



IMUGENE

Developing Cancer
Immunotherapies

ASX:IMU

REVIEW OF
OPERATIONS

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PRELIMINARY FINAL REPORT 2023



IMUGENE LIMITED APPENDIX 4E

YEAR ENDED 30 JUNE 2023

Name of entity: Imugene Limited
ABN: 99 009 179 551
Year ended: 30 June 2023
Previous period: 30 June 2022

Results for announcement to the market

			\$
Revenue from ordinary activities	-	-% to	-
Loss from ordinary activities after tax attributable to members	Up	3.44% to	(39,171,079)
Net loss for the period attributable to members	Up	3.44% to	(39,171,079)

Distributions

No dividends have been paid or declared by the company for the current financial year. No dividends were paid for the previous financial year.

Explanation of results

Please refer to the review of operations and activities on pages 4 to 9 of the Preliminary Final Report for explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities and the preliminary financial statements for the year ended 30 June 2023.

Net tangible assets per security

	2023 Cents	2022 Cents
Net tangible asset backing (per security)	2.28	1.80

Changes in controlled entities

There have been no other changes in controlled entities during the year ended 30 June 2023.

Other information required by Listing Rule 4.3A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

Audit

The report is based on accounts which are in the process of being audited.

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IMUGENE

Developing Cancer Immunotherapies

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Preliminary Final Report 2023

**REVIEW OF
OPERATIONS**

REVIEW OF OPERATIONS & ACTIVITIES

YEAR ENDED 30 JUNE 2023

Imugene Limited is pleased to announce its preliminary financial results for the year ended 30 June 2023.

FINANCIAL REVIEW

The group reported a loss for the year ended 30 June 2023 of \$39,171,079 (30 June 2022: \$37,869,174). This increased loss compared to the comparative period is largely due to the increase in clinical trial and research activities undertaken by the group. On the back of a successful capital raise, the group's net assets increased to \$188,369,813 (30 June 2022: \$138,704,744). As at 30 June 2023, the group had cash reserves of \$153,150,662 (30 June 2022: \$99,887,725).

As announced on 18 August 2023, Imugene received firm commitments from institutional and sophisticated investments for a \$35 million placement of 416,700,000 new fully paid ordinary shares in the Company at a price of \$0.084 per share. The placement received strong interest and support from specialist biotech institutional investors.

Imugene are also undertaking a Share Purchase Plan to further raise approximately \$30 million to follow the Placement. Under the Placement and SPP, participants will receive one free option for every share received under the offer, at the lower of \$0.084 or 2.5% discount to the closing 5-day VWAP. The options are intended to be listed on the ASX with an exercise price of \$0.118 and an expiration of 31 August 2026.

OPERATING REVIEW

ONCARLYTICS

FDA Clearance for Phase 1 Trial

Imugene obtained Investigational New Drug (IND) clearance from the US Food and Drug Administration (FDA) for a Phase 1 clinical trial for its oncolytic virotherapy candidate, onCARlytics (on-CAR-19, CF33-CD19, HOV4). The clinical study, named "OASIS," is investigating the safety and tolerability of onCARlytics. It aims to determine its effects when administered either intravenously or intratumorally in combination with blinatumomab in patients with solid tumors.

The onCARlytics platform, when combined with the CD19 targeting bispecific monoclonal antibody blinatumomab (Blincyto®), may offer a therapeutic approach for solid tumors that cannot be addressed with Blincyto® as a standalone treatment.

The FDA clearance of the IND allows Imugene to start patient recruitment and dosing in the first-in-class Phase 1 clinical study.

Positive new data for onCARlytics virus combined with ARTEMIS® T cells

Imugene presented preclinical data at the American Society of Gene and Cell Therapy's Annual Meeting. This data pertains to the combined use of the onCARlytics technology and Eureka Therapeutics, Inc.'s ARTEMIS® cell receptor platform. The combined approach was evaluated against hepatocellular carcinoma, a primary form of liver cancer. In this context, ARTEMIS® T cells have shown distinct attributes, such as better tumor infiltration and increased T cell persistence, compared to traditional CAR T cell therapies in pre-clinical trials.

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Imugene presents at Society for Immunotherapy of Cancer 2022 Annual General Meeting

Imugene's onCARlytics platform was featured at the Society for Immunotherapy of Cancer 2022 Annual General Meeting. The platform was highlighted in three presentations, including on its combined efficacy with therapies such as Celularity's CYCART-19 T cells and Estrella's CD19-Redirected ARTEMIS® T cells. Detailed findings and data from these presentations are available on the Imugene website.

Collaboration with Arovella Therapeutics

Imugene and Arovella Therapeutics Ltd initiated a collaborative project to test the integration of Arovella's CAR19-iNKT cell therapy with the onCARlytics platform. The primary goal of this collaboration is to explore potential treatments for solid tumors. This approach utilizes the capability of Imugene's technology to induce solid tumors to express the CD19 marker, potentially facilitating the targeting capabilities of Arovella's ALA-101.

VAXINIA

Phase 1 MAST Trial Progress

The Phase 1 MAST trial for VAXINIA (CF33-hNIS) has consistently progressed according to the planned schedule. As at the end of the financial year, the trial was dosing:

- The third cohort for the intratumoral (IT) arm of the monotherapy study.
- The fourth cohort for the intravenous (IV) arm of the monotherapy study.
- The first cohort of the IT arm of the combination study.
- The second cohort of the IV arm of the combination study.

This multicenter trial began by administering a low dose of VAXINIA to patients with metastatic or advanced solid tumors who have undergone at least two previous standard care treatments. The oncolytic virus developed by City of Hope has shown potential in shrinking several cancer types, including colon, lung, breast, ovarian, and pancreatic cancer in both laboratory and animal models. Overall, the study aims to recruit up to 100 patients across approximately 10 trial sites in the United States and Australia.

The clinical trial is titled "A Phase I, Dose Escalation Safety and Tolerability Study of VAXINIA (CF33- hNIS), Administered Intratumorally or Intravenously as a Monotherapy or in Combination with Pembrolizumab in Adult Patients with Metastatic or Advanced Solid Tumours (MAST)." The trial commenced in May 2022 and is anticipated to run for approximately 24 months.

Australian Expansion with HREC Approval

Imugene received approval from the Human Research Ethics Committee (HREC) to begin dosing patients in Australia. This approval signifies the initial independent assessment of VAXINIA's pre-clinical safety and efficacy data within Australia, allowing the clinical trial to expand to local sites. The Tasman Oncology Research in Eastwood, South Australia, was the first hospital granted this ethics approval, with additional clinical sites since having opened in Australia.

Partnership with ABL

In October 2022, Imugene partnered with the Contract Development and Manufacturing Organization (CDMO) ABL for the manufacturing of Imugene's VAXINIA oncolytic virus for its MAST clinical studies. This collaboration provides Imugene access to ABL's premier CDMO services, complete with analytical support, GMP manufacturing, and drug product fill-finish.

CHECKvacc

First Patient Dosed in Cohort 3 in the Phase I Clinical Trial of Oncolytic Virotherapy CHECKvacc

In August 2022, the Company announced that City of Hope® had dosed the first patient in cohort 3 in the Phase I clinical trial of oncolytic virotherapy candidate CHECKvacc (CF33-hNIS-antiPDL1). The first-in-human, Phase 1, single-centre, dose-escalation study of CHECKvacc is recruiting patients with triple negative breast cancer (TNBC) and seeks to evaluate the safety and initial evidence of the efficacy of intra-tumoural administration of CF33-hNIS-antiPDL1 against metastatic TNBC.

The trial design involves a dose escalation, followed by an expansion to 12 patients at the final dose, which will be the recommended phase 2 dose (RP2D).

Positive imaging data presented on CHECKvacc at AACR Annual Meeting

At the AACR Annual Meeting held in Orlando, Florida during April 2023, Imugene presented positive imaging data on its oncolytic virotherapy candidate, CHECKvacc (CF33-hNIS-antiPDL1).

Dr Jamie Rand, an Assistant Professor in the Division of Breast Surgery at the City of Hope's Department of Surgery, presented the abstract titled "hNIS imaging data from a first-in-human trial of the oncolytic virus CF33-hNIS-antiPDL1 in patients with triple negative breast cancer."

Imugene presents new and first CHECKvacc data at the 2022 San Antonio Breast Cancer Symposium

The 2022 San Antonio Breast Cancer Symposium (SABC 2022) was held on 9 December 2022 in San Antonio, Texas. Imugene presented new and first data from triple negative breast cancer (TNBC) patients in the Phase I CHECKVacc trial.

PD1-VAXX

First patient dosed in combination study for PD1-Vaxx IMPRINTER clinical trial

On 1 June 2023, the Company announced the first patient had been dosed in the combination cohort of the IMPRINTER study, a clinical trial to evaluate the safety and efficacy of Imugene's PD1-Vaxx, a B-cell activating immunotherapy alone or in combination with atezolizumab (Tecentriq®), an immune checkpoint inhibitor targeting PD-L1 from Roche, in patients with non-small cell lung cancer (NSCLC).

The objectives of the open label, multi-center, dose escalation/expansion, phase 1/1b study of IMU-201 (PD1-Vaxx), a B-Cell Immunotherapy as monotherapy or in combination with atezolizumab with or without chemotherapy, in adults with non-small cell lung cancer (IMPRINTER), are to determine safety, efficacy, and optimal dose of PD1-Vaxx in combination with atezolizumab as therapy in ICI treatment-naïve NSCLC patients or ICI pretreated patients.

The study is being conducted at sites in USA and Australia. Dual targeting of the PD-1/PDL1 axis is an area of considerable interest, providing treatment options for patients with cancer. Combination with PD1-Vaxx may overcome treatment resistance to ICIs with dual

inhibition of the PD-1/PD-L1 axis extending the treatment benefit of atezolizumab. In contrast to the combination of two monoclonal antibodies, PD1-Vaxx induces a unique polyclonal immune response which may increase response rates for the combination therapy.

PD1-Vaxx immunotherapy patent extended in the US

Imugene announced the extension of a patent (number 11,684,929) by the United States Patent Office.

The granted claims protect Imugene's immunotherapeutic PD1-Vaxx, a first-in-class programmed death-1 (PD1) vaccine, currently in clinical development for non-small cell lung cancer (NSCLC).

Review of Operations

The patent titled “HUMAN PD1 PEPTIDE VACCINES AND USES THEREOF” will expire on 11 February 2040 (including 685 days of patent term adjustment added to the original expiry date of 28 March 2038) and protects the composition of matter and method of treatment in cancer of Imugene’s PD1-Vaxx for the generation of a therapeutic antibody response against the PD1 checkpoint target.

PD1-Vaxx Data Presented at 2022 World Conference on Lung Cancer

During August 2022 data from non-small cell lung cancer patients in the Phase 1 IMPRINTER trial was presented as a poster presented at the IASLC World Conference on Lung Cancer. Professor Michael Boyer M.D., MBBS, FRACP, PhD, Chris O'Brien Lifehouse Hospital presented the poster, titled “Phase 1: IMU-201 (PD1-Vaxx), a B-Cell Immunotherapy as Monotherapy or in Combination with Atezolizumab, in Adults with Non-Small Cell Lung Cancer.

HER-Vaxx/CF33

First Patient Dosed in nextHERIZON Phase 2 clinical trial

During September 2022, the Company announced that the first patient was dosed in the nextHERIZON Phase 2 clinical trial investigating Imugene’s immunotherapy candidate HER-Vaxx in combination with chemotherapy or pembrolizumab in patients with HER-2+ gastric cancer.

The patient was dosed at the Queen Elizabeth Hospital in Adelaide.

The open-label, multi-center, signal generating, Phase 2 clinical trial is designed to assess the safety and efficacy of HER-Vaxx in combination with chemotherapy or pembrolizumab in patients with metastatic HER-2/neu overexpressing gastric or gastroesophageal junction adenocarcinomas, who have previously progressed on trastuzumab. The study’s primary endpoints are safety and response rate, while secondary endpoints include duration of response, progression free survival, overall survival, and biomarker evaluation.

HER-Vaxx induced antibodies correlated with tumour reduction

At the end of the period Imugene announced new HER-Vaxx data was presented at the World Congress of Gastrointestinal Cancer in Barcelona.

For 25 years, the World Congress on Gastrointestinal Cancer has been the foundation for sharing the most advanced research and innovations impacting the field of Gastrointestinal Cancer. As the largest global gathering in the field, the Congress brings together leading gastroenterology, oncology, pathology, and hepatology experts, clinicians, and surgeons, as well as clinical researchers from across the globe to share pioneering research, approaches, and best practices in treating patients with cancers of the gastrointestinal tract.

Imugene’s HER-Vaxx & CF33 platforms featured at ASCO Gastrointestinal Cancers Symposium

The ASCO Gastrointestinal Cancers Symposium, was held on 19-21 January 2023 in San Francisco, California. The 20th annual international event highlights the latest developments and breakthroughs in the field of gastrointestinal oncology, attended by more than 4,000 scientific figures, clinical researchers, academics, oncologists and medical practitioners from around the world.

Imugene presented its HER-Vaxx and CF33 technologies at this symposium across four separate sessions. The slides and posters can be viewed on the Imugene website.

HER-Vaxx HERIZON data presented at ESMO Asia Congress 2022

Positive new data regarding overall survival results in the HER-Vaxx HERIZON study was provided in an oral presentation at the ESMO Asia Congress in Singapore during December 2022.

Principal investigator of the study, Marina Maglakelidze, outlined the study design, information regarding demographics and characteristics of the 36 patients in the trial, and data covering safety and adverse events.

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CORPORATE

Presentation to J.P. Morgan Healthcare Conference

Imugene was invited to present at the 41st Annual J.P. Morgan Healthcare Conference. The conference was held 9–12 January 2023 at The Westin St. Francis in San Francisco, California, USA. The J.P. Morgan Healthcare Conference is one of the largest and most prestigious events on the healthcare and biotechnology industry calendar each year, with more than 3,000 global investors in attendance at the 2022 event. A recording of the presentation by Imugene CEO and Managing Director Leslie Chong can be found on the Imugene website.

Board & management changes

Dr. Jakob Dupont joined Imugene during the year as a Non-Executive Director. With more than 20 years' experience specializing in oncology, he has been a part of NASDAQ-listed Atara Biotherapeutics where he had oversight on several clinical stage programs. Prior to Atara, Dr Dupont spent more than six years in various roles at Genentech/Hoffman-La Roche including as Vice President, Global Head of Breast and GYN Cancer Development, in addition to a further five years at Oncomed Pharmaceuticals as Senior Vice President and Chief Medical Officer.

Also appointed to the board was US biotech executive Ms Kim Drapkin, who joins as a Non-Executive Director. With more than 25 years of experience in the biotechnology and pharmaceutical sectors, Ms Drapkin possesses a strong background in finance, capital raising, and strategic financial planning. She held the position of CFO and Treasurer at Jounce Therapeutics, Inc. from 2015 until its acquisition in May 2023, having played a pivotal role in the company's growth and financing since its inception. Alongside the CEO, she represented Jounce in the investment and analyst community and was a key figure in the company's IPO and subsequent NASDAQ listing.

Mike Tonroe was appointed as Imugene's Chief Financial Officer. He brings a diverse background from roles spanning multiple countries. Notably, he served as CFO and Company Secretary for renowned ASX-listed companies such as Opthea Limited and Genetic Technologies Limited. Mr. Tonroe also played a pivotal role in the US IPO and NASDAQ listing of Opthea. His experience extends beyond the biopharmaceutical sector, having worked in the technology, energy, and travel sectors, and includes tenures with major accounting firms KPMG and Deloitte. Later in the financial year Mr Tonroe was also appointed Company Secretary of Imugene.

Dr. Giovanni Selvaggi was appointed Imugene's Chief Medical Officer in October 2022. A pulmonologist trained in thoracic malignancies with a focus on lung cancers and mesothelioma, he has over a decade of experience in the pharmaceutical industry. In July 2023, it was announced that Dr. Ron Weitzman was appointed Imugene's Interim Chief Medical Officer, replacing the departing Dr. Giovanni Selvaggi. Prior to joining Imugene, Dr. Ron Weitzman held leadership roles at various global biopharmaceutical companies, including Tango Therapeutics, Exelixis, Genentech and Novartis.

Paul Wright was appointed as Vice President CMC (Chemistry, Manufacturing and Controls). He brings over 25 years of experience in protein and virus production. Notably, spent 21 years at Pfizer, holding various significant roles and was instrumental in leading teams focused on the development of cancer vaccine projects.

Dr. Sharon Yavrom was also appointed as Executive Director, Clinical Scientist. She boasts nearly 20 years of industry experience and has held leadership positions at industry leaders such as TAP Pharmaceuticals, Amgen, and BMS.

\$80 million institutional Placement

In September 2022, the Company announced that it had received firm commitments to raise \$80 million Placement at \$0.20 per share, led by two leading institutional investors with significant healthcare and biotechnology expertise. The funds raised provided an extended runway for Imugene's deep pipeline of clinical programs and corporate growth opportunities.

Receipt of \$12.6m R&D tax refund

During April 2023, Imugene was pleased to announce it received its research and development (R&D) tax refund for the 2022 financial year, totalling \$12.6m. The refund received by Imugene will enable the further clinical development of its immune-oncology pipeline.

EVENTS SINCE THE END OF THE YEAR

On 16 August 2023, the Company announced that it has entered into an agreement with Precision Biosciences, Inc. (NASDAQ GS: DTIL) of North Carolina, USA, to acquire a worldwide exclusive license to Precision's azer-cel allogeneic CD19 CAR T cell therapy program.

On 18 August 2023, the Company announced it has received firm commitments from institutional and sophisticated investors for a \$35 million placement (the Placement). Imugene is also undertaking a Share Purchase Plan to further raise approximately \$30 million to follow the Placement.

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Developing Cancer Immunotherapies

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Preliminary Final Report 2023

**FINANCIAL
STATEMENTS**

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Other income	1(a)	10,521,439	12,969,883
Other losses	1(b)	(251,641)	(237,839)
General and administrative expenses	1(c)	(20,428,456)	(14,061,251)
Research and development expenses	1(c)	(30,864,770)	36,611,892)
Operating loss		(41,023,428)	(37,941,099)
Finance income	1(d)	1,879,802	192,249
Finance expenses	1(d)	(27,453)	(120,324)
Finance income - net		1,852,349	71,925
Loss before income tax		(39,171,079)	(37,869,174)
Income tax expense	2	-	-
Loss for the period		(39,171,079)	(37,869,174)
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Foreign currency translation		(50,889)	(47,904)
Total comprehensive loss for the period attributable to the ordinary equity holders of the company:		(39,221,968)	(37,917,078)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share		(0.62)	(0.67)

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

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	3(a)	153,150,662	99,887,725
Trade and other receivables	3(b)	10,849,105	12,768,327
Other current assets		401,566	1,110,093
Total current assets		164,401,333	113,766,145
Non-current assets			
Property, plant and equipment	4(a)	682,973	862,786
Intangible assets	4(b)	30,485,563	32,689,474
Financial assets at amortised cost		217,564	252,364
Other assets		19,309	34,902
Total non-current assets		31,405,409	33,839,526
Total assets		195,806,742	147,605,671
Current liabilities			
Trade and other payables	3(c)	3,498,286	5,384,229
Other financial liabilities	3(d)	1,923,077	1,422,558
Employee benefit obligations	4(c)	471,528	433,574
Other current liabilities	4(d)	191,057	184,152
Total current liabilities		6,083,948	7,424,513
Non-current liabilities			
Other financial liabilities	3(d)	985,450	985,450
Employee benefit obligations	4(c)	5,116	1,684
Other non-current liabilities	4(d)	362,415	489,280
Total non-current liabilities		1,352,981	1,476,414
Total liabilities		7,436,929	8,900,927
Net assets		188,369,813	138,704,744
EQUITY			
Share capital	5(a)	314,401,877	230,788,745
Other equity	5(b)	4,744,355	4,744,355
Other reserves	5(c)	11,915,776	6,692,760
Accumulated losses		(142,692,195)	(103,521,116)
Total equity		188,369,813	138,704,744

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

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

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		Attributable to owners of Imugene Limited				
	Notes	Share capital \$	Other equity \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022		230,788,745	4,744,355	6,692,760	(103,521,116)	138,704,744
Loss for the period		-	-	-	(39,171,079)	(39,171,079)
Other comprehensive income		-	-	(50,889)	-	(50,889)
Total comprehensive loss for the period		-	-	(50,889)	(39,171,079)	(39,221,968)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	5(a)	75,023,168	-	-	-	75,023,168
Options issued/expensed	5(c)	-	-	6,164,558	-	6,164,558
Options exercised, net of transaction costs	5(c)	8,373,579	-	(890,653)	-	7,482,926
Issue of shares in lieu of payment of services	5(c)	216,385	-	-	-	216,385
		83,613,132	-	5,273,905	-	88,887,037
Balance at 30 June 2023		314,401,877	4,744,355	11,915,776	(142,692,195)	188,369,813

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

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(44,272,641)	(37,390,059)
Research and development tax incentive received		12,614,130	6,541,921
Net cash outflow from operating activities	6(a)	(31,658,511)	(30,848,138)
Cash flows from investing activities			
Payments for financial assets at amortised cost		-	(137,166)
Payments for property, plant and equipment		9,626	(257,686)
Payments for other non-current assets		-	(19,309)
Interest received		1,879,802	193,174
Net cash (outflow) from investing activities		1,889,428	(220,987)
Cash flows from financing activities			
Proceeds from issues of shares		88,169,890	108,877,024
Share issue transaction costs		(5,041,921)	(6,151,372)
Payments for financial liabilities		-	(1,360,650)
Proceeds from borrowings		-	134,000
Principal elements of lease payments		(147,413)	(144,809)
Interest paid		-	(13,580)
Net cash inflow from financing activities		82,980,556	101,340,613
Net increase (decrease) in cash and cash equivalents		53,211,473	70,271,488
Cash and cash equivalents at the beginning of the financial year		99,887,725	29,487,025
Effects of exchange rate changes on cash and cash equivalents		51,464	129,212
Cash and cash equivalents at end of year	3(a)	153,150,662	99,887,725

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

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

30 JUNE 2023

1. OTHER INCOME AND EXPENSE ITEMS

(a) Other income

	Notes	2023 \$	2022 \$
Research and development tax incentive	1(a)(i)	10,485,339	12,614,130
Other items		36,100	355,753
		10,521,439	12,969,883

(i) R&D tax incentive

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2023, the group has included an item in other income of \$10,485,339 (2022: \$12,614,130) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

(b) Other losses

	2023 \$	2022 \$
Net foreign exchange losses	249,232	132,990
Net loss on disposal of property, plant and equipment	2,409	104,849
	251,641	237,839

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1. OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

(c) Breakdown of expenses by nature

	2023 \$	2022 \$
General and administrative expenses		
Accounting and audit	674,744	580,432
Consulting	652,718	602,855
Depreciation	190,320	203,357
Employee benefits	8,787,333	5,181,030
Insurance	829,363	565,399
Investor relations	506,516	334,902
Legal	638,460	242,954
Listing and share registry	430,182	625,738
Patent costs	192,742	608,505
Recruitment and staff training	461,786	177,560
Share-based payments	5,410,857	4,097,340
Superannuation	118,649	94,845
Travel and entertainment	1,267,410	582,035
Other	267,372	164,299
	20,428,456	14,061,251
Research and development expenses		
HER-Vaxx	5,876,550	5,360,268
PD1-Vaxx (KEY-Vaxx)	3,834,405	2,846,846
CF33	13,232,960	18,402,443
CD19	5,501,410	2,763,564
Milestone expenses	443,334	4,744,355
Consulting	1,960,021	2,418,531
Other	16,090	75,885
	30,864,770	36,611,892

(d) Net finance income

	2023 \$	2022 \$
<i>Finance income</i>		
Interest income from financial assets held for on fixed deposits/positive cash balances	1,879,802	192,249
Finance income	1,879,802	192,249
<i>Finance costs</i>		
Unwinding of discount in relation to leases	(27,453)	(13,580)
Unwinding of discount in relation to acquisition costs	-	(106,744)
Finance costs	(27,453)	(120,324)
Net finance income	1,852,349	71,925

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2. INCOME TAX EXPENSE

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

	2023 \$	2022 \$
Loss from continuing operations before income tax expense	(39,171,079)	(37,869,174)
Tax at the Australian tax rate of 25% (2022: 25%)	(9,792,770)	(9,467,294)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	(2,621,335)	(3,153,533)
Accounting expenditure subject to R&D tax incentive	6,026,057	7,249,501
Accrued expenses	(67,704)	67,704
Accrued interest income	(46,889)	232
Amortisation of patents	550,978	(424,976)
Blackhole expenditure (Section 40-880, ITAA 1997)	(226,969)	(226,969)
Employee leave obligations	32,625	30,423
Entertainment	24,493	2,693
Patent costs	48,186	152,126
Share-based payments	1,356,388	1,024,335
Prepayments	(112,325)	-
Unrealised currency gains	(890)	(63,782)
Subtotal	<u>(4,830,157)</u>	<u>(4,809,540)</u>
Tax losses and other timing differences for which no deferred tax asset is recognised	4,830,157	4,809,540
Income tax expense	<u>-</u>	<u>-</u>

(b) Tax losses

	2023 \$	2022 \$
Unused tax losses for which no deferred tax asset has been recognised	<u>64,324,706</u>	45,491,032
Potential tax benefit @ 25% (2022: 25%)	<u>16,081,176</u>	<u>11,372,758</u>

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Cash and cash equivalents

	2023 \$	2022 \$
Current assets		
Cash at bank and in hand	103,607,985	70,887,675
Deposits at call	49,542,677	29,000,050
	<u>153,150,662</u>	<u>99,887,725</u>

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3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Trade and other receivables

	Notes	2023			2022		
		Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Accrued receivables	3(b)(i)	10,674,499	-	10,674,499	12,615,735	-	12,615,735
Other Receivables		174,606	-	174,606	152,592	-	152,592
		10,849,105	-	10,849,105	12,768,327	-	12,768,327

(i) Accrued receivables

Accrued receivables comprise \$10,485,339 from the Australian Taxation Office in relation to the R&D tax incentive (2022: \$12,614,130) and \$189,160 interest income from deposits at call (2022: \$1,605).

(c) Trade and other payables

	2023			2022		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables	2,341,038	-	2,341,038	4,513,427	-	4,513,427
Accrued expenses	1,134,515	-	1,134,515	743,440	-	743,440
Other payables	22,733	-	22,733	127,362	-	127,362
	3,498,286	-	3,498,286	5,384,229	-	5,384,229

(d) Other financial liabilities

	2023			2022		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
HER-Vaxx contingent consideration	-	985,450	985,450	-	985,450	985,450
CD19 contingent consideration	1,923,077	-	1,923,077	1,422,558	-	1,422,558
	1,923,077	985,450	2,908,527	1,422,558	985,450	2,408,008

4. NON-FINANCIAL ASSETS AND LIABILITIES

(a) Property, plant and equipment

	Plant and equipment \$	Furniture, fittings and equipment \$	Leasehold improvements \$	Right-of-use assets \$	Total \$
Year ended 30 June 2023					
Opening net book amount	44,804	17,602	136,428	663,952	862,786
Additions	-	12,035	-	-	12,035
Disposals	-	(2,409)	-	-	(2,409)
Depreciation charge	(8,740)	(10,047)	(28,432)	(142,220)	(189,439)
Closing net book amount	36,064	17,181	107,996	521,732	682,973
At 30 June 2023					
Cost	74,437	47,959	188,574	711,488	1,022,458
Accumulated depreciation	(38,373)	(30,778)	(80,578)	(189,756)	(339,485)
Net book amount	36,064	17,181	107,996	521,732	682,973

(b) Intangible assets

	HER-Vaxx \$	PD1-Vaxx \$	Non PD1-Vaxx \$	CF33 \$	CD19 \$	Total \$
Non-Current assets						
Year ended 30 June 2022						
Opening net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383
Amortisation charge	(417,706)	(7,800)	(23,909)	(1,367,076)	(387,418)	(2,203,909)
Closing net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
At 30 June 2022						
Net book amount	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation	(834,268)	(15,580)	(47,753)	(2,730,407)	(434,120)	(4,062,128)
Net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
Year ended 30 June 2023						
Opening net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
Amortisation charge	(417,706)	(7,801)	(23,910)	(1,367,076)	(387,418)	(2,203,911)
Closing net book amount	5,347,781	107,289	255,012	19,303,866	5,471,615	30,485,563
At 30 June 2023						
Cost	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation	(1,251,974)	(23,381)	(71,663)	(4,097,483)	(821,538)	(6,266,039)
Net book amount	5,347,781	107,289	255,012	19,303,866	5,471,615	30,485,563

The Company's patents, licences and other rights are measured at initial cost, less any accumulated amortisation and impairment losses.

4. NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Employee benefit obligations

	2023			2022		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Leave obligations	471,528	5,116	476,644	433,574	1,684	435,258

(d) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023 \$	2022 \$
Right-of-use assets¹		
Properties	521,732	663,952
	<u>521,732</u>	<u>663,952</u>
Lease liabilities²		
Current	191,057	184,152
Non-current	362,415	489,280
	<u>553,472</u>	<u>673,432</u>

¹Included in the line item 'property, plant and equipment' in the consolidated balance sheet.

²Included in the line items 'other current liabilities' and 'other non-current liabilities' in the consolidated balance sheet.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Notes	2023 \$	2022 \$
Depreciation charge of right-of-use assets			
Properties		142,220	151,249
Interest expense (included in finance cost)	1(d)	27,453	13,580

The total cash outflow for leases in 2023 was \$169,710 (2022: \$158,389).

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5. EQUITY

(a) Share capital

	Notes	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares					
Fully paid		6,423,039,111	5,865,699,945	314,401,877	230,788,745
	5(a)(i)	6,423,039,111	5,865,699,945	314,401,877	230,788,745

(i) Movements in ordinary shares:

Details	Number of shares	Total \$
Balance at 1 July 2022	5,865,699,945	230,788,745
Issue on the exercise of listed options	819,665	44,262
Issue on the exercise of listed options	75,000	4,050
Issue on the exercise of listed options	768,100	41,477
Issue on the exercise of listed options	1,666	750
Issue at \$0.20 pursuant to placement (2022 09 19)	977,348	52,777
Issue on the exercise of listed options	400,000,000	80,000,000
Issue on the exercise of listed options	7,827,019	422,659
Issue on the exercise of listed options	3,324,849	179,542
Issue on the exercise of listed options	14,969,389	808,347
Issue on the exercise of listed options	5,000,000	200,000
Issue on the exercise of listed options	10,000,000	420,000
Transfer from reserves on exercise of ESOP unlisted options (2022 11 02)	20,000,000	900,000
Issue on the exercise of listed options	-	22,168
Issue on the exercise of listed options	7,631,658	412,110
Issue on the exercise of listed options	13,861,835	748,539
Issue on the exercise of listed options	18,739,827	1,011,951
Issue on the exercise of listed options	15,755,215	850,782
Transfer from reserves on exercise of ESOP unlisted options (2022 12 02)	26,264,190	1,418,266
Issue on the exercise of listed options	10,000,000	900,000
Issue at \$0.209 issued based on employment contracts (Yuman Fong)	1,721	774
Issue at \$0.14 issued based on employment contracts (Yuman Fong)	464,513	97,291
Issue at \$0.14 issued as sign on bonus (Sharon Yavrom) - Tranche 1	748,209	104,399
Issue on the exercise of listed options	104,962	14,695
Issue at \$0.45 on exercise of IMUOC options - Hans Winter	4,000	216
Less: Transaction costs arising on share issues	-	(5,041,921)
Balance at 30 June 2023	6,420,039,111	314,401,877

(b) Other equity

	2023 \$	2022 \$
Contingent issue of equity	4,744,355	4,744,355
	4,744,355	4,744,355

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5. EQUITY (CONTINUED)

(c) 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. A description of the nature and purpose of each reserve is provided below the table.

	Share- based payments \$	Foreign currency translation \$	Total other reserves \$
At 1 July 2022	6,740,664	(47,904)	6,692,760
Currency translation differences	-	(50,889)	(50,889)
Other comprehensive income	-	(50,889)	(50,889)
Transactions with owners in their capacity as owners			
Issue of options	6,164,558	-	6,164,558
Exercise of options	(890,653)	-	(890,653)
At 30 June 2023	12,014,569	(98,793)	11,915,776

(i) Movements in options:

Details	Number of options
Balance at 1 July 2022	372,982,152
Exercise of listed options	(156,408,556)
Issue of listed options	35,343,079
Exercise of ESOP unlisted options	-
Issue of ESOP unlisted options	226,413,535
Balance at 30 June 2023	478,330,210

6. CASH FLOW INFORMATION

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

Notes	2023 \$	2022 \$
Loss for the period	(39,171,079)	(37,869,174)
Adjustments for		
Contingent consideration	-	4,744,355
Depreciation and amortisation	2,203,911	2,407,266
Disposal of property, plant and equipment	-	104,849
Finance costs	1(d) 27,453	120,324
Finance income	1(d) (1,879,802)	(192,249)
Leave provision expense	41,386	191,532
Share-based payments	5,640,498	4,097,340
Unrealised net foreign currency (gains)/losses	(1,151)	(255,128)
Change in operating assets and liabilities:		
Movement in trade and other receivables	2,157,170	(6,107,502)
Movement in other operating assets	708,527	(940,017)
Movement in trade and other payables	1,385,424	2,850,266
Net cash inflow/(outflow) from operating activities	(31,658,511)	(30,848,138)

7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 16 August 2023, the Company announced that it has entered into an agreement with Precision Biosciences, Inc. (NASDAQ GS: DTIL) of North Carolina, USA, to acquire a worldwide exclusive license to Precision's azer-cel allogeneic CD19 CAR T cell therapy program.

As announced on 18 August 2023, Imugene received firm commitments from institutional and sophisticated investors for a \$35 million placement of 416,700,000 new fully paid ordinary shares in the Company at a price of \$0.084 per share (the Placement).

Imugene are also undertaking a Share Purchase Plan (SPP) to further raise approximately \$30 million to follow the Placement. Under the Placement and SPP, participants will receive one free option for every share received under the offer, at the lower of \$0.084 or 2.5% discount to the closing 5-day VWAP. The options are intended to be listed on the ASX with an exercise price of \$0.118 and an expiration of 31 August 2026.

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 1 provides further information on how the group accounts for government grants.

(b) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(c) 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) Patents, licences and other rights

The accounting policies for the group's patents, licences and other rights are explained in note 4(b).

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. The assessed useful life has been based on patent life.



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