Interim Report

Half-year ended 31 December 2023

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited
Appendix 4D
Half-year ended 31 December 2023

Name of entity:	Chimeric Therapeutics Limited
ABN:	68 638 835 828
Half-year ended ended:	31 December 2023
Comparative period:	31 December 2022

Results for announcement to the market

					$
Revenue for ordinary activities	-	-%	to	-
Profit from ordinary activities after tax attributable to members	Up	120.8%	to	2,443,997
Net profit for the period attributable to members	Up	120.8%	to	2,443,997

Net tangible assets per security

	31 December 2023 Cents	31 December 2022 Cents
Net tangible asset backing (per security)	**0.19**	0.57

Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

Distributions

No dividends have been paid or declared by the group for the current financial period. No dividends were paid for the previous financial period.

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2023.

Other information required by Listing Rule 4.2A

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

(continued)

Interim review

The financial statements have been reviewed by the group's independent auditor who has issued an unmodified conclusion with a material uncertainty in relation to going concern.

Review of operations and activities

Review of Operations and Activities

Half-year ended: 31 December 2023
Chimeric Therapeutics Limited is pleased to announce its financial results for the half year ended 31 December 2023.

Financial Review

The group reported a profit for the half-year ended 31 December 2023 of $2,443,997 (31 December 2022: loss of $11,747,564). The profit was achieved through the introduction fees received during the period and receiving a second overseas finding for the research and development tax incentive which allowed Chimeric to receive a further $3.7m from their expenditure in the year ended 30 June 2023.

At 31 December 2023 the group's net assets were $13,862,884 (30 June 2023: $5,660,716) with cash reserves of $3,525,403 (30 June 2023: $2,362,654).

CLINICAL DEVELOPMENT UPDATES

CHM 1101 (CLTX CAR T) Promising Preliminary results from phase 1A clinical trial

In October, Chimeric shared promising preliminary results from its Phase 1A clinical trial of CHM 1101, Chimeric's Chlorotoxin CAR T cell therapy for patients with recurrent or progressive Glioblastoma (GBM), an aggressive form of brain cancer.

Patients in the Phase 1A clinical trial were heavily pre-treated, with over 50% of patients receiving CHM 1101 as 4th or 5th line therapy.

The CHM 1101 data showed a Disease Control Rate (DCR) of 55% among the treated participants, a notable improvement compared to historical DCRs, for patients treated in 2nd line, of 20% to 37%.

The trial also reported an approximate 10-month survival benefit for patients that achieved disease control, with two patients achieving more than 14 months survival. The 10-month survival benefit for patients treated in 4th and 5th line is particularly encouraging when compared to the expected median survival of about 7 months for patients treated in 2nd line.

The safety profile of the treatment was considered acceptable, with manageable adverse effects, which is significant given the typically poor prognosis and limited treatment options for recurrent GBM.

CHM 1101 (CLTX CAR T) First patient dosed in phase 1B clinical trial

In November, Chimeric announced that the first patient had been dosed in its Phase 1B clinical trial with CHM 1101 in patients with recurrent or progressive GBM at the Sarah Cannon Transplant & Cellular Therapy Program at St. David's South Austin Medical Center in Texas. The patient received CHM 1101 as a 2nd line therapy.

The Phase 1b trial is a two-part clinical trial (NCT04214392). Part 1 of the trial will enroll 3-6 clinical trial participants at 440 X 106 CHM 1101 cells, the highest dose tested in the Phase 1A clinical trial at City of Hope. Based on the safety and efficacy demonstrated in the interim results of the Phase 1A City of Hope clinical trial, Chimeric will advance development of CLTX CAR T to Part 2 of the Phase 1b, an expansion cohort designed to confirm the recommended Phase 2 dose and administration schedule. Part 2 of the trial will enroll 12-26 additional patients.

CHM 0201 (CORE NK Platform)

In September, the Company announced the execution of a clinical study agreement with The University of Texas MD Anderson Cancer Center to support the "ADVENT‐AML" Phase 1B study.

The Phase 1B clinical trial will see Chimeric's NK cell therapy (CHM 0201) evaluated in combination with standard of care therapy for patients with newly diagnosed Acute Myeloid Leukemia (AML).

AML is the most common acute leukemia in adults with a median age at diagnosis between 65‐72 years. Despite treatment advances, patients who are not eligible for intensive chemotherapy or allogeneic stem cell transplant patients have limited therapeutic options.

Late in the reporting period Chimeric announced the completion of GMP manufacturing of CHM 0201 NK cells to support the ADVENT-AML Phase 1B clinical trial. The CHM 0201 NK cells were manufactured at the Cellular Therapy Integrated Services Laboratory at Case Western Reserve University where the CHM 0201 cells were developed.

Subsequent to the end of the half, Chimeric announced that the first patient was dosed as part of the trial the University of Texas MD Anderson Cancer Center.

In November, the ADVENT-AML clinical trial was selected for presentation at the prestigious American Society of Hematology (ASH) annual meeting, which took place in December. This trial is particularly significant as it represents the first to evaluate the synergy of NK cell therapy with Azacitidine and Venetoclax in AML patients. Positive Phase 1A clinical data from 2022 showed safety and promising efficacy of CHM 0201 cells as a monotherapy in treating both solid tumours and blood cancers.

CHM 2101 (CDH 17 CAR T)

In October, the US Food and Drug Administration (FDA) cleared the Investigational New Drug (IND) application for CHM 2101, Chimeric's novel 3rd generation CDH17 CAR T cell therapy for gastrointestinal cancers.

This therapy, anticipated to be the first CDH17 CAR T cell therapy to enter clinical trials, targets CDH17, a cancer marker linked to poor prognosis and metastasis in common gastrointestinal tumours, including colorectal cancer, gastric cancer, and neuroendocrine tumours. The Phase 1A clinical trial is set to enrol patients with Colorectal Cancer, Gastric Cancer and Neuroendocrine Tumours beginning in 2024.

CHM 1301

In November, the Company announced positive in vitro data for CHM 1301, with preclinical studies demonstrating up to a 300% increase in cell killing capability compared to first-generation NK cells in models of human ovarian and pancreatic cancers. These results highlight the potential of CHM 1301 to expand the application of Chimeric's CLTX CAR therapies beyond glioblastoma to address solid tumours with high unmet medical needs.

Based on the success of these studies, Chimeric is advancing the CHM 1301 program to the next stage of preclinical development using Chimeric's recently developed armoured NK cell platform (CHM 0301), to further enhance cell potency and resistance against the immunosuppressive solid tumor microenvironment.

CHM 0301

During August Chimeric announced positive in vitro data for CHM 0301, its next generation armoured natural killer (NK) cell platform.

The CHM 0301 NK cell platform builds on the foundation of CHM 0201, which has previously demonstrated safety and early signs of clinical activity in Acute Myeloid Leukemia (AML) and Colorectal Cancer (CRC) patients. CHM 0201 is now being evaluated in two Phase 1B clinical trials, the first clinical trial combines CHM 0201 NK cells with Vactosertib, an oral TGFβ receptor inhibitor and the second clinical trial, the ADVENT-AML trial, combines CHM 0201 NK cells with Azacitidine and Venetoclax.

When CHM 0301 was evaluated in in vitro models of human AML and CRC, CHM 0301 demonstrated significant enhancement of TGFβ resistance and potency compared to first generation CHM 0201 cells.

- >3x more resistant to suppression by TGFβ
- Up to ~25% relative increase in potency in the absence of TGFβ
- Up to ~80% relative increase in potency in the presence of TGFβ

Additional experiments are ongoing to further characterise the behaviour and activity of CHM 0301 and to introduce Chimeric's CLTX and CDH17 CARs into the CHM 0301 NK cell platform as part of the next-generation CHM 1301 and CHM 2301 CAR NK programs.

PATENT ALLOWANCE FOR CHLOROTOXIN IN JAPAN

During July Chimeric announced that the Japan Patent Office issued a Notice of Allowance for application JP2022007016A, which covers 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.

Chimeric holds the exclusive worldwide license to develop and commercialize JP2022007016A, under patent number JP 7,085,990, and related patent applications filed in other global territories.

BOARD AND MANAGEMENT CHANGES

Mr Eric Sullivan joined Chimeric's Board as a Non‑Executive Director during the period. 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.

Mr Sullivan replaced the outgoing Ms Cindy Elkins, who stepped down from the Board after serving during the formative years of Chimeric.

Ms Leslie Chong resigned from her position as Non‑Executive Director to focus on her duties as Chief Executive Officer of Imugene Limited. Leslie served on the Chimeric Board since August 2020.

Following her resignation, the Board appointed Mr Phillip Hains to fill a casual vacancy.
Later, Mr George Matcham resigned as a Non‑Executive Director, having served since July 2021.

FUNDRAISING ACTIVITIES

In August 2023, Chimeric announced it received a further $4.4m cash payment as an introduction fee from Imugene Limited (ASX:IMU), after Imugene entered into definitive documentation with Precision Biosciences, Inc. in relation to the research and development of the azer-cel CAR T technology.

In October 2023, the Company announced an entitlement offer to raise approximately $10 million. The offer allowed eligible shareholders to subscribe for two new fully paid ordinary shares for every three they owned, at an issue price of $0.028 per new share. The offer resulted in valid applications for 159,399,542 new shares and raising around $4.5 million.

On 18 January 2024, the Company received additional valid applications for 114,317,500 new shares under the shortfall of the entitlement offer raising a further $3.2 million.

For and on behalf of the Group

Jennifer Chow
Chief Executive Officer and Managing Director

Chimeric Therapeutics Limited

ABN 68 638 835 828

Interim report - 31 December 2023

Contents

The financial statements are presented in the Australian dollar ($).

Chimeric Therapeutics Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Chimeric Therapeutics Limited
Level 3, 62 Lygon Street
Carlton VIC 3053

Its principal place of business is:

Chimeric Therapeutics Limited
Level 3, 62 Lygon Street
Carlton VIC 3053

Director's report

Your directors present their report on Chimeric Therapeutics Limited (referred to hereafter as the 'group') for the half-year ended 31 December 2023.

Directors

The following persons held office as directors of Chimeric Therapeutics Limited during the financial period and up to the date of this report:

Mr Paul Hopper
Ms Jennifer Chow
Ms Leslie Chong (resigned 12 July 2023)
Dr Lesley Russell
Ms Cindy Elkins (resigned 30 August 2023)
Dr George Matcham (resigned 3 August 2023)
Mr Phillip Hains (appointed 12 July 2023)
Mr Eric Sullivan (appointed 30 August 2023)

Review of operations and activities

Information on the financials and operations of the group and its business strategies and prospects is set out in the review of operations and activities on pages 1 to 3 of this interim financial report.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the group during the period.

Events since the end of the financial period

On 4 January 2024, Chimeric announced it had secured an additional $1m of funding from The Lind Partners as previously foreshadowed and announced on 23 June pursuant to the Placement Agreement.

On 10 January 2024, Chimeric received $7.36m from the Australian Taxation Office under the Australian Government's R&D tax incentive. The refund is in recognition of Chimeric's R&D activities during the 2023 financial year.

On 18 January 2024, Chimeric announced that they had raised approximately $3.20m from institutional and sophisticated investors as part of the entitlement offer shortfall.

No other matter or circumstance has occurred subsequent to period 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 periods.

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 10.

Rounding of amounts

The group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar in accordance with the instrument.

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

Mr Paul Hopper
Executive Chairman

Sydney
28 February 2024

Grant Thornton Audit Pty Ltd
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Melbourne VIC 3008
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Melbourne VIC 3001

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Auditor's Independence Declaration

To the Directors of Chimeric Therapeutics Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Chimeric Therapeutics Limited for the half year ended 31 December 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 February 2024

Financial statements

Chimeric Therapeutics Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2023

	Notes	**31 December 2023 $**	31 December 2022 $
Other income	2	**10,796,015**	3,094,100
Other gains/(losses)		**174,428**	(84,246)
Modification gains	5	**897,182**	-
General and administrative expenses		**(4,235,321)**	(5,426,710)
Research and development expenses		**(4,342,354)**	(7,225,949)
Share-based payments		**(635,603)**	(2,005,685)
Operating profit/(loss)		**2,654,347**	(11,648,490)
Finance income		**48,430**	15,589
Finance expenses		**(331,731)**	(10,302)
Finance costs - net		**(283,301)**	5,287
Profit/(loss) before income tax		**2,371,046**	(11,643,203)
Income tax expense		**72,951**	(104,361)
Profit/(loss) for the period		**2,443,997**	(11,747,564)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation		(38,182)	(9,810)
Total comprehensive income/(loss) for the period		**2,405,815**	(11,757,374)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the group:			
Basic/diluted earnings/(loss) per share	13	**0.44**	(2.75)

The above Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Chimeric Therapeutics Limited
Consolidated balance sheet
As at 31 December 2023

	Notes	31 December 2023 $	30 June 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	3(a)	**3,525,403**	2,362,654
Trade and other receivables	3(b)	**10,521,233**	6,658,131
Other current assets		**108,210**	330,568
Total current assets		**14,154,846**	9,351,353
Non-current assets			
Other Financial assets at amortised cost		**40,000**	40,000
Property, plant and equipment		**1,492**	5,600
Intangible assets	4(a)	**12,491,856**	12,978,631
Total non-current assets		**12,533,348**	13,024,231
Total assets		**26,688,194**	22,375,584
LIABILITIES			
Current liabilities			
Trade and other payables	3(c)	**6,718,788**	10,812,516
Employee benefit obligations		**465,887**	439,341
Other financial liabilities	3(d)	**3,007,358**	3,440,672
Total current liabilities		**10,192,033**	14,692,529
Non-current liabilities			
Other financial liabilities	3(d)	**2,633,277**	2,022,339
Total non-current liabilities		**2,633,277**	2,022,339
Total liabilities		**12,825,310**	16,714,868
Net assets		**13,862,884**	5,660,716
EQUITY			
Share capital	6(a)	**59,887,215**	53,929,488
Other reserves	6(b)	**6,971,619**	8,512,042
Accumulated losses		**(52,995,950)**	(56,780,814)
Total equity		**13,862,884**	5,660,716

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

Chimeric Therapeutics Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Notes	Attributable to owners of Chimeric Therapeutics Limited			Total equity
		Share capital	Other reserves	Accumulated losses	
		$	$	$	$
Balance at 1 July 2022		51,807,595	4,762,637	(30,863,924)	25,706,308
Loss for the period		-	-	(11,747,564)	(11,747,564)
Other comprehensive loss		-	(9,810)	-	(9,810)
Total comprehensive loss for the half year ended		**-**	**(9,810)**	**(11,747,564)**	**(11,757,374)**
Transactions with owners in their capacity as owners:					
Issue of shares as part of forfeiture payments		293,729	(307,725)	-	(13,996)
Options issued		-	1,159,430	-	1,159,430
Issue of shares under the employee incentive scheme		166,818	-	-	166,818
Issue of restricted share units		704,434	(11,001)	-	693,433
		1,164,981	840,704	-	2,005,685
Balance at 31 December 2022		**52,972,576**	**5,593,531**	**(42,611,488)**	**15,954,619**

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

Chimeric Therapeutics Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023
(continued)

	Notes	Attributable to owners of Chimeric Therapeutics Limited			
		Share capital	**Other reserves**	**Accumulated losses**	**Total equity**
		$	**$**	**$**	**$**
Balance at 1 July 2023		53,929,488	8,512,042	(56,780,814)	5,660,716
Income for the period		-	-	2,443,997	2,443,997
Other comprehensive loss		-	(38,182)	-	(38,182)
Total comprehensive income for the period		**-**	**(38,182)**	**2,443,997**	**2,405,815**
Transactions with owners in their capacity as owners:					
Contributions of equity	6(a)	5,508,187	(1,045,000)	-	4,463,187
Transaction costs and tax	6(a)	(580,636)	-	-	(580,636)
Issue of shares in lieu of payment of services	6(a)	36,900	(36,900)	-	-
Options issued	6(b)	-	1,481,465	-	1,481,465
Issue of shares as part of forfeiture payments	6(a)	353,276	(309,051)	-	44,225
Cancellation of options	6(b)	-	(1,668,222)	1,340,867	(327,355)
Issue of performance rights	6(b)	-	75,467	-	75,467
Issue of shares under share purchase agreement		640,000	-	-	640,000
		5,957,727	(1,502,241)	1,340,867	5,796,353
Balance at 31 December 2023		**59,887,215**	**6,971,619**	**(52,995,950)**	**13,862,884**

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 half-year ended 31 December 2023

	Notes	**31 December 2023 $**	31 December 2022 $
Cash flows from operating activities			
Other revenue (inclusive of GST)		**5,475,425**	-
Payments to suppliers and employees (inclusive of GST)		**(10,156,220)**	(13,115,485)
Research and Development tax incentive received		**-**	438,046
Net cash outflow from operating activities		**(4,680,795)**	(12,677,439)
Cash flows from investing activities			
Interest received		**23,430**	15,589
Net cash inflow from investing activities		**23,430**	15,589
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	6	**7,568,187**	-
Share issue transaction costs		**(788,136)**	-
Interest expense		**-**	(10,302)
Repayment of financial liabilities		**(910,000)**	(2,225,000)
Net cash inflow/(outflow) from financing activities		**5,870,051**	(2,235,302)
Net increase/(decrease) in cash and cash equivalents		**1,212,686**	(14,897,152)
Cash and cash equivalents at the beginning of the financial year		**2,362,654**	18,381,533
Effects of exchange rate changes on cash and cash equivalents		**(49,937)**	141,707
Cash and cash equivalents at end of the half-year ended	3(a)	**3,525,403**	3,626,088

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

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

	Notes	**31 December 2023 $**	31 December 2022 $
Introduction fees (i)		**4,954,023**	-
Research and development tax incentive (ii)		**5,841,992**	3,094,100
		10,796,015	3,094,100

(i) Introduction fees

During the period ending 31 December 2023, the group received $4,954,023 as an introduction fee for their contribution to the agreement between Imugene Limited and Precision Biosciences, Inc for the research and development of the azer-cel CAR T technology.

(ii) Fair value of R&D tax incentive

At 31 December 2023, the group has accrued $2,128,319 (2022: 3,094,100) in relation to the research and development spend for the current period. Additionally, Chimeric received $3,713,673 in relation to research and development spend that occurred in prior periods which was not previously accrued due to uncertainty around receipt of amounts. The overseas finding has been obtained and was included in the lodged application. The additional amount was received after reporting date.

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

	31 December 2023 $	30 June 2023 $
Current assets		
Cash at bank and in hand	**3,019,734**	2,362,654
Deposits at call	**505,669**	-
	3,525,403	2,362,654

3 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

	31 December 2023			30 June 2023		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade receivables	**67,691**	**-**	**67,691**	26,622	-	26,622
Accrued receivables (i)	**9,465,591**	**-**	**9,465,591**	3,623,599	-	3,623,599
Lind share purchase agreement receivable (ii)	**967,000**	**-**	**967,000**	3,007,000	-	3,007,000
Other receivables	**20,951**	**-**	**20,951**	910	-	910
	10,521,233	**-**	**10,521,233**	6,658,131	-	6,658,131

(i) Accrued receivables

Accrued receivables comprise $9,465,591 from the Australian Taxation Office in relation to the R&D tax incentive (30 June 2023: $3,623,599). On 9 January 2024 $7,337,272 was received in for the FY2023 R&D rebate with the remaining $2,128,319 being an accrual for the period ending 31 December 2023.

(ii) Lind share purchase receivable

Lind share purchase agreement receivable relates to the funding from the share purchase agreement amendment of $1.0m from Lind Global Fund II less commitment fees. The funding was received on 2 January 2024.

(c) Trade and other payables

		31 December 2023			30 June 2023		
	Notes	**Current $**	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade payables		**5,043,493**	**-**	**5,043,493**	7,406,782	-	7,406,782
Amounts due to employees		**-**	**-**	**-**	258,301	-	258,301
Accrued expenses		**1,466,423**	**-**	**1,466,423**	3,069,002	-	3,069,002
Other payables		**208,872**	**-**	**208,872**	78,431	-	78,431
		6,718,788	**-**	**6,718,788**	10,812,516	-	10,812,516

3 Financial assets and financial liabilities (continued)

(d) Other financial liabilities

	31 December 2023			30 June 2023		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Chlorotoxin CAR-T contingent consideration	**-**	**1,304,030**	**1,304,030**	-	1,454,763	1,454,763
CHD17 contingent consideration	**287,342**	**1,137,574**	**1,424,916**	-	467,823	467,823
CORE-NK contingent consideration	**14,264**	**191,673**	**205,937**	40,672	99,753	140,425
Advance payment liability	**2,705,752**	**-**	**2,705,752**	3,400,000	-	3,400,000
	3,007,358	**2,633,277**	**5,640,635**	3,440,672	2,022,339	5,463,011

The deferred consideration relates to payable upfront costs from the acquisition of licenses. During the period the group paid $2,178,735 (30 June 2023: $2,336,929) inclusive of deferred consideration liability and the related finance costs. The contingent consideration includes amounts related to the provision of milestone payments. For more information, please refer to note 9.

(i) Advance payment liability

The advance payment liability relates to the share placement agreement with Lind Global Fund II, LP. The amount represents the fair value of the advance payment liability under the agreement. Further information on the agreement can be found in note 8.

(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.

Recurring fair value measurements		**Level 1**	**Level 2**	**Level 3**	**Total**
At 31 December 2023	**Notes**	**$**	**$**	**$**	**$**
Financial liabilities					
Chlorotoxin CAR-T contingent consideration		**-**	**-**	**1,304,030**	**1,304,030**
CDH17 contingent consideration		**-**	**-**	**1,424,916**	**1,424,916**
CORE-NK contingent consideration		**-**	**-**	**205,937**	**205,937**
Advance payment liability		**-**	**-**	**2,705,752**	**2,705,752**
Total financial liabilities		**-**	**-**	**5,640,635**	**5,640,635**

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

3 Financial assets and financial liabilities (continued)

(e) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

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 period. 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 9.

The discount rate used at 31 December 2023 was 9.15% (30 June 2023: 6.85%). 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 5.

4 Non-financial assets and liabilities

(a) Intangible assets

	Chlorotoxin CAR-T $	CDH-17 $	CORE-NK $	Total $
At 30 June 2023				
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
Half-year ended 31 December 2023				
Opening net book amount	12,018,661	641,246	318,724	12,978,631
Amortisation charge	(455,590)	(20,403)	(10,782)	(486,775)
Closing net book amount	11,563,071	620,843	307,942	12,491,856
At 31 December 2023				
Cost	14,670,492	719,863	331,909	15,722,264
Accumulated amortisation and impairment	(3,107,421)	(99,020)	(23,967)	(3,230,408)
Net book amount	11,563,071	620,843	307,942	12,491,856

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.

4 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(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 31 December 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 31 December 2023.

5 Advanced payment facility

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

	31 December 2023 $	30 June 2023 $
Opening balance	**3,400,000**	-
Settlement of facility in shares	**(640,000)**	-
Issue of facility	**-**	3,400,000
Derecognition of facility	**(2,760,000)**	-
Rerecogition of facility	**2,705,752**	-
Closing balance	**2,705,752**	**3,400,000**

In accordance with AASB 9 Financial Instruments, quantitative and qualitative tests concluded that the modifications were substantial for accounting purposes, and as a result the carrying value of the advance payment liability was derecognised and re-recognised. In the period ended 31 December 2023, a gain of $897,182 was recognised for the modifications.

6 Equity

(a) Share capital

	31 December 2023 No.	31 December 2023 $	30 June 2023 No.	30 June 2023 $
Ordinary Shares Fully paid	**725,840,586**	**59,887,215**	506,685,568	53,929,488

(i) Movements in ordinary shares

Details	Number of shares	Total $
Opening balance 1 July 2023	**506,685,568**	**53,929,488**
Issue of shares for the board and management placement at $0.046 (2023-07-12)	22,717,388	1,045,000
Issue of shares under the share purchase agreement at $0.025 (2023-10-04)	4,800,000	120,000
Issue of shares under the share purchase agreement at $0.023 (2023-11-03)	17,391,305	400,000
Issue of shares from rights issue at $0.028 (2023-12-07)	159,399,542	4,463,187
Issue of forfeiture shares at $0.035 (2023-12-14)	8,643,603	302,526
Issue of forfeiture shares at $0.0689 (2023-12-14)	736,575	50,750
Issue of shares for services rendered at $0.0791 (2023-12-14)	466,605	36,900
Issue of shares under the share purchase agreement at $0.024 (2023-12-22)	5,000,000	120,000
Less: Transaction costs arising on share issues	-	(580,636)
Balance at 31 December 2023	**725,840,586**	**59,887,215**

6 Equity (continued)

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the period. 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 $
At 1 July 2023		**1,081,900**	**7,433,916**	**309,051**	**(312,825)**	**8,512,042**
Currency translation differences		-	-	-	(38,182)	(38,182)
Other comprehensive loss		**-**	**-**	**-**	**(38,182)**	**(38,182)**
Transactions with owners in their capacity as owners						
Issue of options	6(b)(i)	-	1,481,465	-	-	1,481,465
Issue of shares as part of forfeiture payments		-	-	(309,051)	-	(309,051)
Issue of performance rights		-	75,467	-	-	75,467
Cancellation of options	6(b)(i)	-	(1,668,222)	-	-	(1,668,222)
Shares to be issued/(issued)		(1,081,900)	-	-	-	(1,081,900)
At 31 December 2023		**-**	**7,322,626**	**-**	**(351,007)**	**6,971,619**

(i) Movements in options:

Details	**Number of options**	**Total $**
Opening balance 1 July 2023	**205,385,114**	**7,433,916**
Cancellation of unlisted options	(8,573,159)	(1,340,866)
Forfeiture of unlisted options	(4,099,825)	(327,356)
Issue of unlisted options	62,862,701	636,909
Issue of options per share purchase agreement	17,241,379	321,698
Expense for share-based payments for options previously issued	-	522,858
Balance at 31 December 2023	**272,816,210**	**7,247,159**

7 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.

The model inputs for options granted during the half-year ended 31 December 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 ($)
2023-07-01	2028-07-01	0.038	29,973,234	0.038	100%	0.00%	3.95%	914,182
2023-11-14	2028-07-01	0.038	15,139,467	0.030	100%	0.00%	3.97%	319,593
2023-11-14	2028-08-30	0.037	2,750,000	0.030	100%	0.00%	3.97%	58,851
2023-11-13	2028-07-01	0.038	15,000,000	0.030	100%	0.00%	3.97%	316,500
2023-12-29	2027-12-29	0.036	17,241,379	0.035	85%	0.00%	3.65%	321,698
			80,104,080					

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 31 December 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.

8 Critical estimates, judgements and errors (continued)

(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.

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:

- Volatility rate is set at 100% as there is a limited history of share movements to accurately calculate the volatility for the valuation; 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.

8 Critical estimates, judgements and errors (continued)

(b) Estimates (continued)

(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 .

The discount rate used at 31 December 2023 was 9.15% (30 June 2023: 6.85%). 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);
- 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.

On 29 December 2023, the group entered into an amendment to the share subscription agreement with Lind Global II LP. The key terms of this agreement are as follows:

(a) Lind pays an advance amount of $1.0 million to the group; and

(b) the group provides Lind with the following:

- An advance payment credit of $1.1 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);
- 17,241,379 irredeemable options, granting Lind the right to purchase one share, at an exercise price of $0.036 per share, within a period of 48 calendar months from the grant date.

8 Critical estimates, judgements and errors (continued)

(b) Estimates (continued)

(v) Lind share purchase agreement (continued)

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 5. 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 for the initial options 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 with a corresponding entry within other reserves.

The key assumptions used in the valuation for the second tranche of options were:

- Expiry date is 48 months from signing the agreement, being December 2027;
- The underlying share price is based on the closing share price of Chimeric as at the grant date;
- A risk-free rate of 3.65% 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 85% has been applied, based on Chimeric's historical volatility and the volatility of comparable listed companies.

This resulted in a valuation of $0.322 million as at the grant date. This has been recognised as a finance expense\ with a corresponding entry within other reserves.

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 period-end date, the fair value of the advance payment liability was remeasured utilising a Monte-Carlo model. Due to the amendment in the agreement, the carrying amount was extinguished and fully amortised in the statement of profit and loss as part of the significant modification under AASB9. The fair-value of the amended advanced credit liability was re-recognised through the statement of profit and loss as part of the modification gain.

9 Contingent liabilities

(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, US$1.5 million in the year ending 30 June 2023 and US$600k in the period to 31 December 2023. The final payment of US$900k 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 3(e)(i). 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 31 December 2023 was $1,304,030 (30 June 2023: $1,454,763).

- **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 31 December 2023 (30 June 2023: 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

9 Contingent liabilities (continued)

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

(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 31 December 2023 (30 June 2023: none.)

9 Contingent liabilities (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 3(e)(i). 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 31 December 2023 was $1,424,916 (30 June 2023: $467,823).

(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 31 December 2023 (30 June 2023: none.)

9 Contingent liabilities (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 3(e)(i). 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 31 December 2023 was $205,937 (30 June 2023: $140,425).

10 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.

11 Events occurring after the reporting period

On 4 January 2024, Chimeric announced it had secured an additional $1m of funding from The Lind Partners as previously foreshadowed and announced on 23 June pursuant to the Placement Agreement.

On 10 January 2024, Chimeric received $7.36m from the Australian Taxation Office under the Australian Government's R&D tax incentive. The refund is in recognition of Chimeric's R&D activities during the 2023 financial year.

On 18 January 2024, Chimeric announced that they had raised approximately $3.20m from institutional and sophisticated investors as part of the entitlement offer shortfall.

No other matter or circumstance has occurred subsequent to period 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 periods.

12 Related party transactions

(a) Transactions with key management personal

The following transactions occurred with related parties:

	31 December 2023 $	30 June 2023 $
Other transactions		
Forfeiture payments and shares expense to key management personnel	**90,588**	258,301

(i) Forfeiture payments payable to key management personal

The group has entered agreements to pay employees for forfeiture of long-term incentives with their former employment. At 31 December 2023 the group has recognised $220,424 as payable for the current period. The expense is cumulative and vests dependent to the employees agreements with Chimeric.

(b) Transactions with other related parties

The following transactions occurred with related parties:

	31 December 2023 $	31 December 2022 $
Other transactions		
Introduction fees	**4,954,023**	-

12 Related party transactions (continued)

(b) Transactions with other related parties (continued)

(i) Introduction fees

During the period ending 31 December 2023, the group received $4,954,023 as an introduction fee for their contribution to the agreement between Imugene Limited and Precision Biosciences, Inc for the research and development of the azer-cel CAR T technology.

13 Loss per share

(a) Reconciliation of earnings used in calculating loss per share

	31 December 2023 $	31 December 2022 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the group used in calculating basic/diluted loss per share:		
From continuing operations	**2,443,997**	(11,747,564)

(b) Weighted average number of shares used as denominator

	31 December 2023 Number	31 December 2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**557,644,648`**	427,592,592

14 Basis of preparation of half-year report

This interim financial report for the half-year period ended 31 December 2023 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Chimeric Therapeutics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis except for financial instruments at fair value.

(ii) Principles of consolidation

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.

(iii) Going concern

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

For the period ended 31 December 2023, the group incurred a net profit after tax of $2,443,997 (31 December 2022 loss of $11,747,564) and had net assets of $13,862,884 at 31 December 2023 (30 June 2023: $5,660,716). The group had net cash outflows from operating activities of $4,680,795 (31 December 2022: $12,677,439).

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

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

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

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

Should the above assumptions not prove to be appropiate, there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements.

15 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the group consisting of Chimeric Therapeutics Limited and its subsidiaries.

(a) Derecognition and modification of financial liabilities

Modifications were made in the current year to the value of advance payment liabilities. Management reviewed the qualitative and quantitative aspects of the changes made to consider whether they represented substantial modifications that required the extinguishment of the existing liability and recognition of a new liability.

In the directors' opinion:

(a) the financial statements and notes set out on pages 1 to 40 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended ended on that date, and

(b) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

Mr Paul Hopper
Executive Chairman

Sydney
28 February 2024

Independent auditor's report to the members

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Independent Auditor's Review Report

To the Members of Chimeric Therapeutics Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Chimeric Therapeutics Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and 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 half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Chimeric Therapeutics Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 14(iii) in the half-year financial report, which indicates that the Group had net cash outflows from operating activities of $4,680,795. As stated in Note 14(iii), these events or conditions, along with other matters as set forth in Note 14(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 February 2024

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CHIMERIC THERAPEUTICS