Annual Report

Year Ended 30 June 2022

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited

ABN 68 638 835 828

Annual report - 30 June 2022

Directors	Mr Paul Hopper *Executive Chairman* Ms Jennifer Chow (appointed 30 August 2021) *Chief Executive Officer (CEO) and Managing Director* Ms Leslie Chong *Non-Executive Director* Dr Lesley Russell *Non-Executive Director* Ms Cindy Elkins *Non-Executive Director* Dr George Matcham (appointed 5 July 2021) *Non-Executive Director*
Secretaries	Mr Phillip Hains Mr Nathan Jong
Principal registered office in Australia	Level 3, 62 Lygon Street Carlton VIC 3053 Australia Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735
Share register	Boardroom Pty Limited Level 12, 225 George Street The Rocks NSW 2000 1300 737 760
Auditor	Grant Thornton Australia Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Telephone: +61 (0)3 8320 2222
Solicitors	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 Telephone: +61 (0)7 3233 8888
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Stock exchange listings	Chimeric Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX: CHM)
Website	www.chimerictherapeutics.com

Chairman's letter

Executive Chairman's letter

Dear fellow shareholders,

It is my pleasure to present the Annual Report for Chimeric Therapeutics for the financial year ended 30th June 2022. It has been a year of great progress on many fronts for Chimeric against a challenging backdrop of a major decline in global capital markets for biotechnology and life science companies which has negatively impacted every company in the sector.

During the year under review, our efforts have been focussed primarily on:

- Advancing the clinical development of our technologies
- Enhancing our drug portfolio with the addition of next generation cell therapies from leading US institutions.
- Expanding the management team with experts in cell therapy development to support the rapid development of our assets.

The financial year has seen the team substantially bolster the portfolio and advance our clinical development as we aim to become a worldwide leader in the cell therapy sector.

The expansion of our portfolio required additional capital and I would like to thank our shareholders who supported the entitlement offer and shortfall placement announced in February 2022, as well as institutional investor L1 Capital who has shown significant faith in the business with a A$30 million equity placement agreement to strengthen the company's balance sheet.

Early in the new financial year we added CHM 2101 (CDH17 CAR T) to the portfolio, with the exclusive license to this novel CAR T cell therapy from the University of Pennsylvania, a leader in the discovery of cell therapies.

Since acquiring CHM 2101 our management team has been focused on completing the necessary work required for US FDA IND submission to enable CHM 2101 to enter in the near future.

The next significant milestone in rounding out Chimeric's cell therapy portfolio was the signing and exercise of an option to license CHM 0201, a Clinically validated, Off the shelf, Robust, Enhanced Natural Killer (CORE-NK) platform developed at Case Western Reserve University in Ohio.

Our confidence in the potential of this asset was soon validated with positive Phase 1 clinical trials results announced in March 2022. Based upon the highly encouraging efficacy data demonstrated in the initial trial, a new clinical trial was rapidly developed and approved by the FDA to analyse CHM 0201 in combination with IL-2 and Vactosertib.

Meanwhile our first asset CHM 1101 (CLTX CAR T) has continued to advance in a Glioblastoma Phase 1 dose escalation study in the US, which has culminated in encouraging early data from the first two cohorts recruited as part of the trial.

To further expand and advance the clinical trial for CHM 1101 in Glioblastoma, the team worked to secure an Investigational New Drug (IND) clearance from the FDA and locked in strategic partnerships with Be The Match Biotherapies and WuXi Advanced Therapies. Our intellectual property also received a boost with patents received for CHM 1101 in the US and Europe.

Chimeric's team remains confident in our prospects as a company, so ably led by Jennifer Chow who accepted a promotion to CEO and Managing Director early in the financial year. Dr Eliot Bourk has also seen his responsibilities increase, moving into the role of Chief Business Officer (CBO) and Head of External Innovation. Other important additions were Celgene veteran Dr George Matcham joining the Board of Directors, Dr Jason B. Litten being appointed Chief Medical Officer following the end of the financial year, and Kelly Thornburg joining as Vice President, Head of Quality.

I'd also like to extend my gratitude to the rest of the board and management team for their efforts during the year, as well as the scientists, doctors, medical collaborators, and patients involved in the development of our technologies.

We enter the new financial year rapidly advancing toward having four Phase 1 clinical trials underway backed by seven novel assets in development overall, setting the platform for a busy period of news flow for our shareholders and investors.

Most importantly, we look forward to seeing our clinical programs and efforts lead to vastly improved therapeutic benefit for those in need.

Yours Sincerely,

Mr Paul Hopper
Executive Chairman

Review of operations and activities

Review of Operations and Activities

Year ended: 30 June 2022

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

Financial Review

The group reported a loss for the year ended 30 June 2022 of $15,898,400 (30 June 2021: $15,113,711). On the back of a successful capital raise, the group's net assets increased to $25,706,308 (30 June 2021: ($25,130,688). As at 30 June 2022, the group had cash reserves of $18,381,533 (30 June 2021: $22,410,199).

CHM 1101 (CLTX CAR T)

Clinical Development

Initial Positive Results from Dose Level 1 presented at Society for Neuro Oncology

In November 2021, the first data from the phase 1 CHM 1101 clinical trial for patients with recurrent/progressive glioblastoma at City of Hope® was presented at the prestigious Society for Neuro Oncology annual scientific meeting. This initial data demonstrated very promising results from the first dose cohort of the CLTX CAR T phase 1 clinical trial.

Patients receiving dose level 1 (44 X 10^6 CLTX CAR T cells) showed a disease control rate of 75%, with three of the four patients treated achieving a best response of stable disease assessed by RANO (response assessment in neuro-oncology). Additional details demonstrated that the disease control observed was durable for approximately 5-8 weeks.

In one patient it was observed that tumour recurrence was prevented at the site where CLTX CAR T cells were infused, while progression occurred at sites that did not receive the infusion. In addition, the treatment was generally well tolerated with no dose-limiting toxicities and no observed cytokine release syndrome (CRS).

Bioactivity of the cells was also demonstrated as liquid biopsy detected CLTX CAR T cells in the tumour cavity throughout treatment, suggesting that CLTX CAR T cells do not trigger an immune response that impacts the treatment's persistence and efficacy.

Positive Results from Dose Level 2 leading to the Initiation of Dose Level 3

In February 2022, Chimeric reported positive initial data for the 2nd dose cohort of CHM 1101 phase 1 clinical trial for patients with recurrent/progressive glioblastoma at City of Hope.

In the 2nd dose cohort, dual routes of intratumoral and intraventricular CLTX CAR T cell administration were introduced at a total dose of 88 X 10^6 CLTX CAR T cells.

Four patients were enrolled in dose cohort 2 with three patients meeting the U.S. Food and Drug Administration (FDA) approved criteria for evaluation. The initial response data provided indicated that the 2nd dose cohort demonstrated local disease stability in two of the three evaluable patients, indicating a disease response rate of ~70% across cohort 1 and cohort 2.

As all patients treated in the second dose cohort advanced past the 28 day follow up period with no dose limiting toxicities, recruitment for dose level could be initiated.

In February 2022 the first patient in the 3rd dose cohort initiated their CHM 1101 cell therapy. Recurrent/progressive glioblastoma patients in this dose level receive CHM 1101 through the dual routes of administration at a total dose of 240 X 10^6 CLTX CAR T cells.

IND clearance received

During August Chimeric announced that the US FDA had cleared an Investigational New Drug (IND) application for CHM 1101 for patients with recurrent/relapsed Glioblastoma.

With this foundational IND, Chimeric began plans to expand the CHM 1101 clinical development program to new Phase 1 sites.

Meeting Key Technical Operations Milestone

To support the expansion of the CHM 1101 clinical development plan Chimeric required the manufacturing of CHM 1101 lentiviral vector. In June 2022, Chimeric announced the successful completion of the manufacturing and quality release for CHM 1101 viral vector in a key milestone.

A shortage of vector manufacturing capacity has challenged both development programs and commercial manufacturers. Given these difficulties this was a critical milestone for Chimeric in supporting the broader Phase 1 clinical program expansion of CHM 1101.

Strategic Partnerships

In addition to completing the manufacturing of CHM 1101 lentiviral vector, Chimeric required strategic partners to support its clinical expansion plan.

In March 2022, Chimeric announced it had entered a strategic partnership with Be The Match BioTherapies, the leading US organization for supply chain solutions for cell and gene therapies.

Be The Match BioTherapies will be providing the end-to-end services that ensure expedited collection, transport and delivery of cellular starting material and clinical drug product, which will enable new clinical sites to be opened to expand Chimeric's clinical development of CHM 1101.

Chimeric also entered a strategic partnership with OncoBay Clinical to expand the clinical development program for CHM 1101. OncoBay Clinical is a first-of-its-kind immuno-oncology CRO specializing in complex oncology indications including cellular therapies.

Intellectual Property

The United States Patent and Trademark Office 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 US 11,230,577 B2 and entitled "Chimeric antigen receptors containing a chlorotoxin domain."

The European Patent Office granted patent EP 3,362,470 B1 for CHM 1101, which was published in the European Patent Bulletin dated September 22, 2021.

CHM 2101 (CDH17 CAR T)

Licensing a first in class CDH17 CAR T cell therapy from World-Renowned Cell Therapy Centre, the University of Pennsylvania

In July 2021, Chimeric entered into an exclusive licensing agreement with world renowned cell therapy centre, the University of Pennsylvania (Penn), for the first CDH17 CAR (chimeric antigen receptor) T cell therapy.

The novel CDH17 CAR T cell therapy targets CDH17, a cancer target associated with poor outcomes and metastasis in neuroendocrine tumors as well as the most common gastrointestinal tumors including colorectal cancer, pancreatic cancer, and gastric cancer.

More than a decade of research and optimization has gone into development of the novel CDH17 CAR T cell therapy, developed by leading cellular immunotherapy scientist Professor Xianxin Hua, MD, PhD, and his team.

Preclinical studies of the CDH17 CAR T have demonstrated safety, with no toxicity to normal tissues, and promising efficacy with complete eradication of tumor cells and no relapse of the tumor.

In February Chimeric then signed a three-year Sponsored Research Agreement with Penn to support the continued research and development of CHM 2101, with the research to be led by Dr Hua.

The research will focus on furthering the development of CHM 2101 with preclinical studies in gastrointestinal cancers, enhancing the understanding of CHM 2101 through correlative studies and investigating CDH17 directed follow on candidates.

As part of the agreement, Chimeric has the first right of negotiation to license Penn intellectual property arising from the conduct of the sponsored research.

Expansion of Chimeric License to Viral Vector Technology from Penn

Chimeric later expanded its license agreement with Penn, acquiring a non-exclusive know-how license to use Penn's third-generation lentiviral vector plasmid system for the development and commercialization of CHM 2101.

Viral vector is a critical component used in the manufacturing of CAR T cells, and third-generation lentiviral vectors offer improved safety over earlier generations.

The amended license will enable Chimeric to manufacture clinical-grade lentiviral vector for use in its planned phase 1 study of CHM 2101 for gastrointestinal cancers. In addition, Chimeric is able to cross-reference regulatory information on file with the US FDA to facilitate filing of an Investigational New Drug (IND) for CHM 2101.

Completion of manufacturing for CHM 2101 research-grade plasmids

In October, the Company completed the manufacturing for CHM 2101 research-grade plasmids, a critical first step in developing CDH17 CAR T. This enabled progression to research vector manufacturing, GMP plasmid and vector manufacturing and advancement of technical operations in readiness for the CDH17 phase 1 clinical trial.

The manufacturing of CAR T therapies depends on plasmids and viral vectors that hold the genetic instructions for each specific CAR T product. Plasmids are small DNA molecules that carry genetic instructions, and their successful manufacture marks an essential early step for all CAR T therapies.

Scientific Community Recognition with Publication in the Highly Prestigious Journal, Nature Cancer

In March 2022, CHM 2101 preclinical data was published as the cover story for the highly prestigious journal Nature Cancer.

Key findings highlighted in the publication included:

- Strong preclinical safety and efficacy: the CDH17 CAR T completely eradicated tumours, with no relapse or toxicity, in 8 different in vivo models including colorectal cancer (CRC), gastric cancer, pancreatic cancer, and neuroendocrine tumours (NETs).
- Optimal CAR T construct design: the CDH17 CAR T as a third-generation CAR T cell construct was shown to be superior to the 2nd-generation CAR T cell construct, demonstrating complete elimination of solid tumours in vivo. Construct optimization with a very short linker domain further enhanced tumour cell killing.
- Tumour-specific activity: CDH17 CAR T cells infiltrated and destroyed CDH17+ tumours, but not normal CDH17-expressing tissues such as small and large intestines, creating a therapeutic window for CAR T treatment of solid tumours.

The authors conclude that their "findings indicate that CDH17 is an ideal target of CART therapy for GICs (Gastrointestinal Cancers) and NETs (Neuroendocrine Tumours)" and that their studies "suggest that CDH17 is a safe and efficacious target for developing CART therapy to treat GICs and NETs, without toxicity to healthy tissues, motivating further clinical investigation."

CHM 0201 (CORE NK PLATFORM)

Chimeric Exclusive Option on CORE-NK technology from CWRU

In December 2021, Chimeric entered into an exclusive option to license agreement with Case Western Reserve University (CWRU) for a clinically validated, off the shelf, robust, enhanced natural killer (CORE-NK) cell platform.

The platform is a transformative technology which enables the development of multiple next generation NK and CAR-NK products through internal development and/or partnerships with other biotech and pharmaceutical companies.

The platform was studied in a phase 1 clinical trial completed in June 2021 in both solid tumours and blood cancers with clinical data reported in March 2022 (details below). The trial examined the safety, bioactivity, and efficacy of the CORE-NK platform cells at three dose levels in patients with both blood cancers and solid tumours.

New Chimeric assets built off the CORE NK platform will initiate development in 2022 using Chimeric's existing portfolio of CARs, with initial clinical trials planned for 2023 to investigate blood cancers and solid tumours. The next generation platform will be developed with enhanced activation and expansion features with plans to study it as a combination therapy in blood cancers.

In May 2022, Chimeric exercised its exclusive option for the CORE-NK platform from Case Western Reserve University (CWRU) and proceeded with negotiations for an exclusive license.

15+ Month Complete Response seen in Phase 1 Clinical Trial Results

The results of the phase 1 clinical trial of Chimeric's CORE NK platform were published in March 2022.

Over the course of the phase 1 clinical trial 9 heavily pretreated patients with blood cancers (n=3) and solid tumors (n=6) were administered two infusions (day 0 and day 14) at one of three different CORE NK dose levels, 10 X 106 (n=3), 25 X 106 (n=3) and 50 X 106 (n=3).

All three patients with blood cancers achieved a best response of stable disease at day 28.
1 of the 3 patients deepened their response to achieve a Complete Response (CR) by the 100-day assessment. This patient received an allogeneic transplant as a consolidation therapy and more than 15 months later remains in remission. Of the other two patients who achieved stable disease at day 28, one had progressed by day 100 while the other maintained their disease stability at day 100.

Of the 6 patients with solid tumors (Colorectal cancer and Colon cancer) treated with Chimeric's CORE NK, a 33% Disease Control Rate (DCR) was demonstrated with 2 of the 6 patients achieving a best response of stable disease by day 28. 1 of the 2 patients who had achieved stable disease at day 28 maintained their disease stability at day 100.

All patients tolerated CORE NK well, with no dose limiting toxicities, no cytokine release syndrome, and no graft versus host disease. All observed events were expected events attributable to the lymphocyte depleting chemotherapy regimen.

Rapid Initiation of a New CORE-NK Combination Trial Approved by the FDA

With the positive data demonstrated in the initial phase 1 clinical trial with the CORE NK platform acceleration of new CORE NK combination studies was prioritized. In June 2022, Chimeric announced that a new clinical trial had been approved by the FDA studying Chimeric's CORE NK cells in combination with IL-2 and Vactosertib. This is the first clinical trial to study NK cells in combination with IL-2 and Vactosertib.

The phase 1B investigator-initiated trial has received approval by the U.S. Food and Drug Administration (FDA) and will enrol 12 patients at the UH Seidman Cancer Center in Ohio with either locally advanced/metastatic colorectal cancer or relapsed/refractory blood cancers.

This new study seeks to build upon the responses seen in the initial CORE NK clinical trial by co-administering the CORE NK cells with subcutaneous IL-2 and oral Vactosertib. IL-2 is known to activate NK cells by stimulating proliferation and enhancing function. Vactosertib is an oral TGF-β receptor inhibitor that can potentially disrupt the TGF-β signalling pathway, which has been shown to limit the effectiveness of immune therapies like NK cells.

Strategic Manufacturing Partnership Established with Wuxi Advanced Therapies

In April, Chimeric entered into a strategic manufacturing partnership with WuXi ATU, a global contract testing and manufacturing organization (CTDMO).

Under the agreement, Chimeric will transfer certain manufacturing and analytical testing technologies to WuXi ATU, who will support process development, analytical development, and cGMP (Good Manufacturing Practices) manufacturing and testing activities for Chimeric's CAR T cell programs.

The new partnership will enable Chimeric to accelerate clinical manufacturing readiness for its CAR T assets and to scale CAR T manufacturing to support multiple, simultaneous, multi-centre CAR T clinical trials in the future.

A$30 million Equity Placement Agreement with L1 Capital

Chimeric established an equity funding agreement with leading global investor, L1 Capital Global Opportunities Master Fund, for up to A$30 million. The agreement further strengthened the Company's balance sheet as Chimeric rapidly moves forward with a portfolio of four Phase 1 clinical trials.

L1 Capital is a leading global investor, based in Melbourne, Australia with over A$5 billion in funds under management.

Entitlement Offer and Shortfall Placement conducted, raising approximately $14.4 million

On 21 February 2022, Chimeric announced the details of an accelerated non-renounceable 1 for 3.15 entitlement offer with free attaching options.

The Company ultimately raised approximately $7.4m from the institutional component of the entitlement offer, $4.3m from the retail component of the entitlement offer and a further $2.7m from a follow up Shortfall Placement raising, in total, approximately $14.4m (before costs).

Key Management Changes for 2022

In August 2021, Chimeric was pleased to announce that Jennifer Chow, formerly COO of the Company, had been appointed CEO and Managing Director. Ms Chow has more than 20 years of commercial strategy and marketing experience focused on cellular therapy, hematology, and oncology.

In December 2021, former Vice President Business and Corporate Development, Dr Eliot Bourk was promoted to the role of Chief Business Officer (CBO) and Head of External Innovation, where he continues to lead business and corporate development for Chimeric while also taking the extended responsibility for Chimeric's early scientific strategy.

Chimeric also appointed Kelly Thornburg to the position of Vice President, Head of Quality. Mr Thornburg serves in a leadership role to develop the Company's quality systems and oversee all quality functions. Mr Thornburg has extensive US and global cell therapy experience in the development and management of quality systems.

Chimeric Board of Directors

Early in the year, Dr George Matcham was appointed to the board as a Non-Executive Director. Dr Matcham brings a wealth of experience in the biopharma sector, following an instrumental three decades with cell therapy giant Celgene Corporation.

Industry Leading Scientific Advisory Board

With a growing pipeline of cellular immunotherapies, during the period Chimeric initiated a new Cellular Immunotherapy Scientific Advisory Board (CI-SAB) to ensure Chimeric's development is informed by the latest scientific research as well as expert practical and clinical perspectives.

The CI-SAB is being made up of world class experts who have been directly involved in the successful development of multiple cellular immunotherapies. During the quarter, Chimeric announced the appointment of the following members of the CISAB:

- Dr Yi Lin, Mayo Clinic
- Dr Eric Smith, Dana-Farber Cancer Institute
- Dr David G Maloney, Fred Hutchinson Cancer Research Center
- Dr Michael R Bishop – University of Chicago

Post balance date activities

Dr Jason B. Litten appointed as Chief Medical Officer

Chimeric appointed Dr Jason B. Litten to the position of Chief Medical Officer (CMO) in July. Dr Litten 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.

Entering the cellular immunotherapy field in early days, Dr Litten has been part of the foundational clinical understanding of cell therapies, working on numerous CAR T and NK cell drug candidates. Most recently, Dr Litten served as the Chief Medical Officer at Artiva Biotherapeutics where he led the development of a portfolio of allogeneic Natural Killer (NK) cell therapies. Prior to Artiva, Dr Litten was Vice President Clinical Development at Juno Therapeutics where he built and oversaw the autologous solid tumour CAR T and TCRs cell therapy programs.

Ms. Cassandra Harrison appointed as Vice President Clinical Operations and Data Management

In July, Ms Cassandra Harrison was appointed to the position of Vice President (VP) Clinical Operations and Data Management. Ms Harrison joins Chimeric with more than 10 years experience in clinical operations, compliance, and data management. Until recently, Ms Harrison was Vice President of Clinical Operations and Data Management at ImmunoGenesis, Inc., an immuno-oncology company, where she built both the clinical operations and data management departments and provided oversight on all aspects of data management and clinical operations.

Japan Patent Office Grants Patent Covering CLTX CAR T Technology

The Japan Patent Office has 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 7,085,990, entitled "Chimeric antigen receptors containing a chlorotoxin domain."

For and on behalf of the company,

Jennifer Chow
Chief Executive Officer and Managing Director

Directors' report

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

Directors and company secretary

The following persons held office as directors of Chimeric Therapeutics Limited during the financial year:

Mr Paul Hopper, Executive Chairman
Ms Jennifer Chow, Chief Executive Officer (CEO) and Managing Director (appointed 30 August 2021)
Ms Leslie Chong, Non-Executive Director
Dr Lesley Russell, Non-Executive Director
Ms Cindy Elkins, Non-Executive Director
Dr George Matcham, Non-Executive Director (appointed 5 July 2021)

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 2022. The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 5 to 14 of this annual report.

Significant changes in the state of affairs

Effective 1 January 2022, Dr Eliot Bourk was promoted to the role of Chief Business Officer and Head of External Innovation where he will continue to lead business and corporate development for the group.

On 14 January 2022, Dr Syed Rizvi left his role as the Chief Medical Officer of Chimeric following the completion of his 12-month contract.

In February and March 2022, Chimeric announced it would be completing an institutional entitlement offer and a retail entitlement offer to raising $14.39 million gross proceeds through the issue of 84,624,815 shares at an issue price of $0.17 per share. Additionally for every share purchased, the investor will receive 1 free attaching option exercisable at $0.255 with an expiry date of 31 March 2024.

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.

Events since the end of the financial year

No 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.

Environmental regulation

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

Information on directors

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

Mr Paul Hopper *Executive Chairman*	
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	Prescient Therapeutics Limited (ASX: PTX), until 2 January 2020 Scopus BioPharma Inc (NASDAQ: SCPS), until 18 May 2022 Arovella Therapeutics Limited (ASX: ALA) (formally known as SUDA Pharmaceuticals Ltd), until 30 June 2022
Special responsibilities	Executive Chairman

Ms Jennifer Chow *Chief Executive Officer (CEO) and Managing Director*	
Experience and expertise	Ms Chow joined the group in November 2020 from the leading biotech company, Kite Pharma, where she was a Vice President/Head of Global Marketing, Analytics and Commercial Operations. In August 2021, Ms Chow was promoted as Chimeric's CEO and also joined the board as Managing Director.
Date of appointment	30 August 2021
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chief Executive Officer

Ms Leslie Chong *Non-Executive Director*	
Experience and expertise	Ms Chong has over 23 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 Cure Brain Cancer Foundation (non-profit organisation), since April 2020
Former directorships in last 3 years	None
Special responsibilities	Chair of the audit and risk committee Member of the remuneration and nomination committee

Information on directors (continued)

Dr Lesley Russell *Non-Executive Director*	
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 Food and Drug Administration (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

Ms Cindy Elkins *Non-Executive Director*	
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	Chair of The Foundation for Art & Healing (The UnLonely Project), since July 2019
Former directorships in last 3 years	None
Special responsibilities	Member of the audit and risk committee Member of the remuneration and nomination committee

Information on directors (continued)

Dr George Matcham *Non-Executive Director*	
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

Company secretary

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

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

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

Meetings of directors

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

	Full meetings of directors		**Meetings of committees**			
			Audit		**Remuneration**	
	A	**B**	**A**	**B**	**A**	**B**
Mr Paul Hopper	8	8	-	-	-	-
Ms Jennifer Chow	6	6	-	-	-	-
Ms Leslie Chong	8	8	6	6	2	2
Dr Lesley Russell	8	8	6	6	2	2
Ms Cindy Elkins	8	8	5	6	1	2
Mr George Matcham	8	8	4	4	1	1

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

Remuneration report (audited)

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

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Link between remuneration and performance
(e) Remuneration expenses
(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 20 for details about each director)

Mr Paul Hopper, Executive Chairman
Ms Jennifer Chow, Chief Executive Officer (CEO) and Managing Director (appointed 30 August 2021)
Ms Leslie Chong, Non-Executive Director
Dr Lesley Russell, Non-Executive Director
Ms Cindy Elkins, Non-Executive Director
Dr George Matcham, Non-Executive Director (appointed 5 July 2021)

Other key management personnel

Dr Eliot Bourk, Chief Business Officer (CBO)
Dr Syed Rizvi, Chief Medical Officer (CMO) (resigned 14 January 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	CEO: 50% of FR CBO: 45% of FR
Long term incentives (LTI)	Alignment to long-term shareholder value	Share price, capital raised, company and individual performance goals	CEO: 6,2800,002 unlisted 5-year options at $0.20 exercise price CEO: 2,011,493 unlisted 5-year options at $0.29 exercise price CEO: 2,000,000 unlisted 5-year options at $0.34 exercise price CBO: 925,437 unlisted 5-year options at $0.29 exercise price CBO: 2,000,000 unlisted 5-year options at $0.23 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.

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 short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the group, at the determination of the remuneration and nomination committee and board.

Remuneration report (audited) (continued)

(c) Elements of remuneration (continued)

(i) Short-term incentives (continued)

The group's CEO, and CBO are entitled to short-term incentives in the form of cash bonus up to 50%, and 45% of their base salary, respectively, against agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial (for CEO) and non-financial company (for CEO and CBO) 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.

	2022	2021	2020
Loss for the year attributable to owners	15,898,400	15,113,711	64,008
Basic earnings per share (cents)	4.42	8.31	6400.80
Share price at year end ($)	0.09	0.29	0.10

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.

Remuneration report (audited) (continued)

(e) Remuneration expenses for executive KMP

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

2022	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments			
	Cash salary and fees $	Cash bonus $	Health-care benefits $	Annual leave $	401k $	Forfeiture payments $	Shares $	Options $	Forfeiture shares $	Total $
Non-executive directors										
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
Executive directors										
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
Other KMP										
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
Total KMP compensation	**2,136,245**	**681,776**	**229,662**	**93,267**	**87,341**	**311,086**	**456,771**	**1,579,812**	**329,518**	**5,905,478**

Notes

- 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 2022 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)

(e) Remuneration expenses for executive KMP (continued)

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

2021	Short-term benefits					Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Health-care benefits $	Annual leave $	Sign-on bonus $	401k $	Forfeiture payments $	Options $	Forfeiture shares $	Total $
Non-executive directors										
Ms Leslie Chong	22,715	-	-	-	-	-	-	192,087	-	214,802
Dr Lesley Russell	22,715	-	-	-	-	-	-	192,087	-	214,802
Ms Cindy Elkins	20,833	-	-	-	-	-	-	324,233	-	345,066
Executive directors										
Mr Paul Hopper	113,574	41,250	-	-	-	-	-	-	-	154,824
Other KMP										
Ms Jennifer Chow	305,985	176,204	12,448	17,817	402,631	26,848	289,040	231,394	289,040	1,751,407
Dr Syed Rizvi	425,353	224,539	57,733	34,318	333,289	39,855	433,560	212,195	289,040	2,049,882
Total KMP compensation	**911,175**	**441,993**	**70,181**	**52,135**	**735,920**	**66,703**	**722,600**	**1,151,996**	**578,080**	**4,730,783**

Notes

- Ms Chow and Dr Rizvi were paid their sign-on bonus on 29 December 2021.
- The group has entered agreements to pay KMP a total of US$1.5 million in cash and US$1.2 million in shares for forfeiture of long-term incentives with their former employment. The expense is cumulative and vests over the service period on three separate vesting dates, being 31 December 2021, 2022 and 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 FY 2021 in relation to FY 2021 performance as follows:
    - Mr Paul Hopper received a $41,250 (50% achievement) performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (increase in share price and progression of new technology in-licensing and asset opportunities).
    - Ms Jennifer Chow received a $176,204 (113% achievement) performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (increase in share price, optimization of Cholorotoxin CAR-T, demonstrating value for stakeholders, building Chimeric to being a leader in cell therapy and building the group's pipeline with innovative science).
    - Dr Syed Rizvi received a $224,539 (110% achievement) performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (increase in share price, optimization of Cholorotoxin CAR-T, demonstrating value for stakeholders, building Chimeric to being a leader in cell therapy and building 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

(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.

(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**	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**%**	%	**%**	%
Non-executive director						
Ms Leslie Chong	**38**	11	**-**	-	**62**	89
Dr Lesley Russell	**38**	11	**-**	-	**62**	89
Ms Cindy Elkins	**27**	6	**-**	-	**73**	94
Dr George Matcham	**12**	-	**-**	-	**88**	-
Executive directors						
Mr Paul Hopper	**75**	73	**25**	27	**-**	-
Ms Jennifer Chow	**34**	36	**22**	27	**44**	37
Other KMP						
Dr Syed Rizvi	**74**	43	**26**	11	**-**	46
Dr Eliot Bourk	**50**	-	**21**	-	**29**	-

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:

Holder	Grant date	Vesting and exercise date	Expiry date	Number of Options	Exercise price ($)	Value per option ($)	Vested (%)
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	0%
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	0%
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	0%
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	0%
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	0%
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	0%
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	0%
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	0%
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	0%
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%

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.

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

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

Option holdings

2022	Balance at start of the year[1]	Granted as remuneration	Forfeiture of options[2]	Other changes[3]	Balance at end of the year	Vested and exercisable
Options						
Mr Paul Hopper	-	-	-	2,941,176	2,941,176	2,941,176
Ms Leslie Chong	2,750,000	-	-	3,905	2,753,905	1,818,905
Dr Lesley Russell	2,750,000	-	-	-	2,750,000	1,815,000
Ms Cindy Elkins	2,750,000	-	-	7,873	2,757,873	1,822,873
Dr George Matcham	-	2,750,000	-	158,730	2,908,730	907,500
Ms Jennifer Chow	6,280,002	4,011,493	-	-	10,291,495	2,072,401
Dr Syed Rizvi	6,280,002	2,024,066	(8,304,068)	-	-	-
Dr Eliot Bourk	695,552	2,229,885	-	-	2,925,437	231,827
	21,505,556	**11,015,444**	**(8,304,068)**	**3,111,684**	**27,328,616**	**11,609,682**

Notes

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

2. The options forfeited are due to Syed's resignation from his role as CMO. As the options are now forfeited, it won't have an impact on current and future years.

3. Other changes incorporates changes resulting from the acquisition and disposal of options.

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

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

Share holdings

2022	Balance at the start of the year[1]	Granted as remuneration	Received on exercise of options	Other changes[2]	Balance at the end of the year
Ordinary shares					
Mr Paul Hopper	77,777,778	-	-	3,316,176	81,093,954
Ms Leslie Chong	12,300	-	-	33,905	46,205
Dr Lesley Russell	-	-	-	-	-
Ms Cindy Elkins	24,800	-	-	7,873	32,673
Ms Jennifer Chow	-	1,702,914	-	-	1,702,914
Dr Syed Rizvi	-	1,707,105	-	-	1,707,105
Dr George Matcham	-	-	-	658,730	658,730
Dr Eliot Bourk	630,890	816,910	-	-	1,447,800
	78,445,768	**4,226,929**	**-**	**4,016,684**	**86,689,381**

Notes

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

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

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

Chimeric Therapeutics Limited received more than 75 percent of favourable votes on its remuneration report for the 2021 financial year.

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

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	0.31	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	2028-11-29	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	0.092	7,681,946
2022-07-13	2027-07-18	0.16	2,000,000
2022-08-22	2027-08-22	0.186	433,899
2022-08-27	2027-08-27	0.121	1,000,000
Total			141,495,978

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

The following ordinary shares of Chimeric Therapeutics Limited were issued during the year ended 30 June 2022 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of Shares	Number of shares issued
2022-03-25 (CHMO)	0.255	49,772
		49,772

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.*

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 Australia) for audit and non-audit services provided during the year are set out below.

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

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

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

	2022	2021
	$	$
Grant Thornton Australia:		
Tax compliance services	**21,164**	3,500
Total remuneration for taxation services	**21,164**	3,500
Other services		
Grant Thornton Australia:		
Investigating accountant's report	**-**	39,993
Total remuneration for other services	**-**	39,993
Total remuneration for non-audit services	**21,164**	43,493

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 33.

Rounding of amounts

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

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

Mr Paul Hopper
Executive Chairman

Sydney
30 September 2022

Grant Thornton Audit Pty Ltd
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 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 30 September 2022

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

Financial statements

Chimeric Therapeutics Limited

ABN 68 638 835 828

Annual report - 30 June 2022

This financial statements is consolidated financial statements for the group consisting of Chimeric Therapeutics Limited and its subsidiaries. A list of major subsidiaries is included in note 10.

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

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

	Notes	**30 June 2022 $**	30 June 2021 $
Other income	2(a)	**2,617,122**	-
Other losses	2(b)	**(534,953)**	(263,790)
General and administrative expenses	2(c)	**(7,904,654)**	(8,965,981)
Research and development expenses	2(c)	**(6,115,990)**	(3,778,382)
Share-based payments		**(3,169,055)**	(2,102,327)
Operating loss		**(15,107,530)**	(15,110,480)
Finance income	2(d)	**12,977**	2,646
Finance expenses	2(d)	**(640,127)**	(5,877)
Finance costs - net		**(627,150)**	(3,231)
Loss before income tax		**(15,734,680)**	(15,113,711)
Income tax expense	3	**(163,720)**	-
Loss for the year		**(15,898,400)**	(15,113,711)
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Foreign currency translation		(153,788)	(7,638)
Total comprehensive loss for the year		**(16,052,188)**	(15,121,349)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the group:			
Basic and diluted loss per share	18	**(4.42)**	(8.31)

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 2022

	Notes	**2022** **$**	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	**18,381,533**	22,410,199
Trade and other receivables		**2,657,763**	24,246
Other current assets		**131,415**	230,623
Total current assets		**21,170,711**	22,665,068
Non-current assets			
Property, plant and equipment		**15,988**	13,627
Intangible assets	5(a)	**13,653,040**	13,826,165
Other financial assets at amortised cost		**40,000**	-
Total non-current assets		**13,709,028**	13,839,792
Total assets		**34,879,739**	36,504,860
LIABILITIES			
Current liabilities			
Trade and other payables	4(b)	**6,373,715**	3,032,995
Other financial liabilities	4(c)	**2,453,186**	4,259,678
Employee benefit obligations	5(b)	**193,960**	62,235
Total current liabilities		**9,020,861**	7,354,908
Non-current liabilities			
Trade and other payables	4(b)	**152,570**	335,873
Other financial liabilities	4(c)	**-**	3,683,391
Total non-current liabilities		**152,570**	4,019,264
Total liabilities		**9,173,431**	11,374,172
Net assets		**25,706,308**	25,130,688
EQUITY			
Share capital	6(a)	**51,807,595**	37,366,641
Other reserves	6(b)	**4,762,637**	2,941,766
Accumulated losses		**(30,863,924)**	(15,177,719)
Total equity		**25,706,308**	25,130,688

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 2022

	Notes	Attributable to owners of Chimeric Therapeutics Limited			
		Share capital	**Other reserves**	**Accumulated losses**	**Total equity**
		$	**$**	**$**	**$**
Balance at 1 July 2020		100	-	(64,008)	(63,908)
Loss for the year		-	-	(15,113,711)	(15,113,711)
Other comprehensive loss		-	(7,638)	-	(7,638)
Total comprehensive loss for the year		**-**	**(7,638)**	**(15,113,711)**	**(15,121,349)**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	6(a)	31,371,211	-	-	31,371,211
Employee share schemes - value of employee services	6(b)	-	244,635	-	244,635
Conversion of convertible notes	6(a)	4,300,000	-	-	4,300,000
Issue of shares as part of license acquisition	6(a)	1,628,667	-	-	1,628,667
Issue of shares in lieu of payment of services	6(a)	66,663	-	-	66,663
Issue of shares as part of forfeiture payments	6(b)	-	611,744	-	611,744
Options issued	6(b)	-	2,093,025	-	2,093,025
		37,366,541	2,949,404	-	40,315,945
Balance at 30 June 2021		**37,366,641**	**2,941,766**	**(15,177,719)**	**25,130,688**
Balance at 1 July 2021		37,366,641	2,941,766	(15,177,719)	25,130,688
Loss for the year		-	-	(15,898,400)	(15,898,400)
Other comprehensive loss		-	(153,788)	-	(153,788)
Total comprehensive loss for the year		**-**	**(153,788)**	**(15,898,400)**	**(16,052,188)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	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	6(b)	-	11,001	-	11,001
Forfeiture of options	6(b)	-	(499,291)	212,195	(287,096)
		14,440,954	1,974,659	212,195	16,627,808
Balance at 30 June 2022		**51,807,595**	**4,762,637**	**(30,863,924)**	**25,706,308**

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 2022

	Notes	**30 June 2022 $**	30 June 2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**(16,395)**	-
Payments to suppliers and employees (inclusive of GST)		**(13,149,473)**	(8,835,375)
Interest received		**12,977**	2,646
Net cash (outflow) from operating activities	7(a)	**(13,152,891)**	(8,832,729)
Cash flows from investing activities			
Payments for financial assets at amortised cost		**(40,000)**	-
Payments for property, plant and equipment		**(12,289)**	(16,260)
Payments for intellectual property		**(525,566)**	(5,290,778)
Net cash (outflow) from investing activities		**(577,855)**	(5,307,038)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**14,898,911**	39,300,000
Share issue transaction costs		**(1,308,664)**	(2,715,049)
Proceeds from borrowings		**-**	858,024
Repayment of borrowings		**-**	(892,031)
Interest expense		**-**	(9,581)
Repayment of financial liabilities		**(4,046,819)**	-
Net cash inflow from financing activities		**9,543,428**	36,541,363
Net (decrease) increase in cash and cash equivalents		**(4,187,318)**	22,401,596
Cash and cash equivalents at the beginning of the financial year		**22,410,199**	100
Effects of exchange rate changes on cash and cash equivalents		**158,652**	8,503
Cash and cash equivalents at end of year	4(a)	**18,381,533**	22,410,199

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

Contents of the notes to the financial statements

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

	30 June 2022 $	30 June 2021 $
Research and development tax incentive	**2,617,122**	-
	2,617,122	-

(i) Fair value of R&D tax incentive

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2022, the group has included an item in other income of $2,617,122 (2021: nil) 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 $2,617,122 recognised at 30 June 2022 includes $438,046 relating to expenses incurred in the previous financial period, which was subject to approval of an overseas finding.

(b) Other losses

	30 June 2022 $	30 June 2021 $
Net loss on disposal of property, plant and equipment	**(2,065)**	-
Net foreign exchange losses	**(532,888)**	(263,790)
	(534,953)	(263,790)

2 Other income and expense items (continued)

(c) Breakdown of expenses by nature

	Notes	**30 June 2022 $**	30 June 2021 $
General and administrative expenses			
Accounting and audit		**332,103**	258,997
Change of control fees	2(c)(i)	**-**	3,989,587
Consulting		**182,517**	163,554
Depreciation		**7,866**	2,633
Employee benefits		**5,234,964**	3,398,141
Insurance		**262,768**	128,060
Investor relations		**387,967**	148,685
Legal		**419,036**	273,980
Listing and share registry		**178,759**	211,250
Occupancy		**13,710**	3,339
Patent costs		**84,574**	13,767
Recruitment and staff training		**313,347**	319,660
Travel and entertainment		**316,364**	1,400
Other		**170,679**	52,928
		7,904,654	8,965,981
Research and development expenses			
Amortisation		**941,896**	844,327
Chlorotoxin CAR-T technology		**2,348,152**	2,811,077
CDH17		**2,382,423**	-
Other		**443,519**	122,978
		6,115,990	3,778,382

(i) Change of control fees

Upon listing on the Australian Securities Exchange (ASX), the group was required to pay City of Hope a change of control fee as per the terms of the license agreement.

(d) Finance income and costs

	30 June 2022 $	30 June 2021 $
Finance income		
Interest income from financial assets held for cash management purposes	**12,977**	2,646
Finance income	**12,977**	2,646
Finance costs		
Interest and finance charges paid for financial liabilities not at fair value	**-**	(9,581)
Interest expense on acquisition of intangible assets	**(640,127)**	3,704
Finance costs	**(640,127)**	(5,877)
Net finance costs	**(627,150)**	(3,231)

3 Income tax expense

(a) Australian tax expense

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

	30 June 2022 $	30 June 2021 $
Loss from continuing operations before income tax expense	**(19,300,432)**	(15,113,711)
Tax at the Australian tax rate of 25% (2021: 26%)	**(4,825,108)**	(3,929,565)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	**(654,281)**	-
Accounting expenditure subject to R&D tax incentive	**1,504,094**	-
Accrued expenses	**150,011**	141,568
Amortisation	**(235,474)**	(219,525)
Employee leave obligations	**-**	17,115
Patent costs	**21,144**	3,579
Share-based payments	**792,264**	546,605
Unrealised currency (gains)/losses	**(14,004)**	(5,379)
Subtotal	**(3,261,354)**	(3,445,602)
Difference in overseas tax rates	**-**	(14,879)
Tax losses and other timing differences for which no deferred tax asset is recognised	**3,261,354**	3,460,481
Income tax expense	**-**	-

(ii) Tax losses

	30 June 2022 $	30 June 2021 $
Unused tax losses for which no deferred tax asset has been recognised	**26,388,965**	13,343,549
Potential tax benefit at 25% (2021: 26%)	**6,597,241**	3,469,323

3 Income tax expense (continued)

(b) US tax expense

(i) Income tax expense

	30 June 2022 $	30 June 2021 $
Current tax		
Current tax on profits for the year	**163,720**	-
Total current tax expense	**163,720**	-
Income tax expense	**163,720**	-

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

	30 June 2022 $	30 June 2021 $
Loss from continuing operations before income tax expense	**3,559,398**	-
Tax at the US tax rate of 27.5% (2021: 27.5%)	**978,834**	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued expenses	**47,400**	-
Employee leave obligations	**33,792**	-
Income tax expense	**163,720**	-

(iii) Tax losses

	30 June 2022 $	30 June 2021 $
Unused tax losses for which no deferred tax asset has been recognised	**(3,585,224)**	-
Potential tax benefit at 27.5% (2021: 27.5%)	**(985,937)**	-

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2022 **$**	2021 $
Current assets		
Cash at bank and in hand	**18,381,533**	3,409,796
Deposits at call	**-**	19,000,403
	18,381,533	22,410,199

(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:

	2022 **$**	2021 $
Balances as above	**18,381,533**	22,410,199
Balances per statement of cash flows	**18,381,533**	22,410,199

(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 payables

		2022			2021		
	Notes	**Current** **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Trade payables		**4,703,609**	**-**	**4,703,609**	2,038,112	-	2,038,112
Amounts due to employees	15(b)	**289,414**	**152,570**	**441,984**	420,391	335,873	756,264
Accrued expenses		**1,346,899**	**-**	**1,346,899**	574,492	-	574,492
Other payables		**33,793**	**-**	**33,793**	-	-	-
		6,373,715	**152,570**	**6,526,285**	3,032,995	335,873	3,368,868

4 Financial assets and financial liabilities (continued)

(c) Other financial liabilities

	2022			2021		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Chlorotoxin CAR-T deferred consideration	**2,177,384**	**-**	**2,177,384**	3,849,763	3,683,391	7,533,154
Chlorotoxin CAR-T contingent consideration	**-**	**-**	**-**	409,915	-	409,915
CHD17 contingent consideration	**275,802**	**-**	**275,802**	-	-	-
	2,453,186	**-**	**2,453,186**	4,259,678	3,683,391	7,943,069

The deferred consideration relates to payable upfront costs from the acquisition of licenses. During the year the group paid $4,046,819 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 11.

(d) Recognised fair value measurements

(i) Fair value hierarchy

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

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

Recurring fair value measurements At 30 June 2021	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial Liabilities				
Chlorotoxin CAR-T contingent consideration	-	-	409,915	409,915
Total financial liabilities	-	-	409,915	409,915

4 Financial assets and financial liabilities (continued)

(d) 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 11.

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

5 Non-financial assets and liabilities

(a) Intangible assets

	Chlorotoxin CAR-T technology $	CDH-17 $	CORE-NK $	Total $
At 1 July 2020				
Cost	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net book amount	-	-	-	-
Year ended 30 June 2021				
Additions	14,670,492	-	-	14,670,492
Amortisation charge	(844,327)	-	-	(844,327)
Closing net book amount	13,826,165	-	-	13,826,165
At 30 June 2021				
Cost	14,670,492	-	-	14,670,492
Accumulated amortisation and impairment	(844,327)	-	-	(844,327)
Net book amount	13,826,165	-	-	13,826,165
Year ended 30 June 2022				
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
At 30 June 2022				
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

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 license 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.

5 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(i) Chlorotoxin CAR-T technology (continued)

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 licenses fee paid, the value of equity issued to City of Hope in respect of the licence agreement and contingent considerations. The contingent consideration arrangements require the group to pay City of Hope amounts based on the license agreement upon completion of each milestone. The fair-value of the contingent considerations was probability adjusted based on the directors' assumption, 90% probability of completing milestone 1.

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 license 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

Chimeric has recognised the Intellectual Property “CORE-NK” through an agreement with Case Western Reserve University for the exclusive rights to purchase the CORE-NK license from the university. This was acquired on 25 May 2022, the board expects it will generate future economic benefits for the group. The amounts currently recognised are the upfront costs of signing the option agreement. The option agreement was exercised on 25 May 2022 and Chimeric is in the process of negotiation for an exclusive license. At the end of the reporting year management deemed the asset is not ready for use, thus no amortisation has been deducted from it.

(iv) Impairment test for intellectual property

Intellectual property held by the group is assessed for indicators of impairment annually.

There were no indicators of impairment identified at 30 June 2022.

- The market capitalisation of Chimeric Therapeutics Limited on the Australian Securities Exchange is in excess of the net book value of assets;
- There have been no significant changes that have taken place during the year that have adversely affected the CAR-T sector or scientific results and progress of trials.

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

	2022			2021		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Leave obligations (i)	**193,960**	**-**	**193,960**	62,235	-	62,235

(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 $193,960 (2021: $62,235) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

6 Equity

(a) Share capital

	Notes	**2022 Shares**	2021 Shares	**2022 $**	2021 $
Ordinary shares					
Fully paid		**425,278,237**	330,859,716	**51,807,595**	37,366,641
	6(a)(i)	**425,278,237**	330,859,716	**51,807,595**	37,366,641

(i) Movements in ordinary shares:

Details	**Notes**	**Number of shares**	**Total $**
Balance at 1 July 2020		**1,000**	**100**
Shares issued at $0.14 for the acquisition of licence (2020-09-29)	6(a)(ii)	53	7
Shares issued after the completion of share split (2020-10-07)		115,225,338	-
Shares issued at $0.14 for the acquisition of licence (2020-10-07)	6(a)(ii)	6,106,943	854,972
Shares issued at $0.14 for the acquisition of license (2021-01-18)	6(a)(ii)	5,526,338	773,688
Issue at $0.15 on conversion of convertible notes (2021-01-18)		28,666,729	4,300,000
Issue at $0.20 at initial public offering (2021-01-18)		175,000,000	35,000,000
Shares issued at $0.20 to supplier in lieu of payment for services (2021-05-05)		333,315	66,663
Less: Transaction costs arising on share issues		-	(3,628,789)
Balance at 30 June 2021		**330,859,716**	**37,366,641**

Details	**Number of shares**	**Total $**
Balance at 1 July 2021	**330,859,716**	**37,366,641**
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)
Balance 30 June 2022	**425,278,237**	**51,807,595**

(ii) Shares issued on acquisition of licence

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

6 Equity (continued)

(b) Other reserves

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

	Notes	Share- based payments $	Equity settled payments $	Foreign currency translation $	Total other reserves $
At 1 July 2020		**-**	**-**	**-**	**-**
Currency translation differences		-	-	(7,638)	(7,638)
Other comprehensive income		-	-	(7,638)	(7,638)
Transactions with owners in their capacity as owners					
Issue of options	6(b)(ii)	2,093,025	-	-	2,093,025
Issue of shares as part of forfeiture payments		-	611,744	-	611,744
Share-based payment expenses		244,635	-	-	244,635
At 30 June 2021		**2,337,660**	**611,744**	**(7,638)**	**2,941,766**
Currency translation differences		-	-	(153,788)	(153,788)
Other comprehensive income		-	-	(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	6(b)(ii)	(499,291)	-	-	(499,291)
At 30 June 2022		**4,508,728**	**415,335**	**(161,426)**	**4,762,637**

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options and warrants 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 as described in note 20(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Equity settled payments

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

6 Equity (continued)

(b) Other reserves (continued)

(ii) Movements in options:

Details	Number of options	Total $
Balance at 1 July 2020	**-**	**-**
Issue of ESOP unlisted options	21,505,556	1,179,285
Issue of unlisted options	4,957,897	913,740
Balance at 30 June 2021	**26,463,453**	**2,093,025**
Issue of 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
Balance at 30 June 2022	**130,380,133**	**4,338,052**

4,957,897 options were issued to the Lead Managers of the 2021 initial public offering at an exercise price of $0.30. These options expire on 18 January 2024.

7 Cash flow information

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

	Notes	2022 $	2021 $
Loss for the year		**(15,898,400)**	(15,113,711)
Adjustments for			
Depreciation and amortisation	2(c)	**949,762**	846,960
Disposal of property, plant and equipment		**2,065**	-
Forfeiture payment share reserve	15(b)	**303,420**	756,264
Leave provision expense		**-**	62,235
Share-based payments		**3,169,055**	2,102,327
Net foreign currency losses		**532,826**	179,585
Change in operating assets and liabilities:			
Movement in trade and other receivables		**(2,633,517)**	(24,246)
Movement in other current assets		**99,208**	(230,623)
Movement in trade payables		**322,690**	2,588,480
Net cash outflow from operating activities		**(13,152,891)**	(8,832,729)

8 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

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

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

9 Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

Exposure

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

	30 June 2022		30 June 2021	
	USD	**CAD**	USD	CAD
	$	**$**	$	$
Cash and cash equivalents	**2,996,418**	**-**	-	-
Trade payables	**4,500,028**	**1,344**	2,018,957	-
Total exposure	**7,496,446**	**1,344**	**2,018,957**	**-**

Sensitivity

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

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

- USD: 5.8% (2021: 4.9%)
- CAD: 3.1% (2021: 3.0%)

	Impact on post-tax profit		**Impact on other components of equity**	
	2022	2021	**2022**	2021
	$	$	**$**	$
USD/AUD exchange rate - increase 5.8% (2021: 4.9%)*	**434,794**	98,929	**-**	-
CAD/AUD exchange rate - increase 3.1% (2021: 3.0%)*	**42**	-	**-**	-

* Holding all other variables constant

The group's exposure to other foreign exchange movements is not material.

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 2022 and 2021, the group's cash and cash equivalents at variable rates were denominated in Australian dollars.

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

	2022	2021
	$	$
Financial instruments with cash flow risk		
Cash and cash equivalents	**18,381,533**	22,410,199
Financial assets at amortised cost	**40,000**	-
	18,421,533	22,410,199

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 year		**Impact on other components of equity**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Interest rates - change by 121 basis points (2021: 31 basis points)*	**222,901**	69,472	**-**	-

* Holding all other variables constant

The use of 1.21 percent (2021: 0.31 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2022 and the previous four balance dates. The average cash rate at these balance dates was 0.77 percent (2021: 0.92 percent). The average change to the cash rate between balance dates was 157.03 percent (2021: 34.19 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 2022 due to increased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

(i) Risk management

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

(ii) Impairment of financial assets

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

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 **At 30 June 2022**	**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** **$**
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**
Total	**6,649,517**	**2,177,384**	**-**	**-**	**-**	**8,826,901**	**8,826,901**
At 30 June 2021							
Trade payables	3,032,995	-	-	-	-	3,032,995	3,032,995
Other financial liabilities	2,460,761	1,995,211	3,990,423	-	-	8,446,395	8,446,395
Total	5,493,756	1,995,211	3,990,423	-	-	11,479,390	11,479,390

(ii) L1 Capital equity placement agreement

The group signed an Equity Placement Agreement ("Placement Agreement") with L1 Capital Global Opportunities Master Fund (“L1 Capital”) on 9 June 2022. The Placement Agreement provides the group with access to an at-the-market credit facility over a 24-month period.

The Placement Agreement includes a subscription fee for the group to enter into the facility (“Initial Placement”), which comprises of the issuance of $500,000 in ordinary shares at A$0.10 per share (equivalent to the closing bid price as at 8 June 2022) and issuance of 15,000,000 unlisted options (fully vested and exercisable upon signing of the agreement at a price of A$0.26 per option and expiring 31 March 2024). At 30 June 2022, the Initial Placement has been completed.

The Placement Agreement provides the group with the opportunity to draw up to $30 million through the issue of ordinary shares to L1 Capital over the commitment period. Drawdowns under the facility are at the group's discretion and the group is under no obligation to use the facility. The equity will be issued from the group's available LR 7.1 or 7.1A capacity. The capacity of this facility is not impacted by the Initial Placement.

At 30 June 2022, the entirety of the facility remains undrawn.

9 Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) L1 Capital equity placement agreement (continued)

The group has agreed to pay L1 Capital a commitment fee of $350,000. $100,000 was paid as part of the Initial Placement and the balance of $250,000 will be incurred and paid pro-rata as draw downs occur. If the aggregate amount of any future drawdowns exceeds $20 million, an additional commitment fee of $150,000 will become immediately payable. The Placement Agreement establishes certain matters that constitute an “event of default”. In the occurrence of an event of default, the unpaid commitment fee will become immediately payable in full. Management has performed a probability assessment and determined the likelihood of occurrence of an event of default to be close to nil. The unpaid commitment fee represents a contingent liability at 30 June 2022.

Additionally, the group has entered into an agreement with Bell Potter Securities Limited ("Bell Potter"), in order to enter into the Placement Agreement. In this agreement, the group is to pay Bell Potter an industry standard percentage of the Initial Placement and any subsequent drawdowns under the Placement Agreement with L1 Capital.

10 Interests in other entities

(a) Material subsidiaries

The group’s principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		2022	2021
		%	%
Chimeric Therapeutics Inc	United States	**100**	100

11 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 license agreement include a cash payment of US$10 million over three years and shares in the group.

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

(i) Development milestone payments

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

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

At the end of the current reporting period, milestone 1 has been met. Management have determined that the remaining milestones are uncertain at the end of the reporting year due to a number of factors which are outside the group's control.

(ii) 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:

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

(iii) 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.

11 Contingent liabilities (continued)

(b) CDH-17 intellectual property

The group has the licence agreement with University of Pennsylvania. The key financial terms of the license agreement include a cash payment of US$10 million over three years and shares in the group.

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

(i) Development milestone payments

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

Milestones	Requirements	
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

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

(ii) Royalties on net sales

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

12 Commitments

(a) Research and development commitments

(i) CAR-T technology intellectual property

Under the License Agreement, a non-refundable annual license fee is payable to City of Hope of US$150,000. This is payable on or before 31 July of each License Year (excluding the first and second License Years ending 31 December 2020 and 31 December 2021, respectively).

(ii) CDH17 intellectual property

Under the License 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.

13 Events occurring after the reporting year

No 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.

14 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 2022. The group’s franking account balance was nil at 30 June 2022.

15 Related party transactions

(a) Key management personnel compensation

	30 June 2022 $	30 June 2021 $
Short-term employee benefits	**3,140,950**	1,475,484
Sign-on bonus	**-**	735,920
Post-employment benefits	**87,341**	66,703
Long-term benefits	**346,725**	722,600
Share-based payments	**2,332,437**	1,730,076
	5,907,453	4,730,783

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 29.

(b) Transactions with key management personnel

The following transactions occurred with key management personnel:

	30 June 2022 $	30 June 2021 $
Other transactions		
Forfeiture payments and shares expense to key management personnel	**677,760**	1,300,680

(i) Forfeiture payments expense to key management personal

The group has entered agreements to pay employees for forfeiture of long-term incentives with their former employment. At 30 June 2022 the group has recognised $289,414 as payable for the current year in cash. The expense is cumulative and vests dependent to the employees agreements with Chimeric.

15 Related party transactions (continued)

(c) Loans to/from related parties

	2022 **$**	2021 $
Loans from key management personnel		
Beginning of the year	**-**	34,007
Loans advanced	**-**	33,024
Loans repayments received	**-**	(67,031)
End of year	**-**	-
Loans to other related parties		
Loans advanced	**-**	825,000
Loans repayments made	**-**	(825,000)
End of year	**-**	-

(d) Terms and conditions

At 30 June 2021 the group repaid the full amount owed to Paul Hopper amounting $67,031. These funds were originally received to fund working capital in the group at the time of inception.

At 30 June 2021 the group repaid an entity related to Phillip Hains which loaned the group $825,000 to support its short-term working capital obligations. The conditions of the loan state that the loan is to be repaid at IPO or when the group raises $5 million. Interest is accrued at 1% per month and payable with the repayment of the loan.

16 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 will be subject to shareholder approval at the 2022 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

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:

	2022 **Average exercise price per share option**	**Number of options**	2021 Average exercise price per share option	Number of options
As at 1 July	**$0.22**	**21,505,556**	-	-
Granted during the year	**$0.30**	**14,199,821**	$0.22	21,505,556
Forfeited during the year	**$0.22**	**(8,304,068)**	-	-
As at 30 June	**$0.26**	**27,351,537**	$0.22	21,505,556
Vested and exercisable at 30 June	**$0.25**	**9,122,061**	$0.24	2,722,500

16 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 2022	Share options 30 June 2021
2020-08-28	2025-01-18	0.20	5,500,000	5,500,000
2020-11-30	2025-01-18	0.20	-	6,280,002
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	-
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	0.31	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	2028-11-29	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	-
Total			27,401,309	21,505,556

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

Grant date	Expiry date	Exercise price ($)	Share options 30 June 2022	Share options 30 June 2021
2021-01-18	2024-01-18	0.30	4,957,897	4,957,897
2022-03-25	2024-03-31	0.26	83,020,927	-
2022-06-09	2024-03-31	0.26	15,000,000	-
Total			102,978,824	4,957,897

Weighted average remaining contractual life of options outstanding at end of year	2.16	3.64

16 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 2022 included:

Grant date	Expiry date	Exercise price ($)	No. of options	Share price at grant date ($)	Expected volatility	Dividend yield	Risk- free interest rate	Fair value at grant date ($)
2021-08-27	2026-08-27	0.290	2,241,378	0.315	100%	0.00%	0.62%	540,396
2021-07-01	2026-07-01	0.290	700,000	0.325	100%	0.00%	0.77%	175,140
2021-08-27	2026-08-27	0.320	1,000,000	0.315	100%	0.00%	0.62%	237,000
2021-11-22	2025-12-03	0.365	2,750,000	0.300	100%	0.00%	0.96%	519,571
2021-11-22	2026-11-22	0.340	2,000,000	0.295	100%	0.00%	1.39%	437,601
2021-11-29	2027-11-29	0.260	101,314	0.260	100%	0.00%	1.35%	20,759
2021-11-29	2028-11-29	0.260	101,314	0.260	100%	0.00%	1.35%	21,681
2021-11-29	2029-11-29	0.260	101,345	0.260	100%	0.00%	1.35%	22,428
2021-12-22	2025-12-22	0.260	400,000	0.260	100%	0.00%	0.89%	71,600
2022-01-01	2027-01-01	0.230	2,000,000	0.260	100%	0.00%	1.34%	395,598
2022-06-09	2024-03-31	0.255	15,000,000	0.105	100%	0.00%	2.78%	496,500
2022-01-25	2028-07-31	0.225	237,698	0.220	100%	0.00%	1.65%	42,073
2022-01-25	2029-01-31	0.225	237,698	0.220	100%	0.00%	1.65%	42,952
2022-01-25	2030-01-31	0.225	237,770	0.220	100%	0.00%	1.65%	44,463
2022-01-26	2028-09-07	0.150	67,238	0.220	100%	0.00%	1.65%	12,526
			42,413,525					

(b) Expenses arising from share-based payment transactions

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

	2022 $	2021 $
Options issued under employee option plan	**2,245,027**	1,179,285

17 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 Australia

(i) Audit and other assurance services

	2022 **$**	2021 $
Audit and review of financial statements	**87,230**	58,170
Total remuneration for audit and other assurance services	**87,230**	58,170

(ii) Taxation services

Tax compliance services	**21,164**	3,500
Total remuneration for taxation services	**21,164**	3,500

(iii) Other services

Investigating accountant's report	**-**	39,993
Total remuneration for other services	**-**	39,993
Total auditors' remuneration	**108,394**	101,663

18 Loss per share

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

	30 June 2022 **$**	30 June 2021 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the group used in calculating loss per share:		
From continuing operations	**15,898,400**	15,113,711

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

	2022 **Number**	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**359,932,442**	181,895,621

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

19 Parent entity financial information

(a) Summary financial information

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

	2022 **$**	2021 $
Balance sheet		
Current assets	**21,170,711**	22,665,068
Non-current assets	**13,709,029**	17,392,124
Total assets	**34,879,740**	40,057,192
Current liabilities	**8,654,539**	7,292,673
Non-current liabilities	**152,570**	4,019,264
Total liabilities	**8,807,109**	11,311,937
Shareholders' equity		
Share capital	**51,807,595**	37,366,641
Reserves		
Share-based payments	**4,338,052**	2,093,025
Other reserves	**(586,011)**	856,379
Retained earnings	**(29,487,005)**	(11,570,790)
	26,072,631	28,745,255
Loss for the year	**19,300,432**	11,506,782
Total comprehensive loss	**19,300,432**	11,506,782

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2022 (2021: nil).

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2022 identical to those of the group, as outlined in note 11.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2022 (2021: 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.

Contents of the summary of significant accounting policies

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.

(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 2022, the group incurred an operating loss of $15,898,400 (2021: $15,113,711 and had net assets of $25,706,308 at 30 June 2022 (2021: $25,130,688).

The following matters have been considered by directors in determining the appropriateness of the going concern basis of preparation:

- The group has an overseas finding for the Chlorotoxin program and will be able to claim expenditure related to this program.
- The group has the ability to draw down the equity placement facility disclosed in note 9(c)(ii).
- The group can scale down its operations sufficiently should the above not occur.

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

Some of the risks inherent in the development of CAR-T technologies include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, and obtaining the necessary drug clinical regulatory authority approvals. Furthermore, a particular project may fail the research and the clinical development process through lack of efficacy or safety, or may be stopped or abandoned due to strategic imperatives including an assessment that the projects will not deliver a sufficient return on investment or have been superseded by newer competitive products or technologies. There is a risk that the group will be unable to find suitable development or commercial partners for its projects, and that these arrangements may not generate a material return for the group.

Based on current budget forecast assumptions, the group is in a position to meet future commitments in the current business cycle and pay its debts as and when they fall due. Furthermore, the group is able to progress its research and development programs for at least the next 12 months.

(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 2022. The group has reduced its accrued income for the R&D Tax Incentive by $822,130.

(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.

(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.

(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.

20 Summary of significant accounting policies (continued)

(f) Income tax (continued)

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. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(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.

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.

20 Summary of significant accounting policies (continued)

(i) Fair value measurement (continued)

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. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(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. Management has also made the decision to account for the cost of the asset conferred by the license agreement based on the milestones that are probable of being payable, that is, those for which there is judged to be a probability of greater than 50% that the milestone will be triggered.

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.

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 Omnibus Incentive Plan (OIP), an employee share scheme and the executive short-term incentive scheme. Information relating to these schemes is set out in note 16.

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.

In the directors' opinion:

(a) the financial statements and notes set out on pages 36 to 78 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

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

Note 20(a) confirms that the financial statements also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Mr Paul Hopper
Executive Chairman

Sydney
30 September 2022

Independent auditor's report to the members

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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 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 5(a)	
The Group has capitalised intangible assets associated with the development and commercialisation of oncology products for diagnostic and therapeutic uses, totalling approximately $13.6 million as at 30 June 2022. Majority of these assets are considered to be in use. In accordance with AASB 136 *Impairment of Assets*, management is required to assess at each reporting date if there are any indicators of impairment which may suggest the carrying value is in excess of the recoverable amount. There is significant judgement that is required of management to develop assumptions for the recoverable amount of the assets for the purpose of satisfying the impairment considerations under AASB 136. We have determined this is a key audit matter due to: • the significance of these assets recognised in the statement of financial position; • the significant judgement involved in determining the initial and subsequent recognition of contingent consideration related to the license agreements; and • the significant judgement involved in the assessment of impairment indicators and the related determination of fair value less costs of disposal when impairment indicators are identified, which incorporates a number of key estimates and assumptions.	Our procedures included, amongst others: • Obtaining and reviewing management's accounting paper regarding initial recognition of new license agreements; • Reviewing the appropriateness of the costs being recognised as part of the asset at initial recognition of new licenses; • Assessing the accounting treatment relating to the development milestones that the Group is required to achieve across the period of the license agreement; • Validating the appropriateness of management's determination of the asset's useful life; • Assessing the existence of potential impairment indicators; • Obtaining the Group's latest impairment indicator review for all license agreements and validating appropriateness of the recoverable amount; • Assessing other qualitative considerations applicable to the impairment assessment of intangible assets; and • Reviewing the adequacy of disclosures in the financial statements.
Going Concern – Note 20(a)(iii)	
For the year ended 30 June 2022, the Group incurred a loss of $15,898,400 and had net assets of $25,706,308. As 30 June 2022 the Group has $18,381,533 of cash and cash equivalents, $2,617,122 of accrued receivables for eligible research and development expenditures tax incentives and $30,000,000 available on the equity facility with L1 Capital Global Opportunities Master Fund, which in the opinion of the Directors will support the Group's funding requirements for twelve months from the date of this report. Assessing the appropriateness of the Group's basis of preparation for the financial statements was a key audit matter due to the importance to the financial statements and the level of judgement required in assessing the Group's forecast cashflows for a period of at least 12 months from the audit report date.	Our procedures included, amongst others: • Assessing the cash flow forecast prepared by management and approved by the board of directors for at least 12 months from the anticipated date of signing the financial statements and evaluating the reasonableness of inputs and assumptions used in the forecast; • Analysing and challenging key assumptions in Chimeric Therapeutics Limited's budget for the twelve-month period from the expected date of signing; • Discussing with management their future plans for the Group; • Reviewing ASX announcements to gather an understanding of the strategy of the business; • Inquiring of management as to whether they are aware of any events or conditions beyond the period of Management's assessment that may cast significant doubt on Chimeric Therapeutics Limited's ability to continue as a going concern; and • Assessing the adequacy of Chimeric Therapeutics Limited's disclosures in relation to the assessment of going concern.

Key audit matter	How our audit addressed the key audit matter
R&D Tax Rebate Accrual – Note 2(a)	
Under the Research and Development (R&D) Tax Incentive scheme, the Group is entitled to receive a refundable tax offset of eligible expenditure if its turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities. An R&D plan is lodged with AusIndustry in the following financial year, and based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation, which involves a degree of judgement and interpretation of the R&D tax legislation to assess the eligibility of the R&D expenditure under the scheme. Given the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme we have determined this is a key audit matter.	Our procedures included, amongst others: • Obtaining a detailed understanding of the underlying processes and controls for claiming the R&D tax rebate through inquiries of management's tax specialists; • Evaluating the competence, capabilities and objectivity of the specialist engaged by the Group to prepare the R&D tax rebate claim; • Assessing the work performed by the specialist engaged by the Group; • Engaging our internal tax specialists to: – Review the methodology used by the Group for consistency with the R&D tax offset rules; – Review the reasonableness of the calculation; and – Consider 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 accrual; • Agreeing a sample of R&D expenditure within the computation to underlying supporting documentation; • Inspecting copies of relevant correspondence with AusIndustry and the Australian Taxation Office (ATO) related to the claims; and • Assessing whether the disclosures in the financial statements, including on 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 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 21 to 29 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Chimeric Therapeutics Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 30 September 2022

Shareholder information

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

A. Distribution of equity securities

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

	Class of equity security Ordinary shares			
Holding	**No. of holders (shares)**	**Shares**	**No. of holders (options)**	**Options**
1 - 1000	47	10,601	55	37,209
1,001 - 5,000	1,009	2,934,766	111	324,332
5,001 - 10,000	592	4,751,155	87	640,360
10,001 - 100,000	1,736	67,035,204	338	12,607,890
100,001 and over	542	350,546,511	150	114,770,342
	3,926	425,278,237	741	128,380,133

There were 1,103 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	81,093,954	19.07
CHRISTINE BROWN	11,696,565	2.75
MICHAEL E BARISH	11,522,634	2.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,223,909	2.64
ZERRIN INVESTMENTS PTY LTD	7,300,001	1.72
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	5,170,400	1.22
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED <SUPER FUND A/C>	5,060,000	1.19
MR JASON ALAN CARROLL	5,000,000	1.18
LIBERTY NATIONAL PTY LTD <LIBERTY NATIONAL FAMILY A/C>	5,000,000	1.18
UBS NOMINEES PTY LTD	4,945,588	1.16
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	3,524,056	0.83
CITICORP NOMINEES PTY LIMITED	3,486,089	0.82
KAMALA HOLDINGS PTY LTD <THE KAMALA 1994 S/F A/C>	3,090,000	0.73
MR TIM BENSLEY & MS JENNY JIAER ZHANG	3,000,420	0.71
VALENTINO TRADING PTY LTD	3,000,000	0.71
ALPHA BETA SUPERANNUATION SERVICES PTY LTD <THE ALPHA BETA SF A/C>	2,500,000	0.59
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED <THE ADI SUPER FUND A/C>	2,304,527	0.54
JARL MOHN <THE MOHN FAMILY A/C>	2,304,527	0.54
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,240,699	0.53
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,227,365	0.52
	175,690,734	41.31

B. Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	47,359,206	15

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

- L1 Capital: 15,000,000
- Ms Jennifer Chow: 10,291,495

C. Substantial holders

Substantial holders in the group are set out below:

	Number held	Percentage
Paul Hopper	81,093,954	21.40%

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:

	Expiry date	Number of shares
Ordinary shares	03 Dec 2022	2,160,162
Ordinary shares	18 Jan 2023	115,226,336
Ordinary shares	30 Jun 2023	524,972
Ordinary shares	30 Jun 2024	525,128
Total		**118,436,598**

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Chimeric Therapeutics Limited

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ASX: CHM

CHIMERIC THERAPEUTICS