

For personal use only

# Annual Report

Year Ended 30 June 2023

**Chimeric Therapeutics Limited**

ACN 638 835 828

**ASX: CHM**



# Chimeric Therapeutics Limited

ABN 68 638 835 828

## Annual Report - 30 June 2023

Corporate directory	1
Chairman's letter	2
Review of operations and activities	5
Material risk report	12
Directors' report	15
Directors and company secretary	16
Principal activities	16
Dividends - Chimeric Therapeutics Limited	16
Review of operations	16
Significant changes in the state of affairs	16
Events since the end of the financial year	17
Likely developments and expected results of operations	17
Environmental regulation	17
Information on directors	18
Company secretary	21
Meetings of directors	22
Remuneration report (audited)	23
Shares under option	34
Insurance of officers and indemnities	34
Proceedings on behalf of the group	35
Non-audit services	35
Auditor's independence declaration	35
Rounding of amounts	36
Auditor's Independence Declaration	37
Corporate governance statement	39
Financial statements	40
Independent auditor's report to the members	91
Shareholder information	97

For personal use only

<b>Directors</b>	Mr Paul Hopper <i>Executive Chairman</i>  Ms Jennifer Chow <i>Chief Executive Officer (CEO) and Managing Director</i>  Ms Leslie Chong (resigned 12 July 2023) <i>Non-Executive Director</i>  Dr Lesley Russell <i>Non-Executive Director</i>  Ms Cindy Elkins ((resigned 30 August 2023)23) <i>Non-Executive Director</i>  Dr George Matcham (resigned 3 August 2023) <i>Non-Executive Director</i>  Mr Phillip Hains (appointed 12 July 2023) <i>Executive Director</i>  Mr Eric Sullivan (appointed 30 August 2023) <i>Non-Executive Director</i>
<b>Secretaries</b>	Mr Phillip Hains  Mr Nathan Jong
<b>Principal registered office in Australia</b>	Level 3, 62 Lygon Street Carlton VIC 3053 Australia Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735
<b>Share register</b>	Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000 1300 737 760
<b>Auditor</b>	Grant Thornton Audit Pty Ltd Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Telephone: +61 (0)3 8320 2222
<b>Solicitors</b>	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 Telephone: +61 (0)7 3233 8888
<b>Bankers</b>	National Australia Bank 330 Collins Street Melbourne VIC 3000
<b>Stock exchange listings</b>	Chimeric Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX: CHM)
<b>Website</b>	<a href="http://www.chimerictherapeutics.com">www.chimerictherapeutics.com</a>

For personal use only

# Chairman's letter

# Executive Chairman's letter

Dear fellow shareholders,

I am pleased to present the Annual Report of Chimeric Therapeutics for the fiscal year ended 30 June 2023. As we reflect on our progress through the year, I continue to have great optimism and enthusiasm for what we're doing at Chimeric, whose value we believe will be recognised by the market in due course.

The 2023 fiscal year was primarily focused on driving our drugs into, or through clinical development, in addition to careful stewardship of our cash and cost controls, resulting in an extremely lean operation managing a prospective pipeline.

The first asset in the Chimeric portfolio, CLTX CAR T, which is in a Phase 1a trial for glioblastoma (GBM, brain cancer), at City of Hope, reached completion of the third patient cohort within the period and we have subsequently announced the final completion of the dose escalation study. This paves the way for news on the trial's safety and efficacy before the end of calendar 2023. We recently announced that we had also opened recruitment for CLTX at the Sarah Cannon Institute in Austin, Texas, under our own Phase 1B clinical trial and IND, and initial patients are currently in screening.

The Phase 1B study is a two-part study. Part A of the study is a small dose confirmation cohort of 3-6 patients that will confirm the recommended Phase 2 dose and administration schedule of CLTX CAR T, which has the potential to be a revolutionary cell therapy for patients with recurrent or progressive GBM. If results from the City of Hope Phase 1A study are favourable, we will move forward with Part B of the trial, a dose expansion cohort, followed by collaboration with global regulatory authorities to design and initiate a registrational trial.

Turning attention to our CORE-NK platform, through the exclusive license agreement with Case Western Reserve University (CWRU) we are exploring this innovative treatment for advanced colorectal and blood cancers.

During the year, this included the initiation of a CORE-NK + Vactosertib Phase 1b clinical trial. This is aimed at building upon the promising results from the completed Phase 1A trial by adding Vactosertib, an oral TGF- $\beta$  receptor inhibitor, to potentially disrupt the TGF- $\beta$  signaling pathway.

For our UPenn technology, we held a successful pre-Investigational New Drug (pre-IND) meeting with the US Food and Drug Administration (FDA) in March 2023 that provided invaluable guidance for our CDH17 CAR T Phase 1 study. Positive responses from the FDA have paved the way for our team to complete an IND submission.

Since balance date, in a most positive endorsement for our CORE-NK platform, we were approached by one of the world's leading cancer centres, MD Anderson Cancer Centre in Texas, to partner with them in a Phase 1B newly diagnosed Acute Myeloid Leukemia study using our technology. The study, a potentially groundbreaking trial as it is the first to investigate NK cells in front line AML therapy, has received IND clearance by the FDA and is expected to open to enrolment at MD Anderson by year end 2023. The financial support provided for the study by Chimeric, is modest.

For personal use only

Furthermore, under our Sponsored Research Agreement with Dr David Wald at Case Western, we also recently announced that our next generation armoured NK cell platform was showing very positive preclinical results, with >3 times more resistance to TGF- $\beta$  resistance and up to 80% increased potency in the presence of TGF- $\beta$ .

Manufacturing is a key component in CAR T cell therapy, and ensuring our supply chain in this regard has continued to be a priority for the management team. Further, our commitment to protecting these groundbreaking technologies is exemplified by patent grants in Japan, India, and Israel during the year. These patents further strengthen our position and allow us to continue to work with confidence.

Our leadership team has been strengthened with the appointments of Dr Jason Litten as Chief Medical Officer, Ms Cassandra Harrison as Vice President Clinical Operations and Data Management, and Dr Stephanie Astrow as Vice President, Translational Sciences. Their wealth of experience and expertise has already been instrumental in driving our clinical programs forward.

In the past fiscal year, we secured \$12.6 million in funding through a combination of share placements and a Share Purchase Plan (SPP). We are grateful for the support of our board, management team, and investors as we continue to pursue our mission to transform cancer treatment.

Chimeric Therapeutics remains committed to advancing innovative cell therapies to address the unmet needs of cancer patients. We are encouraged by our progress in FY23 and see the new financial year as having a substantial amount of promise and potential new flow. We extend our gratitude to our dedicated team, partners, shareholders, and stakeholders for their support.

I take this opportunity to thank our CEO Jenifer Chow for her dedication and leadership of the Company which she has adroitly managed with only a small team responsible for a deep portfolio comprising two Investigator Sponsored Trials (Case & MDA), one company IND and clinical trial (Glioblastoma) and the potential of another company IND (UPenn) in the foreseeable future.

On behalf of the Board, I thank you for your continued support.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Hopper', with a long horizontal flourish extending to the right.

Mr Paul Hopper  
Executive Chairman

For personal use only

For personal use only

# Review of operations and activities



## Review of Operations and Activities

**Year ended: 30 June 2023**

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

### Financial Review

The group reported a loss for the year ended 30 June 2023 of \$25,916,890 (30 June 2022: \$15,898,400). The increased loss largely relates to research and development and employment expenditure to progress the group's clinical trial and research activities.

At 30 June 2023 the group's net assets were \$5,660,716 (30 June 2022: \$25,706,308) with cash reserves of \$2,362,654 (30 June 2022: \$18,381,533).

### CLINICAL DEVELOPMENT UPDATES

#### **CHM 1101 (CLTX CAR T) Phase 1A, City of Hope clinical trial in recurrent brain cancer**

In December 2022, Chimeric announced the successful completion of the planned dosing of the third patient cohort (n=3) in the City of Hope Phase 1A dose escalation study evaluating the safety and maximum tolerated dose of Chimeric's CLTX CAR T cell therapy, in patients with recurrent or GBM.

Patients in this dose level received a total dose of  $240 \times 10^6$  CHM 1101 cells through dual routes of intratumoral and intraventricular administration.

Later during March 2023, Chimeric commenced treatment initiation for the first patient in cohort 4 in the CHM 1101 Phase 1A clinical trial for glioblastoma at City of Hope.

Patients in this dose level received a total dose of  $440 \times 10^6$  CHM 1101 cells through dual routes of intratumoral and intraventricular administration.

The Phase 1A CHM 1101 clinical trial is taking place at City of Hope, one of the largest cancer research and treatment organizations in the United States. Chimeric Therapeutics has licensed the exclusive global rights to intellectual property covering the chlorotoxin CAR-T cells from City of Hope. Behnam Badie, M.D., City of Hope Chief of Division of Neurosurgery, is the City of Hope trial's principal investigator.

The Phase 1A study aims to enrol 18-36 patients with MMP2+ recurrent or progressive GBM across 4 dose levels. Study objectives are to evaluate the safety and efficacy of CLTX CAR T and to establish recommended dosing for further clinical trials.

For personal use only





**Chimeric Therapeutics, CHM 1101 (CLTX CAR T) Phase 1B clinical trial in recurrent brain cancer**

In April 2023, Chimeric announced ethics approval for a new Chimeric-sponsored Phase 1B multi site clinical trial in patients with recurrent/ progressive glioblastoma.

Later, in June 2023, Chimeric announced the initiation of the new Chimeric-sponsored Phase 1B multi site clinical trial in patients with recurrent/ progressive glioblastoma at Sarah Cannon Research Institute (SCRI) in Austin, Texas.

The Chimeric Phase 1B clinical trial consists of two parts; Part A, is a dose confirmation cohort which will enrol 3-6 patients at the highest dose tested in the ongoing Phase 1A trial at City of Hope Cancer Centre (440 X 10<sup>6</sup> CHM 1101 cells).

In late 2023, Chimeric plans to evaluate the clinical safety and activity data from the City of Hope CHM 1101 Phase 1A program. If the results are positive, Part B of the Phase 1B trial, a dose expansion cohort, will be initiated to enrol an additional 12 to 26 patients. Following the successful completion of the Part B cohort, Chimeric intends to collaborate with global regulatory authorities to design and initiate a registration trial.

Chimeric presented the ongoing Phase 1B clinical trial design and objectives at the American Society of Clinical Oncology (ASCO) Annual Scientific Meeting (ASCO23) on Saturday, June 3. The presentation took place during the ASCO 23 event held from June 2-6, 2023, in Chicago.

**CHM 0201 (CORE NK Platform) Licence Agreement and Clinical Trial**

Chimeric entered an exclusive license agreement with CWRU for CHM 0201 (the CORE-NK platform), following the option agreement Chimeric signed for the technology in December 2021.

Chimeric's exclusive global license from CWRU covers patent rights, knowhow, and biological materials for the NKF feeder cell line and CHM 0201 manufacturing process in the fields of use, including access to regulatory documents for the first-in-human Phase 1A trial of CHM 0201 in patients with Acute Myeloid Leukemia and Colorectal cancer.

The CHM 0201 platform is a potential best in class NK cell platform of ex-vivo expanded non Human Leukocyte Antigen -matched universal donor NK cells. The platform was previously studied in a phase 1A clinical trial that established safety with no GvHD (Graft versus Host Disease), 28-day NK cell persistence and an encouraging early efficacy signal, particularly in blood cancers where all patients achieved disease control and one patient achieved a complete response that has now been sustained for over 24 months.

During January the first patient was dosed in the CHM 0201 + Vactosertib clinical trial, the first ever trial to assess NK cells in combination with Vactosertib in patients with advanced colorectal and blood cancers.

The objective of the Phase 1B study is to build upon the clinical responses seen in the initial CORE NK Phase 1A clinical trial by adding Vactosertib, an oral TGF- $\beta$  receptor inhibitor that can potentially disrupt the TGF- $\beta$  signalling pathway.

For personal use only



This trial is being led by UH Seidman oncologist J. Eva Selfridge, MD, PhD, and Assistant Professor at Case Western Reserve University School of Medicine in Ohio and is designed to treat 12 patients with either locally advanced/metastatic colorectal cancer or relapsed/refractory blood cancers.

**CHM 2101 (CDH 17 CAR T) advances towards clinical trial & completes viral vector manufacturing**

Chimeric announced during March 2023 that it had successfully completed a pre-Investigational New Drug meeting with the US FDA, receiving positive feedback on the development plan for CHM 2101.

The objective of the meeting was to facilitate FDA regulatory communication and guidance through the IND submission process for CHM 2101. The pre-IND meeting package included details and specific questions regarding the clinical development plan and technical operations, including drug product manufacturing and quality release plan for CHM 2101. The Company received positive written responses from the FDA that provide a clear path to an IND submission for CHM 2101 and validates the Chimeric team's efforts and accomplishments in preparing CHM 2101 for clinic.

Chimeric also completed the manufacturing and quality release for CHM 2101 viral vector, a key milestone in advancing CHM 2101 towards the clinic. One of the most challenging and critical components of cell therapy technical operations is the timely manufacturing and release of viral vector. Viral vector is considered the backbone for the manufacture of a CAR T cell therapy as it holds the genetic engineering instructions.

A shortage of vector manufacturing capacity has significantly delayed other cell therapy company development programs, making this a critical milestone for Chimeric.

CHM 2101 is a first in class, 3rd generation autologous CAR T cell therapy invented at the world-renowned cell therapy centre, the University of Pennsylvania.

Chimeric is currently focused on advancing CHM 2101 towards a phase 1A clinical trial in gastrointestinal and neuroendocrine tumours.

For personal use only



## **PATENT PROTECTIONS**

### **Japan patent office grants patent covering CHM 1101 (CLTX CAR) technology**

In August 2022, the Company announced that the Japan Patent Office had issued a patent covering certain applications of chimeric antigen receptor (CAR) technology using chlorotoxin (CLTX), including Chimeric's clinical-stage CAR T asset CHM 1101 and preclinical-stage CAR NK asset CHM 1301.

The patent has been granted under patent number JP 7085990, entitled "Chimeric antigen receptors containing a chlorotoxin domain."

Chimeric holds the exclusive worldwide license to develop and commercialize JP 7085990 and related patent applications filed in other global territories.

### **New CHM 1101 (CLTX CAR) technology patent protection in India and Israel**

Chimeric announced that the Indian Patent Office issued a patent (IN 424963) covering the applications of CAR technology using CLTX. This patent includes Chimeric's clinical-stage CAR T asset, CHM 1101, and preclinical-stage CAR NK asset, CHM 1301.

Additionally, the Israel Patent Office issued an Official Notification Prior to Acceptance for application IL 258670. Chimeric holds the exclusive worldwide license to develop and commercialize the granted patents, including IN 424963 and IL 258670, along with related patent applications filed in other global territories.

## **RESEARCH AGREEMENT**

### **Sponsored research agreement with Case Western University to advance Core NK Portfolio**

Chimeric entered into a sponsored research agreement with CWRU to further advance Chimeric's NK cell therapy portfolio.

The research program at CWRU will be led by Dr David Wald, inventor of the CORE NK technology. Through this research collaboration, Dr Wald and his laboratory will work closely with Chimeric to advance multiple next-generation NK cell products through preclinical development, including CHM 0301 (Next-Generation CORE-NK Platform), CHM 1301 (Chlorotoxin CAR NK), CHM 2301 (CDH17 CAR NK), and CHM 3301 (undisclosed CAR NK).

For personal use only



## MANAGEMENT CHANGES

### **Jason B. Litten, M.D. appointed as Chief Medical Officer**

Dr Jason B Litten was appointed to the position of Chief Medical Officer in July 2022. He brings almost 15 years of leadership in drug development with the past five years dedicated to advancing NK and CAR T cell therapy clinical-stage programs in oncology.

Dr Litten has been part of the foundational clinical understanding of cell therapies, working on numerous CAR T and NK cell drug candidates. He joined Chimeric from Artiva Biotherapeutics where he led the development of a portfolio of allogeneic Natural Killer (NK) cell therapies as Chief Medical Officer. Prior to this he was also Vice President Clinical Development at Juno Therapeutics where he built and oversaw the autologous solid tumour CAR T and TCRs cell therapy programs.

### **Cassandra Harrison appointed as Vice President Clinical Operations and Data Management**

Also in July 2022, the Company announced the appointment of Ms Cassandra Harrison to the position of Vice President Clinical Operations and Data Management. Ms Harrison joined Chimeric with more than 10 years' experience in clinical operations, compliance, and data management.

She was previously Vice President of Clinical Operations and Data Management at ImmunoGenesis Inc., where she built both the clinical operations and data management departments and provided oversight on all aspects of data management and clinical operations.

### **Dr Stephanie H. Astrow appointed as Vice President, Translational Sciences**

In September 2022, Dr Stephanie H. Astrow was appointed to the position of Vice President, Translational Sciences.

With over 20 years of experience working in cell therapy and biotechnology, she led the translational programs for CAR T, TCR, and NK cell therapies, overseeing teams focused on the mechanistic understanding of engineered cell therapy products at both Kite Pharma and Fate Therapeutics. At Kite, Dr Astrow was responsible for the solid tumour programs, including strategic collaborations with the National Cancer Institute.

For personal use only



## SHARE PURCHASE PLAN AND PLACEMENT

### *A\$12.6m in funding secured through SPP and placement supported by board and management*

In the final quarter of the financial year the Company successfully completed several capital raising initiatives that delivered \$12.6m in funding to Chimeric.

In May it was announced the board and management team had committed to a \$1.04m Placement at \$0.046 per share.

At the same time the Company announced a SPP, which led to a further \$1.5m being raised at \$0.035 per share.

Concurrently alongside the SPP, the Company announced a share placement agreement to provide initial funding of \$3.1 million, and total funding of up to \$10.1 million, with Lind Global Fund II, LP an entity managed by New York-based The Lind Partners (Lind). Lind invests in small and mid-cap companies publicly traded in the US, Canada, Australia, and the UK.

Under the Placement Agreement, CHM will receive an initial \$3.1 million with up to a further \$7 million in funding available by mutual agreement and subject to shareholder approval. The Placement Agreement is a staged private placement over a 24-month period, unless extended.

For and on behalf of the Group

Jennifer Chow  
Chief Executive Officer and Managing Director

For personal use only

For personal use only

# Material Risk Register

# Material Risk Report

This forms part of the review of operations and activities which forms part of the directors report.

## *Additional Information with regards to Risk Management and Key Risks*

There are various internal and external risks that may have a material impact on the Group's future financial performance. The Group has processes in place to identify materials risks and to manage these effectively.

The Board takes a proactive approach to risk management. The Board has oversight of the Audit & Risk Committee which is responsible for ensuring that risks, and opportunities are identified in a timely manner and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Audit & Risk Committee meets periodically to review the risk register and receive updates on and provides feedback to Management on the identification of risks and the progress/effectiveness of risk mitigation strategies.

Material risks that could adversely impact the Group's financial prospects are outlined below. These risks do not represent an exhaustive list of the risks Chimeric is exposed to, nor are they in order of significance.

### Clinical Trial Risk

The ability of the Group to commercialise its intellectual property is dependent on receiving approvals to conduct future clinical trials. Given the nature of the Group's activities, there is a risk that the clinical trials may not be successful. If the Group does not receive approval for clinical trials, or the clinical trials are not successful, this will impact on the Group's ability to commercialise its intellectual property.

The Group mitigates this risk by having highly qualified and skilled personnel and consultants where required conducting clinical trials and liaising with regulatory and licensing authorities.

### Dependence upon key personnel

Chimeric depends on the talent and experience of its personnel as its primary asset. There may be a negative impact on Chimeric if any of its key personnel leave. It may be difficult to replace them, or to do so in a timely manner or at a comparable expense.

The Group mitigates this risk by ensuring key personnel are remunerated commensurate to the value they provide Chimeric and also invested in the success of Chimeric through the issuance of short and long term incentives.

### Competition

The Biotechnology and Pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. A number of companies, both in Australia and abroad, may be pursuing the development of products that target the same markets that Chimeric is targeting. The Company's products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same conditions that the Group is targeting.

The Group mitigates this risk by completing extensive assessments periodically of their competitors and their progress to ensure that Chimeric has a competitive advantage where possible.

#### Requirements to raise additional funds

The Group may be required to raise additional equity or debt capital in the future. As there is no assurance a raise will be successful when required, the group may need to reprioritise its operations.

The Group mitigates this risk by closely monitoring their cash and cash equivalents and engaging in investment/funding opportunities as required.

#### Risk of delay and continuity of operations

Chimeric may experience delay in achieving a number of critical milestones, including securing commercial partners, completion of clinical trials, obtaining regulatory approvals, manufacturing, product launch and sales. Any material delays may impact adversely upon the group including the timing of any revenues under milestone or sales payments.

The Group mitigates this risk by closely managing timelines of critical milestones and actively engages with potential commercial partners and regulators. In addition, the Group is ensuring that all FDA and regulatory advice is carefully reviewed and implemented accordingly.

#### Manufacturing

Manufacturing processes may result in product batches not meeting minimum specifications, raw material components not being sourced to specification. The manufacturing process may encounter process issues not previously identified and controlled, and there may be non-controllable disruptions to the operations of the products, contract manufacturers. These factors may lead to delay or non-supply of product and/or adverse regulatory outcomes.

The Group mitigates this risk by working very closely with its suppliers to ensure scheduling fits forecast requirements and that the manufacturing processes are actively managed. New suppliers are subject to due diligence processes and key relationships are developed with regulatory agencies to support the Group in the event of supply chain disruption.



For personal use only

# Director's report

Chimeric Therapeutics Limited: Annual Report

Your directors present their report on the consolidated entity consisting of Chimeric Therapeutics Limited and the entities it controlled (Chimeric Therapeutics (USA) Inc) at the end of, or during, the year ended 30 June 2023. Throughout the report, the consolidated entity is referred to as the group.

### **Directors and company secretary**

The following persons held office as directors of Chimeric Therapeutics Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Paul Hopper, Executive Chairman  
Ms Jennifer Chow, Chief Executive Officer (CEO) and Managing Director  
Ms Leslie Chong, Non-Executive Director (resigned 12 July 2023)  
Dr Lesley Russell, Non-Executive Director  
Ms Cindy Elkins, Non-Executive Director (resigned 30 August 2023)  
Dr George Matcham, Non-Executive Director (resigned 3 August 2023)  
Mr Phillip Hains, Executive Director (appointed 12 July 2023)  
Mr Eric Sullivan, Non-Executive Director (appointed 30 August 2023)

The following persons held office as company secretary of Chimeric Therapeutics 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

### **Principal activities**

The group is an Australian clinical stage cell therapy company focused on developing and commercialising a range of cell therapies in oncology.

Lead products under development by the group are NK Cell Derived Allogenic Therapies and T Cell Derived Autologous Therapies. NK Cell Derived Allogenic Therapies work to stimulate natural killer cells in our innate immune system to provide direct and indirect mechanisms for killing cancer. T Cell Derived Autologous works without T cells in our adaptive immune system to circulate until they encounter a specific antigen as opposed to genetically attacking any antigens.

The group is maintaining and strengthening its already strong international intellectual property position as a key area of focus in maintaining the competitive advantage of NK Cell Derived Allogenic Therapies and T Cell Autologous Therapies and any future improvements and clinical uses.

### **Dividends - Chimeric Therapeutics Limited**

No dividends were declared or paid to members for the year ended 30 June 2023 (2022: none). 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 which forms part of this directors' report on pages 5 to 14 of this Annual Report.

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

Effective 18 July 2022, Dr Jason Litten was appointed to the role of Chief Medical Officer where he will continue to lead CAR T and NK cell drug development experience.

On 15 May 2023, Chimeric Therapeutics Limited announced that the Board and Management had committed to a \$1.04 million placement which was later approved by shareholders on 29 June 2023.

On 23 June 2023, Chimeric Therapeutics Limited announced that they had completed a Share Purchase Plan to raise \$1.5 million and entered in a share purchase agreement with Lind Global Fund II, LP to provide initial funding of \$3.1 million and total funding of up to \$10.1 million. Following these transactions, the group raised a total of \$12.6 million across the quarter.

### Significant changes in the state of affairs (continued)

In the opinion on 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 12 July 2023, Ms Leslie Chong resigned from the board of directors and Mr Phillip Hains was appointed as an Executive director.

On 3 August 2023, Dr George Matcham resigned from the board of directors.

On 16 August 2023, Imugene Limited (a related party of the group) entered into definitive documentation with Precision Biosciences, Inc. in relation to the research and development of the azer-cel CAR T technology.

Upon the entry into definitive documentation, Imugene Limited was obliged to pay the group an introduction fee of US\$3 million by way of cash payment. This payment was received on 23 August 2023.

On 30 August 2023, Ms Cindy Elkins resigned from the board of directors and Mr Eric Sullivan was appointed as a Non-Executive director.

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 NK Cell Derived Allogenic Therapies and T Cell Derived Autologous Therapies. 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 on pages 5 to 14 of this Annual Report, which forms part of this directors' report.

### Environmental regulation

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

For personal use only

**Information on directors**

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

<b>Mr Paul Hopper</b> <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	2 February 2020
Other current directorships	Imugene Limited (ASX: IMU), since 31 October 2012 Radiopharm Theranostics Limited (ASX: RAD) since 11 February 2021
Former directorships in last 3 years	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

<b>Ms Jennifer Chow</b> <i>Chief Executive Officer (CEO) and Managing Director</i>	
Experience and expertise	Ms. Chow joined the group in November 2020 from the leading cell therapy company, Kite (a Gilead Company) where she was Vice President/Head of Global Marketing, Analytics and Commercial Operations. Prior to Kite, Ms. Chow was the Global Cell Therapy Commercial Lead at Celgene Corporation defining the global commercial strategy and operating model for Celgene cell therapies. Ms Chow has worked on 4 of the 6 FDA approved CAR T cell therapies and has over 20 year's experience in the biotech and pharmaceutical field.
Date of appointment	30 August 2021
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chief Executive Officer

For personal use only

**Information on directors (continued)**

<b>Ms Leslie Chong</b> <i>Non-Executive Director</i> (resigned 12 July 2023)	
Experience and expertise	Ms Chong has over 24 years' experience in leading clinical and department development in oncology. Currently Ms Chong is the CEO and Managing Director of a clinical stage immuno-oncology company called Imugene Limited (ASX: IMU). Previously Ms Chong worked as a Senior Clinical Program Lead at Genentech, a member of the Roche family, in the head office in San Francisco.
Date of appointment	28 August 2020
Other current directorships	Imugene Limited (ASX: IMU), since 28 March 2018
Former directorships in last 3 years	None
Special responsibilities	Chair of the audit and risk committee Member of the remuneration and nomination committee

<b>Dr Lesley Russell</b> <i>Non-Executive Director</i>	
Experience and expertise	Dr Lesley Russell is a haematologist/oncologist and has over 25 years' experience and leadership in the international pharmaceutical field as a chief medical officer. She has undertaken clinical development in a number of therapeutic areas including haematology/oncology has had multiple new drug approvals with both FDA and European Medicines Agency (EMA). Dr Russell has extensive experience as a director of NASDAQ listed pharmaceutical companies. She is a member of the Royal College of Physicians UK.
Date of appointment	28 August 2020
Other current directorships	Enanta Pharmaceuticals (NASDAQ: ENTA), since 22 November 2016 Imugene Limited (ASX: IMU), since 23 April 2019
Former directorships in last 3 years	Scopus BioPharma Inc (NASDAQ: SCPS), until March 2021
Special responsibilities	Member of the audit and risk committee Chair of the remuneration and nomination committee

For personal use only

**Information on directors (continued)**

<b>Ms Cindy Elkins</b> <i>Non-Executive Director</i> (resigned 30 August 2023)	
Experience and expertise	Ms Elkins has over 30 years' experience in biotechnology and high tech in the US at Ariba, Genentech (member of the Roche group), Juno Therapeutics. She created the Global Cell Therapy Patient Experience including all patient operations and digital platform while at Juno/Celgene/BMS. Ms Elkins' sector experience includes autologous cell therapy and biooncology. She also has extensive experience in large acquisitions/integrations and utilizing technology to create large digitally connected communities.
Date of appointment	1 February 2021
Other current directorships	Co-Chair of The Foundation for Art & Healing, since July 2019 Board Trustee, Vitalant, since 2022 Board Director, Foundation for the Advancement of Clinical Transcranial Magnetic Stimulation (FACTMS), since 2023
Former directorships in last 3 years	None
Special responsibilities	Member of the audit and risk committee Member of the remuneration and nomination committee

<b>Dr George Matcham</b> <i>Non-Executive Director</i> (resigned 3 August 2023)	
Experience and expertise	Dr George Matcham has 30 years' experience in cell therapy and biologics development at Celgene. Dr Matcham had extensive involvement in biotech collaborations in biotherapeutics and cell therapy, ranging from technical oversight to board membership.
Date of appointment	5 July 2021
Other current directorships	Instil Bio (NASDAQ: TIL), since September 2018
Former directorships in last 3 years	None
Special responsibilities	Member of the audit and risk committee Member of the remuneration and nomination committee

For personal use only

**Information on directors (continued)**

<b>Mr Phillip Hains</b> <i>Executive Director</i>	
Experience and expertise	Phillip Hains is a Chartered Accountant operating a specialist public practice, The CFO Solution, now part of Acclime Australia. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services.
Date of appointment	12 July 2023
Other current directorships	None
Former directorships in last 3 years	Radiopharm Theranostics Limited (ASX: RAD), until 13 September 2021
Special responsibilities	Chief Financial Officer and Joint Company Secretary

<b>Mr Eric Sullivan</b> <i>Non-Executive Director</i>	
Experience and expertise	Mr Sullivan is a senior finance and operations leader with a focus on private-to-public biotechnology company building, strategy, fundraising and financial planning. He brings with him an impressive background in the biotechnology sector, having served in senior finance and operations leadership roles across a number of high-growth public biotech companies, including bluebird bio, Merrimack Pharmaceuticals and TCR2 Therapeutics. Additionally, his experience with blue-chip private companies, such as Oncorus, Gemini Therapeutics, and Triplet Therapeutics, further underpins his expertise in financial planning, fundraising, board management and investor relations. Since September 2023 Mr Sullivan has been the CFO of Convergent Therapeutics LLC.
Date of appointment	30 August 2023
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None

**Company secretary**

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

Mr Nathan Jong is a Chartered Accountant and Fellow of the Governance Institute of Australia with over 15 years' of experience in providing finance and corporate compliance advisory services to a range of businesses including multinational ASX and NASDAQ listed companies. Mr Jong is also part of The CFO Solution team.

For personal use only

**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 2023, 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	10	10	-	-	-	-
Ms Jennifer Chow	10	10	-	-	-	-
Ms Leslie Chong	10	10	5	5	-	-
Dr Lesley Russell	10	10	5	5	1	1
Ms Cindy Elkins	9	10	4	5	1	1
Mr George Matcham	9	10	5	5	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.

For personal use only



## Remuneration report (audited)

The directors present the Chimeric Therapeutics Limited 2023 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
- (f) Contractual arrangements with 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 18 to 21 for details about each director)*

Mr Paul Hopper, Executive Chairman

Ms Jennifer Chow, Chief Executive Officer (CEO) and Managing Director

Ms Leslie Chong, Non-Executive Director (resigned 12 July 2023)

Dr Lesley Russell, Non-Executive Director

Ms Cindy Elkins, Non-Executive Director (resigned 30 August 2023)

Dr George Matcham, Non-Executive Director (resigned 3 August 2023)

Mr Phillip Hains, Executive Director (appointed 12 July 2023)

Mr Eric Sullivan, Non-Executive Director (appointed 30 August 2023)

### *Other key management personnel*

Dr Eliot Bourk, Chief Business Officer (CBO)

Dr Jason Litten, Chief Medical Officer (CMO) (commenced 18 July 2022)

### (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 (audited) (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 determined by the remuneration committee. Key Performance Indicator (KPIs) may include increasing shareholder value, enhancing the group's pipeline and driving the development of the group's assets. Each individual is assessed by the remuneration committee and allocated a % achievement for their bonus.	CEO: 50% of FR CBO: 45% of FR CMO: 45% of FR
Long term incentives (LTI)	Alignment to long-term shareholder value	Company and individual performance goals determined by the remuneration committee. KPIs may include increasing shareholder value, enhancing the group's pipeline and driving the development of the group's assets. Each individual is assessed by the remuneration committee and allocated a % achievement for their bonus.	CEO: 6,280,002 unlisted 5-year options at \$0.200 exercise price  CEO: 2,011,493 unlisted 5-year options at \$0.290 exercise price  CEO: 2,000,000 unlisted 5-year options at \$0.340 exercise price  CEO: 17,222,368 unlisted 5-year options at \$0.092 exercise price  CBO: 925,437 unlisted 5-year options at \$0.290 exercise price  CBO: 2,000,000 unlisted 5-year options at \$0.230 exercise price  CBO: 3,771,963 unlisted 5-year options at \$0.092 exercise price  CMO: 2,000,000 unlisted 5-year options at \$0.160 exercise price

Assessing performance

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.

For personal use only

**Remuneration report (audited) (continued)**

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

*Assessing performance (continued)*

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

*Securities trading policy*

Chimeric Therapeutics Limited's securities trading policy applies to all directors and executives, see <https://www.chimerictherapeutics.com/corporate-governance/>. 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.

*(i) 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 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, CBO, and CMO are entitled to short-term incentives in the form of cash bonus up to 50%, 45%, and 45% of their base salary, respectively, against agreed KPIs. On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial (for CEO) and non-financial (for CEO, CBO and CMO) and individual performance goals. Additional shares or options can be granted at the discretion of the board based on performance.

*(ii) 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 22 November 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.

	2023	2022	2021	2020
Loss for the year attributable to owners	25,916,890	15,898,400	15,113,711	64,008
Basic loss per share (cents)	5.98	4.42	8.31	6400.80
Share price at year end (\$)	0.04	0.09	0.29	0.10

**Remuneration report (audited) (continued)**

*(d) Link between remuneration and performance (continued)*

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 Chimeric Therapeutics 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.

*(e) Remuneration expenses for KMP*

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2023 in accordance of the requirements of the accounting standards.

2023	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments			Total
	Cash salary and fees	Cash bonus	Health-care benefits	Annual leave	401k	Forfeiture payments	Shares	Options	Forfeiture shares	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>										
Ms Leslie Chong	50,000	-	-	-	-	-	-	23,322	-	73,322
Dr Lesley Russell	50,000	-	-	-	-	-	-	23,322	-	73,322
Ms Cindy Elkins	50,000	-	-	-	-	-	-	49,011	-	99,011
Dr George Matcham	50,000	-	-	-	-	-	-	125,068	-	175,068
<b>Executive directors</b>										
Mr Paul Hopper	250,000	-	-	-	-	-	-	-	-	250,000
Ms Jennifer Chow	849,416	207,391	7,612	83,915	57,051	168,220	399,187	1,090,186	170,032	3,033,010
<b>Other KMP</b>										
Dr Eliot Bourk	520,553	135,407	103,503	19,035	26,092	31,571	188,253	405,271	17,413	1,447,098
Dr Jason Litten	662,776	177,715	79,504	53,951	14,873	-	-	110,204	-	1,099,023
<b>Total KMP compensation</b>	<b>2,482,745</b>	<b>520,513</b>	<b>190,619</b>	<b>156,901</b>	<b>98,016</b>	<b>199,791</b>	<b>587,440</b>	<b>1,826,384</b>	<b>187,445</b>	<b>6,249,854</b>

**Notes**

- Benefits relate to the healthcare benefits provided to employees based in the US per their agreements.
- 401k amounts are retirement benefits that are part of the US employees contracts.
- The group has entered agreements to pay KMP a total of US\$700,000 in cash and US\$700,000 in shares for forfeiture of long-term incentives with their former employment. The expense is cumulative and vests over the service period on the following separate vesting dates, being 31 December 2021, 2022, 2023 and 8 March 2022, 2023. The above amounts include what the group has recognised as payable at 30 June 2023.
- Mr Paul Hopper elected to defer 50% of the April and May 2023 director fees and subsequently 100% of his June 2023 director fees. This amounts to \$41,667.
- Ms Leslie Chong elected to defer her June director fees amounting to \$4,167. With the remainder of the Board following suit in July 2023.
- Cash bonus includes the amount paid or accrued in the year ended 30 June 2023 in relation to FY 2023 performance as follows:
  - Mr Paul Hopper elected not to receive a performance bonus for FY 2023.
  - Ms Jennifer Chow received a \$207,391 (50% achievement) performance bonus for FY 2023 (accrued, approved by the board in FY 2024). The bonus was for meeting performance milestones (driving the development of assets and increasing stakeholder value).

**Remuneration report (audited) (continued)**

*(e) Remuneration expenses for KMP (continued)*

- Dr Eliot Bourk received a \$135,407 (57% achievement) performance bonus for FY 2023 (accrued, approved by the board in FY 2024). The bonus was for meeting performance milestones (driving the development of assets).
- Dr Jason Litten received a \$177,715 (59% achievement) performance bonus for FY 2023 (accrued, approved by the board in FY 2024). The bonus was for meeting performance milestones (driving the development of assets).

For personal use only

**Remuneration report (audited) (continued)**

(e) *Remuneration expenses for KMP (continued)*

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

2022	Short-term benefits			Annual leave	Post-employment benefits	Long-term benefits	Share-based payments			Total
	Cash salary and fees	Cash bonus	Health-care benefits		401k	Forfeiture payments	Shares	Options	Forfeiture shares	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>										
Ms Leslie Chong	50,000	-	-	-	-	-	-	81,042	-	131,042
Dr Lesley Russell	50,000	-	-	-	-	-	-	81,042	-	131,042
Ms Cindy Elkins	50,000	-	-	-	-	-	-	137,706	-	187,706
Dr George Matcham	49,621	-	-	-	-	-	-	363,392	-	413,013
<b>Executive directors</b>										
Mr Paul Hopper	250,000	82,500	-	-	-	-	-	-	-	332,500
Ms Jennifer Chow	758,193	398,310	52,876	51,390	53,475	228,602	194,444	711,832	240,914	2,690,036
<b>Other KMP</b>										
Dr Syed Rizvi	473,859	-	62,296	-	7,529	-	195,660	-	-	739,344
Dr Eliot Bourk	454,572	200,966	114,490	41,877	26,337	82,484	66,667	204,798	88,604	1,280,795
<b>Total KMP compensation</b>	<b>2,136,245</b>	<b>681,776</b>	<b>229,662</b>	<b>93,267</b>	<b>87,341</b>	<b>311,086</b>	<b>456,771</b>	<b>1,579,812</b>	<b>329,518</b>	<b>5,905,478</b>

**Notes**

- Benefits relate to the healthcare benefits provided to employees based in the US per their agreements.
- 401k amounts are retirement benefits that are part of the US employees contracts.
- The group has entered agreements to pay KMP a total of US\$700,000 in cash and US\$700,000 in shares for forfeiture of long-term incentives with their former employment. The expense is cumulative and vests over the service period on the following separate vesting dates, being 31 December 2021, 2022, 2023 and 8 March 2022, 2023. The above amounts include what the group has recognised as payable at 30 June 2022.
- Cash bonus includes the amount paid or accrued in the year ended 30 June 2023 in relation to FY 2022 performance as follows:
  - Mr Paul Hopper received a \$82,500 (100% achievement) performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (driving the development of assets, enhancing the group's pipeline with innovative science, increasing stakeholder value, building Chimeric team).
  - Ms Jennifer Chow received a \$398,310 (100% achievement) performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (driving the development of assets, enhancing the group's pipeline with innovative science, increasing stakeholder value, building Chimeric team).
  - Dr Eliot Bourk received a \$200,966 (100% achievement) performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (driving the development of assets and enhancing the group's pipeline with innovative science).

**Remuneration report (audited) (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:** Ms Jennifer Chow  
**Position:** Chief Executive Officer  
**Contract duration:** Unspecified  
**Notice period:** 12 months by either party  
**Fixed remuneration:** US\$550,000 per annum

**Name:** Dr Eliot Bourk  
**Position:** Chief Business Officer  
**Contract duration:** Unspecified  
**Notice period:** 6 weeks by either party  
**Fixed remuneration:** US\$350,000 per annum

**Name:** Dr Jason Litten  
**Position:** Chief Medical Officer  
**Contract duration:** Unspecified  
**Notice period:** 6 weeks by either party  
**Fixed remuneration:** US\$465,000 per annum

*(g) Non-executive director arrangements*

Non-executive directors receive a board fee of \$50,000 per annum, inclusive of chairing or participating on board committees. They do not receive performance-based pay 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 circular resolution on 22 September 2020.

For personal use only

**Remuneration report (audited) (continued)**

(h) *Additional statutory information*

*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 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
<b>Non-executive director</b>						
Ms Leslie Chong	68	38	-	-	32	62
Dr Lesley Russell	68	38	-	-	32	62
Ms Cindy Elkins	50	27	-	-	50	73
Dr George Matcham	29	12	-	-	71	88
<b>Executive directors</b>						
Mr Paul Hopper	100	75	-	25	-	-
Ms Jennifer Chow	39	34	20	22	41	44
<b>Other KMP</b>						
Dr Syed Rizvi	-	74	-	26	-	-
Dr Eliot Bourk	50	50	21	21	29	29
Dr Jason Litten	75	-	15	-	10	-

For personal use only



**Remuneration report (audited) (continued)**

(h) Additional statutory information (continued)

*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:

<b>Holder</b>	<b>Grant date</b>	<b>Vesting and exercise date</b>	<b>Expiry date</b>	<b>Number of Options</b>	<b>Exercise price (\$)</b>	<b>Value per option (\$)</b>	<b>Vested (%)</b>
Ms Leslie Chong/ Dr Lesley Russell	2020-08-28	2021-01-18	2025-01-18	1,815,000	0.20	0.1078	100%
Ms Leslie Chong/ Dr Lesley Russell	2020-08-28	2022-01-18	2025-01-18	1,815,000	0.20	0.1078	100%
Ms Leslie Chong/ Dr Lesley Russell	2020-08-28	2023-01-18	2025-01-18	1,870,000	0.20	0.1078	100%
Ms Jennifer Chow	2020-11-30	2022-01-18	2026-01-18	2,072,401	0.20	0.1145	100%
Ms Jennifer Chow	2020-11-30	2023-01-18	2026-01-18	2,072,401	0.20	0.1145	100%
Ms Jennifer Chow	2020-11-30	2024-01-18	2026-01-18	2,135,201	0.20	0.1145	0%
Ms Cindy Elkins	2021-02-01	2021-02-01	2025-01-18	907,500	0.20	0.3200	100%
Ms Cindy Elkins	2021-02-01	2022-01-18	2025-01-18	907,500	0.20	0.3200	100%
Ms Cindy Elkins	2021-02-01	2023-01-18	2025-01-18	935,000	0.20	0.3200	100%
Dr Eliot Bourk	2021-03-08	2022-03-08	2026-03-08	231,827	0.29	0.2056	100%
Dr Eliot Bourk	2021-03-08	2023-03-08	2026-03-08	231,827	0.29	0.2056	100%
Dr Eliot Bourk	2021-03-08	2024-03-08	2026-03-08	231,827	0.29	0.2056	0%
Ms Jennifer Chow / Dr Eliot Bourk	2021-08-27	2022-08-27	2026-08-27	747,052	0.29	0.2411	100%
Ms Jennifer Chow / Dr Eliot Bourk	2021-08-27	2023-08-27	2026-08-27	747,052	0.29	0.2411	0%
Ms Jennifer Chow / Dr Eliot Bourk	2021-08-27	2024-08-27	2026-08-27	747,274	0.29	0.2411	0%
Mr George Matcham	2021-11-22	2021-12-03	2025-12-03	907,500	0.365	0.1890	100%
Mr George Matcham	2021-11-22	2022-12-03	2025-12-03	907,500	0.365	0.1890	100%
Mr George Matcham	2021-11-22	2023-12-03	2025-12-03	935,000	0.365	0.1890	0%
Ms Jennifer Chow	2021-11-27	2022-12-03	2026-11-22	666,667	0.34	0.2188	100%
Ms Jennifer Chow	2021-11-27	2023-12-03	2026-11-22	666,667	0.34	0.2188	0%
Ms Jennifer Chow	2021-11-27	2024-12-03	2026-11-22	666,666	0.34	0.2188	0%
Dr Eliot Bourk	2022-01-01	2023-01-01	2027-01-01	333,333	0.23	0.1978	100%
Dr Eliot Bourk	2022-01-01	2024-01-01	2027-01-01	333,333	0.23	0.1978	0%
Dr Eliot Bourk	2022-01-01	2025-01-01	2027-01-01	333,334	0.23	0.1978	0%
Dr Eliot Bourk	2022-01-01	2023-06-30	2027-01-01	333,333	0.23	0.1978	100%
Dr Eliot Bourk	2022-01-01	2024-06-30	2027-01-01	333,333	0.23	0.1978	0%
Dr Eliot Bourk	2022-01-01	2025-06-30	2027-01-01	333,334	0.23	0.1978	0%
Dr Eliot Bourk	2022-07-01	2023-07-01	2027-07-01	1,257,195	0.092	0.0770	0%
Dr Eliot Bourk	2022-07-01	2024-07-01	2027-07-01	1,257,195	0.092	0.0770	0%
Dr Eliot Bourk	2022-07-01	2025-07-01	2027-07-01	1,257,573	0.092	0.0770	0%
Dr Jason Litten	2022-07-18	2023-07-18	2027-07-18	666,600	0.16	0.0949	0%
Dr Jason Litten	2022-07-18	2024-07-18	2027-07-18	666,600	0.16	0.0949	0%
Dr Jason Litten	2022-07-18	2025-07-18	2027-07-18	666,800	0.16	0.0949	0%
Ms Jennifer Chow	2022-11-18	2023-07-01	2027-07-01	5,683,381	0.092	0.0664	0%
Ms Jennifer Chow	2022-11-18	2024-07-01	2027-07-01	5,683,381	0.092	0.0664	0%
Ms Jennifer Chow	2022-11-18	2025-07-01	2027-07-01	5,855,606	0.092	0.0664	0%

For personal use only

**Remuneration report (audited) (continued)**

(h) *Additional statutory information (continued)*

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

The options vesting conditions are based on the achievement of service milestones, which are achieved if the holder remains with the group until the date is reached. The dates vary from the initial public offering which occurred on 18 January 2021 to up to 5 years from the grant date. There are no performance based milestones attached to any of the above options.

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

*Option holdings*

2023	Balance at start of the year <sup>1</sup>	Granted as remuneration	Forfeiture of options	Other changes <sup>2</sup>	Balance at end of the year	Vested and exercisable
<b>Options</b>						
Mr Paul Hopper	2,941,176	-	-	-	2,941,176	2,941,176
Ms Leslie Chong	2,753,905	-	-	-	2,753,905	2,753,905
Dr Lesley Russell	2,750,000	-	-	-	2,750,000	2,750,000
Ms Cindy Elkins	2,757,873	-	-	-	2,757,873	2,757,873
Dr George Matcham	2,908,730	-	-	-	2,908,730	1,815,000
Ms Jennifer Chow	10,291,495	17,222,368	-	-	27,513,863	5,481,900
Dr Eliot Bourk	2,925,437	3,771,963	-	-	6,697,400	1,206,941
Dr Jason Litten	-	2,000,000	-	-	2,000,000	-
	<b>27,328,616</b>	<b>22,994,331</b>	<b>-</b>	<b>-</b>	<b>50,322,947</b>	<b>19,706,795</b>

*Notes*

<sup>1</sup> 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.

<sup>2</sup> Other changes incorporates changes resulting from the acquisition and disposal of options.

For personal use only

**Remuneration report (audited) (continued)**

(h) *Additional statutory information (continued)*

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

*Share holdings*

2023	Balance at the start of the year <sup>1</sup>	Granted as remuneration	Received on exercise of options	Other changes <sup>2</sup>	Balance at the end of the year
<b>Ordinary shares</b>					
Mr Paul Hopper	81,093,954	-	-	-	81,093,954
Ms Leslie Chong	46,205	-	-	-	46,205
Dr Lesley Russell	-	-	-	-	-
Ms Cindy Elkins	32,673	-	-	-	32,673
Ms Jennifer Chow	1,702,914	7,639,315	-	-	9,342,229
Dr Syed Rizvi	-	-	-	-	-
Dr George Matcham	658,730	-	-	342,070	1,000,800
Dr Eliot Bourk	1,447,800	2,782,803	-	-	4,230,603
Dr Jason Litten	-	-	-	-	-
	<b>84,982,276</b>	<b>10,422,118</b>	-	<b>342,070</b>	<b>95,746,464</b>

*Notes*

<sup>1</sup> 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.

<sup>2</sup> Other changes incorporates changes resulting from the acquisition and disposal of shares.

(i) *Voting of shareholders at last year's annual general meeting*

Chimeric Therapeutics Limited received more than 90 percent of favourable votes on its remuneration report for the 2022 financial year.

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

For personal use only

**Shares under option**

*(a) Unissued ordinary shares*

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

Date options granted	Expiry date	Issue price of shares (\$)	Number under option
2020-08-28	2025-01-18	0.20	5,500,000
2020-11-30	2026-01-18	0.20	6,280,002
2021-01-18	2024-01-18	0.30	4,957,897
2021-02-01	2025-01-18	0.32	2,750,000
2021-03-08	2026-03-08	0.29	695,552
2021-07-01	2026-07-01	0.29	700,000
2021-07-05	2025-12-03	0.37	2,750,000
2021-08-27	2026-08-27	0.29	2,241,378
2021-08-27	2026-08-27	0.32	1,000,000
2021-11-22	2026-11-22	0.34	2,000,000
2021-11-29	2027-11-29	0.26	101,314
2021-11-29	2028-11-29	0.26	101,314
2021-11-29	2029-11-29	0.26	101,345
2021-12-22	2025-12-22	0.26	400,000
2022-01-01	2027-01-01	0.23	2,000,000
2022-01-25	2028-07-31	0.26	237,770
2022-01-25	2029-01-31	0.26	237,698
2022-01-25	2030-01-31	0.26	237,698
2022-01-26	2028-09-07	0.15	67,238
2022-03-25	2024-03-31	0.26	83,020,927
2022-06-09	2024-03-31	0.26	15,000,000
2022-07-01	2027-07-01	0.09	7,681,946
2022-07-18	2027-07-18	0.16	2,000,000
2022-08-22	2027-08-22	0.19	433,899
2022-08-27	2027-08-27	0.12	1,000,000
2022-11-18	2027-07-01	0.09	17,222,368
2022-10-17	2028-10-31	0.09	274,876
2023-06-29	2026-07-12	0.10	4,500,000
2023-06-22	2027-08-18	0.46	41,891,892
Total			205,385,114

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*

There were no shares issued from exercise of options during FY23.

**Insurance of officers and indemnities**

*(a) Insurance of officers*

During the financial year, Chimeric Therapeutics 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*.

For personal use only

**Insurance of officers and indemnities (continued)**

*(b) Indemnity of auditors*

The group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former auditor of the group against a liability incurred as such by an auditor.

**Proceedings on behalf of the group**

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 are important.

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) 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:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Grant Thornton Australia Limited:		
Tax compliance services	<b>27,828</b>	21,164
<b>Total remuneration for taxation services</b>	<b>27,828</b>	21,164
 <b>Total remuneration for non-audit services</b>	 <b>27,828</b>	 21,164

**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 37.

For personal use only

**Rounding of amounts**

The group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



Mr Paul Hopper  
Executive Chairman

Sydney  
28 September 2023

For personal use only

---

**Grant Thornton Audit Pty Ltd**

Level 22 Tower 5  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 4736  
Melbourne VIC 3001  
T +61 3 8320 2222

## Auditor's Independence Declaration

### To the Directors of Chimeric Therapeutics Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Chimeric Therapeutics Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 28 September 2023

[www.grantthornton.com.au](http://www.grantthornton.com.au)

ACN-130 913 594

---

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

# Corporate governance statement



## **Corporate governance statement**

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

The 2023 corporate governance statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year. The 2023 corporate governance statement was approved by the board on 28 September 2023. 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 [www.chimerictherapeutics.com/corporate-governance](http://www.chimerictherapeutics.com/corporate-governance).

For personal use only

For personal use only

# Financial statements

Chimeric Therapeutics Limited: Annual Report

# Chimeric Therapeutics Limited

ABN 68 638 835 828

## ***Annual Report - 30 June 2023***

Financial statements	
Consolidated statement of profit or loss and other comprehensive income	42
Consolidated statement of financial position	43
Consolidated statement of changes in equity	44
Consolidated statement of cash flows	45
Notes to the financial statements	46
Directors' declaration	90

This financial statements are consolidated financial statements for the group consisting of Chimeric Therapeutics Limited and its subsidiaries. A list of subsidiaries is included in note 18.

The financial statements are presented in the Australian currency.

Chimeric Therapeutics 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 were authorised for issue by the directors on 28 September 2023. The directors have the power to amend and reissue the financial statements.

For personal use only

**Chimeric Therapeutics Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Notes	30 June 2023 \$	30 June 2022 \$
Other income	2(a)	4,505,729	2,617,122
Other gains/(losses)		<b>(96,320)</b>	(534,953)
General and administrative expenses	2(c)	<b>(11,733,007)</b>	(7,904,654)
Research and development expenses	2(c)	<b>(14,432,338)</b>	(6,115,990)
Share-based payments expenses		<b>(3,321,854)</b>	(3,169,055)
<b>Operating loss</b>		<b>(25,077,790)</b>	(15,107,530)
Finance income	2(d)	<b>27,565</b>	12,977
Finance expenses	2(d)	<b>(773,845)</b>	(640,127)
<b>Finance costs - net</b>		<b>(746,280)</b>	(627,150)
<b>Loss before income tax</b>		<b>(25,824,070)</b>	(15,734,680)
Income tax expense	3	<b>(92,820)</b>	(163,720)
<b>Loss for the year</b>		<b>(25,916,890)</b>	(15,898,400)
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(151,399)	(153,788)
<b>Total comprehensive loss for the year</b>		<b>(26,068,289)</b>	(16,052,188)
		<b>Cents</b>	Cents
<b>Loss per share for loss attributable to the ordinary equity holders of the group:</b>			
Basic and diluted loss per share	17	<b>(5.98)</b>	(4.42)

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

**Chimeric Therapeutics Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2023**

	Notes	2023 \$	2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4(a)	<b>2,362,654</b>	18,381,533
Trade and other receivables	4(b)	<b>6,658,131</b>	2,657,763
Other current assets		<b>330,568</b>	131,415
<b>Total current assets</b>		<b>9,351,353</b>	21,170,711
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,600</b>	15,988
Intangible assets	5(a)	<b>12,978,631</b>	13,653,040
Other financial assets at amortised cost		<b>40,000</b>	40,000
<b>Total non-current assets</b>		<b>13,024,231</b>	13,709,028
<b>Total assets</b>		<b>22,375,584</b>	34,879,739
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4(c)	<b>10,812,516</b>	6,373,715
Other financial liabilities	4(d)	<b>3,440,672</b>	2,453,186
Employee benefit obligations	5(b)	<b>439,341</b>	193,960
<b>Total current liabilities</b>		<b>14,692,529</b>	9,020,861
<b>Non-current liabilities</b>			
Trade and other payables	4(c)	-	152,570
Other financial liabilities	4(d)	<b>2,022,339</b>	-
<b>Total non-current liabilities</b>		<b>2,022,339</b>	152,570
<b>Total liabilities</b>		<b>16,714,868</b>	9,173,431
<b>Net assets</b>		<b>5,660,716</b>	25,706,308
<b>EQUITY</b>			
Share capital	6(a)	<b>53,929,488</b>	51,807,595
Other reserves	6(b)	<b>8,512,042</b>	4,762,637
Accumulated losses		<b>(56,780,814)</b>	(30,863,924)
<b>Total equity</b>		<b>5,660,716</b>	25,706,308

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

**Chimeric Therapeutics Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2023**

Notes	Attributable to owners of Chimeric Therapeutics Limited			Total equity \$
	Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 1 July 2021</b>	37,366,641	2,941,766	(15,177,719)	25,130,688
Loss for the year	-	-	(15,898,400)	(15,898,400)
Other comprehensive income	-	(153,788)	-	(153,788)
<b>Total comprehensive income/(loss) for the year</b>	-	<b>(153,788)</b>	<b>(15,898,400)</b>	<b>(16,052,188)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity net of transaction costs	6(a) 13,081,054	-	-	13,081,054
Employee share schemes - value of employee services	6(b) 786,492	(84,960)	-	701,532
Options issued	6(b) 12,692	2,744,318	-	2,757,010
Issue of shares as part of forfeiture payments	6(b) 560,716	(196,409)	-	364,307
Issue of restricted share units	-	11,001	-	11,001
Forfeiture of options	-	(499,291)	212,195	(287,096)
	14,440,954	1,974,659	212,195	16,627,808
<b>Balance at 30 June 2022</b>	<b>51,807,595</b>	<b>4,762,637</b>	<b>(30,863,924)</b>	<b>25,706,308</b>
<b>Balance at 1 July 2022</b>	51,807,595	4,762,637	(30,863,924)	25,706,308
Loss for the year	-	-	(25,916,890)	(25,916,890)
Other comprehensive loss	-	(151,399)	-	(151,399)
<b>Total comprehensive income/(loss) for the year</b>	-	<b>(151,399)</b>	<b>(25,916,890)</b>	<b>(26,068,289)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity	6(a) 1,532,497	-	-	1,532,497
Transaction costs and tax	6(a) (640,586)	-	-	(640,586)
Issue of shares in lieu of payment of services	6(a) 65,000	-	-	65,000
Options issued	6(b) -	3,095,864	-	3,095,864
Issue of shares as part of forfeiture payments	6(b) 293,729	(106,284)	-	187,445
Issue of restricted share units	6(b) -	(11,001)	-	(11,001)
Issue of shares under the employee incentive scheme	6(a) 871,253	(122,775)	-	748,478
Shares to be issued per board and management placement	6(a) -	1,045,000	-	1,045,000
	2,121,893	3,900,804	-	6,022,697
<b>Balance at 30 June 2023</b>	<b>53,929,488</b>	<b>8,512,042</b>	<b>(56,780,814)</b>	<b>5,660,716</b>

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

**Chimeric Therapeutics Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2023**

	<b>30 June 2023</b>	<b>30 June 2022</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	-	(16,395)
Payments to suppliers and employees (inclusive of GST)	<b>(19,832,570)</b>	(13,149,473)
Research and Development tax incentive received	<b>3,499,252</b>	-
Interest received	<b>27,565</b>	12,977
<b>Net cash (outflow) from operating activities</b>	<b>7(a) (16,305,753)</b>	<b>(13,152,891)</b>
<b>Cash flows from investing activities</b>		
Payments for financial assets at amortised cost	-	(40,000)
Payments for property, plant and equipment	-	(12,289)
Payments for intellectual property	<b>(112,193)</b>	(525,566)
<b>Net cash (outflow) from investing activities</b>	<b>(112,193)</b>	<b>(577,855)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	<b>2,577,497</b>	14,898,911
Share issue transaction costs	<b>(88,819)</b>	(1,308,664)
Interest expense	<b>(10,302)</b>	-
Repayment of financial liabilities	<b>(2,225,000)</b>	(4,046,819)
<b>Net cash inflow from financing activities</b>	<b>253,376</b>	9,543,428
<b>Net (decrease) in cash and cash equivalents</b>	<b>(16,164,570)</b>	<b>(4,187,318)</b>
Cash and cash equivalents at the beginning of the financial year	<b>18,381,533</b>	22,410,199
Effects of exchange rate changes on cash and cash equivalents	<b>145,691</b>	158,652
<b>Cash and cash equivalents at end of year</b>	<b>4(a) 2,362,654</b>	<b>18,381,533</b>

At 30 June 2023 there was a difference between the above statement of cash flows and the Appendix 4C. Cash in transit of \$3.01m that was classified as cash and cash equivalents has since been recorded as trade and other receivables. This has resulted in a decrease of proceeds from issue of shares by \$3.1m and share issue transaction costs of \$93k. The cash was subsequently received by the group on 3 July 2023.

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

## Contents of the notes to the financial statements

	Page
1 Segment information	47
2 Other income and expense items	47
3 Income tax expense	50
4 Financial assets and financial liabilities	52
5 Non-financial assets and liabilities	56
6 Equity	59
7 Cash flow information	62
8 Critical estimates, judgements and errors	63
9 Financial risk management	67
10 Contingent consideration	70
11 Commitments	73
12 Events occurring after the reporting year	73
13 Capital management	74
14 Related party transactions	75
15 Share-based payments	75
16 Remuneration of auditors	79
17 Loss per share	79
18 Interests in other entities	80
19 Parent entity financial information	81
20 Summary of significant accounting policies	82

For personal use only



## 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 income

	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
Research and development tax incentive	<b>4,505,729</b>	2,617,122
	<b>4,505,729</b>	<u>2,617,122</u>

The group's research and development activities are eligible under an Australian government tax incentive for eligible expenditure. Where expenditure is incurred outside Australia, an 'overseas finding' must be obtained from AusIndustry prior to any such expenditure being eligible under the scheme. 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 \$4,505,729 (2022: \$2,617,122) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate. The \$4,505,729 recognised at 30 June 2023 includes \$882,130 relating to the prior years rebate. The funds were only received in the current year as eligibility to receive the amount was uncertain at 30 June 2022.

### (b) Other gains/(losses)

	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
Net loss on disposal of property, plant and equipment	<b>(2,448)</b>	(2,065)
Net foreign exchange losses	<b>(93,872)</b>	(532,888)
	<b>(96,320)</b>	<u>(534,953)</u>

For personal use only

## 2 Other income and expense items (continued)

### (c) Breakdown of expenses by nature

	30 June 2023	30 June 2022
Notes	\$	\$
<b>General and administrative expenses</b>		
Accounting and audit	963,297	332,103
Consulting	87,924	182,517
Depreciation	7,941	7,866
Employee benefits	8,364,015	5,234,964
Insurance	378,411	262,768
Investor relations	455,168	387,967
Legal	393,799	419,036
Listing and share registry	166,414	178,759
Occupancy	25,868	13,710
Patent costs	185,583	84,574
Recruitment and staff training	212,689	313,347
Travel and entertainment	430,750	316,364
Other	61,148	170,679
	<u>11,733,007</u>	<u>7,904,654</u>
<b>Research and development expenses</b>		
Amortisation	957,410	941,896
Chlorotoxin CAR-T technology	4,790,033	2,348,152
CDH17	6,099,248	2,382,423
CORE-NK	39,567	-
Fair value movement in contingent consideration	4(e)(i) 1,614,334	-
Other	931,746	443,519
	<u>14,432,338</u>	<u>6,115,990</u>

The research and development expenses align with the intellectual property held by the group as disclosed in note 5 and represents the amount of R&D expended on developing the respective intellectual property.

For personal use only

## 2 Other income and expense items (continued)

### (d) Finance income and expenses

	30 June 2023 \$	30 June 2022 \$
<i>Finance income</i>		
Interest income from financial assets held for cash management purposes	27,565	12,977
<b>Finance income</b>	<b>27,565</b>	<b>12,977</b>
 <i>Finance expenses</i>		
Interest and finance charges paid for financial liabilities not at fair value	(10,302)	-
Interest expense on acquisition of intangible assets	-	(640,127)
Finance expenses in relation to financing activities	(763,543)	-
<b>Finance expenses</b>	<b>(773,845)</b>	<b>(640,127)</b>
 <b>Net finance costs</b>	 <b>(746,280)</b>	 <b>(627,150)</b>

For personal use only

### 3 Income tax expense

#### (a) Australian tax expense

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

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss from continuing operations before income tax expense	<b>(25,146,677)</b>	(19,300,432)
Tax at the Australian tax rate of 25% (2022: 25%)	<b>(6,286,669)</b>	(4,825,108)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentive	<b>(1,126,432)</b>	(654,281)
Accounting expenditure subject to R&D tax incentive	<b>2,589,499</b>	1,504,094
Accrued expenses	<b>405,310</b>	150,011
Amortisation	<b>(239,353)</b>	(235,474)
Patent costs	<b>46,396</b>	21,144
Share-based payments	<b>830,464</b>	792,264
Unrealised currency movements	<b>23,636</b>	(14,004)
Subtotal	<b>(3,757,149)</b>	(3,261,354)
Tax losses and other timing differences for which no deferred tax asset is recognised	<b>3,757,149</b>	3,261,354
Income tax expense	<b>-</b>	-

(ii) Tax losses

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Unused tax losses for which no deferred tax asset has been recognised	<b>41,417,561</b>	26,388,965
Potential tax benefit at 25% (2022: 25%)	<b>10,354,390</b>	6,597,241

For personal use only

### 3 Income tax expense (continued)

#### (b) US tax expense

##### (i) Income tax expense

	30 June 2023 \$	30 June 2022 \$
<i>Current tax</i>		
Current tax on profits for the year	92,820	163,720
<b>Total current tax expense</b>	<b>92,820</b>	<b>163,720</b>
 <b>Income tax expense</b>	 <b>92,820</b>	 <b>163,720</b>

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

	30 June 2023 \$	30 June 2022 \$
Loss from continuing operations before income tax expense	337,668	3,559,398
Tax at the US tax rate of 27.5% (2022: 27.5%)	92,859	978,834
 Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Accrued expenses	27,737	47,400
Employee leave obligations	63,508	33,792
Unrealised currency (gains)/losses	4,701	-
Subtotal	188,805	1,060,026
 Tax losses and other timing differences for which no deferred tax asset is recognised	 (95,985)	 (896,306)
Income tax expense	<b>92,820</b>	<b>163,720</b>

##### (iii) Tax losses

	30 June 2023 \$	30 June 2022 \$
Unused tax losses for which no deferred tax asset has been recognised	3,934,260	3,585,224
Potential tax benefit at 27.5% (2022: 27.5%)	<b>1,081,922</b>	<b>985,937</b>

For personal use only

## 4 Financial assets and financial liabilities

### (a) Cash and cash equivalents

	2023	2022
	\$	\$
<b>Current assets</b>		
Cash at bank and on hand	<u>2,362,654</u>	<u>18,381,533</u>

#### (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 as follows:

	2023	2022
	\$	\$
Balances as above	<u>2,362,654</u>	<u>18,381,533</u>
Balances per statement of cash flows	<u>2,362,654</u>	<u>18,381,533</u>

#### (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(h) 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.

### (b) Trade and other receivables

	Notes	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
		\$	\$	\$	\$	\$	\$
Cash in transit	4(b)(i)	3,007,000	-	3,007,000	-	-	-
Trade receivables		26,622	-	26,622	40,573	-	40,573
Accrued receivables	4(b)(ii)	3,623,599	-	3,623,599	2,617,122	-	2,617,122
Other receivables		910	-	910	68	-	68
		<u>6,658,131</u>	<u>-</u>	<u>6,658,131</u>	<u>2,657,763</u>	<u>-</u>	<u>2,657,763</u>

#### (i) Cash in transit

Cash in transit relates to the initial funding of \$3.1m from Lind Global Fund II less the commitment fee of \$93,000. The initial funding was transferred from Lind Global Fund II on 30 June 2023 and was received on 3 July 2023.

#### (ii) Accrued receivables

Accrued receivables comprise \$3,623,599 from the Australian Taxation Office in relation to the R&D tax incentive (2022: \$2,617,122).

#### 4 Financial assets and financial liabilities (continued)

##### (c) Trade and other payables

	2023			2022		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables	7,406,782	-	7,406,782	4,703,609	-	4,703,609
Amounts due to employees	258,301	-	258,301	289,414	152,570	441,984
Accrued expenses	3,069,002	-	3,069,002	1,346,899	-	1,346,899
Other payables	78,431	-	78,431	33,793	-	33,793
	<b>10,812,516</b>	<b>-</b>	<b>10,812,516</b>	<b>6,373,715</b>	<b>152,570</b>	<b>6,526,285</b>

##### (d) Other financial liabilities

	2023			2022		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Chlorotoxin CAR-T deferred consideration	-	-	-	2,177,384	-	2,177,384
Chlorotoxin CAR-T contingent consideration	-	1,454,763	1,454,763	-	-	-
CHD17 contingent consideration	-	467,823	467,823	275,802	-	275,802
CORE-NK contingent consideration	40,672	99,753	140,425	-	-	-
Advance payment liability	3,400,000	-	3,400,000	-	-	-
	<b>3,440,672</b>	<b>2,022,339</b>	<b>5,463,011</b>	<b>2,453,186</b>	<b>-</b>	<b>2,453,186</b>

##### (i) Deferred consideration

The deferred consideration relates to payable upfront costs from the acquisition of licences. During the year the group paid \$2,336,929 (2022: \$4,046,819) inclusive of deferred consideration liability. The contingent consideration includes amounts related to the provision of milestone payments. For more information, please refer to note 10.

##### (ii) Advance payment liability

The advance payment liability relates to the share placement agreement with Lind Global Fund II, LP. The \$3.4 million represents the fair value of the advance payment liability under the agreement. Further information on the agreement can be found in note 8(b)(v).

#### 4 Financial assets and financial liabilities (continued)

##### (e) 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.

<b>Recurring fair value measurements At 30 June 2023</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Financial Liabilities</b>				
Chlorotoxin CAR-T contingent consideration	-	-	1,454,763	1,454,763
CDH17 contingent consideration	-	-	467,823	467,823
CORE-NK contingent consideration	-	-	140,425	140,425
Advance payment liability	-	-	3,400,000	3,400,000
<b>Total financial liabilities</b>	-	-	<b>5,463,011</b>	<b>5,463,011</b>

<b>Recurring fair value measurements At 30 June 2022</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Financial Liabilities</b>				
CDH17 contingent consideration	-	-	275,802	275,802
<b>Total financial liabilities</b>	-	-	<b>275,802</b>	<b>275,802</b>

For personal use only



## 4 Financial assets and financial liabilities (continued)

### (e) Recognised fair value measurements (continued)

#### (i) Fair value hierarchy (continued)

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 8 and note 10.

The discount rate used at 30 June 2023 was 6.85% (2022: 4.52%). The discount rate is based on the expected rate of return, which has been determined using the capital asset pricing model.

#### *Advance payment liability*

The fair value of the advance payment liability relates to the value of the liability measured after initial recognition. For more information refer to note 8(b)(v).

## 5 Non-financial assets and liabilities

### (a) Intangible assets

	Chlorotoxin CAR-T \$	CDH-17 \$	CORE-NK \$	Total \$
<b>At 1 July 2021</b>				
Cost	14,670,492	-	-	14,670,492
Accumulated amortisation and impairment	(844,327)	-	-	(844,327)
Net book amount	13,826,165	-	-	13,826,165
<b>Year ended 30 June 2022</b>				
Opening net book amount	13,826,165	-	-	13,826,165
Additions	-	719,863	48,908	768,771
Amortisation charge	(903,752)	(38,144)	-	(941,896)
Closing net book amount	12,922,413	681,719	48,908	13,653,040
<b>At 30 June 2022</b>				
Cost	14,670,492	719,863	48,908	15,439,263
Accumulated amortisation and impairment	(1,748,079)	(38,144)	-	(1,786,223)
Net book amount	12,922,413	681,719	48,908	13,653,040
<b>Year ended 30 June 2023</b>				
Opening net book amount	12,922,413	681,719	48,908	13,653,040
Additions	-	-	283,001	283,001
Amortisation charge	(903,752)	(40,473)	(13,185)	(957,410)
Closing net book amount	12,018,661	641,246	318,724	12,978,631
<b>At 30 June 2023</b>				
Cost	14,670,492	719,863	331,909	15,722,264
Accumulated amortisation and impairment	(2,651,831)	(78,617)	(13,185)	(2,743,633)
Net book amount	12,018,661	641,246	318,724	12,978,631

For personal use only

## 5 Non-financial assets and liabilities (continued)

### (a) Intangible assets (continued)

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

#### (i) Chlorotoxin CAR-T technology

The company has recognised the Intellectual Property "Chlorotoxin CAR-T technology" through the acquisition of a worldwide exclusive licence developed at City of Hope, a world-renowned independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California. The licence agreement between City of Hope and Chimeric is perpetual.

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amount recognised as an intangible asset relate to the upfront licences fee paid, the value of equity issued to City of Hope in respect of the licence agreement and contingent considerations.

The Chlorotoxin CAR-T technology is amortised over a period of 16 years, being management's assessed useful life of the intangible asset.

#### (ii) CDH-17

The group has recognised the Intellectual Property "CDH17" through the acquisition of a worldwide exclusive licence developed at University of Pennsylvania, a world-renowned Cell Therapy Centre based in Philadelphia, Pennsylvania. The licence agreement between University of Pennsylvania and Chimeric is perpetual.

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 and the value of equity issued to University of Pennsylvania in respect of the licence agreement.

CDH-17 is amortised over a period of 18 years, being management's assessed useful life of the intangible asset.

#### (iii) CORE-NK

The group has recognised the Intellectual Property "CORE-NK" through the acquisition of an exclusive licence developed at Case Western Reserve University, a private research university based in Cleveland, Ohio. The licence agreement between Case Western Reserve University and Chimeric is perpetual.

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 licence fee paid and the value of equity issued to Case Western Reserve University in respect of the licence agreement.

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

#### (iv) Impairment test for intellectual property

The group's intangible assets are assessed for impairment at each reporting period.

Management has considered the following potential indicators:

- The market capitalisation of Chimeric Therapeutics Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2023 is in excess of the net book value of assets;
- The scientific results and progress of the trials;
- Comparisons with companies in a similar field of development and similar stage; and
- Changes in growth of the biotech sector.

There were no indicators of impairment identified at 30 June 2023.

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

## 5 Non-financial assets and liabilities (continued)

### (b) Employee benefit obligations

	2023		2022			
	Current	Non-current	Total	Current	Non-current	
	\$	\$	\$	\$	\$	
Leave obligations (i)	<b>439,341</b>	-	<b>439,341</b>	193,960	-	193,960

*(i) Leave obligations*

The leave obligations cover the group's liabilities for annual leave which are classified as short-term benefits, as explained in note 20(o).

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 \$439,341 (2022: \$193,960) 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.

For personal use only

## 6 Equity

### (a) Share capital

	Notes	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares					
Fully paid					
	6(a)(i)	<b>506,685,568</b>	425,278,237	<b>53,929,488</b>	51,807,595
		<b>506,685,568</b>	425,278,237	<b>53,929,488</b>	51,807,595

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

Details	Notes	Number of shares	Total \$
<b>Balance at 1 July 2021</b>		<b>330,859,716</b>	<b>37,366,641</b>
Issue of shares under the employee incentive scheme at \$0.29 (2021-08-27)		1,575,072	456,771
Issue of shares under the employee incentive scheme at \$0.309 (2021-08-27)		630,890	194,945
Issue of shares under the employee incentive scheme at \$0.287 (2021-08-27)		377,810	108,431
Issue of forfeiture shares at \$0.272 (2021-12-03)		2,064,832	560,716
Issue of shares under the employee incentive scheme at \$0.276 (2021-12-06)		95,330	26,344
Issue at \$0.17 pursuant to institutional offer (2022-02-28)		43,339,291	7,367,680
Issue at \$0.17 pursuant to entitlement offer (2022-03-25 to 30)		41,285,524	7,018,539
Issue at \$0.10 pursuant to entitlement offer (2022-06-15)		5,000,000	500,000
Issue at \$0.255 on exercise of listed options (2022-06-29)		49,772	12,692
Less: Transaction costs arising on share issues		-	(1,805,164)
<b>Balance at 30 June 2022</b>		<b>425,278,237</b>	<b>51,807,595</b>
<b>Balance at 1 July 2022</b>		<b>425,278,237</b>	<b>51,807,595</b>
Issue of shares under the employee incentive scheme at \$0.259 (2022-11-18)		132,829	34,403
Issue of shares under the employee incentive scheme at \$0.091 (2022-11-18)		400,347	36,432
Issue of shares under the employee incentive scheme at \$0.151 (2022-11-18)		587,025	88,641
Issue of shares under the employee incentive scheme at \$0.232 (2022-11-18)		230,549	53,487
Issue of shares under the employee incentive scheme at \$0.092 (2022-11-18)		7,075,512	650,947
Issue of forfeiture shares at \$0.089 (2022-12-12)		3,300,325	293,729
Issue of shares under the employee incentive scheme at \$0.082 (2022-12-22)		89,551	7,343
Issue of shares from Share Purchase Plan at \$0.035 (2023-06-23)		43,785,637	1,532,497
Issue of shares upon termination of placement agreement at \$0.036 (2023-06-23)		1,805,556	65,000
Issue of shares under the share purchase agreement at \$0.033 (2023-06-29)	6(a)(ii)	24,000,000	-
Less: Transaction costs arising on share issues		-	(640,586)
<b>Balance 30 June 2023</b>		<b>506,685,568</b>	<b>53,929,488</b>

#### (ii) Share purchase agreement

The issuance of 24 million shares under the share purchase agreement is considered an embedded derivative with the advance payment credit, thus valued as one instrument. For more information refer to note 8(b)(v).

## 6 Equity (continued)

### (b) Other reserves

The following table shows a breakdown of the Statement of financial position 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.

Notes	Shares to be issued \$	Share- based payments \$	Equity settled payments \$	Foreign currency translation \$	Total other reserves \$
<b>At 1 July 2021</b>	-	<b>2,337,660</b>	<b>611,744</b>	<b>(7,638)</b>	<b>2,941,766</b>
Currency translation differences	-	-	-	(153,788)	(153,788)
<b>Other comprehensive loss</b>	-	-	-	(153,788)	(153,788)
Transactions with owners in their capacity as owners					
Issue of options	6(b)(ii) -	2,744,318	-	-	2,744,318
Issue of shares as part of forfeiture payments	-	-	(515,919)	-	(515,919)
Provision of forfeiture share payments	-	-	319,510	-	319,510
Issue of restricted share units	-	11,001	-	-	11,001
Share-based payment expenses	-	(84,960)	-	-	(84,960)
Forfeited options	-	(499,291)	-	-	(499,291)
<b>At 30 June 2022</b>	-	<b>4,508,728</b>	<b>415,335</b>	<b>(161,426)</b>	<b>4,762,637</b>
Currency translation differences	-	-	-	(151,399)	(151,399)
<b>Other comprehensive loss</b>	-	-	-	(151,399)	(151,399)
Transactions with owners in their capacity as owners					
Shares to be issued/(issued)	36,900	(159,675)	-	-	(122,775)
Issue of options	6(b)(ii) -	3,095,864	-	-	3,095,864
Issue of shares as part of forfeiture payments	-	-	(106,284)	-	(106,284)
Issue of restricted share units	-	(11,001)	-	-	(11,001)
Shares to be issued per board and management placement	1,045,000	-	-	-	1,045,000
<b>At 30 June 2023</b>	<b>1,081,900</b>	<b>7,433,916</b>	<b>309,051</b>	<b>(312,825)</b>	<b>8,512,042</b>

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

##### Share-based payments

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

##### Foreign currency translations

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income or loss 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.

## 6 Equity (continued)

### (b) Other reserves (continued)

(i) *Nature and purpose of other reserves (continued)*

#### *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.

(ii) *Movements in options:*

Details	Number of options	Total \$
<b>Balance at 1 July 2021</b>	<b>26,463,453</b>	<b>2,093,025</b>
Issue of Employee Stock Ownership Plan (ESOP) unlisted options	14,199,821	1,386,407
Issue of listed options	83,070,699	-
Issue of unlisted options	15,000,000	496,500
Forfeiture of ESOP unlisted options	(8,304,068)	(499,291)
Exercise of listed options	(49,772)	-
Expense for share-based payments for options previously issued	-	861,411
<b>Balance at 30 June 2022</b>	<b>130,380,133</b>	<b>4,338,052</b>
Issue of Employee Stock Ownership Plan (ESOP) unlisted options	28,613,089	1,179,574
Issue of unlisted options	4,500,000	82,350
Issue of options per share purchase agreement	41,891,892	681,581
Expense for share-based payments for options previously issued	-	1,152,359
<b>Balance at 30 June 2023</b>	<b>205,385,114</b>	<b>7,433,916</b>

For personal use only

## 7 Cash flow information

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

	2023	2022
	\$	\$
<b>Loss for the year</b>	<b>(25,916,890)</b>	<b>(15,898,400)</b>
Adjustments for		
Depreciation and amortisation	<b>965,351</b>	949,762
Disposal of property, plant and equipment	<b>4,185</b>	2,065
Finance costs	<b>773,845</b>	-
Finance income	<b>(27,565)</b>	-
Forfeiture payment provision	<b>264,883</b>	303,420
Leave provision expense	<b>230,938</b>	-
Share-based payments	<b>3,321,854</b>	3,169,055
Net foreign currency losses	<b>230,007</b>	532,826
Change in operating assets and liabilities:		
Movement in trade and other receivables	<b>(993,368)</b>	(2,633,517)
Movement in other current assets	<b>100,847</b>	99,208
Movement in trade payables	<b>4,740,160</b>	322,690
Net cash outflow from operating activities	<b>(16,305,753)</b>	<b>(13,152,891)</b>

For personal use only



## 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 due to changes in estimates and judgements. 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.

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.

The areas involving judgement or estimation are detailed below.

### (a) Judgements

#### (i) Impairment

The group's intangible assets are assessed for impairment at each reporting period.

Management have not identified any indicators of impairment in the current year, for the following reasons:

- The market capitalisation of Chimeric Therapeutics Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2023 is in excess of the net book value of assets;
- The scientific results and progress of the trials;
- Comparisons with companies in a similar field of development and similar stage; and
- Changes in growth of the biotech sector.

As no indicators of impairment have been identified, no impairment test has been performed. Should an indicator be identified, management would be required to perform an impairment test.

### (b) Estimates

#### (i) R&D tax incentive income accrual

The group's 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.

Judgement is applied to each transaction the group incurs each financial year, by determining a percentage of each transaction that relates to R&D.

R&D income is determined using eligibility criteria and percentages of eligibility estimated by management. These estimated eligibility percentages determine the base for which the R&D tax rebate is calculation and therefore is subject to a degree of uncertainty.

#### (ii) Useful life of intangible assets

Management have assessed that "ready for use" for the group is not the commercialisation of an intangible asset but rather the goal to develop intangible assets to a point that a trade sale of a licence is more likely. They have concluded that all intangible asset's are "ready for use" and have applied judgement over the period which each asset is expected to be available for use by the entity.

The life of the asset is indeterminate at this stage of development. The maximum life in which the group has control of the intangible asset can be determined by the length of legal protection of the intellectual property (IP) covered by the patent life over the IP. The life of an asset is determined by reference to that IP protection, subject to reassessment each year, taking into consideration changing expectations about possible timing of trade sale of a licence.

## 8 Critical estimates, judgements and errors (continued)

### (b) Estimates (continued)

#### (ii) Useful life of intangible assets (continued)

The useful life is determined using the expiry date of the last patent to expire. These dates determine the life of the IP and therefore is subject to a degree of uncertainty.

#### (iii) Share-based payments

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.

This model requires the following inputs which involve judgements to be made:

- Where the group can measure volatility of options based on historical volatility of the shares, this has been used. In the absence of this information, the group has measured volatility based on comparable listed companies; and
- Risk-free rate is obtained by referencing to the Capital Market Yields for Government Bonds supplied by the RBA. The rate is selected by determining what the rate is at the date the options are granted to the holder. Additionally, there are different rates supplied by the RBA each day dependent on the terms of the bond (2, 3, 5, 10 years). The term of the option will determine which rate is used (i.e. a 5 year term will use the 5 year bond rate). If an options term is between two terms for example 4 years, the rate that is used is that of the lower term i.e. the 3 year bond rate.

These inputs determine the value of each share-based payment and therefore it is subject to a degree of uncertainty.

#### (iv) Contingent consideration

The fair value of the group's 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. Management's assessment of the probability is based on their experience and considering industry information on clinical trial success rates and related parameters.

At the end of the reporting year, the group has applied judgement to multiple milestones detailed in note 10.

The discount rate used at 30 June 2023 was 6.85% (2022: 4.52%). The discount rate is based on the expected rate of return, which has been determined using the capital asset pricing model.

The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

The probability assigned to each milestone determines the value of the consideration and therefore is subject to a degree of uncertainty.

The fair value of contingent consideration is sensitive to changes in the probability of clinical trial success and the timeframe for completion of those clinical trials. These sensitivities are interdependent. A 1% change in the probability of clinical trial success or a 1 year reduction in the timeframe for completion of clinical trials would have a material impact on the fair value of contingent consideration.

#### (v) Lind share purchase agreement

In June 2023, the group entered into a share subscription agreement with Lind Global II LP. The key terms of this agreement are as follows:

(a) Lind pays an advance amount of \$3.1 million to the group; and

(b) the group provides Lind with the following:

- An advance payment credit of \$3.4 million (which is not a loan and does not bear interest), which Lind can use during the duration of the agreement to subscribe for additional shares, or adjusting the liability for the initial shares issued (see below);

## 8 Critical estimates, judgements and errors (continued)

### (b) Estimates (continued)

#### (v) Lind share purchase agreement (continued)

- 24,000,000 ordinary shares, subject to payment by Lind of the subscription price - being the lower of \$0.048 per share, or 90% of the average of the lowest three daily volume weighted average prices during the 20 actual trading days immediately prior to the date on which the subscription price is to be determined; and
- 41,891,892 irredeemable options, granting Lind the right to purchase one share, at an exercise price of \$0.046 per share, within a period of 48 calendar months from the grant date.

This transaction has been accounted for under AASB 132 - Financial Instruments: Presentation. The identification and separation of the components involved under an arrangement within the scope of AASB 132 depends upon whether these instruments were granted in compensation for the capital received and thus are a transaction cost. The group has considered whether the advance payment credit, initial shares, and options are freestanding based on their legal detachability and separate exercisability.

Based on the above analysis, the group has determined that the option component is freestanding, while the advance payment credit and initial shares are one combined instrument.

#### Classification - options

The options are an equity instrument under AASB 132. As the options convert on a 1 for 1 basis, they meet the fixed-for-fixed criteria. Therefore, they are not a financial liability, and are accounted for as equity and initially measured at fair value.

The options were issued as part of the raising of funding as they enabled the group to access finance at a rate lower than it would otherwise have obtained. The options are thus, in substance, considered to represent a cost of fundraising. As the advance payment liability (see below) is accounted for at fair value through profit or loss, the associated transaction costs (i.e., these options) are expensed rather than included in the value of the liability on initial recognition.

#### Classification - advance payment liability

The combined instrument qualifies as a derivative instrument. The two components (the advance payment credit and initial shares) are accounted for as follows:

- As the initial share component of the combined instrument will be settled by the group issuing a fixed number of its own equity instruments in exchange for a variable amount of cash, the 'fixed-for-fixed' criterion for equity classification under AASB 132 has not been met. Consequently, the initial share component has been classified as an embedded derivative liability within the combined instrument.
- As the ability to convert the advance payment credit rests with Lind, rather than with the group, it is outside the control of the group. The group therefore does not have the ability to avoid the obligation of potentially issuing a variable number of shares. Similar to the above, this means the 'fixed-for-fixed' criterion has not been met, and the transaction is therefore accounted for as a financial liability under AASB 132.

The combined advance payment credit and initial share components are collectively referred to as the 'advance payment liability', and accounted for as a financial liability as shown in note 4(d). This is designated at fair value through profit or loss, in accordance with AASB 9 - Financial Instruments.

#### Measurement - options

The options have been measured at initial recognition and have not been subsequently remeasured. The valuation of the options was determined utilising a Binomial model .

The key assumptions used in the valuation were:

- Lind will redeem the advance payment liability at the agreement expiry date, being June 2027;
- The underlying share price is based on the closing share price of Chimeric as at the grant date;
- A risk-free rate of 3.92% has been applied, based on a 20-day average of long-term government bond yields as at the grant date; and
- A volatility rate of 64% has been applied, based on Chimeric's historical volatility and the volatility of comparable listed companies.

## 8 Critical estimates, judgements and errors (continued)

### (b) Estimates (continued)

#### (v) *Lind share purchase agreement (continued)*

This resulted in a valuation of \$0.682 million as at the grant date. This has been recognised as a finance expense (note 2(d)) with a corresponding entry within other reserves (see note 6(b)).

#### Measurement - advance payment liability

The fair value of the advance payment liability at recognition was \$3.4 million. This resulted in a deferred loss of \$0.3 million, which has been recognised within other current assets on the statement of financial position, and which will be subsequently recognised on a straight line basis over the period of the advance payment liability.

At the year-end date, the fair value of the advance payment liability was remeasured utilising a Monte-Carlo model. Given the short time-frame between the date of the agreement and the year-end date, this did not result in a movement in the fair value of the advance payment liability.

For personal use only

## 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, expressed in Australian dollar, was as follows:

	30 June 2023		30 June 2022	
	USD \$	GBP \$	USD \$	GBP \$
Cash and cash equivalents	3,429	-	2,996,418	-
Trade payables	6,502,005	258,258	4,500,028	-
<b>Total exposure</b>	<b>6,505,434</b>	<b>258,258</b>	<b>7,496,446</b>	<b>-</b>

#### 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 United States dollar (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 (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:

- USD: 5.8% (2022: 5.8%)
- GBP: 3.5% (2022: 2.9%)

	Impact on post-tax loss		Impact on other components of equity	
	2023 \$	2022 \$	2023 \$	2022 \$
USD/AUD exchange rate - increase 5.8% (2022: 5.8%)*	377,315	434,794	-	-
GBP/AUD exchange rate - increase 3.5% (2022: 2.9%)*	9,039	-	-	-

\* Holding all other variables constant

## 9 Financial risk management (continued)

### (a) Market risk (continued)

#### (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 2023 and 2022, 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, expressed in Australian dollars, was as follows:

	2023	2022
	\$	\$
<b>Financial instruments with interest rate risk</b>		
Cash and cash equivalents	2,362,654	18,381,533
Financial assets at amortised cost	40,000	40,000
	2,402,654	18,421,533

#### Sensitivity

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

	Impact on loss for the		Impact on other	
	year		components of equity	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest rates - change by 318 basis points (2022: 121 basis points)*	29,072	57,107	-	-
* Holding all other variables constant				

The use of 3.18 percent (2022: 1.21 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2023 and the previous four balance dates. The average cash rate at these balance dates was 1.28 percent (2022: 0.77 percent). The average change to the cash rate between balance dates was 247.99 percent (2022: 157.03 percent). By multiplying these two values, the interest rate risk was derived.

### (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 2023 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 cash and cash equivalents in financial institutions that maintain a high credit rating.

#### (ii) Impairment of financial assets

Cash and cash equivalents are also subject to the impairment requirements of AASB 9, and there was no identifiable impairment loss effecting cash and cash equivalents during the year.

## 9 Financial risk management (continued)

### (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
							(assets)/ liabilities
At 30 June 2023	\$	\$	\$	\$	\$	\$	\$
Trade payables	10,812,516	-	-	-	-	10,812,516	10,812,516
Other financial liabilities	-	40,672	4,569,030	133,373	719,936	5,463,011	5,463,011
<b>Total</b>	<b>10,812,516</b>	<b>40,672</b>	<b>4,569,030</b>	<b>133,373</b>	<b>719,936</b>	<b>16,275,527</b>	<b>16,275,527</b>
At 30 June 2022							
Trade payables	6,373,715	-	-	-	-	6,373,715	6,373,715
Other financial liabilities	275,802	2,177,384	-	-	-	2,453,186	2,453,186
<b>Total</b>	<b>6,649,517</b>	<b>2,177,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,826,901</b>	<b>8,826,901</b>

## 10 Contingent consideration

### (a) CAR-T technology intellectual property

The group has the licence agreement with the City of Hope. The key financial terms of the licence agreement includes cash payments worth US\$10 million. US\$4 million was paid in the year ending 30 June 2021, US\$3 million in the year ending 30 June 2022 and US\$1.5 million in the year ending 30 June 2023. The final payment of US\$1.5 million is due for payment in the year ending 30 June 2024. In addition, A\$1.6m worth of shares in the group were issued to the City of Hope as part of the agreement. The group has also incurred liabilities contingent on future events in respect of the licence, which are summarised below.

Management has determined the fair value of contingent consideration by assessing the probability of each milestone being achieved. Management's assessment of the probability is based on their experience and considering industry information on clinical trial success rates and related parameters.

The fair value is discounted as set out in note 8(b)(iv). The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

- **Development Milestone Payments:** Up to US\$17.1m payable to the City of Hope upon meeting various milestones:

Milestones	Requirements	Payment to City of Hope
1.	Dosing of fifth patient in the first Phase 1 Clinical Trial anywhere in the Territory	US\$0.35m
2.	Dosing of first patient in the first Phase 2 Clinical Trial anywhere in the Territory	US\$0.75m
3.	Dosing of first patient in the first Phase 3 Clinical Trial anywhere in the Territory	US\$2m
4.	Receipt of the first Orphan Drug Designation for each Licensed Product or Licensed Service	US\$1m
5.	Upon Marketing Approval in the United States	US\$6m
6.	Upon Marketing Approval in Europe	US\$6m
7.	Upon Marketing Approval in each of the first five jurisdictions other than the United States and Europe for each applicable Licensed Product or Licensed Service	US\$1m

The fair value of the contingent consideration recognised on the statement of financial position as at 30 June 2023 was \$1,454,763 (2022: \$0).

- **Sales Milestone Payments:** Within 30 days after the occurrence of each sales milestone set forth below with respect to each Licensed Product or Licensed Service that achieves such Sales Milestone Event, the Company is required to pay City of Hope the amount indicated below, This has no effect on the figures reported as at 30 June 2023 (2022: none).

Milestones	Sales Milestone Event	Payment to City of Hope
1.	Upon Net Sales of Licenced Product or Licensed Service first totalling US\$250 million in a Licence Year	US\$18.75m
2.	Upon Net Sales of Licenced Product or Licensed Service first totalling US\$500 million in a Licence Year	US\$35.5m

#### (i) Royalties on net sales

The group is obliged to pay City of Hope royalties on net sales based on industry standard single digit royalty rates. This has no effect on the figures reported as at 30 June 2023 (30 June 2022: none.)



## 10 Contingent consideration (continued)

### (b) CDH-17 intellectual property

The group has the licence agreement with University of Pennsylvania. The key financial terms of the licence agreement includes a payment of cash worth of US\$350,000 which has been paid in the year ending 30 June 2022. The group has also incurred liabilities contingent on future events in respect of the licence, which are summarised below.

Management has determined the fair value of contingent consideration by assessing the probability of each milestone being achieved. Management's assessment of the probability is based on their experience and considering industry information on clinical trial success rates and related parameters.

The fair value is discounted as set out in note 8(b)(iv). The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

- **Development Milestone Payments:** Up to US\$59.825m payable in cash and either an additional US\$5m or US\$2m in relation to milestone 5 to University of Pennsylvania upon meeting various milestones:

Milestones	Requirements	Payment to University of Pennsylvania
1.	Initiation (FPFD) of the first Phase I or Phase I/II trial (but not both)	US\$0.2m
2.	Initiation (FPFD) of the first Phase II or Phase III trial (but not both)	US\$0.875m
3.	First Commercial Sale of a CAR Licensed Product in the US	US\$10m
4.	First Commercial Sale of a CAR Licensed Product in the EU	US\$6.25m
5.	First Commercial Sale of a CAR Licensed Product in Japan	US\$5m if there is a Valid Claim in Japan or US\$2M if there is no Valid Claim in Japan but prong (d) of the Product definition applies
6.	Cumulative worldwide Net Sales in a calendar year of the first CAR Licensed Product reach \$250 million	US\$7.5m
7.	Cumulative worldwide Net Sales in a calendar year of the first CAR Licensed Product reach \$500 million	US\$15m
8.	Cumulative worldwide Net Sales in a calendar year of the first CAR Licensed Product reach \$1 billion	US\$20m

The fair value of the contingent consideration recognised on the statement of financial position as at 30 June 2023 was \$467,823 (2022: \$275,802).

#### (i) Royalties on net sales

The group is obliged to pay University of Pennsylvania royalties on net sales based on industry standard single digit royalty rates. This has had no effect on the figures reported as at 30 June 2023 (30 June 2022 none.)

For personal use only

## 10 Contingent consideration (continued)

### (c) CORE-NK intellectual property

The group has the licence agreement with Case Western Reserve University. The key financial terms of the licence agreement includes a payment of cash worth US\$75,000 which has been paid and issued in the year ending 30 June 2022. The group has also incurred liabilities contingent on future events in respect of the licence, which are summarised below.

Management has determined the fair value of contingent consideration by assessing the probability of each milestone being achieved. Management's assessment of the probability is based on their experience and considering industry information on clinical trial success rates and related parameters.

The fair value is discounted as set out in note 8(b)(iv). The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

- **Development Milestone Payments:** Up to US\$2.11m payable to Case Western Reserve University upon meeting various milestones:

Milestones	Requirements	Payable to Case Western Reserve University
1.	Completion of first in vivo animal study	US\$10k
2.	First IND Clearance	US\$50k
3.	Initiate first Phase I Clinical Trial of a Licenced Product	US\$100k
4.	Initiate first Ph II/III (registration-enabling study) Clinical Trial of a Licensed Product	US\$200k
5.	Submission of first BLA to US FDA	US\$250k
6.	First Regulatory Approval of a Licenced Product	US\$500k
7.	First Commercial Sale	US\$1m

The fair value of the contingent consideration recognised on the statement of financial position as at 30 June 2023 was \$140,425 (2022: \$0).

For personal use only

## 11 Commitments

### (a) Research and development commitments

#### (i) CAR-T technology intellectual property

Under the Licence Agreement, a non-refundable annual licence fee is payable to the City of Hope of US\$150,000. This is payable on or before 31 July of each Licence Year (excluding the first and second Licence Years ending 31 December 2020 and 31 December 2021, respectively). This fee is perpetual and US\$150,000 is recorded as an expense in the statement of comprehensive income for the current year.

#### (ii) CDH17 intellectual property

Under the Licence Agreement, a non refundable annual licence fee is payable to University of Pennsylvania of US\$20,000. This is payable beginning on the first anniversary of the effective date (21 July 2021) and payable annually until Licensee's payment of royalties or upon termination of the Agreement. US\$20,000 is recorded as an expense in the statement of comprehensive income for the current year.

#### (iii) CORE-NK intellectual property

Under the Licence Agreement, a non refundable annual licence fee is payable to Case Western Reserve University of U\$10,000. This is payable beginning on the second anniversary of the effective date (17 November 2022) and payable annually until Licensee's payment of royalties or upon termination of the Agreement. No amount has been recorded as an expense in the statement of comprehensive income for the current year.

## 12 Events occurring after the reporting year

On 16 August 2023, Imugene Limited (a related party of the group) entered into definitive documentation with Precision Biosciences, Inc. in relation to the research and development of the azer-cel CAR T technology.

Upon the entry into definitive documentation, Imugene Limited was obliged to pay the group an introduction fee of US\$3 million by way of cash payment. This payment was received on 23 August 2023.

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.

For personal use only

## 13 Capital management

### (a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they 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 2023 (30 June 2022: nil). The group's franking account balance was nil at 30 June 2023 (30 June 2022: nil).

For personal use only

## 14 Related party transactions

### (a) Key management personnel compensation

	<b>30 June 2023</b>	30 June 2022
	\$	\$
Short-term employee benefits	<b>3,350,778</b>	3,140,950
Post-employment benefits	<b>98,016</b>	87,341
Long-term benefits	<b>199,791</b>	346,725
Share-based payments	<b>2,601,268</b>	2,332,437
	<b>6,249,853</b>	5,907,453

Detailed remuneration disclosures are provided in the remuneration report on pages 23 to 33.

### (b) Transactions with key management personnel

The following transactions occurred with key management personnel:

	<b>30 June 2023</b>	30 June 2022
	\$	\$
<i>Other transactions</i>		
Forfeiture payments and shares expense to key management personnel	<b>258,301</b>	677,760

#### (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 2023 the group has recognised \$258,301 as payable for the current year in cash. The expense is cumulative and vests dependent to the employees agreements with Chimeric.

## 15 Share-based payments

### (a) Employee Option Plan and other share options

The establishment of the Omnibus Incentive Plan (OIP) was approved by shareholders at the annual general meeting held on 22 November 2021, and was 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.

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

Set out below are summaries of all listed and unlisted options, issued under OIP:

For personal use only

**15 Share-based payments (continued)**

**(a) Employee Option Plan and other share options (continued)**

	2023		2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July	\$0.26	27,351,537	\$0.22	21,505,556
Granted during the year	\$0.10	28,613,089	\$0.30	14,199,821
Exercised during the year	-	-	\$0.26	(49,772)
Forfeited during the year	-	-	\$0.22	(8,304,068)
As at 30 June	<b>\$0.18</b>	<b>55,964,626</b>	\$0.26	27,351,537
Vested and exercisable at 30 June	<b>\$0.25</b>	<b>18,352,464</b>	\$0.25	9,122,061

For personal use only

## 15 Share-based payments (continued)

### (a) Employee Option Plan and other share options (continued)

Share options issued under OIP outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (\$)	Share options 30 June 2023	Share options 30 June 2022
2020-08-28	2025-01-18	0.20	5,500,000	5,500,000
2020-11-30	2026-01-18	0.20	6,280,002	6,280,002
2021-02-01	2025-01-18	0.32	2,750,000	2,750,000
2021-03-08	2026-03-08	0.29	695,552	695,552
2021-07-01	2026-07-01	0.29	700,000	700,000
2021-07-05	2025-12-03	0.37	2,750,000	2,750,000
2021-08-27	2026-08-27	0.29	2,241,378	2,241,378
2021-08-27	2026-08-27	0.32	1,000,000	1,000,000
2021-11-22	2026-11-22	0.34	2,000,000	2,000,000
2021-11-29	2027-11-29	0.26	101,314	101,314
2021-11-29	2028-11-29	0.26	101,314	101,314
2021-11-29	2029-11-29	0.26	101,345	101,345
2021-12-22	2025-12-22	0.26	400,000	400,000
2022-01-01	2027-01-01	0.23	2,000,000	2,000,000
2022-01-25	2028-07-31	0.26	237,770	237,770
2022-01-25	2029-01-31	0.26	237,698	237,698
2022-01-25	2030-01-31	0.26	237,698	237,698
2022-01-26	2028-09-07	0.15	67,238	67,238
2022-07-01	2027-07-01	0.09	7,681,946	-
2022-08-22	2027-08-22	0.19	433,899	-
2022-10-17	2028-10-31	0.09	274,876	-
2022-11-18	2027-07-01	0.09	17,222,368	-
Total			53,014,398	27,401,309

The following options were granted outside of the OIP 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 2023	Share options 30 June 2022
2021-01-18	2024-01-18	0.30	4,957,897	4,957,897
2022-03-25	2024-03-31	0.26	83,020,927	83,020,927
2022-06-09	2024-03-31	0.26	15,000,000	15,000,000
2023-06-29	2026-07-12	0.10	4,500,000	-
2023-06-22	2027-08-18	0.46	41,891,892	-
Total			149,370,716	102,978,824

Weighted average remaining contractual life of options outstanding at end of year

3.32

2.16

## 15 Share-based payments (continued)

### (a) Employee Option Plan and other share options (continued)

#### (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 2023 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 (\$)
2022-07-01	2027-07-01	0.092	7,681,946	0.096	100%	0.00%	3.24%	591,507
2022-07-18	2027-07-18	0.160	2,000,000	0.130	100%	0.00%	3.21%	189,799
2022-08-22	2027-08-22	0.186	433,899	0.120	100%	0.00%	3.31%	36,274
2022-08-27	2027-08-27	0.121	1,000,000	0.120	100%	0.00%	3.34%	90,999
2022-10-18	2028-10-31	0.085	274,876	0.082	100%	0.00%	3.60%	17,400
2022-11-18	2027-07-01	0.092	17,222,368	0.087	100%	0.00%	3.21%	1,143,564
2023-06-22	2028-06-22	0.046	41,891,892	0.038	64%	0.00%	3.92%	681,581
			<b>70,504,981</b>					

The 41,891,892 options were issued as part of the Lind share purchase agreement detailed in note 8(b)(v). For the reasons set out in that note, the expense associated with this has been recognised as a finance expense (note 2(d)).

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

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2023	2022
	\$	\$
Options issued under employee option plan	<b>2,331,933</b>	2,245,027

For personal use only



## 16 Remuneration of auditors

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

### (a) Grant Thornton Audit Pty Ltd

#### (i) Audit and other assurance services

	2023	2022
	\$	\$
Audit and review of financial statements	272,250	87,230
Other assurance services	90,850	-
<b>Total remuneration for audit and other assurance services</b>	<b>363,100</b>	<b>87,230</b>

#### (ii) Taxation services

Tax compliance services	27,828	21,164
<b>Total remuneration for taxation services</b>	<b>27,828</b>	<b>21,164</b>

<b>Total auditors' remuneration</b>	<b>390,928</b>	<b>108,394</b>
-------------------------------------	----------------	----------------

## 17 Loss per share

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

	30 June	30 June
	2023	2022
	\$	\$
<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	25,916,890	15,898,400

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

	2023	2022
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>433,244,540</b>	<b>359,932,442</b>

On the basis of the group's losses, the outstanding options as at 30 June 2023 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

## 18 Interests in other entities

### (a) Subsidiaries

The group's subsidiaries at 30 June 2023 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	
		2023 %	2022 %
Chimeric Therapeutics Inc	United States	<b>100</b>	100

For personal use only

## 19 Parent entity financial information

### (a) Summary financial information

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

	2023	2022
	\$	\$
Balance sheet		
Current assets	<b>9,351,353</b>	21,170,711
Non-current assets	<b>12,447,599</b>	13,709,029
Total assets	<b>21,798,952</b>	34,879,740
Current liabilities	<b>13,979,962</b>	8,654,539
Non-current liabilities	<b>2,022,339</b>	152,570
Total liabilities	<b>16,002,301</b>	8,807,109
<i>Shareholders' equity</i>		
Share capital	<b>53,929,488</b>	51,807,595
Reserves		
Share-based payments	<b>7,433,916</b>	4,338,052
Other reserves	<b>1,390,951</b>	(586,011)
Retained earnings	<b>(56,957,704)</b>	(29,487,005)
	<b>5,796,651</b>	26,072,631
<b>Loss for the year</b>	<b>26,298,677</b>	19,300,432
<b>Total comprehensive loss</b>	<b>26,298,677</b>	19,300,432

### (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 2023 (2022: nil).

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

The parent entity had contingent liabilities at 30 June 2023 and 30 June 2022 identical to those of the group, as outlined in note 10.

### (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 2023 (2022: nil).

### (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 Chimeric Therapeutics Limited.

## 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*. Chimeric Therapeutics Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The financial statements of the Chimeric Therapeutics 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 except for financial instruments at fair value.

#### (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 year ended 30 June 2023, the group incurred a loss of \$25,916,890 (2022: \$15,898,400) and was in a net current liability position of \$5,341,176 (2022: net current assets \$12,149,850) and had net assets of \$5,660,716 at 30 June 2023 (2022: \$25,706,308).

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 Board is assessing capital sources with advisors, including a placement to sophisticated and professional investors and other options.

The directors believe that the group can raise capital as required based on the success of previous capital raises and the continued development of the group's projects.

In addition, the group can employ cash management strategies such as delaying or reducing some operating activities.

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 it is 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 and amended standards adopted by the group

There are no new accounting standards or interpretations that would be expected to have a material impact on the group in the current or future reporting years and on foreseeable future transactions.

#### (v) New standards and interpretations not yet adopted

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

## 20 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (vi) Variance from Appendix 4E

The annual report differs from the un-audited Appendix 4E published on 31 August 2023. The group's operating loss has increased from \$25,500,384 to \$25,916,890. The increase in operating loss is due to a reduction in R&D income of \$416,506. There was a corresponding reduction in accrued income for the R&D Tax Incentive of \$416,506. In the statement of financial position, there has been an increase in other assets of \$300,000, with a corresponding increase in other financial liabilities of \$300,000; relating to the Lind share purchase agreement.

### (b) Principles of consolidation and equity accounting

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### (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 Chimeric Therapeutics Limited's functional and presentation currency. The subsidiary of Chimeric Therapeutics Limited; Chimeric Therapeutics (USA) Inc uses USD as their functional currency. Upon consolidation, these USD amounts are converted to AUD for use in this report.

#### (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) R&D rebate

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, the expected amount can be reliably measured and there is reasonable assurance the amount will be received.

## 20 Summary of significant accounting policies (continued)

### (f) 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.

### (g) 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.

### (h) 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.

### (i) 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.

For personal use only

## 20 Summary of significant accounting policies (continued)

### (i) Fair value measurement (continued)

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.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one year to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### (j) 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.

#### (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.

#### 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.

## 20 Summary of significant accounting policies (continued)

### (j) Investments and other financial assets (continued)

#### (iii) Measurement (continued)

##### Financial instruments (continued)

- 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.

#### (iv) Impairment

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

### (k) 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.

### (l) 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.

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.

Contingent consideration on the acquisition of intangible assets is measured at FVPL. Future changes to probability of milestones becoming payable in subsequent periods, and other changes which impact on the fair value of contingent consideration, will be captured in the consolidated statement of profit or loss and other comprehensive income.



## 20 Summary of significant accounting policies (continued)

### (l) Intangible assets (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.

### (m) 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.

### (n) 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.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible bond. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

### (o) 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) Share-based payments

Share-based compensation benefits are provided to employees via the OIP, an employee share scheme and the executive short-term incentive scheme. Information relating to these schemes is set out in note 15.

## 20 Summary of significant accounting policies (continued)

### (o) Employee benefits (continued)

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

##### Employee options

The fair value of options granted under the Omnibus Incentive Plan is recognised as an employee benefits 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 (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg 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 (eg 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.

#### (iii) 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. Once vested, the employee will be issued shares or a payment based on their contract, however should they leave before the vesting date is met, the payments will be forfeited and liability reversed.

### (p) 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.

### (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.

## 20 Summary of significant accounting policies (continued)

### (r) 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 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.

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.

For personal use only

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 40 to 89 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 2023 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  
28 September 2023

For personal use only

For personal use only

# Independent auditor's report to the members

---

**Grant Thornton Audit Pty Ltd**

Level 22 Tower 5  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 4736  
Melbourne VIC 3001  
T +61 3 8320 2222

## Independent Auditor's Report

### To the Members of Chimeric Therapeutics Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Chimeric Therapeutics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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.

[www.grantthornton.com.au](http://www.grantthornton.com.au)

ACN-130 913 594

---

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

## 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 \$25.92 million during the year ended 30 June 2023, and as of that date, the Group's current liabilities exceeded its current assets by \$5.34 million. 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
<b>Intangible asset impairment – Notes 5, 8(a)(i) and 20(l)</b>	
<p>The Group has acquired licenses associated with the development and commercialisation of oncology products for diagnostic and therapeutic uses, totalling \$12.98 million as at June 2023.</p> <p>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 value.</p> <p>There is significant judgement in determining the appropriate approach to measuring recoverable value, and significant estimation involved in determining the amount.</p> <p>We have determined this is a key audit matter due to the financial significance of this asset class in the statement of financial position, the significant judgement involved in the impairment indicator analysis and the judgement and estimation involved in the subsequent impairment assessment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Obtaining a detailed understanding of the underlying processes for the intangible asset impairment process, through discussion with individuals across the organisation and review of relevant documentation;</li><li>• Assessing the design and implementation of relevant controls in relation to assessing impairment at the year-end;</li><li>• Holding discussions with the Chief Medical Officer ('CMO') to confirm project status and to identify potential internal indicators of impairment;</li><li>• Assessing the adequacy of the work of management's expert, including their competence and objectivity;</li><li>• Validating the appropriateness of management's determination of the asset's useful life;</li><li>• Obtaining management's impairment indicator analysis and assessing reasonableness through review of public information and discussions with management;</li><li>• Considering if there are any other indicators of impairment (such as results of recent trials or changes in factors that underpinned the initial valuation of the assets) and other qualitative considerations (e.g. market valuation of the company compared to its net assets, recent clinical trial results, other public information available or press releases); and</li><li>• Assessing whether the disclosures in the financial statements, including of critical judgements and estimates, are appropriate.</li></ul>

### R&D tax rebate – Notes 2(a), 4(b) and 20(e)

The Group determines the eligibility of their research and development activities under the Australian government tax incentive scheme.

The R&D receivable for the period was \$3.62 million and the income recognised in the consolidated statement of profit or loss and other comprehensive income was \$4.51 million for the year then ended.

There is inherent subjectivity involved in the Group's judgements in relation to the calculation and recognition of the R&D tax incentive income and receivable, with several assumptions made in determining the eligibility of claimable expenses.

We have determined this is a key audit matter for the reasons set out above.

Our procedures included, amongst others:

- Obtaining a detailed understanding of the underlying processes for claiming the R&D rebate, through discussion with individuals across the organisation and review of relevant documentation;
- Assessing the design and implementation of relevant controls in relation to determining the R&D rebate at the year-end;
- Developing an understanding of the model, identifying and assessing the key assumptions in the calculation;
- Assessing the adequacy of the work of management's expert, including their competence and objectivity;
- Engaging internal experts to review the reasonableness of the calculation provided by management;
- Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate are likely to meet the eligibility criteria;
- Validating the mathematical accuracy of the accrued amount;
- Agreeing a sample of R&D expenditure within the computation to underlying supporting documentation;
- Comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax claim;
- Performing substantive analytical procedures over the R&D claim, considering the nature of the R&D expenditure included in the current year and prior year estimates;
- Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and
- Assessing whether the disclosures in the financial statements, including of critical judgements and estimates, are appropriate.



**Lind share purchase agreement – Notes 2(d), 4(b), 4(d), 4(e), 6(a), 6(b), 8(b)(v), 15(a) and 20(i)**

On 23 June 2023, the Group announced that it had secured \$12.6 million through a Securities Purchase Plan and a share placement agreement. These arrangements are accounted for under AASB 9 *Financial Instruments*.

There is significant judgement involved in determining:

- the appropriate accounting for the agreement; and
- the valuation to be applied to the financial instruments.

We have determined this is a key audit matter due to the financial significance of the financial instruments, the significant judgement involved in determining the accounting for the underlying agreement and the judgement and estimation involved in the subsequent valuation.

Our procedures included, amongst others:

- Obtaining a detailed understanding of the underlying processes for valuing the financial instruments, through discussion with individuals across the organisation and review of relevant documentation;
- Assessing the design and implementation of relevant control in relation to determining the valuation of financial instruments at the year-end;
- Obtaining and reviewing the underlying contractual agreement;
- Obtaining and reviewing the assessment of classification and valuation provided by management's experts, assessing the adequacy of their work, including their competence and objectivity;
- Assessing whether management's estimate regarding the valuation of the financial instruments is reasonable and supportable;
- Engaging internal experts to review the reasonableness of the valuation provided by management; and
- Assessing whether the disclosures in the financial statements, including of critical judgements and estimates, are appropriate.

**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 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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](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 23 to 33 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Chimeric Therapeutics Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 28 September 2023

For personal use only

# Shareholder information

Chimeric Therapeutics Limited: Annual Report

The shareholder information set out below was applicable as at 21 September 2023.

**A. Distribution of equity securities**

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

Holding	Class of equity security			
	No. of holders (shares)	Ordinary shares	No. of holders (options)	Options
1 - 1000	53	11,623	55	37,209
1,001 - 5,000	879	2,507,657	108	319,660
5,001 - 10,000	501	4,021,707	86	630,837
10,001 - 100,000	1,554	60,943,005	323	12,062,696
100,001 and over	648	461,918,964	150	192,334,712
	<u>3,635</u>	<u>529,402,956</u>	<u>722</u>	<u>205,385,114</u>

There were 1,774 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	94,994,574	17.94
LIND GLOBAL FUND II LP	17,624,724	3.33
CHRISTINE BROWN	11,696,565	2.21
MICHAEL E BARISH	11,522,634	2.18
ZERRIN INVESTMENTS PTY LTD	9,600,001	1.81
JENNIFER CHOW	9,450,924	1.79
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,437,237	1.78
CITICORP NOMINEES PTY LIMITED	8,540,926	1.61
SHARED OFFICE SERVICES PTY LTD <PHILANNE S/F A/C>	6,521,739	1.23
VALENTINO TRADING PTY LTD	5,500,000	1.04
KAMALA HOLDINGS PTY LTD <THE KAMALA 1994 S/F A/C>	5,447,142	1.03
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED <SUPER FUND A/C>	5,060,000	0.96
LIBERTY NATIONAL PTY LTD <LIBERTY NATIONAL FAMILY A/C>	5,000,000	0.94
UBS NOMINEES PTY LTD	4,945,588	0.93
MR LUTZ STEFFENS & MRS KATY STEFFENS	4,303,341	0.81
SOLIUM NOMINEES (AUSTRALIA) PTY LTD	4,087,272	0.77
MR TIM BENSLEY & MS JENNY JIAER ZHANG	3,961,562	0.75
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,655,335	0.69
ALPHA BETA SUPERANNUATION SERVICES PTY LTD <THE ALPHA BETA SF A/C>	3,357,142	0.63
BRISPOUT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	3,243,205	0.61
	<u>227,949,911</u>	<u>43.06</u>

For personal use only

**B. Equity security holders (continued)**

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Options over ordinary shares issued	122,364,187	19

The following holders have unquoted options each representing more than 20% of these securities:

- Lind Global Fund II Lp: 41,891,892
- Ms Jennifer Chow: 27,513,863

**C. Substantial holders**

Substantial holders in the group are set out below:

	<b>Number held</b>	<b>Percentage</b>
Paul Hopper	94,137,432	17.78%

Substantial holdings are based on the last notice for each holder lodged on the Australian Securities Exchange (ASX).

**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:

	<b>Expiry date</b>	<b>Number of shares</b>
Ordinary shares	30 June 2024	525,128

For personal use only

For personal use only

Phone +61 3 98245254  
Email [info@chimerictherapeutics.com](mailto:info@chimerictherapeutics.com)

**Chimeric Therapeutics Limited**

ACN 638 835 828

**ASX: CHM**

