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 2023 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 2023
- 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, including significant accounting policy information 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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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.

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 and significant components, Telix Innovations SA and Telix Pharmaceuticals (US) Inc. given their financial significance to the Group.
- We performed specific risk focused audit procedures in non-significant components.
- 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 sufficient and appropriate audit evidence had been obtained as a basis for our opinion.

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 18) $109.6m* The Group has recognised $4.9 million of goodwill, $92.2m of intellectual property and $12.5m of other intangible assets at 31 December 2023. In accordance with Australian Accounting Standards, the Group is required to test goodwill and indefinite	Our audit procedures over the Group's impairment assessments of goodwill and intangible assets included, amongst others: • evaluating management's assessment of impairment indicators for indefinite lived intangible assets by considering both financial performance and product developments during the year

Key audit matter	How our audit addressed the key audit matter
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 • the judgement exercised by the Group in calculating the recoverable amount of each CGU, including estimating the regulatory/marketing authorisation approval dates, expected sales volumes, net sales price per unit and approval for marketing authorisation probability of success factor (key inputs and assumptions) • the significant judgement exercised by the Group in calculating and applying discount rates to the impairment models.	• evaluating the appropriateness of the discounted cash flow forecasts used to estimate the 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 the significant key inputs and assumptions underpinning the impairment models, where possible, to relevant available external market and industry data and to Board approved budgets and other relevant evidence obtained throughout the course of the audit • with the assistance of PwC valuation experts, assessing whether the discount rates used in the models were appropriate by comparing them to market data, comparable companies and industry research • considering the reasonableness of associated disclosures in the financial report in light of the requirements of the Australian Accounting Standards.
Valuation of contingent consideration *(Refer to note 25) $92.8m* The Group values contingent consideration which arose as part of the acquisition of Telix Innovations SA (formerly ANMI), Telix Switzerland (formerly TheraPharm) and Optimal Tracers at each balance sheet date. The initial measurement of contingent consideration was performed at the respective acquisition dates. The Group has remeasured the liabilities to reflect	Our audit procedures to assess the Group's valuation of contingent consideration as at 31 December 2023 included, amongst others: • evaluating the Group's valuation methodology against the requirements of Australian Accounting Standards • assessing the mathematical accuracy of key formulas in the valuation calculation • comparing the key inputs and assumptions

Key audit matter	How our audit addressed the key audit matter
post-acquisition changes. We considered the valuation of contingent consideration to be a key audit matter due to: • the financial significance of the contingent consideration liability • complexities and significant judgement required by the Group to determine the valuation of the liability including expected sales volumes and net sales prices per unit (key inputs and assumptions) • the significant judgement exercised by the Group in calculating and applying discount rates to the cash flow model used to calculate the valuation of the contingent consideration liability.	underpinning the impairment models, where possible, to relevant available external market and industry data and to Board approved budgets and other relevant evidence obtained throughout the course of the audit • with the assistance of PwC valuation experts, assessing whether the discount rates used in the models were appropriate by comparing them to market data, comparable companies and industry research • considering the reasonableness of associated disclosures in the financial report in light of the requirements of the Australian Accounting Standards.
Accounting for acquisitions and financial asset investments *(Refer to note 19 for acquisitions) $54.6m* *(Refer to note 14 for financial asset investments) $12.3m* *Asset acquisitions:* During the year, the Group completed the acquisition of Dedicaid GmbH and Lightpoint Medical's RGS business, assets and operations, through the purchase of Lightpoint Medical Limited's wholly owned subsidiary, Lightpoint Surgical Limited. As substantially all of the fair value in each acquisition was concentrated on a single asset, these acquisitions have been treated as asset acquisitions in accordance with Australian Accounting Standards. We considered the accounting for acquisitions to be a key audit matter due to: • the financial significance of the assets recognised and consideration in cash paid, performance rights and equity issued • the judgement exercised by the Group in measuring the performance rights issued	Our audit procedures over the accounting for acquisitions and investments included, amongst others: • review of the key transaction agreements • evaluating the Group's accounting against the requirements of Australian Accounting Standards • agreeing the purchase consideration as recorded by the Group to transaction agreements, cash records, and other supporting documentation • assessing the fair value of assets acquired to underlying books and records • considering the reasonableness of associated disclosures in the financial report in light of the requirements of the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
• the judgement exercised by the Group in assessing that substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset, in accordance with the optional concentration test applied under Australian Accounting Standards *Financial asset investments:* The Group entered into a strategic investment in Mauna Kea and paid an upfront collaboration and option fee for the proposed acquisition of QSAM Biosciences Inc (QSAM), both of which have been recognised as financial assets at 31 December 2023. We considered the accounting for investment in financial assets to be a key audit matter due to: • the financial significance of the assets recognised and consideration paid • the significant judgement exercised by the Group in estimating the fair value of assets and liabilities recognised at the date agreements were entered and at 31 December 2023. • the significant judgement applied in accounting for financial assets under 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 2023, 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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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.

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 the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of Telix Pharmaceuticals Limited for the year ended 31 December 2023 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

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
22 February 2024