Annual Report

Year Ended 30 June 2021

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited

ABN 68 638 835 828

Annual report - 30 June 2021

Directors	Mr Paul Hopper *Executive Chairman* Ms Jennifer Chow (appointed 30 August 2021) *Chief Executive Officer and Managing Director* Ms Leslie Chong (appointed 28 August 2020) *Non-Executive Director* Dr Lesley Russell (appointed 28 August 2020) *Non-Executive Director* Ms Cindy Elkins (appointed 1 February 2021) *Non-Executive Director* Dr George Matcham (appointed 5 July 2021) *Non-Executive Director*
Secretary	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 Audit Pty Ltd 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,

On behalf of the Board, it is my pleasure to present the first Annual Report of the Company as a listed entity on the ASX.

The year in review has been an exciting one with progress across many fronts.

In January 2021 we commenced life as a public company with a heavily oversubscribed IPO raising $35 million to take the Company's CAR T program forward.

Our exclusive worldwide licence to City of Hope's promising CLTX Chlorotoxin CAR T cell therapy for glioblastoma enabled the commencement of a Phase 1 clinical trial at City of Hope for patients with this challenging disease.

In April we announced that the first cohort of four patients had completed treatment without adverse effects, thereby allowing dose escalation to the second cohort to proceed in May.
We look forward to updating shareholders on the progress of this trial during the course of the year.

To accelerate recruitment of patients to the Phase 1 glioblastoma clinical trial we prepared to open additional clinical sites beyond City of Hope. To facilitate this it was necessary for Chimeric to open its own IND with the FDA. We are delighted that post balance date, our Investigational New Drug application to the FDA was approved, allowing new clinical sites to join the study.
At the time of writing, we are in discussions with several prestigious medical institutions in the US to participate in the trial.

Chimeric's leadership is in firm and experienced hands under our Chief Executive Officer Jennifer Chow, whose prior CAR T experience was gained at the world's leading CAR T and cell therapy companies, most recently at Kite where she was the Head of Global Marketing, Analytics and Commercial Operations. Supporting Ms Chow is our Chief Medical Officer Dr Syed Rizvi who has had a long and distinguished career with such leading CAR T companies as Legend, Celgene and Novartis.

Chimeric's stated strategy is to build a robust portfolio of cell therapy products and accordingly further enhancement of the executive team was required to support this goal with the appointments of Dr Li Ren and Dr Eliot Bourk. They are world-class cell therapy specialists with backgrounds from leaders BMS, Celgene & Kite.

Post balance date we were able to announce the signing of an exclusive licence to a promising CAR T therapy targeting CDH17 from the University of Pennsylvania, globally recognised as the pioneering CAR T & cell therapy institution. Coming from the lab of Dr Xianxin Hua the technology has been in ten years of R&D thereby enabling us to drive the therapy into a Phase 1 clinical as soon as 2022.We are delighted to have secured such an exciting asset and will update shareholders on progress as we approach the clinic.

On behalf of the Board, I thank all our shareholders for their support of the Company. To our scientists, doctors, medical collaborators and patients, we express our sincere thanks and hopes for a better outlook in pursuit of these important endeavours.

Yours Sincerely,

Mr Paul Hopper

Executive Chairman

Review of operations and activities

Review of Operations and Activities

Year ended: 30 June 2021
Chimeric Therapeutics Limited is pleased to announce its financial results for the year ended 30 June 2021.

Financial Review
The group reported a loss for the year ended 30 June 2021 of $15,113,711 (30 June 2020: $64,008). This increased loss compared to the comparative period is due to the increased activity in the group and the clinical trial and research activities that have been undertaken.

On the back of successful raises through the issue of convertible notes and initial public offering, the group's net assets increased to $25,130,688 (30 June 2020: ($63,908)). As at 30 June 2021, the group had cash reserves of $22,410,199 (30 June 2020: $100).

Chlorotoxin (CLTX) CAR T Cell Therapy Exclusive Licensing

In September 2020 the company announced the acquisition of the global exclusive license to the very promising Chlorotoxin (CLTX) CAR T cell therapy from the City of Hope Cancer Centre in California.

The CLTX CAR T cell therapy was licensed with attractive licensing terms and a long life, composition of matter intellectual property profile expiring 2036.

CLTX CAR T Inventors

CLTX CAR T was developed by recognized experts in cell therapy development, Dr Christine Brown and Dr Michael Barish at City of Hope.

Dr Christine Brown is a Heritage Provider Network Professor in Immunotherapy and Professor in Hematology and Hematopoietic Cell Transplantation and Immuno-Oncology Departments at the City of Hope Cancer Center in California. Dr Brown is also the Deputy Director of the T Cell Therapeutics Research Laboratories (TCTRL) where she leads multi-functional teams to translate CAR T cell therapies to the clinic.

Dr. Brown's personal research efforts are focused on developing and refining redirected CAR T cells for the treatment of malignant brain tumors.

Professor Brown received her doctoral degree from the University of California Berkeley and was a Leukemia & Lymphoma Scholar during her postdoctoral fellowship at Pennsylvania State University.

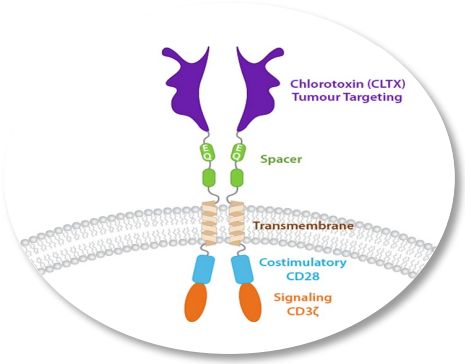
Dr Michael Barish is a Professor in the Department of Developmental and Stem Cell Biology, and an accomplished cellular neurobiologist who has studied brain development for over thirty years and has published extensively in this area.

Dr Barish has recently focused on applying the approaches and tools of developmental neurobiology to the study of brain tumors.

Dr Barish is a graduate of MIT, received his doctoral degree from Stanford, and postdoctoral training at UCLA.

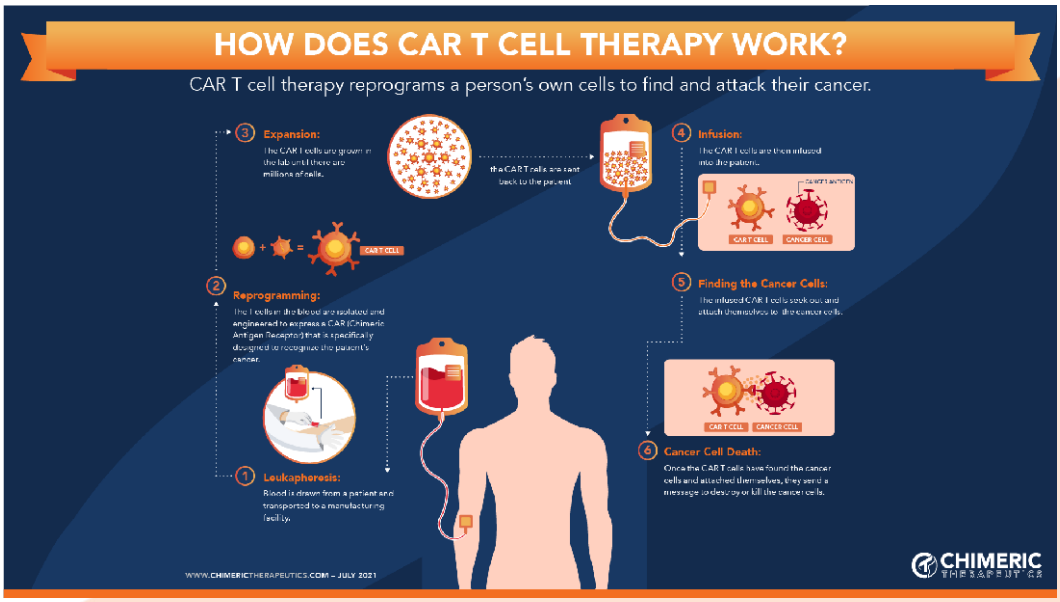
CLTX CAR T Background

The CLTX CAR T cell therapy was specifically developed to address the challenges of recurrent and progressive Glioblastoma. It is a first-in-class peptide-toxin CAR T that uniquely utilizes Chlorotoxin, a 36-amino acid peptide derived from deathstalker scorpion venom as its tumour targeting domain.



CAR T cell therapy is a type of cellular immunotherapy that leverages the power of a patient's own T cells to fight their cancer and has shown transformational outcomes for patients with Lymphoma.

With CAR T cell therapy, a patient's T cells are harvested through a process called leukapheresis and sent to a laboratory for reprogramming. At the laboratory the T cells are engineered with a chimeric antigen receptor that enhances the T cells' ability to find and fight the patients' specific type of cancer.



CLTX CAR T Cell Therapy Preclinical Evidence

The CLTX CAR T cell therapy has demonstrated best in class preclinical safety and efficacy.

1. Broad Recognition and Binding of GBM Cells: The CLTX CAR T cell therapy has been shown to more specifically and broadly target GBM cells than other immunotherapies.

2. Lack of Off Tumour Recognition: The CLTX CAR T cell therapy has demonstrated excellent preclinical safety with no off-tumour recognition of normal healthy cells in preclinical models.

3. Potent In Vivo Activity: The CLTX CAR T has demonstrated potent anti-tumour activity in vivo with significantly improved survival in mice

CLTX CAR T Clinical Development in Glioblastoma

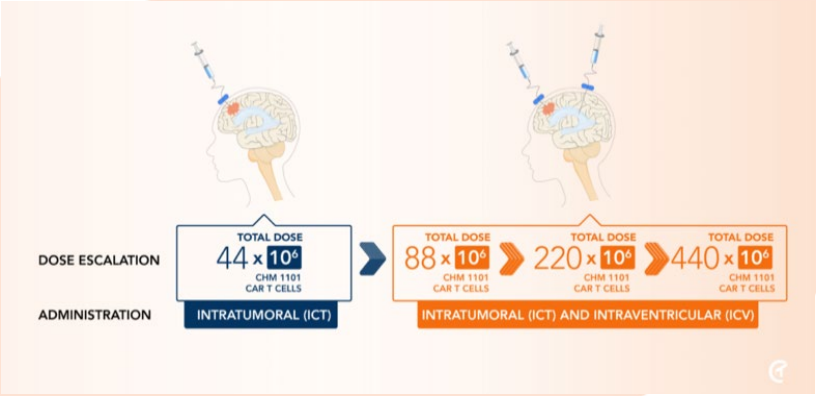
A phase 1 clinical trial was initiated with the CLTX CAR T cell therapy at City of Hope hospital in the 2nd quarter of 2020. The first patient in the trial was dosed in late September 2020.

The primary objective of the phase 1 clinical trial is to assess the safety of CLTX CAR T cells for patients with MMP2 recurrent GBM and to determine the maximum tolerated dose schedule and a recommended Phase 2 dosing plan. The trial is planned to recruit 18-36 patients with recurrent or progressive Glioblastoma over 24-36 months.

The trial design includes four dose levels and two modes of dose administration. The first dose level is 44 X 10^6 cells with escalation to a maximum dose of 440 X 10^6 cells. The first mode of dose administration is direct intratumoral administration with the second mode of administering adding intraventricular dosing to the intraturmoral dosing for the 2nd, 3rd and 4th dose levels.

The first dose level completed patient dosing in March 2020 with all patients advancing past the 28 day follow up period without any dose limiting toxicities in April 2020. Patients in the first dose level received 44 X 10^6 million CLTX CAR T cells through a single mode of intratumoral administration.

The first patient in the second dose level was dosed in May 2020 at a total dose of 88 X 10^6 CLTX CAR T cells administered through both intratumoral and intraventricular routes.



CLTX CAR T Clinical Development in Solid Tumors

Based on evidence of CLTX binding in other solid tumours we are currently completing preclinical work to support a phase 1 basket trial in solid tumours.

The basket trial design will allow inclusion of patients from 2-3 different solid tumour types. While the tumour types will be confirmed with the preclinical data we are currently studying CLTX CAR T in melanoma, colorectal cancer, prostate cancer, breast cancer, lung cancer and ovarian cancer.

Chimeric Expertise in Cell Therapy Development

Chimeric Therapeutics is led by a team of cell therapy pioneers and experts who have worked on the development of over 25 cell therapies, including 4/ 5 of the current FDA approved CAR T cell therapies. Their collective experience in cell therapy development and commercialization makes Chimeric uniquely positioned to translate innovative science into curative therapies for patients.

In December of 2020, Jennifer Chow and Syed Rizvi joined Chimeric Therapeutics as the Chief Operating Officer and Chief Medical Officer respectively.

Ms. Chow was most recently the head of global marketing, commercial operations and analytics at Kite Pharma. Prior to Kite, Ms. Chow was the global cell therapy commercial lead at Celgene.

Dr Rizvi was most recently the VP, Clinical Development and Medical Affairs at Legend Biotech and prior to Legend was the global cell therapy medical affairs lead at Celgene.

In March of 2021, Dr Eliot Bourk joined Chimeric Therapeutics as the Vice President, Business and Corporate Development. Dr Bourk was previously the head of early commercial development at Kite Pharma and prior to Kite was part of the initial global cell therapy commercial team at Celgene.

In July of 2021, Dr Li Ren joined Chimeric Therapeutics as the Vice President, Technical Operations. Dr Ren joined Chimeric from BMS where she led the global technology transfers on the cell therapy development and operations team. Prior to BMS, Dr Ren was part of the CAR T CMC and technology development team at Celgene.

Post Balance Date Developments

Post balance date there have been two major corporate developments.

CDH17 CAR T Cell Therapy: Exclusive Licensing

In July, Chimeric announced the exclusive licensing of a novel, 3rd generation CDH17 CAR T cell therapy from world-renowned cell therapy center, the University of Pennsylvania.

The CDH17 CAR T cell therapy has undergone a decade of optimization and is planned for clinical trial in 2022 in 4 tumour types (Colorectal Cancer, Pancreatic Cancer, Gastric Cancer and Neuroendocrine Tumours).

CLTX CAR T Cell Therapy: Chimeric IND

In August, Chimeric announced their first IND clearance received from the FDA for CLTX CAR T cell therapy for patients with recurrent/ progressive Glioblastoma.

The IND clearance by the FDA for Chimeric provides the foundation for advancing development of CLTX CAR T cell therapy by allowing for the expansion of the clinical development program. The first step will be to expand the number of clinical sites currently engaged in the phase 1 clinical trial protocol followed by development for the phase 2 registration trial and into additional solid tumours.

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 period ended 30 June 2021. 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 period:

Mr Paul Hopper, Executive Chairman
Ms Jennifer Chow, Chief Executive Officer and Managing Director (appointed 30 August 2021)
Ms Leslie Chong, Non-Executive Director (appointed 28 August 2020)
Dr Lesley Russell, Non-Executive Director (appointed 28 August 2020)
Ms Cindy Elkins, Non-Executive Director (appointed 1 February 2021)
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 period and up to the date of this report, except where otherwise stated:

Mr Phillip Hains (appointed 6 October 2020)
Mr Nathan Jong (appointed 6 October 2020)

Principal activities

Chimeric Therapeutics Limited is a research and development company developing ground-breaking CAR T cell therapies for solid tumors based on research at the City of Hope Cancer Centre in Los Angeles. The aim of the company is to continue to research and develop the technology for commercial purposes.

COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of research and development, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Dividends - Chimeric Therapeutics Limited

No dividends were declared or paid to members for the period ended 30 June 2021. The directors do not recommend that a dividend be paid in respect of the financial period.

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 10 of this annual report.

Significant changes in the state of affairs

In September 2020, the group acquired a worldwide exclusive license to a Chlorotoxin CAR-T technology from the City of Hope, a world-renowned independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California. For more information, please refer to the review of operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the period.

Events since the end of the financial year

Subsequent to year end, employees were granted 1,575,071 shares and 4,265,444 options in the group. The terms of the issuance are as per the group's Omnibus Incentive Plan (OIP).

On 5 July 2021, Dr George Matcham was appointed as a Non-Executive Director. Dr Matcham received 2,750,000 cashless options as part of his agreement which are subject to shareholder approval at the group's next annual general meeting. Options are to be vested 33% upon issue, 33% 12 months from issue and the residual balance 24 months from issue date.

On 22 July 2021, the group entered into an exclusive license agreement with The Trustees of the University of Pennsylvania. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees of USD 350,000 in the form of cash, and annual maintenance fees, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees. At reporting date, the final valuation of the asset is yet to be determined.

On 30 August 2021, Ms Jennifer Chow was appointed as the group's Chief Executive Officer and Managing Director.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

Likely developments and expected results of operations

The group aims to create value for shareholders through researching, developing and commercialising CAR-T cell 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 10 of this annual report.

Environmental regulation

The company 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 both as 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 and cancer vaccines. 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 SUDA Pharmaceuticals Ltd (ASX: SUD), since 15 May 2019 Scopus BioPharma Inc (New York) [Stat3 technology] (NASDAQ: SCPS), since December 2020
Former directorships in last 3 years	Viralytics Limited (ASX: VLA), until 21 June 2018 Prescient Therapeutics Limited (ASX: PTX), until 2 January 2020
Special responsibilities	None

Ms Jennifer Chow *Chief Executive Officer 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

Information on directors (continued)

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 Genetech, 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

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	Endocyte Pharmaceuticals (NASDAQ: ECYT), until December 2018 AMAG Pharma (NASDAQ: AMAG), until May 2019 Scopus BioPharma Inc (New York) [Stat3 technology] (NASDAQ: SCPS), until March 2021
Special responsibilities	Member of the audit and risk committee Chair of the remuneration and nomination committee

Information on directors (continued)

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	Weight Watchers International, Inc (NASDAQ: WW), until March 2019
Special responsibilities	Member of the audit and risk committee Member of the remuneration and nomination committee

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	None

Company secretary

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

Mr Phillip Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 year' 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 and NASDAQ listed companies. Mr Jong is also part of The CFO Solution team.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the period ended 30 June 2021, 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 Leslie Chong	8	8	2	2	2	2
Dr Lesley Russell	8	8	2	2	2	2
Ms Cindy Elkins	5	5	1	1	2	2

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 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this period.

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 14 to 16 for details about each director)

Mr Paul Hopper, Executive Chairman
Ms Jennifer Chow, Chief Executive Officer and Managing Director (appointed 30 August 2021)
Ms Leslie Chong, Non-Executive Director (appointed 28 August 2020)
Dr Lesley Russell, Non-Executive Director (appointed 28 August 2020)
Ms Cindy Elkins, Non-Executive Director (appointed 1 February 2021)
Dr George Matcham, Non-Executive Director (appointed 5 July 2021)

Other key management personnel

Ms Jennifer Chow, Chief Operating Officer
Dr Syed Rizvi, Chief Medical Officer

(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 company to attract and retain key talent
- aligned to the company'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
STI	Reward for in-year performance and retention	Company and individual performance goals	COO: 50% of FR CMO: 45% of FR
LTI	Alignment to long-term shareholder value	Share price, capital raised, company and individual performance goals	COO: 2,750,000 unlisted 5-year options at $0.20 exercise price CMO: 2,750,000 unlisted 4-year options at $0.20 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 period 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 company securities during certain periods.

(c) Elements of remuneration

Fixed annual remuneration (FR)

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 company, at the determination of the remuneration and nomination committee and board.

The company's COO, and CMO 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 period and include financial (for COO) and non-financial company (for COO and CMO) and individual performance goals. Additional shares or options can be granted at the discretion of the board based on performance.

Remuneration report (audited) (continued)

(c) Elements of remuneration (continued)

(ii) Long-term incentives

Executives may also be provided with longer-term incentives through the company's 'Omnibus Incentive Plan' (OIP), that was approved by the Board in 2020. The aim of the OIP is to allow executives to participate in, and benefit from, the growth of the company 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 over the last five periods 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.

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

The company'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 company 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 period ended 30 June 2021 in accordance of the requirements of the accounting standards.

2021	Short-term benefits					Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Non-monetary 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 received their sign-on bonus on 29 December 2021.
- The company has entered agreements to pay employees 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 company has recognised as payable at 30 June 2021.
- Cash bonus includes the amount paid or accrued in the year ended 30 June 2021 in relation to FY 2021 performance as follows:
    - Mr Paul Hopper received a $41,250 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 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 company's pipeline with innovative science).
    - Dr Syed Rizvi received a $224,539 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 company'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 Operating Officer
Contract duration:	Unspecified
Notice period:	12 months by either party
Fixed remuneration:	US$400,000 per annum

Name:	Dr Syed Rizvi
Position:	Chief Medical Officer
Contract duration:	Unspecified
Notice period:	12 months by either party
Fixed remuneration:	US$575,000 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 directors' fee pool limit is $500,000 and was approved by shareholders via circular resolution on 22 September 2020.

Remuneration report (audited) (continued)

(h) Additional statutory information

(i) 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 2021 %	At risk - STI 2021 %	At risk - LTI 2021 %
Non-executive director			
Ms Leslie Chong	**11**	**-**	**89**
Dr Lesley Russell	**11**	**-**	**89**
Ms Cindy Elkins	**6**	**-**	**94**
Executive directors			
Mr Paul Hopper	**73**	**27**	**-**
Other KMP			
Ms Jennifer Chow	**36**	**27**	**37**
Dr Syed Rizvi	**43**	**11**	**46**

(ii) 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 period are as follows:

Holder	Grant date	Vesting and exercise date	Expiry date	Number of Options	Exercise price ($)	Value per option at grant date ($)	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	0%
Ms Leslie Chong/ Dr Lesley Russell	2020-08-28	2023-01-18	2025-01-18	1,870,000	0.20	0.1078	0%
Dr Syed Rizvi	2020-11-30	2022-01-18	2025-01-18	2,072,401	0.20	0.1050	0%
Dr Syed Rizvi	2020-11-30	2023-01-18	2025-01-18	2,072,401	0.20	0.1050	0%
Dr Syed Rizvi	2020-11-30	2024-01-18	2025-01-18	2,135,201	0.20	0.1050	0%
Ms Jennifer Chow	2020-11-30	2022-01-18	2026-01-18	2,072,401	0.20	0.1145	0%
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	0%
Ms Cindy Elkins	2021-02-01*	2022-01-18	2025-01-18	907,500	0.20	0.3200	0%
Ms Cindy Elkins	2021-02-01*	2023-01-18	2025-01-18	935,000	0.20	0.3200	0%

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

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

* These options are subject to shareholder approval at the next annual general meeting.

The options vesting conditions are based on the achievement of service milestones, which are achieved if the holder remains with the company until the date is reached. The dates vary from the initial public offering which occurred on 18 January 2021 to up to 3 years from the initial public offering date. There are no performance based milestones attached to any of the above options.

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

Option holdings

2021	Balance at start of the period[1]	Granted as remuneration	Exercised	Other changes[2]	Balance at end of the period	Vested and exercisable
Options						
Mr Paul Hopper	-	-	-	-	-	-
Ms Leslie Chong	-	2,750,000	-	-	2,750,000	907,500
Dr Lesley Russell	-	2,750,000	-	-	2,750,000	907,500
Ms Cindy Elkins	-	2,750,000	-	-	2,750,000	-
Ms Jennifer Chow	-	6,280,002	-	-	6,280,002	-
Dr Syed Rizvi	-	6,280,002	-	-	6,280,002	-
	-	**20,810,004**	**-**	**-**	**20,810,004**	**1,815,000**

Notes

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

[2.] Other changes incorporates changes resulting from the acquisition, disposal and lapse/forfeiture of options.

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

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

Share holdings

2021	Balance at the start of the period[1]	Granted as remuneration	Received on exercise of options	Other changes[2]	Balance at the end of the period
Ordinary shares					
Mr Paul Hopper	675	-	-	77,777,103	77,777,778
Ms Leslie Chong	-	-	-	12,300	12,300
Dr Lesley Russell	-	-	-	-	-
Ms Cindy Elkins	-	-	-	24,800	24,800
Ms Jennifer Chow	-	-	-	-	-
Dr Syed Rizvi	-	-	-	-	-
	675	**-**	**-**	**77,814,203**	**77,814,878**

Notes

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

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

(iv) 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 2020 financial period.

[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	2025-01-18	0.20	6,280,002
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
Total			26,463,453

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

(b) Shares issued on the exercise of options

No ordinary shares of Chimeric Therapeutics Limited were issued during the period ended 30 June 2021.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial period, Chimeric Therapeutics Limited has not otherwise paid a premium in respect of a contract to insure the directors and officers of the company against a liability to the extent permitted by *Corporations Act 2001.*

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the group are important.

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services provided during the period 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:

Non-audit services (continued)

- 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 period 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:

	2021	2020
	$	$
Other services		
Grant Thornton Audit Pty Ltd Australian firm:		
Investigating accountant's report	**39,993**	-
Advisory work for employee share schemes	**3,500**	-
Total remuneration for other services	**43,493**	-
Total remuneration for non-audit services	**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 28.

Rounding of amounts

The company 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
29 September 2021

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Auditor's Independence Declaration

To the Directors of Chimeric Therapeutics Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Chimeric Therapeutics Limited for the year ended 30 June 2021, 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, 29 September 2021

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 (3rd edition) published by the ASX Corporate Governance Council.

The 2021 corporate governance statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial period. The 2021 corporate governance statement was approved by the board on 29 September 2021. 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 financial report - 30 June 2021

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 11.

The financial statements is presented in the Australian currency.

Chimeric Therapeutics Limited is a company 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:
Chimeric Therapeutics Limited
Level 3, 62 Lygon Street
Carlton VIC 3053

The financial statements was authorised for issue by the directors on 29 September 2021. 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 period ended 30 June 2021

	Notes	**30 June 2021 $**	From 2 February to 30 June 2020 $
Other losses	2(a)	**(263,790)**	-
General and administrative expenses	2(b)	**(8,965,981)**	(63,260)
Research and development expenses		**(3,778,382)**	-
Selling and marketing expenses		**-**	(748)
Share-based payments	16(b)	**(2,102,327)**	-
Operating loss		**(15,110,480)**	(64,008)
Finance income		**2,646**	-
Finance expenses		**(5,877)**	-
Finance costs - net		**(3,231)**	-
Loss before income tax		**(15,113,711)**	(64,008)
Income tax expense	3	**-**	-
Loss for the period		**(15,113,711)**	(64,008)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
		-	-
Total comprehensive loss for the period		**(15,113,711)**	(64,008)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	**(8)**	(6400.80)

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 2021

	Notes	**2021 $**	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	**22,410,199**	100
Trade and other receivables		**24,246**	-
Other current assets		**230,623**	-
Total current assets		**22,665,068**	100
Non-current assets			
Property, plant and equipment		**13,627**	-
Intangible assets	5(a)	**13,826,165**	-
Total non-current assets		**13,839,792**	-
Total assets		**36,504,860**	100
Current liabilities			
Trade and other payables	4(b)	**3,032,995**	30,001
Borrowings	4(c)	**-**	34,007
Other financial liabilities	4(d)	**4,259,678**	-
Employee benefit obligations	5(b)	**62,235**	-
Total current liabilities		**7,354,908**	64,008
Non-current liabilities			
Trade and other payables	4(b)	**335,873**	-
Other financial liabilities	4(d)	**3,683,391**	-
Total non-current liabilities		**4,019,264**	-
Total liabilities		**11,374,172**	64,008
Net assets		**25,130,688**	(63,908)
EQUITY			
Share capital	6(a)	**37,366,641**	100
Other reserves	6(b)	**2,941,766**	-
Accumulated losses		**(15,177,719)**	(64,008)
Total equity		**25,130,688**	(63,908)

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

Chimeric Therapeutics Limited
Consoldiated statement of changes in equity
For the period ended 30 June 2021

	Notes	Attributable to owners of Chimeric Therapeutics Limited			
		Share capital	**Other reserves**	**Accumulated losses**	**Total equity**
		$	**$**	**$**	**$**
Loss for the period		-	-	(64,008)	(64,008)
Total comprehensive loss for the period		**-**	**-**	**(64,008)**	**(64,008)**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	6(a)	100	-	-	100
Balance at 30 June 2020		**100**	**-**	**(64,008)**	**(63,908)**
Balance at 1 July 2020		100	-	(64,008)	(63,908)
Loss for the period		-	-	(15,113,711)	(15,113,711)
Other comprehensive income		-	(7,638)	-	(7,638)
Total comprehensive loss for the period		**-**	**(7,638)**	**(15,113,711)**	**(15,121,349)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	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
Options issued	6(b)	-	2,093,025	-	2,093,025
Issue of shares as part of forfeiture payments	6(b)	-	611,744	-	611,744
		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**

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

Chimeric Therapeutics Limited
Consolidated statement of cash flows
For the period ended 30 June 2021

	Notes	30 June 2021 $	From 2 February to 30 June 2020 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(8,835,375)**	(34,007)
Net cash (outflow) from operating activities	7(a)	**(8,835,375)**	(34,007)
Cash flows from investing activities			
Payments for property, plant and equipment		**(16,260)**	-
Payments for intellectual property		**(5,290,778)**	-
Interest received		**2,646**	-
Net cash (outflow) from investing activities		**(5,304,392)**	-
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	6(a)	**39,300,000**	100
Share issue transaction costs		**(2,715,049)**	-
Proceeds from borrowings		**858,024**	34,007
Repayment of borrowings		**(892,031)**	-
Interest expense		**(9,581)**	-
Net cash inflow from financing activities		**36,541,363**	34,107
Net increase in cash and cash equivalents		**22,401,596**	100
Cash and cash equivalents at the beginning of the financial year		**100**	-
Effects of exchange rate changes on cash and cash equivalents		**8,503**	-
Cash and cash equivalents at end of period	4(a)	**22,410,199**	100

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 losses

	Notes	30 June 2021 $	From 2 February to 30 June 2020 $
Net foreign exchange losses		**(263,790)**	-
		(263,790)	-

(b) Breakdown of expenses by nature

	Notes	30 June 2021 $	From 2 February to 30 June 2020 $
General and administrative expenses			
Accounting and audit		**258,997**	30,000
Change of control fees	2(b)(i)	**3,989,587**	-
Consulting		**163,554**	-
Depreciation		**2,633**	-
Employee benefits		**3,398,141**	-
Insurance		**128,060**	-
Investor relations		**148,685**	-
Legal		**273,980**	4,554
Listing and share registry		**211,250**	-
Occupancy		**3,339**	-
Patent costs		**13,767**	-
Recruitment and staff training		**319,660**	-
Travel and entertainment		**1,400**	27,149
Other		**52,928**	1,557
		8,965,981	63,260

2 Other income and expense items (continued)

(b) Breakdown of expenses by nature (continued)

	Notes	30 June 2021 $	From 2 February to 30 June 2020 $
Research and development expenses			
Amortisation		**844,327**	-
Chlorotoxin CAR-T technology		**2,811,077**	-
Other		**122,978**	-
		3,778,382	-

(i) Change of control fees

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

3 Income tax expense

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

	30 June 2021 $	From 2 February to 30 June 2020 $
Loss from continuing operations before income tax expense	**(15,113,711)**	(64,008)
Tax at the Australian tax rate of 26% (2020: 27.5%)	**(3,929,565)**	(17,602)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued expenses	**141,568**	8,250
Amortisation	**(219,525)**	-
Employee leave obligations	**17,115**	-
Patent costs	**3,579**	-
Share-based payments	**546,605**	-
Unrealised currency (gains)/losses	**(5,379)**	-
Subtotal	**(3,445,602)**	(9,352)
Difference in overseas tax rates	**(14,879)**	-
Tax losses and other timing differences for which no deferred tax asset is recognised	**3,460,481**	9,352
Income tax expense	**-**	-

(b) Tax losses

	30 June 2021 $	From 2 February to 30 June 2020 $
Unused tax losses for which no deferred tax asset has been recognised	**13,343,549**	34,007
Potential tax benefit at 26% (2020: 27.5%)	**3,469,323**	9,352

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2021 **$**	2020 $
Current assets		
Cash at bank and in hand	**3,409,796**	100
Deposits at call	**19,000,403**	-
	22,410,199	100

(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 period as follows:

	2021 **$**	2020 $
Balances as above	**22,410,199**	100
Balances per statement of cash flows	**22,410,199**	100

(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(g) 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 period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other payables

		2021			2020		
	Notes	**Current** **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Trade payables		**2,038,112**	**-**	**2,038,112**	-	-	-
Amounts due to associates	15(b)	**420,391**	**335,873**	**756,264**	-	-	-
Accrued expenses		**574,492**	**-**	**574,492**	30,001	-	30,001
		3,032,995	**335,873**	**3,368,868**	30,001	-	30,001

4 Financial assets and financial liabilities (continued)

(c) Borrowings

	Notes	2021 Current $	2021 Non-current $	2021 Total $	2020 Current $	2020 Non-current $	2020 Total $
Unsecured							
Loans from related parties	15(c)	-	-	-	34,007	-	34,007
Total unsecured borrowings		-	-	-	34,007	-	34,007

(d) Other financial liabilities

	2021 Current $	2021 Non-current $	2021 Total $	2020 Current $	2020 Non-current $	2020 Total $
Chlorotoxin CAR-T deferred consideration	**3,849,763**	**3,683,391**	**7,533,154**	-	-	-
Chlorotoxin CAR-T contingent consideration	**409,915**	**-**	**409,915**	-	-	-
	4,259,678	**3,683,391**	**7,943,069**	-	-	-

Deferred consideration includes amounts related to the provision of upfront license fees to City of Hope and contingent consideration includes amounts related to the provision of milestone payments. For more information, please refer to note 12.

(e) Recognised fair value measurements

(i) Fair value hierarchy

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

Recurring fair value measurements **At 30 June 2021**	**Notes**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial Liabilities					
Chlorotoxin CAR-T contingent consideration	4(d)	**-**	**-**	**409,915**	**409,915**
Total financial liabilities		**-**	**-**	**409,915**	**409,915**

4 Financial assets and financial liabilities (continued)

(e) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

There were no transfers between levels of the hierarchy for recurring fair value measurements during the period ended 30 June 2021.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

5 Non-financial assets and liabilities

(a) Intangible assets

	Chlorotoxin CAR-T technology $	Total $
At 30 June 2020		
Cost	-	-
Accumulated amortisation and impairment	-	-
Net book amount	-	-
Period 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

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 company. 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) 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 2021.

- 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 period that have adversely affected the CAR-T sector or scientific results and progress of trials.

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

(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.

(b) Employee benefit obligations

	2021			2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Leave obligations (i)	**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(n).

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 $62,235 (2020: nil) 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	**2021 Shares**	2020 Shares	**2021 $**	2020 $
Ordinary shares					
Fully paid		**330,859,716**	1,000	**37,366,641**	100
	6(a)(i)	**330,859,716**	1,000	**37,366,641**	100

(i) Movements in ordinary shares:

Details	**Notes**	**Number of shares**	**Total $**
Balance at 2 February 2020		**-**	**-**
Issue at $0.10 pursuant to private placement (2020-02-02)		1,000	100
Balance at 30 June 2020		**1,000**	**100**

Details	**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)	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)	6,106,943	854,972
Issue at $0.20 at initial public offering (2021-01-18)	175,000,000	35,000,000
Issue at $0.15 on conversion of convertible notes (2021-01-18)	28,666,729	4,300,000
Shares issued at $0.14 for the acquisition of license (2021-01-18)	5,526,338	773,688
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 30 June 2021	**330,859,716**	**37,366,641**

(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 reporting 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 period. 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**

(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.

(ii) Movements in options:

Details	Notes	Number of options	Total $
Balance at 2 February 2020		**-**	**-**
Balance at 30 June 2020		**-**	**-**
Issue of ESOP unlisted options at $0.20 each (2020-08-28)		5,500,000	384,174
Issue of ESOP unlisted options at $0.20 each (2020-11-30)		12,560,004	443,588
Issue of unlisted options at $0.30 (2021-01-18)		4,957,897	913,740
Issue of ESOP unlisted options at $0.32 each (2021-02-01)		2,750,000	324,233
Issue of ESPOP unlisted options at $0.29 each (2021-03-08)		695,552	27,290
Balance at 30 June 2021		**26,463,453**	**2,093,025**

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	**2021** **$**	2020 $
Loss for the period		**(15,113,711)**	(64,008)
Adjustments for			
Depreciation and amortisation	2(b)	**846,960**	-
Finance income		**(2,646)**	-
Forfeiture payment provision	15(b)	**756,264**	-
Leave provision expense		**62,235**	-
Share-based payments		**2,102,327**	-
Unrealised net foreign currency losses		**179,585**	-
Change in operating assets and liabilities:			
Movement in trade and other receivables		**(24,246)**	-
Movement in other current assets		**(230,623)**	-
Movement in trade payables		**2,588,480**	30,001
Net cash outflow from operating activities		**(8,835,375)**	(34,007)

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(e)(i)
- Impairment of patents, licences and other rights - note 5(a)(ii)
- Estimation of employee benefit obligations - note 5(b)(i)
- Estimation of share-based payments
- Estimation of employee forfeiture payments

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 period, expressed in Australian dollar, was as follows:

	30 June 2021 USD $	30 June 2020 USD $
Trade payables	**2,018,957**	-
Total exposure	**2,018,957**	**-**

9 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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: 4.9% (2020: 3.6%)

	Impact on post-tax profit		Impact on other components of equity	
	2021	2020	**2021**	2020
	$	$	**$**	$
USD/AUD exchange rate - increase 4.9% (2020: 3.6%)*	**98,929**	-	**-**	-

* Holding all other variables constant

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

(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 2021 and 2020, 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 period, expressed in Australian dollars, was as follows:

	2021	2020
	$	$
Financial instruments with cash flow risk		
Cash and cash equivalents	**22,410,199**	100
	22,410,199	100

9 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

Sensitivity

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

	Impact on loss for the period		Impact on other components of equity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Interest rates - change by 31 basis points (2020: 31 basis points)*	**69,472**	-	**-**	-

* Holding all other variables constant

The use of 0.31 percent (2020: 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 2021 and the previous four balance dates. The average cash rate at these balance dates was 0.92 percent (2020: 1.25 percent). The average change to the cash rate between balance dates was 34.19 percent (2020: 24.69 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 2021 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.

(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.

9 Financial risk management (continued)

(c) Liquidity risk (continued)

(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 2021**	**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	**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**
At 30 June 2020							
Trade payables	30,001	-	-	-	-	30,001	30,001
Borrowings	34,007	-	-	-	-	34,007	34,007
Total	64,008	-	-	-	-	64,008	64,008

10 Capital management

(a) Risk management

The company'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 company may issue new shares or reduce its capital, subject to the provisions of the company's constitution. The capital structure of the company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the company'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 period ended 30 June 2021. The group’s franking account balance was nil at 30 June 2021.

11 Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 30 June 2021 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	
		2021	2020
		%	%
Chimeric Therapeutics Inc	United States	**100**	-

In September 2020, Chimeric Therapeutics Limited formed a wholly owned subsidiary in USA called Chimeric Therapeutics Inc. The nature of the business is the same as Chimeric Therapeutics Limited's, that being, the research and development of CLTX-CAR-T technology.

12 Contingent liabilities

(a) CAR-T technology intellectual property

The company has the exclusive 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 company.

The company 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 company 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

12 Contingent liabilities (continued)

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

(i) Development milestone payments (continued)

Management expects milestone 1 to be met with certainty, however it is uncertain whether the other milestones will be met due to a number of factors outside the group's control. Hence, management have accounted for milestone 1 for this current reporting period and the group has incurred liability contingent on future events. At 30 June 2021 milestone 1 was achieved.

(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 company is obliged to pay City of Hope royalties on net sales based on industry standard single digit royalty rates.

13 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).

14 Events occurring after the reporting period

Subsequent to year end, employees were granted 1,575,071 shares and 4,265,444 options in the group. The terms of the issuance are as per the group's Omnibus Incentive Plan (OIP).

On 5 July 2021, Dr George Matcham was appointed as a Non-Executive Director. Dr Matcham received 2,750,000 cashless options as part of his agreement which are subject to shareholder approval at the group's next annual general meeting. Options are to be vested 33% upon issue, 33% 12 months from issue and the residual balance 24 months from issue date.

On 22 July 2021, the group entered into an exclusive license agreement with The Trustees of the University of Pennsylvania. Under the terms of the agreement, the company have the exclusive rights to the technology. The company has agreed to pay upfront licence fees of USD 350,000 in the form of cash, and annual maintenance fees, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees. At reporting date, the final valuation of the asset is yet to be determined.

On 30 August 2021, Ms Jennifer Chow was appointed as the group's Chief Executive Officer and Managing Director.

14 Events occurring after the reporting period (continued)

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

15 Related party transactions

(a) Key management personnel compensation

	30 June 2021 $	From 2 February to 30 June 2020 $
Short-term employee benefits	**1,475,484**	-
Sign-on bonus	**735,920**	-
Post-employment benefits	**66,703**	-
Long-term benefits	**722,600**	-
Share-based payments	**1,730,076**	-
	4,730,783	-

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 25.

(b) Transactions with key management personnel

The following transactions occurred with key management personnel:

	30 June 2021 $	From 2 February to 30 June 2020 $
Other transactions		
Forfeiture payments and shares expense to key management personnel	**1,300,680**	-

(i) Forfeiture payments expense to key management personal

The company has entered agreements to pay employees 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. At 30 June 2021 the company has recognised $1,300,680 as an expense for the current period. The expense is cumulative and vests over the service period on three separate dates, being 31 December 2021, 2022 and 2023.

15 Related party transactions (continued)

(c) Loans to/from related parties

	2021 **$**	2020 $
Loans from key management personnel		
Beginning of the period	**34,007**	-
Loans advanced	**33,024**	34,007
Loans repayments received	**(67,031)**	-
End of period	**-**	34,007
Loans to other related parties		
Loans advanced	**825,000**	-
Loans repayments made	**(825,000)**	-
End of period	**-**	-

(d) Terms and conditions

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

At 30 June 2021 the company repaid an entity related to Phillip Hains which loaned the company $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 company 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

The establishment of the 'Omnibus Incentive Plan' (OIP) was approved by the Board in 2020 and will be subject to shareholder approval at the 2021 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.

Set out below are summaries of all listed and unlisted options, including those issued under ESOP:

	2021 **Average exercise price per share option**	**Number of options**	2020 Average exercise price per share option	Number of options
As at 1 July	**-**	**-**	-	-
Granted during the year	**$0.23**	**26,463,453**	-	-
As at 30 June	**$0.23**	**26,463,453**	-	-
Vested and exercisable at 30 June	**$0.28**	**7,680,397**	-	-

16 Share-based payments (continued)

(a) Employee Option Plan (continued)

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price ($)	Share options 30 June 2021	Share options 30 June 2020
2020-08-28	2025-01-18	0.20	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	-
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	-
Total			26,463,453	-

Weighted average remaining contractual life of options outstanding at end of period	3.64	-

(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 period ended 30 June 2021 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 per option ($)
2020-08-28	2025-01-18	0.20	5,500,000	0.16	100%	0.00%	0.29%	592,902
2020-11-30	2025-01-18	0.20	6,280,002	0.16	100%	0.00%	0.11%	659,400
2020-11-30	2026-01-18	0.20	6,280,002	0.16	100%	0.00%	0.30%	719,060
2021-01-18	2024-01-18	0.30	4,957,897	0.295	100%	0.00%	0.12%	913,740
2021-02-01	2025-01-18	0.32	2,750,000	0.32	100%	0.00%	0.12%	599,500
2021-03-08	2026-03-08	0.29	695,552	0.29	100%	0.00%	0.34%	143,006
			26,463,453					

(b) Expenses arising from share-based payment transactions

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

	2021 $	2020 $
Options issued under employee option plan	**1,179,285**	-

17 Remuneration of auditors

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

(a) Grant Thornton Audit Pty Ltd Australia

(i) Audit and other assurance services

	2021 **$**	2020 $
Audit and review of financial statements	**58,170**	15,000
Total remuneration for audit and other assurance services	**58,170**	15,000

(ii) Other services

Investigating accountant's report	**39,993**	-
Advisory work for employee share schemes	**3,500**	-
Total remuneration for other services	**43,493**	-
Total auditors' remuneration	**101,663**	15,000

18 Loss per share

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

	30 June 2021 **$**	From 2 February to 30 June 2020 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	**15,113,711**	64,008

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

	2021 **Number**	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**181,895,621**	1,000

19 Parent entity financial information

(a) Summary financial information

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

	2021 **$**	2020 $
Balance sheet		
Current assets	**22,665,068**	100
Non-current assets	**17,392,124**	-
Total assets	**40,057,192**	100
Current liabilities	**7,292,673**	64,008
Non-current liabilities	**4,019,264**	-
Total liabilities	**11,311,937**	64,008
Shareholders' equity		
Share capital	**37,366,641**	100
Reserves		
Share-based payments	**2,093,025**	-
Other reserves	**856,379**	-
Retained earnings	**(11,570,790)**	(64,008)
	28,745,255	(63,908)
Loss for the period	**11,506,782**	64,008
Total comprehensive loss	**11,506,782**	64,008

(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 period ended 30 June 2021 (2020: nil).

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2021 identical to those of the group, as outlined in note 12.

(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 period ended 30 June 2021 (2020: 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

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

The amended accounting standards and interpretations issued by the Australian Accounting Standards Board during the year that were mandatory were adopted. None of these amendments or interpretations materially affected any of the amounts recognised or disclosures in the current or prior year. The following IFRS Interpretations Committee (IFRIC) agenda decisions were adopted during the year.

The IFRIC agenda decision on Software-as-a-Service (Saas) arrangements

The IFRIC has issued two final agenda decisions which impact SaaS arrangements:

- Customer’s right to receive access to the supplier’s software hosted on the cloud (March 2019) - this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) - this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The adoption of the above agenda decisions has not had a material impact on the group.

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New and amended standards adopted by the group (continued)

IFRIC 23

IFRIC 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The group has adopted IFRIC 23, based on an assessment of whether it is 'probable' that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the group operates, a local tax authority may seek to open a group's books as far back as inception of the group. Where it is probable. the group has determined tax balances consistently with the tax treatment used or planned to be used in its income tax fillings. Where the group has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or the expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of IFRIC 23 in this reporting period.

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

(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.

20 Summary of significant accounting policies (continued)

(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 period 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) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company 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 period 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.

20 Summary of significant accounting policies (continued)

(f) 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 period.

(g) 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.

(h) Fair value measurement

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

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

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

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 period 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.

(i) 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.

20 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(i) Classification (continued)

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.

Debt instruments

Subsequent measurement of debt 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 debt 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 consolidatied statement of profit or loss.
- 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 consolidatied 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 period in which it arises.

(iv) Impairment

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

(j) 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.

20 Summary of significant accounting policies (continued)

(j) Classification and measurement of financial liabilities (continued)

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.

(k) 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 period 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) Intellectual property

The accounting policies for the group’s patents, licences and other rights are explained in note 5(a)(ii).

(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 periods

Refer to note for details about amortisation methods and periods used by the group for intangible assets.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period 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 period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

20 Summary of significant accounting policies (continued)

(m) 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.

(n) 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 period 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 Example Employee Option Plan, an employee share scheme, the executive short-term incentive scheme and share appreciation rights. Information relating to these schemes is set out in note 16.

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 period, 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.

(o) 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.

20 Summary of significant accounting policies (continued)

(p) Loss per share

(i) Basic loss per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

(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.

(q) Rounding of amounts

The company 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.

(r) 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 31 to 67 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 entity's financial position as at 30 June 2021 and of its performance for the financial period 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.

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

Mr Paul Hopper
Executive Chairman

Sydney
29 September 2021

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 subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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 Company has capitalised intangible assets associated with the development of its oncology products, totalling $13.8m as at 30 June 2021. This asset is considered to be in use. In according 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 value. There is significant judgment that is required of management to develop assumptions for the recoverable amount of the asset for the purpose of satisfying the impairment considerations under AASB *136 Impairment of Assets*. This area is a key audit matter due to the judgements and estimates associated with analysis, and also the financial significance of this asset recognised in the statement of financial position.	Our procedures included, amongst others: • Obtained management's accounting paper regarding initial recognition of the intangible asset; • Assessed the diligence milestones that Chimeric is required to achieve over the ten year period from effective date; • Engaged with our internal experts to review the appropriateness of the costs being taken up as part of initial asset recognition; • Validated the appropriateness of management's determination of the asset's useful life; • Obtained management's impairment indicator analysis and verified reasonableness through review of public information and discussion with management; • Considered if there were any other indicators of impairment, such as results of recent trials or change in factors that underpinned the initial valuation of the assets and other qualitative considerations (e.g. market valuation of the company compared to its net assets, recent clinical trial results, other public information available or press releases); and • Reviewed the adequacy of disclosures in the financial statements.

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 2021, 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: https://www.auasb.gov.au/auditors_responsibilites/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 18 to 25 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Chimeric Therapeutics Limited, for the year ended 30 June 2021 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, 29 September 2021

Shareholder information

The shareholder information set out below was applicable as at 17 September 2021.

A. Distribution of equity securities

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

	Class of equity security			
Holding	**No. of holders (shares)**	**Shares**	**No. of holders (options)**	**Options**
1 - 1000	32	8,863	-	-
1,001 - 5,000	1,119	-	-	-
5,001 - 10,000	707	63,098,024	-	-
10,001 - 100,000	1,648	-	-	-
100,001 and over	315	5,717,675	9	28,678,897
	3,821	68,824,562	9	28,678,897

There were 23 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**
MOREGLADE PTY LIMITED	77,777,778	23.33
CITY OF HOPE	11,966,649	3.59
CHRISTINE BROWN	11,696,565	3.51
MICHAEL E BARISH	11,522,634	3.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,662,042	3.20
CITICORP NOMINEES PTY LIMITED	9,694,101	2.91
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	5,409,422	1.62
ZERRIN INVESTMENTS PTY LTD	4,800,001	1.44
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,253,123	1.28
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,750,000	1.12
UBS NOMINEES PTY LTD	3,475,000	1.04
MR LISHENG WANG	3,165,429	0.95
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED <THE ADI SUPER FUND A/C>	2,304,527	0.69
JARL MOHN <THE MOHN FAMILY A/C>	2,304,527	0.69
LIBERTY NATIONAL PTY LTD <LIBERTY NATIONAL FAMILY A/C>	2,000,000	0.60
MARSHALL SUPER FUND PTY LTD <J MARSHALL SUPER FUND A/C>	1,800,000	0.54
MR DUNCAN GERARD GOWANS & MRS JODIE LOUISE GOWANS <GOWANS SUPERFUND A/C>	1,725,000	0.52
KAMALA HOLDINGS PTY LTD <THE KAMALA 1994 S/F A/C>	1,616,667	0.48
MR TIM BENSLEY & MS JENNY JIAER ZHANG	1,340,000	0.40
MRS ANNA FELICIA BELTON	1,320,000	0.40
	172,583,465	51.77

B. Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	28,678,897	9

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

- Ms Jennifer Chow: 8,412,724
- Dr Syed Rizvi: 8,412,724

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Paul Hopper	82,386,830	24.92%

Substantial holdings are based on the last notice for each holder lodged on the Australian Stock 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	29-Sep-21	6,106,996
Ordinary shares	12-Jan-21	5,526,338
Ordinary shares	18-Jan-21	115,226,336
Ordinary shares	30-Jun-22	524,972
Ordinary shares	30-Jun-23	524,972
Ordinary shares	30-Jun-24	525,128
Total		**128,434,742**

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CHIMERIC THERAPEUTICS