



Interim Report

Half Year Ended 31 December 2022

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited

Appendix 4D

Half-year ended 31 December 2022

Name of entity:	Chimeric Therapeutics Limited
ABN:	68 638 835 828
Half-year ended ended:	31 December 2022
Comparative period:	31 December 2021

Results for announcement to the market

					\$
Revenue for ordinary activities	-	-%	to	-	
Loss from ordinary activities after tax attributable to members	Up	21.2%	to	11,747,564	
Net loss for the period attributable to members	Up	21.2%	to	11,747,564	

Net tangible assets per security

	31 December 2022 Cents	31 December 2021 Cents
Net tangible asset backing (per security)	0.57	1.00

Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

Distributions

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

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2022.

Other information required by Listing Rule 4.2A

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

(continued)

Interim review

The financial statements have been reviewed by the group's independent auditor who has issued an unmodified opinion with a material uncertainty in relation to going concern.



Review of operations and activities

Chimeric Therapeutics Limited: Interim Report



Review of Operations and Activities

Half year ended: 31 December 2022

Chimeric Therapeutics Limited is pleased to announce its financial results for the half year ended 31 December 2022.

Financial Review

The group reported a loss for the period ended 31 December 2022 of \$11,747,564 (31 December 2021: \$9,688,917). This increased loss compared to the comparative period is due to the increased activity in the group and the clinical trial and research activities that have been undertaken.

The group's net assets decreased to \$15,954,619 (30 June 2022: \$25,706,308). As at 31 December 2022, the group had cash reserves of \$3,626,088 (30 June 2021: \$18,381,533).

Operating Review

CHM 1101 (CLTX CAR T)

Completion of dosing in 3rd dose cohort in CHM 1101 (CLTX CAR T) clinical trial

In December 2022, Chimeric announced the successful completion of the planned dosing of the third patient cohort (n=3) in the Phase 1 dose escalation study evaluating the safety and maximum tolerated dose of Chimeric's CHM 1101 (CLTX CAR T) cell therapy, in patients with recurrent or progressive glioblastoma (GBM).

The Phase 1A CHM 1101 clinical trial is taking place at City of Hope, one of the largest cancer research and treatment organisations in the United States. Chimeric Therapeutics has licensed the exclusive global rights to intellectual property covering the chlorotoxin CAR-T cells from City of Hope. Behnam Badie, M.D., City of Hope Chief of Division of Neurosurgery, is the City of Hope trial's principal investigator.

The Phase 1A study aims to enrol 18-36 patients with MMP2+ recurrent or progressive GBM across 4 dose levels. Study objectives are to evaluate the safety and efficacy of CLTX CAR T and to establish recommended dosing for a Phase 2 trial. Patients (n=3) in this third dose level received a total dose of 240 X 106 CHM 1101 (CLTX CAR T) cells through dual routes of intratumoral and intraventricular administration.

Once the final evaluable patient of this third dose cohort successfully completes the 28 DLT period, the study will be able to advance to recruitment of patients at the fourth and final planned dose level of 440 X 106 CHM 1101 (CLTX CAR T) cells through dual routes of administration (intratumoral and intracranial intraventricular).



Japan patent office grants patent covering CLTX CAR technology

In August 2022, the Group announced that the Japan Patent Office had issued a patent covering certain applications of chimeric antigen receptor (CAR) technology using chlorotoxin (CLTX), including Chimeric's clinical-stage CAR T asset CHM 1101 and preclinical-stage CAR NK asset CHM 1301.

The patent has been granted under patent number JP 7,085,990, entitled "Chimeric antigen receptors containing a chlorotoxin domain." Chimeric holds the exclusive worldwide license to develop and commercialize JP 7,085,990 and related patent applications filed in other global territories.

CHM 0201 (CORE NK PLATFORM)

Exclusive license agreement with Case Western Reserve University for CHM 0201 (the CORENK Platform)

Chimeric entered an exclusive license agreement with Case Western Reserve University (CWRU) for CHM 0201 (the CORE-NK platform) in November 2022, following the option agreement Chimeric signed for the technology in December 2021.

CHM 0201 uses a novel, proprietary genetically modified feeder cell line to activate and expand universal off-the-shelf allogeneic NK cell products derived from healthy donors. The expanded CHM 0201 cells exhibit enhanced cytotoxicity, metabolism, and expression of activating receptors compared to fresh, activated NK cells.

Under the agreement, Chimeric gains exclusive global rights to the CHM 0201 platform for oncology, where Chimeric and CWRU are currently advancing multiple product candidates in Dr Wald's laboratory under a Sponsored Research Agreement (mentioned below). Chimeric also receives exclusive global rights to the CHM 0201 platform for immune disorders and viral infectious diseases.

CHM 0201 was previously studied in a phase 1A clinical trial at University Hospitals Seidman Cancer Centre in Ohio. Clinical results published in March 2022 in the journal *Transplantation and Cellular Therapy* demonstrated safety with no GvHD (Graft versus host disease), NK cell persistence for at least 28 days, and encouraging early activity signals. This was particularly prevalent in blood cancers where all patients achieved disease control and one patient achieved a complete response that was sustained for over 15 months at time of study publication.

Chimeric's exclusive global license from CWRU covers patent rights, knowhow, and biological materials for the NK feeder cell line and CHM 0201 manufacturing process in the fields of use, including access to regulatory documents for the first-in-human Phase 1 trial of CHM 0201. Upfront fees associated with the license agreement will be funded entirely from existing cash reserves. The agreement also includes industry standard development milestones, patent costs, maintenance fees, and royalties on commercial net sales.



Sponsored research agreement with Case Western University to advance CORE-NK Portfolio

Chimeric entered into a sponsored research agreement (SRA) with CWRU to further advance Chimeric's NK cell therapy portfolio.

The research program at CWRU will be led by Dr David Wald, inventor of the CHM 0201 (CORE NK) technology. Through this research collaboration, Dr Wald and his laboratory will work closely with Chimeric to advance multiple next-generation NK cell products through preclinical development, including CHM 0301 (Next-Generation CORE-NK Platform), CHM 1301 (Chlorotoxin CAR NK), CHM 2301 (CDH17 CAR NK), and CHM 3301 (undisclosed CAR NK).

Chimeric management and board

In July 2022, Chimeric appointed Dr Jason B Litten to the position of Chief Medical Officer. Dr Litten has almost 15 years of leadership in drug development with the past five years dedicated to advancing NK and CAR T cell therapy clinical-stage programs in oncology. Dr Litten has been part of the foundational clinical understanding of cell therapies, working on numerous CAR T and NK cell drug candidates. He joined Chimeric from Artiva Biotherapeutics where he led the development of a portfolio of allogeneic Natural Killer (NK) cell therapies as Chief Medical Officer. Prior to this he was also Vice President Clinical Development at Juno Therapeutics where he built and oversaw the autologous solid tumour CAR T and TCRs cell therapy programs.

Also in July 2022, the Group announced the appointment of Ms. Cassandra Harrison to the position of Vice President Clinical Operations and Data Management. Ms. Harrison joined Chimeric with more than 10 years of experience in clinical operations, compliance, and data management. She was previously Vice President of Clinical Operations and Data Management at ImmunoGenesis Inc., where she built both the clinical operations and data management departments and provided oversight on all aspects of data management and clinical operations. In her previous role at Bellicum Pharmaceuticals, she was part of the pioneering team exploring CAR T therapies in solid tumours where she led, managed, and implemented organisation resources, oversaw data management and outsourcing across multiple clinical programs.

In September 2022, Dr Stephanie H. Astrow was appointed to the position of Vice President, Translational Sciences. With over 20 years of experience working in cell therapy and biotechnology, she led the translational programs for CAR T, TCR, and NK cell therapies, overseeing teams focused on the mechanistic understanding of engineered cell therapy products at both Kite Pharma and Fate Therapeutics. At Kite, Dr Astrow was responsible for the solid tumour programs, including strategic collaborations with the National Cancer Institute. She has also held leadership positions at Response Genetics, Quest Diagnostics, Pathway Diagnostics, and Impath, Inc. where she participated in the approvals of numerous clinical assays, including molecular and companion diagnostics used in cancer therapy selections.



Subsequent Events

On 19 January 2023, Chimeric announced that the first patient has been dosed in the CHM 0201 (CORE NK) + Vactosertib clinical trial, the first ever trial to assess NK cells in combination with Vactosertib in patients with advanced colorectal and blood cancers.

The objective of this new Phase 1B study is to build upon the clinical responses seen in the initial CORE NK Phase 1A clinical trial by adding Vactosertib, an oral TGF- β receptor inhibitor that can potentially disrupt the TGF- β signaling pathway. This new trial is being led by UH Seidman oncologist J. Eva Selfridge, MD, PhD, and Assistant Professor at Case Western Reserve University School of Medicine in Ohio and is designed to treat 12 patients with either locally advanced/metastatic colorectal cancer or relapsed/refractory blood cancers.

On 23 January 2023, Chimeric confirmed that all patients dosed in the 3rd patient cohort in City of Hope National Medical Center's phase 1A CHM 1101 (CLTX CAR T) cell therapy clinical trial had advanced beyond the 28-day follow up period without experiencing dose-limiting toxicities.

For and on behalf of the group,

Jennifer Chow
Chief Executive Officer and Managing Director

Chimeric Therapeutics Limited

ABN 68 638 835 828

Interim report - 31 December 2022

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Directors' report

Chimeric Therapeutics Limited: Interim Report

Your directors present their report on Chimeric Therapeutics Limited (referred to hereafter as the 'group') for the half-year ended 31 December 2022.

Directors

The following persons held office as directors of Chimeric Therapeutics Limited during the financial period and up to the date of this report:

Mr Paul Hopper
Ms Jennifer Chow
Ms Leslie Chong
Dr Lesley Russell
Ms Cindy Elkins
Dr George Matcham

Review of operations and activities

Information on the financials and operations of the group and its business strategies and prospects is set out in the review of operations and activities on pages 1 to 3 of this interim financial report.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the group during the period.

Events since the end of the financial period

On 14 February 2023, Chimeric received \$3.06m from the Australian Taxation Office under the Australian Government's R&D tax incentive. The refund is in recognition of Chimeric's R&D activities during the 2022 financial year.

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

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 9.

Rounding of amounts

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

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



Mr Paul Hopper
Executive Chairman

Sydney
28 February 2023

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Auditor's Independence Declaration

To the Directors of Chimeric Therapeutics Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Chimeric Therapeutics Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance
Melbourne, 28 February 2023

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Financial statements

Chimeric Therapeutics Limited: Interim Report

Chimeric Therapeutics Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Other income	2	3,094,100	-
Other losses		(84,246)	(198,457)
General and administrative expenses		(5,426,710)	(3,112,270)
Research and development expenses		(7,225,949)	(3,902,391)
Share-based payments	6	(2,005,685)	(2,330,882)
Operating loss		(11,648,490)	(9,544,000)
Finance income		15,589	6,207
Finance expenses		(10,302)	(151,124)
Finance costs - net		5,287	(144,917)
Loss before income tax		(11,643,203)	(9,688,917)
Income tax expense		(104,361)	-
Loss for the period		(11,747,564)	(9,688,917)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation		(9,810)	-
Total comprehensive loss for the period		(11,757,374)	(9,688,917)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the group:			
Basic/diluted loss per share	12	(2.75)	(2.91)

The above Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Chimeric Therapeutics Limited
Consolidated balance sheet
As at 31 December 2022

	31 December 2022	30 June 2022
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,626,088	18,381,533
Trade and other receivables	3(a) 5,330,685	2,657,763
Other current assets	53,233	131,415
Total current assets	9,010,006	21,170,711
Non-current assets		
Financial assets at amortised cost	40,000	40,000
Property, plant and equipment	11,885	15,988
Intangible assets	4(a) 13,457,470	13,653,040
Total non-current assets	13,509,355	13,709,028
Total assets	22,519,361	34,879,739
LIABILITIES		
Current liabilities		
Trade and other payables	3(b) 3,409,233	6,373,715
Employee benefit obligations	380,842	193,960
Other financial liabilities	3(c) 2,618,450	2,453,186
Total current liabilities	6,408,525	9,020,861
Non-current liabilities		
Trade and other payables	3(b) -	152,570
Other financial liabilities	3(c) 156,217	-
Total non-current liabilities	156,217	152,570
Total liabilities	6,564,742	9,173,431
Net assets	15,954,619	25,706,308
EQUITY		
Share capital	5(a) 52,972,576	51,807,595
Other reserves	5(b) 5,593,531	4,762,637
Accumulated losses	(42,611,488)	(30,863,924)
Total equity	15,954,619	25,706,308

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

Chimeric Therapeutics Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Notes	Attributable to owners of Chimeric Therapeutics Limited			Total equity \$
	Share capital \$	Other reserves \$	Accumulated losses \$	
Balance at 1 July 2021	37,366,641	2,941,766	(15,177,719)	25,130,688
Loss for the period	-	-	(9,688,917)	(9,688,917)
Other comprehensive loss	-	(162,771)	-	(162,771)
Total comprehensive income for the half year ended	-	(162,771)	(9,688,917)	(9,851,688)
Transactions with owners in their capacity as owners:				
Forfeiture of options	-	(131,493)	-	(131,493)
Employee share schemes - value of employee services	5(b) 786,491	(210,181)	-	576,310
Issue of shares as part of forfeiture payments	560,716	(146,634)	-	414,082
Options issued	-	1,340,490	-	1,340,490
	1,347,207	852,182	-	2,199,389
Balance at 31 December 2021	38,713,848	3,631,177	(24,866,636)	17,478,389
Balance at 1 July 2022	51,807,595	4,762,637	(30,863,924)	25,706,308
Loss for the period	-	-	(11,747,564)	(11,747,564)
Other comprehensive loss	-	(9,810)	-	(9,810)
Total comprehensive loss for the period	-	(9,810)	(11,747,564)	(11,757,374)
Transactions with owners in their capacity as owners:				
Options issued	5(b) -	1,159,430	-	1,159,430
Issue of shares as part of forfeiture payments	5(a) 293,729	(307,725)	-	(13,996)
Issue of shares under the employee incentive scheme	5(a) 166,818	-	-	166,818
Issue of restricted share units	5(b) 704,434	(11,001)	-	693,433
	1,164,981	840,704	-	2,005,685
Balance at 31 December 2022	52,972,576	5,593,531	(42,611,488)	15,954,619

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

Chimeric Therapeutics Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	31 December 2022	31 December 2021
Notes	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(13,115,485)	(6,185,087)
Research and Development tax incentive received	438,046	-
Net cash outflow from operating activities	<u>(12,677,439)</u>	<u>(6,185,087)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(7,003)
Payments for intellectual property	-	(476,658)
Interest received	15,589	6,207
Net cash inflow/(outflow) from investing activities	<u>15,589</u>	<u>(477,454)</u>
Cash flows from financing activities		
Interest expense	(10,302)	-
Repayment of debt	(2,225,000)	(2,040,500)
Net cash outflow from financing activities	<u>(2,235,302)</u>	<u>(2,040,500)</u>
Net (decrease) in cash and cash equivalents	(14,897,152)	(8,703,041)
Cash and cash equivalents at the beginning of the financial year	18,381,533	22,410,199
Effects of exchange rate changes on cash and cash equivalents	141,707	(275,967)
Cash and cash equivalents at end of the half-year ended	<u>3,626,088</u>	<u>13,431,191</u>

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

1 Segment information

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

2 Other income and expense items

(a) Other income

	31 December 2022	31 December 2021
	\$	\$
Research and development tax incentive (i)	<u>3,094,100</u>	-
	<u>3,094,100</u>	-

(i) Fair value of R&D tax incentive

At 31 December 2022, the group has accrued \$3,094,100 (2021: nil) in relation to the research and development spend for the current period.

3 Financial assets and financial liabilities

(a) Trade and other receivables

	31 December 2022			30 June 2022		
	Current	Non- current	Total	Current	Non- current	Total
	\$	\$	\$	\$	\$	\$
Trade receivables	57,263	-	57,263	40,573	-	40,573
Accrued receivables (i)	5,273,176	-	5,273,176	2,617,122	-	2,617,122
Other receivables	246	-	246	68	-	68
	<u>5,330,685</u>	-	<u>5,330,685</u>	<u>2,657,763</u>	-	<u>2,657,763</u>

(i) Accrued receivables

Accrued receivables comprise \$5,273,176 from the Australian Taxation Office in relation to the R&D tax incentive (30 June 2022: \$2,617,122).

(b) Trade and other payables

3 Financial assets and financial liabilities (continued)

(b) Trade and other payables (continued)

	31 December 2022			30 June 2022		
Notes	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables	223,594	-	223,594	4,703,609	-	4,703,609
Amounts due to employees	297,996	-	297,996	289,414	152,570	441,984
Accrued expenses	2,664,425	-	2,664,425	1,346,899	-	1,346,899
Other payables	223,218	-	223,218	33,793	-	33,793
	3,409,233	-	3,409,233	6,373,715	152,570	6,526,285

(c) Other financial liabilities

	31 December 2022			30 June 2022		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Chlorotoxin CAR-T deferred consideration	2,214,022	-	2,214,022	2,177,384	-	2,177,384
CHD17 contingent consideration	280,443	-	280,443	275,802	-	275,802
CORE-NK contingent consideration	123,985	156,217	280,202	-	-	-
	2,618,450	156,217	2,774,667	2,453,186	-	2,453,186

The deferred consideration relates to payable upfront costs from the acquisition of licenses. During the period the group paid \$2,178,735 inclusive of deferred consideration liability and the related finance costs. The contingent consideration includes amounts related to the provision of milestone payments. For more information, please refer to note 8.

(d) 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 31 December 2022	Notes	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities					
CDH17 contingent consideration		-	-	280,443	280,443
CORE-NK contingent consideration		-	-	280,202	280,202
Total financial liabilities		-	-	560,645	560,645

3 Financial assets and financial liabilities (continued)

(d) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

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

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.

Contingent consideration

The fair value of contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts the management's estimate of the probability that the milestone will be achieved. For more information refer to note 4(a).

The discount rate used at 31 December 2022 was 4.77% (4.52%). The discount rate is based on benchmark interest rates provided by the Australian Taxation Office for the income year that agreements are entered into.

4 Non-financial assets and liabilities

(a) Intangible assets

	Chlorotoxin CAR-T \$	CDH-17 \$	CORE-NK \$	Total \$
At 30 June 2022				
Cost	14,670,492	719,863	48,908	15,439,263
Accumulated amortisation and impairment	(1,748,079)	(38,144)	-	(1,786,223)
Net book amount	12,922,413	681,719	48,908	13,653,040
Half-year ended 31 December 2022				
Opening net book amount	12,922,413	681,719	48,908	13,653,040
Additions	-	-	283,001	283,001
Amortisation charge	(455,590)	(20,403)	(2,578)	(478,571)
Closing net book amount	12,466,823	661,316	329,331	13,457,470
At 31 December 2022				
Cost	14,670,492	719,863	331,909	15,722,264
Accumulated amortisation and impairment	(2,203,669)	(58,547)	(2,578)	(2,264,794)
Net book amount	12,466,823	661,316	329,331	13,457,470

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

(i) Chlorotoxin CAR-T technology

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

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

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

4 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(ii) CDH-17

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

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

The CDH17 technology is amortised over a period of 18 years, being management's assessed useful life of the intangible asset.

(iii) CORE-NK

The group has recognised the Intellectual Property “CORE-NK” through the acquisition of an exclusive licence developed at Case Western Reserve University, a private research university based in Cleveland, Ohio. The licence agreement between Case Western Reserve University and Chimeric is perpetual.

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

The CORE-NK technology is amortised over a period of 15 years, being management's assessed useful life of the intangible asset.

(iv) Acquisition of intangible assets

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

(v) Impairment test for intellectual property

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

There were no indicators of impairment identified at 31 December 2022.

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

(vi) Amortisation methods and useful lives

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

5 Equity

(a) Share capital

	31 December 2022 No.	31 December 2022 \$	30 June 2022 No.	30 June 2022 \$
Ordinary Shares Fully paid	437,094,375	52,972,576	425,278,237	51,807,595
(i) <i>Movements in ordinary shares</i>				
Details			Number of shares	Total \$
Opening balance 1 July 2022			425,278,237	51,807,595
Issue of shares under the employee incentive scheme at \$0.259 (2022-11-18)			132,829	34,403
Issue of shares under the employee incentive scheme at \$0.091 (2022-11-18)			400,347	36,431
Issue of shares under the employee incentive scheme at \$0.151 (2022-11-18)			587,025	88,641
Issue of shares under the employee incentive scheme at \$0.232 (2022-11-18)			230,549	53,487
Issue of shares under the employee incentive scheme at \$0.092 (2022-11-18)			7,075,512	650,947
Issue of forfeiture shares at \$0.089 (2022-12-12)			3,300,325	293,729
Issue of shares under the employee incentive scheme at \$0.082 (2022-12-22)			89,551	7,343
Balance at 31 December 2022			437,094,375	52,972,576

5 Equity (continued)

(b) Other reserves

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

	Notes	Share- based payments \$	Equity settled payments \$	Foreign currency translation \$	Total other reserves \$
At 1 July 2022		4,508,728	415,335	(161,426)	4,762,637
Currency translation differences		-	-	(9,810)	(9,810)
Other comprehensive loss		-	-	(9,810)	(9,810)

Transactions with owners in their capacity as owners

Issue of options	5(b)(i)	1,159,430	-	-	1,159,430
Issue of shares as part of forfeiture payments		(159,675)	(229,157)	-	(388,832)
Issue of restricted share units		(11,001)	-	-	(11,001)
Provision of forfeiture share payments		-	44,207	-	44,207
Provision of Shares		36,900	-	-	36,900
At 31 December 2022		5,534,382	230,385	(171,236)	5,593,531

(i) Movements in options:

Details	Number of options	Total \$
Opening balance 1 July 2022	130,380,133	4,338,052
Issue of ESOP unlisted options	28,613,089	408,468
Expense for share-based payments for options previously issued	-	751,126
Balance at 31 December 2022	158,993,222	5,497,646

6 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.

The model inputs for options granted under ESOP during the half-year ended 31 December 2022 included:

Grant date	Expiry date	Exercise price (\$)	No. of options	Share price at grant date (\$)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date (\$)
2022-07-01	2027-07-01	0.092	7,681,946	0.096	100%	0.00%	3.24%	591,507
2022-07-18	2027-07-18	0.160	2,000,000	0.130	100%	0.00%	3.21%	189,799
2022-08-22	2027-08-22	0.186	433,899	0.120	100%	0.00%	3.31%	36,274
2022-08-27	2027-08-27	0.121	1,000,000	0.120	100%	0.00%	3.34%	90,999
2022-10-18	2028-10-31	0.085	274,876	0.082	100%	0.00%	3.60%	17,400
2022-11-18	2027-07-01	0.092	17,222,368	0.087	100%	0.00%	3.21%	1,143,564
			28,613,089					

7 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.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Share-based payments

The value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant share option value require assumptions to be made in relation to the likelihood and timing of meeting the conditions of the shares and the value and volatility of the price of the shares.

8 Contingent liabilities

(a) Chlorotoxin CAR-T technology intellectual property

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

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

(i) Development milestone payments

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

Milestones	Requirements	Payment to City of Hope
1.	Dosing of fifth patient in the first Phase 1 Clinical Trial anywhere in the Territory	US\$350k
2.	Dosing of first patient in the first Phase 2 Clinical Trial anywhere in the Territory	US\$750k
3.	Dosing of first patient in the first Phase 3 Clinical Trial anywhere in the Territory	US\$2m
4.	Receipt of the first Orphan Drug Designation for each Licensed Product or Licensed Service	US\$1m
5.	Upon Marketing Approval in the United States	US\$6m
6.	Upon Marketing Approval in Europe	US\$6m
7.	Upon Marketing Approval in each of the first five jurisdictions other than the United States and Europe for each applicable Licensed Product or Licensed Service	US\$1m

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

(ii) Sales milestone payments

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

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

(iii) Royalties on net sales

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

8 Contingent liabilities (continued)

(b) CDH-17 intellectual property

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

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

(i) Development milestone payments

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

Milestones	Requirements	Payable to University of Pennsylvania
1.	Initiation (FPFD) of the first Phase I or Phase I/II trial (but not both)	US\$200k
2.	Initiation (FPFD) of the first Phase II or Phase III trial (but not both)	US\$875k
3.	First Commercial Sale of a CAR Licenced Product in the US	US\$10m
4.	First Commercial Sale of a CAR Licenced Product in the EU	US\$6.25m
5.	First Commercial Sale of a CAR Licenced Product in Japan	US\$5m if there is a Valid Claim in Japan or US\$2M if there is no Valid Claim in Japan but prong (d) of the Product definition applies
6.	Cumulative worldwide Net Sales in a calendar year of the first CAR Licenced Product reach \$250 million	US\$7.5m
7.	Cumulative worldwide Net Sales in a calendar year of the first CAR Licenced Product reach \$500 million	US\$15m
8.	Cumulative worldwide Net Sales in a calendar year of the first CAR Licenced Product reach \$1 billion	US\$20m

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

(ii) Royalties on net sales

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

8 Contingent liabilities (continued)

(c) CORE-NK intellectual property

The group has the licence agreement with Case Western Reserve University. The key financial terms of the licence agreement include a cash payment of US\$75,000.

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

(i) Development milestone payments

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

Milestones	Requirements	Payable to Case Western Reserve University
1.	Completion of first in vivo animal study	US\$10k
2.	First IND Clearance	US\$50k
3.	Initiate first Phase I Clinical Trial of a Licenced Product	US\$100k
4.	Initiate first Ph II/III (registration-enabling study) Clinical Trial of a Licensed Product	US\$200k
5.	Submission of first BLA to US FDA	US\$250k
6.	First Regulatory Approval of a Licenced Product	US\$500k
7.	First Commercial Sale	US\$1m

Management expects the milestone 1 to be met with 90% certainty, milestone 2 with 80% certainty and milestone 3 with 75% certainty. However it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to the milestone 1, 2 and 3 in this current reporting period.

9 Commitments

(a) Research and development commitments

(i) CAR-T technology intellectual property

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

(ii) CDH17 intellectual property

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

(iii) CORE-NK intellectual property

Under the Licence Agreement, a non refundable annual licence fee is payable to Case Western Reserve University of US\$10,000. This is payable beginning on the second anniversary of the effective date (17 November 2022) and payable annually until Licensee's payment of royalties or upon termination of the Agreement.

10 Events occurring after the reporting period

On 14 February 2023, Chimeric received \$3.06m from the Australian Taxation Office under the Australian Government's R&D tax incentive. The refund is in recognition of Chimeric's R&D activities during the 2022 financial year.

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

11 Related party transactions

(a) Transactions with key management personal

The following transactions occurred with related parties:

	31 December 2022 \$	30 June 2022 \$
<i>Other transactions</i>		
Forfeiture payments and shares expense to key management personnel	285,849	677,760

(i) Forfeiture payments payable to key management personal

The group has entered agreements to pay employees for forfeiture of long-term incentives with their former employment. At 31 December 2022 the group has recognised \$297,996 as payable for the current period. The expense is cumulative and vests dependent to the employees agreements with Chimeric.

12 Loss per share

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

	31 December 2022 \$	31 December 2021 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the group used in calculating basic/diluted loss per share:		
From continuing operations	<u>(11,747,564)</u>	<u>(9,688,917)</u>

(b) Weighted average number of shares used as denominator

	31 December 2022 Number	31 December 2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>427,592,592</u>	<u>332,956,204</u>

13 Basis of preparation of half-year report

This interim financial report for the half-year period ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Chimeric Therapeutics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 31 December 2022, the group incurred a net loss of \$11,747,564 and had cash outflows from operating activities of \$12,677,439 as at 31 December 2022. The ability of the group to continue as a going concern is principally dependent upon the ability of the group to raise sufficient capital and manage operating cashflow.

The need to raise additional capital gives rise to a material uncertainty, which may cast significant doubt over the group's ability to continue as a going concern. The group has an unused \$30 million equity facility agreement with L1 Capital which it can draw upon subject to conditions and pricing set out in the announcement dated 9 June if required. The Board is also assessing alternative capital sources, including a placement to sophisticated and professional investors and other options with advisors.

The directors believe that the group can raise capital as required based on the success of previous capital raises and the continued development of the group's projects.

In addition, the group can employ cash management strategies such as delaying or reducing some operating activities.

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

Should the group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the group not continue as a going concern.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 *Interim Financial Reporting*, 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 31 December 2022 and of its performance for the half-year ended ended on that date, and
- (b) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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



Mr Paul Hopper
Executive Chairman

Sydney
28 February 2023

The background features a complex network of white lines and dots on a dark blue field, resembling a molecular or digital structure. A large, semi-transparent orange rectangle is centered over the image, containing the main title in a dark blue serif font.

Independent auditor's report to the members

Chimeric Therapeutics Limited: Interim Report

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Independent Auditor's Review Report

To the Members of Chimeric Therapeutics Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half year financial report of Chimeric Therapeutics Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Chimeric Therapeutics Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 13(i) in the financial report, which indicates that the Group incurred a net loss of \$11,747,564 and had cash outflows from operating activities of \$12,677,439 for the half-year ended 31 December 2022. As stated in Note 13(i), these events or conditions, along with other matters as set forth in Note 13(i), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 February 2023



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