Chimeric Therapeutics Limited
Appendix 4E
Preliminary Final Report
Year ended 30 June 2022

Name of entity:	Chimeric Therapeutics Limited
ABN:	68 638 835 828
Year ended:	30 June 2022
Previous year:	30 June 2021

Results for announcement to the market

				$
Revenue for ordinary activities	-	-%	to	-
Loss from ordinary activities after tax attributable to members	Up	(3.2)%	to	(14,623,672)
Net loss for the year attributable to members	Up	(3.2)%	to	(14,623,672)

Distributions

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

Explanation of results

The group reported a loss for the year ended 30 June 2021 of $13,817,504 (30 June 2021: $15,113,711). This loss relates to the increased activity in the group and the clinical trial and research activities that have been undertaken.

On the back of successful capital raises and asset acquisitions, the group's net assets increased to $26,600,265 (30 June 2021: ($25,130,688)). As at 30 June 2022, the group had cash reserves of $18,381,533 (30 June 2021: $22,410,199).

The Appendix 4E financial report follows, with the further details to be included in the audited financial statements to be released by 30 September 2022.

Net tangible assets per security

	2022 Cents	2021 Cents
Net tangible asset backing (per security)	**3.04**	3.42

Changes in controlled entities

In September 2020, Chimeric Therapeutics Limited formed a wholly owned subsidiary called Chimeric Therapeutics Inc. For more information, please refer to Note 8(a).

There have been no other changes in controlled entities during the year ended 30 June 2022.

Other information required by Listing Rule 4.3A

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

Audit

The financial statements are currently in the process of being audited. An audited financial statements along with the independent auditor report for the year end 30 June 2022 will be provided in the due course.

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

Chimeric Therapeutics Limited

ABN 68 638 835 828

Preliminary final report - 30 June 2022

Financial statements

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 8.

The financial statements is presented in the Australian currency.

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

Its registered office is:
Level 3, 62 Lygon Street
Carlton VIC 3053

Its principal place of business is:
Chimeric Therapeutics Limited
Level 3, 62 Lygon Street
Carlton VIC 3053

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

	Notes	**30 June 2022 $**	30 June 2021 $
Other income	2(a)	**3,499,252**	-
Other losses	2(b)	**(142,355)**	(263,790)
General and administrative expenses	2(c)	**(7,904,654)**	(8,965,981)
Research and development expenses	2(c)	**(6,115,990)**	(3,778,382)
Share-based payments		**(3,169,055)**	(2,102,327)
Operating loss		**(13,832,802)**	(15,110,480)
Finance income	2(d)	**12,977**	2,646
Finance expenses	2(d)	**(640,127)**	(5,877)
Finance costs - net		**(627,150)**	(3,231)
Loss before income tax		**(14,459,952)**	(15,113,711)
Income tax expense		**(163,720)**	-
Loss for the year		**(14,623,672)**	(15,113,711)
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Foreign currency translation		(549,857)	(7,638)
Total comprehensive loss for the year		**(15,173,529)**	(15,121,349)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the group:			
Basic and diluted loss per share	16	**(4.06)**	(8.31)

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

	Notes	**2022 $**	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	3(a)	**18,381,533**	22,410,199
Trade and other receivables		**3,539,893**	24,246
Other current assets		**131,415**	230,623
Total current assets		**22,052,841**	22,665,068
Non-current assets			
Property, plant and equipment		**15,988**	13,627
Intangible assets	4(a)	**13,653,040**	13,826,165
Other financial assets at amortised cost		**40,000**	-
Total non-current assets		**13,709,028**	13,839,792
Total assets		**35,761,869**	36,504,860
Current liabilities			
Trade and other payables	3(b)	**6,373,715**	3,032,995
Other financial liabilities	3(c)	**2,453,186**	4,259,678
Employee benefit obligations	4(b)	**197,431**	62,235
Total current liabilities		**9,024,332**	7,354,908
Non-current liabilities			
Trade and other payables	3(b)	**152,570**	335,873
Other financial liabilities	3(c)	**-**	3,683,391
Total non-current liabilities		**152,570**	4,019,264
Total liabilities		**9,176,902**	11,374,172
Net assets		**26,584,967**	25,130,688
EQUITY			
Share capital	5(a)	**51,807,595**	37,366,641
Other reserves	5(b)	**4,366,568**	2,941,766
Accumulated losses		**(29,589,196)**	(15,177,719)
Total equity		**26,584,967**	25,130,688

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

	Notes	Share capital $	Other reserves $	Accumulated losses $	Total equity $
		Attributable to owners of Chimeric Therapeutics Limited			
Balance at 1 July 2020		100	-	(64,008)	(63,908)
Loss for the year		-	-	(15,113,711)	(15,113,711)
Other comprehensive loss		-	(7,638)	-	(7,638)
Total comprehensive loss for the year		**-**	**(7,638)**	**(15,113,711)**	**(15,121,349)**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	5(a)	31,371,211	-	-	31,371,211
Employee share schemes - value of employee services	5(b)	-	244,635	-	244,635
Conversion of convertible notes	5(a)	4,300,000	-	-	4,300,000
Issue of shares as part of license acquisition	5(a)	1,628,667	-	-	1,628,667
Issue of shares in lieu of payment of services	5(a)	66,663	-	-	66,663
Issue of shares as part of forfeiture payments	5(b)	-	611,744	-	611,744
Options issued	5(b)	-	2,093,025	-	2,093,025
		37,366,541	2,949,404	-	40,315,945
Balance at 30 June 2021		**37,366,641**	**2,941,766**	**(15,177,719)**	**25,130,688**
Balance at 1 July 2021		37,366,641	2,941,766	(15,177,719)	25,130,688
Loss for the year		-	-	(14,623,672)	(14,623,672)
Other comprehensive loss		-	(549,857)	-	(549,857)
Total comprehensive loss for the year		**-**	**(549,857)**	**(14,623,672)**	**(15,173,529)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	5(a)	13,081,054	-	-	13,081,054
Employee share schemes - value of employee services	5(b)	786,492	(84,960)	-	701,532
Options issued	5(b)	12,692	2,744,318	-	2,757,010
Issue of shares as part of forfeiture payments	5(b)	560,716	(196,409)	-	364,307
Issue of restricted share units	5(b)	-	11,001	-	11,001
Forfeiture of options	5(b)	-	(499,291)	212,195	(287,096)
		14,440,954	1,974,659	212,195	16,627,808
Balance at 30 June 2022		**51,807,595**	**4,366,568**	**(29,589,196)**	**26,584,967**

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

	Notes	**30 June 2022 $**	30 June 2021 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(13,129,775)**	(8,835,375)
Net cash (outflow) from operating activities		**(13,129,775)**	(8,835,375)
Cash flows from investing activities			
Payments for financial assets at amortised cost		**(40,000)**	-
Payments for property, plant and equipment		**(12,289)**	(16,260)
Payments for intellectual property		**(525,566)**	(5,290,778)
Interest received		**12,977**	2,646
Net cash (outflow) from investing activities		**(564,878)**	(5,304,392)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**14,898,911**	39,300,000
Share issue transaction costs		**(1,308,664)**	(2,715,049)
Proceeds from borrowings		**-**	858,024
Repayment of borrowings		**-**	(892,031)
Interest expense		**-**	(9,581)
Repayment of financial liabilities		**(4,086,569)**	-
Net cash inflow from financing activities		**9,503,678**	36,541,363
Net (decrease) increase in cash and cash equivalents		**(4,190,975)**	22,401,596
Cash and cash equivalents at the beginning of the financial year		**22,410,199**	100
Effects of exchange rate changes on cash and cash equivalents		**162,309**	8,503
Cash and cash equivalents at end of year	3(a)	**18,381,533**	22,410,199

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

Contents of the notes to the financial statements

1 Segment information

Management has determined, based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions, that the group has one reportable segment being the research, development and commercialisation of health technologies. The segment details are therefore fully reflected in the body of the financial report.

2 Other income and expense items

(a) Other income

	30 June 2022 $	30 June 2021 $
Research and development tax incentive	**3,499,252**	-
	3,499,252	-

(i) Fair value of R&D tax incentive

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2022, the group has included an item in other income of $3,499,252 (2021: -) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

(b) Other losses

	30 June 2022 $	30 June 2021 $
Net on disposal of property, plant and equipment	**(2,065)**	-
Net foreign exchange losses	**(140,290)**	(263,790)
	(142,355)	(263,790)

2 Other income and expense items (continued)

(c) Breakdown of expenses by nature

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

(i) Change of control fees

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

(d) Finance income and costs

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

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

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

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

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

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 18(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 7. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other payables

		2022			2021		
	Notes	**Current** $	**Non-current** $	**Total** $	Current $	Non-current $	Total $
Trade payables		**4,703,609**	**-**	**4,703,609**	2,038,112	-	2,038,112
Amounts due to employees	13(b)	**289,414**	**152,570**	**441,984**	420,391	335,873	756,264
Accrued expenses		**1,346,899**	**-**	**1,346,899**	574,492	-	574,492
Other payables		**33,793**	**-**	**33,793**	-	-	-
		6,373,715	**152,570**	**6,526,285**	3,032,995	335,873	3,368,868

3 Financial assets and financial liabilities (continued)

(c) Other financial liabilities

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

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 9.

(d) Recognised fair value measurements

(i) Fair value hierarchy

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

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

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

3 Financial assets and financial liabilities (continued)

(d) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

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

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

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

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

Contingent consideration

The fair value of contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts the management's estimate of the probability that the milestone will be achieved. For more information refer to note .

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

4 Non-financial assets and liabilities

(a) Intangible assets

	Chlorotoxin CAR-T technology $	CDH-17 $	CORE-NK $	Total $
At 1 July 2020				
Cost	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net book amount	-	-	-	-
Year ended 30 June 2021				
Additions	14,670,492	-	-	14,670,492
Amortisation charge	(844,327)	-	-	(844,327)
Closing net book amount	13,826,165	-	-	13,826,165
At 30 June 2021				
Cost	14,670,492	-	-	14,670,492
Accumulated amortisation and impairment	(844,327)	-	-	(844,327)
Net book amount	13,826,165	-	-	13,826,165
Year ended 30 June 2022				
Opening net book amount	13,826,165	-	-	13,826,165
Additions	-	719,863	48,908	768,771
Amortisation charge	(903,752)	(38,144)	-	(941,896)
Closing net book amount	12,922,413	681,719	48,908	13,653,040
At 30 June 2022				
Cost	14,670,492	719,863	48,908	15,439,263
Accumulated amortisation and impairment	(1,748,079)	(38,144)	-	(1,786,223)
Net book amount	12,922,413	681,719	48,908	13,653,040

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

(i) Chlorotoxin CAR-T technology

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

4 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(i) Chlorotoxin CAR-T technology (continued)

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amount recognised as an intangible asset relate to the upfront licenses fee paid, the value of equity issued to City of Hope in respect of the licence agreement and contingent considerations. The contingent consideration arrangements require the group to pay City of Hope amounts based on the license agreement upon completion of each milestone. The fair-value of the contingent considerations was probability adjusted based on the directors' assumption, 90% probability of completing milestone 1.

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

(ii) CDH-17

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

It is the board's expectation that the acquired intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid and the value of equity issued to University of Pennsylvania in respect of the licence agreement.

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

(iii) CORE-NK

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

(iv) Impairment test for intellectual property

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

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

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

See note 18(k) for the other accounting policies relevant to intangible assets, and note 18(f) for the group’s policy regarding impairments.

4 Non-financial assets and liabilities (continued)

(b) Employee benefit obligations

	2022			2021		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Leave obligations (i)	**197,431**	**-**	**197,431**	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 18(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 $197,431 (2021: $62,235) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

5 Equity

(a) Share capital

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

(i) Movements in ordinary shares:

Details	**Notes**	**Number of shares**	**Total $**
Balance at 1 July 2020		**1,000**	**100**
Shares issued at $0.14 for the acquisition of licence (2020-09-29)	5(a)(ii)	53	7
Shares issued after the completion of share split (2020-10-07)		115,225,338	-
Shares issued at $0.14 for the acquisition of licence (2020-10-07)	5(a)(ii)	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(a)(ii)	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 at 30 June 2021		**330,859,716**	**37,366,641**

Details	**Number of shares**	**Total $**
Balance at 1 July 2021	**330,859,716**	**37,366,641**
Issue of shares under the employee incentive scheme at $0.29 (2021-08-27)	1,575,072	456,771
Issue of shares under the employee incentive scheme at $0.309 (2021-08-27)	630,890	194,945
Issue of shares under the employee incentive scheme at $0.287 (2021-08-27)	377,810	108,431
Issue of forfeiture shares at $0.272 (2021-12-03)	2,064,832	560,716
Issue of shares under the employee incentive scheme at $0.276 (2021-12-06)	95,330	26,344
Issue at $0.17 pursuant to institutional offer (2022-02-28)	43,339,291	7,367,680
Issue at $0.17 pursuant to entitlement offer (2022-03-25 to 30)	41,285,524	7,018,539
Issue at $0.10 pursuant to entitlement offer (2022-06-15)	5,000,000	500,000
Issue at $0.255 on exercise of listed options (2022-06-29)	49,772	12,692
Less: Transaction costs arising on share issues	-	(1,805,164)
Balance 30 June 2022	**425,278,237**	**51,807,595**

(ii) Shares issued on acquisition of licence

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

5 Equity (continued)

(b) Other reserves

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

	Notes	Share- based payments $	Equity settled payments $	Foreign currency translation $	Total other reserves $
At 1 July 2020		**-**	**-**	**-**	**-**
Currency translation differences		-	-	(7,638)	(7,638)
Other comprehensive income		-	-	(7,638)	(7,638)
Transactions with owners in their capacity as owners					
Issue of options	5(b)(ii)	2,093,025	-	-	2,093,025
Issue of shares as part of forfeiture payments		-	611,744	-	611,744
Share-based payment expenses		244,635	-	-	244,635
At 30 June 2021		**2,337,660**	**611,744**	**(7,638)**	**2,941,766**
Currency translation differences		-	-	(549,857)	(549,857)
Other comprehensive income		-	-	(549,857)	(549,857)
Transactions with owners in their capacity as owners					
Issue of options	5(b)(ii)	2,744,318	-	-	2,744,318
Issue of shares as part of forfeiture payments		-	(515,919)	-	(515,919)
Provision of forfeiture share payments		-	319,510	-	319,510
Issue of restricted share units		11,001	-	-	11,001
Share-based payment expenses		(84,960)	-	-	(84,960)
Forfeited options	5(b)(ii)	(499,291)	-	-	(499,291)
At 30 June 2022		**4,508,728**	**415,335**	**(557,495)**	**4,366,568**

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options and warrants issued to key management personnel, other employees and and eligible contractors.

Foreign currency translations

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 18(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Equity settled payments

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

5 Equity (continued)

(b) Other reserves (continued)

(ii) Movements in options:

Details	Number of options	Total $
Balance at 1 July 2020	**-**	**-**
Issue of ESOP unlisted options	21,505,556	1,179,285
Issue of unlisted options	4,957,897	913,740
Balance at 30 June 2021	**26,463,453**	**2,093,025**
Issue of ESOP unlisted options	14,199,821	1,386,407
Issue of listed options	83,070,699	-
Issue of unlisted options	15,000,000	496,500
Forfeiture of ESOP unlisted options	(8,304,068)	(499,291)
Exercise of listed options	(49,772)	-
Expense for share-based payments for options previously issued	-	861,411
Balance at 30 June 2022	**130,380,133**	**4,338,052**

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

6 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 3(d)(i)
- Impairment of patents, licences and other rights - note 4(a)(iv)
- Estimation of employee benefit obligations - note 4(b)(i)
- Estimation of share-based payments - note 14(a)
- Estimation of employee forfeiture payments - note 18(n)(iii)

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

7 Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

Exposure

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

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

Sensitivity

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

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

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

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

* Holding all other variables constant

7 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)
Sensitivity (continued)

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

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

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

Sensitivity

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

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

* Holding all other variables constant

The use of 1.21 percent (2021: 0.31 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2022 and the previous four balance dates. The average cash rate at these balance dates was 0.77 percent (2021: 0.92 percent). The average change to the cash rate between balance dates was 157.03 percent (2021: 34.19 percent). By multiplying these two values, the interest rate risk was derived.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

There has been an increase in the group's exposure to credit risk in 2022 due to increased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

(i) Risk management

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

(ii) Impairment of financial assets

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

7 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2022	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade payables	**6,373,715**	**-**	**-**	**-**	**-**	**6,373,715**	**6,373,715**
Other financial liabilities	**275,802**	**2,177,384**	**-**	**-**	**-**	**2,453,186**	**2,453,186**
Total	**6,649,517**	**2,177,384**	**-**	**-**	**-**	**8,826,901**	**8,826,901**
At 30 June 2021							
Trade payables	3,032,995	-	-	-	-	3,032,995	3,032,995
Other financial liabilities	2,460,761	1,995,211	3,990,423	-	-	8,446,395	8,446,395
Total	5,493,756	1,995,211	3,990,423	-	-	11,479,390	11,479,390

8 Interests in other entities

(a) Material subsidiaries

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

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

9 Contingent assets and liabilities

(a) CAR-T technology intellectual property

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

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

(i) Development milestone payments

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

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

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

9 Contingent assets and liabilities (continued)

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

(ii) Sales milestone payments

Within 30 days after the occurrence of each sales milestone set forth below with respect to each Licensed Product or Licensed Service that achieves such Sales Milestone Event, the Company is required to pay City of Hope the amount indicated below:

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

(iii) Royalties on net sales

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

(b) CDH-17 intellectual property

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

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

(i) Development milestone payments

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

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

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

9 Contingent assets and liabilities (continued)

(b) CDH-17 intellectual property (continued)

(ii) Royalties on net sales

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

(c) L1 Capital equity placement agreement

The group signed an Equity Placement Agreement ("Placement Agreement") with L1 Capital Global Opportunities Master Fund (“L1 Capital”) on 9 June 2022.

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

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

At 30 June 2022, the entirety of the facility remains undrawn and represents a contingent asset at that date.

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

Additionally, the group has entered into an agreement with Bell Potter Securities Limited to pay them an industry standard percentage of the Initial Placement and any subsequent drawdowns under the Placement Agreement with L1 Capital.

10 Commitments

(a) Research and development commitments

(i) CAR-T technology intellectual property

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

(ii) CDH17 intellectual property

Under the License Agreement, a non refundable annual licence fee is payable to University of Pennsylvania of US$20,000. This is payable beginning on the first anniversary of the effective date (21 July 2021) and payable annually until Licensee’s payment of royalties or upon termination of the Agreement.

11 Events occurring after the reporting year

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

12 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2022. The group’s franking account balance was nil at 30 June 2022.

13 Related party transactions

(a) Key management personnel compensation

	30 June 2022 $	30 June 2021 $
Short-term employee benefits	**3,053,609**	1,475,484
Sign-on bonus	**-**	735,920
Post-employment benefits	**174,682**	66,703
Long-term benefits	**346,725**	722,600
Share-based payments	**2,332,437**	1,730,076
	5,907,453	4,730,783

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

(b) Transactions with key management personnel

The following transactions occurred with key management personnel:

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

(i) Forfeiture payments expense to key management personal

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

13 Related party transactions (continued)

(c) Loans to/from related parties

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

(d) Terms and conditions

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

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

14 Share-based payments

(a) Employee Option Plan

The establishment of the 'Omnibus Incentive Plan' (OIP) was approved by shareholders at the annual general meeting held on 22 November 2021, and will be subject to shareholder approval at the 2022 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

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

	2022		2021	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 July	**$0.22**	**21,505,556**	-	-
Granted during the year	**$0.30**	**14,199,821**	$0.22	21,505,556
Exercised during the year	**$0.26**	**(49,772)**	-	-
Forfeited during the year	**$0.22**	**(8,304,068)**	-	-
As at 30 June	**$0.26**	**27,351,537**	$0.22	21,505,556
Vested and exercisable at 30 June	**$0.25**	**9,122,061**	$0.24	2,722,500

14 Share-based payments (continued)

(a) Employee Option Plan (continued)

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

Grant date	**Expiry date**	**Exercise price ($)**	**Share options 30 June 2022**	Share options 30 June 2021
2020-08-28	2025-01-18	0.20	5,500,000	5,500,000
2020-11-30	2025-01-18	0.20	-	6,280,002
2020-11-30	2026-01-18	0.20	6,280,002	6,280,002
2021-02-01	2025-01-18	0.32	2,750,000	2,750,000
2021-03-08	2026-03-08	0.29	695,552	695,552
2021-07-01	2026-07-01	0.29	700,000	-
2021-07-05	2025-12-03	0.37	2,750,000	-
2021-08-27	2026-08-27	0.29	2,241,378	-
2021-08-27	2026-08-27	0.31	1,000,000	-
2021-11-22	2026-11-22	0.34	2,000,000	-
2021-11-29	2027-11-29	0.26	101,314	-
2021-11-29	2028-11-29	0.26	101,314	-
2021-11-29	2028-11-29	0.26	101,345	-
2021-12-22	2025-12-22	0.26	400,000	-
2022-01-01	2027-01-01	0.23	2,000,000	-
2022-01-25	2028-07-31	0.26	237,770	-
2022-01-25	2029-01-31	0.26	237,698	-
2022-01-25	2030-01-31	0.26	237,698	-
2022-01-26	2028-09-07	0.15	67,238	-
Total			27,401,309	21,505,556

The following options were granted outside of the OSIP plan and have the outstanding balance at the end of the year as detailed below:

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

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

14 Share-based payments (continued)

(a) Employee Option Plan (continued)

(i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for options granted during the year ended 30 June 2022 included:

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

(b) Expenses arising from share-based payment transactions

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

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

15 Remuneration of auditors

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

(a) Grant Thornton Australia

(i) Audit and other assurance services

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

(ii) Taxation services

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

(iii) Other services

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

16 Loss per share

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

	30 June 2022 $	30 June 2021 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the group used in calculating loss per share:		
From continuing operations	**14,623,672**	15,113,711

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

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

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

17 Parent entity financial information

(a) Summary financial information

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

	2022 **$**	2021 $
Balance sheet		
Current assets	**22,052,841**	22,665,068
Non-current assets	**13,709,028**	17,392,124
Total assets	**35,761,869**	40,057,192
Current liabilities	**8,654,539**	7,292,673
Non-current liabilities	**152,570**	4,019,264
Total liabilities	**8,807,109**	11,311,937
Shareholders' equity		
Share capital	**51,807,595**	37,366,641
Reserves		
Share-based payments	**4,338,052**	2,093,025
Other reserves	**(586,011)**	856,379
Retained earnings	**(21,821,059)**	(11,570,790)
	33,738,577	28,745,255
Loss for the year	**10,462,464**	11,506,782
Total comprehensive loss	**10,462,464**	11,506,782

(b) Guarantees entered into by the parent entity

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

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2022 identical to those of the group, as outlined in note 9.

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

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

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of Chimeric Therapeutics Limited.

Contents of the summary of significant accounting policies

18 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

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

(v) New standards and interpretations not yet adopted

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

(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.

18 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 year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within finance income.

(e) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(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 year.

18 Summary of significant accounting policies (continued)

(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 year to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(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.

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.

18 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial instruments

Subsequent measurement of financial instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its financial instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its 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.

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.

18 Summary of significant accounting policies (continued)

(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 year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation method and/or period, as appropriate, which is a change in accounting estimate and applied prospectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income.

(i) Acquisition of intangible assets

The group has applied judgement in determining the accounting treatment for the acquisition of license agreements. license agreements have been determined to be stand alone transactions, independent from any other agreement entered between the group and the licensor. Management has also made the decision to account for the cost of the asset conferred by the license agreement based on the milestones that are probable of being payable, that is, those for which there is judged to be a probability of greater than 50% that the milestone will be triggered.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits, adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

(iii) Amortisation methods and useful lives

Management has assessed capitalised patents, licences and other rights as available for their intended use. These assets are amortised on a straight-line basis over the period of their expected benefit.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(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.

18 Summary of significant accounting policies (continued)

(m) Borrowings (continued)

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 year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via the Omnibus Incentive Plan (OIP), an employee share scheme and the executive short-term incentive scheme. Information relating to these schemes is set out in note 14.

Employee options

The fair value of options granted under the Omnibus Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(iii) Forfeiture payments

The group has incurred liabilities for forfeiture payments relating to the forfeiture of long-term incentive with their former employment. Costs are discounted using RBA risk-free rates based on the years until payment from the employees commencement date. The total expense is recognised over the vesting period , which is the period between the commencement of the employee and the date the payment is due.

(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.

(p) Loss per share

(i) Basic loss per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group, excluding any costs of servicing equity other than ordinary shares

18 Summary of significant accounting policies (continued)

(p) Loss per share (continued)

(i) Basic loss per share (continued)

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Rounding of amounts

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

(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.