IMUGENE
Developing Cancer Immunotherapies

ASX Release

31 October 2023

Amended Annual Report

Imugene Limited (ASX:IMU) provides the attached amended Annual Report 2023. The amendments to the Annual Report released on 29 September 2023 relate to pages 42 and 96-99 inclusive being the Independent Auditor's reports only and are due to administrative oversight in relation to the forms published. There are no amendments to the Financial Statements or other sections of the Annual Report.

Release authorised by the Company Secretary, Imugene Limited.

IMUGENE

Developing Cancer Immunotherapies

ASX:IMU

ANNUAL REPORT 2023

Imugene Limited
ABN 99 009 179 551

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IMUGENE
Developing Cancer Immunotherapies

Annual Report 2023

CORPORATE DIRECTORY

CORPORATE DIRECTORY

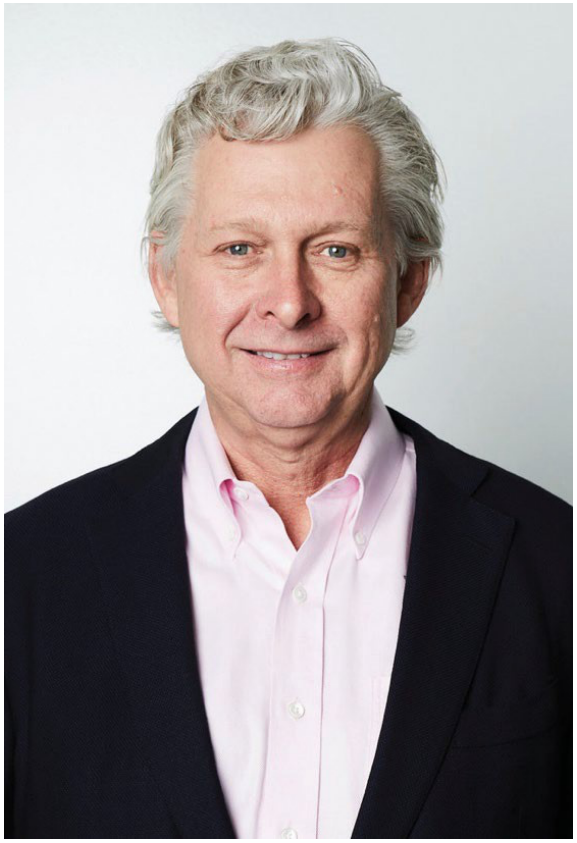
Directors	**Mr Paul Hopper** Executive Chairman **Ms Leslie Chong** Chief Executive Officer and Managing Director **Dr Lesley Russell** Non-Executive Director **Dr Jens Eckstein** Non-Executive Director **Dr Jakob Dupont** Non-Executive Director **Ms Kim Drapkin** Non-Executive Director
Secretary	**Mr Mike Tonroe**
Registered office	Suite 12.01, Level 12, 4-6 Bligh Street, Sydney NSW 2000, Australia
Principal place of business	Suite 12.01, Level 12, 4-6 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

IMUGENE
Developing Cancer Immunotherapies

Annual Report 2023

CHAIRMAN'S LETTER

EXECUTIVE CHAIRMAN'S LETTER



Dear Fellow Shareholders,

I am pleased to present the Annual Report of Imugene Limited for the year ended 30 June 2023.

It has been a year of solid growth and your Company has once again worked tirelessly throughout the year to deliver remarkable progress across our deep clinical pipeline.

Despite the challenges that the broader biotechnology sector has continued to face, we are steadfast in the view that Imugene is positioned more strongly than ever before, and in time the Company and shareholders will see the benefits.The Board and management recognise the impact of the falling share price and understand the concerns expressed by shareholders.

On the clinical front we have been busier than ever.

After much anticipation, we expect to see onCARlytics enter the clinic following receipt of an Investigational New Drug (IND) clearance from the US Food and Drug Administration (FDA). While the Phase 1 clinical study will concentrate on the combination of onCARlytics with Blincyto®, we also continue to progress our preclinical investigations with additional CD19 therapeutic partners.

The ability of our team to execute has been evident with the progress of the Phase 1 MAST trial for VAXINIA. It has continued through the cohorts on schedule while also expanding to sites within Australia. We look forward to concluding this trial within FY24 and providing results as soon as practical thereafter.

CHECKvacc Phase 1 presented us with positive imaging data for patients with triple negative breast cancer, as well as demonstrating its safety and tolerability as dose levels increased. Follow on studies are under consideration.

The B-cell technology saw the IMPRINTER clinical study dose its first patient in June 2023, evaluating the safety and efficacy of PD1-Vaxx alone or in combination with Roche's Tecentriq® for non-small cell lung cancer.

HER-Vaxx has progressed with the HER-2+ gastric cancer patient dosed as part of the nextHERIZON Phase 2 clinical trial.

Given the breadth of programs Imugene now possesses, management continues to pursue out-licensing opportunities for its B-cell immunotherapies.

The team, and our asset portfolio, was well recognised with acceptance and participation at some of the most prestigious medical and biotechnology investment conferences around the world such as American Society of Clinical Oncology Gastrointestinal Cancers (ASCO GI), Society for Immunotherapy of Cancer (SITC), European Society for Medical Oncology (ESMO) and ESMO Gastrointestinal Cancer (ESMO GI), American Society of Gene & Cell Therapy (ASGCT) and World Conference on Lung Cancer, to name a few.

We maintain an emphasis on high calibre, driven talent within the organisation, which leads to change and new hires that best suit the direction of Imugene. This included adding two new Non-Executive Directors, Dr Jakob Dupont and Ms Kim Drapkin, both of whom bring substantial experience in the US biotechnology and pharma sector. Senior management was also strengthened as we welcomed CFO and Company Secretary Mike Tonroe, Vice President CMC (Chemistry, Manufacturing and Controls) Paul Wright, and Executive Director, Clinical Scientist Dr Sharon Yavrom. Post balance date, the team has been substantially enhanced with deep cellular therapy expertise to support our new thrust into that sector.

Your Company continues to be most ably led by our CEO Leslie Chong, whose energy and work commitment are unrivalled. On behalf of the Board I thank her for her dedication to our mission.

Against the backdrop of a tough share market for biotech companies, it is fortunate that the Company remains in a well-funded position, following the $80m institutional placement in September 2022. We have remained prudent and agile in managing our resources, and this approach has allowed us to not only weather the challenges posed by the economic climate but also to progress our broad pipeline of clinical programs.

Subsequent to balance date we have raised $35 million largely through an institutional placement and $18.2 million from a Shareholder Purchase Plan. I thank shareholders for their support of the SPP which has resulted in Imugene being one of the best funded biotechs on the ASX.

The acquisition of the azer-cel technology in North Carolina post balance date was a transformational move for Imugene. We now have a cell therapy technology with promising Phase 1 data across a large patient set of 84 blood cancer patients, which following encouraging discussions with the FDA, we hope will provide a spring-board into a registrational Phase 2 trial commencing some time in calendar 2024.

As we look forward, our vision remains unwavering. Imugene is committed to pushing the boundaries of medical science and advancing its novel therapies for the benefit of patients in need. Thanks to the entire Imugene team for their dedication and commitment to this cause.

In closing, I also want to extend my thanks to our shareholders for your support of Imugene. The share price performance is disappointing, but moving into 2024, I am confident that we are better positioned than ever before to overcome challenges, and pave the way for a bright future for Imugene.

Thank you for being part of our story.

Sincerely,

Paul Hopper
Executive Chairman

REVIEW OF OPERATIONS & ACTIVITIES

YEAR ENDED 30 JUNE 2023

Imugene Limited ('the Company') is pleased to announce its financial results for the year ended 30 June 2023. Throughout the report, the consolidated entity is referred to as 'the Group'.

This review of operations and activities forms part of the directors' report.

FINANCIAL REVIEW

The Group reported a loss for the year ended 30 June 2023 of $37,914,890 (30 June 2022: $37,869,174). 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 a successful capital raise in September 2022, the Group's net assets increased to $189,626,002 (30 June 2022: $138,704,744). As at 30 June 2023, the Group had cash reserves of $153,150,662 (30 June 2022: $99,887,725).

As announced on 18 August 2023, Imugene received firm commitments from institutional and sophisticated investments for a $35 million placement of 416,700,000 new fully paid ordinary shares in the Company at a price of $0.084 per share. The placement received strong interest and support from specialist biotech institutional investors.

Imugene also undertook a Share Purchase Plan to further raise approximately $18.2 million to follow the Placement. Under the Placement and SPP, participants will receive one free option for every share received under the offer, at the lower of $0.084 or 2.5% discount to the closing 5-day VWAP. The options are intended to be listed on the ASX with an exercise price of $0.118 and an expiration of 31 August 2026.

OPERATING REVIEW

ONCARLYTICS

FDA Clearance for Phase 1 Trial

Imugene obtained IND clearance from the US FDA for a Phase 1 clinical trial for its oncolytic virotherapy candidate, onCARlytics (onCAR19, CF33-CD19, HOV4). The clinical study, named "OASIS," is investigating the safety and tolerability of onCARlytics. It aims to determine its effects when administered either intravenously or intratumorally in combination with blinatumomab in patients with solid tumours.

The onCARlytics platform, when combined with the CD19 targeting bispecific monoclonal antibody blinatumomab (Blincyto®), may offer a therapeutic approach for solid tumours that cannot be addressed with Blincyto® as a standalone treatment.

The FDA clearance of the IND allows Imugene to start patient recruitment and dosing in the first-in-class Phase 1 clinical study.

Positive new data for onCARlytics virus combined with ARTEMIS® T cells

Imugene presented preclinical data at the American Society of Gene and Cell Therapy's Annual Meeting. This data pertains to the combined use of the onCARlytics technology and Eureka Therapeutics, Inc.'s ARTEMIS® cell receptor platform. The combined approach was evaluated against hepatocellular carcinoma, a primary form of liver cancer. In this context, ARTEMIS® T cells have shown distinct attributes, such as better tumour infiltration and increased T cell persistence, compared to traditional CAR T cell therapies in pre-clinical trials.

Imugene presents at Society for Immunotherapy of Cancer 2022 Annual General Meeting

Imugene's onCARlytics platform was featured at the Society for Immunotherapy of Cancer 2022 Annual General Meeting. The platform was highlighted in three presentations, including on its combined efficacy with therapies such as Celularity's CYCART-19 T cells and Estrella's CD19-Redirected ARTEMIS® T cells. Detailed findings and data from these presentations are available on the Imugene website.

Collaboration with Arovella Therapeutics

Imugene and Arovella Therapeutics Ltd initiated a collaborative project to test the integration of Arovella's CAR19-iNKT cell therapy with the onCARlytics platform. The primary goal of this collaboration is to explore potential treatments for solid tumours. This approach utilises the capability of Imugene's technology to induce solid tumours to express the CD19 marker, potentially facilitating the targeting capabilities of Arovella's ALA-101.

VAXINIA

Phase 1 MAST Trial Progress

The Phase 1 MAST trial for VAXINIA (CF33-hNIS) has consistently progressed according to the planned schedule. As at the end of the financial year, the trial was dosing:

- The third cohort for the intratumoural (IT) arm of the monotherapy study.
- The fourth cohort for the intravenous (IV) arm of the monotherapy study.
- The first cohort of the IT arm of the combination study.
- The second cohort of the IV arm of the combination study.

This multicenter trial began by administering a low dose of VAXINIA to patients with metastatic or advanced solid tumours who have undergone at least two previous standard care treatments. The oncolytic virus developed by City of Hope has shown potential in shrinking several cancer types, including colon, lung, breast, ovarian, and pancreatic cancer in both laboratory and animal models. Overall, the study aims to recruit up to 100 patients across approximately 10 trial sites in the United States and Australia.

The clinical trial is titled "A Phase I, Dose Escalation Safety and Tolerability Study of VAXINIA (CF33- hNIS), Administered Intratumorally or Intravenously as a Monotherapy or in Combination with Pembrolizumab in Adult Patients with Metastatic or Advanced Solid Tumours (MAST)." The trial commenced in May 2022 and is anticipated to run for approximately 24 months.

Australian Expansion with Human Research Ethics Committee (HREC) Approval

Imugene received approval from the HREC to begin dosing patients in Australia. This approval signifies the initial independent assessment of VAXINIA's pre-clinical safety and efficacy data within Australia, allowing the clinical trial to expand to local sites. The Tasman Oncology Research in Eastwood, South Australia, was the first hospital granted this ethics approval, with additional clinical sites since having opened in Australia.

Partnership with ABL

In October 2022, Imugene partnered with the Contract Development and Manufacturing Organisation (CDMO) ABL for the manufacturing of Imugene's VAXINIA oncolytic virus for its MAST clinical studies. This collaboration provides Imugene access to ABL's premier CDMO services, complete with analytical support, GMP manufacturing, and drug product fill-finish.

CHECKvacc

First Patient Dosed in Cohort 3 in the Phase I Clinical Trial of Oncolytic Virotherapy CHECKvacc

In August 2022, the Company announced that City of Hope® had dosed the first patient in cohort 3 in the Phase I clinical trial of oncolytic virotherapy candidate CHECKvacc (CF33-hNIS-antiPDL1). The first-in-human, Phase 1, single-centre, dose-escalation study of CHECKvacc is recruiting patients with triple negative breast cancer (TNBC) and seeks to evaluate the safety and initial evidence of the efficacy of intra-tumoural administration of CF33-hNIS-antiPDL1 against metastatic TNBC.

The trial design involves a dose escalation, followed by an expansion to 12 patients at the final dose, which will be the recommended phase 2 dose.

Positive imaging data presented on CHECKvacc at AACR Annual Meeting

At the AACR Annual Meeting held in Orlando, Florida during April 2023, Imugene presented positive imaging data on its oncolytic virotherapy candidate, CHECKvacc (CF33-hNISantiPDL1).

Dr Jamie Rand, an Assistant Professor in the Division of Breast Surgery at the City of Hope's Department of Surgery, presented the abstract titled "hNIS imaging data from a first-inhuman trial of the oncolytic virus CF33-hNIS-antiPD-L1 in patients with triple negative breast cancer."

Imugene presents new and first CHECKvacc data at the 2022 San Antonio Breast Cancer Symposium

The 2022 San Antonio Breast Cancer Symposium (SABC 2022) was held on 9 December 2022 in San Antonio, Texas. Imugene presented new and first data from TNBC patients in the Phase I CHECKVacc trial.

PD1-Vaxx

First patient dosed in combination study for PD1-Vaxx IMPRINTER clinical trial

On 1 June 2023, the Company announced the first patient had been dosed in the combination cohort of the IMPRINTER study, a clinical trial to evaluate the safety and efficacy of Imugene's PD1-Vaxx, a B-cell activating immunotherapy alone or in combination with atezolizumab (Tecentriq®), an immune checkpoint inhibitor targeting PD-L1 from Roche, in patients with non-small cell lung cancer (NSCLC).

The objectives of the open label, multi-center, dose escalation/expansion, phase 1/1b study of IMU-201 (PD1-Vaxx), a B-Cell Immunotherapy as monotherapy or in combination with atezolizumab with or without chemotherapy, in adults with non-small cell lung cancer (IMPRINTER), are to determine safety, efficacy, and optimal dose of PD1-Vaxx in combination with atezolizumab as therapy in ICI treatment-naïve NSCLC patients or ICI pretreated patients.

The study is being conducted at sites in USA and Australia. Dual targeting of the PD-1/PDL1 axis is an area of considerable interest, providing treatment options for patients with cancer. Combination with PD1-Vaxx may overcome treatment resistance to ICIs with dual inhibition of the PD-1/PD-L1 axis extending the treatment benefit of atezolizumab. In contrast to the combination of two monoclonal antibodies, PD1-Vaxx induces a unique polyclonal immune response which may increase response rates for the combination therapy.

PD1-Vaxx immunotherapy patent extended in the US

Imugene announced the extension of a patent (number 11686929) by the United States Patent Office.

The granted claims protect Imugene's immunotherapeutic PD1-Vaxx, a first-in-class PD1 vaccine, currently in clinical development for NSCLC.

The patent titled "HUMAN PD1 PEPTIDE VACCINES AND USES THEREOF" will expire on 11 February 2040 (including 685 days of patent term adjustment added to the original expiry date of 28 March 2038) and protects the composition of matter and method of treatment in cancer of Imugene's PD1-Vaxx for the generation of a therapeutic antibody response against the PD1 checkpoint target.

PD1-Vaxx Data Presented at 2022 World Conference on Lung Cancer

During August 2022 data from NSCLC patients in the Phase 1 IMPRINTER trial was presented as a poster presented at

the IASLC World Conference on Lung Cancer. Professor Michael Boyer M.D., MBBS, FRACP, PhD, Chris O'Brien Lifehouse Hospital presented the poster, titled "Phase 1: IMU-201 (PD1-Vaxx), a B-Cell Immunotherapy as Monotherapy or in Combination with Atezolizumab, in Adults with Non-Small Cell Lung Cancer."

HER-Vaxx/CF33

First Patient Dosed in nextHERIZON Phase 2 clinical trial

During September 2022, the Company announced that the first patient was dosed in the nextHERIZON Phase 2 clinical trial investigating Imugene's immunotherapy candidate HER-Vaxx in combination with chemotherapy or pembrolizumab in patients with HER-2+ gastric cancer.

The patient was dosed at the Queen Elizabeth Hospital in Adelaide.

The open-label, multi-center, signal generating, Phase 2 clinical trial is designed to assess the safety and efficacy of HER-Vaxx in combination with chemotherapy or pembrolizumab in patients with metastatic HER-2/neu overexpressing gastric or gastroesophageal junction adenocarcinomas, who have previously progressed on trastuzumab. The study's primary endpoints are safety and response rate, while secondary endpoints include duration of response, progression free survival, overall survival, and biomarker evaluation.

HER-Vaxx induced antibodies correlated with tumour reduction

At the end of the period Imugene announced new HER-Vaxx data was presented at the World Congress of Gastrointestinal Cancer in Barcelona.

For 25 years, the World Congress on Gastrointestinal Cancer has been the foundation for sharing the most advanced research and innovations impacting the field of gastrointestinal cancer. As the largest global gathering in the field, the Congress brings together leading gastroenterology, oncology, pathology, and hepatology experts, clinicians, and surgeons, as well as clinical researchers from across the globe to share pioneering research, approaches, and best practices in treating patients with cancers of the gastrointestinal tract.

Imugene's HER-Vaxx & CF33 platforms featured at ASCO Gastrointestinal Cancers Symposium

The ASCO Gastrointestinal Cancers Symposium, was held on 19-21 January 2023 in San Francisco, California. The 20th annual international event highlights the latest developments and breakthroughs in the field of gastrointestinal oncology, attended by more than 4,000 scientific figures, clinical researchers, academics, oncologists and medical practitioners from around the world.

Imugene presented its HER-Vaxx and CF33 technologies at this symposium across four separate sessions. The slides and posters can be viewed on the Imugene website.

HER-Vaxx HERIZON data presented at ESMO Asia Congress 2022

Positive new data regarding overall survival results in the HER-Vaxx HERIZON study was provided in an oral presentation at the ESMO Asia Congress in Singapore during December 2022.

Principal investigator of the study, Marina Maglakelidze, outlined the study design, information regarding demographics and characteristics of the 36 patients in the trial, and data covering safety and adverse events.

CORPORATE

Presentation to J.P. Morgan Healthcare Conference

Imugene was invited to present at the 41st Annual J.P. Morgan Healthcare Conference. The conference was held 9-12 January 2023 at The Westin St. Francis in San Francisco, California, USA. The J.P. Morgan Healthcare Conference is one of the largest and most prestigious events on the healthcare and biotechnology industry calendar each year, with more than 3,000 global investors in attendance at the 2022 event. A recording of the presentation by Imugene CEO and Managing Director Leslie Chong can be found on the Imugene website.

Board & management changes

Dr. Jakob Dupont joined Imugene during the year as a Non-Executive Director. With more than 20 years' experience specialising in oncology, he has been a part of NASDAQ-listed Atara Biotherapeutics where he had oversight on several clinical stage programs. Prior to Atara, Dr Dupont spent more than six years in various roles at Genentech/Hoffman-La Roche including as Vice President, Global Head of Breast and GYN Cancer Development, in addition to a further five years at Oncomed Pharmaceuticals as Senior Vice President and Chief Medical Officer.

Also appointed to the Board was US biotech executive Ms Kim Drapkin, who joins as a Non-Executive Director. With more than 25 years of experience in the biotechnology and pharmaceutical sectors, Ms Drapkin possesses a strong background in finance, capital raising, and strategic financial planning. She held the position of CFO and Treasurer at Jounce Therapeutics, Inc. from 2015 until its acquisition in May 2023, having played a pivotal role in the Company's growth and financing since its inception. Alongside the CEO, she represented Jounce in the investment and analyst community and was a key figure in the Company's IPO and subsequent NASDAQ listing.

Mike Tonroe was appointed as Imugene's Chief Financial Officer. He brings a diverse background from roles spanning multiple countries. Notably, he served as CFO and company secretary for renowned ASX-listed companies such as Opthea Limited and Genetic Technologies Limited. Mr. Tonroe also played a pivotal role in the US IPO and NASDAQ listing of Opthea. His experience extends beyond the biopharmaceutical sector, having worked in the technology, energy, and travel sectors, and includes tenures with major accounting firms KPMG and Deloitte. Later in the financial year Mr Tonroe was also appointed company secretary of Imugene.

Paul Wright was appointed as Vice President CMC. He brings over 25 years of experience in protein and virus production. Notably, he spent 21 years at Pfizer, holding various significant roles and was instrumental in leading teams focused on the development of cancer vaccine projects.

Dr. Sharon Yavrom was also appointed as Executive Director, Clinical Scientist. She boasts nearly 20 years of industry experience and has held leadership positions at industry leaders such as TAP Pharmaceuticals, Amgen, and BMS.

$80 million institutional placement

In September 2022, the Company announced that it had received firm commitments to raise $80 million through a placement at $0.20 per share, led by two leading institutional investors with significant healthcare and biotechnology expertise. The funds raised provided an extended runway for Imugene's deep pipeline of clinical programs and corporate growth opportunities.

Receipt of $12.6m R&D tax refund

During April 2023, Imugene was pleased to announce it received its research and development (R&D) tax refund for the 2022 financial year, totaling $12.6m. The refund received by Imugene will enable the further clinical development of its immune-oncology pipeline.

EVENTS SINCE THE END OF THE YEAR

On 16 August 2023, the Company announced that it has entered into an agreement with Precision Biosciences, Inc. (NASDAQ GS: DTIL) of North Carolina, USA, to acquire a worldwide exclusive license to Precision's azer-cel allogeneic CD19 CAR T cell therapy program.

Given the nature of the acquisition, it has been concluded that this is an asset acquisition. Further information can be found in note 14 to the financial statements.

On 18 August 2023, the Company announced it had received firm commitments from institutional and sophisticated investors for a $35 million placement (the Placement). Imugene completed the Share Purchase Plan and further raised approximately $18.2 million to follow the Placement.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

RISK FACTORS

Introduction

The Imugene business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of Imugene. There can be no guarantee that Imugene will achieve its stated objectives or that any forward-looking statements will eventuate. Each of the risks set out below could, if it eventuates, have a material adverse impact on Imugene's operating performance and profits, and the market price of its shares.

Products in development and not approved for commercial sale

Imugene's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials, obtain regulatory approval for its products and successfully commercialise those products. There is no guarantee that Imugene's products will be commercially successful.

Imugene does not currently generate revenue from product sales and any such revenue is not anticipated in the short to medium term.

There are many reasons why initially promising products fail to be successfully commercialised. For example, clinical trials may be suspended for safety or efficacy reasons (see further below), following development it may prove difficult or impossible to manufacture the products on a large scale, or, during the period of development, competitors (including those with greater resources) may emerge with competing or alternative treatments.

Clinical trial risk

The Company may be unable to secure necessary approvals from regulatory agencies and institutional bodies (clinics and hospitals) to conduct future clinical trials. There is also no assurance that products developed using the Company's technology will prove to be safe and efficacious in clinical trials, or that the regulatory approval to manufacture and market its products will be received. Clinical trials might also potentially expose the Company to product liability claims in the event its products in development have unexpected effects on clinical subjects.

Clinical trials undertaken by the Company have many associated risks which may impact the Company's profitability and future productions and commercial potential. They may prove unsuccessful or non-efficacious, impracticable or costly. The clinical trials could be terminated which would likely have a significant adverse effect on the Company, the value of its Securities and the future commercial development of its portfolio and platform technology, or any other technology in the pipeline.

Regulatory and reimbursement approvals

The research, development, manufacture, marketing and sale of products using the Company's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas.

Products developed using the Company's technology must undergo a comprehensive and highly regulated development and review process before receiving approval for marketing. The process includes the provision of clinical data relating to the quality, safety and efficacy of the products for their proposed use.

Products may also be submitted for reimbursement approval. The availability and timing of that reimbursement approval may have an impact upon the uptake and profitability of products in some jurisdictions.

Furthermore, any of the products utilising the Company's technology may be shown to be unsafe, non-efficacious, difficult or impossible to manufacture on a large scale, uneconomical to market, compete with superior products marketed by third parties or not be as attractive as alternative treatments.

Commercialisation of products and potential market failure

The Company has not yet commercialised its technology and as yet has no material revenues.

The Company is also dependent on commercially attractive markets remaining available to it during the commercialisation phase and there is a risk that, once developed and ready for sale, commercial sales, to fund sufficient revenues for continued operations and growth, may not be achieved.

Dependence upon key personnel

Imugene depends on the talent and experience of its personnel as its primary asset. There may be a negative impact on Imugene if any of its key personnel leave. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key personnel of the Company who leave to work for a competitor may adversely impact the Company. Increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of the Company.

Arrangements with third-party collaborators

Imugene may pursue collaborative arrangements with pharmaceutical and life science companies, academic institutions or other partners to complete the development and commercialisation of its products. These collaborators may be asked to assist with funding or performing clinical trials, manufacturing, regulatory approvals or product marketing. There is no assurance that Imugene will attract and retain appropriate strategic partners or that any such collaborators will perform and meet commercialisation goals. If Imugene is unable to find a partner, it would be required to develop and commercialise potential products at its own expense. This may place significant demands on the Company's internal resources and potentially delay the commercialisation of its products.

Risk of delay and continuity of operations

Imugene may experience delay in achieving a number of critical milestones, including securing commercial partners, completion of clinical trials, obtaining regulatory approvals, manufacturing, product launch and sales. Any material delays may impact adversely upon the Company, including the timing of any revenues under milestone or sales payments.

Imugene may also experience business continuity problems arising from extreme events. As with most businesses, Imugene is reliant on IT systems in its day-to-day operations. An inability to operate such systems would impact the business. This might result, for example, from a computer virus or other cyber attack or from a physical event at its offices.

Competition

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. A number of companies, both in Australia and abroad, may be pursuing the development of products that target the same markets that Imugene is targeting.

The Company's products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that

target the same conditions that the Company is targeting. Some of these companies may have, or develop, technologies superior to the Company's own technology. The Company may face competition from parties who have substantially greater resources than the Company.

Requirement to raise additional funds

The Company may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.

Growth

There is a risk that the Company may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel as outlined above may be a significant obstacle to growth.

Intellectual property

The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights.

Macro-economic risks

Imugene's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

Taxation risks

Changes to the rate of taxes imposed on Imugene (including in overseas jurisdictions in which Imugene operates now or in the future) or tax legislation generally may affect Imugene and its shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Imugene's interpretation may lead to an increase in Imugene's tax liabilities and a reduction in shareholder returns.

Personal tax liabilities are the responsibility of each individual investor. Imugene is not responsible either for tax or tax penalties incurred by investors.

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the directors' and Imugene's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Imugene's financial statements.

Litigation

There is a risk that the Company may in future be the subject of or required to commence litigation. There is, however, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against the Company.

For and on behalf of the Company,

Leslie Chong
CEO and Managing Director

IMUGENE
Developing Cancer Immunotherapies

Annual Report 2023

DIRECTOR'S REPORT

DIRECTOR'S REPORT

30 JUNE 2023

Your Directors present their report on the consolidated entity consisting of Imugene Limited and the entities it controlled (as listed in note 11) at the end of, or during, the year ended 30 June 2023.

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 (ceased to be a director 30 June 2023)
- Dr Lesley Russell, Non-Executive Director
- Dr Jens Eckstein, Non-Executive Director
- Dr Jakop Dupont, Non-Executive Director (appointed 7 September 2022)
- Ms Kim Drapkin, Non-Executive Director (appointed 21 June 2023)

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 (resigned 2 March 2023)
- Mr Nathan Jong (resigned 2 March 2023)
- Mr Mike Tonroe (appointed 2 March 2023)

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 CD19 and any future improvements, vaccine formulations and clinical uses.

There were no significant changes in the nature of the Group's principal activities during the financial year.

DIVIDENDS – IMUGENE LIMITED

No dividends were declared or paid to members for the year ended 30 June 2023 (2022: nil). The directors do not recommend that a dividend be paid in respect of the financial year.

REVIEW OF OPERATIONS AND ACTIVITIES

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, which forms part of this directors' report, on pages 8 to 15 of this annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In September 2022, Imugene Limited completed a Placement to raise $80,000,000 by issuing 400,000,000 shares at $0.20 per share. Additionally, 200,000,000 options were issued to partaking investors as free attaching options exercisable at $0.33.

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Subsequent to the year-end, on 16 August 2023 the Group announced it had entered into an agreement with Precision Biosciences, Inc., to license a first in class allogeneic CD19 CAR T cell therapy (azer-cel). A $35m placement was completed and an $18.2m share purchase plan was launched, both to fund the Group's acquisition of these licensing rights and associated trial costs.

Given the nature of the acquisition, it has been concluded that this is an asset acquisition. Further information can be found in note 14 to the financial statements.

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 8 to 15 of this annual report.

ENVIRONMENTAL REGULATION

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

INFORMATION ON DIRECTORS

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

Mr Paul Hopper
Executive Chairman

Experience and expertise	Mr Hopper has over 20 years' experience in the management and funding of biotechnology and healthcare public companies as chairman, chief executive officer and director in Australia and the United States. Mr Hopper's sector experience has covered several therapeutic areas with a particular emphasis on immunotherapy. He also has extensive capital markets experience in equity and debt raisings in Australia, Asia, Europe, and the United States.
Date of appointment	31 October 2012
Other current directorships	Chimeric Therapeutics Limited (ASX: CHM), since 2 February 2020 Radiopharm Theranostics Limited (ASX: RAD), since 11 February 2021
Former directorships in last 3 years	Prescient Therapeutics Limited (ASX: PTX), until 2 January 2020 Scopus BioPharma Inc (NASDAQ: SCPS), until 18 May 2022 Arovella Therapeutics Limited (ASX: ALA), until 30 June 2022
Special responsibilities	Executive Chairman

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	None
Former directorships in last 3 years	Chimeric Therapeutics Limited (ASX: CHM), until 12 July 2023 Cure Brain Cancer Foundation (non-profit organisation), until 11 April 2023
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
Date of resignation	30 June 2023
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 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 and has had multiple new drug approvals with both FDA and European Medicines Agency. 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 (NASDAQ: SCPS), until March 2021
Special responsibilities	Member of the Remuneration and Nomination Committee Member of the Audit and Risk Committee

INFORMATION ON DIRECTORS (CONTINUED)

Dr Jens Eckstein
Non-Executive Director

Experience and expertise	Dr Eckstein has more than 20 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. Previously, he was a general partner at TVM Capital.
Date of appointment	20 May 2019
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Committee

Dr Jakob Dupont
Non-Executive Director

Experience and expertise	Dr Dupont is an industry and drug development expert with more than 20 years of experience specialising in oncology and other therapeutic areas. Dr Dupont's experience includes NASDAQ listed Atara Biotherapeutics (NASDAQ: ATRA), where he oversaw all research and development, including three clinical stage programs spanning Phase 1 through to Phase 3, and numerous preclinical programs.
Date of appointment	7 September 2022
Other current directorships	Apexigen (NASDAQ: APGN) Pyxis Oncology (NASDAQ: PYXS)
Former directorships in last 3 years	None
Special responsibilities	Member of the Remuneration and Nomination Committee Member of the Audit and Risk Committee

INFORMATION ON DIRECTORS (CONTINUED)

Ms Kim Drapkin
Non-Executive Director

Experience and expertise	Ms Drapkin has over 25 years of experience working with private and publicly traded biotechnology and pharmaceutical companies, including building and leading finance functions, raising capital, and leading strategic financial planning. In addition to Imugene, Ms Drapkin currently serves on the board of directors at Acumen Pharmaceuticals (NASDAQ: ABOS) where she chairs the audit committee and is a member of the compensation committee. Most recently, Ms Drapkin was CFO at Jounce Therapeutics since its inception, playing a key role in building Jounce's financial infrastructure. Prior to joining Jounce, Ms Drapkin owned a financial consulting firm where she served as the interim chief financial officer for numerous early stage biotechnology companies. Previously, Ms Drapkin was chief financial officer at EPIX Pharmaceuticals. Prior to EPIX, Ms Drapkin spent ten years in roles of increasing responsibility within the finance organisation at Millennium Pharmaceuticals. Ms Drapkin began her career in the technology and life sciences practice at PriceWaterhouseCoopers LLP. Ms Drapkin holds a B.S. in accounting from Babson College.
Date of appointment	21 June 2023
Other current directorships	Acumen Pharmaceuticals (NASDAQ: ABOS)
Former directorships in last 3 years	Yumanity Therapeutics (NASDAQ: YMTX) Proteostasis Therapeutics (NASDAQ: PTI)
Special responsibilities	Chair of Audit and Risk Committee (commencing July 2023)

COMPANY SECRETARY

The following persons held the position of company secretary at the end of the financial year:

Mr Mike Tonroe was appointed as company secretary from 2 March 2023. Mr Tonroe has extensive experience as a CFO and company secretary within the biopharmaceutical industry and also brings international finance leadership experience having worked in the US, Canada, UK and Hong Kong, in addition to Australia. Most recently, Mr Tonroe was CFO and company secretary at ASX and NASDAQ listed Genetic Technologies Limited and Opthea Limited, and prior to that was in the same role for private business Australian Synchotron Company Ltd. These tenures included management of the US IPO and NASDAQ listing of Opthea along with M&A, restructuring, capital raising and leading the finance function across these businesses.

Both Mr Phillip Hains and Mr Nathan Jong resigned from the position effective 2 March 2023.

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 2023, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B
Mr Paul Hopper	7	7	-	-	-	-
Ms Leslie Chong	7	7	-	-	-	-
Mr Charles Walker	6	7	5	5	1	1
Dr Lesley Russell	7	7	5	5	1	1
Dr Jens Eckstein	7	7	4	5	1	1
Dr Jakob Dupont	4	5	-	-	1	1
Ms Kim Drapkin	-	-	-	-	-	-

A = Number of meetings attended.

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

LETTER FROM THE REMUNERATION AND NOMINATION COMMITTEE CHAIR

Dear Shareholders,

I take this opportunity to write to you regarding our company's remuneration policies and outcome for the 2023 financial year. The clinical trial development goals we set for all platforms and assets for the year have all been met. The $80 million capital raising in September 2022 met our goal of ensuring our program development plans are adequately funded.

Last year we received a "first-strike" against out remuneration report, with 27% of shareholders voting against the Remuneration Report presented. While the threshold for a "first-strike" is a vote of above 25% Against, the result Is one that is still troubling for the Remuneration and Nomination Committee and the whole Board. We have sought to re-dress the underlying causes in this financial year.

In the prior year, concern was raised about the level and depth of communication provided to shareholders on the amount of remuneration provided to executives and directors. We acknowledge that we could have done better and this year have added further details on how we have structured the remuneration policies.

During the year, we have met with a number of proxy advisor and shareholder firms, to understand their concerns regarding our remuneration structures. The changes to our remuneration structure outlines below are a result of those consultations.

Changes to remuneration

The Remuneration and Nomination Committee regularly reviews our executive remuneration to ensure It Is aligned with best practice. To that end, we are making the following changes:

- Enhanced disclosure in the Remuneration Report on our Executive KPIs, the linkage between pay and performance and the achievement of those KPIs
- Introducing Restricted Stock Units (RSUs) and Performance Rights (PRs), rather than using options, to prevent dilution of shareholders and to more closely align IMU to our peer group.

On behalf of the Board, I Invite you to review the full Remuneration Report.

Yours sincerely

Dr Jens Eckstein
Remuneration and Nomination Committee Chair

REMUNERATION REPORT

The report is structured as follows:

(a) Remuneration Report Overview
(b) Remuneration policy and how this links to performance
(c) Elements of remuneration
(d) Performance and Executive Outcomes
(e) Remuneration expenses
(f) Contractual arrangements with executive KMPs
(g) Non-executive director arrangements
(h) Additional statutory information

(A) REMUNERATION REPORT OVERVIEW

The Directors present the Imugene Limited 2023 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded during the financial year ended 30 June 2023. The Remuneration Report has been audited.

Key management personnel covered in this report

Key management personnel (KMP) are the individuals who have authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including all directors. They are listed below.

Non-executive and executive directors (see pages 19 to 22 for details about each director).

Executive Directors

- Mr Paul Hopper, Executive Chairman
- Ms Leslie Chong, Chief Executive Officer and Managing Director

Non-Executive Directors

- Mr Charles Walker, Non-Executive Director (ceased to be a director 30 June 2023)
- Dr Lesley Russell, Non-Executive Director
- Dr Jens Eckstein, Non-Executive Director
- Dr Jakob Dupont, Non-Executive Director (appointed 7 September 2022)
- Ms Kim Drapkin, Non-Executive Director (appointed 21 June 2023)

Other key management personnel

- Dr Nicholas Ede, Chief Technology Officer
- Dr Monil Shah, Chief Business Officer
- Dr Giovanni Selvaggi, Chief Medical Officer (appointed 1 October 2022, resigned 18 July 2023)
- Mr Mike Tonroe, Chief Financial Officer (appointed 19 September 2022)

The Group appointed Dr Ron Weitzman as Interim Chief Medical Officer on 18 July 2023. He has not been reflected in the below disclosures on remuneration of KMP, as his appointment was subsequent to the year-end.

(B) REMUNERATION POLICY AND HOW THIS LINKS TO PERFORMANCE

Our Remuneration Philosophy

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. We reward executives with a level and mixture of remuneration appropriate to their position, responsibilities and performance. We aim to align remuneration of executives with the strategic direction of the business. 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.

Executives receive fixed remuneration and variable remuneration, consisting of a mix of short term and long-term incentives. Executive remuneration Is reviewed at least annually by the Remuneration and Nomination committee.

Changes for FY24

In-light of the "first strike" received last year, the Board has restructured its remuneration policy, to more closely align the executive to the Company's longer term goals. The changes include:

- More closely aligning STI to the corporate goals. STI is set at 75% of Individual goals and 25% CEO/Corporate goals; and
- Implementation of RSUs and PRs rather than options.

Assessing performance

The Remuneration and Nomination Committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid.

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

(C) ELEMENTS OF REMUNERATION

Fixed Remuneration

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. There are no performance metrics for fixed remuneration. Fixed remuneration 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 (STI)

All executives are entitled to participate in the STI scheme which provides for executive employees to receive a combination of STI as part of their total remuneration if they achieve certain performance indicators as set by the board.

How is it paid?	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.
How much can executives earn?	Executives have a target STI opportunity of between 40% and 50% of fixed remuneration. Target STI is awarded for achieving the challenging objectives set prior to the beginning of each year. The CEO earns up to 50% of fixed remuneration and the other executives earn up to 40%.
How is performance measured?	The STI performance measures were chosen to reflect the core drivers of short term performance and to drive the Company towards its longer term strategy. We measure performance across 5 distinct goals, covering both financial and non-financial measures. Key financial measures include share price appreciation and management of capital and cashflow. Non-financial measures include a mix of: • Progress on the clinical program • Development of partnerships and supply chain • Manufacturing targets • Other Individual goals, as appropriate for their role

How is performance measured? (continued)

A summary of the weighting is set out below:

	Financial	Non-Financial
CEO	20%	80%
Other executives	20%	80%

Specific financial and non-financial executive targets are set out below:

Chief Executive Officer (CEO)	Share price, partnering, program development and build out of senior management.
Chief Technology Officer (CTO)	Source new suppliers, monitor progress and update designs and schedule finished products, management of intellectual property.
Chief Business Officer (CBO)	License and sell programs, build relationships, secure supply agreements, input for developments plans.
Chief Medical Officer (CMO)	Plan and manage studies, finalise clinical development plans (CDP), personal development of team.
Chief Financial Officer (CFO)	Increase capital raising, forecasting and budget management, company secretarial function

When is it paid?	After performance reviews conducted after the year end by the CEO and by the Remuneration and Nomination Committee of the CEO.
Deferral terms	The Board can defer STI payments at its discretion.

Long-term Incentives (LTI)

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.

How is it paid?	Executives are eligible to receive options (prior to FY23) and performance rights or restricted stock units from FY24 onwards.

How much can executives earn?	For FY23, executives can earn the following:

CEO	2,000,000 unlisted 4-year options (subject to shareholder approval) at $0.40 exercise price.
CTO	CTO: 1,500,000 unlisted 4-year options at $0.40 exercise price.
CBO	CBO: 15,000,000 unlisted 4-year options at $0.19 exercise price.

For FY24 onwards, executives can earn up to the following of their annual base salary:

CEO	300%
CMO	200% relative to CEO number of PR granted
Other executives	150% relative to CEO number of PR granted

How is performance measured?	The Remuneration and Nomination Committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. Prior to FY23, performance was monitored on an informal basis throughout the year and a formal evaluation is performed annually. In addition, the CBO has specific service-based and performance condition related to clinical progress. For FY24 onwards, performance is measured as a mixture of operational goals, including successful completion of clinical trial milestones. Participants must also remain employed by the Company during this time.
When is performance measured?	For FY 23, performance was reviewed annually, over a 4 year period. For FY24 onwards, performance is measured over a 4 year period, in equal tranches, with the first tranche vesting 12 months after grant date.
What happens if an executive leaves?	If an executive resigns or is terminated for cause, any unvested LTI awards are forfeited, unless otherwise determined by the Board. If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of unvested options based on achievement of the performance measures over the performance period up to the date of ceasing employment (subject to Board discretion). The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation.
What happens if there is a change of control?	In the event of a change of control, the performance period end date will be brought forward to the date of the change of control and awards will vest based on performance over this shortened period (subject to Board discretion).
Are executives eligible for dividends?	Executives are not eligible to receive dividends on unvested options. Executives will receive dividends on vested and unexercised options.

(D) PERFORMANCE AND EXECUTIVE OUTCOMES

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.

Five year performance

	2023	2022	2021	2020	2019
	$	$	$	$	$
Loss for the year attributable to owners	**39,171,079**	37,869,174	18,455,363	10,507,999	7,775,360
Basic loss per share	**0.61**	0.67	0.40	0.26	0.22
Share price at year end	**0.09**	0.18	0.36	0.31	0.16

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.

The goals set for KMP for the year in respect of clinical development of the Company's assets were achieved. The funding requirements of the clinical, pre-clinical development and manufacturing were also met. This led to STI award achievement of KMPs of approximately 60%.

(E) REMUNERATION EXPENSES

The table below details the remuneration expense recognised for the Group's Key Management Personnel for the current and previous financial year, excluding share-based payments, in accordance with the requirements of accounting standards. Details of the remuneration expense recognised, including share-based payments and explanatory notes to the tables, are included on the following pages.

Directors and KMP cash-settled remuneration (i.e., excluding share-based payments) earnings for financial years 2023 and 2022

	2023					2022				
	Cash salary and fees $	Cash bonus $	Annual & Long Service Leave $	Super-annuation $	Total $	Cash salary and fees $	Cash bonus $	Annual & Long Service Leave $	Super-annuation $	Total $
Non-executive directors										
Mr Charles Walker	66,250	-	-	6,956	73,206	60,841	-	-	6,084	66,925
Dr Axel Hoos	-	-	-	-	-	28,305	-	-	-	28,305
Dr Lesley Russell	74,319	-	-	-	74,319	68,664	-	-	-	68,664
Dr Jens Eckstein	74,319	-	-	-	74,319	68,664	-	-	-	68,664
Dr Jakob Dupoint	72,860	-	-	-	72,860	-	-	-	-	-
Ms Kim Drapkin	2,075	-	-	-	2,075	-	-	-	-	-
Executive directors										
Mr Paul Hopper	260,100	56,000	-	-	316,100	255,000	95,000	-	-	350,000
Ms Leslie Chong	750,000	243,750	34,137	25,292	1,053,179	600,000	300,000	142,626	23,568	1,066,194
Other KMP										
Dr Nicholas Ede	375,000	89,700	(526)	25,292	489,466	287,500	66,700	45,209	23,568	422,977
Dr Monil Shah	594,486	190,547	14,164	-	799,197	549,327	232,254	40,161	-	821,742
Dr Giovanni Selvaggi	494,830	89,753	54,677	-	639,260	351,833	-	22,938	-	374,771
Mr Mike Tonroe	256,061	52,784	23,793	20,709	353,347	-	-	-	-	-
Total cash-settled compensation (i.e, excl share-based payments)	**3,020,300**	**722,534**	**126,245**	**78,249**	**3,947,328**	**2,270,134**	**693,954**	**250,934**	**53,220**	**3,268,242**

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2023. Share-based payments shown in the table are not cash payments to directors and KMP and are the amortised accounting cost of options for the year in accordance with accounting standard AASB 2. For a benefit to be made by directors and KMP from the options granted, they must first have vested and the exercise price of the options paid before being converted to shares in the Company. Benefit from the options may never accrue: at the date of this report, all unexpired options have exercise prices that are above the market value of Imugene Limited ordinary shares.

(E) REMUNERATION EXPENSES (CONTINUED)

Directors and KMP total remuneration (i.e., including cash settled and share-based payments) for financial year 2023

2023	Cash benefits						Non-cash benefits	
	Short-term benefits		Post-employment benefits	Short-term benefits	Long-term benefits	Subtotal $	Share-based payments	Grand Total $
	Cash salary and fees $	Cash bonus $	Super-annuation $	Annual leave $	Long service leave $		Options $	
Non-executive directors								
Mr Charles Walker	66,250	-	6,956	-	-	73,206	41,199	114,405
Dr Lesley Russell	74,319	-	-	-	-	74,319	41,199	115,518
Dr Jens Eckstein	74,319	-	-	-	-	74,319	41,199	115,518
Dr Jakob Dupoint	72,860	-	-	-	-	72,860	118,408	191,268
Ms Kim Drapkin	2,075	-	-	-	-	2,075	-	2,075
Executive directors								
Mr Paul Hopper	260,100	56,000	-	-	-	316,100	199,127	515,227
Ms Leslie Chong	750,000	243,750	25,292	52,908	(18,771)	1,053,179	1,429,508	2,482,687
Other KMP								
Dr Nicholas Ede	375,000	89,700	25,292	6,978	(7,504)	489,466	385,446	874,912
Dr Monil Shah	594,486	190,547	-	14,164	-	799,197	-	799,197
Dr Giovanni Selvaggi	494,830	89,753	-	54,677	-	639,260	748,707	1,387,967
Mr Mike Tonroe	256,061	52,784	20,709	23,612	181	353,347	414,721	768,068
Total KMP compensation	**3,020,300**	**722,534**	**78,249**	**152,339**	**(26,094)**	**3,947,328**	**3,419,514**	**7,366,842**

Notes

Cash bonus includes the amount paid or accrued in the year ended 30 June 2023 in relation to FY 2023 performance as follows:

- Mr Paul Hopper received a $56,000 performance bonus for FY 2023 (accrued, approved by the Board in FY 2024). The bonus' were for meeting performance milestones (capital raise, improvements to governance processes and governance review and maintaining intense investor relations activities).
- Ms Leslie Chong received a $243,750 performance bonus for FY 2023 (accrued, approved by the Board in FY 2024). The bonus was for meeting performance milestones (capital raise, partnering and collaboration activities, HER Vaxx, PD1 Vaxx and CF33 clinical development).
- Dr Nicholas Ede received a $89,700 performance bonus for FY2023 (accrued, approved by the Board in FY 2024). 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 COH and OSU).
- Dr Monil Shah received a $190,547 performance bonus for FY2023 (accrued, approved by the Board in FY 2024). The bonus was for meeting performance milestones (KPI in relation to onCARlytic partnering, developing business development strategies for the Company and securing clinical supply agreements).). Amounts paid to Dr Monil Shah are paid in US dollars, but disclosed in Australian dollars.
- Dr Giovanni Selvaggi received a $89,753 performance bonus for FY2023 (accrued, approved by the Board in FY 2024). The bonus was for meeting performance milestones. Amounts paid to Dr Giovanni Selvaggi are paid in US dollars, but disclosed in Australian dollars.
- Mr Mike Tonroe received a $52,784 performance bonus for FY2023 (accrued, approved by the Board in FY 2024). The bonus was for meeting performance milestones.

(E) REMUNERATION EXPENSES (CONTINUED)

Directors and KMP total remuneration (i.e., including cash settled and share-based payments) for financial year 2022

2022	Cash benefits						Non-cash benefits	
	Short-term benefits		Post-employment benefits	Short-term benefits	Long-term benefits	Subtotal $	Share-based payments	Grand Total $
	Cash salary and fees $	Cash bonus $	Super-annuation $	Annual leave $	Long service leave $		Options $	
Non-executive directors								
Mr Charles Walker	60,841	-	6,084	-	-	66,925	16,481	83,406
Dr Axel Hoos	28,305	-	-	-	-	28,305	16,481	44,786
Dr Lesley Russell	68,664	-	-	-	-	68,664	16,481	85,145
Dr Jens Eckstein	68,664	-	-	-	-	68,664	16,973	85,637
Executive directors								
Mr Paul Hopper	255,000	95,000	-	-	-	350,000	-	350,000
Ms Leslie Chong	600,000	300,000	23,568	104,328	38,298	1,066,194	87,386	1,153,580
Other KMP								
Dr Nicholas Ede	287,500	66,700	23,568	33,174	12,035	422,977	67,844	490,821
Dr Monil Shah	549,327	232,254	-	40,161	-	821,742	803,168	1,624,910
Dr Giovanni Selvaggi	351,833	-	-	22,938	-	374,771	64,699	439,470
Total KMP compensation	**2,270,134**	**693,954**	**53,220**	**200,601**	**50,333**	**3,268,242**	**1,089,513**	**4,357,755**

Notes

Cash bonus includes the amount paid or accrued in the year ended 30 June 2022 in relation to FY 2022 performance as follows:

- Mr Paul Hopper received a $95,000 performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus' were for meeting performance milestones (capital raise, improvements to governance processes and governance review and maintaining intense investor relations activities).
- Ms Leslie Chong received a $300,000 performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (capital raise, partnering and collaboration activities, HER-Vaxx, PD1-Vaxx and CF33 clinical development).
- Dr Nicholas Ede received a $66,700 performance bonus for FY2022 (accrued, approved by the board in FY 2023). 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 COH and OSU).
- Dr Monil Shah received a $232,254 performance bonus for FY2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (KPI in relation to onCARlytic partnering, developing business development strategies for the Company and securing clinical supply agreements). Amounts paid to Dr Monil Shah are paid in US dollars, but disclosed in Australian dollars.

(F) CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMPS

The contracts with executive KMPs at the date of this report are as follows:

Name:	Mr Paul Hopper
Position:	Executive Chairman
Contract duration:	Unspecified
Notice period:	4 months by either party
Fixed remuneration:	$260,100 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:	$750,000 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:	$325,000 per annum, plus statutory superannuation

Name:	Dr Monil Shah
Position:	Chief Business Officer
Contract duration:	Unspecified
Notice period:	30 days by either party
Fixed remuneration:	US$400,000 per annum

Name:	Dr Giovanni Selvaggi
Position:	Chief Medical Officer
Contract duration:	Appointed 1 October 2022, terminated 17 July 2023
Notice period:	30 days by either party
Fixed remuneration:	US$440,000 per annum

Name:	Mr Mike Tonroe
Position:	Chief Financial Officer
Contract duration:	Unspecified
Notice period:	30 days by either party
Fixed remuneration:	$325,000 per annum , plus statutory superannuation

(G) NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Non-executive directors receive a board fee of US$50,000 per annum (2022: US$50,000), 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 non-executive directors' fee pool limit is $400,000 and was approved by shareholders at the annual general meeting on 24 November 2020.

(H) ADDITIONAL STATUTORY INFORMATION

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on pages 32 and 33 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	**2023**	2022	**2023**	2022
	%	%	**%**	%	**%**	%
Non-executive director						
Mr Charles Walker	**64**	80	**-**	-	**36**	20
Dr Lesley Russell	**64**	63	**-**	-	**36**	37
Dr Jens Eckstein	**64**	81	**-**	-	**46**	19
Dr Jakob Dupont	**64**				**62**	
Ms Kim Drapkin	**100**	-	**-**	-	**-**	-
Executive directors						
Mr Paul Hopper	**50**	73	**11**	27	**39**	-
Ms Leslie Chong	**33**	66	**10**	26	**58**	8
Other KMP						
Dr Nicholas Ede	**46**	72	**10**	14	**44**	14
Dr Monil Shah	**76**	37	**24**	14	**-**	49
Dr Giovanni Selvaggi	**40**	85	**6**	-	**54**	15
Mr Mike Tonroe	**39**	-	**7**	-	**54**	-

(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	100%
2021-04-30	2021-04-30	2025-04-30	0.19	0.1197	100%
2021-04-30	Milestone	2025-04-30	0.19	0.1197	100%
2022-01-31	2023-02-01	2026-02-01	0.40	0.1805	0%
2022-01-31	2024-02-01	2026-02-01	0.40	0.1805	0%
2022-01-31	2025-02-01	2026-02-01	0.40	0.1805	0%
2022-01-31	2023-11-17	2026-01-31	0.40	0.1805	0%
2022-01-31	2024-11-17	2026-01-31	0.40	0.1805	0%
2022-01-31	2025-11-17	2026-01-31	0.40	0.1805	0%
2022-07-01	2023-06-30	2026-06-30	0.40	0.1805	100%
2022-07-01	2024-06-30	2026-06-30	0.40	0.1805	0%
2022-07-01	2025-06-30	2026-06-30	0.40	0.1805	0%
2022-07-01	2023-06-30	2026-06-30	0.31	0.1125	100%
2022-07-01	2024-06-30	2026-06-30	0.31	0.1125	0%
2022-07-01	2025-06-30	2026-06-30	0.31	0.1125	0%
2022-09-19	2023-03-19	2026-09-18	0.19	0.1482	100%
2022-09-19	2023-09-19	2026-09-18	0.19	0.1482	0%
2022-09-19	2024-09-19	2026-09-18	0.19	0.1482	0%
2022-09-30	2023-09-30	2026-09-29	0.18	0.1171	0%
2022-09-30	2024-09-30	2026-09-29	0.18	0.1171	0%
2022-09-30	2025-09-30	2026-09-29	0.18	0.1171	0%
2022-10-01	2023-01-01	2026-09-30	0.24	0.1073	100%
2022-10-01	2024-04-01	2026-09-30	0.24	0.1073	0%
2022-10-01	2025-10-01	2026-09-30	0.24	0.1073	0%

Remuneration report (continued)

(H) ADDITIONAL STATUTORY INFORMATION (CONTINUED)

Reconciliation of options and ordinary shares held by KMP

Option holdings

2023	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	-	2,900,000	-	-	2,900,000	966,666
Ms Leslie Chong	3,000,000	20,300,000	-	(3,000,000)	20,300,000	6,756,666
Mr Charles Walker	25,006,669	600,000	(25,000,000)	-	606,669	200,000
Dr Lesley Russell	-	600,000	-	-	600,000	200,000
Dr Jens Eckstein	10,000,000	600,000	(10,000,000)	-	600,000	200,000
Dr Jakob Dupont	-	2,100,000	-	-	2,100,000	133,333
Ms Kim Drapkin	-	-	-	-	-	-
Dr Nicholas Ede	1,605,092	3,744,240	-	(105,092)	5,244,240	1,748,030
Dr Monil Shah	15,000,000	6,747,143	-	-	21,747,143	17,249,047
Dr Giovani Selvaggi	-	12,000,000	-	-	12,000,000	3,999,600
Mr Mike Tonroe	-	3,875,000	-	-	3,875,000	1,291,537
	54,611,761	**53,466,383**	**(35,000,000)**	**(3,105,092)**	**69,973,052**	**32,744,879**

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.

3. For former KMP, the balance is as at the date they cease being KMP.

Share holdings

2023	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	317,131,648	-	-	-	317,131,648
Ms Leslie Chong	77,000,000	-	-	-	77,000,000
Mr Charles Walker	5,821,027	-	25,000,000	(8,250,000)	22,571,027
Dr Lesley Russell	20,500,000	-	-	-	20,500,000
Dr Jens Eckstein	12,900,000	-	10,000,000	(2,400,000)	20,500,000
Dr Jakob Dupont	-	-	-	-	-
Ms Kim Drapkin	-	-	-	-	-
Dr Nicholas Ede	18,500,000	-	92,592	(992,592)	17,600,000
Dr Monil Shah	-	-	-	-	-
Dr Giovanni Selvaggi	-	-	-	-	-
Mr Mike Tonroe	-	-	-	-	-
	451,852,675	**-**	**35,092,592**	**(11,642,592)**	**475,302,675**

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.

3. For former KMP, the balance is as at the date they cease being KMP.

(h) Additional statutory information (continued)

Voting of shareholders at last year's annual general meeting

Imugene Limited received more than 25 percent of unfavourable votes against the 2022 Remuneration Report, which constitutes a first strike for the purposes of the Corporation Act 2011 (Cth.)

Securities trading policy

Imugene Limited's securities trading policy applies to all directors and executives, see https://www.imugene.com/corporate-governance. It only permits the purchase or sale of company securities during certain periods.

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
2019-11-08 (IMUAO)	2022-11-08	0.040	5,000,000
2019-11-08 (IMUAP)	2022-11-08	0.042	10,000,000
2019-11-08 (IMUAQ)	2022-11-08	0.045	20,000,000
2019-12-06 (IMUOC)	2022-11-30	0.054	110,243,838
2020-12-01 (IMUAV)	2023-12-01	0.090	10,000,000
2021-02-26 (IMUAW)	2024-02-26	0.150	5,000,000
2021-04-30 (IMUAY)	2025-04-30	0.190	45,000,000
2021-08-20 (IMUOD)	2024-08-20	0.450	158,265,908
2021-11-01 (IMUAZ)	2024-12-23	0.450	311,075
2021-11-11 (IMUAAC)	2025-02-25	0.450	266,666
2021-11-23 (IMUAAB)	2025-02-01	0.450	1,000,000
2022-01-31 (IMUAAB)	2025-02-01	0.450	1,000,000
2022-01-31	2026-01-31	0.400	3,000,000
2022-01-31 (IMUAAA)	2026-02-01	0.400	1,500,000
2022-06-30 (IMUAAD)	2026-06-30	0.180	1,500,000
2022-07-01 (IMUAAE)	2026-07-01	0.180	1,540,000
2022-09-19	2026-03-31	0.330	200,000,001
2022-07-01	2026-06-30	0.306	39,263,618
2022-09-19	2026-09-18	0.188	3,875,000
2022-09-30	2026-09-29	0.184	1,700,000
2022-10-01	2026-09-30	0.240	14,000,000
2022-12-22	2027-01-03	0.142	773,534
2022-12-20	2027-01-09	0.154	604,461
Total			478,330,210

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 2023 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
2019-11-08 (IMUOP20)	0.040	5,000,000
2019-11-08 (IMUOP21)	0.042	10,000,000
2019-11-08 (IMUOP22)	0.045	20,000,000
2019-12-06 (IMUOC)	0.054	111,014,095
2020-12-01 (IMUOP26)	0.090	10,000,000
2019-12-06 (IMUOD)	0.450	36,987
		156,051,082

INSURANCE OF OFFICERS AND AUDITORS AND INDEMNITIES

Insurance of officers

During the financial year, Imugene Limited paid a premium of $742,199 (2022: $729,863) to insure the directors and secretaries of the company and its Australian-based controlled entities.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former auditor of the Group against a liability incurred as such by an auditor.

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.

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

	2023 $	2022 $
Tax compliance	2,750	5,950
Total	2,750	5,950

The board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the audit and risk committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit and risk committee to ensure they do not impact the impartiality and objectivity of the auditor.
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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 42.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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

Mr Paul Hopper
Executive Chairman

Sydney
29 September 2023

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of 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 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 29 September 2023

IMUGENE
Developing Cancer Immunotherapies

Annual Report 2023

CORPORATE GOVERNANCE STATEMENT

GOVERNANCE STATEMENT

30 JUNE 2023

Imugene Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Imugene Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2023 corporate governance statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year. The 2023 corporate governance statement was approved by the board on 29 September 2023. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.imugene.com/corporate-governance.

IMUGENE
Developing Cancer Immunotherapies

Annual Report 2023

FINANCIAL STATEMENTS

IMUGENE LIMITED

ANNUAL FINANCIAL REPORT - 30 JUNE 2023

ABN 99 009 179 551

Financial statements

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These financial statements are consolidated financial statements for the Group consisting of Imugene Limited and its subsidiaries. A list of 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 and principal place of business is:

Imugene Limited

Suite 12.01, Level 12

4-6 Bligh Street

Sydney NSW 2000

The financial statements were authorised for issue by the Directors on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023	2022
		$	$
Other income	2(a)	**11,777,628**	12,969,883
Other losses	2(b)	**(251,641)**	(237,839)
General and administrative expenses	2(c)	**(20,428,456)**	(14,061,251)
Research and development expenses	2(c)	**(30,864,770)**	(36,611,892)
Operating loss		**(39,767,239)**	(37,941,099)
Finance income	2(d)	**1,879,802**	192,249
Finance expenses	2(d)	**(27,453)**	(120,324)
Finance income - net		**1,852,349**	71,925
Loss before income tax		**(37,914,890)**	(37,869,174)
Income tax expense	3	**-**	-
Loss for the period		**(37,914,890)**	(37,869,174)
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Foreign currency translation		**(50,889)**	(47,904)
Total comprehensive loss for the period attributable to the ordinary equity holders of the company:		**(37,965,779)**	(37,917,078)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	**(0.60)**	(0.67)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	**153,150,662**	99,887,725
Trade and other receivables	4(b)	**12,105,294**	12,768,327
Other current assets		**401,566**	1,110,093
Total current assets		**165,657,522**	113,766,145
Non-current assets			
Property, plant and equipment	5(a)	**682,973**	862,786
Intangible assets	5(b)	**30,485,563**	32,689,474
Financial assets at amortised cost		**217,564**	252,364
Other assets		**19,309**	34,902
Total non-current assets		**31,405,409**	33,839,526
Total assets		**197,062,931**	147,605,671
LIABILITIES			
Current liabilities			
Trade and other payables	4(c)	**3,498,286**	5,384,229
Other financial liabilities	4(d)	**1,923,077**	1,422,558
Employee benefit obligations	5(c)	**471,528**	433,574
Other current liabilities	5(d)	**191,057**	184,152
Total current liabilities		**6,083,948**	7,424,513
Non-current liabilities			
Other financial liabilities	4(d)	**985,450**	985,450
Employee benefit obligations	5(c)	**5,116**	1,684
Other non-current liabilities	5(d)	**362,415**	489,280
Total non-current liabilities		**1,352,981**	1,476,414
Total liabilities		**7,436,929**	8,900,927
Net assets		**189,626,002**	138,704,744
EQUITY			
Share capital	6(a)	**314,401,877**	230,788,745
Other equity	6(b)	**4,744,355**	4,744,355
Other reserves	6(c)	**11,915,776**	6,692,760
Accumulated losses		**(141,436,006)**	(103,521,116)
Total equity		**189,626,002**	138,704,744

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2023

		Attributable to owners of Imugene Limited				
	Notes	Share capital $	Other equity $	Other reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2021		113,106,912	12,097,336	5,465,460	(65,651,942)	65,017,766
Loss for the period		-	-	-	(37,869,174)	(37,869,174)
Other comprehensive income		-	-	(47,904)	-	(47,904)
Total comprehensive loss for the period		**-**	**-**	**(47,904)**	**(37,869,174)**	**(37,917,078)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	6(a)	88,848,628	-	-	-	88,848,628
Options issued/expensed	6(c)	-	-	2,456,204	-	2,456,204
Options exercised, net of transaction costs	6(c)	15,100,192	-	(1,181,000)	-	13,919,192
Issue of shares in lieu of payment of services	6(c)	199,697	-	-	-	199,697
Provision of Vaxinia milestones	6(b)	-	4,744,355	-	-	4,744,355
Completion of Vaxinia milestones	6(a)	13,441,484	(12,097,336)	-	-	1,344,148
Repayment of loaned shares to KMP	6(a)	91,832	-	-	-	91,832
		117,681,833	(7,352,981)	1,275,204	-	111,604,056
Balance at 30 June 2022		**230,788,745**	**4,744,355**	**6,692,760**	**(103,521,116)**	**138,704,744**

		Attributable to owners of Imugene Limited				
	Notes	Share capital $	Other equity $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022		230,788,745	4,744,355	6,692,760	(103,521,116)	138,704,744
Loss for the period		-	-	-	(37,914,890)	(37,914,890)
Other comprehensive income		-	-	(50,889)	-	(50,889)
Total comprehensive loss for the period		**-**	**-**	**(50,889)**	**(37,914,890)**	**(37,965,779)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	6(a)	75,023,168	-	-	-	75,023,168
Options issued/expensed	6(c)	-	-	6,164,558	-	6,164,558
Options exercised, net of transaction costs	6(c)	8,373,579	-	(890,653)	-	7,482,926
Issue of shares in lieu of payment of services	6(c)	216,385	-	-	-	216,385
		83,613,132	-	5,273,905	-	88,887,037
Balance at 30 June 2023		**314,401,877**	**4,744,355**	**11,915,776**	**(141,436,006)**	**189,626,002**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(44,085,086)**	(37,390,059)
Research and development tax incentive received		**12,614,130**	6,541,921
Net cash (outflow) from operating activities	7(a)	**(31,470,956)**	(30,848,138)
Cash flows from investing activities			
Payments for financial assets at amortised cost		**-**	(137,166)
Proceeds from/(payments for) property, plant and equipment		**9,626**	(257,686)
Payments for other non-current assets		**-**	(19,309)
Interest received		**1,692,246**	193,174
Net cash inflow/(outflow) from investing activities		**1,701,872**	(220,987)
Cash flows from financing activities			
Proceeds from issues of shares	6(a)	**88,169,890**	108,877,024
Share issue transaction costs	6(a)	**(5,041,921)**	(6,151,372)
Payments for financial liabilities		**-**	(1,360,650)
Proceeds from borrowings		**-**	134,000
Lease repayments		**(147,413)**	(144,809)
Interest paid		**-**	(13,580)
Net cash inflow from financing activities		**82,980,556**	101,340,613
Net increase in cash and cash equivalents		**53,211,472**	70,271,488
Cash and cash equivalents at the beginning of the financial year		**99,887,725**	29,487,025
Effects of exchange rate changes on cash and cash equivalents		**51,465**	129,212
Cash and cash equivalents at end of year	4(a)	**153,150,662**	99,887,725

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

	Notes	2023 $	2022 $
Research and development tax incentive	2(a)(i)	**11,741,527**	12,614,130
Other items		**36,101**	355,753
		11,777,628	12,969,883

(a) *R&D tax incentive*

The Group's research and development 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 2023, the Group has included $11,741,527 (2022: $12,614,130) in other income to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

(b) Other losses

	2023 $	2022 $
Net foreign exchange losses	**(249,232)**	(132,990)
Net loss on disposal of property, plant and equipment	**(2,409)**	(104,849)
	(251,641)	(237,839)

2. OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

(c) Breakdown of expenses by nature

	2023 $	2022 $
General and administrative expenses		
Accounting and audit	**674,744**	580,432
Consulting	**652,718**	602,855
Depreciation	**190,320**	203,357
Employee benefits	**8,787,337**	5,181,030
Insurance	**829,363**	565,399
Investor relations	**506,516**	334,902
Legal	**638,460**	242,954
Listing and share registry	**430,182**	625,738
Patent costs	**192,742**	608,505
Recruitment and staff training	**461,786**	177,560
Share-based payments	**5,410,857**	4,097,340
Superannuation	**118,649**	94,845
Travel and entertainment	**1,267,410**	582,035
Other	**267,372**	164,299
	20,428,456	14,061,251
Research and development expenses		
HER-Vaxx	**5,876,550**	5,360,268
PD1-Vaxx (KEY-Vaxx)	**3,834,405**	2,846,846
CF33	**13,232,960**	18,402,443
CD19	**5,501,410**	2,763,564
Milestone expenses	**443,334**	4,744,355
Consulting	**1,960,021**	2,418,531
Other	**16,090**	75,885
	30,864,770	36,611,892

(d) Net finance income

	2023 $	2022 $
Finance income		
Interest income from financial assets held on fixed deposits/positive cash balances	**1,879,802**	192,249
Finance income	**1,879,802**	192,249
Finance costs		
Unwinding of discount in relation to leases	**(27,453)**	(13,580)
Unwinding of discount in relation to acquisition costs	**-**	(106,744)
Finance costs	**(27,453)**	(120,324)
Net finance income	**1,852,349**	71,925

3. INCOME TAX EXPENSE

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

	2023 $	2022 $
Loss from continuing operations before income tax expense	**(37,950,991)**	(37,869,174)
Tax at the Australian tax rate of 30% (2022: 25%)	**(11,385,297)**	(9,467,294)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	**(3,522,458)**	(3,784,240)
Accounting expenditure subject to R&D tax incentive	**7,231,268**	8,699,401
Accrued expenses	**(81,245)**	81,245
Accrued interest income	**(56,267)**	278
Amortisation of patents	**661,173**	(509,971)
Blackhole expenditure (Section 40-880, ITAA 1997)	**(272,363)**	(272,363)
Employee leave obligations	**39,150**	36,508
Entertainment	**29,390**	3,232
Patent costs	**57,823**	182,551
Share-based payments	**1,627,666**	1,229,202
Prepayments	**(134,791)**	-
Unrealised currency gains	**(1,068)**	(76,538)
Subtotal	**(5,578,279)**	(5,771,448)
Tax losses and other timing differences for which no deferred tax asset is recognised	**5,807,018**	5,771,448
Income tax expense	**-**	-

(b) Tax losses

	2023 $	2022 $
Unused tax losses for which no deferred tax asset has been recognised	**64,847,760**	45,491,032
Potential tax benefit at 30% (2022: 25%)	**19,454,328**	11,372,758

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash at bank and in hand	**103,607,985**	70,887,675
Deposits at call	**49,542,677**	29,000,050
	153,150,662	99,887,725

(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:

	2023 $	2022 $
Balances as above	**153,150,662**	99,887,725
Balances per statement of cash flows	**153,150,662**	99,887,725

(ii) Classification as cash equivalents

Deposits at call 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

		2023			2022		
	Notes	**Current $**	**Non-Current $**	**Total $**	Current $	Non-current $	Total $
Accrued receivables	4(b)(i)	**11,930,688**	**-**	**11,930,688**	12,615,735	-	12,615,735
Other Receivables		**174,606**	**-**	**174,606**	152,592	-	152,592
		12,105,294	**-**	**12,105,294**	12,768,327	-	12,768,327

(i) Accrued receivables

Accrued receivables comprise $11,741,527 from the Australian Taxation Office in relation to the R&D tax incentive (2022: $12,614,130) and $189,160 interest income from deposits at call (2022: $1,605).

(ii) Fair value of other receivables

Due to the short-term nature of the other receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(c) Trade and other payables

	2023			2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Trade payables	**2,341,038**	**-**	**2,341,038**	4,513,427	-	4,513,427
Accrued expenses	**1,134,515**	**-**	**1,134,515**	743,440	-	743,440
Other payables	**22,733**	**-**	**22,733**	127,362	-	127,362
	3,498,286	**-**	**3,498,286**	5,384,229	-	5,384,229

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 a reasonable approximation of their fair values, due to their short-term nature.

(d) Other financial liabilities

	2023			2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
HER-Vaxx contingent consideration	**-**	**985,450**	**985,450**	-	985,450	985,450
CD19 contingent consideration	**1,923,077**	**-**	**1,923,077**	1,422,558	-	1,422,558
	1,923,077	**985,450**	**2,908,527**	1,422,558	985,450	2,408,008

(i) Contingent consideration

The fair value of contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts management's estimate of the probability that the milestone will be achieved. For more information refer to note 12.

The discount rate used in the current year was 4.52% (2022: 4.52%).

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 2023**	Notes	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial liabilities					
Expected future royalties payable					
(HER-Vaxx contingent consideration)	4(d)	**-**	**-**	**985,450**	**985,450**
CD19 contingent consideration	4(d)	**-**	**-**	**1,923,077**	**1,923,077**
Total financial liabilities		**-**	**-**	**2,908,527**	**2,908,527**

Recurring fair value measurements **At 30 June 2022**	Notes	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial liabilities					
Expected future royalties payable					
(HER-Vaxx contingent consideration)	4(d)	-	-	985,450	985,450
CD19 contingent consideration	4(d)	-	-	1,422,558	1,422,558
Total financial liabilities		-	-	2,408,008	2,408,008

There were no transfers between levels of the hierarchy for recurring fair value measurements during the year ended 30 June 2023.

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.

If changing one or more of the unobservable inputs to reflect reasonably possible alternative outcomes, fair value would change significantly. Further information can be found in note 8(b)(iv).

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 $
Year ended 30 June 2022					
Opening net book amount	53,544	13,771	130,741	267,989	466,045
Additions	-	10,677	147,057	711,488	869,222
Disposals	-	-	(104,848)	(164,276)	(269,124)
Depreciation charge	(8,740)	(6,846)	(36,522)	(151,249)	(203,357)
Closing net book amount	44,804	17,602	136,428	663,952	862,786
At 30 June 2022					
Cost	74,437	38,333	188,574	992,185	1,293,529
Accumulated depreciation	(29,633)	(20,731)	(52,146)	(328,233)	(430,743)
Net book amount	44,804	17,602	136,428	663,952	862,786
Year ended 30 June 2023					
Opening net book amount	44,804	17,602	136,428	663,952	862,786
Additions	-	12,035	-	-	12,035
Disposals	-	(2,409)	-	-	(2,409)
Depreciation charge	(8,740)	(10,047)	(28,432)	(142,220)	(189,439)
Closing net book amount	36,064	17,181	107,996	521,732	682,973
At 30 June 2023					
Cost	74,437	47,959	188,574	711,488	1,022,458
Accumulated depreciation	(38,373)	(30,778)	(80,578)	(189,756)	(339,485)
Net book amount	36,064	17,181	107,996	521,732	682,973

(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 5 years
- Right-of-use assets 1 - 5 years

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

5. NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) Intangible assets

Non-Current assets	HER-Vaxx $	PD1-Vaxx $	Non PD1-Vaxx $	CF33 $	CD19 $	Total $
Year ended 30 June 2022						
Opening net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383
Amortisation charge	(417,706)	(7,800)	(23,909)	(1,367,076)	(387,418)	(2,203,909)
Closing net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
At 30 June 2022						
Net book amount	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation	(834,268)	(15,580)	(47,753)	(2,730,407)	(434,120)	(4,062,128)
Net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
Year ended 30 June 2023						
Opening net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
Amortisation charge	(417,706)	(7,801)	(23,910)	(1,367,076)	(387,418)	(2,203,911)
Closing net book amount	5,347,781	107,289	255,012	19,303,866	5,471,615	30,485,563
At 30 June 2023						
Cost	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation	(1,251,974)	(23,381)	(71,663)	(4,097,483)	(821,538)	(6,266,039)
Net book amount	5,347,781	107,289	255,012	19,303,866	5,471,615	30,485,563

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

(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. The assessed useful life is based on the patent life.

(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.

5. NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) Intangible assets *(continued)*

(ii) PD-1 and Non PD-1 (continued)

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, based on the patent life.

(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-renowed 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. This is outlined in note 12.

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

(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. This is outlined in note 12.

CD19 is amortised over a period of 16 years, being management's assessed useful life of the intangible asset, based on the patent life.

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

Patents, licences and other rights held by the Group are assessed for indicators of impairment at each reporting date.

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

5. NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Employee benefit obligations

		2023			2022		
	Notes	Current $	Non-current $	Total $	Current $	Non-current $	Total $
Leave obligations	5(c)(i)	**471,528**	**5,116**	**476,644**	433,574	1,684	435,258

(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).

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 $476,644 (2022: $433,574) 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:	2023 $	2022 $
Right-of-use assets[1]		
Properties	**521,732**	663,952
	521,732	663,952
Lease liabilities[2]		
Current	**191,057**	184,152
Non-current	**362,415**	489,280
	553,472	673,432

[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:

	Notes	2023 $	2022 $
Depreciation charge of right-of-use assets			
Properties		**142,220**	151,249
Interest expense (included in finance expenses)	2(d)	**27,453**	13,580

The total cash outflow for leases in 2023 was $169,710 (2022: $158,389).

5. NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases (continued)

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

In March 2022, the Group entered into a new five-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

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

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 4.52% (2022: 4.52%).

6. EQUITY

(a) Share capital

	Notes	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares					
Fully paid		**6,423,039,111**	5,865,699,945	**314,401,877**	230,788,745
	6(a)(i)	**6,423,039,111**	5,865,699,945	**314,401,877**	230,788,745

(i) Movements in ordinary shares:

Details	Number of shares	Total $
Balance at 1 July 2021	**4,962,841,567**	**113,106,912**
Issue at $0.053 on the completion of Tranche 2 as per the Vaxinia deal (2021-07-09)	25,183,871	1,334,745
Issue at $0.30 pursuant to placement (2021-08-04)	300,000,000	90,000,000
Issue at $0.30 pursuant to SPP (2021-08-20)	16,666,666	5,000,000
Issue at $0.053 on the completion of Tranche 2 as per the Vaxinia deal (2021-09-09)	94,170,967	4,991,061
Issue at $0.053 on the completion of Tranche 3 as per the Vaxinia deal (2021-10-22)	134,258,065	7,115,677
Repayment of loaned shares to KMP	-	91,832
Issue at $0.409 to consultants in lieu of payment for services (2022-02-04)	234,075	95,737
Issue at $0.413 to consultants in lieu of payment for services (2022-02-04)	251,720	103,960
Issue on the exercise of listed options	233,788,593	10,199,193
Issue on the exercise of ESOP unlisted options	98,304,421	3,720,000
Transfer from reserves on exercise of ESPOP unlisted options	-	1,181,000
Less: Transaction costs arising on share issues	-	(6,151,372)
Balance at 30 June 2022	**5,865,699,945**	**230,788,745**

6. EQUITY (CONTINUED)

(a) Share capital (continued)

Details	Number of shares	Total $
Balance at 1 July 2022	**5,865,699,945**	**230,788,745**
Issue on the exercise of listed options	819,665	44,262
Issue on the exercise of listed options	75,000	4,050
Issue on the exercise of listed options	768,100	41,477
Issue on the exercise of listed options	1,666	750
Issue at $0.20 pursuant to placement (2022 09 19)	977,348	52,777
Issue on the exercise of listed options	400,000,000	80,000,000
Issue on the exercise of listed options	7,827,019	422,659
Issue on the exercise of listed options	3,324,849	179,542
Issue on the exercise of listed options	14,969,389	808,347
Issue on the exercise of listed options	5,000,000	200,000
Issue on the exercise of listed options	10,000,000	420,000
Transfer from reserves on exercise of ESOP unlisted options (2022 11 02)	20,000,000	900,000
Issue on the exercise of listed options	-	22,168
Issue on the exercise of listed options	7,631,658	412,110
Issue on the exercise of listed options	13,861,835	748,539
Issue on the exercise of listed options	18,739,827	1,011,951
Issue on the exercise of listed options	15,755,215	850,782
Transfer from reserves on exercise of ESOP unlisted options (2022 12 02)	26,264,190	1,418,266
Issue on the exercise of listed options	10,000,000	900,000
Issue at $0.209 issued based on employment contracts (Yuman Fong)	1,721	774
Issue at $0.14 issued based on employment contracts (Yuman Fong)	464,513	97,291
Issue at $0.14 issued as sign on bonus (Sharon Yavrom) - Tranche 1	748,209	104,399
Issue on the exercise of listed options	104,962	14,695
Issue at $0.45 on exercise of IMUOC options - Hans Winter	4000	216
Less: Transaction costs arising on share issues		(5,041,921)
Balance at 30 June 2023	**6,420,039,111**	**314,401,877**

6. EQUITY (CONTINUED)

(a) Share capital (continued)

(ii) 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.

(iii) 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

	2023 $	2022 $
Contingent issue of equity	**4,744,355**	4,744,355
	4,744,355	4,744,355

The above contingent issue of equity relates to the clinical trial progress of the CF33 asset. Please refer to 12 for further information regarding the contingent consideration.

(c) Other reserves

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

	Notes	Share-based payments $	Foreign currency translation $	Total other reserves $
At 1 July 2021		**5,465,460**	**-**	**5,465,460**
Currency translation differences		-	(47,904)	(47,904)
Other comprehensive income		**-**	**(47,904)**	**(47,904)**
Transactions with owners in their capacity as owners				
Issue of options	6(c)(ii)	2,456,204	-	2,456,204
Exercise of options	6(c)(ii)	(1,381,000)	-	(1,181,000)
At 30 June 2022		**6,740,664**	**(47,904)**	**6,692,760**

6. EQUITY (CONTINUED)

(c) Other reserves (continued)

	Notes	Share- based payments $	Foreign currency translation $	Total other reserves $
At 1 July 2022		**6,740,664**	**(47,904)**	**6,692,760**
Currency translation differences		-	(50,889)	(50,889)
Other comprehensive income		**-**	**(50,889)**	**(50,889)**
Transactions with owners in their capacity as owners				
Issue of options	6(c)(ii)	6,164,558	-	6,164,558
Exercise of options	6(c)(ii)	(890,653)	-	(890,653)
At 30 June 2023		**12,014,569**	**(98,793)**	**11,915,776**

(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 eligible contractors.

(ii) Movements in options:

Details	Number of options
Balance at 1 July 2021	**539,860,514**
Exercise of listed options	(233,788,593)
Exercise of ESOP unlisted options	158,332,490
Lapse of ESOP unlisted options	(100,000,000)
Issue of ESOP unlisted options	8,577,741
Balance at 30 June 2022	**372,982,152**
Exercise of listed options	(156,408,556)
Issue of listed options	35,343,079
Issue of ESOP unlisted options	226,413,535
Balance at 30 June 2023	**478,330,210**

7. CASH FLOW INFORMATION

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

	Notes	2023 $	2022 $
Loss for the period		**(37,914,890)**	(37,869,174)
Adjustments for			
Contingent consideration		**-**	4,744,355
Depreciation and amortisation		**2,203,911**	2,407,266
Disposal of property, plant and equipment		**-**	104,849
Finance expenses	2(d)	**27,453**	120,324
Finance income	2(d)	**(1,879,802)**	(192,249)
Leave provision expense		**41,386**	191,532
Share-based payments		**5,640,498**	4,097,340
Unrealised net foreign currency gains		**(1,152)**	(255,128)
Change in operating assets and liabilities:			
Movement in trade and other receivables		**1,088,537**	(6,107,502)
Movement in other operating assets		**708,527**	(940,017)
Movement in trade and other payables		**(1,385,424)**	2,850,266
Net cash inflow/(outflow) from operating activities		**(31,470,956)**	(30,848,138)

7. CASH FLOW INFORMATION (CONTINUED)

(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 due to changes in estimates and judgements. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

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

The areas involving judgement or estimation are detailed below.

(a) Judgements

(i) Impairment

The Group's intangible assets are assessed for impairment at each reporting period. Management has considered the following potential indicators:

- The market capitalisation of Imugene Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2023 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 the oncology sector.

Should an indicator be identified, management would be required to perform an impairment test.

(b) Estimates

(i) *R&D tax incentive income accrual*

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.

Judgement is applied to each transaction the Group incurs each financial year, by determining a percentage of each transaction that relates to R&D.

R&D income is determined using eligibility criteria and percentages of eligibility estimated by management. These estimated eligibility percentages determine the base for which the R&D tax rebate is calculated and therefore is subject to a degree of uncertainty.

8. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS (CONTINUED)

(b) Estimates (continued)

(ii) *Useful life of intangible assets*

Management have concluded that all intangible assets are "ready for use" and have applied judgement over the period which each asset is expected to be available for use by the entity.

The maximum life in which the Group has control of the intangible asset can be determined by the length of legal protection of the intellectual property (IP) covered by the patent life over the IP. The life of an asset is determined by reference to that IP protection, subject to reassessment each year, taking into consideration changing expectations about possible timing of trade sale of a licence.

The useful life is determined using the expiry date of the last patent to expire. These dates determine the life of the IP and therefore is subject to a degree of uncertainty.

(iii) *Share-based payments*

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

This model requires the following inputs which involve judgements to be made:

- Volatility rate is calculated by analysing the movement of the closing share price each day for the term of the option preceding grant date; and
- Risk-free rate is obtained by referencing to the Capital Market Yields for Government Bonds supplied by the RBA. The rate is selected by determining what the rate is at the date the options are granted to the holder. Additionally, there are different rates supplied by the RBA each day dependent on the terms of the bond (2, 3, 5, 10 years). The term of the option will determine which rate is used (i.e. a 5 year term will use the 5 year bond rate). If an options term is between two terms for example 4 years, the rate that is used is that of the lower term i.e. the 3 year bond rate.

These inputs determine the value of each share-based payment and therefore it is subject to a degree uncertainty.

(iv) *Contingent consideration*

The fair value of the Group's contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts the management's estimate of the probability that the milestone will be achieved. Management's assessment of the probability is based on their experience and considering industry information on clinical trial success rates and related parameters.

At the end of the reporting year, the Group has applied judgement to multiple milestones detailed in note 12.

The discount rate used at 30 June 2023 was 4.52%. The discount rate is based on the expected rate of return, which has been determined using the capital asset pricing model.

The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

The probability assigned to each milestone determines the value of the consideration and therefore is subject to a degree of uncertainty.

The fair value of contingent consideration is sensitive to changes in the probability of clinical trial success and the timeframe for completion of those clinical trials. These sensitivities are interdependent. A 1% change in the probability of clinical trial success or a 1-year reduction in the timeframe for completion of clinical trials would have a material impact on the fair value of contingent consideration.

8. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS (CONTINUED)

(b) Estimates (continued)

(v) *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.

This method determines the value of leave accounted for on the statement of financial position and therefore it is subject to a degree of uncertainty.

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 functional currency of the Group. This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

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

	2023		2022	
	USD	**EUR**	USD	EUR
	$	**$**	$	$
Cash and cash equivalents	**10,728,211**	**-**	2,944,760	-
Trade payables	**1,353,582**	**9,100**	3,644,855	649,248
Total exposure	**12,081,793**	**9,100**	6,589,615	649,248

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.

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Sensitivity

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. The sensitivity analysis is conducted on a

currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the Group is materially exposed to is listed below:

- USD: 5.76% (2022: 5.8%)
- EUR: 3.75% (2022: 3.4%)

	Impact on loss for the period		Impact on other components of equity	
	2023	2022	**2023**	2022
	$	$	**$**	$
USD/AUD exchange rate - change by 5.76% (2022: 5.8%)*	**694,368**	382,198	**-**	-
EUR/AUD exchange rate - change by 3.75% (2022: 3.4%)*	**342**	22,074	**-**	-

* Holding all other variables constant

Profit is more sensitive to movements in the AUD/USD exchange rates in 2023 than 2022 because of the increased 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 2023 and 2022, the Group's cash and cash equivalents at variable rates were denominated in Australian dollars.

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

	2023	2022
Financial instruments with cash flow risk	**$**	$
Cash and cash equivalents	**153,150,662**	99,887,725
Financial assets at amortised cost	**217,564**	252,364
	153,368,226	100,140,089

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	
	2023	2022	**2023**	2022
	$	$	**$**	$
Interest rates - change by 393 basis points (2022: 121 basis points)*	**5,363,203**	1,211,695	**-**	-

* Holding all other variables constant

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

The use of 3.93 percent (2022: 1.21 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2023 and the previous four balance dates. The average cash rate at these balance dates was 1.28 percent (2022: 0.77 percent). The average change to the cash rate between balance dates was 306.32 percent (2022: 157.33 percent). By multiplying these two values, the interest rate risk was derived.

Profit is more sensitive to movements in interest rates in 2023 than 2022 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 2023 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 nil (2022: nil).

(c) Liquidity risk

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

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

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Maturities of financial liabilities

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

Contractual maturities of financial liabilities	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 2023	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	3,498,286	-	-	-	-	3,498,286	3,498,286
Lease liabilities	64,361	68,210	146,030	274,870	-	553,471	553,471
Other financial liabilities	1,432,881	150,830	-	1,324,817	-	2,908,528	2,908,528
Total	**4,995,528**	**219,040**	**146,030**	**1,599,687**	**-**	**6,960,285**	**6,960,285**
At 30 June 2022							
Trade and other payables	5,384,229	-	-	-	-	5,384,229	5,384,229
Lease liabilities	58,169	61,791	132,572	420,900	-	673,432	673,432
Other financial liabilities	1,306,431	116,127	-	985,450	-	2,408,008	2,408,008
Total	**6,748,829**	**177,918**	**132,572**	**1,406,350**	**-**	**8,465,669**	**8,465,669**

10. CAPITAL MANAGEMENT

(a) Risk management

The Group's objectives when managing capital are to

(i) 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

(ii) 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 2023 (2022: nil). The Group's franking account balance was nil at 30 June 2023 (2022: nil).

11. INTERESTS IN OTHER ENTITIES

(a) Subsidiaries

The Group's subsidiaries at 30 June 2023 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	
		2023 %	2022 %
Biolife Science Qld Pty Ltd	Australia	**100**	100
Lingual Consegna Pty Ltd	Australia	**100**	100
Vaxinia Pty Ltd	Australia	**100**	100
Imugene (USA) Inc	USA	**100**	100

12. CONTINGENT CONSIDERATION

The Group has determined the fair value of contingent consideration by assessing the probability of each milestone being achieved. The Group's assessment of the probability is based on their experience and considering industry information on clinical trial success rates and related parameters.

(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 Group signed the Exclusive License Agreement with the City of Hope on 8 July 2019 to acquire a worldwide exclusive license to the HOV#33 virus, 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.

12. CONTINGENT CONSIDERATION (CONTINUED)

(b) CF33 intellectual property (continued)

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, which was paid in 2021. For further details, please refer to note 5b. There is a 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

In 2022, milestones 1 and 2 were met and settled in shares.

Also, in 2021, the Group separately signed the Exclusive License Agreement with the City of Hope (COH) to acquire a worldwide exclusive 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, which was paid in 2021. 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$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

In 2022, milestone 1 was met and was settled with a payment of cash.

- Sales Milestone Payments:

Once the following Milestones have been met, the Group will have paid a total of US$150 million. These milestones have no effect on the figures reported in the financial statements as at 30 June 2023 (2022: none).

  - **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. This has no effect on the figures reported in the financial statements as at 30 June 2023 (2022: none).

12. CONTINGENT CONSIDERATION (CONTINUED)

(c) CD19 intellectual property

In 2021, the Group signed the Exclusive License Agreement with COH to acquire a worldwide exclusive 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, which was paid in 2022. 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
6.	Upon the first Marketing Approval in any jurisdiction other than the United States.	US$1.5m

At the end of the current reporting period, none of the above milestones have been met or paid.

- **Sales Milestone Payments:**

Once the following Milestones have been met, the Group will have paid a total of US$115 million. These milestones have no effect on the figures reported in the financial statements as at 30 June 2023 (2022: none).

  - **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. This has no effect on the figures reported in the financial statements as at 30 June 2023 (2022: none).

12. CONTINGENT CONSIDERATION (CONTINUED)

(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 2023 $22,168 (2021: $114,000) of the original amount represents a contingent asset, while the remaining $277,832 (2021: $186,000) has been repaid to Imugene.

13. COMMITMENTS

(a) Research and development commitments

The Group had research and development commitments at 30 June 2023 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 2023, 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 poperty. 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.

(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 incur spend on research and development 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

13. COMMITMENTS (CONTINUED)

(a) Research and development commitments (continued)

- **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 16 August 2023, the Company announced that it has entered into an agreement with Precision Biosciences, Inc. (NASDAQ GS: DTIL) of North Carolina, USA, to acquire a worldwide exclusive license to Precision's azer-cel allogeneic CD19 CAR T cell therapy program. Given the nature of the acquisition, it has been concluded that this is an asset acquisition.

Under the terms of the licence agreement, the Company agreed to pay Precision Biosciences:

- US$8 million cash and US$13 million deferred consideration. The deferred consideration has a term of 12 months and may be converted into shares and/or redeemed for cash at the Company's election.
- US$8 million on satisfactory completion of the Phase 1b clinical trial shortly to commence. The Company may elect to pay by the issue of Company shares.
- Up to US$198 million performance-based payments over the development life of azer-cel linked to the achievement of certain value-inflection development milestones, including approval in multiple indications and sales in the US and EU.
- Industry standard royalties on net sales.

In relation to the above acquisition, the Company is required to pay Chimeric Therapeutics Limited an introduction fee of US$3 million by way of cash payment.

As announced on 18 August 2023, Imugene received firm commitments from institutional and sophisticated investments for a $35 million placement of 416,700,000 new fully paid ordinary shares in the Company at a price of $0.084 per share (the Placement).

Imugene has undertaken a Share Purchase Plan (SPP) and has further raised $18.2 million following the Placement. Under the Placement and SPP, participants will receive one free option for every share received under the offer, at the lower of $0.084 or 2.5% discount to the closing 5-day VWAP. The options are intended to be listed on the ASX with an exercise price of $0.118 and an expiration of 31 August 2026.

15. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

Interests in subsidiaries are set out in note 11.

(b) Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	**3,893,097**	3,164,688
Post-employment benefits	**78,250**	53,220
Long-term benefits	**(26,094)**	50,333
Share-based payments	**3,419,512**	1,089,513
	7,364,765	4,357,754

Detailed remuneration disclosures are provided in the remuneration report on pages 25 to 38.

(c) Related party transactions

	2023 $	2022 $
Chimeric Therapeutics Limited	**12,000**	6,825

Relates to shared office space between Imugene Limited and Chimeric Therapeutics Limited.

Imugene Limited recharges via invoice to Chimeric Therapeutics Limited.

16. SHARE-BASED PAYMENTS

(a) Employee share and option plan

The establishment of the 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:

	2023 Average exercise price per share option	2023 Number of options	2022 Average exercise price per share option	2022 Number of options
As at 1 July	**$0.06**	**372,982,152**	$0.06	539,860,514
Granted during the year	**$0.32**	**261,756,614**	$0.45	165,910,231
Exercised during the year	**$0.11**	**(156,141,890)**	$0.04	(333,788,593)
Forfeited/lapsed during the year	**$0.45**	**(266,666)**	-	-
As at 30 June	**$0.35**	**478,330,210**	$0.25	371,982,152
Vested and exercisable at 30 June	**$0.25**	**415,838,739**	$0.25	350,680,272

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 2023	Share options 30 June 2022
2019-11-08 (IMUAO)	2022-11-08	0.040	-	5,000,000
2019-11-08 (IMUAP)	2022-11-08	0.042	-	10,000,000
2019-11-08 (IMUAQ)	2022-11-08	0.045	-	20,000,000
2019-12-06 (IMUOC)	2022-11-30	0.054	-	111,138,503
2020-12-01 (IMUAV)	2023-12-01	0.090	-	10,000,000
2021-02-26 (IMUAW)	2024-02-26	0.150	5,000,000	5,000,000
2021-04-30 (IMUAY)	2025-04-30	0.190	45,000,000	45,000,000
2021-11-01 (IMUAZ)	2024-12-23	0.45	311,075	311,075
2021-11-11 (IMUAAC)	2025-02-25	0.45	-	266,666
2021-11-23 (IMUAAB)	2025-02-01	0.45	1,000,000	1,000,000
2022-01-31 (IMUAAB)	2025-02-01	0.45	1,000,000	1,000,000
2022-01-31	2026-01-31	0.40		3,000,000
2022-01-31 (IMUAAA)	2026-02-01	0.40	1,500,000	1,500,000
2022-07-01	2026-06-30	0.40	3,000,000	-
2022-06-30 (IMUAAD)	2026-06-30	0.18	1,500,000	1,500,000
2022-07-01	2026-06-30	0.18	1,540,000	-
2022-07-01	2026-06-30	0.30	39,263,618	-
2022-09-19	2026-09-18	0.180	3,875,000	-
2022-09-30	2026-09-26	0.184	1,700,000	-
2022-10-01	2026-09-30	0.240	14,000,000	-
2022-12-20	2027-01-03	0.1420	773,534	-
2022-12-20	2027-01-09	0.1540	604,461	-
Total			120,067,688	214,716,244

Weighted average remaining contractual life of options outstanding at end of period	2.16	1.55

16. SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee share and option plan (continued)

(i) Fair value of options granted

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

The model inputs for options granted under ESOP during the year ended 30 June 2023 included:

Grant date	Expiry date	Exercise price ($)	No. of" options	Share price at grant date ($)	Expected volatility	Dividend yield	Risk- free interest rate	Fair value at grant date per option ($)
2022-07-01	2026-06-30	0.18	1,540,000	0.15	88.30%	0.00%	3.01%	0.131
2022-07-01	2026-06-30	0.31	39,263,618	0.20	88.50%	0.00%	3.01%	0.113
2022-09-19	2026-09-18	0.19	3,875,000	0.22	88.10%	0.00%	3.41%	0.148
2022-09-30	2026-09-29	0.18	1,700,000	0.18	88.50%	0.00%	3.57%	0.117
2022-10-01	2026-09-30	0.24	14,000,000	0.18	88.50%	0.00%	3.57%	0.107
2022-12-22	2027-01-03	0.14	773,534	0.15	88.50%	0.00%	3.29%	0.099
2022-12-20	2027-01-09	0.15	604,461	0.15	88.40%	0.00%	3.30%	0.089
			61,756,613					

(ii) Vesting conditions

Vesting conditions, being service 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:

	2023	2022
	$	$
Options issued under ESOP	**5,410,857**	4,097,340

17. REMUNERATION OF AUDITORS

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

(a) Grant Thornton Australia

(i) Audit and other assurance services

	2023	2022
	$	$
Audit and review of financial statements	**338,400**	107,150
Total remuneration for audit and other assurance services	**338,400**	107,150

17. REMUNERATION OF AUDITORS (CONTINUED)

(a) Grant Thornton Australia (continued)

(ii) Taxation services

	2023 $	2022 $
Tax compliance services	**2,750**	5,950
Total remuneration for taxation services	**2,750**	5,950
Total auditor's remuneration	**341,150**	113,100

18. LOSS PER SHARE

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

	2023 $	2022 $
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	**37,965,779**	37,917,078

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

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**6,275,675,627**	5,637,196,797

On the basis of the Group's losses, the outstanding options as at 30 June 2023 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:

	2023 $	2022 $
Statement of financial position		
Current assets	**164,401,334**	113,766,122
Non-current assets	**26,058,214**	32,574,626
Total assets	**190,459,548**	146,340,748
Current liabilities	**6,792,203**	7,392,944
Non-current liabilities	**367,531**	490,964
Total liabilities	**7,159,734**	7,883,908
Shareholders' equity		
Share capital	**314,401,878**	230,788,745
Other equity		
Reserves	**4,744,355**	4,744,355
Share-based payments	**12,302,428**	6,740,664
Accumulated losses	**103,521,116**	66,765,686
Loss for the period	**39,236,663**	35,990,906
Total comprehensive loss	**39,236,663**	35,990,906

(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 2023 (2022: nil).

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2023 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 2023 (2022: 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.

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.

19. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

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

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.

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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 annual report has been prepared on a going concern basis. Accordingly, the annual 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

There are no new accounting standards or interpretations that would 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.

20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

(vi) 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 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, with 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.

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.

(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.

20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Contingent consideration on the acquisition of intangible assets is measured at FVPL. Future changes to probability of milestones becoming payable in subsequent periods, and other changes which impact on their fair value of contingent consideration, will be captured 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

20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets (continued)

complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

(iii) Amortisation methods and useful lives

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

(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.

20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

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.

(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 Corporations (Rounding in Financial/Directors' Reports) 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.

20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 DIRECTOR'S OPINION

(a) the financial statements and notes set out on pages 46 to 93 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 2023 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
29 September 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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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 2023, 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 2023 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 holds material intangible assets relating to purchased licences and intellectual property. In accordance with AASB 136 *Impairment of Assets*, management is required to assess at each reporting date if there are any indicators of impairment that 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 the financial significance of this asset class in the statement of financial position.	Our procedures will include, amongst others: • Obtaining a detailed understanding of the underlying processes for the intangible asset impairment process, through discussion with individuals across the organisation and review of relevant documentation; • Holding discussions with the Chief Medical Officer ('CMO') to confirm project status and to identify potential internal indicators of impairment; • Assessing the adequacy of the work of management's expert (CMO), including their competence and objectivity; • Obtaining management's impairment indicator analysis and assessing reasonableness through the review of public information and discussions with management; • Considering if there are any other indicators of impairment (such as results of recent trials or changes in factors that underpinned the initial valuation of the assets) and other qualitative considerations (e.g. market valuation of the company compared to its net assets, recent clinical trial results, other public information available or press releases); and • Assessing whether the disclosures in the financial statements, including the note on critical judgements and estimates, are appropriate.
R&D tax incentive scheme – Note 2(a)	
Imugene Limited determines the eligibility of their research and development activities under the Australian government tax incentive scheme. The R&D receivable recognised in the statement of financial position as at the year-end and the income recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended was $11,741,527. There is inherent subjectivity involved in the Group's judgements in relation to the calculation and recognition of the R&D tax incentive income and receivable, with several assumptions made in determining the eligibility of claimable expenses. Due to the above reasons, this has been assessed as a key audit matter.	Our procedures included, amongst others: • Obtaining a detailed understanding of the underlying processes for claiming the R&D rebate, through discussion with individuals across the organisation and review of relevant documentation; • Assessing the design and implementation of relevant controls in relation to determining the R&D rebate at the year-end; • Developing an understanding of the model, identifying and assessing the key assumptions in the calculation; • Assessing the adequacy of the work of management's expert, including their competence and objectivity; • Engaging internal experts to review the reasonableness of the calculation provided by management; • Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate are likely to meet the eligibility criteria;

- Validating the mathematical accuracy of the accrued amount;
- Agreeing a sample of R&D expenditure within the computation to underlying supporting documentation;
- Comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax claim;
- Performing substantive analytical procedures over the R&D claim, considering the nature of the R&D expenditure included in the current year and prior year estimates;
- Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and
- Assessing whether the disclosures in the financial statements, including on critical judgements and estimates, are appropriate.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 25 to 38 in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Imugene Limited, for the year ended 30 June 2023 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, 29 September 2023

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SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 26 AUGUST 2023

(a) Distribution of equity securities

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

	Class of equity security Ordinary shares			
Holding	No. of holders (shares)	Shares	No. of holders (options)	Options
1 - 1000	613	374,340	8	2,810
1,001 - 5,000	6,405	18,882,422	1,824	3,978,568
5,001 - 10,000	3,929	31,251,683	154	1,125,182
10,001 - 100,000	11,903	465,200,284	349	13,777,628
100,001 and over	5,112	5,907,330,382	240	459,446,022
	27,962	6,423,039,111	2,575	478,330,210

There were 7,440 holders of less than a marketable parcel of ordinary shares.

(b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	574,331,818	8.94%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	343,635,691	5.35%
Mann Family	291,281,412	4.53%
CITICORP NOMINEES PTY LIMITED	277,068,999	4.31%
DR NICHOLAS SMITH	118,000,000	1.84%
NATIONAL NOMINEES LIMITED	114,009,944	1.78%
BNP PARIBAS NOMS PTY LTD	97,615,411	1.52%
Mi Ok Chong	77,000,000	1.20%
NETWEALTH INVESTMENTS LIMITED	60,576,704	0.94%
BNP PARIBAS NOMINEES PTY LTD	29,838,476	0.46%
UBS NOMINEES PTY LTD	26,929,629	0.42%
SUPERHERO SECURITIES LIMITED	24,386,967	0.38%
SVE CAPITAL PTY LTD	23,000,000	0.36%
BUTTONWOOD NOMINEES PTY LTD	21,585,740	0.34%
DR JENS ECKSTEIN	20,500,000	0.32%
DR LESLEY RUSSELL	20,000,000	0.31%
MR SCOTT SPENCER PAPPIN & MRS TRACEY LEE PAPPIN	20,000,000	0.31%
MRS SARAH CAMERON	19,669,583	0.31%
MR JAMES JOHN SHAUGHNESSY & MRS MARGARET JOY SHAUGHNESSY	17,798,374	0.28%
DR NICHOLAS EDE	17,600,000	0.27%
	22,194,828,748	34.17%

(b) Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	320,067,689	22

(c) Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	574,331,818	8.94%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	343,635,691	5.35%

Substantial holdings are based on the last notice for each holder lodged on the Australian Stock Exchange (ASX).

(d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options: No voting rights.

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ASX:IMU

Contact

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