Imugene Limited
Appendix 4E
Year ended 30 June 2021

Name of entity:	Imugene Limited
ABN:	99 009 179 551
Year ended:	30 June 2021
Previous period:	30 June 2020

Results for announcement to the market

				$
Revenue from ordinary activities	-	-%	to	-
Loss from ordinary activities after tax attributable to members	Up	75.6%	to	(18,455,363)
Net loss for the period attributable to members	Up	75.6%	to	(18,455,363)

Distributions

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

Explanation of results

Please refer to the review of operations and activities on pages 2 to 9 for explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the year ended 30 June 2021.

Net tangible assets per security

	2021 Cents	2020 Cents
Net tangible asset backing (per security)	**0.60**	0.66

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2021.

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 have been audited by the group's independent auditor without any modified opinion, disclaimer or emphasis of matter.

Imugene Limited

ABN 99 009 179 551

Audited financial report for the year ended 30 June 2021

Imugene Limited

ABN 99 009 179 551

Audited financial report - 30 June 2021

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Imugene Limited
Corporate directory

Directors	Mr Paul Hopper *Executive Chairman* Ms Leslie Chong *Chief Executive Officer and Managing Director* Mr Charles Walker *Non-Executive Director* Dr Axel Hoos *Non-Executive Director* Dr Lesley Russell *Non-Executive Director* Dr Jens Eckstein *Non-Executive Director*
Secretary	Mr Phillip Hains Mr Justyn Stedwell
Registered office	Level 3, 62 Lygon Street Carlton VIC 3053 Australia Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735
Principal place of business	Suite 804, Level 8 37 Bligh Street Sydney NSW 2000 Australia
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Australia Telephone: +61 (0)2 9698 5414
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Australia Telephone: +61 (0)3 8320 2222
Solicitors	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 Australia Telephone: +61 (0)7 3233 8888
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Stock exchange listings	Imugene Limited shares are listed on the Australian Securities Exchange (ASX: IMU)
Website	www.imugene.com

Review of Operations & Activities

End of the year ending: 30 June 2021

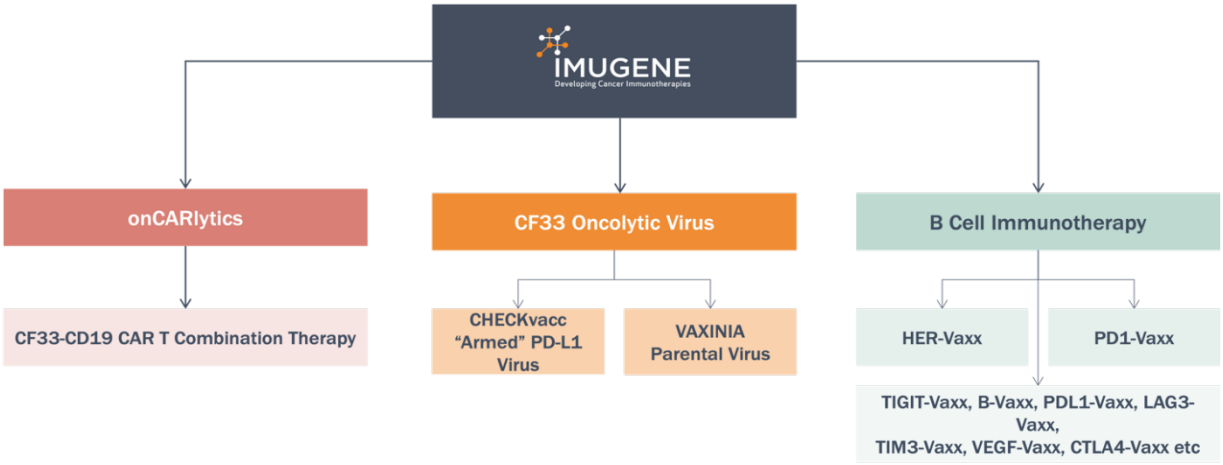
Imugene Limited is pleased to announce its financial results for the year ended 30 June 2021.

Financial Review

The group reported a loss for the year ended 30 June 2021 of $18,455,363 (30 June 20: $10,507,999). This increased loss compared to the comparative period is largely due to the significant increase in clinical trial and research activities undertaken by the group.

On the back of successful raises through the exercise of options and the acquisition of CF33 CD19, the group's net assets increased to $65,017,766 (30 June 2020 $59,806,343). As at 30 June 2021, the group had cash reserves of $29,487,025 (30 June 2020: $30,106,755).

Operating Review



onCARlytics

In May 2021, the company obtained the worldwide exclusive licence of the patents covering the cell therapy technology (which includes CF33-CD19) known as onCARlytics™, an agent that tags cancer cells for CAR T cell destruction that was developed at City of Hope.

City of Hope scientists led by Dr Saul Priceman, Ph.D. and Prof. Yuman Fong, MD, have combined two potent immunotherapies — Imugene's CD19 oncolytic virus and CD19 CAR T cell therapy — with the goal of targeting and eradicating solid tumours that are otherwise difficult to treat with CAR T cell therapy alone.

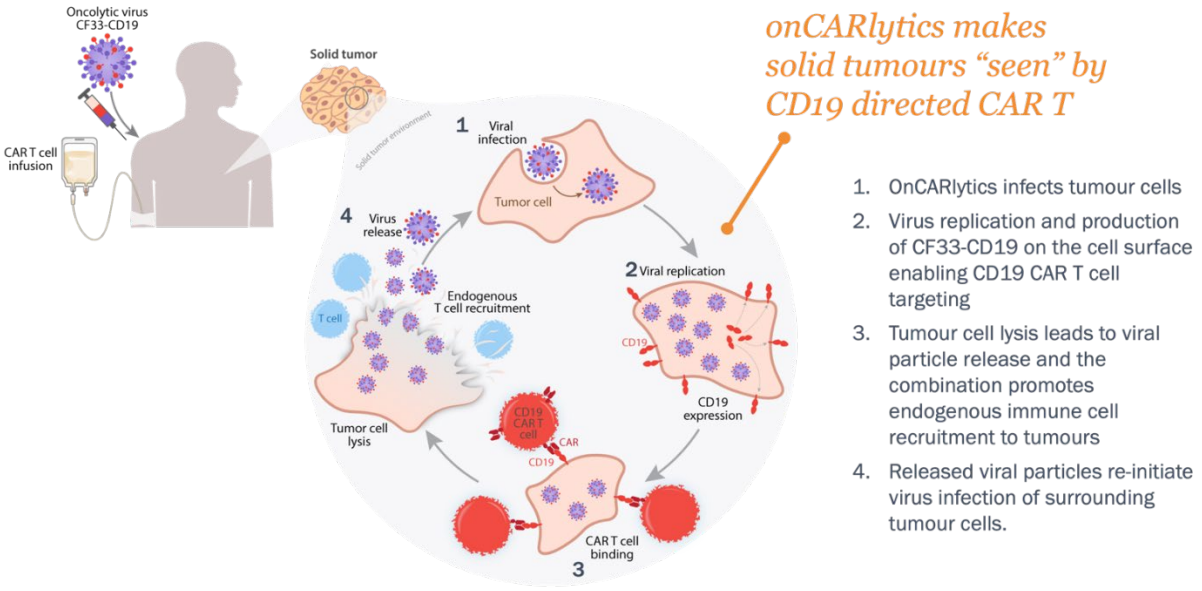
City of Hope scientists genetically engineered an oncolytic virus to enter tumour cells and force the expression of CD19 on the cell surface. The scientists were then able to use CD19 directed CAR T cells to recognize and attack these solid tumours. The preclinical research was published recently and featured on the front cover of the prestigious journal Science Translational Medicine (https://pubmed.ncbi.nlm.nih.gov/32878978/).

CD19 CAR T cell therapy is approved by the U.S. Food and Drug Administration to treat certain types of blood cancers, namely B cell lymphomas and acute lymphoblastic leukemia. This new research may expand the use of CD19 CAR T therapy, to combine with onCARlytics™ for the treatment of patients with any solid tumour.

This discovery highlights a City of Hope research collaboration including Dr Priceman, Dr Anthony Park, Ph.D., postdoctoral research fellow in Priceman's Lab, Dr Stephen Forman, M.D., professor of the Department of Hematology & Hematopoietic Cell Transplantation and director of City of Hope's T Cell Therapeutics Research Program, and Dr Yuman Fong, M.D., professor and Sangiacomo Family Chair in Surgical Oncology at City of Hope.

"Our City of Hope team designed this CF33 oncolytic virus to do what it does so well. It enters the cancer cell, uses the cell's own machinery to replicate itself, and engineer the cancer cells to express the well-known CAR T cell target, CD19," Dr Fong said.

Mechanism of Action: How does it work?



CF33

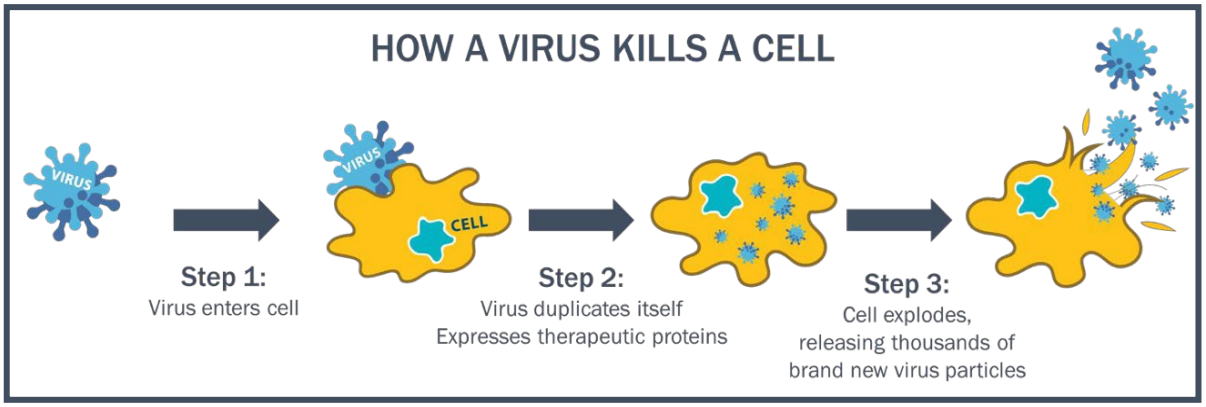
CF33 is a chimeric vaccinia orthopoxvirus from the lab of Professor Yuman Fong, Chair of Surgery at City of Hope, and a noted expert in the oncolytic virus field.

Oncolytic virotherapy (OV) utilizes naturally occurring or genetically modified viruses to infect, replicate in, and kill cancer cells, while sparing healthy cells.

CF33 is derived through recombination among multiple strains of vaccinia virus and other species of poxvirus, thus it is better than a virus based on a single strain. One hundred chimeric orthopoxviruses and 100 chimeric parapoxviruses were generated.

Pre-clinical data demonstrated that CF33 showed superior replication and cancer cell killing in NCI-60 cell lines and is more potent than all the parental and competitor viruses in most of the NCI-60 cell lines, except for a few cell lines in which none of the viruses showed any effect.

CF33 efficiently shrank injected tumours and distant non-injected tumours in multiple tumour types including triple negative breast cancer (TNBC), colon cancer and ovarian cancer xenograft models in mice. This occurred without adverse effects at a dose that is 2-5 orders of magnitude lower than doses used for oncolytic viruses under clinical testing.



CF33 Clinical Development

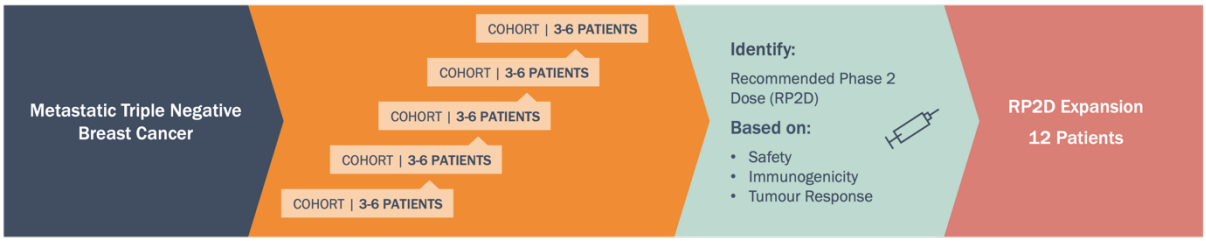
CF33 has been developed in two different constructs: 'VAXINIA' (CF33+hNIS) and CHECKvacc (CF33+hNIS+antiPD-L1). Both constructs contain a functional human iodide symporter (hNIS) gene enabling both tracking of virus and radioiodine therapy. CHECKvacc is additionally 'armed' with a checkpoint inhibitor, anti-PD-L1 protein to elicit local immune changes consistent with changing tumours to a 'hot' immunological environment.

CHECKvacc (CF33-hNIS-antiPD-L1)

On 30 June 2021 CHECKvacc received an FDA IND clearance to conduct a first in human Phase 1, open-label, non-randomized, dose-escalation, single centre study of intratumoral (IT) administration of CHECKvacc (CF33-hNIS-antiPD-L1). The study will be conducted in patients with metastatic TNBC tumours refractory to standard therapy or for which no standard therapy exists and who have injectable lesions.

The trial will involve a dose escalation, followed by an expansion to 12 subjects at the final dose (RP2D).

CHECKvacc Phase 1 TNBC IST Study



Disease of need
- 8-13 month survival for metastatic disease with few treatments

Potential target for immunotherapy
- Expresses PD1, PD-L1

Treatment responses to Atezolizumab (JAMA Oncology, 5:74, 2019)
- 1st line: 24%; 2nd line: 6%
- Approved by FDA 8 March 2019

Potential for registration in well-designed, randomised P2 study

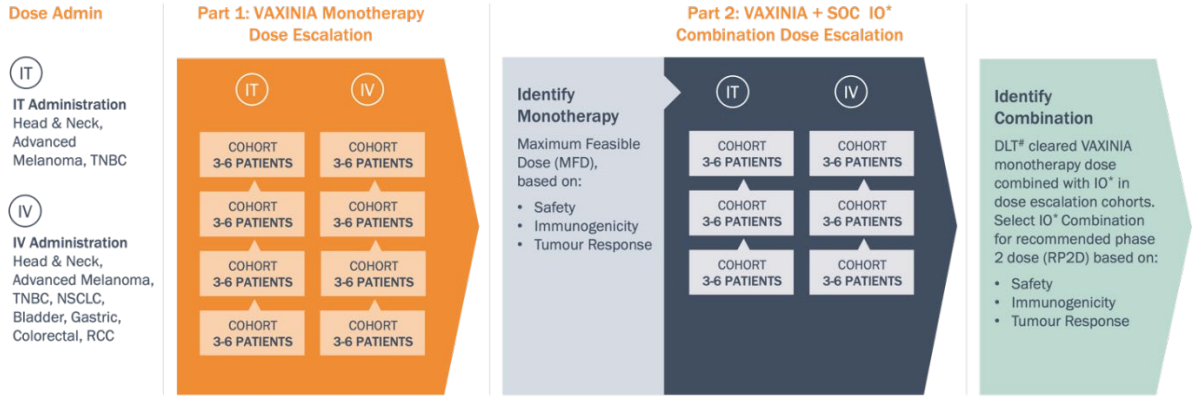
Indication	TNBC
FDA IND	CHECKvacc: CF33-hNIS-aPDL1
N	Part 1=18-24 ; Part 2=12
Location	Single Center: COH
Admin Route	Intratumoral (IT)

VAXINIA (CF33+hNIS)

The company plans to conduct a first in human Phase 1, open-label, non- randomized, dose-escalating, multi-centre study interrogating intratumoral (IT) and intravenous (IV) administration routes of 'VAXINIA' CF33+hNIS as a monotherapy and in combination with immune checkpoint inhibitors (potentially aPD-1 and aPD-L1). The potential indications may include patients with various cancers including advanced melanoma, head & neck, TNBC, non-small cell lung, bladder, gastric, colorectal and renal cell carcinoma refractory to standard therapy or for which no standard therapy exists.

The trial will involve a dose escalation to establish a maximum feasible dose and recommended Phase 2 dose (RP2D).

VAXINIA Phase 1 MAST Study (Metastatic Advanced Solid Tumours)



No. of Patients: Approx. 60-120
Site Location: USA

*IO: Immunotherapy
#DLT: Dose Limiting Toxicity

HER-Vaxx

In November 2020 HER-Vaxx Phase 2 interim safety and efficacy data were reviewed at the IDMC (Independent Data Monitoring Committee) meeting. As a result of the review, the IDMC reported no safety concerns and viewed this preliminary data as strongly in favour of a HER-Vaxx survival effect.

As the IDMC provided guidance that it is scientifically and ethically appropriate to reduce the overall number of patients required to complete the study given the strong signal observed in the data; HER-Vaxx completed enrolment into the open label Phase 2 study on 7 January 2021.

AACR American Association for Cancer Research®

In April 2021 Imugene's Chief Medical Officer Dr Rita Laeufle presented on the HER-Vaxx cancer immunotherapy program at the American Association for Cancer Research (AACR) Annual Meeting. The abstract presentation was entitled 'A PHASE 1B/2 OPEN-LABEL STUDY WITH RANDOMIZATION IN PHASE 2 OF IMU-131 HER2/NEU PEPTIDE IMMUNOTHERAPY PLUS STANDARD OF CARE CHEMOTHERAPY IN PATIENTS WITH HER2/NEU OVEREXPRESSING METASTATIC OR ADVANCED ADENOCARCINOMA OF THE STOMACH OR GASTROESOPHAGEAL JUNCTION.'

The AACR presentation highlighted and presented the following new data;

- Treatment with HER-Vaxx clearly demonstrates that all patients develop high levels of HER2-specific antibodies early in the treatment protocol.
- Analysis of the antibody data reveals high levels are maintained during the treatment and maintenance phases, with only minimal booster injections of HER-Vaxx required to maintain the high levels.

- The constant and high HER2 antibody levels correlate with the early separation of the Kaplan Meier (KM) Curves for overall survival (OS) and progression free survival (PFS) clinical trial endpoints. The Kaplan Meier Curve provides a recognised statistical estimation of the survival function which visually represents the probability of an event occurring for each treatment arm at a respective time interval.
- Overall, this interim data is suggestive that the treatment is effective and well tolerated with an overall survival benefit that is superior to chemotherapy alone.

In April 2021 the company announced that it met its secondary clinical endpoint of 24 events for Progression Free Survival (PFS). Data from the 24 events is being analyzed with data to be reported in Q3, 2021.

On 2 July 2021 HER-Vaxx data was presented at the ESMO World Congress on Gastrointestinal Cancer 2021 Annual Meeting.

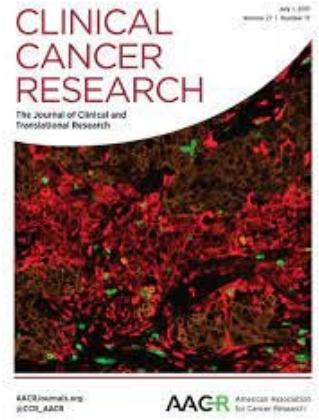
The abstract presentation was entitled 'HERIZON: A PHASE 1B/2 OPEN-LABEL STUDY OF IMU-131 HER2/NEU PEPTIDE VACCINE PLUS STANDARD OF CARE CHEMOTHERAPY WITH RANDOMIZATION IN PHASE 2 IN PATIENTS WITH HER2/NEU OVEREXPRESSING METASTATIC OR ADVANCED ADENOCARCINOMA OF THE STOMACH OR GASTROESOPHAGEAL JUNCTION' Updated Interim Analysis Results.

The ESMO presentation highlighted and presented the following new data:

- HER-Vaxx treatment resulted in a 50% Overall Response Rate (ORR) compared to 29% in patients treated with chemotherapy alone. The ORR measures the percentage of patients who responded to treatment with a partial response (PR) or better.
- Treatment with HER-Vaxx clearly demonstrates patients develop high levels of HER2-specific antibodies early in the treatment protocol and are maintained during treatment and maintenance phase with only a few booster injections.
- Tumour response is correlated with the amount of antibody levels. Patients with antibody levels higher than 1050ng/ml received greater than 50% tumour reduction and may serve as a potential biomarker.
- In contrast to patients on chemotherapy alone, the reduction of tumour size is substantially higher in patients that received HER-Vaxx + chemotherapy.

Overall, this data demonstrates HER-Vaxx may provide treatment benefits consistent with traditional monoclonal antibodies with a corresponding adaptive immune response without added toxicity.

During April 2021 Phase 1 clinical trial data for HER-Vaxx was published in the prestigious American Association for Cancer Research journal Clinical Cancer Research (Ursula Wiedermann et al. Clin Cancer Res 2021;27:3649-3660). The title of the article was 'Clinical and immunologic responses to a B-cell epitope vaccine in HER2/neu overexpressing advanced gastric cancer patients – results from Phase 1b trial IMU.ACS.001' and is authored by Professor Dr. Ursula Wiedermann from the Medical University Vienna and study investigators.



PD1-Vaxx

The company's PD1-Vaxx is a B-cell immunotherapy, peptide cancer vaccine designed to treat tumours such as lung cancer by interfering with PD-1/PD-L1 binding and interaction, and produce an anti-cancer effect similar to Keytruda®, Opdivo® and the other immune checkpoint inhibitor monoclonal antibodies that are transforming the treatment of a range of cancers.

The inhibitory immune pathway, consisting of the receptor programmed cell death 1 and its ligands, PD-L1 and PD-L2, plays a vital role in the maintenance of peripheral tolerance. Several tumours exploit this pathway by expressing PD-L1 and PD-L2 to escape T-cell mediated tumor-specific and pathogen-specific immunity. Imugene is proposing to develop an anti-PD-1 immunotherapy to treat patients with lung tumours that overexpress the ligand of PD-1, PD-L1/2. The hypothesis is that a polyclonal-induced B-cell antibody response will be more effective or as effective with improved safety over current monoclonal antibody therapy. Therapies with monoclonal antibodies targeting PD-1 and its ligands are associated with remarkable response rates in various cancers and have revolutionized cancer treatment.

Phase 1 Non-Small Cell Lung Cancer Study

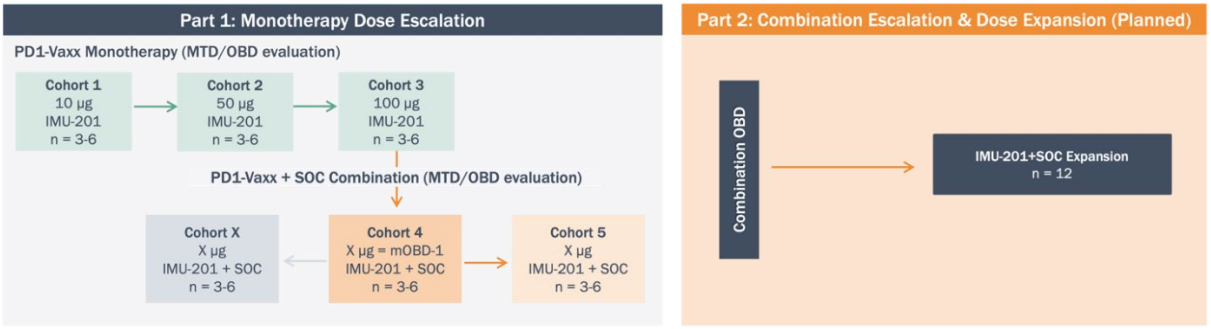
The first-in-human, Phase 1, multi-centre, dose escalation study of PD1-Vaxx is recruiting patients with non-small cell lung cancer who have progressed from previous therapies. Medical investigators are testing three different doses of PD1-Vaxx. The primary goal of the Phase 1 trial is to determine safety and an optimal biological dose as a monotherapy (mOBD). Efficacy, tolerability and immune response will also be measured. Determination of mOBD will be made by the Cohort Review Committee (CRC) and requires successive dosing within cohorts of at least 3 patients each.

On 2 November 2020 PD1-Vaxx received US Food and Drug Administration (FDA) Investigational New Drug (IND) approval to initiate the Phase 1 clinical trial.

Shortly after IND approval, the PD1-Vaxx Cohort Review Committee (CRC), after evaluating the low dose cohort of NSCLC patients safety, toxicity, tolerability and immune response, decided to dose escalate to the next highest dose level in cohort 2. Clinicians reported no safety, toxicity or tolerability issues with PD1-Vaxx in cohort 2 at the Cohort Review

Committee (CRC) meeting held on 4 April 2021. The CRC approved enrolment of patients to the current highest dose level.

In April 2021 the Phase 1 study was able to open enrollment for cohort 3, the highest dose after successful completion of cohort 2.



Phase	Part 1: Monotherapy Dose Escalation	Part 2: Combination Escalation & Expansion (Planned)
Indication	Non-small cell lung cancer expressing PD-L1	
Objectives	Safety & Tolerability, Immunogenicity, OBD Monotherapy	
No. of Patients	Approx. 12-22	Approx. 12-30
Site Location	Australia & USA	

Events since the end of the year:

On 5th of Aug 2021 the company announced an exclusive strategic partnership with Celularity to explore the therapeutic potential of the combination of CF33-CD19 oncolytic virus (onCARlytics) and Celularity's CD19 targeting chimeric antigen receptor (CAR) placental -derived investigational T-cell therapy, CyCART-19.

- Nonclinical *in vitro* and *in vivo* combination studies to commence in 2021
- Celularity's off-the-shelf allogeneic CD19 therapy has shown sustained T-cell growth with continuous killing of tumor cells *in vivo*[1]
- Combining Imugene's oncolytic virus technology with Celularity's allogeneic CAR T-cell therapy has the potential to become a novel approach to improve outcomes for patients with solid tumors

For and on behalf of the company

Leslie Chong
CEO and Managing Director

[1] https://celularity.com/t-cell-platform/

Your directors present their report on the consolidated entity consisting of Imugene Limited and the entities it controlled at the end of, or during, the year 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 Imugene Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Paul Hopper, Executive Chairman
Ms Leslie Chong, Chief Executive Officer and Managing Director
Mr Charles Walker, Non-Executive Director
Dr Axel Hoos, Non-Executive Director
Dr Lesley Russell, Non-Executive Director
Dr Jens Eckstein, Non-Executive Director

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

Mr Phillip Hains
Mr Justyn Stedwell

Principal activities

The group is an Australian immuno-oncology company developing a range of new and novel immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours.

Lead products under development by the group are HER-Vaxx, PD1-Vaxx (formerly KEY-Vaxx), CF33 and CF33 CD19. HER-Vaxx is a proprietary HER2-positive cancer vaccine that stimulates a polyclonal antibody response against the HER2/neu receptors which are prevalent in breast cancer and gastric cancer. PD1-Vaxx a cancer vaccine which aims to induce the body to produce polyclonal antibodies that block PD-1 signalling, and thus produce an anticancer effect similar to Keytruda, Opdivo and the other immune checkpoint inhibiting monoclonal antibodies that are transforming treatment for a range of cancer indications. CF33 is a is a combination of genomic sequences from multiple vaccinia virus strains to generate a new, safer and more potent virus. CF33 CD19 directs chimeric antigen receptor (CAR) T cells therapies to target solid tumours.

The group is maintaining and strengthening its already strong international intellectual property position as a key area of focus in maintaining the competitive advantage of HER-Vaxx, PD1-Vaxx, CF33, CF33 CD-19 and any future improvements, vaccine formulations and clinical uses.

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 - Imugene Limited

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

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 2 to 9 of this audited financial report.

Significant changes in the state of affairs

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

Events since the end of the financial year

On 29 July 2021, the company completed a capital raise by issuing 300,000,000 shares to investors. Gross proceeds raised were $90 million. Investors were also able to obtain 1 option (exercisable at $0.45) for every 2 shares purchased. Additionally, the company announced the plan to complete a Share Purchase Plan which gives current shareholders the opportunity to purchase shares in the company at $0.30. Gross proceeds are capped at $5 million. Shares will come with a free attaching option (exercisable at $0.45) for every 2 shares purchased.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The group aims to create value for shareholders through researching and developing oncolytic immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours. 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 2 to 9 of this audited financial report.

Environmental regulation

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

Information on directors

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

Mr Paul Hopper *Executive Chairman*	
Experience and expertise	Mr Hopper has over 20 years' experience in the management and funding of biotechnology and healthcare public companies 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	31 October 2012
Other current directorships	Radiopharm Theranostics Limited, since 11 February 2021 Chimeric Therapeutics Limited (ASX: CHM), since 2 February 2020 Scopus BioPharma Inc (New York) [Stat3 technology] (NASDAQ: SCPS), since December 2020 SUDA Pharmaceuticals Ltd (ASX: SUD), since 15 May 2019
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 Leslie Chong *Chief Executive Officer and Managing Director*	
Experience and expertise	Ms Chong joined the group in September 2015 from the leading oncology clinical development company, Genentech (a member of the Roche family), where she was a Senior Clinical Program Lead at the head office in San Francisco. She has over 23 years' experience in leading clinical and department development in oncology. In November 2016, Ms Chong was promoted as Imugene's CEO and joined the board as Managing Director in March 2018.
Date of appointment	28 March 2018
Other current directorships	Chimeric Therapeutics (ASX: CHM), since 28 August 2020 Cure Brain Cancer Foundation (non-profit organisation), since April 2020
Former directorships in last 3 years	None
Special responsibilities	Chief Executive Officer

Information on directors (continued)

Mr Charles Walker *Non-Executive Director*	
Experience and expertise	Mr Walker has broad and successful experience across the biotechnology and life sciences industry. His experience includes significant operational and leadership positions in biotechnology firms, a strong capital markets track record from executing nearly 60 international and domestic corporate transactions, both as principal and advisor, and a detailed scientific understanding gained from a technical background in pharmacology. Mr Walker was previously Chief Executive Officer and Chief Financial Officer of Alchemia Limited (ASX: ACL) and Managing Director of Imugene. His qualifications include a Bachelor of Science (Honours) Pharmacology and a Masters in Business Administration (MBA).
Date of appointment	13 September 2015
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chair of the audit and risk committee Member of the remuneration and nomination committee

Dr Axel Hoos *Non-Executive Director*	
Experience and expertise	Dr. Axel Hoos is the CEO of Scorpion Therapeutics. Formerly, he was the Senior Vice President, R&D Governance Chair, and Therapeutic Area (TA) Head for Oncology at GlaxoSmithKline Pharmaceuticals (GSK). At GSK he led technical and funding decisions in R&D as well as Discovery and Development in Oncology with focus on immuno-oncology, epigenetics, cell therapy, and synthetic lethality. Dr. Hoos also serves as a member of the Board of Trustees of the Sabin Vaccine Institute (SVI), a global health organization, Director on the Board of TCR2, a cell therapy company, Co-Director of the Cancer Immunotherapy Consortium (CIC) and Scientific Advisory Board Member of the Cancer Research Institute (CRI). Previously, Dr. Hoos was the Global Medical Lead in Immunology/Oncology at Bristol-Myers Squibb (BMS) where he developed Yervoy (Ipilimumab), the first checkpoint inhibitor in Immuno-Oncology. Before BMS, Dr. Hoos was Senior Director of Clinical Development at Agenus Bio (former Antigenics).
Date of appointment	20 December 2013
Other current directorships	TCR2 Therapeutics Inc (NASDAQ: TCRR)
Former directorships in last 3 years	None
Special responsibilities	Member of the audit and risk committee Chair of the remuneration and nomination committee

Information on directors (continued)

Dr Lesley Russell *Non-Executive Director*	
Experience and expertise	Dr Lesley Russell is a haematologist/oncologist and has over 25 years' experience and leadership in the international pharmaceutical field as a Chief Medical Officer. She has undertaken clinical development in a number of therapeutic areas including haematology/oncology has had multiple new drug approvals with both Food and Drug Administration (FDA) and European Medicines Agency (EMA). Dr Russell has extensive experience as a director of NASDAQ listed pharmaceutical companies. She is a member of the Royal College of Physicians UK.
Date of appointment	23 April 2019
Other current directorships	Chimeric Therapeutics Limited (ASX: CHM), since 28 August 2020 Enanta Pharmaceuticals (NASDAQ: ENTA), since 22 November 2016
Former directorships in last 3 years	Scopus BioPharma Inc (New York) [Stat3 technology] (NASDAQ: SCPS), until March 2021 AMAG Pharma (NASDAQ: AMAG), until May 2019 Endocyte Pharmaceuticals (NASDAQ: ECYT), until December 2018
Special responsibilities	Member of the remuneration and nomination committee

Dr Jens Eckstein *Non-Executive Director*	
Experience and expertise	Dr Eckstein has more than 15 years' venture capital experience in the biopharmaceutical industry and 10 years' operational experience in drug discovery and development. He is a Kauffman Fellow and a mentor for lifescience entrepreneurs and start-up teams in the area of innovative lifescience and healthcare information technology companies. Before joining Apollo Ventures, Dr Eckstein served as president of SR One for eight years. He is also co-founder and managing director of Action Potential Venture Capital (APVC). Previously, he was a general partner at TVM Capital.
Date of appointment	20 May 2019
Other current directorships	Aeovian Pharmaceuticals (USA, private) Samsara Therapeutics (UK, private) Cleara Biotech (The Netherlands, private) HAYA Therapeutics (Switzerland, private) BosWell (USA, private)
Former directorships in last 3 years	Gladius Pharmaceuticals (Canada, private) Decibel Therapeutics (NASDAQ:DBTX) Palleon Pharmaceuticals (USA, private) ZappRx (USA, private)
Special responsibilities	Member of the audit and risk committee

Company secretary

The joint company secretaries are Mr Phillip Hains and Mr Justyn Stedwell.

Mr Phillip Hains was appointed to the position on 20 December 2012. Mr 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 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Mr Justyn Stedwell was appointed to the position on 30 July 2012. He is a professional company secretary with over 10 years' experience as a company secretary in ASX listed companies. Mr Stedwell has completed a Bachelor of Business and Commerce (Management and Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and Graduate Certificate of Applied Finance with Kaplan Professional.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year 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	6	6	-	-	-	-
Ms Leslie Chong	6	6	-	-	-	-
Mr Charles Walker	6	6	4	4	2	2
Dr Axel Hoos	6	6	4	4	2	2
Dr Lesley Russell	6	6	-	-	2	2
Dr Jens Eckstein	5	6	4	4	-	-

A= Number of meetings attended
B= Number of meetings held during the time the director held office during the year.

Remuneration report (audited)

The directors present the Imugene Limited 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Link between remuneration and performance
(e) Remuneration expenses
(f) Contractual arrangements with executive KMPs
(g) Non-executive director arrangements
(h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 12 to 14 for details about each director)

Mr Paul Hopper, Executive Chairman
Ms Leslie Chong, Chief Executive Officer and Managing Director
Mr Charles Walker, Non-Executive Director
Dr Axel Hoos, Non-Executive Director
Dr Lesley Russell, Non-Executive Director
Dr Jens Eckstein, Non-Executive Director

Other key management personnel

Dr Nicholas Ede, Chief Technology Officer
Dr Mark Marino, Chief Medical Officer, (resigned 30 September 2020)
Dr Rita Laeufle, Chief Medical Officer, (commenced, 30 September 2020)

(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	CEO: 50% of FR CTO: 30% of FR CMO:33.3% of FR
LTI	Alignment to long-term shareholder value	Share price, capital raised, company and individual performance goals	CMO: 10,000,000 unlisted 3-year options at $0.06 and $0.065 exercise price

Assessing performance

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys.

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

Securities trading policy

Imugene Limited's securities trading policy applies to all directors and executives, see www.imugene.com/share-trading-policies/. 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.

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 CEO, CTO and CMO are entitled to short-term incentives in the form of cash bonus up to 50%, 30% and 33.3% of FR, respectively, against agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial (for CEO) and non-financial company (for CEO, CTO and CMO) and individual performance goals.

Remuneration report (audited) (continued)

(c) Elements of remuneration (continued)

Long-term incentives

Executives may also be provided with longer-term incentives through the company's 'employee share option plan' (ESOP), that was approved by shareholders at the annual general meeting held on 24 November 2020. The aim of the ESOP 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 years 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	2019	2018	2017
Loss for the year attributable to owners	18,455,363	10,507,999	7,775,360	3,933,641	2,506,571
Basic loss per share (cents)	0.40	0.26	0.22	0.15	0.12
Share price at year end ($)	0.355	0.031	0.016	0.030	0.014

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 Imugene 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

The following tables show details of the remuneration expense recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

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

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Options $	Total $
Non-executive directors							
Mr Charles Walker	66,013	-	-	6,271	-	73,974	146,258
Dr Axel Hoos	67,336	-	-	-	-	73,974	141,310
Dr Lesley Russell	67,336	-	-	-	-	73,974	141,310
Dr Jens Eckstein	67,336	-	-	-	-	76,755	144,091
Executive directors							
Mr Paul Hopper	250,000	119,322	-	-	-	152	369,474
Ms Leslie Chong	407,812	250,000	26,310	21,694	13,313	70,155	789,284
Other KMP							
Dr Nicholas Ede	220,500	73,493	8,920	21,964	4,001	18,532	347,410
Dr Rita Laeufle	416,976	107,210	18,267	-	-	196,801	739,254
Dr Mark Marino	58,362	-	-	-	-	-	58,362
Total KMP compensation	**1,621,671**	**550,025**	**53,497**	**49,929**	**17,314**	**584,317**	**2,876,753**

Notes

- 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 $84,975 performance bonus for FY 2021 (accrued, approved by the board in FY 2022) and $34,347 in FY2020 (paid, approved by the board in FY 2021. The bonus' were for meeting performance milestones (increase in share price, improvements to governance processes and governance review, progression of new technology in-licensing and asset opportunities).
    - Ms Leslie Chong received a $250,000 performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (increase in share price, facilitating option exercises, management and staff resourcing, complete and/or manage all activities for site activation, HER-Vaxx, PD1-Vaxx and CF33 clinical trials).
    - Dr Nicholas Ede received a $73,493 performance bonus for FY2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (KPI in relation to pre-clinical and clinical trials, file technology patents and/or IP, managing R&D projects with Vienna and OSU).
    - Dr Rita Laeufle received US$80,000 performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (KPI in relation to clinical trials, IND (investigational new drug) filing, medical monitoring and clinical development).

Remuneration report (audited) (continued)

(e) Remuneration expenses (continued)

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2020.

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Options $	Total $
Non-executive directors							
Mr Charles Walker	65,591	-	-	6,231	-	124,427	196,249
Dr Axel Hoos	74,525	-	-	-	-	124,427	198,952
Dr Lesley Russell	75,238	-	-	-	-	124,427	199,665
Dr Jens Eckstein	74,525	-	-	-	-	129,738	204,263
Executive directors							
Mr Paul Hopper	137,400	-	-	-	-	56,207	193,607
Ms Leslie Chong	375,000	93,741	11,828	21,003	14,457	216,698	732,727
Other KMP							
Dr Nicholas Ede	210,000	45,000	3,997	21,003	3,275	58,447	341,722
Dr Mark Marino	277,874	33,535	-	-	-	69,996	381,405
Total KMP compensation	**1,290,153**	**172,276**	**15,825**	**48,237**	**17,732**	**904,367**	**2,448,590**

Notes

- Cash bonus includes the amount paid or accrued in the year ended 30 June 2020 in relation to FY 2020 performance as follows:
    - Ms Leslie Chong was eligible for 75% of her 33.3% performance bonus for FY 2020 ($93,741 accrued, approved by the board in FY 2021). The bonus was for meeting performance milestones (increase in share price, raising capital, management and staff resourcing, complete and/or manage all activities for site activation, HER-Vaxx, PD1-Vaxx and CF33 clinical trials).
    - Dr Nicholas Ede was eligible for 57% of his 30% performance bonus for FY 2020 ($45,000 paid, plus superannuation up to the statutory limit, approved by the board in FY 2021). The bonus was for meeting performance milestones (KPI in relation to pre-clinical and clinical trials, file technology patents and/or IP, source and convert new immuno-oncology opportunities).
    - Dr Mark Marino was eligible for 45% of his 30% performance bonus for FY 2020 (US$22,998 or A$33,535 accrued, approved by the board in FY 2021). The bonus was for meeting performance milestones (KPI in relation to clinical trials, pre-IND (investigational new drug) FDA meeting, medical monitoring and clinical development).

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:	$255,000 per annum

Name:	Ms Leslie Chong
Position:	Chief Executive Officer and Managing Director
Contract duration:	Unspecified
Notice period:	12 months by either party
Fixed remuneration:	$450,000 per annum, plus statutory superannuation

Name:	Dr Nicholas Ede
Position:	Chief Technology Officer
Contract duration:	Unspecified
Notice period:	3 months by either party
Fixed remuneration:	$250,000 per annum, plus statutory superannuation

Name:	Dr Rita Laeufle
Position:	Chief Medical Officer
Contract duration:	Unspecified
Notice period:	30 days by either party
Fixed remuneration:	US$443,600 per annum, inclusive of health insurance allowance

(g) Non-executive director arrangements

Non-executive directors receive a board fee of US$50,000 per annum, inclusive of chairing or participating on board committees. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation.

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 with effect from 1 July 2019.

The maximum annual aggregate directors' fee pool limit is $400,000 and was approved by shareholders at the annual general meeting on 24 November 2020.

Remuneration report (audited) (continued)

(h) Additional statutory information

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 19 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**%**	%	**%**	%
Non-executive director						
Mr Charles Walker	**49**	37	**-**	-	**51**	63
Dr Axel Hoos	**48**	37	**-**	-	**52**	63
Dr Lesley Russell	**48**	38	**-**	-	**52**	62
Dr Jens Eckstein	**47**	36	**-**	-	**53**	64
Executive directors						
Mr Paul Hopper	**68**	71	**32**	-	**-**	29
Ms Leslie Chong	**59**	58	**32**	12	**9**	30
Other KMP						
Dr Nicholas Ede	**74**	70	**21**	13	**5**	17
Dr Mark Marino	**100**	73	**-**	9	**-**	18
Dr Rita Laeufle	**58**	-	**15**	-	**27**	-

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price ($)	Value per option at grant date ($)	Vested (%)
2019-11-08	2019-04-23	2022-11-08	0.04	0.0124	100%
2019-11-08	2019-05-20	2022-11-08	0.04	0.0124	100%
2019-11-08	2020-11-08	2022-11-08	0.042	0.0121	100%
2019-11-08	2021-11-08	2022-11-08	0.045	0.0117	0%
2020-09-30	Milestone	2023-09-30	0.06	0.0270	0%
2020-09-30	Milestone	2023-09-30	0.065	0.0253	0%

Reconciliation of options 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[3]	Vested and exercisable
Options						
Mr Paul Hopper	25,827,281	-	(25,827,281)	-	-	-
Ms Leslie Chong	77,098,765	-	(77,098,765)	-	-	-
Mr Charles Walker	25,448,456	-	(497,956)	49,500	25,000,000	15,000,000
Dr Axel Hoos	35,000,000	-	(25,000,000)	-	10,000,000	-
Dr Lesley Russell	25,000,000	-	(15,000,000)	-	10,000,000	-
Dr Jens Eckstein	25,000,000	-	-	-	25,000,000	15,000,000
Dr Nicholas Ede	15,285,574	-	(15,000,000)	-	285,574	285,574
Mr Mark Marino	10,000,000	-	-	(10,000,000)	-	-
Dr Rita Laeufle	-	10,000,000	-	-	10,000,000	-
	238,660,076	**10,000,000**	**(158,424,002)**	**(9,950,500)**	**80,285,574**	**30,285,574**

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)

Reconciliation of options 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[3]
Ordinary shares					
Mr Paul Hopper	177,138,187	25,827,281	-	(1,500,000)	201,465,468
Ms Leslie Chong	4,387,124	77,098,765	-	(4,485,889)	77,000,000
Mr Charles Walker	28,523,210	497,956	-	(15,582,500)	13,438,666
Dr Axel Hoos	11,375,000	25,000,000	-	(13,000,000)	23,375,000
Dr Lesley Russell	500,000	15,000,000	-	(1,800,000)	13,700,000
Dr Jens Eckstein	-	-	-	-	-
Dr Nicholas Ede	6,356,726	15,000,000	-	(2,900,000)	18,456,726
Dr Mark Marino	-	-	-	-	-
Dr Rita Laeufle	-	-	-	-	-
	228,280,247	**158,424,002**	**-**	**(39,268,389)**	**347,435,860**

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.

Voting of shareholders at last year's annual general meeting

Imugene Limited received more than 75 percent of favourable votes on its remuneration report for the 2020 financial year. The company did not receive any specific feedback at the 2020 annual general meeting or throughout the year on its remuneration practices.

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

Shares under option

Unissued ordinary shares

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

Date options granted	Expiry date	Issue price of shares ($)	Number under option
2018-07-13 (IMUOB)	2021-11-30	0.040	175,125,561
2019-06-13 (IMUOP19)	2022-06-13	0.040	25,000,000
2019-11-08 (IMUOP20)	2022-11-08	0.040	10,000,000
2019-11-08 (IMUOP21)	2022-11-08	0.042	20,000,000
2019-11-08 (IMUOP22)	2022-11-08	0.045	40,000,000
2019-08-07 (IMUOP23)	2022-08-07	0.040	15,000,000
2019-08-07 (IMUOP24)	2022-08-07	0.040	15,000,000
2019-12-06 (IMUOC)	2022-11-30	0.054	169,734,953
2020-09-30 (IMUOP24)	2023-09-30	0.065	5,000,000
2020-09-30 (IMUOP25)	2023-09-30	0.060	5,000,000
2020-12-01 (IMUOP26)	2023-12-01	0.090	10,000,000
2021-02-26 (IMUOP27)	2024-02-26	0.150	5,000,000
2021-04-30 (IMUOP28)	2025-04-30	0.190	22,500,000
2021-04-30 (IMUOP29)	2025-04-30	0.190	15,000,000
2021-04-30 (IMUOP30)	2025-04-30	0.190	7,500,000
Total			539,860,514

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

Shares issued on the exercise of options

The following ordinary shares of Imugene Limited were issued during the year ended 30 June 2021 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares ($)	Number of shares issued
2015-10-26 (IMUOP7)	0.0125	9,000,000
2015-10-26 (IMUOP8)	0.0150	9,000,000
2015-10-26 (IMUOP9)	0.0175	9,000,000
2017-03-30 (IMUOP11)	0.020	10,000,000
2017-12-06 (IMUOA)	0.026	242,819,784
2018-07-13 (IMUOB)	0.040	72,748,431
2018-07-19, 2018-11-19 (IMUOP14)	0.040	20,000,000
2018-07-19, 2018-11-19 (IMUOP15)	0.042	35,000,000
2018-07-19, 2018-11-19 (IMUOP16)	0.045	35,000,000
2019-11-08 (IMUOP20)	0.040	10,000,000
2019-11-08 (IMUOP21)	0.042	20,000,000
2019-12-06 (IMUOC)	0.054	57,947,681
		530,515,896

Insurance of officers and indemnities

Insurance of officers

During the financial year, Imugene Limited paid a premium of $189,362 to insure the directors and secretaries of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

Imugene Limited has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from Imugene Limited's breach of their agreement. The indemnity stipulates that Imugene Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

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

	2021	2020
	$	$
Other services		
Grant Thornton Audit Pty Ltd Australian firm:		
Compliance services for employee share schemes	**4,050**	1,500
Total remuneration for other services	**4,050**	1,500
Total remuneration for non-audit services	**4,050**	1,500

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
30 August 2021

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Auditor's Independence Declaration

To the Directors of Imugene Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Imugene 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

T S Jackman
Partner - Audit & Assurance

Melbourne, 30 August 2021

Imugene Limited

ABN 99 009 179 551

Audited financial report - 30 June 2021

Financial statements
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Directors' declaration 78

These financial statements are consolidated financial statements for the group consisting of Imugene Limited and its subsidiaries. A list of major subsidiaries is included in note 11.

The financial statements are presented in the Australian currency.

Imugene 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:
Imugene Limited
Suite 804, Level 8
37 Bligh Street
Sydney NSW 2000

The financial statements were authorised for issue by the directors on 30 August 2021. The directors have the power to amend and reissue the financial statements.

Imugene Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Notes	**2021 $**	2020 $
Other income	2(a)	**7,281,545**	4,209,703
Other gains/(losses) – net	2(b)	**(81,268)**	(135,674)
General and administrative expenses	2(c)	**(10,310,783)**	(5,515,140)
Research and development expenses	2(c)	**(15,355,366)**	(9,364,045)
Operating loss		**(18,465,872)**	(10,805,156)
Finance income	2(d)	**126,565**	302,186
Finance expenses	2(d)	**(116,056)**	(5,029)
Finance costs - net		**10,509**	297,157
Loss before income tax		**(18,455,363)**	(10,507,999)
Income tax expense	3	**-**	-
Loss for the period		**(18,455,363)**	(10,507,999)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(18,455,363)**	(10,507,999)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	**(0.40)**	(0.26)

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

Imugene Limited
Consolidated balance sheet
As at 30 June 2021

	Notes	**2021 $**	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	**29,487,025**	30,106,755
Trade and other receivables	4(b)	**6,661,750**	4,193,830
Other current assets		**170,076**	194,059
Total current assets		**36,318,851**	34,494,644
Non-current assets			
Other financial assets at amortised cost		**115,198**	80,638
Property, plant and equipment	5(a)	**466,045**	155,624
Intangible assets	5(b)	**34,893,383**	30,458,449
Other assets		**15,593**	15,593
Total non-current assets		**35,490,219**	30,710,304
Total assets		**71,809,070**	65,204,948
Current liabilities			
Trade and other payables	4(c)	**1,260,808**	1,233,272
Other financial liabilities	4(d)	**2,852,901**	1,434,864
Employee benefit obligations	5(c)	**237,185**	170,412
Other current liabilities	5(d)	**106,007**	60,934
Total current liabilities		**4,456,901**	2,899,482
Non-current liabilities			
Other financial liabilities	4(d)	**2,164,225**	2,488,639
Employee benefit obligations	5(c)	**5,156**	2,082
Other non-current liabilities	5(d)	**165,022**	8,402
Total non-current liabilities		**2,334,403**	2,499,123
Total liabilities		**6,791,304**	5,398,605
Net assets		**65,017,766**	59,806,343
EQUITY			
Share capital	6(a)	**113,106,912**	92,797,564
Other equity	6(b)	**12,097,336**	12,097,336
Other reserves	6(c)	**5,465,460**	2,221,702
Accumulated losses		**(65,651,942)**	(47,310,259)
Total equity		**65,017,766**	59,806,343

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

Imugene Limited
Consolidated statement of changes in equity
For the year ended 30 June 2021

	Notes	Attributable to owners of Imugene Limited				
		Share capital	**Other equity**	**Other reserves**	**Accumulated losses**	**Total equity**
		$	**$**	**$**	**$**	**$**
Balance at 1 July 2019		63,122,493	-	988,945	(36,816,715)	27,294,723
Loss for the period		-	-	-	(10,507,999)	(10,507,999)
Total comprehensive loss for the period		**-**	**-**	**-**	**(10,507,999)**	**(10,507,999)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	6(a)	22,788,650	-	-	-	22,788,650
Options issued/expensed	6(c)	-	-	1,149,480	-	1,149,480
Options exercised, net of transaction costs	6(c)	102,720	-	(25,038)	-	77,682
Options forfeited/lapsed	6(c)	-	-	(14,455)	14,455	-
Re-valuation of options awarded in prior period		-	-	122,770	-	122,770
Acquisition of Vaxinia Pty Ltd		6,783,701	12,097,336	-	-	18,881,037
		29,675,071	12,097,336	1,232,757	14,455	43,019,619
Balance at 30 June 2020		**92,797,564**	**12,097,336**	**2,221,702**	**(47,310,259)**	**59,806,343**

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

Imugene Limited
Consolidated statement of changes in equity
For the year ended 30 June 2021
(continued)

	Notes	Attributable to owners of Imugene Limited				
		Share capital **$**	**Other equity** **$**	**Other reserves** **$**	**Accumulated losses** **$**	**Total equity** **$**
Balance at 1 July 2020		92,797,564	12,097,336	2,221,702	(47,310,259)	59,806,343
Loss for the period		-	-	-	(18,455,363)	(18,455,363)
Total comprehensive loss for the period		**-**	**-**	**-**	**(18,455,363)**	**(18,455,363)**
Transactions with owners in their capacity as owners:						
Options issued/expensed	6(c)	-	-	4,739,200	-	4,739,200
Options exercised, net of transaction costs	6(c)	19,304,247	-	(1,381,762)	-	17,922,485
Options forfeited/lapsed	6(c)	-	-	(113,680)	113,680	-
Issue of shares in lieu of payment of services	6(c)	819,101	-	-	-	819,101
Repayment of loaned shares to KMP		186,000	-	-	-	186,000
		20,309,348	-	3,243,758	113,680	23,666,786
Balance at 30 June 2021		**113,106,912**	**12,097,336**	**5,465,460**	**(65,651,942)**	**65,017,766**

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

Imugene Limited
Consolidated statement of cash flows
For the year ended 30 June 2021

	Notes	**2021 $**	2020 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(18,103,477)**	(14,564,443)
Research and development tax incentive received		**4,823,466**	4,126,678
Net cash (outflow) from operating activities	7(a)	**(13,280,011)**	(10,437,765)
Cash flows from investing activities			
Payments for financial assets at amortised cost		**(34,560)**	(30,638)
Payments for property, plant and equipment		**(136,794)**	(5,025)
Payments for intellectual property	5(b)	**(5,310,957)**	(1,481,672)
Interest received		**155,915**	310,683
Net cash (outflow) from investing activities		**(5,326,396)**	(1,206,652)
Cash flows from financing activities			
Proceeds from issues of shares	6(a)	**18,048,050**	24,566,822
Share issue transaction costs	6(a)	**(125,565)**	(1,801,077)
Proceeds from borrowings		**144,000**	-
Principal elements of lease payments		**(76,137)**	(53,560)
Interest paid		**(5,024)**	(5,029)
Net cash inflow from financing activities		**17,985,324**	22,707,156
Net (decrease) increase in cash and cash equivalents		**(621,083)**	11,062,739
Cash and cash equivalents at the beginning of the financial year		**30,106,755**	19,047,914
Effects of exchange rate changes on cash and cash equivalents		**1,353**	(3,898)
Cash and cash equivalents at end of year	4(a)	**29,487,025**	30,106,755
Non-cash financing and investing activities	7(b)		

At 30 June 2021 there is a difference between the above statement of cash flows and the Appendix 4C. $1.4 million was allocated to payments for intellectual property in the above statement of cash flows which was previously coded to payments for research and development in the Appendix 4C. Additionally, the amount in proceeds from issue of shares relates to the amount disclosed under proceeds from exercise of options in the Appendix 4C.

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

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1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Imugene Limited. The group has identified one reportable segment; that is, the research and development of oncolytic immunotherapies. The segment details are therefore fully reflected in the body of the financial statements.

2 Other income and expense items

(a) Other income

	2021	2020
	$	$
Research and development tax incentive	**7,231,545**	4,133,841
Other grants	**50,000**	75,862
	7,281,545	4,209,703

(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 2021, the group has included an item in other income of $7,231,545 (2020: $4,133,841) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate. The $7,231,545 recognised at 30 June 2021 includes $689,624 relating to the prior years rebate. The funds were only received in the current year and eligibility to receive the rebate for this expenditure was less than certain prior to this as the overseas findings for CF33 was not received until the current year.

(ii) Fair value of other grants

The group's other grant income consists of grants received by the group with relation to COVID-19. For the year ended 30 June 2021, the group has received $50,000 in assistance packages.

(b) Other gains/(losses)

	2021	2020
	$	$
Insurance recovery	**-**	1,130
Net foreign exchange gains/(losses)	**(81,268)**	(136,804)
	(81,268)	(135,674)

2 Other income and expense items (continued)

(c) Breakdown of expenses by nature

	2021 **$**	2020 $
General and administrative expenses		
Accounting and audit	**248,733**	379,689
Consulting	**243,586**	219,415
Depreciation	**104,203**	82,495
Employee benefits	**2,669,301**	1,783,124
Insurance	**206,501**	148,931
Investor relations	**154,847**	282,335
Legal	**121,159**	257,711
Listing and share registry	**304,991**	232,925
Occupancy	**8,731**	-
Patent costs	**322,671**	189,995
Recruitment and staff training	**119,967**	1,206
Share-based payments	**5,558,302**	1,272,250
Superannuation	**82,412**	68,628
Travel and entertainment	**68,505**	458,260
Other	**96,874**	138,176
	10,310,783	5,515,140
Research and development expenses		
HER-Vaxx	**3,951,364**	4,985,910
PD1-Vaxx (KEY-Vaxx)	**3,057,238**	2,066,054
CF33	**7,124,800**	1,489,879
CD19	**46,702**	-
Consulting	**1,164,188**	804,861
Other	**11,074**	17,341
	15,355,366	9,364,045

2 Other income and expense items (continued)

(d) Net finance income

	2021 **$**	2020 $
Finance income		
Interest income from financial assets held for cash management purposes	**126,565**	302,186
Finance costs	**126,565**	302,186
Finance costs		
Provisions: unwinding of discount in relation to leases	**(5,024)**	(5,029)
Provisions: unwinding of discount in relation to acquisition costs	**(111,032)**	-
	(116,056)	(5,029)
Finance costs	**(116,056)**	(5,029)
Net finance costs	**10,509**	297,157

3 Income tax expense

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

	2021 **$**	2020 $
Loss from continuing operations before income tax expense	**(18,455,363)**	(10,507,999)
Tax at the Australian tax rate of 26% (2020: 27.5%)	**(4,798,394)**	(2,889,700)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	**(1,880,202)**	(1,136,806)
Accounting expenditure subject to R&D tax incentive	**4,322,303**	2,613,348
Accrued expenses	**66,491**	(140,289)
Accrued interest income	**7,631**	2,337
Amortisation of patents	**(134,444)**	(141,296)
Blackhole expenditure (Section 40-880, ITAA 1997)	**(229,519)**	(148,965)
Employee leave obligations	**17,271**	8,090
Entertainment	**1,799**	4,504
Patent costs	**83,894**	52,249
Share-based payments	**1,445,159**	349,869
Unrealised currency (gains)/losses	**(249)**	1,072
Subtotal	**(1,098,260)**	(1,425,587)
Tax losses and other timing differences for which no deferred tax asset is recognised	**1,098,260**	1,425,587
Income tax expense	**-**	-

(b) Tax losses

	2021 **$**	2020 $
Unused tax losses for which no deferred tax asset has been recognised	**26,252,872**	22,028,795
Potential tax benefit @ 26% (2020: 27.5%)	**6,825,747**	6,057,919

The numerical reconciliation of income tax expense to prima facie tax payable and unused tax losses for the year ended 30 June 2020 have been restated to reflect the income tax return lodged for the same period.

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2021 **$**	2020 $
Current assets		
Cash at bank and in hand	**8,486,445**	5,106,175
Deposits at call	**21,000,580**	25,000,580
	29,487,025	30,106,755

(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:

	2021 **$**	2020 $
Balances as above	**29,487,025**	30,106,755
Balances per statement of cash flows	**29,487,025**	30,106,755

(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(i) 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 receivables

		2021			2020		
	Notes	**Current** **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Accrued receivables	4(b)(i)	**6,544,451**	**-**	**6,544,451**	4,165,722	-	4,165,722
Other receivables		**117,299**	**-**	**117,299**	28,108	-	28,108
		6,661,750	**-**	**6,661,750**	4,193,830	-	4,193,830

(i) Accrued receivables

Accrued receivables comprise $6,541,921 from the Australian Taxation Office in relation to the R&D tax incentive (2020: $4,133,842) and $2,530 interest income from deposits at call (2020: $31,880).

4 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Trade and other payables

	2021			2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Trade payables	**759,725**	**-**	**759,725**	1,013,039	-	1,013,039
Accrued expenses	**472,622**	**-**	**472,622**	216,888	-	216,888
Other payables	**28,461**	**-**	**28,461**	3,345	-	3,345
	1,260,808	**-**	**1,260,808**	1,233,272	-	1,233,272

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(d) Other financial liabilities

	2021			2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Expected future royalties payable (HER-Vaxx)	**-**	**985,450**	**985,450**	-	985,450	985,450
CF33 contingent consideration	**1,614,222**	**-**	**1,614,222**	1,434,864	1,503,189	2,938,053
CD19 contingent consideration	**1,238,679**	**1,178,775**	**2,417,454**	-	-	-
	2,852,901	**2,164,225**	**5,017,126**	1,434,864	2,488,639	3,923,503

(i) Fair value of expected future royalties payable

The expected future royalties payable represents the fair value estimate of royalties payable to Biolife Science Forschungs-und Entwicklungsges mbH (BSFE) on commercial income arising from HER-Vaxx. This is based on 18 percent of fair value of the intellectual property at the time of acquisition of $5.5 million. There has been no change in the future royalties as the carrying value is based on the initial consideration, and no reliable information has come to light that would change the valuation assumptions.

(ii) Contingent consideration

Contingent consideration includes amounts related to the provision of upfront license fees to City of Hope and completion of milestones. For more information, please refer to Note 13(a)(iii).

4 Financial assets and financial liabilities (continued)

(e) Recognised fair value measurements

(i) Fair value hierarchy

The following table provides the fair values of the group's financial instruments measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy. 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					
Expected future royalties payable (HER-Vaxx)	4(d)	**-**	**-**	**985,450**	**985,450**
CF33 contingent consideration	4(d)	**-**	**-**	**1,614,222**	**1,614,222**
CD19 contingent consideration	4(d)	**-**	**-**	**2,417,454**	**2,417,454**
Total financial liabilities		**-**	**-**	**5,017,126**	**5,017,126**

Recurring fair value measurements At 30 June 2020	**Notes**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial liabilities					
Expected future royalties payable (HER-Vaxx)	4(d)	-	-	985,450	985,450
CF33 contingent consideration	4(d)	-	-	2,938,053	2,938,053
Total financial liabilities		-	-	3,923,503	3,923,503

There were no transfers between levels of the hierarchy for recurring fair value measurements during the year 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) Property, plant and equipment

	Plant and equipment $	Furniture, fittings and equipment $	Leasehold improvements $	Right-of-use assets $	Total $
At 1 July 2019					
Cost or fair value	74,437	13,996	46,414	164,389	299,236
Accumulated depreciation	(3,412)	(6,008)	(11,274)	(45,447)	(66,141)
Net book amount	71,025	7,988	35,140	118,942	233,095
Year ended 30 June 2020					
Opening net book amount	71,025	7,988	35,140	118,942	233,095
Additions	-	5,025	-	-	5,025
Depreciation charge	(8,740)	(3,522)	(15,472)	(54,762)	(82,496)
Closing net book amount	62,285	9,491	19,668	64,180	155,624
At 30 June 2020					
Cost or fair value	74,437	19,021	46,414	164,389	304,261
Accumulated depreciation	(12,152)	(9,530)	(26,746)	(100,209)	(148,637)
Net book amount	62,285	9,491	19,668	64,180	155,624
Year ended 30 June 2021					
Opening net book amount	62,285	9,491	19,668	64,180	155,624
Additions	-	8,635	128,159	277,830	414,624
Depreciation charge	(8,741)	(4,355)	(17,086)	(74,021)	(104,203)
Closing net book amount	53,544	13,771	130,741	267,989	466,045
At 30 June 2021					
Cost	74,437	27,656	174,573	442,219	718,885
Accumulated depreciation	(20,893)	(13,885)	(43,832)	(174,230)	(252,840)
Net book amount	53,544	13,771	130,741	267,989	466,045

(i) Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Plant and equipment 5 - 10 years
- Furniture, fittings and equipment 2 - 15 years
- Leasehold improvements 3 years
- Right-of-use assets 1 - 3 years

5 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

See note 20(m) for the other accounting policies relevant to property, plant and equipment.

(b) Intangible assets

Non-Current assets	HER-Vaxx $	PD1-Vaxx $	Non PD1-Vaxx $	CF33 $	CD19 $	Total $
At 1 July 2019						
Net book amount	6,599,755	130,670	326,675	-	-	7,057,100
Accumulated amortisation and impairment	-	-	-	-	-	-
Net book amount	6,599,755	130,670	326,675	-	-	7,057,100
Year ended 30 June 2020						
Opening net book amount	6,599,755	130,670	326,675	-	-	7,057,100
Additions	-	-	-	23,401,349	-	23,401,349
Closing net book amount	6,599,755	130,670	326,675	23,401,349	-	30,458,449
At 30 June 2020						
Net book amount	6,599,755	130,670	326,675	23,401,349	-	30,458,449
Year ended 30 June 2021						
Opening net book amount	6,599,755	130,670	326,675	23,401,349	-	30,458,449
Additions	-	-	-	-	6,293,153	6,293,153
Amortisation charge	(416,562)	(7,780)	(23,844)	(1,363,331)	(46,702)	(1,858,219)
Closing net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383
At 30 June 2021						
Cost	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation and impairment	(416,562)	(7,780)	(23,844)	(1,363,331)	(46,702)	(1,858,219)
Net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383

The group's patents, licences and other rights are measured at initial cost, less any accumulated amortisation and impairment losses.

5 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

(i) HER-Vaxx

HER-Vaxx intellectual property was acquired through the group's 100 percent acquisition of Biolife Science Qld Pty Ltd on 20 December 2013. In addition, the group holds various worldwide patents granted over the technology.

It is the board's expectation that the acquired HER-Vaxx intellectual property will generate future economic benefits for the group.

HER-Vaxx is amortised over a period of 16 years, being management's assessed useful life of the intangible asset.

(ii) PD-1 and Non PD-1

On 7 June 2018, the group signed an exclusive, worldwide licence to the entire body of cancer vaccine work and intellectual property developed by Professor Pravin Kaumaya of the Ohio State University Wexner Medical Center, the Comprehensive Cancer Center - Arthur G. James Cancer Hospital, the Richard J. Solove Research Institute and Mayo Clinic.

The substantial intellectual property estate licensed comprises a broad patent portfolio including six patent families comprising 16 issued patents or pending applications for compositions of matter and/or methods of use of a large range of B-cell peptide and cancer vaccines comprising PD-1, HER-1, HER-2, HER-3, VEGF, IGF-1R, CD28 peptides and combinations thereof.

It is the board's expectation that the acquired portfolio of intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront license fees paid in respect of the licence agreements. The net present value of future maintenance fees, annual licence fees, milestone fees, royalties, and sublicence fees have not been capitalised in accordance with the recognition criteria of AASB 138 *Intangible Assets*. The term of the agreements, including the schedule of future payments is until the last to expire of the patent rights; 2038 for PD-1 patents and 2035 for Non PD-1. Fair values for the future payments (which are contingent on the occurrence of future events and timings over the term of the agreements) cannot be reliably measured in accordance with the standard. Consequently, these future payments are instead accounted for as either contingent liabilities, outlined in note 12, or as commitments, outlined in note 13.

PD1 and Non PD1 are amortised over a period of 17 and 14 years respectively, being management's assessed useful life of the intangible assets.

(iii) CF33

On 18 November 2019, Imugene Limited acquired 100% of the shares in Vaxinia Pty Ltd. Vaxinia has separately acquired a worldwide exclusive licence to the promising oncolytic virus technology known as CF33 which is developed at City of Hope, a world-renowned independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angelas, California.

It is the board's expectation that the acquired CF33 intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the licence agreement and the value of equity issued to Vaxinia Pty Ltd shareholders for the acquisition of the company, and contingent considerations. The contingent consideration arrangements require the group to pay the former owners of Vaxinia pre-determined amount upon the completion of each of 3 milestones per the license agreements. The fair value of the contingent considerations was probability-adjusted based on the directors' assumption, 90% probability of completing the milestone 1 & 2.

CF33 is amortised over a period of 17 years, being management's assessed useful life of the intangible asset.

5 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

(iv) CD19

On 17 May 2021, the group signed an exclusive, worldwide licence to the CD19 intellectual property with the City of Hope independent cancer research and treatment centre.

It is the board's expectation that the acquired CD19 intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the licence agreement and contingent considerations. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestones per the license agreements. The fair value of the contingent considerations was probability-adjusted based on the directors' assumption, 90% probability of completing milestone 1 and 80% probability of completing milestone 2.

CD-19 is amortised over a period of 16 years, being management's assessed useful life of the intangible asset.

(v) Impairment tests for patents, licences and other rights

Patents, licences and other rights held by the group assessed for indicators of impairment annually.

Indicators of impairment include:

- The market capitalisation of Imugene Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2021 in excess of the net book value of assets;
- The scientific results and progress of the trials;
- Comparisons with companies in a similar field of development and similar stage; and
- Changes in growth of the oncology sector.

There were no indicators of impairment identified at 30 June 2021 (2020: Nil).

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

(vi) 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.

(c) Employee benefit obligations

	2021			2020		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Leave obligations (i)	**237,185**	**5,156**	**242,341**	170,412	2,082	172,494

(i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 20(p).

5 Non-financial assets and liabilities (continued)

(c) Employee benefit obligations (continued)

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $237,185 (2020: $170,412) 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.

(d) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 $	2020 $
Right-of-use assets[1]		
Properties	**267,989**	64,180
	267,989	64,180
Lease liabilities[2]		
Current	**106,007**	60,934
Non-current	**165,022**	8,402
	271,029	69,336

[1] Included in the line item 'property, plant and equipment' in the consolidated balance sheet.

[2] Included in the line items 'other current liabilities' and 'other non-current liabilities' in the consolidated balance sheet.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

		2021 $	2020 $
Depreciation charge of right-of-use assets			
Properties		**74,021**	54,762
Interest expense (included in finance cost)	2(d)	**5,024**	5,029
Expense relating to short-term leases (included in other expenses)	2(c)	**-**	-
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	2(c)	**-**	-
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	2(c)	**-**	-

The total cash outflow for leases in 2021 was $81,161.

5 Non-financial assets and liabilities (continued)

(d) Leases (continued)

(iii) The group's leasing activities and how these are accounted for

In September 2018, the group entered into a three-year commercial lease on an office in Sydney's central business district. The lease agreement does not impose any covenants, but the leased asset may not be used as security for borrowing purposes.

In April 2021, the group entered into a new three-year commercial lease on an office in Sydney's central business district. The lease agreement does not impose any covenants, but the leased asset may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The incremental borrowing rate used for the calculation of leases and lease terms for the financial year was 5.37%.

6 Equity

(a) Share capital

	Notes	**2021 Shares**	2020 Shares	**2021 $**	2020 $
Ordinary shares	6(a)(iii)				
Fully paid		**4,962,841,567**	4,425,970,549	**113,106,912**	92,797,564
	6(a)(i)	**4,962,841,567**	4,425,970,549	**113,106,912**	92,797,564

(i) Movements in ordinary shares:

Details	**Notes**	**Number of shares**	**Total $**
Balance at 1 July 2019		**3,609,847,749**	**63,122,493**
Issue at $0.0125 on exercise of ESOP unlisted options (2019-10-18)		2,500,000	31,250
Issue at $0.0175 on exercise of ESOP unlisted options (2019-10-18)		2,500,000	43,750
Shares issued at $0.0155 for the acquisition of Vaxinia Pty Ltd (2019-11-28)	6(a)(ii)	127,994,355	6,783,701
Issue at $0.04 on exercise of IMUOB options (2019-10-18)		491	20
Transfer from reserves on exercise of ESOP unlisted options (2019-10-18)		-	25,038
Issue at $0.04 on exercise of IMUOB options (2019-11-28)		41,660	1,666
Issue at $0.026 on exercise of IMUOA options (2019-11-28)		38,313	996
Issue at $0.036 pursuant to placement (2019-12-06)		683,047,981	24,589,727
Less: Transaction costs arising on share issues		-	(1,801,077)
Balance at 30 June 2020		**4,425,970,549**	**92,797,564**
Issue at $0.026 on exercise of IMUOA options (2020-08-05 to 2020-12-01)		242,418,174	6,302,872
Issue at $0.04 on exercise of IMUOB options (2020-08-05 to 2020-12-01)		73,150,041	2,926,002
Issue at $0.02 on exercise of ESOP unlisted options (2020-08-05)		10,000,000	200,000
Issue at $0.0125 on exercise of ESOP unlisted options (2020-08-05)		9,000,000	112,500
Issue at $0.015 on exercise of ESOP unlisted options (2020-08-05)		9,000,000	135,000
Issue at $0.0175 on exercise of ESOP unlisted options (2020-08-05)		9,000,000	157,500
Transfer from reserves on exercise of ESPOP unlisted options (2020-08-05)		-	178,905
Issue at $0.054 on exercise of IMUOC options (2020-12-01)		57,947,681	3,129,175
Issue at $0.029 to consultant in lieu of payment for services (2020-12-09)		3,946,046	114,103
Issue at $0.04 on exercise of ESOP unlisted options (2020-12-16)		5,000,000	200,000
Issue at $0.042 on exercise of ESOP unlisted options (2020-12-16)		10,000,000	420,000
Transfer from reserves on exercise of ESPOP unlisted options (2020-12-16)		-	154,945
Repayment of loaned shares to KMP	12(d)	-	186,000
Issue at $0.045 on exercise of ESOP unlised options (2021-04-01)		5,000,000	225,000
Transfer from reserves on exercise of ESPOP unlisted options (2021-04-01)		-	55,796
Issue at $0.040 on exercise of ESOP unlised options (2021-04-19)		5,000,000	200,000

6 Equity (continued)

(a) Share capital (continued)

Issue at $0.042 on exercise of ESOP unlised options (2021-04-19)	5,000,000	210,000
Transfer from reserves on exercise of ESPOP unlisted options (2021-04-19)	-	115,655
Issue at $0.040 on exercise of ESOP unlisted options (2021-05-25)	15,000,000	600,000
Issue at $0.042 on exercise of ESOP unlisted options (2021-05-25)	30,000,000	1,260,000
Issue at $0.045 on exercise of ESOP unlisted options (2021-05-25 to 2021-05-28)	30,000,000	1,350,000
Transfer from reserves on exercise of ESPOP unlisted options (2021-05-28)	-	693,461
Issue at $0.11 to consultants in lieu of payment for services (2021-06-15)	409,076	44,998
Issue at $0.33 to consultants in lieu of payment for services (2021-06-15)	2,000,000	660,000
Issue at $0.040 on exercise of ESOP unlisted options (2021-05-25)	5,000,000	200,000
Issue at $0.042 on exercise of ESOP unlisted options (2021-05-25)	10,000,000	420,000
Transfer from reserves on exercise of ESPOP unlisted options (2021-06-29)	-	183,000
Less: Transaction costs arising on share issues	-	(125,564)
Balance at 30 June 2021	**4,962,841,567**	**113,106,912**

(ii) Acquisition of Vaxinia Pty Ltd

Shareholders of Vaxinia were entitled to receive 127,994,355 shares in Imugene Limited after the deal was approved. 22,039,290 shares are escrowed for a period of 6 months after issue and 105,955,065 shares are escrowed for a period of 12 months after issue.

6 Equity (continued)

(a) Share capital (continued)

(iii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(iv) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in notes 6(c) and 16.

(b) Other equity

	2021 **$**	2020 $
Contingent issue of equity	**12,097,336**	12,097,336

Contingent issue of equity includes amounts related to the value of consideration shares to be issued to the previous Vaxinia shareholders once certain milestones are met as per their agreement. For more information, please refer to Note 12(b).

(c) Other reserves

The consolidated balance sheet line item ‘other reserves’ comprises the 'share-based payments reserve'.

(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 issued to key management personnel, other employees and and eligible contractors.

6 Equity (continued)

(c) Other reserves (continued)

(ii) Movements in options:

Details	Notes	Number of options	Total $
Balance at 1 July 2019		**760,274,240**	**988,945**
Forfeiture of ESOP unlisted options at $0.025		(2,500,000)	(14,455)
Exercise of ESOP unlisted options at $0.0125 (2019-10-18)		(2,500,000)	(12,519)
Exercise of ESOP unlisted options at $0.0175 (2019-10-18)		(2,500,000)	(12,519)
Exercise of IMUOB listed options at $0.04 (2019-10-18)		(491)	-
Revaluation of options awarded in prior period	6(c)(iii)	-	122,770
Exercise of IMUOA listed options at $0.026 (2019-11-28)		(38,313)	-
Exercise of IMUOB listed options at $0.04 (2019-11-28)		(41,660)	-
Issue of IMUOC listed options at $0.54 each (2019-12-06)		227,682,634	-
Issue of ESOP unlisted options at $0.040 each (2019-12-06)		30,000,000	167,996
Amortisation of share-based payments for options previously issued		-	981,484
Balance at 30 June 2020		**1,010,376,410**	**2,221,702**
Exercise of IMUOA options at $0.026 (2020-08-05)		(242,819,784)	-
Exercise of IMUOB options at $0.04 (2020-08-05)		(72,748,431)	-
Exercise of ESOP unlisted options at $0.02 (2020-08-05)		(10,000,000)	(78,000)
Exercise of ESOP unlisted options at $0.0125 (2020-08-05)		(9,000,000)	(37,039)
Exercise of ESOP unlisted options at $0.015 (2020-08-05)		(9,000,000)	(33,434)
Exercise of ESOP unlisted options at $0.0175 (2020-08-05)		(9,000,000)	(30,432)
Exercise of IMUOC options at $0.054 (2020-12-01)		(57,947,681)	-
Lapse of ESOP unlisted options at $0.04 (2020-12-01)		(5,000,000)	(57,614)
Lapse of ESOP unlisted options at $0.042 (2020-12-01)		(5,000,000)	(56,066)
Issue of ESOP unlisted options at $0.06 each (2020-12-03)		5,000,000	121,234
Issue of ESOP unlisted options at $0.065 each (2020-12-03)		5,000,000	75,568
Exercise of ESOP unlisted options at $0.04 (2020-12-16)		(5,000,000)	(62,000)
Exercise of ESOP unlisted options at $0.042 (2020-12-16)		(10,000,000)	(92,945)
Issue of ESOP unlisted options at $0.09 each (2020-12-16)		10,000,000	840,000
Issue of ESOP unlisted options at $0.15 each (2021-3-12)		5,000,000	225,500
Exercise of ESOP unlisted options at $0.045 (2021-04-01)		(5,000,000)	(55,796)
Exercise of ESOP unlisted options at $0.04 (2021-04-19)		(5,000,000)	(58,357)
Exercise of ESOP unlisted options at $0.042 (2021-04-19)		(5,000,000)	(57,298)
Exercise of ESOP unlisted options at $0.04 (2021-05-25)		(15,000,000)	(143,635)
Exercise of ESOP unlisted options at $0.042 (2021-05-25)		(30,000,000)	(280,018)
Exercise of ESOP unlisted options at $0.045 (2021-05-25 to 2021-05-28)		(30,000,000)	(269,808)
Issue of ESOP unlisted options at $0.19 each (2021-06-15)		45,000,000	2,967,382
Issue at $0.040 on exercise of ESOP unlisted options (2021-05-25)		(5,000,000)	(62,000)
Issue at $0.040 on exercise of ESOP unlisted options (2021-05-25)		(10,000,000)	(121,000)
Amortisation of share-based payments for options previously issued		-	509,516
Balance at 30 June 2021		**539,860,514**	**5,465,460**

6 Equity (continued)

(c) Other reserves (continued)

(iii) Revaluation of options awarded in prior period

Options awarded to the non-executive directors on 23 April 2019 and 20 May 2019 were valued at $757,000 with $209,116 expensed in the 30 June 2019 financial statements. At shareholder approval (grant date) on 8 November 2019, the options were revalued in accordance with AASB2 Share Based Payments for a value of $1,200,000 and an adjustment of $122,770 has been recorded to reflect the revaluation.

7 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Notes	**2021** **$**	2020 $
Loss for the period		**(18,455,363)**	(10,507,999)
Adjustments for			
Depreciation and amortisation		**1,962,422**	82,495
Finance costs	2(d)	**116,056**	5,029
Finance income	2(d)	**(126,565)**	(302,186)
Leave provision expense		**69,847**	29,418
Share-based payments	16(b)	**5,558,302**	1,272,250
Unrealised net foreign currency (gains)/losses		**(959)**	3,899
Change in operating assets and liabilities:			
Movement in other operating assets		**23,983**	12,843
Movement in trade and other receivables		**(2,455,270)**	(33,574)
Movement in trade and other payables		**27,536**	(999,940)
Net cash inflow (outflow) from operating activities		**(13,280,011)**	(10,437,765)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- options issued for no cash consideration - note 16.

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.

8 Critical estimates, judgements and errors (continued)

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of R&D tax incentive income accrual - note 2(a)(i)
- Estimation of expected future royalties payable and contingent consideration - note 4(d)(i)
- Impairment of patents, licences and other rights - note 5(b)(v)
- Estimation of employee benefit obligations - note 5(c)(i)
- Estimation of share-based payments - note 16(a)(i)

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.

(b) 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.

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.

9 Financial risk management (continued)

(a) Market risk (continued)

Exposure

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

	2021		2020
	USD	**EUR**	USD
	$	**$**	$
Cash and cash equivalents	**12,075**	**-**	13,199
Trade payables	**390,864**	**46,351**	626,033
Total exposure	**402,939**	**46,351**	639,232

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 loss for the period		**Impact on other components of equity**	
	2021	2020	**2021**	2020
	$	$	**$**	$
USD/AUD exchange rate - change by 4.9% (2019: 3.6%)*	**19,744**	23,012	**-**	-

* Holding all other variables constant

Profit is less sensitive to movements in the AUD/USD exchange rates in 2021 than 2020 because of the decreased amount of USD denominated cash and cash equivalents. 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.

9 Financial risk management (continued)

(a) Market risk (continued)

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	**29,487,025**	30,106,755
Financial assets at amortised cost	**115,198**	80,638
	29,602,223	30,187,393

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	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)*	**91,767**	60,375	**-**	-

* 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.

Profit is more sensitive to movements in interest rates in 2021 than 2020 due to increased cash and cash equivalents. The group's exposure to other classes of financial instruments with cash flow risk is not material.

(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.

9 Financial risk management (continued)

(c) Liquidity risk

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

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

(i) Maturities of financial liabilities

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

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
At 30 June 2021	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	1,260,808	-	-	-	-	1,260,808	1,260,808
Lease liabilities	57,846	48,577	83,754	80,852	-	271,029	271,029
Other financial liabilities	1,614,222	1,238,679	842,140	1,322,085	-	5,017,126	5,017,126
Total	**2,932,876**	**1,287,256**	**925,894**	**1,402,937**	**-**	**6,548,963**	**6,548,963**
At 30 June 2020							
Trade and other payables	1,233,272	-	-	-	-	1,233,272	1,233,272
Lease liabilities	30,270	30,664	11,021	-	-	71,955	71,955
Other financial liabilities	1,434,864	-	1,434,864	2,488,639	-	5,358,367	5,358,367
Total	**2,698,406**	**30,664**	**1,445,885**	**2,488,639**	**-**	**6,663,594**	**6,663,594**

10 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 2021 (2020: nil). The group’s franking account balance was nil at 30 June 2021 (2020: nil).

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
		%	%
Biolife Science Qld Pty Ltd	Australia	**100**	100
Lingual Consegna Pty Ltd	Australia	**100**	100
Vaxinia Pty Ltd	Australia	**100**	100

12 Contingencies

(a) PD-1 and Non PD-1 intellectual property

The group signed an exclusive licence with the Ohio State University and Mayo Clinic on 6 June 2018 to 16 issued patents or pending applications comprising PD-1 and Non PD-1 intellectual property. As a result, the group has incurred liabilities contingent on future events in respect of each agreement (i.e. the separate PD-1 and Non PD-1 agreements):

- **Royalties on sales**: 3 percent of sales where annual turnover is less than US$1 billion; 4 percent where annual turnover is greater than US$1 billion
- **Milestone fees**: Up to US$250,000 payable upon dosing of the first patient in each phase of a clinical trial; US$1,000,000 payable upon first commercial sale
- **Annual licence fees**: US$250,000 per annum payable contingent on first commercial sale
- **Sublicence fees**:
    - 25 percent of sublicensing consideration prior to first patient dosing in Phase I clinical trial
    - 15 percent of sublicensing consideration prior to first patient dosing in Phase II clinical trial
    - 10 percent of sublicensing consideration prior to first patient dosing in Phase III clinical trial
    - 8 percent of sublicensing consideration after first patient dosing in Phase III clinical trial

(b) CF33 intellectual property

The key financial terms of the purchase include a cash payment of $97,588 and the issue of 127,994,355 shares in Imugene Limited. For further details, please refer to note . There is a deferred consideration element of three earnout components should certain milestones be achieved:

Milestone	Description	Consideration shares	Value
1.	Allowance of investigational new drug by the US Food and Drug Administration in relation to CF33	119,354,838	$6,325,806
2.	Dosing of first patient in a Phase 1 clinical trial for CF33	134,258,064	$7,115,677
3.	Meeting Phase 1 safety endpoints excluding efficacy and dose	149,193,548	$7,907,258

Management expects the milestone 1 and 2 to be met with certainty, however it is uncertain whether to meet milestone 3 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 and 2 for this current reporting period and the group has incurred liability contingent on future event as follows:

- **Milestone fees:** $2,312,500 payable upon meeting Phase 1 safety endpoints excluding efficacy and dose.

Also, the group separately signed the Exclusive License Agreement ("the Agreement") with the City of Hope ("COH") to acquire a worldwide exclusive license ("the License") to the promising oncolytic virus technology, known as CF33, 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 key financial terms of the purchase include a cash payment of US$3 million. The group has also incurred liabilities contingent on future events in respect of the License, which are summarised below:

12 Contingencies (continued)

(b) CF33 intellectual property (continued)

- **Development Milestone Payments:** Up to US$1.5m payable to the COH upon meeting various milestones:

Milestone	Deadline	Requirement	Payment to COH
1.	8 July 2021	To dose the first patient in a Phase 1 clinical trial of CF33	US$0.15m
2.	8 July 2023	To dose the first patient in a Phase 2 clinical trial of CF33	US$0.3m
3.	8 July 2026	To dose the first patient in a Phase 3 clinical trial of CF33	US$1m
4.	8 July 2029	Receive marketing approval in the US for CF33	US$3m
5.	No deadline	Receive marketing approval in any jurisdiction other than the US	US$1.5m

- **Sales Milestone Payments:**

Once the following Milestones have been met, the group will have paid a total of US$150 million.

- **Milestone 1:** Net sales first totalling US$125 million.
- **Milestone 2:** Net sales first totalling US$250 million.
- **Milestone 3:** Net sales first totalling US$500 million.
- **Milestone 4:** Net sales first totalling US$1 billion.

- **Royalties on net sales:**

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

(c) CD19 intellectual property

The group signed the Exclusive License Agreement (“the Agreement”) with the City of Hope (“COH”) to acquire a worldwide exclusive license (“the License”) to the promising CAR-T technology, known as CD19, 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 key financial terms of the purchase include a cash payment of US$4 million. The group has also incurred liabilities contingent on future events in respect of the License, which are summarised below:

- **Development Milestone Payments:** Up to US$6.55m payable to the COH upon meeting various milestones:

Milestone	Requirement	Payment to COH
1.	Upon the earlier of (a) initiation of cGMP manufacturing or (b) submission of a IND., in each case, for a Licensed Product expressing a target protein other than CD19, including expression of CD19 in conjunction with another target protein.	US$1m
2.	Dosing of the first patient in the first Phase 1 Clinical Trial anywhere in the Territory.	US$0.1m
3.	Dosing of the first patient in the first Phase 2 Clinical Trial anywhere in the Territory.	US$0.2m
4.	Dosing of the first patient in the first Phase 3 Clinical Trial anywhere in the Territory.	US$0.75m
5.	Upon the first Marketing Approval in the United States.	US$3m

12 Contingencies (continued)

(c) CD19 intellectual property (continued)

Milestone	Requirement	Payment to COH
6.	Upon the first Marketing Approval in any jurisdiction other than the United States.	US$1.5m

- **Sales Milestone Payments:**

Once the following Milestones have been met, the group will have paid a total of US$115 million.

- **Milestone 1:** Net sales first totalling US$125 million.
- **Milestone 2:** Net sales first totalling US$250 million.
- **Milestone 3:** Net sales first totalling US$500 million.
- **Milestone 4:** Net sales first totalling US$1 billion.

- **Royalties on net sales:**

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

(d) Share arrangement

The group agreed to granting Charles Walker $300,000 worth of shares in the group during the 2014 AGM for his services as Chief Executive Officer. Part of the agreement included that if or when he sold the shares, he would be required to repay Imugene the $300,000. If a portion of shares were sold, he is required to pay a portion of the outstanding sum to the company.

At 30 June 2021 $114,000 of the original amount represents a contingent asset, while the remaining $186,000 has been repaid to Imugene.

13 Commitments

(a) Research and development commitments

The group had research and development commitments at 30 June 2021 in respect of:

(i) Arginine modulator intellectual property

On 13 December 2016, the group announced it had entered into an agreement with Baker IDI Heart and Diabetes Institute Holdings Limited where a contingent liability exists relating to the commercialisation of arginine modulator intellectual property. As at 30 June 2021, no liability was recognised on the basis that commercialised income cannot be reliably measured.

(ii) PD-1 and Non PD-1 intellectual property

The group signed an exclusive licence with the Ohio State University and Mayo Clinic on 6 June 2018 to 16 issued patents or pending applications comprising PD-1 and Non PD-1 intellectual property. As a result, the group has incurred the following commitments in respect of each agreement (i.e. the separate PD-1 and Non PD-1 agreements):

- **Maintenance fees:** Up to US$100,000 payable annually each anniversary of the agreement, until the date of first commercial sale.

In a third agreement, separate to the PD-1 and Non PD-1 licensing agreements, the group has a commitment to pay US$546,000 per annum to cover ongoing research costs by the Ohio State University for the financial year ending 30 June 2021. These payments are for work yet to be performed as at 30 June 2021.

13 Commitments (continued)

(a) Research and development commitments (continued)

(iii) CF33 intellectual property

The group had number of commitments in relation to the Agreement signed with City of Hope per the below:

- **Licensee Diligence:** The group is required to spend research and development commitments to develop CF33 in relation to the Agreement entered with the COH:

Milestones	Deadline	Requirement
1.	8 July 2021	To spend not less than US$6m on the development of CF33
2.	8 July 2021	To dose the first patient in a Phase 1 clinical trial of CF33
3.	8 July 2023	To spend not less than US$9m, in addition to the US$6m spent for Milestone A, on the development of CF33
4.	8 July 2023	To dose the first patient in a Phase 2 clinical trial of CF33
5.	8 July 2026	To dose the first patient in a Phase 3 clinical trial of CF33
6.	8 July 2029	Receive marketing approval in the US for CF33

- **Licence maintenance fee:** Non-refundable annual licence fee is payable to COH of US$50,000. Payment is required on or before 10th business day after the beginning of each license year (excluding first license year ending 31 December 2019).

(iv) CD19 intellectual property

The group had the following commitments in relation to the Agreement signed with City of Hope:

- **Licence maintenance fee:** Non-refundable annual license fee is payable to City of Hope of US$50,000. This is payable on or before the tenth business day after the beginning of each License Year (excluding the first Licence Year ending December 31, 2021).

14 Events occurring after the reporting period

On 29 July 2021, the company completed a capital raise by issuing 300,000,000 shares to investors. Gross proceeds raised were $90 million. Investors were also able to obtain 1 option (exercisable at $0.45) for every 2 shares purchased. Additionally, the company announced the plan to complete a Share Purchase Plan which gives current shareholders the opportunity to purchase shares in the company at $0.30. Gross proceeds are capped at $5 million. Shares will come with a free attaching option (exercisable at $0.45) for every 2 shares purchased.

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

15 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 11.

(b) Key management personnel compensation

	2021 **$**	2020 $
Short-term employee benefits	**2,225,192**	1,478,254
Post-employment benefits	**49,600**	48,237
Long-term benefits	**17,314**	17,732
Share-based payments	**584,319**	904,367
	2,876,425	2,448,590

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 24.

16 Share-based payments

(a) Employee share and option plan

The establishment of the 'employee share option plan' (ESOP) was approved by shareholders at the 2020 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	**$0.04**	**1,010,376,410**	$0.03	760,274,240
Granted during the year	**$0.15**	**70,000,000**	$0.05	257,682,634
Exercised during the year	**$0.03**	**(530,515,896)**	$0.03	(5,080,464)
Forfeited/lapsed during the year	**$0.04**	**(10,000,000)**	$0.03	(2,500,000)
As at 30 June	**$0.06**	**539,860,514**	$0.04	1,010,376,410
Vested and exercisable at 30 June	**$0.06**	**431,110,514**	$0.04	811,626,410

16 Share-based payments (continued)

(a) Employee share and 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 2021	Share options 30 June 2020
2015-10-26 (IMUOP7)	2020-09-14	0.0125	-	9,000,000
2015-10-26 (IMUOP8)	2020-09-14	0.0150	-	9,000,000
2015-10-26 (IMUOP9)	2020-09-14	0.0175	-	9,000,000
2017-03-30 (IMUOP11)	2020-12-04	0.020	-	10,000,000
2017-12-06 (IMUOA)	2020-11-22	0.026	-	242,418,174
2018-07-13 (IMUOB)	2021-11-30	0.040	175,125,561	248,275,602
2018-07-19, 2018-11-19 (IMUOP14)	2021-06-30	0.040	-	20,000,000
2018-07-19, 2018-11-19 (IMUOP15)	2021-06-30	0.042	-	35,000,000
2018-07-19, 2018-11-19 (IMUOP16)	2021-06-30	0.045	-	35,000,000
2018-09-01 (IMUOP17)	2021-08-31	0.040	-	5,000,000
2018-09-01 (IMUOP18)	2021-08-31	0.042	-	5,000,000
2019-06-13 (IMUOP19)	2022-06-13	0.040	25,000,000	25,000,000
2019-11-08 (IMUOP20)	2022-11-08	0.040	10,000,000	20,000,000
2019-11-08 (IMUOP21)	2022-11-08	0.042	20,000,000	40,000,000
2019-11-08 (IMUOP22)	2022-11-08	0.045	40,000,000	40,000,000
2019-08-07 (IMUOP23)	2022-08-07	0.040	15,000,000	15,000,000
2019-08-07 (IMUOP24)	2022-08-07	0.040	15,000,000	15,000,000
2019-12-06 (IMUOC)	2022-11-30	0.054	169,734,953	227,682,634
2020-09-30 (IMUOP24)	2023-09-30	0.065	5,000,000	-
2020-09-30 (IMUOP25)	2023-09-30	0.060	5,000,000	-
2020-12-01 (IMUOP26)	2023-12-01	0.090	10,000,000	-
2021-02-26 (IMUOP27)	2024-02-26	0.150	5,000,000	-
2021-04-30 (IMUOP28)	2025-04-30	0.190	22,500,000	-
2021-04-30 (IMUOP29)	2025-04-30	0.190	15,000,000	-
2021-04-30 (IMUOP30)	2025-04-30	0.190	7,500,000	-
Total			539,860,514	1,010,376,410

Weighted average remaining contractual life of options outstanding at end of period	1.29	1.44

(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.

16 Share-based payments (continued)

(a) Employee share and option plan (continued)

The model inputs for options granted under ESOP during the year 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 ($)
2020-09-30 (IMUOP24)	2023-09-30	0.065	5,000,000	0.047	92.60%	0.00%	0.17%	0.0253
2020-09-30 (IMUOP25)	2023-09-30	0.06	5,000,000	0.047	92.60%	0.00%	0.17%	0.0270
2020-12-01 (IMUOP26)	2023-12-01	0.09	10,000,000	0.13	90.90%	0.00%	0.12%	0.0840
2021-02-26 (IMUOP27)	2024-02-26	0.15	5,000,000	0.10	86.10%	0.00%	0.10%	0.0451
2021-04-30 (IMUOP28)	2025-04-30	0.19	22,500,000	0.19	89.50%	0.00%	0.10%	0.1197
2021-04-30 (IMUOP29)	2025-04-30	0.19	15,000,000	0.19	89.50%	0.00%	0.10%	0.1197
2021-04-30 (IMUOP30)	2025-04-30	0.19	7,500,000	0.19	89.50%	0.00%	0.10%	0.1197
			70,000,000					

(ii) Vesting conditions

Non-market vesting conditions are in place for certain options issued under ESOP which are expected to be met over a period no greater than 2 years after grant date.

(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 ESOP	**4,739,200**	1,272,250

17 Remuneration of auditors

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

(a) Grant Thornton Audit Pty Ltd

(i) Audit and other assurance services

	2021 $	2020 $
Audit and review of financial statements	**75,040**	65,500
Total remuneration for audit and other assurance services	**75,040**	65,500

(ii) Other services

Compliance services for employee share schemes	**4,050**	1,500
Total remuneration for other services	**4,050**	1,500

17 Remuneration of auditors (continued)

Total auditor's remuneration	**79,090**	67,000

18 Loss per share

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

	2021	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	**18,455,363**	10,507,999

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

	2021	2020
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**4,663,540,972**	4,074,894,302

On the basis of the group's losses, the outstanding options as at 30 June 2021 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

19 Parent entity financial information

(a) Summary financial information

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

	2021 $	2020 $
Balance sheet		
Current assets	**36,318,828**	34,494,621
Non-current assets	**33,391,051**	28,611,136
Total assets	**69,709,879**	63,105,757
Current liabilities	**4,456,904**	2,822,484
Non-current liabilities	**1,348,953**	1,513,673
Total liabilities	**5,805,857**	4,336,157
Shareholders' equity		
Share capital	**113,106,912**	92,797,564
Other equity	**(12,097,336)**	(12,097,336)
Reserves		
Share-based payments	**5,465,460**	(2,221,702)
Accumulated losses	**66,765,686**	48,347,002
Loss for the period	**18,532,366**	10,430,434
Total comprehensive loss	**18,532,366**	10,430,434

(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 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 year 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

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

(ii) Tax consolidation legislation

Imugene Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

19 Parent entity financial information (continued)

(e) Determining the parent entity financial information (continued)

The head entity, Imugene Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Imugene Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Imugene Limited for any current tax payable assumed and are compensated by Imugene Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Imugene Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Contents of the summary of significant accounting policies

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20 Summary of significant accounting policies

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

(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*. Imugene Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Imugene Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

Some of the risks inherent in the development of oncolytic immunotherapies 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.

The audited financial report has been prepared on a going concern basis. Accordingly, the audited financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

(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.

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

(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. This has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Imugene 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, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 2 provides further information on how the group accounts for government grants.

20 Summary of significant accounting policies (continued)

(f) 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.

(g) Leases

The accounting policies for the group’s leases are explained in note 5(d)(iii).

(h) 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.

(i) 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 balance sheet.

20 Summary of significant accounting policies (continued)

(j) 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.

(k) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

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

20 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

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 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 period 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.

(v) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(l) 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.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

20 Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 5(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 20(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) 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) Patents, licences and other rights

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

(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 5(b)(vi) for details about amortisation methods and periods used by the group for intangible assets.

20 Summary of significant accounting policies (continued)

(o) 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 period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) 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) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 16.

Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment 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 (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. 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.

20 Summary of significant accounting policies (continued)

(q) 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.

(r) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss 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 year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss 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.

(s) 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.

(t) 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 balance sheet.

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 29 to 77 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 consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

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

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

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

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

Mr Paul Hopper
Executive Chairman

Sydney
30 August 2021

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Independent Auditor's Report

To the Members of Imugene Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Imugene Limited (the Company) and its subsidiaries (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(b)	
The Group has capitalised intangible assets through acquisitions, associated with the development of its products, totalling $34.893 million as at 30 June 2021. As these assets are considered to be in use, in accordance with AASB 136 Impairment of Assets, management is required to assess at each reporting date if there are any indicators of impairment which may suggest the carrying value is in excess of the recoverable value. We have determined this is a key audit matter due to the significant judgement involved in the impairment indicator analysis and also the financial significance of this asset recognised in the statement of financial position.	Our procedures included, amongst others: • Obtained management's impairment indicator analysis and verified reasonableness through review of public information and discussions 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); • Engaged with our internal expert to review the reasonableness of the analysis; and • Reviewed the adequacy of the presentation and disclosure in the financial statements.
Research & development tax incentive scheme - Note 2(a)	
Under the research and development (R&D) tax incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than $20 million per annum provided, it is not controlled by income tax exempt entities. An R&D plan is filed with AusIndustry in the following financial year, and based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. There is a degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme. This area is a key audit matter due to the judgements and estimates associated with analysis	Our procedures included, amongst others: • Developed an understanding of the model, identifying and assessing the key assumptions in the calculation; • Reviewed the reasonableness of assumptions utilised in the calculation; • Agree expenses to the underlying supporting documentation and reviewed included expenses for reasonableness; • Validated the mathematical accuracy of the accrual; • Compared the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax claim; • Compared the nature of the R&D expenditure included in the current year estimate to the prior year estimate; • Considered the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • Assessed the eligible expenditure used to calculate the estimate to the expenditure recorded in the general ledger; • Inspected copies of relevant correspondence with AusIndustry and the ATO related to the claims; • Engaged with our R&D specialist to review the reasonableness of the calculation; and • Reviewed disclosures in the notes to the financial statements to ensure adequate.

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 16 to 24 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Imugene 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

T S Jackman
Partner – Audit & Assurance

Melbourne, 30 August 2021