead product, Illuccix).

Four main factors are considered when adjusting Fixed Pay:

- competence of the incumbent;
- incumbent's current Fixed Pay in the +/- 20% range (i.e. 80% to 120%) of the mid-point of Fixed Pay data;
- motivational and retention impact of an adjustment or lack of adjustment to the executive's Fixed Pay; and
- cost to Telix of increases in Fixed Pay which generally have flow on impacts to the cost of STVR and LTVR awards which are expressed as percentages of Fixed Pay.

Performance and remuneration reviews are combined and are conducted on a single cycle which runs from 1 January to 31 December. Position descriptions are prepared for all positions. These are reviewed as necessary due to internal or external changes and are also reviewed as part of the annual performance and remuneration review.

Refer to the section on "Remuneration and awards for the financial year ended 31 December 2021" for discussion on this point as it relates to remuneration levels for the year commencing 1 January 2022.

Short Term Variable Remuneration (STVR)

STVR rewards performance against annual Key Performance Indicators (KPIs) – maintaining a focus on underlying value creation within the business operations. Corporate objectives, KPIs, weightings and targets are approved by the Board on the advice and recommendation of the CEO at the commencement of each year. KPIs are set with the primary purpose of incentivising KMP and other members of the GLT to work together to achieve the key business-building objectives as set out in the annual corporate objectives.

Commencing 2020, the Company has included culture-based objectives in addition to program and commercial objectives against which STVR awards are assessed. These culture-based objectives promote both performance and the delivery of goals to be in line with Telix's Code of Conduct and corporate values. For the year ended 31 December 2021 culture-based objectives included deliverables related to sustainable workforce practices including for hiring, onboarding, training and retention.

In the year ended 31 December 2021, STVR eligibility was 30% of Fixed Pay for the CEO and between 20-30% for KMP and other members of the GLT. STVR awards are based on achievement against corporate objectives and individual KPIs (if applicable).

Long Term Variable Remuneration (LTVR)

LTVR is remuneration that may vest subject to the achievement of set performance hurdles and/or requirements over a period of up to five years. LTVR is offered as part of TTRP to build alignment between the Company's management and the Company's shareholders and other stakeholders over the long term.

Each offer of LTVR relates to a separate measurement period and has separate performance measures. LTVR awarded for the year ending 31 December 2020 (issued during the year ended 31 December 2021) have a performance metric linked to the emerging status of the Company as sustainable revenue generating. LTVR issued in 2021 were issued as unlisted market-priced share options. Share options vest and become exercisable upon the achievement of $100M in cumulative revenue (before cost of goods sold) from product sales. Whilst no formal minimum vesting period or measurement period was structured into the award, vesting was targeted to occur not before the third year after the award.

Commencing 1 January 2022, LTVR awards will normally be in the form of Share Appreciation Rights (SARs). SARs provide the same value as an option - being the difference between the exercise price and the share price at the time of exercise. They are used in place of options to minimise dilution and remove the need for participants to pay an exercise price. SARs issued in 2022 will have a measurement period that is three financial years commencing with the year of the offer (thus the measurement period for an FY2022 offer would cover FY2022, FY2023 and FY2024). SARs have a term of five years. SARs will be issued with an exercise price which will be calculated as a volume weighted average price of shares (VWAP) over the 20 trading days following the announcement of annual results.

The following performance metrics will be used to assess performance in the Measurement Period:

Tranche 1 - Financial metric – 50% weighting at target

Performance level	EBITRD (Earnings before Interest, Taxes and R&D expense) on a three year cumulative basis	% Vesting of target LTI grant
Stretch	$120 million	100%
Between Target and Stretch	Pro-rata	Pro-rata
Target	**$100 million**	**50%**
Between Threshold and Target	Pro-rata	Pro-rata
Threshold	$80 million	25%
Below Threshold	< $80 million	0%

Tranche 2 - Value adding performance milestone 1 - 25% weighting at target

FDA or EMA granting marketing approval for TLX101-CDx (Glioblastoma diagnostic).

Performance level	Approval for marketing for TLX101- CDx by the FDA or EMA	% Vesting of target LTI grant
Target	**Approval is granted**	**25%**
Below Threshold	Approval has not been granted	0%

Tranche 3 - Value adding performance milestone 2 - 25% weighting at target

FDA or EMA granting marketing approval for TLX250-CDx (Renal cancer diagnostic).

Performance level	Approval for marketing for TLX250-CDx by the FDA or EMA	% Vesting of target LTI grant
Target	**Approval is granted**	**25%**
Below Threshold	Approval has not been granted	0%

As LTVR for the CEO, other KMP and other members of the GLT is considered remuneration in the year that it is awarded, only pro-rata forfeiture occurs if termination occurs in the first year of the Measurement Period. Termination for cause circumstances is dealt with under Clawback and Malus provisions which apply before and after a termination.

The Board targets that the number of equity incentives on issue under the Employee Incentive Plan (EIP) (for LTVR and LTI awards) not exceed 10% of total shares on issue.

Benefits

Market competitive benefits, aligned with the customary remuneration arrangements of the broader workforce in the country of residence, may include superannuation or local pension plans, car parking, telephone and/or participation in local health insurance or other benefit programs.

Clawback and Malus Policy

"Malus" means reducing or cancelling all or part of an individual's variable remuneration as a consequence of a materially adverse development occurring prior to payment (in the case of cash incentives) and/or prior to vesting (in the case of equity incentives). "Clawback" means seeking recovery of a benefit paid to take into account a materially adverse development that only comes to light after payment or the vesting of equity incentives.

The Board, in its sole discretion, may reduce, cancel in full, or seek to clawback any incentive provided to any employee, including former employees, if it determines that an employee has at any time acted dishonestly (including, but not limited to, misappropriating funds or deliberately concealing a transaction); acted or failed to act in a way that contributed to a breach of a significant legal or regulatory requirement relevant to Telix; acted or failed to act in a way that contributed to the Group incurring significant reputational harm, a significant unexpected financial loss, impairment charge, cost or provision; acted or failed to act in a way that contributed to Telix making a material financial misstatement; and/or committed a breach or non-compliance with the Telix Code of Conduct and/or any other employee or governance related policies.

The Board, in its sole discretion, may reduce, cancel in full, or seek to clawback any incentive provided to any employee, including former employees, if the Board forms the view that a participant or participants have taken excessive risks or have contributed to or may benefit from unacceptable cultures within the Company; if the Board forms the view that participants have exposed employees, the broader community or environment to excessive risks, including risks to health and safety; and/or if a participant joins a competitor (unless otherwise determined by the Board).

Long Term Incentives (LTI) for non-KMP and non-GLT employees

Retaining and attracting outstanding talent is central to our growth and success, therefore Telix is committed to a remuneration framework for non-KMP and non-GLT employees that also attracts talent, drives a culture of performance and links overall remuneration and incentives to the achievement of the Group's long-term strategy and objectives.

The Board's view is that the provision of reward in the form of LTI provides employees with the valuable opportunity to own a portion of the Company they are helping to grow.

The Board has therefore approved the use of LTI as a sign-on bonus to incentivise high quality candidates to join TLX; the use of LTI to award annual performance of non-GLT members; and the creation of a retention bonus scheme for critical talent in critical roles.

Sign–on LTI is a one-off bonus designed to provide an opportunity for new employees to potentially hold equity in the Company from the beginning of their tenure. There are retention and performance measures applied to all grants of sign-on LTI.

On an annual basis the PCNRC considers the recommendation of the CEO regarding the issue of LTI to non-KMP and non-GLT employees in light of the performance, financial position and current issued capital of the Company during that year. LTI awarded under the annual performance review will generally match, in dollar value, STI awarded for performance. There are retention and future performance measures applied to all grants of LTI to reward performance.

Additional LTI may be awarded as a further retention tool for high performing/ high potential employees. Retention and future performance measures apply to all grants of LTI to incentivise high performing/ high potential employees.

The terms of any LTI grant are determined by the Board and there will be no automatic grant. LTI grants normally take the form of the issue of unlisted share options or, from 1 January 2022, unlisted share appreciation rights. Share options and share appreciation rights are normally issued under the Company's equity incentive plan (EIP).

The Board targets that the number of equity incentives on issue under the EIP (for LTVR and all LTI awards) not exceed 10% of total shares on issue.

People, Culture, Nomination and Remuneration Committee

The PCRNC is comprised wholly of Non-Executive Directors, with the majority being independent, Non-Executive Directors. The objective of the PCNRC is to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on:

(a) Nomination

- Board composition and succession planning, taking into account diversity objectives and the mix of Director skills and experience;
- induction and continuing education for Directors;
- Board performance evaluation; and
- the performance of the CEO and KMP.

(b) Remuneration

- implementing policies for the purposes of using remuneration to foster long term growth and success;
- monitoring the implementation by management of the Board's strategic objectives and policies;
- remuneration for Non-Executive Directors; and
- remuneration and incentive arrangements for the CEO and other KMP.

(c) People and Culture

- key people and organisational culture strategies of the Group and their alignment with the Company's overall strategy and vision;
- the Group's Workplace Health and Safety program; and
- the Group's diversity and inclusion practices.

Remuneration review and awards for the financial year ended 31 December 2021

For the year commencing 1 January 2021, the Board adopted a recommendation from the CEO that the Telix Group target remuneration levels for KMP and other GLT towards the market median. Market median base salary would be achieved stepwise over three years, for alignment with median by the end of FY2023. To support this stepwise approach KMP remuneration was adjusted as the first of a three year adjustment using base salary delta which was supplemented by equity incentive awards in the form of market-priced options (or "bridging options"). KMP were eligible to receive "bridging options" on the same terms as LTI awarded for performance in the year ended 31 December 2020. These options were issued on 28 January 2021 with the following terms:

- Options to acquire Telix shares
- Term: 5 years
- Expiry Date: 26 January 2026
- Exercise price: $4.38
- Options vest and become exercisable upon the achievement of $100M in cumulative revenue (before cost of goods sold) from product sales

STVR awards for the year ended 31 December 2021 were applicable to KMP following the achievement of targets determined by the Board. Corporate objectives were set by the Board in January 2021. Prior to 31 December 2021 the PCNRC reviewed achievement against objectives:

- receipt of marketing authorisation approvals in the United States and Australia for the Company's first commercial product, Illuccix;
- less than 50% of the Group's financial goals had been reached. Lower than expected revenues were primarily the result of later than anticipated regulatory approvals for Illuccix;
- over 80% of objectives related to de-risking activities and program expansion had been achieved;
- over 60% of objectives related to the Group's therapy programs had been achieved;
- over 65% of objectives related to innovation had been achieved; and
- 100% of objectives related to sustainable workforce had been achieved.

Actual achievement against revised corporate objectives was awarded at 75%. 75% of STVR entitlements due to each eligible KMP for the year was awarded. The remaining 25% of STVR entitlements allocated to corporate objectives was forfeited.

No performance related LTVR was awarded to the CEO, KMP or other GLT for performance in the year ended 31 December 2021.

Following GRG's remuneration review and having considered GRG's recommendations, the Board approved that TTRP of the CEO and executive leadership team would be targeted to P50 of market data, to be reached stepwise over a number of years in context with the Company's commercial success and demonstration of sustainable revenue generation.

In adoption of the above principles and recommendations, and in acknowledgment that CEO and other KMP remuneration was below market rates, for the year commencing 1 January 2022, the Board approved the following TTRP:

- Fixed Pay increase of 20% for the CEO and other KMP
- STVR eligibility of 32% for the CEO and 27% for other KMP
- LTVR eligibility of 50% for the CEO and 35% for other KMP

Non-Executive Director remuneration

All Non-Executive Directors enter into a letter of appointment, which summarises obligations, policies and terms of appointment, including remuneration, relevant to the office of Director of the Company.

In accordance with the Constitution of the Company and ASX Listing Rules, the aggregate remuneration of Non-Executive Directors is determined from time to time by General Meeting. The last determination for Telix Pharmaceuticals Limited was made at the General Meeting of shareholders held on 12 May 2021. At that meeting, shareholders approved an aggregate annual remuneration pool for Non-Executive Directors of $700,000. The total Non-Executive Director remuneration of Telix Pharmaceuticals Limited for the year ended 31 December 2021 utilised $458,206 of this authorised amount.

Fees to Non-Executive Directors reflect the obligations, responsibilities and demands which are made on Directors. The Board has resolved that the remuneration of Non-Executive Directors should only be paid as cash fees and that fees will be reviewed periodically by the Board. In conducting these reviews the Board will consider market information to seek to ensure that fees are in line with the market, as well as the financial position of the Company.

Prior to 31 December 2020, the PCNRC reviewed public market data of a comparison group of organisations with similar corporate profiles to Telix. The Committee recommended to the Board that Non-Executive Director remuneration levels target market median. As a result of this recommendation, effective 1 January 2021 the Board introduced Committee fees for Non-Executive Directors which in prior years had not formed part of Non-Executive Director remuneration. Fees in the following amounts were agreed: Chairperson of a Committee of the Board: $15,000 per annum. Member of a Committee of the Board: $7,500 per annum. The Chairman of the Board was not to be compensated for Committee Membership but was to be compensated as Chairperson of the PCNRC.

Annualised fees recorded below are base remuneration fees inclusive of superannuation (where applicable).

Annual fees	2021 $	2020 $
K McCann, Chairman	137,188	120,000
O Buck, Non-Executive Director	82,313	65,700
A Kluge, Non-Executive Director	65,850	65,700
M Nelson, Non-Executive Director	82,313	65,700
J Skinner, Non-Executive Director	90,544	65,700

During the year ended 31 December 2021, and as part of the remuneration review undertaken, GRG recommended to the PCNRC that the following remuneration policy for Non-Executive Director remuneration be adopted by Telix:

- that Main Board Package (MBP) for Non-Executive Directors be positioned around P50 of market practices with the variation in the clustering reflecting differences in contributions to committees (i.e. those contributing higher workloads will fall above P50 and those contributing the least just below P50);
- a Chairperson to member ratio of 2:1 for committee fees;
- a Board Chairperson to Non-Executive Director fee ratio of up to 2.20:1 for Main Board Fee; and
- that the Board Chairperson not receive committee fees regardless of participation level.

The Board accepted GRG's guidance, as recommended by the PCNRC. Effective 1 January 2022 the following fees therefore apply:

Role	Incumbent	Main Board Fee $	Audit and Risk Committee $	PCNRC $	Main Board Package $
Chairman	K McCann	187,000	-	-	187,000
Non-Executive Director	O Buck	86,000	8,300	8,300	102,600
Non-Executive Director	A Kluge	86,000	-	-	86,000
Non-Executive Director	M Nelson	86,000	8,300	8,300	102,600
Non-Executive Director	J Skinner	86,000	16,500	8,300	110,800
				Sum of MBP	**589,000**

Non-Executive Directors are able to participate in the Company's Equity Incentive Plan (EIP) under which equity may be issued subject to Shareholder approval. Options are normally not issued to Non-Executive Directors as an "incentive" under the EIP but in appropriate cases as a means of cost-effective consideration for agreeing to join the Board.

Following Shareholder approval at the Extraordinary General Meeting held on 13 October 2017, Non-Executive Directors were granted Director options, the vesting of which was contingent on the Company's IPO and listing. These options became eligible to vest upon listing and vested equally over three years from the date of issue. The options had an exercise price of $0.85 per option and an expiry of 14 October 2021. The Company considered that this grant of Director options allowed the Company to maintain cash reserves for its operations while providing cost-effective consideration to the Non-Executive Directors for agreeing to join the Board (in the case of Messrs McCann and Nelson) and rewarding their commitment and contribution to the Company (in the case of Mr Buck).

Ms Jann Skinner joined the Board as a Non-Executive Director on 19 June 2018. At the AGM held on 22 May 2019, shareholders approved the issue of 495,000 options in the Company to Ms Skinner. Options offered have a four-year term, with an expiry date of 24 January 2023. The exercise price of $1.09 per option is a 44% premium to the five-day volume weighted average closing price prior to the day of issue ($0.7561). Options remained unvested for a three-year period and "cliff vested" on 24 January 2022.

Remuneration for the year ended 31 December 2021

The below table shows details of the remuneration expenses recognised for KMP measured in accordance with the requirements of the accounting standards.

	Fixed remuneration			Variable remuneration			Total	STI and option	STI and option
	Salary / fees	Superannuation	Leave accruals (iii)	Other (iv)	STI (i)	Share-based payment (ii)			
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
K McCann	125,000	12,188	-	-	-	-	137,188	-	-
O Buck	82,313	-	-	-	-	-	82,313	-	-
A Kluge	65,850	-	-	-	-	-	65,850	-	-
N Nelson	75,000	7,313	-	-	-	-	82,313	-	-
J Skinner	82,500	8,044	-	-	-	35,393	125,936	35,393	28
	430,663	**27,544**	**-**	**-**	**-**	**35,393**	**493,599**	**35,393**	
Executive Director	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
C Behrenbruch	374,146	26,250	46,350	-	82,086	91,509	620,341	173,595	28
	374,146	**26,250**	**46,350**	**-**	**82,086**	**91,509**	**620,341**	**173,595**	
Other KMP	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
D Cubbin	275,913	26,250	21,221	15,000	51,628	90,716	480,728	157,344	33
G Liberatore	280,492	26,250	20,643	-	52,144	86,172	465,701	138,316	30
	556,405	**52,500**	**41,864**	**15,000**	**103,772**	**176,888**	**946,429**	**295,660**	
Total for all KMP	**1,361,214**	**106,294**	**88,214**	**15,000**	**185,858**	**303,789**	**2,060,369**	**504,647**	

(i) C Behrenbruch is eligible to receive an annual STVR of up to 30% of remuneration. D Cubbin and G Liberatore are eligible to receive an annual STVR of up to 25% of remuneration. Non-Executive Directors are not eligible to receive an STVR amount. In the year to 31 December 2021, based on actual achievement against corporate objectives, 75% of STVR entitlement due to each eligible KMP for the year was awarded. The remaining 25% of STI entitlement due to each eligible KMP for the year was forfeited. The issue of LTI awards for performance in the year ended 31 December 2020 occurred on 27 January 2021.

(ii) As a means of cost-effective consideration for agreeing to join the Board, and following Shareholder approval, premium-priced unlisted share options were issued to Mssrs McCann, Nelson and Buck in 2017, and Ms Skinner in 2019. The amounts recorded for Share Based Payments (options) for Non-Executive Directors and KMP reflect the fair value of these options expensed each year over the life of the option.

(iii) Remuneration includes movement in annual and long service leave provisions during the year.

This includes a once off share option entitlement to D Cubbin in FY2021 for resignation from a Chairman position as requested by

(iv) Telix Pharmaceuticals Board. The equity portion has not been issued yet, hence booked at an estimate. Fair value will be calculated once the rights are granted in FY2022.

Remuneration for the year ended 31 December 2020

The below table shows details of the remuneration expenses recognised for KMP measured in accordance with the requirements of the accounting standards.

	Fixed remuneration			Variable remuneration			Total	STI and option	STI and option
	Salary / fees	Superannuation	Leave accruals (iii)	Other (iv)	STI (i)	Share-based payment (ii)			
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
K McCann	109,550	10,450	-	-	-	78,210	198,210	78,210	39
O Buck	65,700	-	-	-	-	15,096	80,796	15,096	19
A Kluge	65,700	-	-	-	-	-	65,700	-	-
N Nelson	60,000	5,700	-	-	-	78,210	143,910	78,210	54
J Skinner	60,000	5,700	-	-	-	35,393	101,093	35,393	35
	360,950	**21,850**	**-**	**-**	**-**	**206,909**	**589,709**	**206,909**	
Executive Director	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
C Behrenbruch	295,100	25,000	(31,687)	-	86,607	46,473	421,493	133,080	32
	295,100	25,000	(31,687)	-	86,607	46,473	421,493	133,080	
Other KMP	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
D Cubbin	241,626	23,778	11,697	15,000	55,220	113,990	461,311	184,210	40
G Liberatore	248,935	24,595	10,809	-	56,811	51,580	392,730	108,391	28
	490,561	**48,373**	**22,506**	**15,000**	**112,031**	**165,570**	**854,041**	**292,601**	
Total for all KMP	**1,146,611**	**95,223**	**(9,181)**	**15,000**	**198,638**	**418,952**	**1,865,243**	**632,590**	

(i) C Behrenbruch is eligible to receive an annual STI of up to 30% of remuneration. D Cubbin and G Liberatore are eligible to receive an annual STI of up to 25% of remuneration. No other KMP are eligible to receive an STI amount. In the year to 31 December 2020, based on achievement against corporate objectives between 88-91% of STI entitlements due to each eligible KMP for the year was awarded. The remaining 9-12% of STI entitlements were forfeited. LTI to the dollar value of STI awards were awarded to KMP. The issue of LTI awards for performance in the year ended 31 December 2020 occurred on 27 January 2021.

(ii) As a means of cost-effective consideration for agreeing to join the Board, and following Shareholder approval, premium-priced unlisted share options were issued to Mssrs McCann, Nelson and Buck in 2017, and Ms Skinner in 2019. The amounts recorded for Share Based Payments (options) for Non-Executive Directors and KMP reflect the fair value of these options expensed each year over the life of the option.

(iii) Remuneration includes movement in annual leave provisions during the year.

(iv) This column represents a restatement of prior year remuneration. D Cubbin was entitled to a compensation payment to resign as Chairman position as requested by Telix Pharmaceuticals Board. The full bonus of $30k, was to be paid as 50% as cash in FY2020 and 50% as equity in FY2021. The cash bonus was paid in FY2020.

Related party transactions with KMP

Remuneration: Remuneration to KMP is recorded in the tables above.

Loans: There were no loans between the Company and any KMP in the years ended 31 December 2021 and 2020.

Other transactions: ABX-CRO is a clinical research organisation 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 Managing Director of ABX-CRO. In the year ended 31 December 2021, the total amount paid or payable to ABX-CRO was $1,997,836 (2020: $1,390,458). Fees payable to ABX-CRO are on an arms' length basis and are reviewed on an ongoing basis by the Audit and Risk Committee.

Other than those noted above, there were no related party transactions with any KMP in the year ended 31 December 2021.

Employment contracts

Executive Directors and other key management personnel have rolling contracts, not limited by term. Terms approved by the Board as at the date of this Report are as follows:

KMP and start date	Remuneration	Notice period	STVR and treatment of STVR on termination	LTVR and treatment of LTVR on termination
Christian Behrenbruch PhD – MD and Group CEO Appointed 3 January 2017	Base salary of $453,000 subject to annual review. Exclusive of superannuation paid at government-determined levels.	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to listing for the provision of benefits on cessation of employment.	Eligible to receive an annual STVR of up to 30% of base remuneration. Payout of any STVR is at the discretion of the Board. The treatment of STVRs on termination is at Board discretion.	Eligible to participate in the Company's EIP. Any issue of securities is subject to shareholder approval. The treatment of LTVRs on termination is at Board discretion.
Doug Cubbin – Group CFO Appointed 22 May 2017	Base salary of $335,000 subject to annual review. Exclusive of superannuation paid at government-determined levels.	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to listing for the provision of benefits on cessation of employment.	Eligible to receive an annual STVR of up to 25% of base remuneration. Payout of any STVR is at the discretion of the Board. The treatment of STVRs on termination is at Board discretion.	Eligible to participate in the Company's EIP. The treatment of LTVRs on termination is at Board discretion.
Gabriel Liberatore – Group COO Appointed 18 February 2019	Base salary of $341,000 subject to annual review. Exclusive of superannuation paid at government-determined levels.	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to listing for the provision of benefits on cessation of employment.	Eligible to receive an annual STVR of up to 25% of base remuneration. Payout of any STVR is at the discretion of the Board. The treatment of STVRs on termination is at Board discretion.	Eligible to participate in the Company's EIP. The treatment of LTVRs on termination is at Board discretion.

Shareholdings of Directors and KMPs for the year ended 31 December 2021

	Balance 1 January	Shares issued from Options exercised	Net acquired/ (disposed)	Balance 31 December
K McCann	160,000	990,000	-	1,150,000
O Buck	1,552,500	-	-	1,552,500
A Kluge	24,675,000	-	-	24,675,000
M Nelson	2,638,750	990,000	-	3,628,750
J Skinner	100,000	-	-	100,000
C Behrenbruch	24,675,000	-	-	24,675,000
D Cubbin	49,298	790,000	(112,558)	726,740
G Liberatore	-	-	-	-
	53,850,548	**2,770,000**	**(112,558)**	**56,507,990**

Shareholdings of Directors and KMPs for the year ended 31 December 2020

	Balance 1 January	Shares issued from Options exercised	Net acquired/ (disposed)	Balance 31 December
K McCann	160,000	-	-	160,000
O Buck	1,222,335	330,165	-	1,552,500
A Kluge	24,675,000	-	-	24,675,000
M Nelson	2,238,750	-	400,000	2,638,750
J Skinner	100,000	-	-	100,000
C Behrenbruch	24,675,000	-	-	24,675,000
D Cubbin	–	-	49,298	49,298
G Liberatore	-	-	-	-
	53,071,085	**330,165**	**449,298**	**53,850,548**

Remuneration report (audited)

Option holdings of Directors and KMPs for the year ended 31 December 2021

	Grant date of options	Number of options granted	Exercise price $	Expiry date	Fair value per option at grant date $	Vesting date	Vesting number	Vested during the year	Lapsed of forfeited during the year	Exercised in current or prior year	Eligable to exercise at 31 December	Unvested at 31 December
K McCann	15-Oct-17	990,000	0.85	15-Oct-21	0.23	15-Oct-18	329,670	-	-	-	-	-
						15-Oct-19	329,670	-	-	-	-	-
						15-Oct-20	330,660	-	-	990,000	-	-
O Buck	15-Oct-17	495,000	0.85	15-Oct-21	0. 23	15-Oct-18	164,835	-	-	164,835	-	-
						15-Oct-19	164,835	-	-	164,835	-	-
						15-Oct-20	165,330	-	-	165,330	-	-
A Kluge	-	-	-	-	-	-	-	-	-	-	-	-
M Nelson	15-Oct-17	990, 000	0.85	15-Oct-21	0.23	15-Oct-18	329,670	-	-	-	-	-
						15-Oct-19	329,670	-	-	-	-	-
						15-Oct-20	330,660	-	-	990,000	-	-
J Skinner	22-May-19	495,000	1.09	24-Jan-23	0.23	24-Jan-22	495,000	-	-	-	-	495,000
C Behrenbruch	22-May-19	400,000	1.09	24-Jan-23	0.23	24-Jan-22	400,000	-	-	-	-	400,000
C Behrenbruch	13-Jan-20	200,000	2.23	12-Jan-24	0.4596	13-Jan-23	200,000	-	-	-	-	200,000
D Cubbin	15-Oct-17	790,000	0.85	15-Oct-21	0.23	15-Oct-18	263,070	-	-	-	-	-
						15-Oct-19	263,070	-	-	-	-	-
						15-Oct-20	263,860	-	-	790,000	-	-
D Cubbin	24-Jan-19	400,000	1.09	24-Jan-23	0.23	24-Jan-22	400,000	-	-	-	-	400,000
D Cubbin	13-Jan-20	150,000	2.23	12-Jan-24	0.4596	13-Jan-23	150,000	-	-	-	-	150,000
G Liberatore	24-Jan-19	400,000	1.09	24-Jan-23	0.23	24-Jan-22	400,000	-	-	-	-	400,000
G Liberatore	13-Jan-20	150,000	2.23	12-Jan-24	0. 4596	13-Jan-23	150,000	-	-	-	-	150,000
		5,460,000					**5,460,000**			**3,265,000**		**2,195,000**

Remuneration report (audited)

Option holdings of Directors and KMPs for the year ended 31 December 2020

	Grant date of options	Number of options granted	Exercise price $	Expiry date	Fair value per option at grant date $	Vesting date	Vesting number	Vested during the year	Lapsed of forfeited during the year	Exercised in current or prior year	Eligable to exercise at 31 December	Unvested at 31 December
K McCann	15-Oct-17	990,000	0.85	15-Oct-21	0.23	15-Oct-18	329,670	-	-	-	329,670	-
						15-Oct-19	329,670	-	-	-	329,670	-
						15-Oct-20	330,660	330,660	-	-	330,660	-
O Buck	15-Oct-17	495,000	0.85	15-Oct-21	0. 23	15-Oct-18	164,835	-	-	164,835	-	-
						15-Oct-19	164,835	-	-	164,835	-	-
						15-Oct-20	165,330	165,330	-	165,330	-	-
A Kluge	-	-	-	-	-	-	-	-	-	-	-	-
M Nelson	15-Oct-17	990,000	0.85	15-Oct-21	0.23	15-Oct-18	329,670	-	-	329,670	-	-
						15-Oct-19	329,670	-	-	329,670	-	-
						15-0c-20	330,660	330,660	-	330,660	-	-
J Skinner	22-May-19	495,000	1.09	24-Jan-23	0.23	24-Jan-22	495,000	-	-	-	-	495,000
C Behrenbruch	22-May-19	400,000	1.09	24-Jan-23	0.23	24-Jan-22	400,000	-	-	-	-	400,000
C Behrenbruch	13-Jan-20	200,000	2.23	12-Jan-24	0.4596	13-Jan-23	200,000	-	-	-	-	200,000
D Cubbin	15-Oct-17	790,000	0.85	15-Oct-21	0.23	15-Oct-18	263,070	-	-	-	263,070	-
						15-Oct-19	263,070	-	-	-	263,070	-
						15-Oct-20	263,860	263,860	-	-	263,860	-
D Cubbin	24-Jan-19	400,000	1.09	24-Jan-23	0.23	24-Jan-22	400,000	-	-	-	-	400,000
D Cubbin	13-Jan-20	150,000	2.23	12-Jan-24	0.4596	13-Jan-23	150,000	-	-	-	-	150,000
G Liberatore	24-Jan-19	400,000	1.09	24-Jan-23	0.23	24-Jan-22	400,000	-	-	-	-	400,000
G Liberatore	13-Jan-20	150,000	2.23	12-Jan-24	0. 4596	13-Jan-23	150,000	-	-	-	-	150,000
		5,460,000					**5,460,000**	**1,090,510**		**495,000**	**2,770,000**	**2,195,000**

The disclosures in the Consolidated Financial Statements of shares and options held by key management personnel are determined in accordance with the requirements of AASB 124 Related Party Disclosures, which requires that KMP holdings also include the holdings of "close family members". Disclosure of "close family member" holdings is not required by the Corporations Act 2001 (Cth), therefore the figures shown above may differ from those holdings reported in at Note 28 to the Consolidated Financial Statements.

Telix Pharmaceuticals Limited performance and shareholder wealth

Basic earnings per share, Net tangible assets per share and Dividend per share (cents per share) are as follows. Year end share price has been included as one measure of shareholder wealth:

	2021	2020	2019	2018	2017
Basic loss per share (cents)	(28.5)	(17.5)	(11.9)	(6.8)	(5.0)
Net tangible assets per share ($)	(0.20)	6.44	11.83	0.06	0.39
Dividend per share ($)	-	–	-	-	-
Closing share price ($)	7.75	3.78	1.55	0.65	0.62
Increase/(decrease) in share price (%)	+105	+144	+138	+5	(5)[(i)]
Market capitalisation ($)	2,209,315,000	1,059,932,000	392,584,000	141,938,000	122,411,000

(i) Telix listed on the ASX on 15 November 2017. Telix's IPO Offer Price was $0.65.

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.

Indemnity

Subject to the Corporations Act 2001 (Cth) and rule 10.2 of the Constitution of Telix Pharmaceuticals Limited, the Company must indemnify each Director, Secretary and Executive Officer to the maximum extent permitted by law against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, Director, Secretary or Executive Officer of the Company, other than:

- a liability owed to the Company or a related body corporate of the Company;
- a liability for a pecuniary penalty order under section 1317G Corporations Act 2001 (Cth) or a compensation order under section 1317H Corporations Act 2001 (Cth); and
- a liability owed to a person other than the Company that did not arise out of conduct in good faith.

The Company has paid premiums in respect of a contract insuring its Directors, the Company Secretary and Executive Officers for the financial year ended 31 December 2021. Under the Company's Directors and Officers Liability Insurance Policy, the Company cannot disclose the nature of the liabilities insured by the policy or the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit. No payment has been made to indemnify PricewaterhouseCoopers during or since the end of the financial year.

Group company secretary

Melanie Farris FGIA, FCG, GAICD

Ms Farris holds a Bachelor of Communication (Public Relations), and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of the Governance Institute of Australia, a Fellow of the Chartered Governance Institute (UK) and a Graduate of the Australian Institute of Company Directors.

Corporate Governance Statement

Telix Pharmaceuticals and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The 2021 Corporate Governance Statement reflects the corporate governance practices in place throughout the financial year ended 31 December 2021 and is available in the Investors section of the Company's website: http://www.telixpharma.com/investors/corporate-governance/.

Signed in accordance with a resolution of Directors on 24 February 2022

Kevin McCann AO
Chairman

Christian Behrenbruch PhD
Managing Director and Group CEO

Auditor's independence declaration

Auditor's Independence Declaration

As lead auditor for the audit of Telix Pharmaceuticals Limited for the year ended 31 December 2021, 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 audit; and

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

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

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
24 February 2022

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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TELIX PHARMACEUTICALS

Financial report

Contents

Consolidated statement of comprehensive income or loss

For the year ended 31 December 2021

		2021	2020
	Note	$'000	$'000
Continuing operations			
Revenue	4	7,596	5,213
Cost of inventory sold		(2,548)	(2,024)
Research and development costs	5	(34,135)	(23,085)
Administration and corporate costs	6	(16,882)	(8,915)
Employment costs	7	(30,104)	(15,560)
Remeasurement of provisions	21	(14,855)	(6,727)
Depreciation and amortisation	8	(5,174)	(4,882)
Finance costs	9	(5,218)	(1,739)
Other income and expenses	10	20,855	9,784
Loss before income tax		**(80,465)**	**(47,935)**
Income tax (expense)/benefit	**11**	**(45)**	**3,048**
Loss from continuing operations after income tax		**(80,510)**	**(44,887)**
Loss is attributable to:			
Owners of Telix Pharmaceuticals Limited		(80,510)	(44,887)
Loss for the year		**(80,510)**	**(44,887)**
Other comprehensive (loss)/income			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(1,452)	361
Total comprehensive loss for the year		**(81,962)**	**(44,526)**

Total comprehensive loss for the period is attributable to:
Owners of Telix Pharmaceuticals Limited

		2021	2020
	Note	Cents	Cents
Basic loss per share from continuing operations attributable to the ordinary equity holders of the Company	33.1	(28.5)	(17.5)
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company	33.2	(28.5)	(17.5)

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

Consolidated statement of financial position

as at 31 December 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	12	22,037	77,945
Trade and other receivables	13	19,420	12,399
Inventories	14	3,454	633
Other current assets	15	2,632	2,651
Total current assets		**47,543**	**93,628**
Non-current assets			
Trade and other receivables	13	212	183
Property, plant and equipment	16	6,329	4,821
Intangible assets	17	55,729	59,189
Total non-current assets		**62,270**	**64,193**
Total assets		**109,813**	**157,821**
Current liabilities			
Trade and other payables	18	19,040	10,892
Borrowings	19	19	264
Contract liabilities	20	6,143	3,235
Lease liabilities	16.2	613	503
Provisions	21	7,403	3,053
Employee benefit obligations	22	4,764	2,009
Total current liabilities		**37,982**	**19,956**
Non-current liabilities			
Borrowings	19	-	95
Contract liabilities	20	23,056	27,515
Lease liabilities	16.2	1,907	1,345
Deferred tax liabilities	23	-	-
Provisions	21	44,578	29,894
Employee benefit obligations	22	132	-
Total non-current liabilities		**69,673**	**58,849**
Total liabilities		**107,655**	**78,805**
Net assets		**2,158**	**79,016**
Equity			
Share capital	24.1	170,840	167,058
Foreign currency translation reserve		(1,153)	299
Share-based payments reserve	24.2	5,942	4,620
Accumulated losses		(173,471)	(92,961)
Total equity		**2,158**	**79,016**

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

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Note	Share capital	Accumulated losses	Foreign currency translation reserve	Share-based payments reserve	Total equity
		$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021		**167,058**	**(92,961)**	**299**	**4,620**	**79,016**
Loss for the year		-	(80,510)	-	-	(80,510)
Other comprehensive loss		-	-	(1,452)	-	(1,452)
Total comprehensive loss		**-**	**(80,510)**	**(1,452)**	**-**	**(81,962)**
Issue of shares on exercise of options	24.1	3,782	-	-	-	3,782
Share based payments	24.2	-	-	-	1,322	1,322
		3,782	**-**	**-**	**1,322**	**5,104**
Balance at 31 December 2021		**170,840**	**(173,471)**	**(1,153)**	**5,942**	**2,158**
Balance at 1 January 2020		115,943	(48,074)	(62)	2,274	70,081
Loss for the year		-	(44,887)	-	-	(44,887)
Other comprehensive income		-	-	361	-	361
Total comprehensive loss		**-**	**(44,887)**	**361**	**-**	**(44,526)**
Contributions of equity	24.1	50,407	-	-	-	50,407
Transaction costs arising on new share issues	24.1	(130)	-	-	-	(130)
Issue of shares on exercise of options	24.1	838	-	-	-	838
Share based payments	24.2	-	-	-	2,346	2,346
		51,115	-	-	2,346	53,461
Balance at 31 December 2020		**167,058**	**(92,961)**	**299**	**4,620**	**79,016**

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

Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		4,158	36,539
Receipts in relation to R&D tax incentive		12,123	11,405
Payments to suppliers and employees		(75,420)	(45,860)
Interest received		-	67
Interest paid		(189)	(191)
Net cash (used in)/provided by operating activities	**25**	**(59,328)**	**1,960**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		-	(322)
Purchase of intangible assets		-	(74)
Purchase of plant and equipment		(1,339)	(248)
Payment for decommissioning liability		(1,387)	(447)
Net cash used in investing activities		**(2,726)**	**(1,091)**
Cash flows from financing activities			
Repayment of borrowings		(340)	(402)
Principal element of lease payments		(596)	(502)
Proceeds from issue of shares and other equity		3,782	35,151
Transaction costs of capital raising		-	(130)
Net cash provided by financing activities		**2,846**	**34,117**
Net (decrease)/increase in cash held		**(59,208)**	**34,986**
Net foreign exchange differences		3,300	(1,639)
Cash and cash equivalents at the beginning of the financial year		77,945	44,598
Cash and cash equivalents at the end of the financial year	**12**	**22,037**	**77,945**

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

Notes to the 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 year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 24 February 2022.

2. Segment reporting

The Telix Pharmaceuticals Group is an oncology group with operations in Australia, the United States, Belgium and Japan. The Group does not currently consider that the risks and returns of the Group are affected by differences in either the products or services it provides, nor the geographical areas in which the Group operates. As such the Group operates as one segment. Group performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the financial statements. Financing (including finance costs and finance income) and income taxes are managed on a Group basis.

3. Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

3.1 Going concern

For the year ended 31 December 2021, the Group incurred an operating loss of $80,510,000 (2020: $44,887,000) and cash used in operating activities of $59,328,000 (2020: provided by $1,960,000). As at 31 December 2021 the net assets of the Group stood at $2,158,000 (2020: $79,016,000), with cash on hand at $22,037,000 (2020: $77,945,000).

The Group has recorded current trade and other receivables in the amount of $18,690,000 (2020: $12,239,000) from the Australian Taxation Office (ATO) in respect of its Research and Development (R&D) tax incentive claim for eligible R&D activities undertaken in the year to 31 December 2021. The Group expects to receive this amount during the 12 months ending 31 December 2022.

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 institutional placement was followed by a Share Purchase Plan which will raise up to a further $25,000,000 at the same offer price.

Cash on hand following the institutional placement and share purchase plan is considered sufficient to meet the Group's forecast cash outflows in relation to commercial and 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 consolidated statement of financial position as at 31 December 2021.

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.

3.2 Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 (Cth). Telix Pharmaceuticals Limited is a for-profit entity for the purpose of preparing the financial statements.

a. Compliance with IFRS

The consolidated financial statements of the Telix Pharmaceuticals Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following: intellectual property, share based payments, government grants, contingent consideration and decommissioning liabilities which are measured at fair value.

c. Comparatives and rounding

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial amounts and other disclosures. The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in some cases the nearest dollar.

d. New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- AASB 2020-8 Amendments to Australian Accounting Standards – *Interest Rate Benchmark Reform Phase 2* (AASB9, AASB 139, AASB 4 and AASB 16)
- AASB 2020-4 and AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.3 Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. If the Group loses control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position and recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the Group are measured in Australian dollars, being the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Australian dollars.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

c. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position
- income and expenses for each consolidated statement of comprehensive income or loss are translated at actual exchange rates at the dates of the transactions). For practical reasons, in the comparative period the average rate was used to approximate the exchange rates at the transaction dates.
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The post-tax discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

3.6 Asset acquisitions

When the Group acquires a business, the Directors consider the treatment of the transaction under AASB 3 *Business Combinations*, including the amendment made to AASB 3 (AASB 2018-6: Business Combinations, Definitions of a Business, issued in December 2018). This standard clarifies the definition of a business, and assists entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition.

3.6 Asset acquisitions CONTINUED

In assessing the qualification as a business combination or asset acquisition, the Directors determine whether the acquisition meets the requirements of the "concentration test" as prescribed by the accounting standards. When identifying net identifiable assets acquired, the Directors determine whether the acquisition relates to an asset acquisition – generally being intellectual property.

This policy has been applied historically to the Atlab and TheraPharm acquisitions. The intangible assets acquired in these purchases have been recognised at their respective fair values at acquisition date. No goodwill or deferred tax is recognised.

3.7 Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is current when it is expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

3.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

3.9 Trade and other receivables

Trade receivables and other receivables are all classified as financial assets held at amortised cost. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value.

a. Impairment of trade and other receivables

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off when identified. The Group recognises an impairment provision based upon anticipated lifetime losses of trade receivables. The anticipated losses are determined with reference to historical loss experience and are regularly reviewed and updated. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 26.4 for further information about the Group's accounting for trade receivables and description of the Group's impairment policies.

3.10 Inventory

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfer from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost, net of the residual values, over the estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The useful lives of assets are as follows:

- Buildings: 18 years
- Plant and equipment: 3-5 years
- Furniture, fittings and equipment: 3-5 years
- Leased plant and equipment: 3-5 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to accumulated losses.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

3.12 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3.13 Intangible assets

a. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b. Patents, trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The useful life of these intangibles assets is 15 years.

c. Intellectual property

Intellectual property has been realised on the acquisition of Therapeia GmbH & Co.KG (Therapeia) (2017), Atlab Pharma SAS (Atlab) (2018), Advanced Nuclear Medicine Ingredients SA (ANMI) (2018) and TheraPharm GmbH (TheraPharm) (2020). The intellectual property associated with the Therapeia, Atlab and TheraPharm acquisitions is recorded as an indefinite life asset as it is not yet ready for use. At the point the asset is ready for use, the useful life will be reassessed as a definite life asset and amortised over an appropriate period. All assets will be tested annually for impairment and subsequently carried at cost less accumulated impairment losses and/or accumulated amortisation. The intellectual property associated with ANMI is recorded with a useful life of seven years and will be amortised on a straight line over the period. An impairment trigger assessment will be performed annually.

d. Research and development

Research expenditure on internal projects is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure that could be recognised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other expenditures that do not meet these criteria are recognised as an expense as incurred. As the Group has not met the requirement under the standard to recognise costs in relation to development as intangible assets, these amounts have been expensed within the financial statements.

3.14 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.16 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

a. Contingent consideration

The contingent consideration liabilities associated with business combinations are measured at fair value which has been calculated with reference to our judgement of the expected probability and timing of the potential future milestone payments, based upon level 3 inputs under the fair value hierarchy, which is then discounted to a present value using appropriate discount rates with reference to the Group's weighted average cost of capital.

Contingent consideration in connection with the purchase of individual assets outside of business combinations is recognised as a financial liability only when a non-contingent obligation arises (i.e. when 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.

Changes in the fair value of financial liabilities from contingent consideration are capitalised or expensed based on the nature of the asset acquired (refer above). Interest rate effects from unwinding of discounts are recognised as finance costs. Further detail has been provided in note 21.2.

b. Decommissioning liability

The Group has recognised a provision for its obligation to decommission its nuclear product manufacturing plant facility over its operating life. At the end of a facility's life, costs are incurred in safely removing certain assets involved in the production of radioactive isotopes. The Group recognises the full discounted cost of decommissioning as an asset and liability when the obligation

3.16 Provisions CONTINUED

to restore sites arises. The decommissioning asset is included within property, plant and equipment with the cost of the related installation. The liability is included within provisions. Revisions to the estimated costs of decommissioning which alter the level of the provisions required are also reflected in adjustments to the decommissioning asset. The amortisation of the asset is included in the consolidated statement of comprehensive income or loss and the unwinding of discount of the provision is included within finance costs. Further detail has been provided in note 21.3.

3.17 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

a. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that is expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

b. Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

c. Share-based payments

Equity-settled share-based compensation benefits are provided to certain employees. Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees. The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option and volatility. No account is taken of any other vesting conditions.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

d. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.19 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised using a five step approach in accordance with AASB 15 Revenue from Contracts with Customers to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Distinct promises within the contract are identified as performance obligations. The transaction price of the contract is measured based on the amount of consideration the Group expects to be entitled to from the customer in exchange for goods or services. Factors such as requirements around variable consideration, significant financing components, noncash consideration, or amounts payable to customers also determine the transaction price. The transaction is then allocated to separate performance obligations in the contract based on relative standalone selling prices.

3.19 Revenue CONTINUED

Revenue is recognised when, or as, performance obligations are satisfied, which is when control of the promised good or service is transferred to the customer.

Amounts received prior to satisfying the revenue recognition criteria are recorded as contract liabilities. Amounts expected to be recognised as revenue within the 12 months following the consolidated statement of financial position date are classified within current liabilities. Amounts not expected to be recognised as revenue within the 12 months following the consolidated statement of financial position date are classified within non-current liabilities.

a. Sales of goods – imaging kits

Sales are recognised at a point-in-time when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, parties have accepted the products in accordance with the sales contract and the acceptance provisions have lapsed. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Group's obligation to replace faulty products under the standard warranty terms is recognised as a provision.

b. Licences of intellectual property

When licences of intellectual property are distinct from other goods or services promised in the contract, the transaction price is allocated to the licence as revenue upon transfer of control of the licence to the customer. All other promised goods or services in the licence agreement are evaluated to determine if they are distinct. If they are not distinct, they are combined with other promised goods or services.

The transaction price allocated to the licence performance obligation is recognised based on the nature of the licence arrangement. The transaction price is recognised over time if the nature of the licence is a "right to access" licence. This is where the Group performs activities that significantly affect the intellectual property to which the customer has rights, the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities, and those activities do not result in the transfer of a good or service to the customer as those activities occur. When licences do not meet the criteria to be a right to access licence, the licence is a "right to use" licence, and the transaction price is recognised at the point in time when the customer obtains control over the licence.

c. Research and development services

Where research and development (R&D) services do not significantly modify or customise the licence nor are the licence and development services significantly interrelated or interdependent, the provision of R&D services is considered to be distinct. The transaction price is allocated to the R&D services based on a cost-plus margin approach. Revenue is recognised over time based on the costs incurred to date as a percentage of total forecast costs. Reforecasting of total costs is performed at the end of each reporting period to ensure that costs recognised represent the goods or services transferred.

d. Financing component

The existence of a significant financing component in the contract is considered under the five-step method under AASB 15 Revenue from Contracts with Customers.

If the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer, the promised amount of consideration will be adjusted for the effects of the time value of money when determining the transaction price.

e. Milestone revenue

The five-step method under AASB 115 Revenue from Contracts with Customers the standard is applied to measure and recognise milestone revenue.

The receipt of milestone payments is often contingent on meeting certain clinical, regulatory or commercial targets, and is therefore considered variable consideration. The transaction price of the contingent milestone is estimated using the most likely amount method. Within the transaction price, some or all of the amount of the contingent milestone is included only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the contingent milestone is subsequently resolved. Milestone payments that are not within the control of the Group, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received. Any changes in the transaction price are allocated to all performance obligations in the contract unless the variable consideration relates only to one or more, but not all, of the performance obligations. When consideration for milestones is a sale-based or usage-based royalty that arises from licences of IP (such as cumulative net sales targets), revenue is recognised at the later of when (or as) the subsequent sale or usage occurs, or when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

f. Sales-based or usage-based royalties

Licences of intellectual property can include royalties that are based on the customer's usage of the intellectual property or sale of products that contain the intellectual property. The specific exception to the general requirements of variable consideration and the constraint on variable consideration for sales-based or usage-based royalties promised in a licence of intellectual property is applied.

The exception requires such revenue to be recognised at the later of when (or as) the subsequent sale or usage occurs and the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

3.20 Government Grant Income

Income from government grants, such as research and development tax incentives, is recognised at fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Income from government grants is recognised in the consolidated statement of comprehensive income or loss on a systematic basis over the periods in which the entity recognises as expense the related costs for which the grants are intended to compensate. See note 3.25 for further information in critical estimates, judgements and errors.

3.21 Income tax

The income tax expense or credit for the period is the tax payable on the current period's income based on the applicable income

3.21 Income tax CONTINUED

tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax consolidation regime

Telix Pharmaceuticals Limited and its wholly owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Telix Pharmaceuticals Limited. The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the "standalone taxpayer" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation. In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising as part of the tax consolidation arrangement are recognised as current amounts receivable or payable from the other entities within the tax consolidated group.

3.22 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

3.23 Earnings per share

a. Basic earnings per share

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

b. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.24 Fair value measurement

Certain judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. The different levels have been defined as follows:

- Level 1: fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.
- Level 2: fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. Certain judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

3.25 Critical estimates, judgements and errors

Accrued R&D expenditure

As part of the process of preparing our financial statements, the Group is required to estimate its accrued expenses. This process involves reviewing open contracts and purchase orders, communicating with program directors and managers to identify services that have already been performed for the Group, estimating the level of services performed with associated costs incurred for the service for which the Group has not yet been invoiced or otherwise notified of the actual cost. The majority of service providers invoice the Company monthly in arrears for services performed or when contractual milestones are met. The Group estimates accrued expenses as of each consolidated statement of financial position date in the financial statements based on facts and circumstances known at that time. The Group periodically confirms the accuracy of estimates with the service providers and makes adjustments if necessary. Examples of estimated accrued expenses include fees paid to:

- Contract Research Organisations (CROs) in connection with clinical studies
- investigative sites in connection with clinical studies
- vendors in connection with preclinical development activities, and
- vendors related to product manufacturing, process development and distribution of clinical supplies.

3.25 Critical estimates, judgements and errors CONTINUED

Recognition of R&D tax incentive income

The Australian government allows a refundable research and development (R&D) tax incentive to eligible companies with an annual aggregate turnover of less than $20,000,000. Eligible companies can receive refundable amounts of their research and development expenditure. During 2021 the Department of Innovation, Industry and Science (Innovation and Science Australia) granted Telix an advance/overseas R&D tax finding providing approval for expenditure up to $320,834,000 (2020: $126,900,000) that could be eligible for R&D tax incentives.

The research and development activities have been assessed by management and also by an independent subject matter expert to determine which areas are eligible under the R&D tax incentive scheme. This analysis includes an assessment of both the domestic and international spend. For the year ended 31 December 2021 the Group has recognised $18,574,000 (2020: $12,318,000) in the consolidated statement of comprehensive income or loss.

Impairment assessment – carrying value of goodwill and intangible assets

Since its inception Telix has completed four acquisitions: Therapaeia (2017), Atlab (2018), ANMI (2018) and TheraPharm (2020). The assessment of impairment of the goodwill and intangible assets has required estimates and judgements to be made. The inputs for these have been outlined in note 17.

Contingent consideration and decommissioning liabilities

The Group has identified the contingent consideration and decommissioning liabilities as balances requiring estimates and significant judgements. These estimates and judgements have been outlined in note 21.

4. Revenue

Disaggregation of revenue from contracts with customers

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:

	2021	2020
	$'000	$'000
Sale of goods - at a point in time	4,898	3,278
Licences of intellectual property - at a point in time	-	1,402
Research and development services - over time	2,698	533
Total revenue from continuing operations	**7,596**	**5,213**

5. Research and development costs

	2021	2020
	$'000	$'000
Preclinical	207	473
Clinical	10,395	6,476
Manufacturing	18,542	10,771
Other research and development related costs	4,991	5,365
	34,135	**23,085**

6. Administration and corporate costs

	2021	2020
	$'000	$'000
Professional fees	6,176	5,267
Marketing and sponsorship	5,891	1,202
Other administration	2,296	936
Rent and insurance	1,754	878
Training and compliance	143	447
Travel costs	622	185
	16,882	**8,915**

7. Employment costs

	2021	2020
	$'000	$'000
Salaries and wages	24,618	11,037
Share based payments and incentives	4,379	3,820
Superannuation	642	327
Non-Executive Directors' fees	465	376
	30,104	**15,560**

8. Depreciation and amortisation

	2021	2020
	$'000	$'000
Depreciation	995	777
Amortisation of intangible assets	4,179	4,105
	5,174	**4,882**

9. Finance costs

	2021	2020
	$'000	$'000
Bank fees	26	23
Interest expense	163	191
Unwind of discount	5,029	1,525
	5,218	**1,739**

10. Other income expenses

	2021	2020
	$'000	$'000
Research and development tax incentive income	18,574	12,318
Realised currency loss	(914)	(7)
Unrealised currency gain/(loss)	2,612	(3,930)
Interest income	-	67
Other income	583	1,336
	20,855	**9,784**

11. Income tax expense/(benefit)

11.1 Income tax expense/(benefit)

	2021	2020
	$'000	$'000
Current tax expense/(benefit)	45	-
Deferred tax expense/(benefit)	-	(3,048)
Total income tax expense/(benefit)	**45**	**(3,048)**

Notes to the consolidated financial statements

11. Income tax expense/(benefit) CONTINUED

11.2 Numerical reconciliation of prima facie tax payable to income tax expense/(benefit)

	2021	2020
	$'000	$'000
Loss from continuing operations before income tax expense/(benefit)	(80,465)	(47,935)
Prima-facie tax at a rate of 26.0% (2020: 27.5%)	(20,920)	(13,182)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive credit	(4,829)	(3,387)
Eligible expenses claimed under R&D tax incentive	10,473	7,787
Share based payments	343	645
Deductible transaction costs on share issues	(305)	(314)
Sundry items	(48)	162
Foreign exchange translation (gain)/loss	(203)	907
	(15,489)	**(7,382)**
Current year tax losses not recognised	14,486	4,174
Adjustment for current tax of prior periods	581	37
Provisions recognised in international jurisdictions	45	123
Impact of change in tax rates	422	-
income tax expense/(benefit)	**45**	**(3,048)**

11.3 Tax losses

	2021	2020
	$'000	$'000
Unused tax losses for which no deferred tax asset has been recognised:		
Potential tax benefit (presented net)	**20,420**	**5,934**

12. Cash and cash equivalents

	2021	2020
	$'000	$'000
Cash on hand	**22,037**	**77,945**

(i) Reconciliation to cash flow statement: The above figures agree with the amount of cash shown in the consolidated statement of cash flows at the end of the financial year.

(ii) Classification as cash equivalents: Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

13. Trade and other recievables

	2021	2020
	$'000	$'000
Trade receivables	730	160
R&D tax incentive receivable	18,690	12,239
Deposits	212	183
	19,632	**12,582**
Current	19,420	12,399
Non-current	212	183
Total trade and other receivables	**19,632**	**12,582**

Research and development activities have been assessed by the Group and by an independent subject matter expert to determine which areas are likely to be eligible under the R&D tax incentive scheme. This assessment includes a review of both domestic and international spend. For the year ended 31 December 2021 the Group has recognised a total current receivable of $18,690,000 (2020: $12,239,000). The R&D tax incentive receivable has been determined based on a combination of eligible domestic and international expenditure of $42,965,000 (2020: $28,317,000) at a rate of 43.5 cents tax incentive rebate per eligible R&D dollar spent. The credit risk associated with this receivable is low.

14. Inventories

	2021	2020
	$'000	$'000
Raw materials and stores	3,283	149
Work in progress	-	404
Finished goods	171	80
	3,454	**633**

15. Other current assets

	2021	2020
	$'000	$'000
GST receivables	1,135	337
Other receivables	290	1,455
Prepayments	1,207	859
	2,632	**2,651**

16. Property, plant and equipment

16.1 Property, plant and equipment

	Land and buildings	Plant and equipment	Furniture, fittings and equipment	Leasehold improvements	Right-of-use assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	**2,402**	**250**	**225**	**187**	**1,757**	**4,821**
Additions	-	796	396	147	1,268	2,607
Depreciation charge	(88)	(52)	(161)	(38)	(656)	(995)
Exchange differences	(111)	(3)	1	-	9	(104)
Balance at 31 December 2021	**2,203**	**991**	**461**	**296**	**2,378**	**6,329**
Cost	2,352	1,117	729	376	3,849	8,423
Accumulated depreciation	(149)	(126)	(268)	(80)	(1,471)	(2,094)
Net book amount	**2,203**	**991**	**461**	**296**	**2,378**	**6,329**

Balance at 1 January 2020	**-**	**177**	**164**	**211**	**1,347**	**1,899**
Additions	2,463	112	120	6	950	3,651
Depreciation charge	(61)	(39)	(77)	(30)	(570)	(777)
Exchange differences	-	-	18	-	30	48
Balance at 31 December 2020	**2,402**	**250**	**225**	**187**	**1,757**	**4,821**
Cost	2,463	324	313	230	2,560	5,890
Accumulated depreciation	(61)	(74)	(88)	(43)	(803)	(1,069)
Net book amount	**2,402**	**250**	**225**	**187**	**1,757**	**4,821**

16.2 Lease liabilities

The consolidated statement of financial position shows the following amounts relating to leases:

Right-of-use assets	2021	2020
	$'000	$'000
Properties	2,065	1,380
Motor vehicles	313	377
Total right-of-use assets	**2,378**	**1,757**

Lease liabilities	2021	2020
	$'000	$'000
Current	613	503
Non-current	1,907	1,345
Total lease liabilities	**2,520**	**1,848**

Additions to right-of-use assets during the 2021 financial year were $1,268,000 (2020: $950,000).

16. Property, plant and equipment CONTINUED

The consolidated statement of comprehensive income or loss shows the following amounts relating to leases:

Depreciation charge on right-of-use assets	2021	2020
	$'000	$'000
Properties	515	455
Motor vehicles	141	115
	656	**570**

Interest expense relating to leases	2021	2020
	$'000	$'000
Properties	126	120
Motor vehicles	31	27
Total lease liabilities	**157**	**147**

The total cash outflow for leases in 2021 financial year was $785,000 (2020: $649,000). This is made up of $596,000 (2020: $502,000) principal and $189,000 (2020: $147,000) interest payments.

17. Intangible assets

	Goodwill	Intellectual property	Patents	Licence	Total
	$'000	$'000	$'000	$'000	$'000
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**

Balance at 1 January 2020	4,224	37,527	197	-	41,948
Additions	-	16,586	72	4,540	21,198
Amortisation charge	-	(3,881)	(22)	(202)	(4,105)
Exchange differences	-	145	2	1	148
Balance at 31 December 2020	**4,224**	**50,377**	**249**	**4,339**	**59,189**
Cost	4,224	58,088	365	4,541	67,218
Accumulated amortisation	-	(7,711)	(116)	(202)	(8,029)
Net book amount	**4,224**	**50,377**	**249**	**4,339**	**59,189**

17. Intangible assets CONTINUED

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

CGU	Name of entity	2021	2020
		$'000	$'000
TLX591-CDx (Illuccix)	Telix Innovations	18,316	23,134
TLX591	Atlab	12,984	13,440
TLX101	Therapeia	1,473	1,441
TLX66	TheraPharm	14,824	15,476
TLX66-CDx	TheraPharm	986	1,110
Seneffe manufacturing facility licence	Telix Belgium	6,809	4,339
Patents	Corporate	337	249
		55,729	**59,189**

Impairment test for goodwill and indefinite life intangible assets

Since its inception Telix has completed four acquisitions Therapeia (2017), Telix Innovations (formerly ANMI) (2018), Atlab (2018) and TheraPharm (2020).

TLX591-CDx (Illuccix®): Goodwill and definite life intangible assets, being intellectual property, were acquired as part of the acquisition of ANMI. Goodwill is required to be annually tested for impairment whereas a definite life intangible asset is required to be tested for impairment where triggers have been identified. At 31 December 2021, the Directors used a fair value less costs to sell approach to assess the carrying value of the associated goodwill. No impairment of goodwill was recognised by the Group. No impairment of definite life intangible assets was recognised by the Group at 31 December 2021 as no impairment triggers were noted.

TLX591 and TLX66: Indefinite life intangible assets, being intellectual property, were acquired as part of the acquisitions of Atlab and TheraPharm and are required to be annually tested for impairment. At 31 December 2021, the Directors used a fair value less costs to sell approach to assess the carrying value of the associated intangible assets. No impairment was recognised by the Group.

TLX101: Goodwill and indefinite life intangible assets, being intellectual property, were acquired as part of the acquisition of Therapeia and are required to be annually tested for impairment. At 31 December 2021, the Directors used a fair value less costs to sell approach to assess the carrying value of the associated goodwill and intangible assets. No impairment was recognised by the Group.

Seneffe manufacturing facility licence: The Group acquired an isotope licence as part of the Seneffe manufacturing facility acquired in April 2020. The licence represents a definite life intangible asset which is required to be tested for impairment where triggers have been identified. The licence does not generate cash inflows that can be separately identified from other assets therefore the CGU for the licence is the Seneffe manufacturing facility as a whole. At 31 December 2021, there were no impairment triggers noted.

The Group has identified the estimate of the recoverable amount as a significant judgement for the year ended 31 December 2021. In determining the recoverable amount of all CGU's listed above, the Group has used discounted cash flow forecasts and the following key assumptions:

- Risk adjusted post-tax discount rate – 12.2%
- Expected sales volumes
- Net sales price per unit
- Approval for marketing authorisation probability success factor

The Group has considered reasonably possible changes in the key assumptions and has not identified any instances that could cause the carrying amounts of the intangible assets at 31 December 2021 to exceed their recoverable amounts.

18. Trade and other payables

	2021	2020
	$'000	$'000
Trade creditors	11,884	5,808
Other creditors and accruals	6,721	4,600
Payroll liabilities	435	484
	19,040	**10,892**

19. Borrowings

Borrowings - unsecured	2021	2020
	$'000	$'000
Current	19	264
Non-current	-	95
Total borrowings	**19**	**359**

All borrowings outstanding at 31 December 2021 are in relation to Telix Innovations and have arisen as a result of the acquisition by the Group. Borrowings are with a French government authority as a development loan. Details of the borrowings are as follows:

Lenders	Loan balance	Due < 1 year	Due > 1 year	Maturity date
		$'000	$'000	$'000
Development loan	19	19	-	31/05/2022
Total	**19**	**19**	**-**	

(i) Development loans are provided by local and national government bodies to support the industry in which they operate in their jurisdictions. All loans are denominated in Euros and have been translated to Australian dollars at the exchange rate current at 31 December 2021.

Fair value: For all borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Capital risk management: Capital is defined as the combination of shareholders' equity, reserves and net debt. The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide benefits for stakeholders and maintain an optimal capital and funding structure. The aim of the Group's capital management framework is to maintain, monitor and secure access to future funding arrangements to finance the necessary research and development activities being performed by the Group. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio: Debt as divided by Equity. At 31 December 2021, the Group's on-balance sheet gearing and leverage ratio was less than 1% (2020: less than 1%).

19. Borrowings CONTINUED

Reconciliation of liabilities arising from financing activities:

	Opening balance	Net cash inflow/(outflow)	Other non-cash movements	Closing balance
	$'000	$'000	$'000	$'000
For the year ended 31 December 2021				
Borrowings	359	(340)	-	19
Lease liabilities	1,848	(596)	1,268	2,520
	2,207	**(936)**	**1,268**	**(2,539)**
For the year ended 31 December 2020				
Borrowings	761	(402)	-	359
Lease liabilities	1,370	(502)	980	1,848
	2,131	**(904)**	**980**	**2,207**

20. Contract liabilities

The Group has recognised the following liabilities related to a contract with a customer in licencing arrangements:

	2021	2020
	$'000	$'000
Balance at 1 January	**30,750**	**-**
Consideration received	-	32,468
Revenue recognised	(2,698)	(1,935)
Unwind of discount	1,147	217
Balance at 31 December	**29,199**	**30,750**
Current	6,143	3,235
Non-current	23,056	27,515
Total contract liabilities	**29,199**	**30,750**

China Grand Pharma strategic partnership

On 2 November 2020, the Group entered into a strategic commercial partnership with China Grand Pharmaceutical and Healthcare Holdings Limited (CGP) for the Group's portfolio of MTR products. A non-refundable upfront payment of US$25,000,000 was received upon signing of the contract with CGP. The strategic partnership with CGP 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.

21. Provisions

Reconciliation of liabilities arising from financing activities:

	Government grant liability	Contingent consideration	Decomissioning liability	Total
	$'000	$'000	$'000	$'000
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**

Balance at 1 January 2020	**650**	**16,441**	**7,003**	**24,094**
Remeasurement of provisions	380	6,347	-	6,727
Unwind of discount	52	944	358	1,354
Charged to profit or loss	**432**	**7,291**	**358**	**8,081**
Exchange differences	-	-	(118)	118.00
Provision (utilised)/recognised on acquisition	(27)	1,364	(447)	890
Balance at 31 December 2020	**1,055**	**25,096**	**6,796**	**32,947**
Current	73	1,294	1,686	3,053
Non-current	982	23,802	5,110	29,894
Total provisions	**1,055**	**25,096**	**6,796**	**32,947**

21.1 Government grant liability

Telix Innovations has received grants from the Walloon regional government in Belgium. These grants meet the definition of a financial liability as defined in AASB 9 Financial Instruments and are required to be recognised at fair value through profit and loss.

The grants are repayable to the Walloon government 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 post-tax discount rate (0.4%), the expected sales volumes and the net sales price per unit. These assumptions are consistent with those utilised by the Group in the calculation of the contingent consideration liability and intellectual property valuation, other than the post-tax discount rate which is based on the risk-adjusted government bond yield in Belgium for the duration of the obligation.

21. Provisions CONTINUED

21.2 Contingent consideration

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:

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

The valuation of the contingent consideration has been performed utilising a discounted cash flow model that uses certain unobservable assumptions. These key assumptions include risk adjusted post-tax discount rate (12.2%), 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 reasonably possible changes where applicable:

Contingent consideration valuation

Unobservable input	Methodology	31 December 2021
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 1.6% and decreasing the post-tax discount rate by 0.5% would increase the contingent consideration by 1.6%
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 2.4% and a 10% decrease in market population would decrease the contingent consideration by 2.4%
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 2.4% and 10% decrease in net sales price per unit would decrease the contingent consideration by 2.4%
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%

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 Group has adopted a process to value the contingent consideration liability with the assistance of an independent valuation expert. 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 (12.2%), 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 reasonably possible changes where applicable:

21. Provisions CONTINUED

21.2 Contingent consideration CONTINUED

Advanced Nuclear Medicine Ingredients SA (ANMI) CONTINUED

Contingent consideration valuation

Unobservable input	Methodology	31 December 2021
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 1.0% and decreasing the post-tax discount rate by 0.5% would increase the contingent consideration by 1.0%
Expected sales volumes and net sales price per unit	This is determined through the FY22-FY24 commercial budgets approved for each region	A 10% increase in the sales volumes would increase the contingent consideration by 2.4% and a 10% decrease in sales volumes would decrease the contingent consideration by 2.4%

21.3 Decommissioning liability

Telix purchased the facility at Seneffe in Belgium on 27 April 2020. The site has cyclotrons installed in concrete shielded vaults which also contain some nuclear contamination associated with past manufacturing activities. As part of this transaction, Telix assumed the obligation to remove these assets after the end of their useful lives and restore the site.

The Group has recognised a provision for its obligation to decommission its nuclear product manufacturing plant facility over its operating life. During the period the site's two legacy cyclotrons were decommissioned and removed. Other than two cyclotron vaults, the site has been fully decontaminated.

Other decommissioning costs not required to upgrade the manufacturing plant facility have been deferred to the end of the operating life of the facility in 2041. The decommissioning costs expected to be incurred in 2041 of €4,357,000 have been discounted at a rate of 0.4% and translated to Australian dollars at the exchange rate at 31 December 2021.

The provision represents the best estimate of the expenditures required to settle the present obligation at 31 December 2021. Such cost estimates adjusted for inflation have been discounted to $8,531,000, using a discounted cash flow model, utilising a discount rate of 0.4% (2020: 8.0%). 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.

22. Employee benefit obligations

	2021	2020
	$'000	$'000
Annual leave	1,877	779
Bonus	2,887	1,230
Long service leave	132	-
	4,896	**2,009**
Current	**4,764**	**2,009**
Non-current	**132**	**-**
Total employee benefit obligations	**4,896**	**2,009**

23. Deferred tax assets and liabilities

23.1 Deferred tax assets

	2021	2020
	$'000	$'000
The balance comprises temporary differences attributable to:		
Tax losses	4,692	6,066
Lease liabilities	756	555
Total deferred tax assets	**5,448**	**6,621**
Set-off of deferred tax liabilities pursuant to set-off provisions	(5,448)	(6,621)
Net deferred tax assets	**-**	**-**

Deferred tax assets movements	Tax losses	Lease liability	Total
	$'000	$'000	$'000
The balance comprises temporary differences attributable to:			
Balance at 1 January 2021	6,066	555	6,621
(Charged)/credited:			
to profit and loss	(1,374)	201	(1,173)
Balance at 31 December 2021	**4,692**	**756**	**5,448**
Balance at 1 January 2020	**4,064**	**411**	**4,475**
(Charged)/credited:			
to profit and loss	2,002	144	2,146
Balance at 31 December 2020	**6,066**	**555**	**6,621**

23.2 Deferred tax liabilities

	2021	2020
	$'000	$'000
The balance comprises temporary differences attributable to:		
Intangible assets	4,734	6,094
Right-of-use assets	714	527
Total deferred tax liabilities	**5,448**	**6,621**
Set-off of deferred tax assets pursuant to set-off provisions	(5,448)	(6,621)
Net deferred tax liabilities	**-**	**–**

23.2 Deferred tax liabilities CONTINUED

Deferred tax liabilities movements	Intangible assets	Right-of-use asset	Total
	$'000	$'000	$'000
The balance comprises temporary differences attributable to:			
Balance at 1 January 2021	**6,094**	**527**	**6,621**
Charged/(credited):			
to profit and loss	(1,350)	187	(1,164)
directly to equity	(9)	-	(9)
Balance at 31 December 2021	**4,735**	**714**	**5,448**
Balance at 1 January 2020	**7,241**	**404**	**7,645**
Charged/(credited):			
to profit and loss	(1,149)	123	(1,026)
directly to equity	2	–	2
Balance at 31 December 2020	**6,094**	**527**	**6,621**

24. Equity

24.1 Share capital

	2021	2021	2020	2020
	Number '000	$'000	Number '000	$'000
Balance at 1 January	**280,405**	**167,058**	**253,280**	**115,943**
Shares issued through the exercise of share options (i)	4,668	3,782	1,866	838
Shares issued CGP (ii)	-	-	20,947	35,401
Shares issued TheraPharm (iii)	-	-	4,312	15,006
Less transaction costs	-	-	-	(130)
Balance at 31 December 2021	**285,073**	**170,840**	**280,405**	**167,058**

(i) Options exercised during the year through the employee Equity Incentive Plan resulted in 4,667,586 (2020: 1,865,991) shares being issued of total value of $3,782,000 (2020: $838,000).

(ii) On 2 December 2020, the Group entered into a strategic commercial partnership with China Grand Pharmaceutical and Healthcare Holdings Limited (CGP) for the Group portfolio of MTR products. CGP made an equity investment of $35,401,000 (US$25,000,000) in the form of a placement to CGP of 20,947,181 fully paid ordinary Telix shares, issued at a price of $1.69 per share.

(iii) On 14 December 2020, Telix acquired all of the issued capital of TheraPharm for consideration which included $15,006,000 (€10,200,000) comprising 4,312,151 fully paid ordinary Telix shares, issued at a price of $3.48 per share.

The weighted average ordinary shares for the period 1 January 2021 to 31 December 2021 is 282,205,557 (2020: 257,271,000). The Company does not have a limited amount of authorised capital.

Rights applying to securities:

(i) Ordinary shares: Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

(ii) Options and warrants: Holders of Options and Warrants have no voting rights. Information relating to the Company's Employee Incentive Plan (EIP), including details of Options issued, exercised and lapsed during the financial year, is set out in note 28.

24.2 Share-based payments reserve

	2021	2021	2020	2020
	Number		Number	
	'000	$'000	'000	$'000
Balance at 1 January	**20,226**	**4,620**	**17,814**	**2,274**
Options issued	3,745	1,322	5,530	2,436
Options exercised	(4,716)	-	(2,710)	-
Options or warrants lapsed	(2,107)	-	(408)	(90)
Balance at 31 December	**17,148**	**5,942**	**20,226**	**4,620**

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 have an expiry date of 11 September 2022 and an exercise price of $1.34 per warrant.

25. Cash flow information

25.1 Reconciliation of loss after income tax to net cash (used in)/provided by operating activities

		2021	2020
	Note	$'000	$'000
Operating loss after income tax		(80,510)	(44,887)
Adjustments for			
Depreciation and amortisation	8	5,174	4,882
Fair value remeasurement of contingent consideration		14,855	6,727
Unwind of discount		5,029	1,525
Income tax benefit	11	45	(3,048)
Share based payments		1,322	2,346
Foreign exchange (gains)/losses		(2,612)	2,603
Changes in assets and liabilities			
(Increase) in trade and other receivables		(7,192)	(328)
(Increase) in inventory		(2,821)	(91)
(Increase)/decrease in other current assets		198	(1,184)
(Increase) in other non-current assets		(29)	(101)
Increase in trade and other creditors		7,484	1,674
Increase in employee benefit obligations and provisions		2,428	1,092
(Decrease)/increase in contract liabilities		(2,698)	30,750
Net cash (used in)/provided by operating activities		**(59,328)**	**1,960**

26. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

26.1 Interest rate risk

The majority of the Group's borrowings have fixed interest rates, and therefore the Group is not exposed to any significant interest rate risk.

26.2 Price risk

The Group is not exposed to any significant price risk as contracts are in place to meet current estimated material requirements.

26.3 Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group has certain clinical and regulatory activities conducted internationally. The main currency exposure to the Group is research and development activities which are occurring in Europe, the United States of America, Japan and Australia. As a result of these activities, the Group has foreign currency liabilities in Euro (EUR) and United States Dollars (USD). These foreign currency balances give to a currency risk, which is the risk of the exchange rate moving, in either direction, or the impact it may have on the Group's financial performance.

Telix has a policy of holding foreign currency reserves to cover a projected 12 month contract spend.

The major foreign currency exposure is in USD. This is as a result of cash funds held and both receivable and payable contracts entered into in this currency. The Group maintains foreign currency bank accounts denominated in USD in order to minimise foreign currency risk exposure. The Group had a deficit of foreign currency receivables over payables of $10,080,000 at 31 December 2021 (2020: deficit of $4,181,000).

The Group's exposure to the risk of changes in foreign exchange rates also relates to the Group's net investments in foreign subsidiaries, which predominantly include denominations in EUR and USD, however given the level of current investments in foreign subsidiaries, the impact of this is limited.

The Group manages the currency risk by evaluating the trend of foreign currency rates to the Australian dollar and making decisions as to the levels to hold in each currency by assessing its future activities which will likely be incurred in those currencies.

As at 31 December 2021, the Group held 1.2% (2020: 2.9%) of its cash in Australian dollars, 93.6% (2020: 95.0%) in United States dollars, 4.3% (2020: 1.8%) in Euros and 0.9% (2020: 0.2%) in Japanese Yen.

The balances held at 31 December 2021 that give rise to currency risk exposure are presented in Australian dollars, together with a sensitivity analysis which assesses the impact that a change of +/- 10% in the exchange rate as of 31 December 2021 would have on the Group's reported profit/(loss) after income tax and/or equity balance.

26. Financial risk management CONTINUED

26.3 Foreign currency risk CONTINUED

	Foreign currency balance held	+10% Profit/(loss)	-10% Profit/(loss)
At 31 December 2021	**$'000 AUD**	**$'000 AUD**	**$'000 AUD**
Bank accounts – USD	20,624	(1,879)	2,296
Bank accounts – EUR	947	(86)	105
Bank accounts – JPY	193	(18)	21
Trade and other receivables – USD	32	(3)	4
Trade and other receivables – EUR	700	(64)	78
Trade and other payable - USD	(5,293)	481	(588)
Trade and other payable - EUR	(5,248)	477	(583)
Trade and other payable - SGD	(5)	-	(1)
Trade and other payable - GBP	(186)	17	(21)
Trade and other payable - CHF	(14)	1	(2)
Trade and other payable - CAD	(60)	5	(7)
Trade and other payable - JPY	(7)	1	(1)
Government grant liability – EUR	(1,539)	139	(170)
Decommissioning liability – EUR	(8,532)	776	(948)
Contingent consideration – EUR	(41,910)	3,810	(4,657)
Borrowings – EUR	(19)	2	(2)

	Foreign currency balance held	+10% Profit/(loss)	-10% Profit/(loss)
At 31 December 2020	**$'000 AUD**	**$'000 AUD**	**$'000 AUD**
Bank accounts – USD	74,078	(6,734)	8,231
Bank accounts – EUR	1,370	(125)	152
Bank accounts – JPY	180	(16)	20
Trade and other receivables – USD	15	(1)	2
Trade and other receivables – EUR	293	(27)	33
Trade and other payables – USD	(3,155)	287	(351)
Trade and other payables – EUR	(1,012)	92	(112)
Trade and other payables – SGD	(13)	1	(3)
Trade and other payables – GBP	(303)	28	(34)
Trade and other payables – JPY	(6)	1	(1)
Government grant liability – EUR	(1,055)	96	(117)
Contingent consideration – EUR	(25,096)	2,281	(2,788)
Decommissioning liability – EUR	(6,796)	618	(755)
Borrowings – EUR	(359)	33	(40)

26. Financial risk management CONTINUED

26.4 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Given the absence of loan receivables, the Group's exposure to credit risk is limited to trade receivables. The Group obtains guarantees where appropriate to mitigate credit risk.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As at the 31 December 2021, the expected credit losses are $NIL (2020: $NIL). The following tables sets out the ageing of trade receivables, according to their due date:

Aged trade receivables

Gross carrying amount	2021	2020
	$'000	$'000
30 days	487	79
60 days	164	1
90 days	79	-
120 days	-	80
Total	**730**	**160**

26.5 Liquidity risk

The Group is exposed to liquidity and funding risk from operations and from external borrowings, where the risk is that the Group may not be able to refinance debt obligations or meet other cash outflow obligations when required. Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents). The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities: The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. 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.

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 $'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
Decommissioning liability	2,271	-	-	6,809	9,080	8,532
Government grant liability	-	55	1,022	468	1,545	1,539
Contingent consideration	-	5,400	64.853	1,549	71,802	41,910
Total financial liabilities	**21,747**	**5,830**	**67,815**	**9,156**	**104,548**	**73,560**

26. Financial risk management CONTINUED

At 31 December 2020	1-6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives						
Trade and other payables	10,892	–	–	–	10,892	10,892
Borrowings	132	132	95	–	359	359
Lease liabilities	334	298	1210	406	2,248	1,848
Decommissioning liability	–	129	2,480	–	2,609	1,055
Government grant liability	–	1,738	6,393	–	8,131	6,796
Contingent consideration	–	1,453	33,445	–	34,898	25,096
Total financial liabilities	**11,358**	**3,750**	**43,623**	**406**	**59,137**	**46,046**

26.6 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 increase/(decrease) profit before tax by $1,006,000 (2020: $602,000).

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.

27. 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 kidney cancer therapy and subject to approval of the Group's drug candidates for therapeutic use and also provide the product for scale-up and commercialisation.

At 31 December 2021, 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.

28. Share based payments

Equity Incentive Plan and Options

The Equity Incentive Plan (EIP) was established to allow the Board of Telix to make offers to Eligible Employees to acquire securities in the Company and to otherwise incentivise employees. "Eligible employees" includes full time, part time or casual employees of a Group Company, a Non-Executive Director of a Group Company, a Contractor, or any other person who is declared by the Board to be eligible.

The Board may, from time to time and in its absolute discretion, invite Eligible Employees to participate in a grant of Incentive Securities, which may comprise Rights, Options, and/or Restricted Shares. Vesting of Incentive Securities under the EIP is subject to any vesting or performance conditions determined by the Board and specified in the Offer document. Options are normally granted under the EIP for no consideration and carry no dividend or voting rights. When exercised, each Option is convertible into one Share.

Non-Executive Directors are able to participate in the Equity Incentive Plan, under which equity may be issued subject to Shareholder approval. Options are however normally issued to Non-Executive Directors not as an "incentive" under the EIP but as a means of cost-effective consideration for agreeing to join the Board. The details of Options on issue to individual Directors can be found in the Remuneration Report for the year ended 31 December 2021. For the purposes of this table and to illustrate the total number of Options on issue under the rules of the EIP, all Options issued to Non-Executive Directors, Executive Directors, employees and contractors are included.

	2021	2021	2020	2020
	Number	WAEP(i)	Number	WAEP(i)
	'000		'000	
Balance at 1 January	**20,226**	**1.34**	**17,814**	**1.08**
Granted during the year	3,745	4.46	5,530	1.96
Exercised during the year	(4,716)	0.85	(2,710)	0.87
Lapsed/forfeited during the year	(2,107)	2.36	(408)	1.36
Balance at 31 December	**17,148**	**2.03**	**20,226**	**1.34**
Vested and exercisable at 31 December	**1,319**	**0.85**	**3,528**	**0.85**

(i) WAEP – weighted average exercise price

Expense arising from share based payments transactions:

	2021	2020
	$'000	$'000
Options issued under EIP	1,322	2,346
Total	**1,322**	**2,346**

28. Share based payments CONTINUED

Equity Incentive Plan and Options

Details of options issued under the EIP outstanding at the end of the year:

Grant date	Vesting date	Expiry date	Exercise price	Options on issue at 1 January 2021	Issued during the year	Vested during the year	Exercised during the year	Lapsed/ forfeited during the year	Options on issue at 31 December 2021
				'000	'000	'000	'000	'000	'000
15 October 2017	15 October 2018	14 October 2021	0.85	131	-	-	(131)	-	-
15 October 2017	15 October 2019	14 October 2021	0.85	2,206	-	-	(2,206)	-	-
15 October 2017	15 October 2020	14 October 2021	0.85	2,212	-	-	(2,212)	-	-
11 June 2018	11 June 2020	11 June 2022	0.85	998	-	-	(167)	-	831
11 June 2018	11 June 2021	11 June 2022	0.85	1,319	-	1,319	-	-	1,319
24 January 2019	24 January 2022	24 January 2023	1.09	6,245	-	-	-	(300)	5,945
4 November 2019	4 November 2022	3 November 2023	2.30	1,710	-	-	-	(400)	1,310
13 January 2020	13 January 2023	12 January 2024	2.23	3,630	-	-	-	(330)	3,300
1 July 2020	1 July 2023	30 June 2024	1.83	1,350	-	-	-	(50)	1,300
13 October 2020	(i)	24 September 2021	-	425	-	-	-	(425)	-
27 January 2021	(ii)	26 January 2026	4.38	-	2,227	-	-	(327)	1,900
27 July 2021	27 July 2025	20 July 2026	5.37	-	1,293	-	-	(275)	1,018
27 July 2021	27 July 2025	20 July 2026	-	-	225	-	-	-	225
Total				**20,226**	**3,745**	**1,319**	**(4,716)**	**(2,107)**	**17,148**

(i) Vest on receipt of marketing authorisation.

(ii) The options vest on or before their expiry date subject to the achievement of $100 million in cumulative revenue from product sales, commencing from 1 January 2021.

28. Share based payments CONTINUED

The assessed fair value of grant options issued in January and July 2021 was $2.12 and $2.62 respectively (January, July and October 2020 was $0.4596, $0.4193 and $1.80 respectively). The fair value at grant date is independently determined using the Black Scholes Model. The model inputs for options granted during the year ended 31 December 2021 are:

	January 2020	July 2020	October 2020	January 2021	July 2021	July 2021
Consideration	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL
Exercise price	$2.23	$1.83	$NIL	4.38	5.37	$NIL
Grant date	13-Jan-20	1-Jul-20	13-Oct-20	27-Jan-21	21-Jul-21	21-Jul-21
Expiry date	12-Jan-24	30-Jun-24	24-Sep-21	(i)	20-Jul-26	20-Jul-26
Term	4 years	4 years	0.951 year	5 years	5 years	5 years
Share price at grant date	$1.54	$1.50	$1.80	$4.36	$5.35	$5.35
Volatility	52%	56%	59%	58%	58%	58%
Dividend yield	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Risk-free rate	**0.83%**	**0.33%**	**0.09%**	**0.38%**	**0.56%**	**0.56%**

(i) The options vest on or before their expiry date subject to the achievement of $100 million in cumulative revenue from product sales, commencing from 1 January 2021.

29. Commitments

At 31 December 2021, and at the date of this Report, the Group had commitments against existing R&D and clinical development related contracts. R&D commitments in future years are expected, specifically with relation to manufacturing agreements.

	Due < 1 year	Due >1 year
	$'000	$'000
At 31 December 2021		
R&D manufacturing commitments	13,916	2,069
	13,916	**2,069**
At 31 December 2020		
R&D manufacturing commitments	19,457	1,630
	19,457	**1,630**

30. Related party transactions

30.1 Key management personnel compensation

	2021	2020
	$	$
Short-term employee benefits	1,635,286	1,336,067
Superannuation entitlements	106,294	95,223
Share-based payments	303,789	418,952
	2,045,369	**1,850,242**

30. Related party transactions CONTINUED

30.2. Transactions with other related parties

	2021	2020
	$	$
Purchases of various goods and services from entities controlled by key management personnel(i)	1,997,836	1,390,458

(i) 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 year ended 31 December 2021, the total amount paid and payable to ABX-CRO was $1,512,452 (2020: $1,213,348) and $485,384 (2020: $177,110) respectively.

30.3 Interests in other entities

The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also the principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	Principal activities
Telix Pharmaceuticals (EST) Pty Ltd Employee Share Trust	Australia	100	Employee Share Trust
Telix International Pty Ltd	Australia	100	Holding company
Telix Pharmaceuticals (ANZ) Pty Ltd	Australia	100	Clinical R&D
Telix Pharmaceuticals (US) Inc	USA	100	Clinical R&D
Telix Life Sciences (UK) Ltd	England	100	Clinical R&D
Telix Pharmaceuticals (Singapore) Pte Ltd	Singapore	100	Clinical R&D
Telix Pharmaceuticals Holdings (Germany) GmbH	Germany	100	Clinical R&D
Telix Pharmaceuticals (Germany) GmbH	Germany	100	Clinical R&D
Therapeia GmbH & Co KG	Germany	100	Clinical R&D
Telix Pharma Japan KK	Japan	100	Clinical R&D
Telix Pharmaceuticals (Belgium) SPRL	Belgium	100	Clinical R&D
Telix Pharmaceuticals (France) SAS	France	100	Clinical R&D
Telix Innovations SA (formerly Advanced Nuclear Medicine Ingredients SA)	Belgium	100	Research and production
Telix Switzerland GmbH	Switzerland	100	Clinical R&D
Telix Pharmaceuticals (NZ) Limited	New Zealand	100	Clinical R&D
Telix Pharmaceuticals (Canada) Inc.	Canada	100	Clinical R&D
TheraPharm Deutschland GmbH	Germany	100	Clinical R&D

31. Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements. The individual financial statements for the parent entity show the following aggregate amounts:

	2021 $'000	2020 $'000
Statement of financial position		
Current assets	21,573	57,049
Non-current assets	37,359	46,774
Total assets	**58,932**	**103,823**
Current liabilities	14,694	2,031
Total liabilities	**14,694**	**2,031**
Net assets	**44,238**	**101,792**
Equity		
Issued capital	170,840	167,058
Other reserves	5,939	4,620
Accumulated losses	(132,541)	(69,886)
Total equity	**44,238**	**101,792**
Loss for the year	**(62,655)**	**(32,330)**
Total comprehensive loss for the year	**(62,655)**	**(32,330)**

32. Remuneration of auditor

Auditors of the Group - PwC Australia and related network firms	2021 $	2020 $
Audit or review of financial statements	310,080	322,500
Other advisory services	159,657	37,000
	469,737	**359,500**

Other auditors and their related network firms	2021 $	2020 $
Audit or review of financial statements	63,132	32,821
Other advisory services	-	-
	63,132	32,821

33. Earnings per share

33.1. Basic earnings per share

	2021 Cents	2020 Cents
Basic loss per share from continuing operations attributable to the ordinary equity holders of the Company	(28.5)	(17.5)
Total basic loss per share attributable to the ordinary equity holders of the Company	(28.5)	(17.5)

33.2. Diluted earnings per share

	2021 Cents	2020 Cents
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company	(28.5)	(17.5)
Total diluted loss per share attributable to the ordinary equity holders of the Company	(28.5)	(17.5)

33.3. Weighted average number of shares used as the denominator

	2021 Number '000	2020 Number '000
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share(i)	282,206	257,271

(i) The 3,744,848 options granted in 2021 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 31 December 2021. These options could potentially dilute basic earnings per share in the future.

34. Events occurring after the reporting period

On 27 January 2022, 22,047,273 fully paid ordinary shares were issued further to an institutional placement announced on 24 January 2022. On 31 January 2022, 519,481 fully paid ordinary shares were issued, and on 8 February 2022, 160,519 fully paid ordinary shares were issued for a total number of shares issued under the placement of 22,727,273. Shares were issued at $7.70 per share to raise $175,000,000 before costs of the offer.

A Share Purchase Plan (SPP) was also announced on 24 January 2022, to raise up to $25,000,000 at the same offer price. The closing date of the SPP has been extended to 25 February 2022 (from 11 February 2022). The extension was effected to ensure that all eligible shareholders had additional time to participate in the SPP.

Also on 27 January 2022, the Company announced a first patient dosed in Telix's PSMA-targeting ProstACT therapeutic program, which is exploring TLX591 in areas of unmet medical need across the full prostate cancer treatment journey, from first recurrence to mCRPC. The first patient, dosed at Princess Alexandra Hospital in Brisbane, Queensland, was treated as part of the ProstACT SELECT clinical trial, a Phase I radiogenomics study running concurrently to the pivotal Phase III study, ProstACT GLOBAL.

On 3 February 2022, 400,000 fully paid ordinary shares were issued following the exercise of 400,000 share options. MD and CEO, Dr Christian Behrenbruch exercised fully vested TLXO004 options with an exercise price of $1.09 each for total consideration paid of $436,000.

On 7 February 2022, the Company announced a review period extension or "freeze" for its marketing authorisation application (MAA) in Europe for Illuccix. Telix requested this extension from the Danish Medicines Agency (DKMA) to provide sufficient time to respond to the remaining Information Requests (IRs) in relation to product manufacturing and pharmaceutical characterisation of Illuccix in compliance with European Pharmacopeia. The original IR deadlines to meet the 23 March 2022 decision date could not be met due to unexpected process delays and vendor outages that had arisen from the rapid onset of the "omicron" COVID-19 variant. The issuance of a time extension of this nature was in line with European Union regulatory guidance that allows holding an application timetable at the same

34. Events occurring after the reporting period CONTINUED

procedure day and freezing further timetable requirements when it is demonstrably not possible for applicants to submit responses within the original timeframe due to extraneous circumstances, such as the COVID-19 pandemic. Telix confirmed it had until 9 August 2022 to provide responses to the questions arising during the final stages of the regulatory review process which were received subsequent to the "clock restart" on 9 December 2021.

On 16 February 2022, the Company announced a commercial distribution agreement with Global Medical Solutions Australia (GMSA) for Illuccix in Australia. The agreement significantly expands patient access to Illuccix, which will now be available to every PET/CT site across Australia via GSMA, which will distribute Illuccix kits as well as ^{68}Ga-PSMA-11-unit doses from its network of six radiopharmacies across the country.

Other than the matters referred to above, there were no subsequent events that required adjustment to or disclosure in the Directors' Report or the Financial Report of the Company for the year ended 31 December 2021.

Directors' declaration

for the year ended 31 December 2021

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 31 December 2021 and of its performance for the financial year ended on that date, and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3.2; and

(c) 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 required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2021 by the Chief Executive Officer and Chief Financial Officer and as recommended under the ASX Corporate Governance Council's Corporate Governance Principles.

Signed in Melbourne on 24 February 2022.
On behalf of the Board

Kevin McCann AO
Chairman

Christian Behrenbruch
Managing Director and Group CEO

Independent auditor's report

Independent auditor's report

To the members of Telix Pharmaceuticals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Telix Pharmaceuticals Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2021
- the consolidated statement of comprehensive income or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent auditor's report

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $3.0 million, which represents approximately 5% of the Group's adjusted loss before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group adjusted loss before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted for the fair value remeasurement of contingent consideration as this represents a volatile item.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We performed an audit of the financial information of the parent company, Telix Pharmaceuticals Limited, given its financial significance to the Group. The parent company holds the largest share of the Group's total assets and losses.
- We also performed further audit procedures at a Group level, including over impairment assessments, fair valuation of assets and liabilities, and consolidation of the Group's reporting units.
- Where audit work was performed by an auditor operating under our instruction (component auditor), we determined the level of involvement we needed to have in their audit work to be able to conclude whether

Independent auditor's report

sufficient and appropriate audit evidence had been obtained as a basis for our opinion. This included active dialogue throughout the year through phone calls, discussions and written instructions.

- Component auditors performed an audit of Telix Innovation SA (formerly ANMI) given the nature and risk profile of the entity and its contribution to Group revenue. The responsibility for testing several balances was retained by PwC Australia as group auditor due to their significance or complexity, including: contract liabilities, decommissioning liability, accounting for leasing under AASB 16 *Leases*, share-based payments and intangible asset impairment assessments.
- We performed specific risk focused audit procedures on selected balances and transactions arising within Telix International Pty Ltd, Telix Pharmaceuticals (US) Inc and Telix Pharmaceuticals (Belgium) SPRL, as well as the specific out of scope balances for component auditors of Telix Innovation SA. We also performed analytical procedures over the financial information of all other entities within the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for goodwill and intangible assets *(Refer to note 17) $55.7 million* The Group has recognised $4.1 million of goodwill and $51.6 million of other intangible assets as at 31 December 2021. These assets are predominately divided amongst Illuccix ($18.4 million), TLX66 ($16.0 million) TLX 591 ($12.8 million), TLX101 ($1.4 million) and Seneffe manufacturing facility license ($6.8 million) cash generating units (CGUs). In accordance with Australian Auditing Standards, the Group is required to test goodwill and indefinite lived intangible assets for impairment annually and consider definite lived intangibles for impairment indicators. We considered the impairment assessment of goodwill and intangible assets to be a key audit matter due to: - the financial significance of the balances	Our audit procedures over the Group's impairment assessments of goodwill and intangible assets included, amongst others: - evaluating the existence of impairment indicators for definite lived intangible assets by considering both financial performance and product developments during the year - evaluating the appropriateness of the discounted cash flow models used to estimate recoverable amount (the impairment models) in light of the requirements of Australian Accounting Standards - assessing the mathematical accuracy of key formulas in the impairment models - comparing key assumptions used within the impairment models to Board approved budgets and other evidence obtained throughout the course of the audit

Independent auditor's report

Key audit matter	How our audit addressed the key audit matter
- the judgement exercised by the Group in calculating the recoverable amount of each CGU, including estimating the regulatory/marketing authorisation dates, expected sales volumes, net sales price per unit and approval for marketing authorisation probability of success factor (key inputs and assumptions) - the judgement exercised by the Group in calculating and applying a discount rate to the impairment models.	- for Illuccix, TLX66, TLX 591 and TLX101, comparing actual performance of the CGUs to the Group's prior year forecasts to assess budgeting accuracy - comparing the key inputs and assumptions underpinning the impairment models to available external market and industry data - with the assistance of PwC valuation experts, assessed whether the discount rates used in the models were appropriate by comparing them to market data, comparable companies and industry research - assessing the Group's sensitivity analysis over key assumptions in the impairment models in order to assess the potential impact of a range possible outcomes - comparing the valuation of goodwill and intangible assets as per the Group's impairment models to external data sources including broker report valuations - considering the reasonableness of associated disclosures in the financial report in light of the requirements of the Australian Accounting Standards.
Research and development tax incentive *(Refer to note 10) $18.6 million* The Group assessed research and development (R&D) activities, related expenditure and qualifying criteria to determine its eligibility under an Australian Government tax incentive programme for a refundable tax offset. The R&D tax incentive income recognised in the consolidated statement of comprehensive income or loss was $18.6 million and the R&D tax incentive receivable as at 31 December 2021 was $18.7 million. The Group makes a number of judgements and estimates in determining the eligibility of claimable expenses, including the eligibility of employee costs. The Group was assisted by an expert on the review of	Our audit procedures to assess the Group's estimate of the R&D tax incentive receivable as at 31 December 2021 and income recognised in the consolidated statement of comprehensive income or loss included, amongst others: - assessing the eligibility of the Group to qualify for the refundable tax offset under the Australian Government's R&D tax incentive programme - assessing the nature of a sample of expenses and the Group's assumptions on the eligibility of employee costs against the eligibility criteria of the R&D tax incentive programme - comparing the prior year receivable recorded in the financial statements at 31 December 2020 to the

Independent auditor's report

Key audit matter	How our audit addressed the key audit matter
the eligibility of expenses underlying the Group's claim and with the lodgement of the R&D refund application. This is a key audit matter due to: - the financial significance of the amount recognised as income during the year and the amount receivable as at 31 December 2021 - the degree of judgement and interpretation of the R&D tax incentive legislation required by the Group to assess the eligibility of the incurred R&D expenditures under the programme.	amount of cash received from the Australian Tax Office (ATO) after lodgement of the 2020 R&D tax incentive claim to assess historical accuracy of the Group's estimate - testing a sample of eligible expenditure in the Group's calculation of the R&D tax incentive receivable to the general ledger or other underlying accounting records - obtaining copies of correspondence between the Group and their expert and agreeing the advice to the R&D tax incentive calculation - assessing the classification of the R&D tax incentive in the financial statements in light of the requirements of Australian Accounting Standards.
Valuation of contingent consideration *(Refer to note 21) $41.9 million* The Group values the contingent consideration that arose as part of the acquisition of Telix Innovation SA (formerly ANMI) and TheraPharm at each balance sheet date. The initial measurement of the contingent consideration was performed at the acquisition date. The Group have remeasured both liabilities to reflect post-acquisition changes in circumstances and assumptions in the valuation as at 31 December 2021. This is a key audit matter due to: - the financial significance of the contingent consideration liability - complexities and judgement required by the Group to determine the valuation of the liability including marketing authorisation dates, expected sales volumes, net sales prices per unit and approval for marketing authorisation probability of success factors (key inputs and assumptions)	Our audit procedures to assess the Group's valuation of contingent consideration as 31 December 2021 included, amongst others: - evaluating the Group's valuation methodology against the requirements of Australian Accounting Standards - assessing the mathematical accuracy of the valuation calculation - comparing the key inputs and assumptions underpinning the valuation to available external market and industry data - assessing the Group's sensitivity analysis over key inputs and assumptions in order to assess the potential impact of a range possible outcomes - with the assistance of PwC valuation experts, assessed whether the discount rates used in the models were appropriate by comparing them to market data, comparable companies and industry research

Independent auditor's report

Key audit matter	How our audit addressed the key audit matter
- the judgement exercised by the Group in calculating and applying a discount rate to the cash flow model used to calculate the valuation of the contingent consideration liability.	- considering the reasonableness of associated disclosures in the financial report in light of the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Independent auditor's report

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 45 to 57 of the directors' report for the year ended 31 December 2021.

In our opinion, the remuneration report of Telix Pharmaceuticals Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
24 February 2022

Shareholder information

Telix Pharmaceuticals Limited ACN 616 620 369

Registered Office

Suite 401, 55 Flemington Road
North Melbourne, VIC 3051
www.telixpharma.com

Share Registry

Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Link Market Services
Locked Bag A14
Sydney South NSW 1235
Tel: 1300 554 474
Fax: (02) 9287 0303
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Change of address

Changes to your address can be updated online at www.linkmarketservices.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting is anticipated to be held at 11.00am, Wednesday 18 May 2022 at The Events Centre, Collins Square 727 Collins Street, Melbourne VIC 3008.

Annual report mailing list

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities exchange listing

Telix Pharmaceuticals' shares are listed on the Australian Securities Exchange and trade under the ASX code TLX. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System).

ASX shareholder disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 8 February 2022.

Total securities on issue

	Securities (Listed)	Securities (Unlisted)
Fully paid ordinary shares	308,200,181	–
Options and Warrants to acquire shares	-	17,529,373
Total	**308,200,181**	**17,529,373**

Shareholder information

Distribution of equity securities – ordinary shares

Range	Securities	%	No. of holders	%
100,001 and Over	263,985,910	85.65	177	2.52
10,001 to 100,000	30,662,658	9.95	1,060	15.10
5,001 to 10,000	6,384,045	2.07	831	11.84
1,001 to 5,000	5,993,656	1.94	2,268	32.30
1 to 1,000	1,173,912	0.38	2,685	38.24
Total	**308,200,181**	**100.00**	**7,021**	**100.00**
Unmarketable Parcels	-	-	-	-

Voting rights

Shareholders in Telix Pharmaceuticals Limited have a right to attend and vote at general meetings. At a general meeting, individual shareholders may vote in person or by proxy. On a show of hands every member present in person or by proxy shall have one vote. Upon a poll each share shall have one vote. All quoted and unquoted share options, and convertible notes, have no voting rights. A copy of the Constitution is available at https://telixpharma.com/investors/#corporate-governance.

Substantial shareholder	Securities	%
Elk River Holdings Pty Ltd as trustee for The Behrenbruch Family Trust and C Behrenbruch	23,075,000	7.49%
Gnosis Verwaltungsgesellschaft m.b.H	22,675,000	7.36%
Grand Decade Developments Limited	20,947,181	6.80%

Share buy-back

There is no current or planned buy-back of the Company's shares.

Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that it has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

Shareholder information

Twenty largest shareholders - ordinary shares

Rank	Name	8 February 2022	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,027,846	13.31
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,203,406	8.18
2	ELK RIVER HOLDINGS PTY LTD	22,675,000	7.36
3	GNOSIS VERWALTUNGSGESELLSCHAFTM B H	22,675,000	7.36
4	GRAND DECADE DEVELOPMENTS LIMITED	20,947,181	6.80
5	CITICORP NOMINEES PTY LIMITED	14,637,434	4.75
6	NATIONAL NOMINEES LIMITED	9,925,410	3.22
7	UV-CAP GMBH & CO KG	7,775,000	2.52
8	THE ONCIDIUM FOUNDATION	6,398,550	2.08
9	SCINTEC DIAGNOSTICS GMBH	4,312,151	1.40
10	UBS NOMINEES PTY LTD	4,305,063	1.40
11	BNP PARIBAS NOMINEES PTY LTD	3,843,512	1.25
12	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,630,279	1.18
13	BNP PARIBAS NOMS PTY LTD	3,268,729	1.06
14	MAN HOLDINGS PTY LTD	3,228,750	1.05
15	YELWAC PTY LTD	2,381,804	0.77
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,334,746	0.76
17	NETWEALTH INVESTMENTS LIMITED	2,184,202	0.71
18	PACIFIC CUSTODIANS PTY LIMITED	2,115,000	0.69
19	JEAN-MARC LE DOUSSAL	2,010,000	0.65
20	BNP PARIBAS NOMINEES PTY LTD	1,955,863	0.63
	Total	**206,835,227**	**67.11**
	Balance of register	**101,364,954**	**32.89**
	Grand total	**308,200,181**	**100.00**

Twenty largest shareholders - quoted share options

No share options are quoted.

Holders of greater than 20% unquoted securities

No shareholder owns greater than 20% or more of unquoted equity securities (by class) of the Company.

Corporate directory

Directors

H Kevin McCann AO (Chairman)
Christian Behrenbruch PhD
Oliver Buck
Andreas Kluge MD PhD
Mark Nelson PhD
Jann Skinner

Company Secretary

Melanie Farris

Registered Office

Telix Pharmaceuticals Limited
401/ 55 Flemington Road
North Melbourne VIC 3051
info@telixpharma.com
www.telixpharma.com

Australian Business Number

85 616 620 369
Securities Exchange Listing
Australian Securities Exchange
ASX Code: TLX

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

P: 1300 554 474
F: (02) 9287 0303
W: www.linkmarketservices.com.au

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