Telix Pharmaceuticals Limited

ACN 616 620 369

Interim Report
30 June 2023

Lodged with the ASX under Listing Rule 4.2A

Contents

Directors' report

Directors

The Board of Directors of Telix Pharmaceuticals Limited is pleased to present its report on the consolidated entity (Group) for the half-year ended 30 June 2023. The Group consists of Telix Pharmaceuticals Limited (Telix or the Company) and its wholly owned subsidiaries.

The following persons were Directors of Telix Pharmaceuticals Limited during the half-year ended 30 June 2023 and up to the date of this report:

Name	Title
H Kevin McCann AO	Chairman
Christian Behrenbruch PhD	Managing Director and Group Chief Executive Officer
Andreas Kluge MD PhD[1]	Non-Executive Director
Mark Nelson PhD	Non-Executive Director
Tiffany Olson	Non-Executive Director
Jann Skinner	Non-Executive Director

1. On 29 March 2023, the Board of Directors granted Dr Andreas Kluge a leave of absence for a period of approximately six months

Half-year in review

Financial highlights

$220.8M
Total Group revenue
Up $196.8M from H1 2022 reflects a full six months of commercial sales of Illuccix

64%
Gross margin
Compared to 56% in H1 2022, reflects normalised manufacturing and distribution costs

$14.3M
Net loss after tax
Reduced by 80% from $70.9M in H1 2022

$82.4M
Adjusted EBITDAR
Up $110.4M from $28.0M loss in H1 2022, reflects strength of the commercial business

Financial review

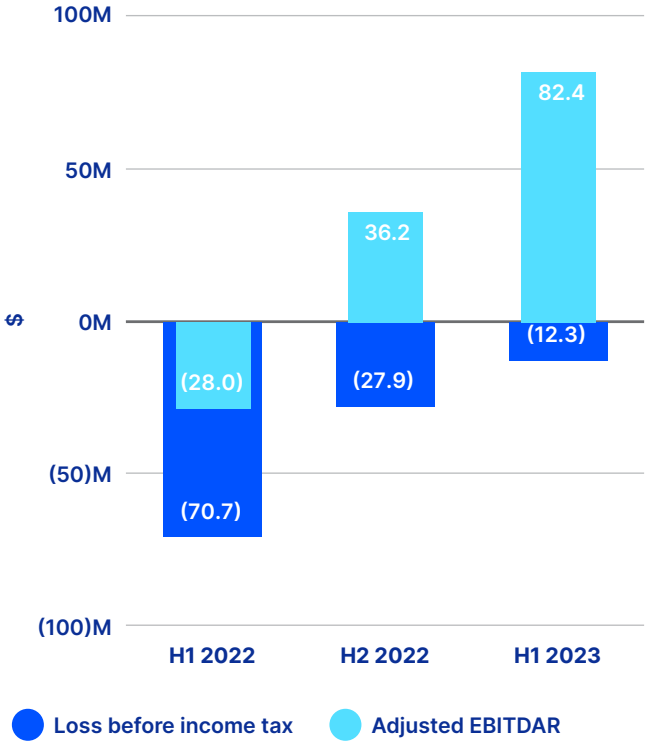
For the half-year ended 30 June 2023, total revenue for the Group was $220.8 million up $196.8 million when compared to the prior period. Reported net loss after tax attributable to Telix shareholders was $14.3 million compared to a net loss after tax of $70.9 million in the prior period.

Reported loss before income tax of $12.3 million (H1 2022: $70.7 million) includes a remeasurement of provision of $36.6 million (H1 2022: $5.7 million) reflecting the positive outlook of Illuccix sales. This has resulted in a non-cash charge to increase the Group's contingent consideration for future variable payments based on percentages of Illuccix sales.

Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)[1] improved by $95.5 million to $34.7 million compared to the prior period, which excludes the non-cash provision remeasurement impact.

Adjusted earnings before interest, tax, depreciation, amortisation and research and development (Adjusted EBITDAR)[1] was $82.4 million, up $110.4 million compared to the prior period, illustrating the profitability of the commercial organisation and strong revenue growth since commercial launch of Illuccix in the prior period.

Loss before tax and Adjusted EBITDAR ($'M) by half-year

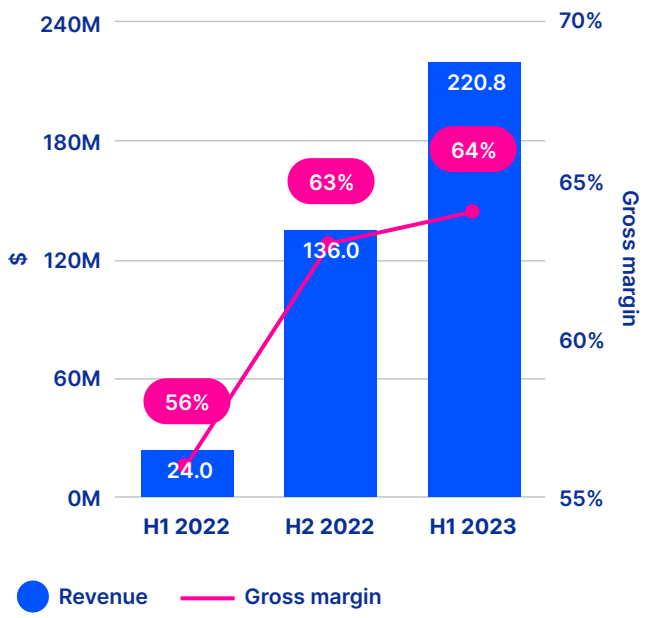


Selling, general and administrative costs (SG&A) continue to reduce as a percentage of revenue, indicative of revenue growth exceeding cost base growth and expenditure control.

Commercial[2]

- Revenue from U.S. sales of Illuccix (kit for the preparation of gallium Ga 68 gozetotide injection) was $213.5 million, up from $19.3 million in the prior period.
- Ex-U.S. revenue including sales of Illuccix / TLX591-CDx was $4.8 million, up from $3.2 million in the prior period.
- Gross margin has improved to 64% (compared to 56% H1 2022), reflecting normalised operating expenditure and a full six months of revenue.
- Selling, general and administration costs increased to $16.9 million (H1 2022: $14.4 million) in the half-year, reflecting incremental cost base expansion to support Illuccix commercialisation.
- Employment costs were $23.7 million (H1 2022: $11.7 million), reflecting the full impact of the scale-up of the U.S. commercial teams during 2022 to meet the increase in sales demand.

Total revenue ($'M) and gross margin by half-year



Product development[2]

- External research and development expenditure of $49.7 million (H1 2022: $34.2 million) reflects planned investment in clinical, manufacturing and support activities towards four lead programs, including advancing regulatory marketing applications and manufacturing scale-up to support the launch of the renal and brain cancer imaging agents.
- Approximately 80% of research and development expenditure was directed towards delivering two new diagnostic assets and a Phase III therapeutic study.

1. Refer to the glossary for definitions of the Group's alternative performance measures (APMs).
2. The commentary provided references the Group's results by Operating Segment. Please refer to Note 3.1 for Operating Segment disclosures.

Operational highlights

Review of operations

Telix has articulated a clear growth strategy to deliver benefits to patients and shareholders through the advancement of its diagnostic and therapeutic portfolio of commercial and clinical stage products, robust supply chain and manufacturing, and continued innovation. The key focus areas and progress to date in 2023 are outlined in the table below.

Growth strategy	Our focus areas	Our progress in 2023
Grow Illuccix revenue globally	Focus on driving adoption and increasing market share of Illuccix® in our commercial markets, including the U.S. Facilitate entry into new geographic markets through new regulatory filings	• Global Illuccix revenue up 870% on H1 2022[1] • U.S. indication expanded to include patient selection for PSMA[2]-directed radioligand therapy • Commercial launch in Canada • Marketing authorisation applications submitted in the European Union and United Kingdom[3] • First patient dosed in pivotal Phase III registration study in China intended to bridge to U.S. Food and Drug Administration (FDA) approval (ClinicalTrials.gov ID NCT05847348)[4]
Commercialise the diagnostic portfolio	Advance regulatory filings for two additional diagnostic imaging agents	**TLX250-CDx (^{89}Zr-DFO-girentuximab) for PET[5] imaging of clear cell renal cell carcinoma** • Positive Type B meeting with FDA regarding TLX250-CDx biologics license application (BLA) • First patients dosed in Phase I ZIRDOSE-CP dosimetry study preceding the Phase III registration study in China[6] • Implementation of an expanded access program (EAP) in the U.S. and providing compassionate use access in the rest of world **TLX101-CDx (^{18}F-FET) for glioma (brain cancer) imaging** • Positive meeting with FDA for TLX101-CDx new drug application filing

1. Includes pre-commercial sales from investigational, clinical trial, magisterial and compassionate use in accordance with local laws and regulations (not as a commercial diagnostic imaging product sold for routine clinical practice).
2. Prostate-specific membrane antigen.
3. Telix ASX disclosure 3 April 2023.
4. Telix ASX disclosure 11 August 2023. Subsequent to reporting period.
5. Positron emission tomography.
6. Telix ASX disclosure 19 July 2023.

Advance the therapeutic pipeline

Deliver on clinical milestones across core therapy programs in prostate, renal, glioblastoma (brain) and hematologic (blood) cancers/bone marrow conditioning

PSMA

- Completed enrolment in Phase I ProstACT SELECT study of TLX591 (^{177}Lu-DOTA-rosopatamab) prostate cancer therapy[1]
- Australian and other Asia Pacific region sites being on-boarded for Phase III ProstACT GLOBAL study of TLX591 (ClinicalTrials.gov ID NCT04876651), in preparation to commence patient enrolment in Q3 2023

CAIX[2]

- First patient dosed in Phase II STARBURST study of TLX250-CDx, exploring theranostic utility across a range of solid tumours (ClinicalTrials.gov ID NCT05563272)[3]
- Completed enrolment in Phase II OPALESCENCE IIT[4] of TLX250-CDx in triple negative breast cancer
- First patient dosed in Phase Ib STARSTRUCK study of TLX250 therapy (^{177}Lu-DOTA-girentuximab) in combination with a Merck KGaA DNA-dependent protein kinase inhibitor candidate, peposertib (ClinicalTrials.gov ID NCT05868174) in CAIX-expressing solid tumours[5]

Glioblastoma (LAT-1[6])

- Phase II IPAX-Linz IIT of TLX101 therapy (^{131}I-IPA) in refractory setting has surpassed 70% enrolment
- First patient dosed in Phase I IPAX-2 study of TLX101 in front-line setting (ClinicalTrials.gov ID NCT05450744)[7]
- Phase I IPAX-China study of TLX101 therapy approved by Chinese National Medical Products Administration[8]

Hematologic cancers/BMC (CD66[9])

- Preparing Australian and New Zealand sites for Phase II study of TLX66 in acute myeloid leukemia

Strengthen global supply chain and manufacturing

Protect and enhance our ability to service patients in all global markets and further develop production expertise through in-house manufacturing

- Completed stage one of the buildout of Telix Manufacturing Solutions in Belgium[10]
- Optimal Tracers acquisition, business integration and onboarding complete

Expand the pipeline

Leverage our expertise to identify, evaluate and develop novel targets, clinical applications and manufacturing technologies to build the future pipeline

- Olaratumab (TLX300), an antibody in-licensed from Eli Lilly and Company, has demonstrated proof-of-concept as a radiopharmaceutical, progressing to human trials[11]
- Agreement to acquire Lightpoint Medical and its SENSEI® radio-guided surgery business[12]
- Acquisition of Dedicaid GmbH and its AI platform[13]

1. Telix ASX disclosure 19 July 2023.
2. Carbonic anhydrase IX.
3. Telix ASX disclosure 19 June 2023.
4. Investigator-initiated trial.
5. Telix media release 19 July 2023.
6. L-type amino acid transporter 1.
7. Telix ASX disclosure 8 August 2023. Subsequent to reporting period.
8. Telix media release 11 April 2023.
9. Cluster of differentiation 66.
10. Telix media release 8 June 2023.
11. Telix ASX disclosure 17 April 2023.
12. Lightpoint Medical is a United Kingdom-based medical device company specialising in the intra-operative detection of targeted radiopharmaceuticals. Subject to completion, estimated Q4 2023.
13. Telix ASX disclosure 27 April 2023.

Prospects and likely developments

The future prospects of our growth and operational targets depend on:

- Continued revenue growth of Illuccix
- Biologics License Application submission for TLX250-CDx
- New Drug Application submission for TLX101-CDx brain (glioma) cancer imaging
- Advancement of our therapeutic pipeline.

More information relating to factors that could affect our future prospects and operational targets is provided in the Managing risk section of our 2022 Annual Report.

Changes to issued capital

At the beginning of the period, the Company had 316,342,770 fully paid ordinary shares and 11,735,798 unlisted share options on issue.

Issue of fully paid ordinary shares – acquisition of Dedicaid

On 27 April 2023, the Company issued a total of 207,207 fully paid ordinary shares to fund the acquisition of Dedicaid GmbH. Shares were issued at a price of $8.73 per share to fund the acquisition consideration of $1,829,000.

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

A total of 2,007,221 fully paid ordinary shares were issued upon exercise of 2,470,376 unlisted share options during the half-year ended 30 June 2023.

Lapse of unlisted share options

A total of 1,309,472 unlisted share options lapsed, unexercised, during the period.

Issue of unlisted performance share appreciation rights (PSARs) and share rights

During the period a total of 3,362,160 unlisted PSARs were issued to employees and the Managing Director of the Group. This included 120,268 PSARs to the Managing Director and Group Chief Executive Officer, Christian Behrenbruch following shareholder approval at the Company's AGM held on 24 May 2023. These PSARs have a notional exercise price of $6.90 per PSAR and an expiry date not later than 31 December 2027. PSARs have a three-year performance measurement period and only vest on achievement of published performance measures.

On 10 July 2023 a total of 1,024,578 unlisted PSARs and share rights were issued to employees and key management personnel. This included 35,000 share rights issued to Group Chief Commercial Officer, Richard Valeix. These share rights have a $Nil exercise price per share right and an expiry date of 31 December 2027. The share rights have a three year measurement period and a continued service condition.

Total number of shares and options on issue

	31 December 2022	30 June 2023	At the date of this report
	Number	Number	Number
Shares on issue	316,342,770	318,557,198	318,833,268
Options, PSARs and share rights on issue	11,735,798	11,318,110	12,017,688

As at 30 June 2023, the number of equity incentives on issue under the Equity Incentive Plan and issued under exception 13 of Listing Rule 7.2 was 3.6% (31 December 2022: 3.7%).

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.

Subsequent events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

Auditor independence

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

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

H Kevin McCann AO
Chairman

23 August 2023

Christian Behrenbruch PhD MBA JD
Managing Director and Group CEO

23 August 2023

Auditor's independence declaration

As lead auditor for the review of Telix Pharmaceuticals Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
23 August 2023

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Interim financial report

Contents

Interim consolidated statement of comprehensive income or loss

for the half-year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Continuing operations			
Revenue from contracts with customers	3.3	220,834	24,047
Cost of inventory sold		(79,779)	(10,568)
Research and development costs	3.4	(30,447)	(24,843)
Selling, general and administration costs	3.5	(28,634)	(22,753)
Employment costs	3.6	(47,251)	(26,638)
Remeasurement of provisions	12	(36,598)	(5,718)
Depreciation and amortisation	3.7	(3,194)	(2,721)
Finance costs	3.8	(6,123)	(3,317)
Other income and expenses	3.9	(1,108)	1,808
Loss before income tax		**(12,300)**	**(70,703)**
Income tax expense	3.10	(2,020)	(188)
Loss from continuing operations after income tax		**(14,320)**	**(70,891)**
Loss for the half-year		**(14,320)**	**(70,891)**
Loss for the half-year attributable to:			
Owners of Telix Pharmaceuticals Limited		(14,320)	(70,891)
Other comprehensive income/(loss):			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		4,302	269
Total comprehensive loss for the half-year		**(10,018)**	**(70,622)**
Total comprehensive loss for the half-year attributable to:			
Owners of Telix Pharmaceuticals Limited		(10,018)	(70,622)

		30 June 2023	30 June 2022
		Cents	Cents
Basic loss per share from continuing operations after income tax attributable to the ordinary equity holders of the Company		(4.51)	(23.07)
Diluted loss per share from continuing operations after income tax attributable to the ordinary equity holders of the Company		(4.51)	(23.07)

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

Interim consolidated statement of financial position
as at 30 June 2023

	Note	30 June 2023 $'000	31 December 2022 $'000
Current assets			
Cash and cash equivalents		131,729	116,329
Trade and other receivables	4	60,737	39,354
Inventories	5	12,602	8,477
Current tax receivable		3,789	-
Other current assets		10,435	9,073
Total current assets		**219,292**	**173,233**
Non-current assets			
Trade and other receivables	4	450	327
Deferred tax assets		8,680	3,971
Property, plant and equipment	6	16,815	12,032
Right-of-use assets	7	6,270	6,806
Intangible assets	8	58,829	58,984
Total non-current assets		**91,044**	**82,120**
Total assets		**310,336**	**255,353**
Current liabilities			
Trade and other payables	9	58,692	49,519
Borrowings	10	439	-
Current tax payable		12,037	7,320
Contract liabilities	11	8,362	4,940
Lease liabilities		412	641
Provisions	12	54,963	15,585
Employee benefit obligations		7,722	7,551
Total current liabilities		**142,627**	**85,556**
Non-current liabilities			
Borrowings	10	5,568	3,312
Contract liabilities	11	17,584	22,522
Lease liabilities		6,684	6,493
Provisions	12	61,559	57,248
Employee benefit obligations		257	215
Total non-current liabilities		**91,652**	**89,790**
Total liabilities		**234,279**	**175,346**
Net assets		**76,057**	**80,007**
Equity			
Share capital	14.1	391,896	370,972
Employee share trust reserve	14.2	(43,076)	(26,909)
Foreign currency translation reserve		3,740	(562)
Share-based payments reserve	14.3	8,718	9,321
Accumulated losses		(285,221)	(272,815)
Total equity		**76,057**	**80,007**

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

Interim consolidated statement of changes in equity

for the half-year ended 30 June 2023

	Note	Share capital $'000	Employee share trust reserve $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 January 2023		**370,972**	**(26,909)**	**(562)**	**9,321**	**(272,815)**	**80,007**
Loss for the half-year		-	-	-	-	(14,320)	(14,320)
Other comprehensive income		-	-	4,302	-	-	4,302
Total comprehensive income/ (loss) for the half-year		**-**	**-**	**4,302**	**-**	**(14,320)**	**(10,018)**
Contributions of equity	14.1	1,829	-	-	-	-	1,829
Issue of shares on exercise of options	14.1, 14.2	19,095	(16,167)	-	-	-	2,928
Transfer on exercise of options		-	-	-	(1,914)	1,914	-
Share based payments	14.3	-	-	-	1,311	-	1,311
		20,924	**(16,167)**	**-**	**(603)**	**1,914**	**6,068**
Balance as at 30 June 2023		**391,896**	**(43,076)**	**3,740**	**8,718**	**(285,221)**	**76,057**
Balance as at 1 January 2022		**170,840**	**-**	**(1,153)**	**5,942**	**(173,471)**	**2,158**
Loss for the half-year		-	-	-	-	(70,891)	(70,891)
Other comprehensive income		-	-	269	-	-	269
Total comprehensive loss for the half-year		**-**	**-**	**269**	**-**	**(70,891)**	**(70,622)**
Contributions of equity		175,000	-	-	-	-	175,000
Transaction costs arising on new share issues		(7,816)	-	-	-	-	(7,816)
Issue of shares on exercise of options		4,418	-	-	-	-	4,418
Cashless exercise of options		1,672	-	-	(1,672)	-	-
Share based payments		-	-	-	2,270	-	2,270
		173,274	**-**	**-**	**598**	**-**	**173,872**
Balance as at 30 June 2022		**344,114**	**-**	**(884)**	**6,540**	**(244,362)**	**105,408**

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

Interim consolidated statement of cash flows
for the half-year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers		195,330	7,343
Receipts in relation to R&D tax incentive		-	18,414
Payments to suppliers and employees		(176,617)	(85,868)
Income taxes paid		(5,857)	-
Interest received		453	1
Interest paid		(50)	(109)
Net cash generated from/(used in) operating activities		**13,259**	**(60,219)**
Cash flows from investing activities			
Cash recognised upon acquisition of Dedicaid GmbH	8	123	-
Purchases of intangible assets		-	(6,823)
Purchases of property, plant and equipment		(3,009)	(2,374)
Payments for decommissioning liability		-	(2,138)
Net cash used in investing activities		**(2,886)**	**(11,335)**
Cash flows from financing activities			
Proceeds from borrowings		2,484	-
Repayment of borrowings		-	(13)
Principal element of lease payments		(711)	(418)
Proceeds from issue of shares and other equity		2,928	179,418
Transaction costs of capital raising		-	(7,816)
Net cash provided by financing activities		**4,701**	**171,171**
Net increase in cash held		**15,074**	**99,617**
Net foreign exchange differences		326	954
Cash and cash equivalents at the beginning of the half-year		116,329	22,037
Cash and cash equivalents at the end of the half-year		**131,729**	**122,608**

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

Notes to the interim consolidated financial statements

1. Corporate information

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

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

This consolidated financial report of Telix Pharmaceuticals Limited for the half-year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 23 August 2023.

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

This consolidated interim financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with Accounting Standard IAS 134 Interim Financial Reporting and the Corporations Act 2001 (Cth). This Interim financial report does not include all the notes of the type normally included in an Annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2022 and any public announcements made by Telix Pharmaceuticals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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

2.1. Going concern

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

For the half-year ended 30 June 2023, the Group incurred a loss after income tax of $14,320,000 (30 June 2022: loss after income tax of $70,891,000) and cash generated from operating activities of $13,259,000 (30 June 2022: cash used in operating activities of $60,219,000). As at 30 June 2023 the net assets of the Group stood at $76,057,000 (31 December 2022: $80,007,000), with cash on hand of $131,729,000 (31 December 2022: $116,329,000).

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

On this basis, the Directors are satisfied that the Group continues to be a going concern as at the date of this report. Further, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the interim consolidated statement of financial position as at 30 June 2023.

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.

2.2. Alternative performance measures

The Group has identified certain alternative performance measures (APMs) that it believes will assist the understanding of the performance of the business.

The Group believes that Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA), Adjusted earnings before interest, tax and research and development (Adjusted EBITRD), Adjusted earnings before interest, tax, depreciation, amortisation and research and development (Adjusted EBITDAR), net working capital and net tangible assets per share provide useful information to users of the financial statements. The terms are not defined terms under International Financial Reporting Standards (IFRS) and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures and are discussed further in the Glossary.

3. Profit and loss information

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

3.1. Segment reporting

The Group has operations in the Americas, Asia Pacific, and Europe, Middle East and Africa. Group performance is evaluated by management and the Board based on commercial sales of Illuccix and the further development of the Group's pipeline of radiopharmaceutical products.

Reportable segments

The Group operated two reportable segments during the half-year ended 30 June 2023. The Group's operating segments are based on the reports reviewed by the Managing Director and Group Chief Executive Officer who is considered to be the chief operating decision maker. The prior year comparatives have been restated on a consistent basis. There is no change to the total revenue or loss after tax of the Group.

Segment performance is evaluated based on Adjusted EBITDA[1]. Finance costs and income tax expense are managed on a Group basis.

Segment assets and liabilities are measured in the same way as in the financial statements. The assets and liabilities are allocated based on the operations of the segment. Finance costs are not allocated to segments, as this type of activity is driven by head office, which manages the cash position of the Group.

Reportable segment	Principal activities
Commercial	Commercial sales of Illuccix and other products subsequent to obtaining regulatory approvals.
Product development	Developing radiopharmaceutical products for commercialisation. This segment includes revenue received from licence agreements prior to commercialisation and research and development services.

Group and unallocated includes head office results.

	Commercial	Product development	Group and unallocated	Group
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from contracts with customers	218,792	2,042	-	220,834
Cost of inventory sold	(79,779)	-	-	(79,779)
Research and development costs	-	(30,447)	-	(30,447)
Selling, general and administration costs	(16,879)	(3,964)	(7,791)	(28,634)
Employment costs	(23,738)	(15,303)	(8,210)	(47,251)
Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)	**98,396**	**(47,672)**	**(16,001)**	**34,723**
Remeasurement of provisions	(544)	-	(36,054)	(36,598)
Depreciation and amortisation	(692)	(107)	(2,395)	(3,194)
Finance costs	-	-	(6,123)	(6,123)
Other income and expenses	(275)	-	(833)	(1,108)
Profit/(loss) before income tax	**96,885**	**(47,779)**	**(61,406)**	**(12,300)**
Income tax expense	-	-	(2,020)	(2,020)
Profit/(loss) from continuing operations after income tax	**96,885**	**(47,779)**	**(63,426)**	**(14,320)**
Total assets	180,032	45,978	84,326	310,336
Total liabilities	66,792	22,520	144,967	234,279

1. Refer to the Glossary for a definition of this alternative performance measure.

30 June 2022	Commercial $'000	Product development $'000	Group and unallocated $'000	Group $'000
Revenue from contracts with customers	22,512	1,535	-	24,047
Cost of inventory sold	(10,568)	-	-	(10,568)
Research and development costs	-	(24,843)	-	(24,843)
Selling, general and administration costs	(14,390)	(1,460)	(6,903)	(22,753)
Employment costs	(11,650)	(7,968)	(7,020)	(26,638)
Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)	**(14,096)**	**(32,736)**	**(13,923)**	**(60,755)**
Remeasurement of provisions	280	-	(5,998)	(5,718)
Depreciation and amortisation	(2,363)	(265)	(93)	(2,721)
Finance costs	-	-	(3,317)	(3,317)
Other income and expenses	530	-	1,278	1,808
Loss before income tax	**(15,649)**	**(33,001)**	**(22,053)**	**(70,703)**
Income tax expense	-	-	(188)	(188)
Loss from continuing operations after income tax	**(15,649)**	**(33,001)**	**(22,241)**	**(70,891)**
Total assets as at 31 December 2022	111,619	44,275	99,459	255,353
Total liabilities as at 31 December 2022	60,887	19,272	95,187	175,346

	30 June 2023		30 June 2022	31 December 2022
	Revenue by location of customer $'000	Non-current assets by location of asset $'000	Revenue by location of customer $'000	Non-current assets by location of asset $'000
Australia	426	3,866	40	31,815
Belgium	202	77,583	276	41,174
China	2,042	-	1,535	-
Other countries	4,392	-	2,812	-
United States	213,772	915	19,384	5,160
Total	**220,834**	**82,364**	**24,047**	**78,149**

The total non-current assets figure above excludes deferred tax assets.

3.2. Reconciliation of alternative performance measures (APMs)

Outlined below is a reconciliation of the Group's APMs used to measure performance.

Metric	Note	Operating segment	30 June 2023 $'000	30 June 2022 $'000
Loss before income tax			(12,300)	(70,703)
Adjusting items:				
Revenue from contracts with customers	3.3	Product development	(2,042)	(1,535)
Research and development costs	3.1	Product development	30,447	24,843
Selling, general and administration costs	3.1	Product development	3,964	1,460
Employment costs	3.1	Product development	15,303	7,968
Remeasurement of provisions			36,598	5,718
Finance costs			6,123	3,317
Other income and expenses			1,108	(1,808)
Adjusted EBITRD[1]			**79,201**	**(30,740)**
Depreciation and amortisation			3,194	2,721
Adjusted EBITDAR[2]			**82,395**	**(28,019)**

1. Adjusted earnings before interest, tax and research and development. Refer to the Glossary for further details.
2. Adjusted earnings before interest, tax, depreciation, amortisation and research and development. Refer to the Glossary for further details.

3.3. Revenue from contracts with customers

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:

	Operating segment	30 June 2023 $'000	30 June 2022 $'000
Sale of goods - at a point in time	Commercial	218,311	22,512
Royalty income - at a point in time	Commercial	205	-
Research and development services - over time	Commercial	276	-
Research and development services - over time	Product development	2,042	1,535
Total revenue from continuing operations		**220,834**	**24,047**

3.4. Research and development costs

	30 June 2023	30 June 2022
	$'000	$'000
Manufacturing	17,266	12,200
Clinical	9,308	9,325
Other research and development related costs	3,873	3,318
	30,447	**24,843**

3.5. Selling, general and administration costs

	30 June 2023	30 June 2022
	$'000	$'000
Professional fees	7,592	7,257
Marketing and sponsorship	5,604	10,360
Travel, conferences and entertainment	6,358	1,801
IT infrastructure, hosting and support	2,624	1,303
Rent and insurance	1,639	764
Provision for impairment losses (doubtful debts)	1,261	-
Freight and courier costs	1,157	2
Professional and medical subscriptions	683	162
Other administration costs	1,285	584
Regulatory fees and licences	431	520
	28,634	**22,753**

3.6. Employment costs

	30 June 2023	30 June 2022
	$'000	$'000
Salaries and wages	37,229	20,379
Short term incentives	4,955	1,914
Sales commissions	2,564	1,177
Share based payment charge	1,311	2,270
Superannuation	900	572
Non-Executive Directors' fees	292	326
	47,251	**26,638**

Salary and wages of $553,000 (30 June 2022: $272,000) are included within the cost of inventory sold line item of the Interim consolidated statement of comprehensive income or loss.

3.7. Depreciation and amortisation

	30 June 2023	30 June 2022
	$'000	$'000
Amortisation of intangible assets	2,151	2,088
Depreciation	1,043	633
	3,194	**2,721**

3.8. Finance costs

	30 June 2023	30 June 2022
	$'000	$'000
Unwind of discount	5,681	3,179
Interest expense on lease liabilities	306	107
Interest expense	50	2
Bank fees	86	29
	6,123	**3,317**

The Group recognised an unwind of discount on provisions of $5,178,000 (30 June 2022: $2,624,000) and contract liabilities of $503,000 (30 June 2022: $555,000)

3.9. Other income and expenses

	30 June 2023	30 June 2022
	$'000	$'000
Realised currency gain/(loss)	2,117	(492)
Interest income	453	1
Other income	1	1
Unrealised currency (loss)/gain	(3,679)	2,298
	(1,108)	**1,808**

3.10. Income tax expense

Current and deferred tax for the half-year ended 30 June 2023 has been calculated by preparing tax reconciliations incorporating permanent and temporary differences on an entity-by-entity basis to derive the Group's total income tax expense/(credit). This is allocated to current and deferred tax as outlined below.

	30 June 2023	30 June 2022
	$'000	$'000
Current tax expense[1]	12,442	188
Deferred tax credit	(10,422)	-
	2,020	**188**

1. The current tax expense is attributable to Telix Innovations SA and Telix Pharmaceuticals US, Inc and is driven by the individual entity's taxable profits.

Tax losses

	30 June 2023	31 December 2022
	$'000	$'000
Unused tax losses and carried forward tax credits for which no deferred tax asset has been recognised:		
Australia	65,493	61,330
Other countries	1,503	1,503
Unrecognised income tax benefit	**66,996**	**62,833**

4. Trade and other receivables

	30 June 2023	31 December 2022
	$'000	$'000
Trade receivables	61,991	39,354
Allowance for impairment losses	(1,254)	-
Deposits	450	327
	61,187	**39,681**
Current	60,737	39,354
Non-current	450	327
Total trade and other receivables	**61,187**	**39,681**

5. Inventories

	30 June 2023	31 December 2022
	$'000	$'000
Raw materials and stores	7,755	2,422
Work in progress	2,703	3,773
Finished goods	2,144	2,282
Total inventories	**12,602**	**8,477**

The amount of inventory recognised as an expense during the period was $8,330,000 (30 June 2022: $2,641,000).

6. Property, plant and equipment

	Land and buildings	Plant and equipment	Furniture, fittings and equipment	Leasehold improvements	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2023	**9,611**	**576**	**441**	**1,404**	**12,032**
Additions	3,959	15	134	280	4,388
Reclassifications	-	(13)	491	(142)	336
Depreciation charge	(46)	(47)	(194)	(112)	(399)
Exchange differences	410	20	10	18	458
Balance at 30 June 2023	**13,934**	**551**	**882**	**1,448**	**16,815**
Cost	14,199	787	1,574	1,697	18,257
Accumulated depreciation	(265)	(236)	(692)	(249)	(1,442)
Net book amount	**13,934**	**551**	**882**	**1,448**	**16,815**
Balance at 1 January 2022	**2,203**	**991**	**461**	**296**	**3,951**
Additions	6,717	152	203	1,165	8,237
Acquisition of business	-	258	-	-	258
Reclassifications	766	(766)	-	-	-
Depreciation charge	(70)	(63)	(230)	(57)	(420)
Exchange differences	(5)	4	7	-	6
Balance at 31 December 2022	**9,611**	**576**	**441**	**1,404**	**12,032**
Cost	9,830	765	939	1,541	13,075
Accumulated depreciation	(219)	(189)	(498)	(137)	(1,043)
Net book amount	**9,611**	**576**	**441**	**1,404**	**12,032**

7. Right-of-use assets

	Properties	Motor vehicles	Total
	$'000	$'000	$'000
Balance at 1 January 2023	**6,327**	**479**	**6,806**
Additions	-	339	339
Reclassifications	(336)	-	(336)
Depreciation charge	(505)	(139)	(644)
Exchange differences	80	25	105
Balance at 30 June 2023	**5,566**	**704**	**6,270**
Cost	7,848	1,398	9,246
Accumulated depreciation	(2,282)	(694)	(2,976)
Net book amount	**5,566**	**704**	**6,270**
Balance at 1 January 2022	**2,067**	**311**	**2,378**
Additions	5,054	384	5,438
Acquisition of business	423	-	423
Depreciation charge	(640)	(221)	(861)
Disposals	(580)	-	(580)
Exchange differences	3	5	8
Balance at 31 December 2022	**6,327**	**479**	**6,806**
Cost	8,104	1,034	9,138
Accumulated depreciation	(1,777)	(555)	(2,332)
Net book amount	**6,327**	**479**	**6,806**

8. Intangible assets

	Goodwill	Intellectual property	Software	Patents	Licences	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2023	**5,519**	**41,060**	**-**	**300**	**12,105**	**58,984**
Additions	-	-	1,659	-	-	1,659
Amortisation charge	-	(1,964)	-	(36)	(151)	(2,151)
Changes in provisions	-	-	-	-	(59)	(59)
Exchange differences	30	143	(22)	22	223	396
Balance at 30 June 2023	**5,549**	**39,239**	**1,637**	**286**	**12,118**	**58,829**
Cost	5,549	59,125	1,637	691	12,982	79,984
Accumulated amortisation	-	(19,886)	-	(405)	(864)	(21,155)
Net book amount	**5,549**	**39,239**	**1,637**	**286**	**12,118**	**58,829**
Balance at 1 January 2022	**4,097**	**44,486**	**-**	**337**	**6,809**	**55,729**
Additions	-	-	-	-	6,823	6,823
Acquisition of business	1,433	-	-	-	-	1,433
Amortisation charge	-	(3,742)	-	(34)	(322)	(4,098)
Changes in provisions	-	256	-	-	(1,120)	(864)
Exchange differences	(11)	60	-	(3)	(85)	(39)
Balance at 31 December 2022	**5,519**	**41,060**	**-**	**300**	**12,105**	**58,984**
Cost	5,519	58,875	-	675	12,835	77,904
Accumulated amortisation	-	(17,815)	-	(375)	(730)	(18,920)
Net book amount	**5,519**	**41,060**	**-**	**300**	**12,105**	**58,984**

Additions for the half-year ended 30 June 2023 are outlined below:

Acquisition of Dedicaid GmbH

The Group completed the acquisition of Vienna-based Dedicaid GmbH on 27 April 2023. The acquisition does not meet the definition of a business in AASB 3 Business Combinations and the transaction has been recognised as an asset acquisition. The provisional fair values of identifiable assets on acquisition are outlined below:

	Provisional fair value
Consideration	**$'000**
Equity issued	1,829
Total consideration	**1,829**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trade receivables	111
Software	1,659
Cash and cash equivalents	123
Trade payables	(64)
Total identifiable assets	**1,829**

Asset acquisition

The purchase price comprised $1,829,000 (€1,100,000) upfront, paid in equity, and a further €1,100,000 earn-out subject to the achievement of regulatory approval in the U.S., which is payable in cash or equity, at Telix's election. Telix issued 207,207 shares as consideration for the upfront purchase price.

Contingent consideration in connection with the purchase of individual assets outside of business combinations is recognised as a financial liability only when the 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.

For the acquisition of Dedicaid GmbH, contingent payments based on regulatory approvals received (i.e. development milestones) will be capitalised as the payments are incidental to the acquisition and making the asset available for its intended use. Contingent payments based on period volumes sold (i.e. sales related milestone) will be expensed.

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

	30 June 2023	31 December 2022
CGU	**$'000**	**$'000**
TLX591-CDx (Illuccix)	12,851	14,709
TLX591	12,796	12,796
TLX101	1,758	1,676
TLX66	15,080	15,080
TLX66-CDx	852	898
Olaratumab	6,823	6,823
Radiopharmaceutical production facility	6,747	6,702
Software and devices	1,637	-
Patents	285	300
	58,829	**58,984**

Impairment trigger for goodwill and indefinite life intangible assets

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 30 June 2023 to exceed their recoverable amounts.

9. Trade and other payables

	30 June 2023	31 December 2022
	$'000	**$'000**
Trade creditors	33,972	16,806
Accruals	16,340	22,325
Government rebates payable	1,743	4,349
Other creditors	2,698	3,148
Accrued royalties	3,569	1,919
Payroll liabilities	370	972
Total trade and other payables	**58,692**	**49,519**

10. Borrowings

	30 June 2023	31 December 2022
	$'000	$'000
Current	439	-
Non-current	5,568	3,312
Total borrowings	**6,007**	**3,312**

All borrowings outstanding at 30 June 2023 are in relation to the buildout of the Brussels South radiopharmaceutical production facility. Telix entered into loan agreements with BNP Paribas and IMBC Group totalling €10,100,000 on a 10-year term, and a loan with BNP Paribas totalling €2,000,000 on a two-year, extendable term. All loans have a two-year repayment holiday period, with repayments due to commence from March 2024. The loans are secured by a fixed charge over the facility. Details of the borrowings are as follows:

Lenders	Loan balance	Due < 1 year	Due > 1 year	Maturity date
	$'000	$'000	$'000	
BNP Paribas	6,007	439	5,568	29-Feb-32
Total	**6,007**	**439**	**5,568**	

1. All loans are denominated in Euro and have been translated to Australian dollars at the exchange rate current at 30 June 2023.

11. Contract liabilities

	30 June 2023	31 December 2022
	$'000	$'000
Opening balance	**27,462**	**29,199**
Consideration received	-	537
Revenue recognised	(2,042)	(3,352)
Exchange differences	23	-
Unwind of discount	503	1,078
Closing balance	**25,946**	**27,462**
Current	8,362	4,940
Non-current	17,584	22,522
Total contract liabilities	**25,946**	**27,462**

Grand Pharma strategic partnership

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

Walloon Region non-reimbursable grant

On 29 August 2022, Telix Innovations SA received a non-reimbursable government grant to support research efforts associated with 11At-TLX591/TLX592. The first instalment received was for $537,000 (€365,000), this amount will be released to the consolidated statement of comprehensive income or loss as the associated expenditure is incurred.

12. Provisions

	Government grant liability	Contingent consideration	Decommissioning liability	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2023	**2,551**	**64,949**	**5,333**	**72,833**
Remeasurement of provisions	544	36,054	-	36,598
Unwind of discount	106	4,981	91	5,178
Charged to profit or loss	**650**	**41,035**	**91**	**41,776**
Exchange differences	109	1,692	169	1,970
Amounts adjusted to intangible assets	-	-	(57)	(57)
Balance at 30 June 2023	**3,310**	**107,676**	**5,536**	**116,522**
Current	867	54,096	-	54,963
Non-current	2,443	53,580	5,536	61,559
Total provisions	**3,310**	**107,676**	**5,536**	**116,522**
Balance at 1 January 2022	**1,539**	**41,910**	**8,532**	**51,981**
Remeasurement of provisions	1,017	16,707	-	17,724
Unwind of discount	115	4,957	137	5,209
Charged to profit or loss	**1,132**	**21,664**	**137**	**22,933**
Exchange differences	(120)	401	(73)	208
Acquisition of business	-	718	-	718
Amounts adjusted to intangible assets	-	256	(1,100)	(844)
Provision utilised	-	-	(2,163)	(2,163)
Balance at 31 December 2022	**2,551**	**64,949**	**5,333**	**72,833**
Current	402	15,183	-	15,585
Non-current	2,149	49,766	5,333	57,248
Total provisions	**2,551**	**64,949**	**5,333**	**72,833**

12.1. Government grant liability

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

The Group has estimated that the full variable repayments will be made up to the pre-agreed capped amount. The key inputs into this calculation are the risk adjusted discount rate of 3.3% (31 December 2022: 3.2%), the expected sales volumes and the net sales price per unit. The expected sales volumes and net sales price per unit assumptions are consistent with those utilised by the Group in the calculation of the contingent consideration liability and intellectual property valuation.

12.2. Contingent consideration

Telix Switzerland (formerly TheraPharm)

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

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

The contingent consideration liability has been valued using a discounted cash flow model that utilises certain unobservable Level 3 inputs. These key assumptions include risk adjusted post-tax discount rate of 15.0% (31 December 2022: 15.0%), market authorisation date, expected sales volume over the forecast period, net sales price per unit and approval for marketing authorisation probability success factor.

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

Contingent consideration valuation

Unobservable input	Methodology	30 June 2023
Risk adjusted post-tax discount rate	The post-tax discount rate used in the valuation has been determined based on required rates of returns of listed companies in the biotechnology industry (having regards to their stage of development, size and risk adjustments).	A 0.5% increase in the post-tax discount rate would decrease the contingent consideration by 2.2% and a 0.5% decrease in the post-tax discount rate would increase the contingent consideration by 2.2%.
Expected sales volumes	This is determined through assumptions on target market population, penetration and growth rates in the United States and Europe.	A 10% increase in the sales volumes would increase the contingent consideration by 1.7% and a 10% decrease in sales volumes would decrease the contingent consideration by 1.7%.
Net sales price per unit	The net sales price per unit is estimated based on comparable products currently in the market.	A 10% increase in the net sales price per unit would increase the contingent consideration by 1.7% and a 10% decrease in net sales price per unit would decrease the contingent consideration by 1.7%.
Approval for marketing authorisation probability of 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 50.0% and a 10% decrease in the probability of success factor would decrease the contingent consideration by 50.0% .

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

The contingent consideration liability has been valued using a discounted cash flow model that utilises certain unobservable Level 3 inputs. These key assumptions include risk adjusted post-tax discount rate of 15.0% (31 December 2022: 15.0%), expected sales volume over the forecast period and net sales price per unit.

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

Contingent consideration valuation

Unobservable input	Methodology	30 June 2023
Risk adjusted post-tax discount rate	The post-tax discount rate used in the valuation has been determined based on required rates of returns of listed companies in the biotechnology industry (having regards to their stage of development, size and risk adjustments).	A 0.5% increase in the post-tax discount rate would decrease the contingent consideration by 0.5% and a 0.5% decrease in the post-tax discount rate would increase the contingent consideration by 0.5%.
Expected sales volumes	This is determined through the FY23-FY25 commercial forecasts approved by Senior Management for each region.	A 10% increase in sales volumes across all regions would increase the contingent consideration by 6.3% and a 10% decrease in sales volumes would decrease the contingent consideration by 6.3%.
Net sales price per unit	This is determined through the FY23-FY25 commercial forecasts approved by Senior Management for each region.	A 10% increase in the net sales price per unit would increase the contingent consideration by 6.4% and a 10% decrease in net sales price per unit would decrease the contingent consideration by 6.4%.

Optimal Tracers

The Group acquired the assets of Optimal Tracers on 31 December 2022. The consideration includes two contingent payments based on a percentage of revenue from existing customers for the years ending 31 December 2023 and 2024.

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 of 15.0% (31 December 2022: 15.0%) and expected revenue from existing customers over the two year period.

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	30 June 2023
Risk adjusted post-tax discount rate	The post-tax discount rate used in the valuation has been determined based on required rates of returns of listed companies in the biotechnology industry (having regards to their stage of development, size and risk adjustments).	A 0.5% increase in the post-tax discount rate would decrease the contingent consideration by 0.6% and a 0.5% decrease in the post-tax discount rate would increase the contingent consideration by 0.6%.
Expected revenue	This is determined using actual revenue for 2022 and forecasting revenue for 2023 and 2024.	A 10% increase in revenue would increase the contingent consideration by 10.0% and a 10% decrease in revenue would decrease the contingent consideration by 10.0%.

12.3. Decommissioning liability

The Group has recognised a provision for its obligation to decommission its radiopharmaceutical production facility at the end of its operating life in 2041. The decommissioning costs expected to be incurred in 2041 of €6,021,000 (31 December 2022: €6,021,000) have been discounted at a rate of 3.3% (31 December 2022: 3.2%) and translated to Australian dollars at the exchange rate at 30 June 2023.

The provision represents the best estimate of the expenditures required to settle the present obligation at 30 June 2023. 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 decommissioning activity are disclosed as provision utilised in the above table.

12.4. Fair value

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

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

Sensitivity of Level 3 financial liabilities

The potential effect of using reasonably possible alternative assumptions in valuation models, based on a change in the most significant input, such as sales volumes, by an increase/(decrease) of 10 per cent while holding all other variables constant will (decrease)/increase profit before tax by $6,721,000 (30 June 2022: $1,277,000).

Valuation processes

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

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

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

13. Contractual maturities of financial liabilities

As at 30 June 2023, the contractual maturities of the Group's non-derivative financial instrument liabilities are outlined below. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

As at 30 June 2023	1-6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
Non-derivatives						
Trade and other payables	58,692	-	-	-	58,692	58,692
Borrowings	56	383	7,793	2,930	11,162	6,007
Lease liabilities	876	824	6,242	1,237	9,179	7,096
Government grant liability	351	767	1,942	465	3,525	3,310
Contingent consideration	17,488	40,191	67,283	2,210	127,172	107,676
Decommissioning liability	-	-	-	9,871	9,871	5,536
Total financial liabilities	**77,463**	**42,165**	**83,260**	**16,713**	**219,601**	**188,317**

As at 31 December 2022, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

As at 31 December 2022	1-6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
Non-derivatives						
Trade and other payables	49,519	-	-	-	49,519	49,519
Borrowings	58	58	5,080	1,800	6,996	3,312
Lease liabilities	815	802	6,419	1,862	9,898	7,134
Government grant liability	330	550	1,490	368	2,738	2,551
Contingent consideration	15,331	-	63,793	2,130	81,254	64,949
Decommissioning liability	-	-	-	9,468	9,468	5,333
Total financial liabilities	**66,053**	**1,410**	**76,782**	**15,628**	**159,873**	**132,798**

14. Equity

14.1. Share capital

	30 June 2023	30 June 2023	31 December 2022	31 December 2022
	Number '000	$'000	Number '000	$'000
Opening balance	**316,343**	**370,972**	**285,073**	**170,840**
Shares issued through the exercise of share options and warrants[1]	2,007	19,095	8,543	32,948
Contributions of equity[2]	-	-	22,727	175,000
Shares issued for Dedicaid GmbH[3]	207	1,829	-	-
Transaction costs arising on new share issues	-	-	-	(7,816)
Closing balance	**318,557**	**391,896**	**316,343**	**370,972**

1. Options exercised during the half-year through the employee Equity Incentive Plan resulted in 2,007,221 (31 December 2022: 8,542,589) shares being issued for a total value of $19,095,000 (31 December 2022: $32,948,000).
2. On 27 January 2022, the Group completed a $175,000,000 institutional placement of 22,727,000 new, fully paid ordinary shares at a price of $7.70 per share. As part of this placement, the Group also incurred $7,816,000 of associated transaction costs.
3. On 27 April 2023, the Group completed the acquisition of Dedicaid. The consideration for the acquisition comprised an upfront payment of $1,829,000 (€1,100,000) in Telix shares at a fair value of A$8.73 per share (207,207 Telix shares).

The weighted average ordinary shares for the period 1 January 2023 to 30 June 2023 is 317,622,089 (31 December 2022: 310,644,169). The Company does not have a limited amount of authorised capital.

14.2. Employee share trust reserve

	30 June 2023	30 June 2023	31 December 2022	31 December 2022
	Number '000	$'000	Number '000	$'000
Opening balance	4,054	26,909	-	-
Treasury shares acquired	2,050	16,167	4,054	26,909
Closing balance	**6,104**	**43,076**	**4,054**	**26,909**

Ordinary shares in the Company were purchased by the Telix Pharmaceuticals Employee Share Trust for the purpose of issuing shares under the Equity Incentive Plan.

14.3. Share-based payments reserve

	30 June 2023	30 June 2023	31 December 2022	31 December 2022
	Number '000	$'000	Number '000	$'000
Opening balance	**11,736**	**9,321**	**17,148**	**5,942**
Options issued	3,362	1,311	4,436	8,114
Options exercised	(2,470)	(1,914)	(8,843)	(4,735)
Options lapsed	(1,310)	-	(1,005)	-
Closing balance	**11,318**	**8,718**	**11,736**	**9,321**

15. Commitments and contingent liabilities

15.1. Commitments

At 30 June 2023, the Group had commitments against existing R&D costs and capital commitments relating to the construction of the Brussels South radiopharmaceutical production facility. R&D commitments in future years are estimated based on the contractual obligations included within agreements entered into by the Group. These R&D contracts have typical termination provisions to limit the commitment to the time and materials expended at termination, the orderly close out of activities or up to an approved work order amount.

	Due < 1 year	Due > 1 year
	$'000	$'000
30 June 2023		
Capital commitments	4,058	-
R&D commitments	42,982	7,890
	47,040	**7,890**
31 December 2022		
Capital commitments[1]	6,764	-
R&D commitments	15,583	2,293
	22,347	**2,293**

1. Restated to exclude Brussels South radiopharmaceutical production facility buildout costs incurred to 31 December 2022.

15.2. Contingent liabilities and contingent assets

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

At 30 June 2023 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 United States, France, Germany, Spain, Italy or the United Kingdom and €1,000,000 when the Group makes a commercial arms-length sale of the product. The existence of the obligation will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group.

On 4 April 2022 the Group announced that it is part of a A$71,200,000 Australian Precision Medicine Enterprise (APME) Project, which has been awarded A$23,000,000 in Federal Government grant funding under the Manufacturing Collaboration Stream of the Modern Manufacturing Initiative (MMI). The APME Project brings together industry partners Global Medical Solutions' (GMS) Australia subsidiary, Global Medical Solutions Australia (GMSA) and Telix Pharmaceuticals with Monash University to address the Good Manufacturing Practice (GMP) manufacturing gap in the Australian radiopharmaceuticals manufacturing sector. As a project partner, Telix will benefit from the increased capacity to develop and manufacture theranostic radiopharmaceuticals in Australia, strengthening its global supply chain for both clinical and commercial products. At 30 June 2023 there is a possible obligation for the Group to contribute A$5,000,000 over the three-year period, subject to the establishment of a formal consortium agreement and receipt of grant funding. The existence of the obligation will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group.

The Group has entered into a number of agreements with other third parties pertaining to intellectual property. Contingent liabilities may arise in the future if certain events or developments occur in relation to these agreements and as of 30 June 2023 we have assessed these contingent liabilities to be remote.

16. Related party transactions

16.1. Transactions with other related parties

	30 June 2023	30 June 2022
	$	$
Purchases of various goods and services from entities controlled by key management personnel[1]	1,062,816	1,997,043

1. Dr Andreas Kluge,Non-Executive Director, is the principal owner and Geschäftsführer (Managing Director) of ABX-CRO, a clinical research organisation (CRO) that specialises in radiopharmaceutical product development. Telix entered into a master services agreement with ABX-CRO in 2018 for the provision of project management, clinical and analytical services for its ZIRCON clinical trial.

   During the half-year, the total amount paid was $908,705 (30 June 2022: $1,750,320) and the amount payable to ABX-CRO at 30 June 2023 was $154,111 (31 December 2022: $274,524).

   The Audit and Risk Committee has oversight of the arms-length terms of engagements with ABX-CRO, including comparison to competitive quotes obtained from potential alternate providers and fees and charges for activities. ABX-CRO is only engaged where it is determined to be the most suitable provider for the respective service and in the best interests of shareholders, following completion of the necessary due diligence.

17. Events occurring after the reporting period

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

Directors' declaration

In the opinion of the Directors:

a. the financial statements and notes of the Group are in accordance with the Corporations Act 2001 (Cth), including:
   i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
   ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and has been made after receiving the declarations by the Chief Executive Officer and Chief Financial Officer and as recommended under the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations for the half-year ended 30 June 2023.

H Kevin McCann AO
Chairman
23 August 2023

Christian Behrenbruch PhD MBA JD
Managing Director and Group CEO
23 August 2023

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Telix Pharmaceuticals Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the interim consolidated statement of financial position as at 30 June 2023, the interim consolidated statement of changes in equity, interim consolidated statement of cash flows and interim consolidated statement of comprehensive income or loss for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Telix Pharmaceuticals Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

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and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
23 August 2023

Glossary

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. The key APMs that the Group uses are outlined below.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Income statement measures			
Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)	Loss before income tax	Finance costs, depreciation and amortisation, remeasurement of provisions, other income and expenses.	Used to help assess current operational performance excluding the impacts of non-cash sunk costs (i.e. depreciation and amortisation from initial investment in tangible and intangible assets). It is a measure that management uses internally to assess the performance of the Group's segments and make decisions on the allocation of resources.
Adjusted earnings before interest, tax, depreciation, amortisation and research and development (Adjusted EBITDAR)	Loss before income tax	Finance costs, depreciation and amortisation, remeasurement of provisions, other income and expenses and revenue and costs associated with product development activities.	Used to assess the Group's performance excluding non-operating expenditure, finance costs, depreciation and amortisation and product development activities. Included as a metric for LTVR targets in 2023.
Adjusted earnings before interest, tax, research and development (Adjusted EBITRD)	Loss before income tax	Finance costs, remeasurement of provisions, other income and expenses and revenue and costs associated with product development activities.	Used to assess the Group's performance excluding non-operating expenditure, finance costs and product development activities. Included as a metric for LTVR targets in 2022.
Balance sheet measures			
Net working capital	None	The total of cash and cash equivalents, inventory and current trade and other receivables less current trade and other payables.	Used to monitor the Group's working capital management and short-term liquidity.
Net tangible asset per share	None	Net assets excluding intangible assets, deferred tax assets and right-of-use assets divided by the Group's weighted average number of ordinary shares on issue.	Disclosed in the Group's Appendix 4E as required by Rule 4.3A of the ASX listing rules.

Abbreviations used in Interim Report

We have outlined below the meaning of various abbreviations or acronyms used in the Interim Report.

Abbreviation	Term
AI	Artificial intelligence
ANSTO	Australian Nuclear Science and Technology Organisation
APME	Australian Precision Medicine Enterprise
APPI	Japanese Act on the Protection of Personal Information
ASX	Australian Securities Exchange
BCR	Biochemical recurrence
BgRT	Biology guided radiotherapy
BLA	Biologics License Application
BT	Breakthrough therapy designation

Abbreviation	Term
CAIX	Carbonic anhydrase IX
ccRCC	Clear cell renal cell carcinoma
CDE	Center for Drug Evaluation (China)
CLE	Confocal laser endomicroscopy
CMS	Centers for Medicare & Medicaid Services
DEI	Diversity, equity and inclusion
EANM	European Association of Nuclear Medicine
EBRT	External beam radiation therapy
ERMF	Enterprise Risk Management Framework
ESGS	Environmental, Social, Governance and Sustainability
EZAG	Eckert & Ziegler Strahlen-und Medizintechnik AG
FADP	Swiss Federal Act on Data Protection
FANC	Belgian Federal Agency for Nuclear Control
FDA	United States Food and Drug Administration
FSS	Federal Supply Service
GBM	Glioblastoma multiforme
GCP	Good Clinical Practice
GDP	Good Distribution Practice
GDPR	General Data Protection Regulation
GLP	Good Laboratories Practice
GMP	Good Manufacturing Practice
HCP	Healthcare practitioner
HCPCS	Healthcare Common Procedure Coding System
HIPAA	US Health Insurance Portability and Accountability Act
HSCT	Hematopoietic stem cell transplant
IAEA	International Atomic Energy Agency
ICH	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
ICRP	International Commission of Radiological Protection
IIT	Investigator initiated trial
IND	Investigational new drug
I-O	Immuno-oncology
KMP	Key management personnel
LAT-1	L-type amino acid transporter 1
MAA	Marketing authorisation application
mCRPC	Metastatic castration-resistant prostate cancer
MTR	Molecularly targeted radiation
NDA	New Drug Application
NED	Non-Executive Director
NMPA	Chinese National Medical Products Administration
ODD	Orphan drug designation
P&C	People and Culture
PSA	Prostate-specific antigen
PSMA-PET	Prostate-specific membrane antigen imaging with positron emission tomography
QMS	Quality Management System
R&D	Research and development
RGS	Radio-guided surgery
SALA	Systemic amyloid light chain amyloidosis
SET	Senior executive team
SPECT	Single photon emission computed tomography
TAT	Targeted alpha therapy
TME	Tumour microenvironment
UK DPA	UK Data Protection Act
WHSE	Work, health, safety, and environment

Company directory

Company Secretary

Genevieve Ryan

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