

# **Radiopharm Theranostics Limited**

ABN 57 647 877 889

## **Annual report for the period from 11 February 2021 to 30 June 2021**

# *Radiopharm Theranostics Limited*

ABN 57 647 877 889

## *Annual report - 30 June 2021*

Corporate directory	1
Directors' report	2
Directors and company secretary	2
Principal activities	2
Dividends - Radiopharm Theranostics Limited	2
Review of operations	2
Significant changes in the state of affairs	2
Events since the end of the financial year	2
Environmental regulation	3
Shares under option	4
Insurance of officers and indemnities	4
Proceedings on behalf of the company	4
Auditor's independence declaration	4
Rounding of amounts	4
Auditor's Independence Declaration	6
Financial statements	7
Independent auditor's report to the members	29

**Radiopharm Theranostics Limited**  
**Corporate directory**

**Directors**

Mr Paul Hopper (appointed 11 February 2021)  
*Executive Chairman*

Mr Riccardo Canevari (appointed 13 September 2021)  
*Chief Executive Officer and Managing Director*

Mr Phillip Hains (appointed 11 February 2021, resigned 13 September 2021)  
*Non-Executive Director*

Dr Michael Baker (appointed 11 February 2021)  
*Non-Executive Director*

Mr Ian Turner (appointed 1 April 2021)  
*Non-Executive Director*

**Secretary**

Mr Phillip Hains

**Principal registered office in Australia**

Level 3, 62 Lygon Street  
Carlton VIC 3053  
Australia  
Telephone: +61 (0)3 9824 5254  
Facsimile: +61 (0)3 9822 7735

**Auditor**

Grant Thornton Audit Pty Ltd  
Collins Square  
Tower 5, 727 Collins Street  
Melbourne VIC 3008  
Telephone: +61 (0)3 8320 2222

**Solicitors**

McCullough Robertson  
Level 11, Central Plaza Two  
66 Eagle Street  
Brisbane QLD 4000  
Telephone: +61 (0)7 3233 8888

**Bankers**

National Australia Bank  
330 Collins Street  
Melbourne VIC 3000

Your directors present their report on the entity consisting of Radiopharm Theranostics Limited for the period ended 30 June 2021. Throughout the report, the entity is referred to as the company.

### **Directors and company secretary**

The following persons held office as directors of Radiopharm Theranostics Limited during the financial period:

Mr Paul Hopper, Executive Chairman (appointed 11 February 2021)  
Mr Riccardo Canevari, Chief Executive Officer and Managing Director (appointed 13 September 2021)  
Mr Phillip Hains, Non-Executive Director (appointed 11 February 2021, resigned 13 September 2021)  
Dr Michael Baker, Non-Executive Director (appointed 11 February 2021)  
Mr Ian Turner, Non-Executive Director (appointed 1 April 2021)

The following persons held office as company secretary of Radiopharm Theranostics Limited during the whole of the financial period and up to the date of this report, except where otherwise stated:

Mr Phillip Hains (appointed 11 February 2021)

### **Principal activities**

Radiopharm Theranostics Limited is a research and development company. The aim of the company is to acquire new technology and continue to research and develop the technology for commercial purposes.

### **Dividends - Radiopharm Theranostics Limited**

No dividends were declared or paid to members for the period ended 30 June 2021. The directors do not recommend that a dividend be paid in respect of the financial period.

### **Review of operations**

#### *Financial*

The company has reported a loss for the period of \$485,190, with net asset deficiency of \$124,703. As at 30 June 2021 the company had cash reserves of \$27,091.

#### *Operations*

During the period, the group was formed and prepared for a Pre-IPO raise. The group also started to consider a number of license acquisitions for research and development purposes.

### **Significant changes in the state of affairs**

Radiopharm Theranostics Limited was incorporated on 11 February 2021. The company's principal activities are research and development. In addition, the company formed a fully owned subsidiary in the United States called Radiopharm Theranostics (USA) Inc on 30 March 2021.

In the opinion of the directors, there were no other significant changes in the state of affairs of the company that occurred during the period.

### **Events since the end of the financial year**

Subsequent to reporting date, the company issued 20,000,000 convertible notes at \$1 per note (\$20,000,000). The notes are convertible to fully paid ordinary shares in the company in accordance with the terms contained in the convertible note deed which has been executed between the investor and the company.

### **Events since the end of the financial year (continued)**

On 9 July 2021, the company entered into an exclusive license agreement with NanoMab Technologies Limited. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees in the form of cash and shares, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

On 13 July 2021, the company entered into an exclusive license agreement with TRIMT GmbH. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees in the form of cash and shares, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

On 28 July 2021, the company appointed Dr Thomas Tulip as Chief Technical Officer. Dr Tulip received 2,533,336 in unlisted cashless options as part of his agreement. Options are to be vested 33.33% upon issue, 33.33% at 12 months and the residual balance to be vested at 24 months from IPO. The issue price will be set at the IPO price with a term of 5 years.

On 12 August 2021, Mr Riccardo Canevari was issued 40 shares in the group and Dr Thomas Tulip and Professor David Mozley were each issued 10 shares in the group.

The board on 10 August 2021, and the group's members on 16 August 2021, approved a share split which saw the group's 1,000 shares become 100,000,000 shares.

On 5 September 2021, the company entered into an exclusive license agreement with Diaprost AB. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees in the form of cash, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

On 13 September 2021, the company appointed Mr Riccardo Canevari as Chief Executive Officer and Managing Director. Mr Canevari received 8,666,678 in unlisted cashless options as part of his agreement. Options are to be vested 33.33% at 12 months, 33.33% at 24 months and the residual balance to be vested at 36 months from IPO. The issue price will be set at the IPO price with a term of 5 years.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

### **Environmental regulation**

The company is not affected by any significant environmental regulation in respect of its operations.

## Shares under option

### (a) Unissued ordinary shares

Unissued ordinary shares of Radiopharm Theranostics Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares (\$)	Number under option
2021-03-24	2025-11-04	0.60	3,800,004
2021-04-22	2025-11-04	0.60	1,900,002
2021-06-25	2026-11-04	0.60	2,533,336
Total			<u>8,233,342</u>

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

### (b) Shares issued on the exercise of options

No ordinary shares of Radiopharm Theranostics Limited were issued from the exercise of options during the period ended 30 June 2021.

## Insurance of officers and indemnities

### (a) Insurance of officers

During the financial period, Radiopharm Theranostics Limited has not otherwise paid a premium in respect of a contract to insure the directors and officers of the company against a liability to the extent permitted by *Corporations Act 2001*.

## Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

## 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 dollar.

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



Mr Paul Hopper  
Executive Chairman

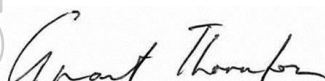
Sydney  
28 September 2021

## Auditor's Independence Declaration

### To the Directors of Radiopharm Theranostics Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Radiopharm Theranostics Limited for the period ended 30 June 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.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 28 September 2021

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# Radiopharm Theranostics Limited

ABN 57 647 877 889

## ***Annual financial report - 30 June 2021***

Financial statements	
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows (direct method)	11
Notes to the financial statements	12
Directors' declaration	28

**Radiopharm Theranostics Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the period ended 30 June 2021**

	Notes	Consolidated From 11 February to 30 June 2021 \$
Other losses		(437)
General and administrative expenses	1(a)	(125,266)
Share-based payments		(359,487)
<b>Operating loss</b>		<u>(485,190)</u>
<b>Loss before income tax</b>		(485,190)
Income tax expense	2	-
<b>Loss for the period</b>		<u>(485,190)</u>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss:</i>		-
<b>Total comprehensive loss for the period</b>		<u>(485,190)</u>
		<b>Cents</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the company:</b>		
Basic and diluted loss per share	14	(48,519)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**Radiopharm Theranostics Limited**  
**Consolidated balance sheet**  
**As at 30 June 2021**

	Notes	30 June 2021 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3(a)	27,091
Trade and other receivables		6,347
<b>Total current assets</b>		<u>33,438</u>
<b>Total non-current assets</b>		<u>-</u>
<b>Total assets</b>		<u>33,438</u>
<b>Current liabilities</b>		
Trade and other payables	3(b)	98,376
Borrowings	3(c)	59,000
Employee benefit obligations		765
<b>Total current liabilities</b>		<u>158,141</u>
<b>Total non-current liabilities</b>		<u>-</u>
<b>Total liabilities</b>		<u>158,141</u>
<b>Net assets</b>		<u>(124,703)</u>
<b>EQUITY</b>		
Share capital	4(a)	1,000
Other reserves	4(b)	359,487
Accumulated losses		<u>(485,190)</u>
<b>Total equity</b>		<u>(124,703)</u>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**Radiopharm Theranostics Limited**  
**Consolidated statement of changes in equity**  
**For the period ended 30 June 2021**

	Notes	Attributable to owners of Radiopharm Theranostics Limited			Total equity \$
		Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 11 February 2021</b>		-	-	-	-
Loss for the period		-	-	(485,190)	(485,190)
<b>Total comprehensive loss for the period</b>		-	-	<b>(485,190)</b>	<b>(485,190)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	4(a)	1,000	-	-	1,000
Issue of options		-	359,487	-	359,487
		1,000	359,487	-	360,487
<b>Balance at 30 June 2021</b>		<b>1,000</b>	<b>359,487</b>	<b>(485,190)</b>	<b>(124,703)</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**Radiopharm Theranostics Limited**  
**Consolidated statement of cash flows**  
**For the period ended 30 June 2021**

	From 11 February to 30 June 2021	\$
Notes		
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)		(32,909)
<b>Net cash (outflow) from operating activities</b>	5(a)	<u>(32,909)</u>
<b>Net cash inflow (outflow) from investing activities</b>		<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	4(a)	1,000
Proceeds from borrowings		59,000
<b>Net cash inflow from financing activities</b>		<u>60,000</u>
<b>Net increase in cash and cash equivalents</b>		<b>27,091</b>
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of period	3(a)	<u>27,091</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## **Contents of the notes to the financial statements**

	Page
1 Other income and expense items	13
2 Income tax expense	13
3 Financial assets and financial liabilities	14
4 Equity	15
5 Cash flow information	16
6 Critical estimates, judgements and errors	16
7 Capital management	16
8 Interests in other entities	17
9 Contingent liabilities	17
10 Events occurring after the reporting period	17
11 Related party transactions	18
12 Share-based payments	19
13 Remuneration of auditors	20
14 Loss per share	20
15 Parent entity financial information	21
16 Summary of significant accounting policies	23

## 1 Other income and expense items

### (a) Breakdown of expenses by nature

	From 11 February to 30 June 2021 \$
<b>General and administrative expenses</b>	
Accounting and audit	70,000
Consulting	3,999
Employee benefits	13,299
Investor relations	919
Legal	18,364
Patent costs	14,000
Travel and entertainment	2,585
Other	2,100
	<u>125,266</u>

## 2 Income tax expense

### (a) Numerical reconciliation of income tax expense to prima facie tax payable

	From 11 February to 30 June 2021 \$
Loss from continuing operations before income tax expense	(485,190)
Tax at the Australian tax rate of 26%	(126,149)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
Accrued expenses	8,840
Employee leave obligations	199
Patent costs	3,640
Share-based payments	93,467
Subtotal	<u>(20,003)</u>
Tax losses and other timing differences for which no deferred tax asset is recognised	<u>20,003</u>
Income tax expense	<u>-</u>

## 2 Income tax expense (continued)

### (b) Tax losses

	From 11 February to 30 June 2021 \$
Unused tax losses for which no deferred tax asset has been recognised	76,935
Potential tax benefit @ 26%	<u>20,003</u>

## 3 Financial assets and financial liabilities

### (a) Cash and cash equivalents

	30 June 2021 \$
<b>Current assets</b>	
Cash at bank and in hand	<u>27,091</u>

### (b) Trade and other payables

	30 June 2021	
	Current \$	Total \$
Trade payables	64,376	64,376
Accrued expenses	34,000	34,000
	<u>98,376</u>	<u>98,376</u>

### (c) Borrowings

		30 June 2021	
	Notes	Current \$	Total \$
<i>Unsecured</i>			
Loans from related parties	11(a)	59,000	59,000
<b>Total borrowings</b>		<u>59,000</u>	<u>59,000</u>

## 4 Equity

### (a) Share capital

	30 June 2021 Shares	30 June 2021 \$
Notes		
Ordinary shares	1,000	1,000
Fully paid	4(a)(i) 1,000	1,000

#### (i) Movements in ordinary shares:

Details	Number of shares	Total \$
<b>Balance at 11 February 2021</b>	-	-
Issue at \$1.00 pursuant to private placement (2021-02-11)	1,000	1,000
<b>Balance 30 June 2021</b>	1,000	1,000

### (b) Other reserves

The consolidated balance sheet line item 'other reserves' comprises the 'share-based payments reserve'.

#### (i) Nature and purpose of other reserves

##### Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and eligible contractors.

#### (ii) Movements in options:

Details	Notes	Number of options	\$
<b>Opening balance 11 February 2021</b>		-	-
Issue of ESOP unlisted options at \$0.60 (2021-03-24)		3,800,004	249,323
Issue of ESOP unlisted options at \$0.60 (2021-04-22)		1,900,002	96,578
Issue of ESOP unlisted options at \$0.60 (2021-06-25)		2,533,336	13,586
<b>Balance at 30 June 2021</b>		8,233,342	359,487

## 5 Cash flow information

### (a) Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2021 \$
<b>Loss for the period</b>	<b>(485,190)</b>
Adjustments for	
Leave provision	765
Share-based payments	359,487
Change in operating assets and liabilities:	
Movement in trade receivables	(6,347)
Movement in trade payables	98,376
Net cash outflow from operating activities	<u>(32,909)</u>

## 6 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

### (a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of employee benefit obligations
- Estimation of share-based payments - note 12(a)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 7 Capital management

### (a) Risk management

The company's objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

## **7 Capital management (continued)**

### **(a) Risk management (continued)**

In order to maintain or adjust the capital structure, the company may issue new shares or reduce its capital, subject to the provisions of the company's constitution. The capital structure of the company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the company's management, the board monitors the need to raise additional equity from the equity markets.

### **(b) Dividends**

No dividends were declared or paid to members for the period ended 30 June 2021. The group's franking account balance was nil at 30 June 2021.

## **8 Interests in other entities**

### **(a) Material subsidiaries**

The group's principal subsidiaries at 30 June 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 their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2021 %
Radiopharm Theranostics (USA) Inc	United States	100

In March 2021, Radiopharm Theranostics Limited formed a wholly owned subsidiary in the USA called Radiopharm Theranostics (USA) Inc. The nature of the business is the same as Radiopharm Theranostics Limited's, that being, the research and development of various technologies.

## **9 Contingent liabilities**

The company had no contingent liabilities at 30 June 2021.

## **10 Events occurring after the reporting period**

Subsequent to reporting date, the company issued 20,000,000 convertible notes at \$1 per note (\$20,000,000). The notes are convertible to fully paid ordinary shares in the company in accordance with the terms contained in the convertible note deed which has been executed between the investor and the company.

On 9 July 2021, the company entered into an exclusive license agreement with NanoMab Technologies Limited. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees in the form of cash and shares, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

## **10 Events occurring after the reporting period (continued)**

On 13 July 2021, the company entered into an exclusive license agreement with TRIMT GmbH. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees in the form of cash and shares, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

On 28 July 2021, the company appointed Dr Thomas Tulip as Chief Technical Officer. Dr Tulip received 2,533,336 in unlisted cashless options as part of his agreement. Options are to be vested 33.33% upon issue, 33.33% at 12 months and the residual balance to be vested at 24 months from IPO. The issue price will be set at the IPO price with a term of 5 years.

On 12 August 2021, Mr Riccardo Canevari was issued 40 shares in the group and Dr Thomas Tulip and Professor David Mozley were each issued 10 shares in the group.

The board on 10 August 2021, and the group's members on 16 August 2021, approved a share split which saw the the group's 1,000 shares become 100,000,000 shares.

On 5 September 2021, the company entered into an exclusive license agreement with Diaprost AB. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees in the form of cash, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

On 13 September 2021, the company appointed Mr Riccardo Canevari as Chief Executive Officer and Managing Director. Mr Canevari received 8,666,678 in unlisted cashless options as part of his agreement. Options are to be vested 33.33% at 12 months, 33.33% at 24 months and the residual balance to be vested at 36 months from IPO. The issue price will be set at the IPO price with a term of 5 years.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

## **11 Related party transactions**

### **(a) Loans to/from related parties**

	<b>30 June 2021 \$</b>
<i>Loans from key management personnel</i>	
Loans advanced	<b>59,000</b>
End of period	<b>59,000</b>

### **(b) Terms and conditions**

During the period ended 30 June 2021, Paul Hopper provided an interest free loan to the company to help start up the company. The loan will be repaid in full once the company is in a position to do so.

## 12 Share-based payments

### (a) Employee options

Set out below are summaries of all listed and unlisted options

	2021 Average exercise price per share option	Number of options
As at 11 February	-	-
Granted during the year	\$0.60	8,233,342
As at 30 June	\$0.60	8,233,342

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 June 2021
2021-03-24	2025-11-04	0.60	3,800,004
2021-04-22	2025-11-04	0.60	1,900,002
2021-06-25	2026-11-04	0.60	2,533,336
Total			8,233,342

#### (i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for options granted during the period ended 30 June 2021 included:

Grant date	Expiry date	Exercise price (\$)	No. of options	Share price at grant date (\$)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per option (\$)
2021-03-24	2025-11-04	0.60	3,800,004	0.42	100%	0.00%	0.10%	0.2795
2021-04-22	2025-11-04	0.60	1,900,002	0.42	100%	0.00%	0.10%	0.2775
2021-06-25	2026-11-04	0.60	2,533,336	0.42	100%	0.00%	0.82%	0.2994
			8,233,342					

### (b) Expenses arising from share-based payment transactions

	30 June 2021 \$
Options issued	359,487

### 13 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

**(a) Grant Thornton Audit Pty Ltd**

*(i) Audit and other assurance services*

	From 11 February to 30 June 2021 \$
Audit and review of financial statements	20,000
Total remuneration for audit and other assurance services	<u>20,000</u>
 <b>Total auditors' remuneration</b>	 <u>20,000</u>

### 14 Loss per share

**(a) Reconciliations of earnings used in calculating earnings per share**

	From 11 February to 30 June 2021 \$
<i>Basic and diluted loss per share</i>	
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:	
From continuing operations	<u>485,190</u>

**(b) Weighted average number of shares used as the denominator**

	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>1,000</u>

## 15 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent entity shows the following aggregate amounts:

	30 June 2021 \$
Balance sheet	
Current assets	33,438
Total assets	33,438
Current liabilities	158,141
Total liabilities	158,141
<i>Shareholders' equity</i>	
Issued capital	1,000
Reserves	
Share-based payments	359,487
Retained earnings	(485,190)
	<u>(124,703)</u>
<b>Profit or loss for the period</b>	<u>(485,190)</u>
<b>Total comprehensive income</b>	<u>(485,190)</u>

### (b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the period ended 30 June 2021.

### (c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2021 identical to those of the group, as outlined in note 9.

### (d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the period ended 30 June 2021.

### (e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of Radiopharm Theranostics Limited.

**Contents of the summary of significant accounting policies**

	Page
(a) Basis of preparation	23
(b) Going concern	23
(c) Principles of consolidation	24
(d) Foreign currency translation	24
(e) Income tax	24
(f) Cash and cash equivalents	25
(g) Trade receivables	25
(h) Trade and other payables	25
(i) Borrowings	26
(j) Employee benefits	26
(k) Contributed equity	27
(l) Loss per share	27
(m) Goods and Services Tax (GST)	27

## 16 Summary of significant accounting policies

### (a) 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*. Radiopharm Theranostics Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The financial statements of the Radiopharm Theranostics Limited group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

The financial statements has been prepared on a historical cost basis.

### (b) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 30 June 2021, the company incurred an operating loss of \$485,190 and has a net asset deficiency of \$124,703 as at 30 June 2021.

The ability of the company to continue as a going concern is principally dependent upon one or both of the following conditions:

- The ability of the group to raise sufficient capital, and
- The successful IPO listing on the ASX.

These conditions give rise to a material uncertainty, which may cast significant doubt over the group's ability to continue as a going concern. Should the entity not achieve the capital raised on IPO, the entity may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

The following matters have been considered by directors in determining the appropriateness of the going concern basis of preparation:

- The company has entered into a convertible note agreement whereby they have issued 20,000,000 convertible notes at \$1 per note (\$20,000,000).
- The company plans to raise \$50 million upon listing on the ASX.
- The company can scale down its operations sufficiently should the above not occur.

Based on the above, the directors are satisfied that the group has access to sufficient sources of funding to meet its commitments over the next 12 months, and for that reason the financial statements have been prepared on the basis that the group is a going concern.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the research and development, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## 16 Summary of significant accounting policies (continued)

### (b) Going concern (continued)

Should the group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the group not continue as a going concern.

### (c) Principles of consolidation

#### (i) Subsidiaries

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. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. 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.

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements is presented in the Australian dollar (\$), which is Radiopharm Theranostics Limited's functional and presentation currency.

#### (ii) 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 period 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 profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within finance income.

### (e) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## **16 Summary of significant accounting policies (continued)**

### **(e) Income tax (continued)**

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.

### **(f) 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 balance sheet.

### **(g) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### **(h) Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period 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.

## **16 Summary of significant accounting policies (continued)**

### **(i) 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.

### **(j) Employee benefits**

#### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are 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 and 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 balance sheet.

#### *(ii) Other long-term employee benefit obligations*

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations 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. Remeasurements 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 balance sheet 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.

#### *(iii) Share-based payments*

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 12.

#### *Employee options*

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

## 16 Summary of significant accounting policies (continued)

### (j) Employee benefits (continued)

#### (iii) Share-based payments (continued)

##### Employee options (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### (k) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (l) Loss per share

#### (i) Basic loss 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.

#### (ii) Diluted loss 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.

### (m) 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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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.

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 7 to 27 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the financial period ended on that date, 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.

Note 16(a) confirms that the financial statements also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.



Mr Paul Hopper  
Executive Chairman

Sydney  
28 September 2021

# Independent Auditor's Report

To the Members of Radiopharm Theranostics Limited

Report on the audit of the financial report

## Opinion

We have audited the financial report of Radiopharm Theranostics Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of 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 30 June 2021 and of its performance for the period ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## 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 are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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.

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

### Material uncertainty related to going concern

We draw attention to Note 16(b) in the financial statements, which indicates that the Group incurred a net loss of \$485,190 during the period ended 30 June 2021, and as of that date, the Group's current liabilities exceeded its current assets by \$124,703. As stated in Note 16(b), these events or conditions, along with other matters as set forth in Note 16(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 June 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, 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*. The Directors' responsibility also includes 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 Group's ability 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 this 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: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 28 September 2021