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Telix Pharmaceuticals to Acquire European Production Facility

Melbourne (Australia), Brussels (Belgium) – 3 October 2019. Telix Pharmaceuticals Limited (ASX:TLX, "Telix", the "Company") a clinical-stage biopharmaceutical company focused on the development of diagnostic and therapeutic products based on "molecularly-targeted radiation" (MTR), has today disclosed that it has entered into a conditional purchase agreement ("Agreement") with Eckert & Ziegler Strahlen und Medizintechnik Aktiengesellschaft ("EZAG") to acquire a licensed radiopharmaceutical production facility in Seneffe, Belgium (the "Site").

Telix expects that its future European manufacturing needs will be met by the acquisition of the Site. In the Americas and Asia/Pacific regions, Telix has established partnerships with leading firms that have sufficient manufacturing capacity to support commercialisation. In contrast, the European radiopharmaceutical manufacturing landscape is fragmented and lacks the scale-up production capacity to deliver Telix's needs across its product portfolio.

The timing of this acquisition is important as the Company expects to complete two European product launches in the next 18-24 months (subject to regulatory approvals) and there is significant lead-time to complete the necessary regulatory and compliance requirements for the Site. Telix expects to continue to work with key existing EU contract manufacturing partners for both backup manufacturing and product delivery in certain territories where existing production solutions may be adequate.

The Site consists of approximately 35,000m^2 of land and building space of 2,350m^2 (2,000m^2 of utilised space and 350m^2 for utilities/HVAC). The Site consists of 1,000 m^2 of laboratory/production space and 300m^2 of logistics space. The Site currently has two installed cyclotron vaults in a controlled area (250m^2) and has capacity for an additional 6 cyclotron vaults if required. Uniquely, the floorplan and utility space is purposely designed to support both radiometals (e.g. ^{89}Zr, ^{177}Lu) and radiohalogens (e.g. ^{131}I), used in Telix's product portfolio.

Ownership of the Site will deliver the following commercial benefits to Telix:

1) A Class IIA licence, enabling Telix to manufacture a broad range of diagnostic and therapeutic radiopharmaceuticals. The Site has one of the most extensive private nuclear licenses in Europe, delivering enormous operational flexibility to the Company and the ability to deliver Telix's European production needs for its entire product portfolio.

2) Expansion of Telix's existing product R&D and commercial manufacturing footprint in Belgium. Belgium has an exceptionally skilled workforce in the field of radiopharmaceutical manufacturing, with proactive government agencies that have demonstrated a long-term commitment to the nuclear medicine industry.

3) A fully-licensed production facility strategically located in western Europe with excellent logistics and ready access to key commercial territories.

4) The capability to produce certain isotopes at the Site in the future (if required), to protect and augment Telix's core supply chain.

The Site is considered to be a “brownfield” site but has been largely decommissioned from prior use. The Site has passed the requisite environmental audits and other than the cyclotron vaults (that Telix expects to reuse in the future for isotope production) the Site has been decontaminated by the prior owner.

Telix will acquire the Site for a nominal cash sum in addition to assuming the future decommissioning liability associated with the Site. This liability is currently estimated to be up to €5.2m over the operating lifetime of the Site, with certain downside cost and risk mitigations in place with relevant government agencies as part of the proposed transaction structure. There are no material commercial or human resource liabilities associated with the acquision of the Site.

CEO Dr. Christian Behrenbruch stated, “This is a big step forward for Telix, but it is a commercially necessary step given the Company’s commercial trajectory over the next two years. The Site is unique in both the depth of the license and its operational fit with our entire product portfolio. We’d like to acknowledge the excellent support and advice from a multitude of Belgian regulatory, science & technology, and economic development agencies that have worked very closely with us to validate the business case for this transaction.”

The completion of the transaction is subject to several closing conditions related to attaining the requisite regulatory approvals in Belgium. Key closing conditions include receiving approval from Belgium’s Federal Agency for Nuclear Control (FANC) for both the transfer of the licence to Telix and its amendment to enable production activities to commence, as well as repeat verification of key environment testing and regulator audits. Closing is expected to occur in the 1st half of 2020. The cost of acquisition, ownership and initial fit-out will not adversely impact the Company’s financial position in either 2019 or 2020.

About Telix Pharmaceuticals Limited

Telix Pharmaceuticals Limited (Telix) is a global biopharmaceutical company focused on the development of diagnostic and therapeutic products based on targeted radiopharmaceuticals or “molecularly-targeted radiation” (MTR). The company is headquartered in Melbourne with international operations in Brussels (EU), Kyoto (JP) and Indianapolis (US). Telix is developing a portfolio of clinical-stage oncology products that address significant unmet medical need in renal, prostate and brain (glioblastoma) cancer. Telix is listed on the Australian Securities Exchange (ASX: TLX). For more information visit www.telixpharma.com.

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