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Annual Report:
Year Ended
30 June 2022

Radiopharm Theranostics Limited

ABN 57 647 877 889

Annual report - 30 June 2022

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Radiopharm Theranostics Limited
Corporate directory

Directors	<p>Mr Paul Hopper <i>Executive Chairman</i></p> <p>Mr Riccardo Canevari (appointed 13 September 2021) <i>Chief Executive Officer (CEO) and Managing Director</i></p> <p>Dr Michael Baker <i>Non-Executive Director</i></p> <p>Mr Ian Turner <i>Non-Executive Director</i></p> <p>Ms Hester Larkin (appointed 3 February 2022) <i>Non-Executive Director</i></p> <p>Dr Leila Alland (appointed 6 June 2022) <i>Non-Executive Director</i></p>
Secretary	<p>Mr Phillip Hains</p> <p>Mr Nathan Jong</p>
Principal registered office in Australia	<p>Level 3, 62 Lygon Street Carlton VIC 3053 Australia Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735</p>
Share and debenture register	<p>Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 +61 (0)2 9698 5414</p>
Auditor	<p>Grant Thornton Australia Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Telephone: +61 (0)3 8320 2222</p>
Solicitors	<p>McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 Telephone: +61 (0)7 3233 8888</p>
Bankers	<p>National Australia Bank 330 Collins Street Melbourne VIC 3000</p>
Stock exchange listings	<p>Radiopharm Theranostics Limited shares are listed on the Australian Securities Exchange (ASX: RAD)</p>
Website	<p>www.radiopharmtheranostics.com</p>

Executive Chairman's letter

Dear fellow shareholders,

I'm pleased to present the first Annual Report for Radiopharm Theranostics as a listed company, following our initial public offering (IPO) and listing on the Australian Securities Exchange (ASX) in November 2021.

The IPO was a key step in laying the foundation for the company and allowing us to bring in a world-class team to match the high-quality assets with which we've filled our portfolio. We raised \$50 million from a variety of new and existing institutional, sophisticated, and retail investors, which followed a \$20 million seed capital raise in August 2021.

From a share price performance perspective, we undoubtedly would have preferred to see a different outcome to the trajectory we've encountered to date. With that said, we are no less confident about the strength and future of the business and believe investors will be rewarded in time.

A priority with any business I've founded is to recruit a management team that is best in class, and for Radiopharm Theranostics we've been able to attract some of the brightest and most experienced minds in radiopharmaceuticals.

Early in the financial year these hires were headed by our CEO Riccardo Canevari, who left a senior role with Novartis company Advanced Accelerator Applications, a leader in the radiopharmaceutical sector. This was a coup for Radiopharm Theranostics, and Riccardo has impressed with his leadership and expertise since joining us.

In addition, we secured the services of other key executives:

- CMO – Professor David Mozley, former Professor of Nuclear Medicine at Cornell University
- CTO – Dr Thom Tulip, 25 years' experience developing and commercialising radiopharmaceuticals and imaging agents
- COO – Vittorio Puppo, 30 years' experience in pharmaceuticals and medical devices

Alongside the wider team and backed by a Scientific Advisory Board of high regard, our personnel sets us up to have the best possible chance of success in what is a very specialised field.

Turning attention to our rich pipeline of technologies, we've been pleased to advance several of these while adding complementary new assets to the portfolio.

We were pleased to report on completion of our Phase 1 imaging study in breast cancer using the Nano-mAbs technology, which delivered safe, positive, easy to interpret results. We also saw increased recruitment in our AVβ6-Integrin study being conducted under compassionate use in Europe for patients with pancreatic cancer and head & neck disease. The Pivalate Phase 2A trial for imaging of brain metastasis has also been ongoing, with data read out expected within calendar 2022.

Late in the period we added a brain tumour technology from Case Western University to the portfolio, a PTPμ-targeted radiopharmaceutical agent we will develop as an imaging diagnostic and as a targeted radiopharmaceutical theranostic. Rounding out additions to the portfolio was an exclusive licensing agreement with University of California Los Angeles (UCLA) Technology Development Group (UCLA-

TDG) to license the promising LRRC15 antibody “DUNP19”, and acquiring the IP ownership of three radiopharmaceutical nanobodies from NanoMab Technology Ltd.

Supply of isotopes is another critical element in the development of radiopharmaceuticals, and our agreements with TerraPower and Isotopia during the period provide us surety as we further advance our clinical development.

As is evident from all the aforementioned activities, it was not only a busy period for the company but a particularly important one as we set the foundations for what we expect will become a leader in radiopharmaceuticals into the future.

I’d like to thank my fellow board members for their support, especially during the IPO process and for the variety of challenges and opportunities throughout the year. My appreciation also extends to the management team and employees of Radiopharm Theranostics, it is thanks to your efforts that we’ve made such significant operational progress throughout the year.

We are incredibly confident in the prospects of Radiopharm Theranostics. We have a multitude of trial readouts and new trials starting throughout calendar 2022 and 2023 and expect these to set us toward being an important player in improving outcomes for patients with oncological diseases.

Thanks for your continued support of Radiopharm Theranostics.



Yours Sincerely,

Mr Paul Hopper
Executive Chairman

Review of Operations & Activities

Year ended: 30 June 2022

Radiopharm Theranostics Limited is pleased to announce its financial results for the year ended 30 June 2022.

Financial Review

The group reported a loss for the year ended 30 June 2022 of \$30,420,008 (30 June 2021: \$485,190). The increased loss is due to expenditure relating to operating activities in the group and the clinical trial and research activities that have been undertaken.

On the back of successful raises through the issue of convertible notes, initial public offering and license acquisitions, the group's net assets increased to \$62,962,719 (30 June 2021: net deficiency of assets of \$124,703). As at 30 June 2022, the group had cash reserves of \$26,979,105 (30 June 2021: 27,091).

Operating Review

Radiopharm lists on the ASX following \$50m IPO

In November 2021 Radiopharm commenced trading on the Australian Securities Exchange (ASX) following a strongly supported IPO which raised \$50m from institutional, sophisticated, and retail investors. The IPO saw the issue of 83.3 million new shares at A\$0.60 per share. The capital raised as part of the IPO has provided funding for Radiopharm's broad portfolio of licensed assets.

New assets added to RAD portfolio

Brain Tumour Technology from Case Western Reserve University (CWRU)

In June 2022, Radiopharm signed an exclusive sublicensing agreement with NeoIndicate, LLC to a PTP μ -targeted radiopharmaceutical agent, which was developed at CWRU in Ohio, USA.

The sublicensing agreement gives Radiopharm the rights to develop the PTP μ -targeted agent as an imaging diagnostic and as a targeted radiopharmaceutical theranostic as part of its clinical development pipeline.

Highly specific, targeted agents for the detection, imaging and treatment of tumours are the future of precision medicine. When combined with low level radiation, the PTP μ -targeted agent functions as a highly specific Positron Emission Tomography (PET) imaging agent. When combined with high energy radiation, the PTP μ -targeted agent works as a radiopharmaceutical theranostic to destroy tumours.

The PTP μ -targeted agent labels invading tumour cells far away from the main tumour mass, achieving specific recognition of the full extent of an invasive tumour. It also recognizes this fragment in multiple tumour types including brain tumours and gynaecological cancers.

The technology has shown encouraging pre-clinical data in human glioblastoma (GBM) tumour models, the focus of Radiopharm's initial studies and the most common and devastating form of brain cancer with a median survival of one year from diagnosis. The current standard of care is surgery followed by nonspecific radiation and chemotherapy. Due to the limited treatment options and poor prognosis, there is an immediate need for targeted therapies with high sensitivity and specificity.

Manufacturing of PTPμ is scheduled to commence in December 2022.

Dual Action LRRC15-Targeting Monoclonal Antibody Licensed

In April Radiopharm signed an exclusive licensing agreement with University of California Los Angeles (UCLA) Technology Development Group (UCLA-TDG) to license UCLA's promising LRRC15 antibody "DUNP19".

Currently available antibodies for cancer treatment omit tumour micro-environment (TME) cells, such as stromal and immune cells, which comprise >50% of tumour masses. The DUNP19 antibody has a unique ability to effectively find, internalize and destroy both cancer and TME cells.

The licensing agreement gives Radiopharm the rights to develop DUNP19 as an Antibody-Drug Conjugates (ADC) within radiotherapy as part of its clinical development pipeline.

DUNP19 is a first-in-class therapy thanks to its unique dual action tumour targeting and its fast internalization.

This antibody is applicable to a broad range of currently untreatable cancers. Radiopharm will begin its study with osteosarcoma, a type of bone cancer that primarily affects children, adolescents, and the young adult population.

Radiopharm acquires IP ownership of four radiopharmaceutical nanobodies

In January, Radiopharm acquired full intellectual property (IP) ownership to three assets to target diagnosis and treatment of a range of solid tumours, followed by the acquisition of the fourth IP in August 2022.

Radiopharm acquired the patents to four different nanobodies from NanoMab Technology Ltd (NanoMab), targeting HER-2 (breast cancer & Gastric Cancer), TROP-2 (triple negative breast cancer, or TNBC), PTK7 (multiple solid tumours) and PDL-1 (non-small cell lung cancer).

Nano-mAbs are made using genetically engineered camelid derived single domain antibodies (sdAb), that can be labelled with radioisotopes to diagnose and treat multiple tumour types. Radiopharm has been using NanoMab nanobodies under a licence agreement in its Phase 1 clinical trials and preclinical studies.

Positive clinical trial progress

Phase 1 imaging study in breast cancer completed

In December the Company completed a Phase 1 imaging study with 40 patients at Shanghai General Hospital to investigate the safety, dosimetry, and efficacy of RAD201 in HER2 positive breast cancer subjects.

HER2 overexpression in breast cancer is often associated with aggressive disease and consequently, poor prognosis.

The study yielded uniformly excellent, easy to interpret images demonstrating outstanding target-to-background, making quantification straightforward and RAD201 SPECT imaging a potentially fast and non-invasive way of gaining insight to HER2 overexpression in breast cancer primary and metastatic lesions. No concerning safety signal was observed, with one minor transient adverse event deemed unrelated to the drug product.

Acceleration in number of patients recruited for AVβ6-Integrin clinical use

During the period Radiopharm updated shareholders that it continues to see acceleration in the recruitment of patients with AVβ6-Integrin, currently under clinical use in Europe and Asia, in patients with Pancreatic Cancer (PDAC) and Head & Neck disease (H&N).

The Company has seen 88 patients dosed, up from 18 patients dosed at the time of the IPO (Nov 2021)

Avβ6-Integrin is a strong selective ligand for a cell surface protein. As such, it can accumulate in tissue areas characterised by high αvβ6-integrin level.

Radiopharm signs LOI with GenesisCare to start two phase I trials in Australia

In February, Radiopharm announced it had agreed commercial terms for services in a signed Letter of Intent (LOI) with global oncology provider GenesisCare, whose support is critical to start Radiopharm's first Phase 1 trial in Australia, followed by an agreement in July to start a second trial.

It is likely that this will be the first-ever human clinical trial exposure to this Radiopharm compound and, if successful, will set the stage for expanded development in lung cancer patients whose cancer is sensitive to treatment with this type of immunotherapy.

The phase 1 therapeutic trial will involve Radiopharm's proprietary nanobody from its Nano-mAbs platform, which targets the PDL1 expression in non-small cell lung cancer, the most common type of lung cancer. This is an area of high unmet need and there is potential for the treatment to be the "first in class" radiopharmaceutical therapy targeting PDL1.

After the end of the period, Radiopharm extended its agreement with global oncology provider GenesisCare, who will support a second Radiopharm clinical trial in Australia. The trial will use Radiopharm's PSA targeting antibody to start a therapeutic Phase 1 in prostate cancer, with an expected commencement in the coming months. The innovative approach and novel mode of action compared with other treatments currently under development make Radiopharm's technology highly prospective.

RAD locks in key supply agreements

Supply Agreement for Lutetium-177 N.C.A with Isotopia

In June, Radiopharm and Isotopia Molecular Imaging (Isotopia) formed an agreement that will help advance the next generation of Radiopharmaceutical Therapies for cancer treatment.

Under the agreement, Isotopia will supply high quality Lutetium-177 N.C.A to Radiopharm for the purpose of conducting clinical research, development, manufacture, and early-stage commercialization of Radiopharm's diagnostic and therapeutic products. Lutetium-177 N.C.A is a key isotope required for multiple clinical trials in Radiopharm's clinical pipeline, and this agreement allows the Company to now accelerate several assets.

The supply agreement is for an initial period of two years and will automatically renew for successive one-year periods unless agreed otherwise by either party.

TerraPower sign supply agreement for Actinium-225

Radiopharm and TerraPower, a leading nuclear innovation company, entered an agreement that will help advance the next generation of radiopharmaceutical therapies for cancer treatment. Under this agreement, TerraPower's subsidiary, TerraPower Isotopes, LLC, will supply Actinium-225 to Radiopharm Theranostics.

The supply agreement is for an initial period of three years and may be extended for a further two successive one-year periods unless agreed otherwise by either party.

Radiopharm's Integrins featured in Cancers journal

Radiopharm's best in class avb6 Integrin platform technology was featured in the prestigious research journal Cancers. The manuscript titled 'It's Time to Shift the Paradigm: Translation and Clinical Application of Non-avb3 Integrin Targeting Radiopharmaceuticals', concluded that that avb6 is 'arguably the most promising target structure for radiotheranostics', noting its broad clinical scope across oncology as well as fibrotic diseases, which may include COVID-19 related syndromes. It also notes that this might lead to a paradigm change and trigger the replacement of avb3 by avb6 'as the most popular integrin in theranostics'.

Board and Management Changes

Dr. Leila Alland appointed as Non-Executive Director

In June, Radiopharm appointed Dr. Leila Alland to its Board as a Non-Executive Director. Dr. Alland is a paediatric haematologist-oncologist with a strong track record in developing oncology drug products. Over the course of her career, Dr. Alland has held leadership positions at AstraZeneca, Bristol-Myers Squibb, Novartis, and Schering-Plough, where she contributed to multiple successful drug approvals.

Ms. Hester Larkin appointed as Non-Executive Director

In February, Hester Larkin commenced her role as Non-Executive Director on Radiopharm's Board.

Ms Larkin has a 30-year career spanning both pharmaceuticals and nuclear medicine across Europe, Middle East & Africa, including over 12 years of experience in senior leadership roles in the industry.

Vittorio Puppo appointed as Chief Operating Officer

Radiopharm appointed Mr Vittorio Puppo to the newly created role of Chief Operating Officer (COO), based in New York City. Mr Puppo has 30 years of experience in the pharmaceuticals and medical devices industry, having held positions of significant responsibility in large and mid-cap companies. Mr Puppo has worked extensively in Europe and the US and will bring to Radiopharm a broad international perspective and deep knowledge in the radiopharmaceutical sector.

Mr Bill Regan appointed to Senior Vice President of Regulatory Strategy

During the period Radiopharm appointed Bill Regan to the newly created position of Senior Vice President (SVP) of Regulatory Strategy. The role is critical to Radiopharm successfully navigating a complex regulatory landscape as it advances its pipeline to develop innovative solutions for major unmet needs. Mr Regan commenced the role on 1 March 2022, after spending his 40-year professional career in compliance, quality, manufacturing, change control and regulatory affairs in the pharmaceutical and biotech industry.

Ms Antje Wegener appointed as Vice President of Clinical Development

During February Radiopharm also appointed Antje Wegener as Vice President of Clinical Development. Also having commenced on 1 March 2022, Ms Wegener has spent her entire professional career in drug development, having held positions of progressively increasing responsibility in big pharmaceutical companies as well as small biotechnology groups.

Dr. Scot Harper appointed as Senior Vice President of Clinical Operations

Dr. Scot Harper joined RAD's management team on 1 December 2021 as Senior Vice President (SVP) of Clinical Operations. Dr. Harper has spent his entire professional career in drug development, having held positions of progressively increasing responsibility at the VP level with companies including Eli Lilly, Novartis, and Parexel.

Dr. Gitasha Chand appointed as Global Medical Director

Dr. Gitasha Chand, MBBS, MS joined Radiopharm as Global Medical Director. Dr. Chand is a physician with special expertise in radiopharmaceutical drug development. At NanoMab Technology Limited, she headed the Clinical Research department where she successfully planned and oversaw the completion of two early Phase 1 studies in Shanghai, targeting PDL1 expression in non-small cell lung cancer and HER2 expression in breast cancer.

Dr. Levente Meszaros appointed as Global Director of Translational Science

Dr. Levente Meszaros, PhD joined Radiopharm as Global Director of Translational Science. He is an expert in molecular imaging and radioconjugate development. Prior to joining Radiopharm he was Director of Technical Operations at NanoMab Technology, overseeing non-clinical tracer development, technology transfer and GMP manufacturing of small molecules.

Dr Susann Brady-Kalnay appointed to Scientific Advisory Board

Radiopharm appointed Susann Brady-Kalnay PhD to the Company's Scientific Advisory Board. Dr Brady-Kalnay is a Professor and distinguished faculty researcher in the Department of Molecular Biology & Microbiology at Case Western Reserve University (CWRU), as well as being a Professor of Neurosciences, Pathology and member of the Case Comprehensive Cancer Centre. She is also the founder and CSO of diagnostic and prognostic technology business NeoIndicate LLC.

Dr Sara Hurvitz appointed to Scientific Advisory Board

The Company also appointed Dr Sara Hurvitz to its Scientific Advisory Board. Dr Hurvitz specialises in breast cancer treatment and is involved in designing, implementing, and leading clinical trials to test new targeted therapies.

Post Balance Date Activities

Strategic collaborations with Lantheus and NanoMab

Radiopharm entered a collaboration agreement with Lantheus for the mutually beneficial development of NM-01, a nanobody made using genetically engineered camelid derived single domain antibodies, that can be labelled with radioisotopes to potentially diagnose and treat multiple tumour types.

In a separate, concurrent agreement, Radiopharm acquired from NanoMab the imaging rights of NM-01 for the strategic Chinese market and worldwide IP rights for any therapeutic use (previously a licencing right).

For and on behalf of the company,

Riccardo Canevari
Managing Director and Chief Executive Officer

Your directors present their report on the consolidated entity consisting of Radiopharm Theranostics Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

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

Mr Paul Hopper, Executive Chairman
Mr Riccardo Canevari, Chief Executive Officer (CEO) and Managing Director (appointed 13 September 2021)
Mr Phillip Hains, Non-Executive Director (resigned 13 September 2021)
Dr Michael Baker, Non-Executive Director
Mr Ian Turner, Non-Executive Director
Ms Hester Larkin, Non-Executive Director (appointed 3 February 2022)
Dr Leila Alland, Non-Executive Director (appointed 6 June 2022)

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

Mr Phillip Hains
Mr Nathan Jong (appointed 5 October 2021)

Principal activities

Radiopharm Theranostics Limited is an Australian research and development group. The aim of the group is focused on the development of radiopharmaceutical products for diagnostic and therapeutic uses in areas of high unmet medical need. Lead products under development by the group are Nano-mAbs and AVB6 Integrin.

Dividends - Radiopharm Theranostics Limited

No dividends were declared or paid to members for the year ended 30 June 2022. The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 4 to 9 of this annual report.

Significant changes in the state of affairs

On 9 July 2021 Radiopharm Theranostics Limited signed a license agreement with Nanomab Technology Limited to acquire a worldwide exclusive licence to develop and commercialise Her-2, TROP-2 and PTK-7 technologies

On 13 July 2021 Radiopharm Theranostics Limited signed a license agreement with TRIMT GmbH to acquire a worldwide exclusive licence to develop and commercialise 68G1-TRIVEHEXIN technology

On 5 September 2021 Radiopharm Theranostics Limited signed a license agreement with Diaprost to acquire a worldwide exclusive licence to develop and commercialise hu5A10 technology

On 25 November 2021 Radiopharm Theranostics Limited listed on the Australian Securities Exchange and in the process raised \$50 million through the issue of 83,333,333 shares. The \$20 million worth of convertible notes raised in early September 2021 were also converted into 44,444,669 shares at listing. Additionally, 25,555,555 shares were issued at \$0.60 to licensors at listing for the acquisition of licences.

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

Events since the end of the financial year

On 14 September 2022, Radiopharm Theranostics Limited and The University of Texas MF Anderson Cancer Center announced the launch of Radiopharm Ventures, LLC, a joint venture to develop novel radiopharmaceutical therapeutic products for cancer. The joint venture will focus initially on developing products based on MD Anderson intellectual property.

No other matter or circumstance has occurred subsequent to year end that 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 or economic entity in subsequent financial years.

Likely developments and expected results of operations

The group aims to create value for shareholders through researching, developing and commercialising Radiopharmaceutical products. These development programs are not expected to generate revenues in the short-term; long-term, and pending a successful development outcome, these development programs could increase shareholder value by many multiples.

More information on these developments is included in the review of operations and activities.

Environmental regulation

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

Information on directors

The following information is current as at the date of this report.

Mr Paul Hopper <i>Executive Chairman</i>	
Experience and expertise	Mr Hopper has over 20 years' experience in the management and funding of biotechnology and healthcare public companies as chairman, chief executive officer and director in Australia and the United States. Mr Hopper's sector experience has covered a number of therapeutic areas with a particular emphasis on immunotherapy. He also has extensive capital markets experience in equity and debt raisings in Australia, Asia, Europe, and the United States.
Date of appointment	11 February 2021
Other current directorships	Imugene Limited (ASX: IMU), since 31 October 2012 Chimeric Therapeutics Limited (ASX: CHM) since 2 February 2020
Former directorships in last 3 years	Prescient Therapeutics Limited (ASX: PTX), until 2 January 2020 Scopus BioPharma Inc (NASDAQ: SCPS), until 18 May 2022 Arovella Therapeutics Limited (ASX: ALA) (formally SUDA Pharmaceuticals Ltd), until 30 June 2022
Special responsibilities	Executive Chairman

Information on directors (continued)

Mr Riccardo Canevari <i>Chief Executive Officer (CEO) and Managing Director</i>	
Experience and expertise	Mr Canevari joined the group in September 2021 as Radiopharm's CEO and Managing Director. Mr Canevari has broad and deep experience across specialty pharma, oncology and radiopharmaceuticals. He was most recently Chief Commercial Officer of Novartis company Advanced Accelerator Applications, one of the leading radiopharmaceutical and nuclear medicine companies globally.
Date of appointment	13 September 2021
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chief Executive Officer

Dr Michael Baker <i>Non-Executive Director</i>	
Experience and expertise	Dr Baker has over 15 years of experience in scientific research, drug development and venture investing. He was an Investment Manager with leading Australian life science fund, BioScience Managers, responsible for deal sourcing form networks, conferences, universities, and research institutes. He also conducted due diligence to shortlist investment opportunities and played an active role in managing portfolio companies.
Date of appointment	11 February 2021
Other current directorships	Arovella Therapeutics Limited (ASX: ALA) (formally SUDA Pharmaceuticals Ltd) since 1 July 2020
Former directorships in last 3 years	None
Special responsibilities	Chair of audit and risk committee Member of remuneration and nomination committee

Mr Ian Turner <i>Non-Executive Director</i>	
Experience and expertise	Mr. Turner is a globally experienced C-level executive with a 25-year record of corporate success in the radiopharmaceutical, nuclear medicine, and life science technology industries, specialising in the leadership of global organizations undergoing change. He has served as Chairman, Executive Director, Non-Executive Director, Chief Executive Officer or General Manager of more than ten companies in the US, Australia, Europe and Asia including CEO at Siemens Radiopharmaceuticals which operated the world's largest nuclear PET radiopharmacy network.
Date of appointment	1 April 2021
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Member of audit and risk committee

Information on directors (continued)

Ms Hester Larkin <i>Non-Executive Director</i>	
Experience and expertise	Ms Larkin has a 30-year career spanning both pharmaceuticals and nuclear medicine across Europe, Middle East & Africa, including over 12 years' experience in senior leadership roles in the industry. Ms Larkin is currently MD of Hester Larkin Associates Consulting where she consults to diagnostic imaging, pharmaceutical and biotech companies on pre-clinical, clinical, EMA submission, EU medical advisory boards, EU manufacturing and commercial partnerships. Ms Larkin holds a BSc Hons and an LLB Hons in Law and she has held several Director and Trustee positions in the UK and Belgium. She was the first non-American female to be appointed as Managing Director & Vice President UK & Ireland for Dupont Pharmaceuticals.
Date of appointment	3 February 2022
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chair of remuneration and nomination committee Member of audit and risk committee

Dr Leila Alland <i>Non-Executive Director</i>	
Experience and expertise	Dr Alland is a pediatric hematologist-oncologist with a strong track record in developing oncology drug products. She has held leadership positions at AstraZeneca, Bristol-Myers Squibb, Novartis and Schering-Plough, where she contributed to multiple successful drug approvals. Dr Alland is currently Chief Medical Officer of PMV Pharmaceuticals, a clinical stage precision oncology company. During her academic tenure, she was awarded the James S McDonnell Foundation Scholar Award and pursued basic cancer research while also caring for children with cancer and blood disorders.
Date of appointment	6 June 2022
Other current directorships	Abeona Therapeutics Inc (NASDAQ: ABEO) since April 2021
Former directorships in last 3 years	None
Special responsibilities	Member of remuneration and nomination committee Member of audit and risk committee

Company secretary

The joint group secretaries are Mr Phillip Hains and Mr Nathan Jong.

Mr Phillip Hains is a Chartered Accountant operating a specialist public practice, The CFO Solution. He has over 30 years experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Mr Nathan Jong is a qualified chartered accountant with over 10 years of experience in providing finance and corporate compliance advisory services to a range of businesses including multinational ASX/NASDAQ listed companies. Mr Jong is also part of The CFO Solution team.

Meetings of directors

The numbers of meetings of the group's board of directors and of each board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Mr Paul Hopper	12	12	-	-	-	-
Mr Riccardo Canevari	8	8	-	-	-	-
Mr Ian Turner	12	12	4	4	1	1
Dr Michael Baker	11	12	4	4	1	1
Ms Hester Larkin	3	3	1	1	1	1
Dr Leila Alland	1	1	-	-	-	-

A= Number of meetings attended

B= Number of meetings held during the time the director held office or was a member of the Audit & Risk Committee during the year.

Remuneration report

The directors present the Radiopharm Theranostics Limited 2022 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses for executive KMPs
- (f) Contractual arrangements for executive KMPs
- (g) Non-executive director arrangements
- (h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 11 to 13 for details about each director)

Mr Paul Hopper, Executive Chairman

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

Mr Phillip Hains, Non-Executive Director (resigned 13 September 2021)

Dr Michael Baker, Non-Executive Director

Mr Ian Turner, Non-Executive Director

Ms Hester Larkin, Non-Executive Director (appointed 3 February 2022)

Dr Leila Alland, Non-Executive Director (appointed 6 June 2022)

Other key management personnel

Prof David Mozley, Chief Medical Officer (CMO)

(b) Remuneration policy and link to performance

Our remuneration and nomination committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the group to attract and retain key talent
- aligned to the group's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

Remuneration report (continued)

(b) Remuneration policy and link to performance (continued)

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
Short term incentives (STI)	Reward for in-year performance and retention	Company and individual performance goals	CEO: 50% of FR CMO: 40% of FR
Long term incentives (LTI)	Alignment to long-term shareholder value	Share price, capital raised, company and individual performance goals	CEO: 8,666,678 unlisted 5-year options at \$0.60 exercise price CMO: 2,533,336 unlisted 5-year options at \$0.60 exercise price

Assessing performance and claw-back of remuneration

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

Share trading policy

Radiopharm Theranostics Limited's securities trading policy applies to all directors and executives, see <https://www.radiopharmtheranostics.com/investors>. It only permits the purchase or sale of group securities during certain periods.

(c) Elements of remuneration

Fixed annual remuneration

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

Short-term incentives

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the group, at the determination of the remuneration and nomination committee and board.

The group's CEO, and CMO are entitled to short-term incentives in the form of cash bonus up to 50%, and 40% of their base salary, respectively, against agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial (for CEO) and non-financial company (for CEO and CMO) and individual performance goals. Additional shares or options can be granted at the discretion of the board based on performance.

Remuneration report (continued)

(c) Elements of remuneration (continued)

Long-term incentives

Executives may also be provided with longer-term incentives through the group's 'Omnibus Incentive Plan' (OIP), that was approved by shareholders at the annual general meeting held on 11 October 2021. The aim of the OIP is to allow executives to participate in, and benefit from, the growth of the group as a result of their efforts and to assist in motivating and retaining those key employees over the long-term. Continued service is the condition attached to the vesting of the options. The board at its discretion determines the total number of options granted to each executive.

(d) Link between remuneration and performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance since incorporation as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2022	2021
Loss for the year attributable to owners	30,420,008	485,190
Basic earnings per share (cents)	16.78	48519.00
Share price at year end (\$)	0.15	1.00

The group's earnings have remained negative since inception due to the nature of the business. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by Radiopharm Theranostics Limited. The group continues to focus on the research and development of its intellectual property portfolio with the objective of achieving key development and commercial milestones in order to add further shareholder value.

Remuneration report (continued)

(e) Remuneration expenses for executive KMP

The following table shows details of the remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2022 in accordance of the requirements of the accounting standards.

2022	Short-term benefits					Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Benefits	Annual Leave	Other	401k	Forfeiture Payments	Options	Forfeiture Shares	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive directors										
Mr Phillip Hains	-	-	-	-	-	-	-	88,386	-	88,386
Dr Michael Baker	54,583	-	-	-	-	-	-	269,422	-	324,005
Mr Ian Turner	54,583	-	-	-	112,118	-	-	271,314	-	438,015
Ms Hester Larkin	31,667	-	-	-	-	-	-	108,339	-	140,006
Dr Leila Alland	3,598	-	-	-	-	-	-	19,872	-	23,470
Executive directors										
Mr Paul Hopper	229,167	61,875	-	-	-	-	-	-	-	291,042
Mr Riccardo Canevari	631,281	238,144	102,975	51,528	406,811	28,905	301,702	1,168,092	303,128	3,232,566
Other KMP										
Prof David Mozley	554,716	173,808	56,139	37,137	20,822	18,148	-	527,116	-	1,387,886
Total KMP compensation	1,559,595	473,827	159,114	88,665	539,751	47,053	301,702	2,452,541	303,128	5,925,376

Notes

- Mr Riccardo Canevari received his sign on bonus of \$406,811 in two installments in October 2021 and December 2021.
- Mr Ian Turner received \$112,118 for additional services on normal commercial terms.
- The company has entered agreements to pay Mr Riccardo Canevari a total of €399,999 in cash and €399,999 in shares for forfeiture of long-term incentives with his former employment. The expense is cumulative and vests over the service period on three separate vesting dates, being 13 September 2022, 2023 and 2024. The above amounts include what the company has recognised as payable at 30 June 2022.
- Cash bonus includes the amount paid or accrued in the year ended 30 June 2022 in relation to FY 2022 performance as follows:
 - Mr Paul Hopper received a \$61,875 (75% achievement) performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus' were for meeting performance milestones (increasing shareholder value, enhancing the group's pipeline, staff resourcing and driving the development of the group's assets).
 - Mr Riccardo Canevari received a \$238,144 (75% achievement) performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (increasing shareholder value, enhancing the group's pipeline, staff resourcing and driving the development of the group's assets).
 - Prof David Mozley received a \$173,808 (75% achievement) performance bonus for FY2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (enhancing the group's pipeline, driving the development of the group's assets).

Remuneration report (continued)

(e) Remuneration expenses for executive KMP (continued)

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the period ended 30 June 2021.

2021	Short-term benefits				Short-term benefits	Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Benefits	Annual leave	Other	401k	Forfeiture payments	Options	Forfeiture shares	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Non-executive directors										
Mr Phillip Hains	-	-	-	-	-	-	-	96,578	-	96,578
Dr Michael Baker	-	-	-	-	-	-	-	124,661	-	124,661
Mr Ian Turner	-	-	-	-	-	-	-	124,661	-	124,661
Executive directors										
Mr Paul Hopper	-	-	-	-	-	-	-	-	-	-
Other KMP										
Prof David Mozley	-	-	-	-	-	-	-	13,586	-	13,586
Total KMP compensation	-	-	-	-	-	-	-	359,486	-	359,486

Notes

- The non-executive directors agreements included a grant of sign-on options which were issued upon initial public offering.

Remuneration report (continued)

(f) Contractual arrangements with executive KMPs

Name: Mr Paul Hopper
Position: Executive Chairman
Contract duration: Unspecified
Notice period: 4 months by either party
Fixed remuneration: \$250,000 per annum

Name: Mr Riccardo Canevari
Position: Chief Executive Officer
Contract duration: Unspecified
Notice period: 3 months by either party
Fixed remuneration: US\$550,000 per annum

Name: Prof David Mozley
Position: Chief Medical Officer
Contract duration: Unspecified
Notice period: 6 weeks by either party
Fixed remuneration: US\$400,000 per annum

(g) Non-executive director arrangements

Non-executive directors receive a board fee of \$50,000 per annum. A non-executive director who is chair of a committee will receive an additional \$10,000 per annum and a non-executive director who is a member of a committee an extra \$5,000 per annum. They do not receive performance-based pay (excluding share-based payments) or retirement allowances.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. The current base fees were reviewed at incorporation.

The maximum annual aggregate non-executive directors' fee pool limit is \$500,000 and was approved by shareholders via annual general meeting 2021.

Remuneration report (continued)

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 18 above:

Name	Fixed remuneration 2022 %	At risk - STI 2022 %	At risk - LTI 2022 %
Non-executive director			
Mr Phillip Hains	-	-	100
Dr Michael Baker	17	-	83
Mr Ian Turner	38	-	62
Ms Hester Larkin	23	-	77
Dr Leila Alland	15	-	85
Executive directors			
Mr Paul Hopper	79	21	-
Mr Riccardo Canevari	47	7	46
Other KMP			
Prof David Mozley	49	13	38

Remuneration report (continued)

(h) *Additional statutory information (continued)*

(ii) *Terms and conditions of the share-based payment arrangements*

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting year are as follows:

Holder	Grant date	Vesting date	Expiry date	Number of Options	Exercise price (\$)	Value per option at grant date (\$)	Vested (%)
Dr Michael Baker	2021-04-05	2021-11-25	2025-11-25	633,271	0.60	0.2802	100%
Dr Michael Baker	2021-04-05	2022-11-25	2025-11-25	633,271	0.60	0.2802	0%
Dr Michael Baker	2021-04-05	2022-11-25	2025-11-25	633,460	0.60	0.2802	0%
Mr Ian Turner	2021-03-29	2021-11-25	2025-11-25	633,271	0.60	0.2807	100%
Mr Ian Turner	2021-03-29	2022-11-25	2025-11-25	633,271	0.60	0.2807	0%
Mr Ian Turner	2021-03-29	2023-11-25	2025-11-25	633,460	0.60	0.2807	0%
Mr Phillip Hains	2021-04-26	2021-11-25	2025-11-25	633,271	0.60	0.2787	100%
Mr Phillip Hains	2021-04-26	2022-11-25	2025-11-25	633,271	0.60	0.2787	0%
Mr Phillip Hains	2021-04-26	2023-11-25	2025-11-25	633,460	0.60	0.2787	0%
Prof David Mozley	2021-06-27	2021-11-25	2026-11-25	844,361	0.60	0.3005	100%
Prof David Mozley	2021-06-27	2022-11-25	2026-11-25	844,361	0.60	0.3005	0%
Prof David Mozley	2021-06-27	2023-11-25	2026-11-25	844,614	0.60	0.3005	0%
Mr Riccardo Canevari	2021-08-02	2022-11-25	2026-11-25	2,888,604	0.60	0.2976	0%
Mr Riccardo Canevari	2021-08-02	2023-11-25	2026-11-25	2,888,604	0.60	0.2976	0%
Mr Riccardo Canevari	2021-08-02	2024-11-25	2026-11-25	2,889,470	0.60	0.2976	0%
Ms Hester Larkin	2022-02-07*	2022-11-16	2026-11-16	627,000	0.60	0.1978	0%
Ms Hester Larkin	2022-02-07*	2023-11-16	2026-11-16	627,000	0.60	0.1978	0%
Ms Hester Larkin	2022-02-07*	2024-11-16	2026-11-16	646,002	0.60	0.1978	0%
Dr Leila Alland	2022-05-26*	2022-11-16	2026-11-16	627,000	0.60	0.1036	0%
Dr Leila Alland	2022-05-26*	2023-11-16	2026-11-16	627,000	0.60	0.1036	0%
Dr Leila Alland	2022-05-26*	2024-11-16	2026-11-16	646,002	0.60	0.1036	0%

* These options are subject to shareholder approval at the next annual general meeting.

Options granted to Mr Riccardo Canevari, Ms Hester Larkin and Dr Leila Alland during the year were included as part of their employment contracts with Radiopharm Theranostics Limited.

The options vesting conditions are based on the achievement of service milestone, which are achieved if the holder remains with the company until the date is reached. There are no performance based milestones attached to any of the above options.

Remuneration report (continued)

(h) *Additional statutory information (continued)*

(iii) *Reconciliation of options, deferred shares and ordinary shares held by KMP*

Option holdings

2022	Balance at start of the year¹	Granted as remuneration	Exercised	Other changes²	Balance at end of the year³	Vested and exercisable
Options						
Mr Paul Hopper	-	-	-	-	-	-
Mr Riccardo Canevari	-	8,666,678	-	-	8,666,678	-
Mr Phillip Hains	1,900,002	-	-	-	1,900,002	633,271
Dr Michael Baker	1,900,002	-	-	-	1,900,002	633,271
Mr Ian Turner	1,900,002	-	-	-	1,900,002	633,271
Ms Hester Larkin	-	1,900,002	-	-	1,900,002	-
Dr Leila Alland	-	1,900,002	-	-	1,900,002	-
Prof David Mozley	2,533,336	-	-	-	2,533,336	844,361
	8,233,342	12,466,682	-	-	20,700,024	2,744,174

Notes

¹ Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the year, the balance is as at the date they became KMP.

² Other changes incorporates changes resulting from the acquisition, disposal and lapse/forfeiture of options.

³ For former KMP, the balance is as at the date they cease being KMP.

Remuneration report (continued)

(h) Additional statutory information (continued)

(iii) Reconciliation of options, deferred shares and ordinary shares held by KMP (continued)

Share holdings

2022	Balance at the start of the year¹	Granted as remuneration	Received on exercise of options	Other changes²	Balance at the end of the year³
Ordinary shares					
Mr Paul Hopper	960	-	-	90,649,000	90,649,960
Mr Riccardo Canevari	-	-	-	4,350,000	4,350,000
Mr Phillip Hains	-	-	-	-	-
Dr Michael Baker	-	-	-	39,723	39,723
Mr Ian Turner	-	-	-	513,864	513,864
Ms Hester Larkin	-	-	-	66,114	66,114
Dr Leila Alland	-	-	-	-	-
Prof David Mozley	-	-	-	1,240,000	1,240,000
	960	-	-	96,858,701	96,859,661

Notes

¹ Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the year, the balance is as at the date they became KMP.

² Other changes incorporates changes resulting from the acquisition and disposal of shares.

³ For former KMP, the balance is as at the date they cease being KMP.

[This concludes the remuneration report, which has been audited]

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
2021-03-29	2025-11-25	0.60	1,900,002
2021-04-05	2025-11-25	0.60	1,900,002
2021-04-26	2025-11-25	0.60	1,900,002
2021-06-27	2026-11-25	0.60	2,533,336
2021-07-28	2026-11-25	0.60	2,533,336
2021-08-02	2026-11-25	0.60	8,666,678
2021-09-13	2024-11-25	0.90	13,680,012
2021-12-21	2025-12-21	0.60	1,400,000
2022-02-07*	2026-11-16	0.60	1,900,002
2022-03-02	2027-05-27	0.60	740,000
2022-04-22	2027-06-01	0.60	2,500,000
2022-05-26*	2026-11-16	0.60	1,900,002
2022-07-01	2027-07-01	0.17	13,137,976
Total			<u>54,691,348</u>

* Options subject to shareholder approval.

No option holder has any right under the options to participate in any other share issue of the group 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 year ended 30 June 2022.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Radiopharm Theranostics Limited has not otherwise paid a premium in respect of a contract to insure the directors and officers of the group 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 group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the group for all or part of those proceedings.

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

Non-audit services

The group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the group and/or the group are important.

Non-audit services (continued)

Details of the amounts paid or payable to the auditor (Grant Thornton Australia) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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

	2022 \$	2021 \$
Taxation services		
Grant Thornton Australia:		
Tax compliance services	16,715	-
Total remuneration for taxation services	<u>16,715</u>	<u>-</u>
Other services		
Grant Thornton Australia:		
Investigating accountant's report	42,685	-
Total remuneration for other services	<u>42,685</u>	<u>-</u>
Total remuneration for non-audit services	<u>59,400</u>	<u>-</u>

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 27.

Rounding of amounts

The group 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
30 September 2022

Grant Thornton Audit Pty Ltd


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Melbourne VIC 3008
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Melbourne VIC 3001
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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 year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 30 September 2022

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Corporate governance statement

Radiopharm Theranostics Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Radiopharm Theranostics Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement was approved by the board on 30 September 2022. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at <https://www.radiopharmtheranostics.com/investors>

Radiopharm Theranostics Limited

ABN 57 647 877 889

Annual report - 30 June 2022

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This financial statements is consolidated financial statements for the group consisting of Radiopharm Theranostics Limited and its subsidiaries. A list of major subsidiaries is included in note 11.

The financial statements is presented in the Australian currency.

Radiopharm Theranostics Limited is a group limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Level 3, 62 Lygon Street
Carlton VIC 3053

Its principal place of business is:

Level 3, 62 Lygon Street
Carlton VIC 3053

The financial statements was authorised for issue by the directors on 30 September 2022. The directors have the power to amend and reissue the financial statements.

Radiopharm Theranostics Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

		30 June 2022	From 11 February to 30 June 2021
	Notes	\$	\$
Other income		8,831	-
Other losses	2(a)	(1,109,520)	(437)
General and administrative expenses	2(b)	(7,637,884)	(125,266)
Research and development	2(b)	(7,486,616)	-
Share-based payments		(4,800,683)	(359,487)
Operating loss		(21,025,872)	(485,190)
Finance expenses		(9,349,739)	-
Loss before income tax		(30,375,611)	(485,190)
Income tax expense	3	(44,397)	-
Loss for the year/period		(30,420,008)	(485,190)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(19,043)	-
Total comprehensive loss for the year/period		(30,439,051)	(485,190)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the group:			
Basic and diluted loss per share	18	(16.78)	(48519.00)

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 statement of financial position
As at 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	26,979,105	27,091
Trade and other receivables		56,482	6,347
Other current assets		228,818	-
Total current assets		27,264,405	33,438
Non-current assets			
Property, plant and equipment		1,578	-
Intangible assets	5(a)	56,075,308	-
Other financial assets		40,000	-
Total non-current assets		56,116,886	-
Total assets		83,381,291	33,438
Current liabilities			
Trade and other payables	4(b)	2,153,318	98,376
Borrowings		-	59,000
Other financial liabilities	4(c)	5,632,168	-
Employee benefit obligations	5(b)	93,141	765
Total current liabilities		7,878,627	158,141
Non-current liabilities			
Trade and other payables	4(b)	152,447	-
Other financial liabilities	4(c)	12,387,498	-
Total non-current liabilities		12,539,945	-
Total liabilities		20,418,572	158,141
Net assets		62,962,719	(124,703)
EQUITY			
Share capital	6(a)	86,758,783	1,000
Other reserves	6(b)	7,109,134	359,487
Accumulated losses		(30,905,198)	(485,190)
Total equity		62,962,719	(124,703)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Radiopharm Theranostics Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

Notes	Attributable to owners of Radiopharm Theranostics Limited			Total equity \$
	Share capital \$	Other reserves \$	Accumulated losses \$	
Balance at 11 February 2021	-	-	-	-
Loss for the period	-	-	(485,190)	(485,190)
Total comprehensive loss for the period	-	-	(485,190)	(485,190)
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	6(a) 1,000	-	-	1,000
Issue of options	6(b) -	359,487	-	359,487
	1,000	359,487	-	360,487
Balance at 30 June 2021	1,000	359,487	(485,190)	(124,703)
Balance at 1 July 2021	1,000	359,487	(485,190)	(124,703)
Loss for the year	-	-	(30,420,008)	(30,420,008)
Other comprehensive loss	-	(19,043)	-	(19,043)
Total comprehensive loss for the year	-	(19,043)	(30,420,008)	(30,439,051)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	6(a) 43,958,325	-	-	43,958,325
Issue of options	6(b) -	6,194,825	-	6,194,825
Equity-settled payments	6(b) -	573,865	-	573,865
Conversion of convertible notes	6(a) 26,666,667	-	-	26,666,667
Issue of shares as part of license acquisitions	6(a) 16,028,683	-	-	16,028,683
Issue of shares under the employee incentive scheme	6(a) 104,108	-	-	104,108
	86,757,783	6,768,690	-	93,526,473
Balance at 30 June 2022	86,758,783	7,109,134	(30,905,198)	62,962,719

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 year ended 30 June 2022

	30 June 2022	From 11 February to 30 June 2021
Notes	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(9,915,654)	(32,909)
Interest received	8,831	-
Net cash (outflow) from operating activities	7(a) <u>(9,906,823)</u>	(32,909)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,749)	-
Payments for intellectual property	(28,335,901)	-
Payments for financial assets at amortised cost	(40,000)	-
Net cash (outflow) from investing activities	<u>(28,378,650)</u>	-
Cash flows from financing activities		
Proceeds from issues of shares	70,000,000	1,000
Share issue transaction costs	(4,830,886)	-
Proceeds from borrowings	10,000	59,000
Repayment of borrowings	(69,000)	-
Net cash inflow from financing activities	<u>65,110,114</u>	60,000
Net increase in cash and cash equivalents	26,824,641	27,091
Cash and cash equivalents at the beginning of the year/period	27,091	-
Effects of exchange rate changes on cash and cash equivalents	127,373	-
Cash and cash equivalents at end of the year/period	4(a) <u>26,979,105</u>	27,091

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

Contents of the notes to the financial statements

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1 Segment information

Management has determined, based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions, that the group has one reportable segment being the research, development and commercialisation of health technologies. The segment details are therefore fully reflected in the body of the financial report.

2 Other income and expense items

(a) Other losses

	30 June 2022	From 11 February to 30 June 2021
Notes	\$	\$
Net foreign exchange losses	(1,109,520)	(437)
	<u>(1,109,520)</u>	<u>(437)</u>

(b) Breakdown of expenses by nature

	30 June 2022	From 11 February to 30 June 2021
	\$	\$
General and administrative expenses		
Accounting and audit	534,165	70,000
Consulting	691,083	3,999
Depreciation	1,171	-
Employee benefits	4,441,848	13,299
Insurance	253,687	-
Investor relations	262,642	919
Legal	364,232	18,364
Listing and share registry	208,083	-
Patent costs	182,318	14,000
Travel and entertainment	379,005	2,585
Other	319,650	2,100
	<u>7,637,884</u>	<u>125,266</u>
Research and development		
Amortisation	2,980,313	-
AVb6 Integrin (TRIMT)	1,920,558	-
Consulting Fees (R&D)	381,551	-
hu PSA Anti-body (Diaprost)	82,533	-
NanoMab	1,971,037	-
Pharma15	90,906	-
UCLA	59,718	-
	<u>7,486,616</u>	<u>-</u>

3 Income tax expense

(a) Australian tax expense

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

	30 June 2022 \$	From 11 February to 30 June 2021 \$
Loss from continuing operations before income tax expense	(28,406,113)	(485,190)
Tax at the Australian tax rate of 25% (2021: 26%)	(7,101,528)	(126,149)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued expenses	166,382	8,840
Employee leave obligations	(191)	199
Patent costs	45,580	3,640
Share-based payments	1,200,171	93,467
Unrealised currency (gains)/losses	(31,843)	-
Subtotal	1,380,099	106,146
Tax losses and other timing differences for which no deferred tax asset is recognised	5,721,429	20,003
Income tax expense	7,101,528	126,149

(ii) Tax losses

	30 June 2022 \$	From 11 February to 30 June 2021 \$
Unused tax losses for which no deferred tax asset has been recognised	22,962,651	76,935
Potential tax benefit at 25% (2021: 26%)	5,740,663	20,003

3 Income tax expense (continued)

(b) US tax expense

(i) Income tax expense

	30 June 2022 \$	From 11 February to 30 June 2021 \$
<i>Current tax</i>		
Current tax on profits for the year	44,397	-
Total current tax expense	44,397	-
 Income tax expense	 44,397	 -

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

	30 June 2022 \$	From 11 February to 30 June 2021 \$
Loss from continuing operations before income tax expense	(1,969,498)	-
Tax at the US tax rate of 27.5% (2021: 27.5%)	(541,612)	-
 Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued expenses	12,854	-
Employee leave obligations	24,330	-
Subtotal	37,184	-
 Tax losses and other timing differences for which no deferred tax asset is recognised	548,825	-
Income tax expense	44,397	-

(iii) Tax losses

	30 June 2022 \$	From 11 February to 30 June 2021 \$
Unused tax losses for which no deferred tax asset has been recognised	1,995,727	-
Potential tax benefit @ 27.5% (2021: 27.5%)	548,825	-

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	30 June 2022 \$	30 June 2021 \$
Current assets		
Cash at bank and in hand	26,979,105	27,091
	26,979,105	27,091

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year and period, respectively, as follows:

	30 June 2022 \$	30 June 2021 \$
Balances as above	26,979,105	27,091
Balances per statement of cash flows	26,979,105	27,091

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 20(g) for the group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The group's exposure to interest rate risk is discussed in note 9. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

4 Financial assets and financial liabilities (continued)

(b) Trade and other payables

		30 June 2022			30 June 2021		
	Notes	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables		1,189,640	-	1,189,640	64,376	-	64,376
Amounts due to employees	15(b)	185,244	152,447	337,691	-	-	-
Accrued expenses		746,269	-	746,269	34,000	-	34,000
Other payables		32,165	-	32,165	-	-	-
		2,153,318	152,447	2,305,765	98,376	-	98,376

(c) Other financial liabilities

	30 June 2022			30 June 2021		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Diaprost contingent consideration	-	7,592,929	7,592,929	-	-	-
NanoMab contingent consideration*	5,588,620	-	5,588,620	-	-	-
NeoIndicate contingent consideration	-	144,207	144,207	-	-	-
NeoIndicate deferred consideration	43,548	-	43,548	-	-	-
TRIMT contingent consideration	-	4,650,362	4,650,362	-	-	-
	5,632,168	12,387,498	18,019,666	-	-	-

* Payment to be made in the form of ordinary shares in the company, based on the price of the 7 day volume weighted average price (VWAP) prior to the announcement of the milestone on the ASX.

Deferred consideration includes amounts related to the provision of upfront license fees to NeoIndicate and contingent consideration includes amounts related to the provision of milestone payments. For more information, please refer to note 12.

4 Financial assets and financial liabilities (continued)

(d) Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
NanoMab contingent consideration	-	-	5,588,620	5,588,620
Diaprost contingent consideration	-	-	7,592,929	7,592,929
TRIMT contingent consideration	-	-	4,650,362	4,650,362
NeoIndicate contingent consideration	-	-	144,207	144,207
Total financial liabilities	-	-	17,976,118	17,976,118

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Contingent consideration

The fair value of contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts the management's estimate of the probability that the milestone will be achieved. For more information refer to note 12.

The discount rate used at 30 June 2022 was 4.52%. The discount rate is based on benchmark interest rates provided by the Australian Taxation Office for the income year that agreements are entered into.

5 Non-financial assets and liabilities

(a) Intangible assets

	AVb6 Integrin \$	hu PSA Anti-body \$	NanoMab \$	Pivalate \$	Other Intellectual Property \$	Total \$
At 30 June 2021						
Cost	-	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-
Year ended 30 June 2022						
Additions	17,691,796	16,212,081	24,354,566	336,055	461,123	59,055,621
Amortisation charge	(854,020)	(892,683)	(1,188,353)	(42,210)	(3,047)	(2,980,313)
Closing net book amount	16,837,776	15,319,398	23,166,213	293,845	458,076	56,075,308
At 30 June 2022						
Cost	17,691,796	16,212,081	24,354,566	336,055	461,123	59,055,621
Accumulated amortisation and impairment	(854,020)	(892,683)	(1,188,353)	(42,210)	(3,047)	(2,980,313)
Net book amount	16,837,776	15,319,398	23,166,213	293,845	458,076	56,075,308

The group's intellectual property is measured at initial cost, less any accumulated amortisation and impairment losses.

(i) AVb6 Integrin

The group has recognised the Intellectual Property "AVb6 Integrin" through the acquisition of a license developed at TRIMT GmbH (TRIMT), a world-renowned independent research and treatment centre specialising in cancer, based in Radeberg, Germany.

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the license agreement, value of equity issued to the licensor and contingent consideration. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestone per the license agreements. The fair value of the contingent considerations was probability-adjusted based on the directors' assumptions, 70% probability of completing the first therapeutic milestone (milestone 3). Other milestones were deemed uncertain as per management's assessment.

AVb6 Integrin is amortised over a period of 20 years, being management's assessed useful life of the intangible asset.

(ii) hu PSA Anti-body

The group has recognised the Intellectual Property "hu PSA Anti-body" through the acquisition exclusive license developed at Diaprost AB (Diaprost), a world-renowned independent research and treatment centre specialising in prostate cancer, based in Lund, Sweden.

5 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(ii) *hu PSA Anti-body (continued)*

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the license agreement and contingent consideration. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestone per the license agreements. The fair value of the contingent considerations was probability-adjusted based on the directors' assumptions, 70% probability of completing milestones 1 and 2.

hu PSA Anti-body is amortised over a period of 15 years, being management's assessed useful life of the intangible asset.

(iii) *NanoMab*

The board has recognised the Intellectual Property "NanoMab" through the acquisition of a license developed at NanoMab Technology Limited, a world-renowned independent biopharmaceutical company focusing on cancer precision therapies through radiopharmaceuticals, based in Hong Kong.

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the license agreement, value of equity issued to the licensor and contingent consideration. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestone per the license agreements. The fair value of the contingent considerations was probability-adjusted based on the directors' assumptions, 70% probability of completing milestone 1 and also 70% probability of completing milestone 1 in the amended agreement.

NanoMab is amortised over a period of 20 years, being management's assessed useful life of the intangible asset.

(iv) *Pivalate*

The group has recognised the Intellectual Property "Pivalate" through the acquisition of a license developed at Cancer Research Technologies Limited (CRT), a world-renowned independent research and treatment centre for cancer, based in London, United Kingdom.

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the license agreement and contingent consideration. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestone per the license agreements. The group has reassessed the contingent consideration for Pivalate at 30 June 2022 deemed it not appropriate to include as the milestone targets were either concluded or ongoing, thus not payable by the group.

Pivalate is amortised over a period of 15 years, being management's assessed useful life of the intangible asset.

(v) *Other intellectual property*

Other intellectual property includes the following IP acquired by the group.

NeolIndicate

The group has recognised the Intellectual Property "NeolIndicate" through the acquisition of a sublicense developed at NeolIndicate LLC, a private research university based in Ohio.

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the license agreement and contingent consideration. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestone per the license agreements.

NeolIndicate is amortised over a period of 16 years, being management's assessed useful life of the intangible asset.

5 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(v) Other intellectual property (continued)

Pharma 15

The group has recognised the Intellectual Property "Pharma 15" through an agreement with Pharma 15 Corporation for the exclusive rights to purchase the Pharma 15 license from the corporation. It is the board's expectation that once the license is acquired, it will generate future economic benefits for the group. The amounts currently recognised are the upfront costs of signing the option agreement. The requirements of the agreement have been met and the negotiations are taking place at 30 June 2022. At the end of the reporting year management deemed the asset is not ready for use, thus no amortisation has been deducted from it.

UCLA

The group has recognised the Intellectual Property "UCLA" through the acquisition of a license developed at The Regents of the University of California, a university based in California.

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the license agreement and contingent consideration.

UCLA is amortised over a period of 19 years, being management's assessed useful life of the intangible asset.

(vi) Impairment test for intellectual property

Intellectual property held by the group is assessed for indicators of impairment annually. If an impairment indicator exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

The group identified impairment indicators at 30 June 2022 and completed a valuation of the AVb6 Integrin, huPSA Antibody, NanoMab, Pivalate, and Pharma 15 licenses as of that date utilising the fair value less costs of disposal method. The assessment considered the status of advancement of R&D projects related to each of these licenses and identified that the fair value exceeded the carried amounts and are recoverable either through further development and commercial exploitation by the group or by out-licensing. The rest of the intangible assets have not been assessed for impairment due to the proximity of the acquisition dates to the reporting date, which led us to believe that the carrying amount approximates their fair value.

In addition, there have been no significant changes that have taken place during the year that have adversely affected the radiopharmaceutical sector or scientific results and progress of trials.

Based on this, we determined there was no impairment of intellectual property held by the group.

See note 20(k) for the other accounting policies relevant to intangible assets, and note 20(f) for the group's policy regarding impairments.

5 Non-financial assets and liabilities (continued)

(b) Employee benefit obligations

	30 June 2022			30 June 2021		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Leave obligations (i)	93,141	-	93,141	765	-	765

(i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 20(n).

The current portion of this liability includes all of the accrued annual leave and pro-rata payments employees are entitled to in certain circumstances. The entire amount of the provision of \$93,141 (2021: \$765) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

6 Equity

(a) Share capital

	Notes	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 \$	30 June 2021 \$
Ordinary shares					
Fully paid		255,433,248	1,000	86,758,783	1,000
	6(a)(i)	255,433,248	1,000	86,758,783	1,000

(i) Movements in ordinary shares:

Details	Notes	Number of shares	Total \$
Balance at 11 February 2021		-	-
Issue at \$1.00 pursuant to private placement (2021-02-11)		1,000	1,000
Balance at 30 June 2021		1,000	1,000
Share split (2021-08-10)		99,999,000	-
Shares issued at \$0.60 for licence acquisitions (2021-11-18)	6(a)(ii)	25,555,555	15,333,333
Issue at \$0.45 on conversion of convertible notes (2021-11-16)		44,444,669	26,666,667
Issue at \$0.60 at initial public offering (2021-11-25)		83,333,333	50,000,000
Shares issued at \$0.361 licence acquisitions (2022-01-27)	6(a)(ii)	1,926,177	695,350
Shares issued at \$0.60 employee incentive scheme (2022-05-27)		173,514	104,108
Less: Transaction costs arising on share issues		-	(6,041,675)
Balance 30 June 2022		255,433,248	86,758,783

(ii) Shares issued on acquisition of licence

The share price for shares issued for the acquisition of the licence were calculated by referencing to the IPO price and adjusted for uncertainty at the time of license acquisition date.

6 Equity (continued)

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year and period, respectively. A description of the nature and purpose of each reserve is provided below the table.

Notes	Share-based payments \$	Equity settled payments \$	Foreign currency translation \$	Total other reserves \$
At 11 February 2021	-	-	-	-
Transactions with owners in their capacity as owners				
Issue of shares as part of forfeiture payments	-	-	-	-
Issue of options	6(b)(ii) 359,487	-	-	359,487
At 30 June 2021	359,487	-	-	359,487
Currency translation differences	-	-	(19,043)	(19,043)
Other comprehensive loss	-	-	(19,043)	(19,043)
Transactions with owners in their capacity as owners				
Issue of shares as part of forfeiture payments	-	573,865	-	573,865
Issue of options	6(b)(ii) 6,194,825	-	-	6,194,825
At 30 June 2022	6,554,312	573,865	(19,043)	7,109,134

(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.

Foreign currency translations

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 20(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Equity settled payments

Equity settled payments reserve records items recognised as expenses on valuation of shares to be issued to key management personnel and other employees for forfeiture of long term incentives at previous employers.

6 Equity (continued)

(b) Other reserves (continued)

(ii) Movements in options:

Details	Number of options	Total \$
Balance at 11 February 2021	-	-
Issue of ESOP unlisted options*	8,233,342	359,487
Balance at 30 June 2021	8,233,342	359,487
Issue of ESOP unlisted options*	19,640,018	2,067,788
Issue of unlisted options	13,680,012	2,767,466
Expense for share-based payments for options previously issued	-	1,359,571
Balance at 30 June 2022	41,553,372	6,554,312

* 3,800,004 options are subject to shareholder approval.

7 Cash flow information

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

	30 June 2022 \$	30 June 2021 \$
Loss for the year	(30,420,008)	(485,190)
Adjustments for		
Depreciation and amortisation	2,981,484	-
Finance costs	9,349,746	-
Leave provision	-	765
Share-based payments	4,800,683	359,487
Net foreign currency (gains)/losses	1,128,563	-
Change in operating assets and liabilities:		
Movement in trade receivables	(50,135)	(6,347)
Movement in other current assets	(228,818)	-
Movement in trade payables	2,531,662	98,376
Net cash outflow from operating activities	<u>(9,906,823)</u>	<u>(32,909)</u>

8 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 contingent consideration - note 4(d)(i)
- Impairment of patents, licences and other rights - note 5(a)(vi)
- Estimation of employee benefit obligations - note 5(b)(i)
- Estimation of share-based payments - note 16(a)
- Estimation of employee forfeiture payments - note 20(n)(iv)

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.

9 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the group. This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

The group's exposure to foreign currency risk at the end of the reporting year and period, respectively, expressed in Australian dollar, was as follows:

	30 June 2022		30 June 2021	
	USD	EUR	USD	EUR
	\$	\$	\$	\$
Cash and cash equivalents	2,871,338	-	-	-
Trade payables	438,584	570,688	2,585	-
Total exposure	3,309,922	570,688	2,585	-

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below: cash flow hedges.

- USD: 5.8% (2021: 4.9%)
- EUR: 3.4% (2021: 2.7%)

	Impact on post-tax profit		Impact on other components of equity	
	2022	2021	2022	2021
	\$	\$	\$	\$
USD/AUD exchange rate - change by 5.8% (2021: 4.9%)*	191,975	127	-	-
EUR/AUD exchange rate - change by 3.4% (2021: 2.7%)*	19,403	-	-	-

* Holding all other variables constant

9 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity (continued)

Profit is more sensitive to movements in the AUD/USD exchange rates in 2022 than 2021 because of the increased amount of USD denominated cash and cash equivalents. The group's exposure to other foreign exchange movements is not material.

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from cash and cash equivalents held, which expose the group to cash flow interest rate risk. During 2022 and 2021, the group's cash and cash equivalents at variable rates were denominated in Australian dollars.

The group's exposure to interest rate risk at the end of the reporting year and period, respectively, expressed in Australian dollars, was as follows:

	30 June 2022 \$	30 June 2021 \$
Financial instruments with cash flow risk		
Cash and cash equivalents	26,979,105	27,091
Other financial assets	40,000	-
	<u>27,019,105</u>	<u>27,091</u>

Sensitivity

The group's exposure to interest rate risk at the end of the reporting year and period, respectively, expressed in Australian dollars, was as follows:

	Impact on post-tax profit 2022 \$	2021 \$	Impact on other components of equity 2022 \$	2021 \$
Interest rates - change by 121 basis points (2021: 31 basis points)*	326,931	84	-	-
* Holding all other variables constant				

The use of 1.21 percent (2021: 0.31 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2022 and the previous four balance dates. The average cash rate at these balance dates was 0.77 percent (2021: 0.93 percent). The average change to the cash rate between balance dates was 157.03 percent (2021: 33.88 percent). By multiplying these two values, the interest rate risk was derived.

9 Financial risk management (continued)

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

There has been an increase in the group's exposure to credit risk in 2022 due to increased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

(i) Risk management

Risk is minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
At 30 June 2022	\$	\$	\$	\$	\$	\$	\$
Trade payables	2,153,318	-	-	-	-	2,153,318	2,153,318
Other financial liabilities	5,630,420	-	13,361,881	-	-	18,992,301	18,992,301
Total non-derivatives	7,783,738	-	13,361,881	-	-	21,145,619	21,145,619

There is a portion of other financial liabilities that is payable in the next six months that is payable in shares. Refer to note 4(c) for further information.

10 Capital management

(a) Risk management

The group'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.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group'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 year ended 30 June 2022. The group's franking account balance was nil at 30 June 2022.

11 Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 30 June 2022 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	
		2022 %	2021 %
Radiopharm Theranostics (USA) Inc	United States	100	100

12 Contingent liabilities

(a) AVb6 Integrin intellectual property

The group has the licence agreement with TRIMT GmbH (TRIMT). The key financial terms of the license agreement includes payments of cash and shares in the group worth US\$10 million.

The company may also incur liabilities contingent on future events in respect of the licence agreement, which are summarised below:

(i) Development milestone payments

Within 30 days after the occurrence of each milestone below, the group is required to pay TRIMT the amount indicated below:

Milestones	Requirements	Payment to TRIMT
1.	Commencement of Phase 3 diagnostic clinical trial for (68Ga-TRIVEHEXIN) (Diagnostic)	US\$2m
2.	Any Marketing Approval in Japan, China, Hong Kong or the United States of (68Ga-TRIVEHEXIN) for diagnostic application (Diagnostic)	US\$3m
3.	Last patient Phase 1 (Therapeutic)	US\$5m
4.	First patient Phase 2 (Therapeutic)	US\$10m
5.	Last patient Phase 2 (Therapeutic)	US\$10m
6.	First patient Phase 3 (Therapeutic)	US\$15m
7.	Last patient Phase 3 (Therapeutic)	US\$15m
8.	Any Marketing Approval in the Territory other than in Australia (Therapeutic)	US\$30m

Management expects milestone 3 to be met with 70% certainty, however it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to milestone 3 for this current reporting year.

(ii) Royalties on net sales

The group is obliged to pay TRIMT royalties on net sales based on industry standard single digit royalty rates and also on sublicense revenues.

12 Contingent liabilities (continued)

(b) hu PSA Anti-body intellectual property

The group has the licence agreement with Diaprost AB. The key financial terms of the license agreement include upfront cash payments of US\$7 million.

The company may also incur liabilities contingent on future events in respect of the licence agreement, which are summarised below:

(i) Development milestone payments

Within 30 days after the occurrence of each milestone below, the group is required to pay Diaprost the amount indicated below:

Milestones	Requirements	Payment to Diaprost
1.	IND allowance	US\$3m
2.	Last patient Phase 1	US\$5m
3.	First patient Phase 2	US\$11m
4.	Last patient Phase 2B	US\$11m
5.	First patient Pivotal Study	US\$15m
6.	Upon the dosing of the final patient in a Pivotal Study	US\$15m
7.	FDA submission	US\$7m
8.	FDA approval	US\$25m
9.	EMA approval	US\$10m
10.	PMDA approval	US\$5m
11.	Second indication, approval at first of FDA, EMA, PMDA	US\$10m
12.	Approval at first of FDA, EMA, PMDA for Diagnostic trials.	US\$5m

Management expects milestones 1 and 2 to be met with 70% certainty, however it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to the milestones 1 and 2 for this current reporting year.

(ii) Royalties

The group is obliged to pay Diaprost AB royalties on sublicensing based on industry standard royalty rates.

12 Contingent liabilities (continued)

(c) NanoMab intellectual property

The group has the licence agreement with the NanoMab Technology Limited. The key financial terms of the license agreement includes payments of cash and shares in the group worth US\$12.5 million.

The company may also incur liabilities contingent on future events in respect of the licence agreement, which are summarised below:

(i) Development milestone payments

Within 30 days after the occurrence of each milestone below, the group is required to pay Nanomab the amount indicated below:

Milestones	Requirements	Payment to Nanomab
1.	IND allowance by the U.S. FDA or the EMA or the NMPA (for either the HER-2 or the TROP-2 Therapeutic)	US\$5m*
2.	IND allowance by the U.S. FDA or the EMA or the NMPA (for the PKT-7 Therapeutic)	US\$0.5m*
3.	First patient dosed in the first Phase 1 therapeutic clinical trial	US\$1m*
4.	First patient dosed in the first Phase 2 therapeutic clinical trial	US\$2m*
5.	First patient dosed in the first Phase 3 therapeutic clinical trial, or approval of a Licensed Product	US\$3m*

* Payment to be made in the form of ordinary shares in the company, based on the price of the 7 day volume weighted average price (VWAP) prior to the announcement of the milestone on the ASX.

Management expects milestone 1 to be met with 70% certainty, however it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to the milestone 1 for this current reporting year.

Additionally, the group signed an amendment with NanoMab Technology Limited that included the additional milestones. Within 30 days after occurrence of each milestone below, the group is required to pay NanoMab the amount indicated below:

Milestones	Requirements	Payment to Nanomab
1.	IND submission to the U.S. FDA or the EMA or the NMPA for PDL-1 Therapeutic)	US\$0.5m*
2.	First patient dosed in the first Phase 1 therapeutic clinical trial	US\$1m*
3.	First patient dosed in the first Phase 2 therapeutic clinical trial	US\$2m*
4.	First patient dosed in the first Phase 3 therapeutic clinical trial	US\$3m*

* Payment to be made in the form of ordinary shares in the company, based on the price of the 7 day volume weighted average price (VWAP) prior to the announcement of the milestone on the ASX.

Management expects milestone 1 to be met with 70% certainty, however it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to the milestone 1 for this current reporting year.

(ii) Royalties

The group is obliged to pay Nanomab royalties on net sales based on industry standard single digit royalty rates and also on sublicense revenues.

12 Contingent liabilities (continued)

(d) Pivalate intellectual property

The group has the licence agreement with Cancer Research Technologies Limited (CRT). The key financial terms of the license agreement include an upfront cash payment of £180,000.

The company may also incur liabilities contingent on future events in respect of the licence agreement, which are summarised below:

(i) Development milestone payments

Within 30 days after the occurrence of each milestone below, the group is required to pay Imperial the amount indicated below:

Diagnostic development milestones:

Milestones	Requirements	Payment to Imperial
1.	Phase 1 clinical trial commencement limited to each of the 1st indication	£45k
2.	Phase 2 clinical trial commencement limited to each of the 1st 3 indications	£225k
3.	Phase 3 clinical trial commencement limited to each of the 1st 3 indications	£630k
4.	Grant of US Regulatory Approval	£900k
5.	Grant of EU (or UK) Regulatory Approval	£450k
6.	First commercial sale	£900k
7.	Aggregate Net Sales worldwide exceeding £10m	£630k
8.	Aggregate Net Sales worldwide exceeding £50m	£3.15m

Therapeutic development milestones:

Milestones	Requirements	Payment to Imperial
1.	Clearing of IND in the US or any country in Territory	£90k
2.	Phase 1 clinical trial/pivotal study commencement, limited to each of the 1st indication	£225k
3.	Phase 2 clinical trial/pivotal study commencement, limited to each of the 1st 3 indications	£630k
4.	Phase 3 clinical trial/pivotal study commencement, limited to each of the 1st 3 indications	£1.8m
5.	Grant of US Regulatory Approval	£3.6m
6.	Grant of MA in the EU (or UK)	£1.8m
7.	First commercial sale	£4.5m
8.	Aggregate Net Sales worldwide exceeding £100m	£2.7m
9.	Aggregate Net Sales worldwide exceeding £500m	£13.5m

12 Contingent liabilities (continued)

(d) Pivalate intellectual property (continued)

(i) Development milestone payments (continued)

Management is uncertain whether milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has not accounted for any milestones for this current reporting year.

(ii) Royalties

The group is obliged to pay CRT royalties on net sales based on industry standard single digit royalty rates.

(e) NeoIndicate intellectual property

The group has the sublicense agreement with NeoIndicate LLC (NeoIndicate). The key financial terms of the license agreement include an upfront cash payment of US\$100,000.

The company may also incur liabilities contingent on future events in respect of the licence agreement, which are summarised below:

(i) Development milestone payments

Within 30 days after the occurrence of each milestone below, the group is required to pay NeoIndicate the amount indicated below:

Diagnostic development milestones:

Milestones	Requirements	Payment to NeoIndicate
1.	eIND or IND Diagnostic approval	US\$75k
2.	First dose of Diagnostic in Phase I anywhere in world	US\$75k
3.	First dose of Diagnostic in Phase II anywhere in world	US\$150k
4.	First dose of Diagnostic in Phase III anywhere in world	US\$300k
5.	US FDA Regulatory Approval Diagnostic	US\$1m
6.	Outside of US Regulatory Approval Diagnostic	US\$0.5m
7.	Upon first reaching cumulative aggregate gross sales of \$25M Diagnostic	US\$0.75m
8.	Upon first reaching cumulative aggregate gross sales of \$100M Diagnostic	US\$3m
9.	Upon first reaching cumulative aggregate gross sales of US\$250M Diagnostic	US\$7.5m
10.	Upon first reaching cumulative aggregate gross sales of US\$500M Diagnostic	US\$15m
11.	Upon first reaching cumulative aggregate gross sales of US\$1 Billion Diagnostic	US\$30m
12.	Upon first reaching cumulative aggregate gross sales of US\$2 Billion Diagnostic	US\$60m

12 Contingent liabilities (continued)

(e) NeoIndicate intellectual property (continued)

(i) Development milestone payments (continued)

Therapeutic Licensed Product Milestone Payments:

Milestones	Requirements	Payment to NeoIndicate
1.	eIND or IND approval of therapeutic	US\$100k
2.	First dosing Therapeutic of patients in Phase I anywhere in world	US\$100k
3.	First dosing Therapeutic of patients in Phase II anywhere in world	US\$200k
4.	First dosing Therapeutic of patients in Phase III anywhere in world	US\$0.5m
5.	US FDA Approval Therapeutic	US\$2m
6.	Outside of US Regulatory Approval Therapeutic	US\$1m
7.	Upon first reaching cumulative aggregate gross sales of \$25M Therapeutic	US\$1m
8.	Upon first reaching cumulative aggregate gross sales of \$100M Therapeutic	US\$5m
9.	Upon first reaching cumulative aggregate gross sales of \$250M Therapeutic	US\$10m
10.	Upon first reaching cumulative aggregate gross sales of US\$500M Therapeutic	US\$20m
11.	Upon first reaching cumulative aggregate gross sales of US\$1 Billion Therapeutic	US\$5m
12.	Upon first reaching cumulative aggregate gross sales of US\$2 Billion Therapeutic	US\$10m

Management expects Diagnostic milestones 1 and 2 to be met with 70%, however it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to the Diagnostic milestones 1 and 2 for this current reporting year.

(ii) Royalties

The group is obliged to pay NeoIndicate royalties on net sales based on industry standard single digit royalty rates.

12 Contingent liabilities (continued)

(f) UCLA intellectual property

The group has the licence agreement with The Regents of the University of California (UCLA). The key financial terms of the license agreement include an upfront cash payment of US\$100,000

The company may also incur liabilities contingent on future events in respect of the licence agreement, which are summarised below:

(i) Development milestone payments

Within 30 days after the occurrence of each milestone below, the group is required to pay Imperial the amount indicated below:

Milestones	Requirements	Payment to UCLA
1.	Upon enrolling the first patient in a phase II clinical trial of a Licensed Product being developed in the Therapeutics Field	US\$100k
2.	Upon enrolling the first patient in a phase III clinical trial of a Licensed Product being developed in the Therapeutics Field	US\$250k
3.	Upon receiving FDA approval for a Licensed Product being developed in the Therapeutics Field	US\$2.5m
4.	Upon receiving EMA approval for a Licensed Product being developed in the Therapeutics Field	US\$2m
5.	Upon achieving a First Commercial Sale of a Licensed Product in the Therapeutics Field	US\$1m
6.	When cumulative Net Sales of all Licensed Products reaches fifty million dollars (\$50,000,000)	US\$1.5m
7.	Cumulative Net Sales of all Licensed Products reaches two hundred and fifty million dollars (\$250,000,000)	US\$5m

Management is uncertain whether milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has not accounted for any milestones for this current reporting year.

(ii) Royalties

The group is obliged to pay UCLA royalties on net sales based on industry standard single digit royalty rates.

13 Commitments

(a) Research and development commitments

(i) Pivalate intellectual property

Under the License Agreement, a non-refundable annual license fee is payable to CRT of £9,000. This is payable within 30 days of the first, second, third and forth anniversaries of the effective date. Within 30 days of the fifth and each subsequent anniversary of the effective date and until the calendar year in which the first commercial sale of a licensed product occurs, Radiopharm shall pay to the CRT £18,000.

14 Events occurring after the reporting year

On 14 September 2022, Radiopharm Theranostics Limited and The University of Texas MF Anderson Cancer Center announced the launch of Radiopharm Ventures, LLC, a joint venture to develop novel radiopharmaceutical therapeutic products for cancer. The joint venture will focus initially on developing products based on MD Anderson intellectual property.

No other matter or circumstance has occurred subsequent to year end that 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 or economic entity in subsequent financial years.

15 Related party transactions

(a) Key management personnel compensation

	30 June 2022 \$	From 11 February to 30 June 2021 \$
Short-term employee benefits	2,820,952	-
Post-employment benefits	47,053	-
Long-term benefits	301,702	-
Share-based payments	2,667,283	359,486
	5,836,990	359,486

Detailed remuneration disclosures are provided in the remuneration report on pages 15 to 24.

(b) Transactions with key management personnel

The following transactions occurred with key management personnel:

	30 June 2022 \$	From 11 February to 30 June 2021 \$
<i>Other transactions</i>		
Forfeiture payments expense to key management personnel	337,691	-

(i) Forfeiture payments expense to key management personnel

The group has entered agreements to pay employees for forfeiture of long-term incentives with their former employment. At 30 June 2022 the group has recognised \$185,244 as payable for the current year in cash. The expense is cumulative and vests dependent to the employees agreements with Radiopharm.

15 Related party transactions (continued)

(c) Loans to/from related parties

	30 June 2022 \$	30 June 2021 \$
<i>Loans from key management personnel</i>		
Beginning of the year/period	59,000	-
Loans advanced	10,000	59,000
Loans repayments made	(69,000)	-
End of year/period	<u>-</u>	<u>59,000</u>

(d) Terms and conditions

At 30 June 2022 the group repaid the full amount owed to Paul Hopper amounting \$69,000. These funds were originally received to fund working capital in the group at the time of inception.

16 Share-based payments

(a) Employee Option Plan

The establishment of the 'Omnibus Incentive Plan' (OIP) was approved by shareholders at the annual general meeting held on 22 November 2021, and will be subject to shareholder approval at the 2022 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of all listed and unlisted options

	2022		2021	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July 2021 and 11 February 2021 respectively	\$0.60	8,233,342	-	-
Granted during the year/period	\$0.60	19,640,018	\$0.60	8,233,342
As at 30 June	\$0.60	27,873,360	\$0.60	8,233,342
Vested and exercisable at 30 June	\$0.60	4,050,535	-	-

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

Grant date	Expiry date	Exercise price	Share options 30 June 2022	Share options 30 June 2021
2021-03-29	2025-11-25	0.60	1,900,002	1,900,002
2021-04-05	2025-11-25	0.60	1,900,002	1,900,002
2021-04-26	2025-11-25	0.60	1,900,002	1,900,002
2021-06-27	2026-11-25	0.60	2,533,336	2,533,336
2021-07-28	2026-11-25	0.60	2,533,336	-
2021-08-02	2026-11-25	0.60	8,666,678	-
2021-12-21	2025-12-21	0.60	1,400,000	-
2022-02-07*	2026-11-16	0.60	1,900,002	-
2022-03-02	2027-05-27	0.60	740,000	-
2022-04-22	2027-06-01	0.60	2,500,000	-
2022-05-26*	2026-11-16	0.60	1,900,002	-
Total			27,873,360	8,233,342

* Options subject to shareholder approval.

16 Share-based payments (continued)

(a) Employee Option Plan (continued)

The following options were granted outside of the OSIP plan, vesting immediately upon issue. The outstanding balance at the end of the year is detailed below:

Grant date	Expiry date	Exercise price	Share options 30 June 2022	Share options 30 June 2021
2021-09-13	2024-11-25	0.90	13,680,012	-
Total			<u>13,680,012</u>	<u>-</u>

Weighted average remaining contractual life of options outstanding at end of year/period 3.62 4.72

(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 year ended 30 June 2022 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 (\$)
2021-07-28	2026-11-25	0.60	2,533,336	0.420	100%	0.00%	0.55%	0.2979
2021-08-02	2026-11-25	0.60	8,666,678	0.420	100%	0.00%	0.56%	0.2976
2021-09-13	2024-11-25	0.90	13,680,012	0.420	100%	0.00%	0.18%	0.2023
2021-12-21	2025-12-21	0.60	1,400,000	0.370	100%	0.00%	0.96%	0.2253
2022-03-02	2027-05-27	0.60	740,000	0.310	100%	0.00%	1.75%	0.2078
2022-02-07	2026-11-16	0.60	1,900,002	0.305	100%	0.00%	1.39%	0.1978
2022-05-26	2026-11-16	0.60	1,900,002	0.190	100%	0.00%	2.74%	0.1036
2022-04-22	2027-06-01	0.60	2,500,000	0.255	100%	0.00%	2.92%	0.1678
			<u>33,320,030</u>					

(b) Expenses arising from share-based payment transactions

	30 June 2022 \$	30 June 2021 \$
Options issued	<u>6,194,825</u>	<u>359,487</u>

17 Remuneration of auditors

During the year and period, respectively, 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 Australia

(i) Audit and other assurance services

	30 June 2022 \$	From 11 February to 30 June 2021 \$
Audit and review of financial statements	111,038	20,000
Total remuneration for audit and other assurance services	<u>111,038</u>	<u>20,000</u>

(ii) Taxation services

Tax compliance services	16,715	-
Total remuneration for taxation services	<u>16,715</u>	<u>-</u>

(iii) Other services

Investigating accountant's report	42,685	-
Total remuneration for other services	<u>42,685</u>	<u>-</u>

Total auditors' remuneration	<u>170,438</u>	<u>20,000</u>
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18 Loss per share

(a) Reconciliations of loss used in calculating loss per share

	30 June 2022 \$	From 11 February to 30 June 2021 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the group used in calculating loss per share:		
From continuing operations	<u>30,420,008</u>	485,190

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

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>181,246,144</u>	1,000

On the basis of the group's losses, the outstanding options as at 30 June 2022 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

19 Parent entity financial information

(a) Summary financial information

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

	30 June 2022 \$	30 June 2021 \$
Balance sheet		
Current assets	27,264,405	33,438
Non-current assets	56,116,886	-
Total assets	83,381,291	33,438
Current liabilities	7,738,746	158,141
Non-current liabilities	12,539,945	-
Total liabilities	20,278,691	158,141
<i>Shareholders' equity</i>		
Issued capital	86,758,783	1,000
Reserves		
Share-based payments	6,554,312	359,487
Equity Settled Payments	573,865	-
Retained earnings	(28,805,674)	(485,190)
	65,081,286	(124,703)
Loss for the year/period	28,320,485	485,190
Total comprehensive loss	28,320,485	485,190

(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 year ended 30 June 2022.

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2022 identical to those of the group, as outlined in note 12.

(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 year ended 30 June 2022.

(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.

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20 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.

(iii) 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 2022, the group incurred a net loss of \$30,420,008 and had net assets of \$62,962,719 as at 30 June 2022.

The ability of the group to continue as a going concern is principally dependent upon the ability of the group to raise sufficient capital.

The need to raise additional capital gives rise to a material uncertainty, which may cast significant doubt over the group's ability to continue as a going concern.

The directors believe that the group has the ability to raise capital as required based on the success of previous capital raises and the development progression of the group's research projects.

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.

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 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.

(iv) New standards and interpretations not yet adopted

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

(b) 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.

20 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) *Subsidiaries (continued)*

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.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(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 year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of 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 year is the tax payable on the current year'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 year in the countries where the group 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.

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 year 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.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

20 Summary of significant accounting policies (continued)

(f) Impairment of assets

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(g) Cash and cash equivalents

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

(h) 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 year, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

20 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Financial instruments

Subsequent measurement of financial instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its financial instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

(v) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(j) Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and where applicable adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

20 Summary of significant accounting policies (continued)

(k) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at historical cost, less any accumulated amortisation and impairment losses. The useful lives of intangible assets that are available for use are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication of impairment. Amortisation methods and periods for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation method and/or period, as appropriate, which is a change in accounting estimate and applied prospectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income.

(i) Acquisition of intangible assets

The group has applied judgement in determining the accounting treatment for the acquisition of license agreements. License agreements have been determined to be stand alone transactions, independent from any other agreement entered between the group and the licensor. Management has also made the decision to account for the cost of the asset conferred by the license agreement based on the milestones that are probable of being payable, that is, those for which there is judged to be a probability of greater than 50% that the milestone will be triggered and expected to be triggered within 24 months.

Future changes to probability of milestones becoming payable in subsequent periods will be captured in the consolidated statement of profit or loss and other comprehensive income.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits, adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

(iii) Amortisation methods and useful lives

Management has assessed capitalised patents, licences and other rights as available for their intended use. These assets are amortised on a straight-line basis over the period of their expected benefit.

(l) Trade and other payables

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

20 Summary of significant accounting policies (continued)

(m) 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.

(n) 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 year 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 year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year 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 year, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'Omnibus Incentive Plan' (OIP). Information relating to these schemes is set out in note 16.

Employee options

The fair value of options granted under the OIP 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).

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 year, 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.

20 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(iv) Forfeiture payments

The group has incurred liabilities for forfeiture payments relating to the forfeiture of long-term incentive with their former employment. Costs are discounted using RBA risk-free rates based on the years until payment from the employees commencement date. The total expense is recognised over the vesting period, which is the period between the commencement of the employee and the date the payment is due.

(o) 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.

(p) Convertible notes

Convertible notes are assessed for embedded derivatives at issue. The embedded derivatives are separated from the notes and accounted for at the fair value through profit or loss. The residual value of the note is accounted for at amortised cost using the effective interest method. Transaction costs of issues are allocated proportionately to the two components. Costs allocated to the note liability reduced the initial carrying value, while costs allocated to the embedded derivative were recognised in the profit or loss immediately. The fair value change for the derivative and effective interest for the note is accounted for until conversion where the note is converted to ordinary shares. The carrying values of both the note liability and derivative liability were transferred to share capital at conversion date.

(q) Loss per share

(i) Basic loss per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(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.

(r) 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 financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(s) 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.

20 Summary of significant accounting policies (continued)

(s) Goods and Services Tax (GST) (continued)

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 statement of financial position.

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 29 to 75 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 group's financial position as at 30 June 2022 and of its performance for the financial year 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 20(a) confirms that the financial statements also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Mr Paul Hopper
Executive Chairman

Sydney
30 September 2022

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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 subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year 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 2022 and of its performance for the year 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 auditor independence requirements of 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.

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Material uncertainty related to going concern

We draw attention to Note 20(a)(iii) in the financial statements, which indicates that the Group incurred a net loss of \$30,420,008 and had net assets of \$62,962,719 during the year ended 30 June 2022. As stated in Note 20(a)(iii), these events or conditions, along with other matters as set forth in Note 20(a)(iii), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 of the current period. These 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.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 5(a)	
<p>The Group has capitalised intangible assets associated with the development and commercialisation of oncology products for diagnostic and therapeutic uses, totalling approximately \$56 million as at 30 June 2022.</p> <p>Majority of these assets are considered to be in use. For those assets in use, in accordance with AASB 136 <i>Impairment of Assets</i>, management is required to assess at each reporting date if there are any indicators of impairment which may suggest the carrying value is in excess of the recoverable amount.</p> <p>Significant judgement is required of management to develop assumptions for the recoverable amount of the assets for the purpose of satisfying the impairment considerations under AASB 136.</p> <p>We have determined this is a key audit matter due to:</p> <ul style="list-style-type: none">the significance of these assets recognised in the consolidated statement of financial position;the significant judgement involved in determining the initial and subsequent recognition of contingent consideration related to the license agreements; andthe significant judgement involved in the assessment of impairment indicators and the related determination of fair value less costs of disposal when impairment indicators are identified, which incorporates a number of key estimates and assumptions.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">Obtaining and reviewing management's accounting paper regarding initial recognition of new license agreements;Reviewing the appropriateness of the costs being recognised as part of the asset at initial recognition of new licenses;Assessing the accounting treatment relating to the development milestones that the Group is required to achieve across the period of the license agreement;Validating the appropriateness of management's determination of the asset's useful life;Assessing the existence of potential impairment indicators;Obtaining the Group's latest impairment assessment for all license agreements and validating appropriateness of the recoverable amount;Evaluating the competence, capabilities and objectivity of the valuation expert engaged by the company to perform the impairment testing for the intangible assets;Engaging our internal valuation experts to review the valuation expert's impairment testing of the intangible assets;Assessing other qualitative considerations applicable to the impairment assessment of intangible assets; andReviewing the adequacy of disclosures in the financial statements.

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 year ended 30 June 2022, 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 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 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 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/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 15 to 24 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Radiopharm Theranostics Limited, for the year ended 30 June 2022 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 30 September 2022

The shareholder information set out below was applicable as at 27 September 2022.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	No. of holders (shares)	Class of equity security		
		Shares	No. of holders (options)	Options
1 - 1000	26	5,607	-	-
1,001 - 5,000	332	1,028,066	-	-
5,001 - 10,000	321	2,620,170	-	-
10,001 - 100,000	1,079	39,254,098	4	293,335
100,001 and over	211	212,525,307	19	49,598,009
	1,969	255,433,248	23	49,891,344

There were 184 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
PAUL HOPPER	90,650,000	35.49
NANOMAB TECHNOLOGIES LIMITED	28,295,131	11.08
UBS NOMINEES PTY LTD	5,500,000	2.15
TRIMT GMBH	4,444,444	1.74
RICCARDO CANEVARI	4,350,000	1.70
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED <SUPER FUND A/C>	3,416,666	1.34
DULYNE PTY LTD <THE ATLANTIS SUPER FUND A/C>	3,000,000	1.17
NATIONAL NOMINEES LIMITED	2,892,759	1.13
HSBC CUSTODY NOMINEES	2,853,027	1.12
CITICORP NOMINEES PTY LIMITED	2,737,921	1.07
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,566,833	1.00
CRANPORT PTY LTD <NO 4 - A/C>	2,527,778	0.99
MR RICHARD JOHN MANN	2,083,500	0.82
FINTER NOMINEES PTY LTD <TJF FAMILY A/C>	1,400,000	0.55
ZERRIN INVESTMENTS PTY LTD	1,283,334	0.50
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,208,900	0.47
BNP PARIBAS NOMS PTY LTD <DRP>	1,207,737	0.47
DR PAUL PHILIP NAKHLA	1,015,170	0.40
SHAREHOLDERS MUTUAL ALLIANCE PTY LTD <SHMA SUPER FUND A/C>	1,000,000	0.39
THOMAS H TULIP	1,000,000	0.39
ALEXANDRA JANE HOPPER	1,000,000	0.39
MS HORATIA ISABELLE WISEMAN HOPPER	1,000,000	0.39
INDIA LUCY HOPPER	1,000,000	0.39
PAUL DAVID MOZLEY	1,000,000	0.39
SCARLETT AUGUSTA HOPPER	1,000,000	0.39
MANN BEEF PTY LTD <LOCHWALL SUPER FUND A/C>	889,723	0.35
	169,322,923	66.27

B. Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	49,891,344	17

C. Substantial holders

Substantial holders in the group are set out below:

	Number held	Percentage
Paul Hopper	90,000,000	35.50%
NanoMab Technology Limited	26,999,999	10.70%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options: No voting rights.

E. Securities subject to voluntary escrow

The securities subject to voluntary escrow are set out below:

	Expiry date	Number of shares
Ordinary shares	18 Nov 2022	25,555,555
Ordinary shares	27 Jan 2023	1,926,177
Ordinary shares	16 Nov 2023	100,000,000
		<u>127,481,732</u>



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Annual Report:

**Year Ended
30 June 2022**

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