

Chimeric Therapeutics Limited

Half Year Ended 31 December 2020



ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited

Appendix 4D

Half-year ended 31 December 2020

Name of entity: Chimeric Therapeutics Limited
ABN: 68 638 835 828
Half-year ended ended: 31 December 2020

Results for announcement to the market

				\$
Revenue for ordinary activities	-	-%	to	-
Loss from ordinary activities after tax attributable to members	Up	100.0%	to	3,603,008
Net loss for the period attributable to members	Up	100.0%	to	3,603,008

Net tangible assets per security

	31 December 2020 Cents
Net tangible asset backing (per security)	(13.26)

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 company 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 2020.

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

Interim review

The financial statements have been reviewed by the group's independent auditor without any modified opinion, disclaimer or emphasis of matters.

Review of Operations & Activities

Half-year ended: 31 December 2020

Chimeric Therapeutics Limited is pleased to announce its financial results for the half year ended 31 December 2020.

Financial Review

Chimeric Therapeutics Limited (Chimeric) has reported a loss for the period of \$3,603,008, with net deficiency of assets amounting to \$2,588,595 at 31 December 2020, including cash reserves of \$64,583.

Subsequent to balance date, on 18 January 2021 Chimeric successfully completed its IPO on the Australian Stock Exchange raising \$35 million (gross).

Operating Review

CLTX CAR T Licensing:

In September 2020, Chimeric announced the global exclusive licensing of CLTX CAR-T from the City of Hope Medical Centre in California. CLTX CAR-T is an autologous CAR-T that targets MMP-2, which is highly expressed on GBM cells, utilizing a novel Chlorotoxin targeting domain.

CLTX CAR T in GBM Clinical Trial:

A phase 1 trial utilizing CLTX CAR T in patients with MMP-2 recurrent or progressive Glioblastoma began with the first patient infused in late September 2020 at City of Hope. The phase 1 trial is designed to provide key information on the safety of dual delivery of CLTX CAR-T and to determine the maximum tolerated dose schedule and a recommended phase 2 dosing plan. There will be 18 to 36 patients included in the trial and it is estimated to take 24 months to complete.

Glioblastoma Scientific Advisory Board

A Scientific Advisory Board (SAB) was initiated with leading scientists and clinicians to support the ongoing development of CLTX CAR-T in Glioblastoma (brain cancer). The SAB consists of the following members:

Professor Christine Brown: Professor Brown is the co-developer of CLTX CAR-T and is the Chair of the SAB. She is a faculty member in the Departments of Hematology and Hematopoietic Cell Transplantation and Immuno-Oncology, the deputy director of the T Cell Therapeutics Research Laboratory and a Heritage Provider Network Professor in Immunotherapy at City of Hope.

Joining Professor Brown on the SAB are:

Dr Benham Badie: Dr Badie is an expert in the field of surgical neuro-oncology. He is the Chief of Neurosurgery, Heritage Provider Network Professor in Gene Therapy and Beckman Research Institute Board of Directors Beckman Research Institute at City of Hope in California.

Dr Larry Couture: Dr Couture has over 30 years' experience in cellular and genetic therapies. He has been a key participant in numerous first-in-man clinical studies, including the first human gene therapy trials, first administration to humans of a genetically engineered virus and many other cell and gene therapy milestones.

Dr Nader Sanai: Dr Sanai is the J.N. Harber Professor of Neurological Surgery and also holds the Francis & Dionne Najafi Chair in Neurosurgical Oncology. As an internationally recognized brain tumor surgeon, his specialty clinical practice is devoted entirely to patients with benign and malignant brain tumors, particularly those in high-risk areas.

Dr Yvonne Chen: Dr Chen is an Associate Professor of Microbiology, Immunology, and Molecular Genetics at the University of California, Los Angeles (UCLA). Prior to joining UCLA, she was a Junior Fellow in the Harvard Society of Fellows. She performed postdoctoral research at the Seattle Children's Research Institute and the Department of Systems Biology at Harvard Medical School.

Chimeric Management Team

In late November 2020, Chimeric appointed two cell therapy and oncology experts into their management team.

Joining Chimeric as the Chief Operating Officer is Jennifer Chow who is an expert in the development and commercialization of CAR-T therapies. Jennifer's most recent role was at Kite Pharma as the Global Head of Marketing, Analytics and Commercial Operations, responsible for ensuring that the development of Kite's assets and commercial operations were optimised to maximize their global value. Prior to joining Kite, Jennifer was at Celgene Corporation where she was the Global Cell Therapy Commercial lead responsible for developing the strategy and operating model for Celgene cell therapies.

Also joining Chimeric as the Chief Medical Officer is Dr. Syed Rizvi. Dr Rizvi has extensive experience focused on the development of CAR-T therapies, coming to us from Legend Biotech where he was the Head of Clinical Development and Medical Affairs. Prior to Legend, Dr. Rizvi was at Celgene Corporation as the Head of Cell Therapy Medical Affairs where he was a pioneer in the development of CAR-T therapies. Dr. Rizvi has more than twenty years' experience in pharma, including commercial launches and shepherding drugs through development to regulatory approval.

For and on behalf of the company



Mr Paul Hopper
Executive Chairman

Chimeric Therapeutics Limited

ABN 68 638 835 828

Interim report - 31 December 2020

Contents

	Page
Directors' report	5
Interim financial report	
Condensed statement of comprehensive income	8
Condensed balance sheet	9
Condensed statement of changes in equity	10
Condensed statement of cash flows	11
Notes to the condensed financial statements	12
Directors' declaration	26
Independent auditor's report to the members	27

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 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*.

Your directors present their report on Chimeric Therapeutics Limited (referred to hereafter as the 'company') for the half-year ended 31 December 2020.

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 Leslie Chong (appointed 28 August 2020)
Ms Lesley Russell (appointed 28 August 2020)
Ms Cindy Elkins (appointed 1 February 2021)

Review of operations and activities

Information on the financials and operations of the company 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

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

Events since the end of the financial year

On 18 January 2021, Chimeric Therapeutics Limited listed on the Australian Stock Exchange and in the process raised \$35 million through the issue of 175,000,000 shares. All convertible notes were also converted into 28,666,731 shares in the company.

Subsequent to 31 December 2020 Chimeric Therapeutics Limited appointed:

- Dr Yvonne Chen to the Scientific Advisory Board (appointed 29 January 2021)
- Ms Cindy Elkins appointed as a Non-Executive Director (appointed 1 February 2021)
- Dr Eliot Bourk as the Vice President (appointed 23 February 2021)

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 7.

Rounding of amounts

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

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

A handwritten signature in black ink, appearing to read 'P. Hopper', followed by a long horizontal flourish.

Mr Paul Hopper
Executive Chairman

Sydney
26 February 2021

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 2020, 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, 26 February 2021

Chimeric Therapeutics Limited
Condensed statement of comprehensive income
For the half-year ended 31 December 2020

	31 December 2020	
	Notes	\$
Other losses		(60,458)
General and administrative expenses		(1,802,514)
Research and development		(1,342,221)
Share-based payments		(397,834)
Operating loss		<u>(3,603,027)</u>
Finance income		19
Loss before income tax		<u>(3,603,008)</u>
Income tax expense		-
Loss for the period		<u>(3,603,008)</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Other comprehensive income for the period, net of tax		-
Total comprehensive loss for the period		<u>(3,603,008)</u>
		Cents
Loss per share for loss attributable to the ordinary equity holders of the company:		
Basic/diluted loss per share	11	(6.43)

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

Chimeric Therapeutics Limited
Condensed balance sheet
As at 31 December 2020

	31 December 2020	30 June 2020
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	64,583	100
Other current assets	193,265	-
Other receivables	26,945	-
	<u>284,793</u>	<u>100</u>
Total current assets	<u>284,793</u>	<u>100</u>
Non-current assets		
Property, plant and equipment	10,183	-
Intangible assets	3(a) 13,496,991	-
Total non-current assets	<u>13,507,174</u>	<u>-</u>
Total assets	<u>13,791,967</u>	<u>100</u>
LIABILITIES		
Current liabilities		
Trade and other payables	2(a) 1,578,690	30,001
Borrowings	2(b) 4,867,140	34,007
Other financial liabilities	2(c) 4,485,559	-
Total current liabilities	<u>10,931,389</u>	<u>64,008</u>
Non-current liabilities		
Other financial liabilities	2(c) 5,449,173	-
Total non-current liabilities	<u>5,449,173</u>	<u>-</u>
Total liabilities	<u>16,380,562</u>	<u>64,008</u>
Net (deficiency of) assets	<u>(2,588,595)</u>	<u>(63,908)</u>
EQUITY		
Share capital	4(a) 680,587	100
Other reserves	4(b) 397,834	-
Accumulated losses	<u>(3,667,016)</u>	<u>(64,008)</u>
Total equity	<u>(2,588,595)</u>	<u>(63,908)</u>

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

Chimeric Therapeutics Limited
Condensed statement of changes in equity
For the half-year ended 31 December 2020

	Notes	Attributable to owners of Chimeric Therapeutics Limited			Total equity \$
		Share capital \$	Other reserves \$	Accumulated losses \$	
Balance at 1 July 2020		100	-	(64,008)	(63,908)
Loss for the period		-	-	(3,603,008)	(3,603,008)
Total comprehensive loss for the period		100	-	(3,667,016)	(3,666,916)
Transactions with owners in their capacity as owners:					
Issue of shares as part of license acquisition	4(a)	854,979	-	-	854,979
Costs of capital raising	4(a)	(174,492)	-	-	(174,492)
Issue of options	4(b)	-	312,902	-	312,902
Issue of shares as part of forfeiture payments	4(b)	-	84,932	-	84,932
		680,487	397,834	-	1,078,321
Balance at 31 December 2020		680,587	397,834	(3,667,016)	(2,588,595)

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

Chimeric Therapeutics Limited
Condensed statement of cash flows
For the half-year ended 31 December 2020

	31 December 2020
Notes	\$
Cash flows from operating activities	
Payments to suppliers and employees (inclusive of GST)	(1,876,577)
Net cash outflow from operating activities	<u>(1,876,577)</u>
Cash flows from investing activities	
Payments for property, plant and equipment	(10,442)
Payments for intellectual property	(2,707,280)
Interest received	19
Net cash outflow from investing activities	<u>(2,717,703)</u>
Cash flows from financing activities	
Proceeds from borrowings	858,024
Share issue transaction costs	(174,492)
Repayment of borrowings	(67,031)
Proceeds from issue of convertible notes	4,300,000
Convertible note issue transaction costs	(257,860)
Net cash inflow from financing activities	<u>4,658,641</u>
Net increase in cash and cash equivalents	64,361
Cash and cash equivalents at the beginning of the financial year	100
Effects of exchange rate changes on cash and cash equivalents	122
Cash and cash equivalents at end of the half-year ended	<u>64,583</u>

The above condensed 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 Financial assets and financial liabilities

(a) Trade and other payables

	Notes	31 December 2020			30 June 2020		
		Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables		809,340	-	809,340	-	-	-
Amounts due to associates	10(a)	105,664	-	105,664	-	-	-
Accrued expenses		663,686	-	663,686	30,001	-	30,001
		1,578,690	-	1,578,690	30,001	-	30,001

(b) Borrowings

	Notes	31 December 2020			30 June 2020		
		Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
<i>Unsecured</i>							
Convertible notes	2(b)(i)	4,042,140	-	4,042,140	-	-	-
Loans from related parties	10(b)	825,000	-	825,000	34,007	-	34,007
Total unsecured borrowings		4,867,140	-	4,867,140	34,007	-	34,007

(i) Convertible notes

On 1 September, the company issued 4,300,000 convertible notes at \$1 per note (\$4,300,000) to a number of convertible note holders. Prior to the completion of the IPO, the notes will be converted to fully paid ordinary shares in the company. The notes will convert at \$0.15 per share into 28,666,731 shares. As per the agreement between the investor and the company, there is no interest obligation.

Additionally, the company incurred expenses totalling \$257,860 in order to issue the convertible notes.

2 Financial assets and financial liabilities (continued)

(c) Other financial liabilities

	31 December 2020			30 June 2020		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Chlorotoxin CAR-T deferred consideration	4,485,559	5,449,173	9,934,732	-	-	-
	4,485,559	5,449,173	9,934,732	-	-	-

Deferred consideration includes amounts related to the provision of upfront license fees to City of Hope. For more information, please refer to note 7.

(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 2020		Level 1	Level 2	Level 3	Total
	Notes	\$	\$	\$	\$
Financial liabilities					
Chlorotoxin CAR-T deferred consideration		-	-	9,934,732	9,934,732
Total financial liabilities		-	-	9,934,732	9,934,732

The company'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.

3 Non-financial assets and liabilities

(a) Intangible assets

	31 December 2020	30 June 2020
	\$	\$
Intellectual property		
Chlorotoxin CAR-T technology (i)	13,496,991	-
	13,496,991	-

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

(i) *Chlorotoxin CAR-T technology*

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

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

(ii) *Impairment test for intellectual property*

Intellectual property held by the group are acquired in-process research and development and are considered not yet available for use on the basis that they are incomplete and cannot be used in their current forms. Intangible assets that are not yet available for use are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate impairment. An impairment analysis is performed annually at the end of the financial period based on fair value less costs of disposal. In-process research and development will continue to be tested for impairment until the related research and development efforts are either completed or abandoned. In the case of abandonment, the related research and development efforts are considered impaired and the asset is fully expensed in the condensed statement of comprehensive income.

See note 13(e) for the other accounting policies relevant to intangible assets, and note 13(b) for the group's policy regarding impairments.

(iii) *Amortisation methods and useful lives*

The company has assessed that the Chlorotoxin CAR-T intellectual property is not ready for use as it is not commercialised. Capitalised patents, licences and other rights are amortised from the point at which the asset is ready for use.

On completion of the related research and development efforts, management determines the remaining useful life of the intangible assets and amortises them accordingly. In order for management to determine the remaining useful life of the asset, management would consider the expected flow of future economic benefits to the group with reference to the product life cycle, competitive landscape, obsolescence, market demand, any remaining patent useful life and various other relevant factors.

4 Equity

(a) Share capital

	31 December 2020 No.	31 December 2020 \$	30 June 2020 No.	30 June 2020 \$
Fully paid	121,333,334	680,587	1,000	100
<i>(i) Movements in ordinary shares</i>				
Details		Notes	Number of shares	\$
Opening balance 1 July 2020			1,000	100
Shares issued at \$0.14 for the acquisition of licence (2020-09-29)			53	7
Shares issued after the completion of share split (2020-10-07)			115,225,338	-
Shares issued at \$0.14 for the acquisition of licence (2020-10-07)			6,106,943	854,972
Less: Transaction costs arising on share issues			-	(174,492)
Balance at 31 December 2020			121,333,334	680,587

(ii) Transaction costs arising on share issues

At 31 December 2020 the company incurred \$174,492 in costs related to raising capital that are related to the IPO which occurred on 18 January 2021.

(iii) Shares issued on acquisition of licence

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

4 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 \$	Total other reserves \$
At 1 July 2020		-	-	-
Transactions with owners in their capacity as owners				
Issue of options	4(b)(i)	312,902	-	312,902
Issue of shares as part of forfeiture payments		-	84,932	84,932
At 31 December 2020		312,902	84,932	397,834

(i) Movements in options:

Details	Notes	Number of options	Total
Opening balance 1 July 2020		-	-
Issue of ESOP unlisted options at \$0.20 (2020-08-28)		5,500,000	248,038
Issue of ESOP unlisted options at \$0.20 (2020-11-30)		12,560,004	64,864
Balance at 31 December 2020		18,060,004	312,902

5 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 re-valued and granted under ESOP during the half-year ended 31 December 2020 included:

Grant date	Expiry date	Exercise price (\$)	No. of options	Share price at grant date (\$) ¹	Expected volatility	Dividend yield	Risk- free interest rate	Fair value at grant date per option (\$)
2020-08-28	2025-01-18	0.20	5,500,000	0.16	100%	0.00%	0.29%	592,902
2020-11-30	2025-01-18	0.20	6,280,002	0.16	100%	0.00%	0.11%	659,400
2020-11-30	2026-01-18	0.20	6,280,002	0.16	100%	0.00%	0.30%	719,060
			18,060,004					

¹: Calculated by reference to the IPO price and adjusted for uncertainty at time of reporting date.

6 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

The company 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.

7 Contingent liabilities

(a) CAR-T technology intellectual property

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

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

(i) Development milestone payments

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

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

7 Contingent liabilities (continued)

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

(ii) Sales milestone payments

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

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

(iii) Royalties on net sales

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

8 Commitments

(a) Research and development commitments

(i) CAR-T technology intellectual property

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

9 Events occurring after the reporting period

On 18 January 2021, Chimeric Therapeutics Limited listed on the Australian Stock Exchange and in the process raised \$35 million through the issue of 175,000,000 shares. All convertible notes were also converted into 28,666,731 shares in the company.

Subsequent to 31 December 2020 Chimeric Therapeutics Limited appointed:

- Dr Yvonne Chen to the Scientific Advisory Board (appointed 29 January 2021)
- Ms Cindy Elkins appointed as a Non-Executive Director (appointed 1 February 2021)
- Dr Eliot Bourk as the Vice President (appointed 23 February 2021)

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.

10 Related party transactions

(a) Transactions with key management personal

The following transactions occurred with related parties:

	31 December 2020 \$	30 June 2020 \$
<i>Other transactions</i>		
Forfeiture payments payable to key management personal	105,664	-

(i) Forfeiture payments payable to key management personal

The company has entered agreements to pay employees a total of US\$1.5 million for forfeiture of long-term incentives with their former employment. At 31 December 2020 the company has recognised \$105,664 as payable for the current period. The expense is cumulative and vests over the service period on three separate grant dates, being 1 December 2021, 2022 and 2023.

(b) Loans from related parties

	31 December 2020 \$	30 June 2020 \$
<i>Loans from key management personnel</i>		
Beginning of the period	34,007	-
Loans advanced	33,024	34,007
Loans repayments received	(67,031)	-
End of period	-	34,007
<i>Loans from other related parties</i>		
Beginning of the period	-	-
Loans advanced	825,000	-
End of period	825,000	-

(c) Terms and conditions

At 31 December 2020 the company repaid the full amount owed to Paul Hopper amounting \$67,031. These funds were originally received to fund working capital in the company at the time of inception.

During the period ended 31 December 2020, an entity related to Phillip Hains loaned the company \$825,000 to support its short-term working capital obligations. The conditions of the loan state that the loan is to be repaid at IPO or when the company raises \$5 million. Interest is accrued at 1% per month and payable with the repayment of the loan. The loan and interest was repaid in full on 20 January 2021.

11 Loss per share

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

31 December
2020
\$

Basic and diluted loss per share

Loss attributable to the ordinary equity holders of the company used in calculating basic/diluted loss per share:

From continuing operations (3,603,008)

(b) Weighted average number of shares used as denominator

31 December
2020
Number

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

56,051,265

12 Basis of preparation of half-year report

This condensed interim financial report for the half-year period ended 31 December 2020 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 2020 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*.

(a) 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 2020, the company incurred an operating loss of \$3,603,008 and net asset deficiency of \$2,588,595 as at 31 December 2020.

On 18 January 2021, the company raised \$35 million before costs through a successful IPO on the Australian Stock Exchange. The funds raised will be put towards research and development of the Chlorotoxin CAR-T Technology acquired by the company in the current reporting period.

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

13 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 periods presented, unless otherwise stated. The financial statements are for the group consisting of Chimeric Therapeutics Limited and its subsidiaries.

(a) 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's 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.

(b) Impairment of assets

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

13 Summary of significant accounting policies (continued)

(c) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following categories:

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

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

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

(ii) Recognition and derecognition

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

(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.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company 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 condensed 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 condensed 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.

13 Summary of significant accounting policies (continued)

(c) Investments and other financial assets (continued)

(v) Impairment

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

(d) 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.

(e) 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 are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication of impairment. Amortisation methods and periods for an intangible asset with a finite useful life is reviewed at least at each financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation method and/or period, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the condensed statement of comprehensive income.

(i) Intellectual property

The accounting policies for the group's patents, licences and other rights are explained in note 3(a).

(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 condensed statement of comprehensive income as an expense when it is incurred.

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

(iii) Amortisation methods and periods

Refer to note 3(a)(iii) for details about amortisation methods and periods used by the group for intangible assets.

13 Summary of significant accounting policies (continued)

(f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible bond. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

(g) Employee benefits

(i) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They 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.

(ii) 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 5.

(iii) Employee options

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

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

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

13 Summary of significant accounting policies (continued)

(h) 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 balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 25 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 2020 and of its performance for the half-year ended 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.

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



Mr Paul Hopper
Executive Chairman

Sydney
26 February 2021

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), which comprises the condensed statement of financial position as at 31 December 2020, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and 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 Chimeric Therapeutics Limited financial position as at 31 December 2020 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 Company 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.

Directors' responsibility for the half-year financial report

The Directors of the Company 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 Company's financial position as at 31 December 2020 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, 26 February 2021



Chimeric Therapeutics Limited

Half Year Ended 31 December 2020