

Appendix 4E and Preliminary Final Report



Year Ended 30 June 2024

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited

Appendix 4E

Preliminary Final Report

Year ended 30 June 2024

| | |
|-----------------|-------------------------------|
| Name of entity: | Chimeric Therapeutics Limited |
| ABN: | 68 638 835 828 |
| Year ended: | 30 June 2024 |
| Previous year: | 30 June 2023 |

Results for announcement to the market

| | | | | | \$ |
|---|------|---------|----|--------------|----|
| Revenue for ordinary activities | - | -% | to | - | |
| Loss from ordinary activities after tax attributable to members | Down | (51.7)% | to | (12,529,849) | |
| Net loss for the year attributable to members | Down | (51.7)% | to | (12,529,849) | |

Distributions

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

Explanation of results

The group reported a loss for the year ended 30 June 2024 of \$12,529,849 (30 June 2023: \$25,916,890). The decreased loss largely relates the scale-down of headcount, a reduction of general and administration expenses and reprioritisation of projects. Additionally the group received one-off income from an introduction fee which assisted in decreasing the loss for the year.

At 30 June 2024 the group's net assets were \$2,470,068 (30 June 2023: \$5,660,716) with cash reserves of \$3,053,001 (30 June 2023: \$2,362,654).

The Appendix 4E financial report follows, with the further details to be included in the audited financial statements to be released by 30 September 2024.

Net tangible assets per security

| | 2024 Cents | 2023 Cents |
|---|---------------|---------------|
| Net tangible asset backing (per security) | (1.09) | (1.36) |

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2024.

Other information required by Listing Rule 4.3A

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

Audit

The financial statements are currently in the process of being audited. Audited financial statements along with the independent auditor report for the year end 30 June 2024 is expected to be released by the end of September 2024 with an unqualified opinion with a material uncertainty related to going concern.

Chimeric Therapeutics Limited

ABN 68 638 835 828

Preliminary Final Report - 30 June 2024

Financial statements

| | |
|---|---|
| Consolidated statement of profit or loss and other comprehensive income | 2 |
| Consolidated statement of financial position | 3 |
| Consolidated statement of changes in equity | 4 |
| Consolidated statement of cash flows | 6 |
| Notes to the financial statements | 7 |

This financial statements are consolidated financial statements for the group consisting of Chimeric Therapeutics Limited and its subsidiaries. A list of subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

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

Its registered office is:

Level 3, 62 Lygon Street
Carlton VIC 3053

Its principal place of business is:

Level 3, 62 Lygon Street
Carlton VIC 3053

Chimeric Therapeutics Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

| | Notes | 30 June 2024 \$ | 30 June 2023 \$ |
|--|-------|-----------------------|-----------------------|
| Other income | | 8,713,865 | 4,505,729 |
| Other gains/(losses) | 2(a) | (1,201,527) | (96,320) |
| Modification gains | 3(e) | 897,182 | - |
| General and administrative expenses | 2(b) | (8,999,368) | (11,733,007) |
| Research and development expenses | 2(b) | (11,148,002) | (14,432,338) |
| Share-based payments expenses | | (571,826) | (3,321,854) |
| Operating loss | | (12,309,676) | (25,077,790) |
| Finance income | 2(c) | 121,315 | 27,565 |
| Finance expenses | 2(c) | (331,811) | (773,845) |
| Finance costs - net | | (210,496) | (746,280) |
| Loss before income tax | | (12,520,172) | (25,824,070) |
| Income tax expense | | (9,677) | (92,820) |
| Loss for the year | | (12,529,849) | (25,916,890) |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | (16,889) | (151,399) |
| Total comprehensive loss for the year | | (12,546,738) | (26,068,289) |
| | | Cents | Cents |
| Loss per share for loss attributable to the ordinary equity holders of the group: | | | |
| Basic and diluted loss per share | 11 | (1.80) | (5.98) |

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

Chimeric Therapeutics Limited
Consolidated statement of financial position
As at 30 June 2024

| | Notes | 2024 \$ | 2023 \$ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 3(a) | 3,053,001 | 2,362,654 |
| Trade and other receivables | | 86,588 | 6,658,131 |
| Other current assets | | 82,508 | 330,568 |
| Total current assets | | 3,222,097 | 9,351,353 |
| Non-current assets | | | |
| Property, plant and equipment | | 685 | 5,600 |
| Intangible assets | 4(a) | 12,010,372 | 12,978,631 |
| Other financial assets at amortised cost | | 40,000 | 40,000 |
| Total non-current assets | | 12,051,057 | 13,024,231 |
| Total assets | | 15,273,154 | 22,375,584 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 3(b) | 6,195,889 | 10,812,516 |
| Other financial liabilities | 3(c) | 3,594,474 | 3,440,672 |
| Employee benefit obligations | 4(b) | 306,600 | 439,341 |
| Total current liabilities | | 10,096,963 | 14,692,529 |
| Non-current liabilities | | | |
| Other financial liabilities | 3(c) | 2,706,123 | 2,022,339 |
| Total non-current liabilities | | 2,706,123 | 2,022,339 |
| Total liabilities | | 12,803,086 | 16,714,868 |
| Net assets | | 2,470,068 | 5,660,716 |
| EQUITY | | | |
| Share capital | 5(a) | 63,510,730 | 53,929,488 |
| Other reserves | 5(b) | 5,518,895 | 8,512,042 |
| Accumulated losses | | (66,559,557) | (56,780,814) |
| Total equity | | 2,470,068 | 5,660,716 |

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

Chimeric Therapeutics Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

| | Notes | Attributable to owners of Chimeric Therapeutics Limited | | | Total equity \$ |
|--|-------|--|----------------------|-----------------------------|-----------------------|
| | | Share capital \$ | Other reserves \$ | Accumulated losses \$ | |
| Balance at 1 July 2022 | | 51,807,595 | 4,762,637 | (30,863,924) | 25,706,308 |
| Loss for the year | | - | - | (25,916,890) | (25,916,890) |
| Other comprehensive income | | - | (151,399) | - | (151,399) |
| Total comprehensive income/(loss) for the year | | - | (151,399) | (25,916,890) | (26,068,289) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity net of transaction costs | 5(a) | 1,532,497 | - | - | 1,532,497 |
| Transaction costs and tax | | (640,586) | - | - | (640,586) |
| Issue of shares in lieu of payment of services | 5(a) | 65,000 | - | - | 65,000 |
| Options issued | 5(b) | - | 3,095,864 | - | 3,095,864 |
| Issue of shares as part of forfeiture payments | 5(b) | 293,729 | (106,284) | - | 187,445 |
| Issue of restricted share units | | - | (11,001) | - | (11,001) |
| Issue of shares under the employee incentive scheme | | 871,253 | (122,775) | - | 748,478 |
| Shares to be issued per board and management placement | | - | 1,045,000 | - | 1,045,000 |
| | | 2,121,893 | 3,900,804 | - | 6,022,697 |
| Balance at 30 June 2023 | | 53,929,488 | 8,512,042 | (56,780,814) | 5,660,716 |

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

Chimeric Therapeutics Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024
(continued)

| | Notes | Attributable to owners of Chimeric Therapeutics Limited | | | Total equity \$ |
|--|-------|--|----------------------|-----------------------------|-----------------------|
| | | Share capital \$ | Other reserves \$ | Accumulated losses \$ | |
| Balance at 1 July 2023 | | 53,929,488 | 8,512,042 | (56,780,814) | 5,660,716 |
| Loss for the year | | - | - | (12,529,849) | (12,529,849) |
| Other comprehensive loss | | - | (16,889) | - | (16,889) |
| Total comprehensive income/(loss) for the year | | - | (16,889) | (12,529,849) | (12,546,738) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity | 5(a) | 7,664,077 | - | - | 7,664,077 |
| Transaction costs and tax | 5(a) | (871,011) | - | - | (871,011) |
| Cancellation of options | | - | (2,357,694) | 1,340,866 | (1,016,828) |
| Expiration of options | 5(b) | - | (1,410,240) | 1,410,240 | - |
| Issue of performance rights | | - | 116,413 | - | 116,413 |
| Issue of shares in lieu of payment of services | 5(a) | 69,900 | (36,900) | - | 33,000 |
| Options issued | 5(b) | - | 2,066,214 | - | 2,066,214 |
| Issue of shares as part of forfeiture payments | 5(b) | 353,276 | (309,051) | - | 44,225 |
| Issue of shares under share purchase agreement | 5(a) | 1,320,000 | - | - | 1,320,000 |
| Shares to be issued per board and management placement | 5(a) | 1,045,000 | (1,045,000) | - | - |
| | | 9,581,242 | (2,976,258) | 2,751,106 | 9,356,090 |
| Balance at 30 June 2024 | | 63,510,730 | 5,518,895 | (66,559,557) | 2,470,068 |

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 year ended 30 June 2024

| | 30 June 2024 | 30 June 2023 |
|--|--------------------|---------------------|
| Notes | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from introduction fees (inclusive of GST) | 5,474,538 | - |
| Payments to suppliers and employees (inclusive of GST) | (20,466,849) | (19,832,570) |
| Research and Development tax incentive received | 7,337,272 | 3,499,252 |
| Interest received | 117,315 | 27,565 |
| Net cash (outflow) from operating activities | (7,537,724) | (16,305,753) |
| Cash flows from investing activities | | |
| Payments for intellectual property | - | (112,193) |
| Net cash (outflow) from investing activities | - | (112,193) |
| Cash flows from financing activities | | |
| Proceeds from issues of shares and other equity securities | 11,740,253 | 2,577,497 |
| Share issue transaction costs | (1,196,381) | (88,819) |
| Interest expense | (10,113) | (10,302) |
| Repayment of financial liabilities | (2,277,000) | (2,225,000) |
| Net cash inflow from financing activities | 8,256,759 | 253,376 |
| Net increase (decrease) in cash and cash equivalents | 719,035 | (16,164,570) |
| Cash and cash equivalents at the beginning of the financial year | 2,362,654 | 18,381,533 |
| Effects of exchange rate changes on cash and cash equivalents | (28,688) | 145,691 |
| Cash and cash equivalents at end of year | 3,053,001 | 2,362,654 |

3(a)

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

Contents of the notes to the financial statements

| | Page |
|--|------|
| 1 Segment information | 8 |
| 2 Other income and expense items | 8 |
| 3 Financial assets and financial liabilities | 11 |
| 4 Non-financial assets and liabilities | 15 |
| 5 Equity | 18 |
| 6 Material estimates and judgements | 22 |
| 7 Contingent consideration | 27 |
| 8 Commitments | 30 |
| 9 Events occurring after the reporting year | 30 |
| 10 Share-based payments | 31 |
| 11 Loss per share | 33 |
| 12 Interests in other entities | 34 |

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 gains/(losses)

| | 30 June 2024 | 30 June 2023 |
|---|-------------------------|-----------------|
| | \$ | \$ |
| Net loss on disposal of property, plant and equipment | (994) | (2,448) |
| Net foreign exchange gains/(losses) | 55,674 | (93,872) |
| Fair value adjustment on financing agreements | (1,256,207) | - |
| | (1,201,527) | (96,320) |

2 Other income and expense items (continued)

(b) Breakdown of expenses by nature

| | 30 June 2024 | 30 June 2023 |
|---|-------------------|-------------------|
| Notes | \$ | \$ |
| General and administrative expenses | | |
| Accounting and audit | 794,868 | 963,297 |
| Consulting | 80,751 | 87,924 |
| Deferred Losses | 75,934 | - |
| Depreciation | 3,922 | 7,941 |
| Employee benefits | 6,600,057 | 8,364,015 |
| Insurance | 275,474 | 378,411 |
| Investor relations | 212,759 | 455,168 |
| Legal | 172,726 | 393,799 |
| Listing and share registry | 160,188 | 166,414 |
| Occupancy | 1,010 | 25,868 |
| Patent costs | 109,512 | 185,583 |
| Recruitment and staff training | 109,549 | 212,689 |
| Travel and entertainment | 251,478 | 430,750 |
| Other | 151,140 | 61,148 |
| | 8,999,368 | 11,733,007 |
| Research and development expenses | | |
| Amortisation | 1,002,207 | 957,410 |
| Chlorotoxin CAR-T technology | 2,538,002 | 4,790,033 |
| CDH17 | 4,818,177 | 6,099,248 |
| CORE-NK | 1,431,048 | 39,567 |
| Fair value movement in contingent consideration | 3(d)(i) 955,627 | 1,614,334 |
| Other | 402,941 | 931,746 |
| | 11,148,002 | 14,432,338 |

The research and development expenses align with the intellectual property held by the group as disclosed in note 4(a) and represents the amount of R&D expended on developing the respective intellectual property.

2 Other income and expense items (continued)

(c) Finance income and expenses

| | 30 June 2024 \$ | 30 June 2023 \$ |
|---|--------------------------------|-----------------------|
| <i>Finance income</i> | | |
| Interest income from financial assets held for cash management purposes | 121,315 | 27,565 |
| Finance income | 121,315 | 27,565 |
| <i>Finance expenses</i> | | |
| Interest and finance charges paid for financial liabilities not at fair value | (10,113) | (10,302) |
| Finance expenses in relation to financing activities | (321,698) | (763,543) |
| Finance expenses | (331,811) | (773,845) |
| Net finance costs | (210,496) | (746,280) |

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

| | 2024 \$ | 2023 \$ |
|--------------------------|------------------|------------------|
| Current assets | | |
| Cash at bank and on hand | <u>3,053,001</u> | <u>2,362,654</u> |

(i) Reconciliation to cash flow statement

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

| | 2024 \$ | 2023 \$ |
|--------------------------------------|------------------|------------------|
| Balances as above | <u>3,053,001</u> | <u>2,362,654</u> |
| Balances per statement of cash flows | <u>3,053,001</u> | <u>2,362,654</u> |

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

(iii) Risk exposure

The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other payables

| | Current \$ | 2024 Non- current \$ | Total \$ | Current \$ | 2023 Non- current \$ | Total \$ |
|--------------------------|------------------|-------------------------------|------------------|-------------------|-------------------------------|-------------------|
| Trade payables | 3,201,192 | - | 3,201,192 | 7,406,782 | - | 7,406,782 |
| Amounts due to employees | - | - | - | 258,301 | - | 258,301 |
| Accrued expenses | 2,930,268 | - | 2,930,268 | 3,069,002 | - | 3,069,002 |
| Other payables | 64,429 | - | 64,429 | 78,431 | - | 78,431 |
| | <u>6,195,889</u> | - | <u>6,195,889</u> | <u>10,812,516</u> | - | <u>10,812,516</u> |

(c) Other financial liabilities

3 Financial assets and financial liabilities (continued)

(c) Other financial liabilities (continued)

| | 2024 | | | 2023 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Chlorotoxin CAR-T contingent consideration | - | 1,326,152 | 1,326,152 | - | 1,454,763 | 1,454,763 |
| CHD17 contingent consideration | 297,637 | 1,192,647 | 1,490,284 | - | 467,823 | 467,823 |
| CORE-NK contingent consideration | 14,878 | 187,324 | 202,202 | 40,672 | 99,753 | 140,425 |
| Advance payment liability (ii) | 3,281,959 | - | 3,281,959 | 3,400,000 | - | 3,400,000 |
| | 3,594,474 | 2,706,123 | 6,300,597 | 3,440,672 | 2,022,339 | 5,463,011 |

(i) Deferred consideration

The deferred consideration relates to payable upfront costs from the acquisition of licences. During the year the group paid nil (2023: \$2,336,929) inclusive of deferred consideration liability. The contingent consideration includes amounts related to the provision of milestone payments. For more information, please refer to note 7.

(ii) Advance payment liability

The advance payment liability relates to the share placement agreement with Lind Global Fund II, LP. The amount represents the fair value of the advance payment liability under the agreement. Further information on the agreement can be found in note 6(b)(v).

3 Financial assets and financial liabilities (continued)

(d) Recognised fair value measurements

(i) Fair value hierarchy

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

| <i>Recurring fair value measurements</i> At 30 June 2024 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| Financial Liabilities | | | | |
| Chlorotoxin CAR-T contingent consideration | - | - | 1,326,152 | 1,326,152 |
| CDH17 contingent consideration | - | - | 1,490,284 | 1,490,284 |
| CORE-NK contingent consideration | - | - | 202,202 | 202,202 |
| Advance payment liability | - | - | 3,281,959 | 3,281,959 |
| Total financial liabilities | - | - | 6,300,597 | 6,300,597 |
| <i>Recurring fair value measurements</i> At 30 June 2023 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Financial Liabilities | | | | |
| Chlorotoxin CAR-T contingent consideration | - | - | 1,454,763 | 1,454,763 |
| CDH17 contingent consideration | - | - | 467,823 | 467,823 |
| CORE-NK contingent consideration | - | - | 140,425 | 140,425 |
| Advance payment liability | - | - | 3,400,000 | 3,400,000 |
| Total financial liabilities | - | - | 5,463,011 | 5,463,011 |

3 Financial assets and financial liabilities (continued)

(d) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

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

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

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

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

Contingent consideration

The fair value of contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts the management's estimate of the probability that the milestone will be achieved. For more information refer to note 6 and note 7.

The discount rate used at 30 June 2024 was 8.96% (2023: 6.85%). The discount rate is based on the expected rate of return, which has been determined using the capital asset pricing model.

Advance payment liability

The fair value of the advance payment liability relates to the value of the liability measured after initial recognition. For more information refer to note 3(e).

(e) Advanced payment facility

The advance payment liability relates to the share placement agreement with Lind Global Fund II, LP. The liability represents the fair value of the advance payment liability under the agreement. Further information on the agreement can be found in note 6(b)(v).

| | 2024 | 2023 |
|----------------------------------|--------------------|-----------|
| | \$ | \$ |
| Opening balance | 3,400,000 | - |
| Settlement of facility in shares | (1,320,000) | - |
| Issue of facility | - | 3,400,000 |
| Derecognition of facility | (2,760,000) | - |
| Rerecognition of facility | 2,705,752 | - |
| Fair value adjustment | 1,256,207 | - |
| | 3,281,959 | 3,400,000 |

At 30 June 2024, a gain of \$897,182 was recognised from the modification of the instrument due to the signing of the amended agreement.

4 Non-financial assets and liabilities

(a) Intangible assets

| | Chlorotoxin CAR-T \$ | CDH-17 \$ | CORE-NK \$ | Total \$ |
|--|----------------------------|--------------|---------------|-------------|
| At 1 July 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 |
| Year ended 30 June 2023 | | | | |
| Opening net book amount | 12,922,413 | 681,719 | 48,908 | 13,653,040 |
| Additions | - | - | 283,001 | 283,001 |
| Amortisation charge | (903,752) | (40,473) | (13,185) | (957,410) |
| Closing net book amount | 12,018,661 | 641,246 | 318,724 | 12,978,631 |
| At 30 June 2023 | | | | |
| Cost | 14,670,492 | 719,863 | 331,909 | 15,722,264 |
| Accumulation amortisation and impairment | (2,651,831) | (78,617) | (13,185) | (2,743,633) |
| Net book amount | 12,018,661 | 641,246 | 318,724 | 12,978,631 |
| Year ended 30 June 2024 | | | | |
| Opening net book amount | 12,018,661 | 641,246 | 318,724 | 12,978,631 |
| Amortisation charge | (906,228) | (40,584) | (21,447) | (968,259) |
| Closing net book amount | 11,112,433 | 600,662 | 297,277 | 12,010,372 |
| At 30 June 2024 | | | | |
| Cost | 14,670,492 | 719,863 | 331,909 | 15,722,264 |
| Accumulated amortisation and impairment | (3,558,059) | (119,201) | (34,632) | (3,711,892) |
| Net book amount | 11,112,433 | 600,662 | 297,277 | 12,010,372 |

4 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

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 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 licences fee paid, the value of equity issued to City of Hope in respect of the licence agreement and contingent considerations.

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

(ii) CDH-17

The group has recognised the Intellectual Property "CDH17" through the acquisition of a worldwide exclusive 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.

CDH-17 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.

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

(iv) Impairment test for intellectual property

The group's intangible assets are assessed for impairment at each reporting period.

Management has considered the following potential indicators:

- The market capitalisation of Chimeric Therapeutics Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2024 is in excess of the net book value of assets;
- The scientific results and progress of the trials;
- Comparisons with companies in a similar field of development and similar stage; and
- Changes in growth of the biotech sector.

There were no indicators of impairment identified at 30 June 2024.

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

4 Non-financial assets and liabilities (continued)

(b) Employee benefit obligations

| | Current | 2024 Non- current | Total | Current | 2023 Non- current | Total |
|-----------------------|----------------|----------------------------------|----------------|----------------|----------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Leave obligations (i) | 306,600 | - | 306,600 | 439,341 | - | 439,341 |

(i) Leave obligations

The leave obligations cover the group's liabilities for annual leave which are classified as short-term benefits, as explained in note .

The current portion of this liability includes all of the accrued annual leave and pro-rata payments employees are entitled to in certain circumstances. The entire amount of the provision of \$306,600 (2023: \$439,341) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

5 Equity

(a) Share capital

| | Notes | 2024 Shares | 2023 Shares | 2024 \$ | 2023 \$ |
|-----------------|---------|--------------------|----------------|-------------------|------------|
| Ordinary shares | | | | | |
| Fully paid | | 876,055,712 | 506,685,568 | 63,510,730 | 53,929,488 |
| | 5(a)(i) | 876,055,712 | 506,685,568 | 63,510,730 | 53,929,488 |

(i) Movements in ordinary shares:

| Details | Number of shares | Total \$ |
|---|---------------------|-------------------|
| Balance at 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 | 36,432 |
| 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 |
| Issue of shares from Share Purchase Plan at \$0.035 (2023-06-23) | 43,785,637 | 1,532,497 |
| Issue of shares upon termination of placement agreement at \$0.036 (2023-06-23) | 1,805,556 | 65,000 |
| Issue of shares under the share purchase agreement at \$0.033 (2023-06-29) | 24,000,000 | - |
| Less: Transaction costs arising on share issues | - | (640,586) |
| Balance at 30 June 2023 | 506,685,568 | 53,929,488 |

5 Equity (continued)

(a) Share capital (continued)

(i) Movements in ordinary shares: (continued)

| Details | Number of shares | Total \$ |
|---|---------------------|-------------------|
| Balance at 1 July 2023 | 506,685,568 | 53,929,488 |
| Issue of shares for the board and management placement at \$0.046 (2023-07-12) | 22,717,388 | 1,045,000 |
| Issue of shares under the share purchase agreement at \$0.025 (2023-10-04) | 4,800,000 | 120,000 |
| Issue of shares under the share purchase agreement at \$0.023 (2023-11-03) | 17,391,305 | 400,000 |
| Issue of shares from rights issue at \$0.028 (2023-12-07) | 159,399,542 | 4,463,187 |
| Issue of forfeiture shares at \$0.035 (2023-12-14) | 8,643,603 | 302,526 |
| Issue of forfeiture shares at \$0.0689 (2023-12-14) | 736,575 | 50,750 |
| Issue of shares for services rendered at \$0.0791 (2023-12-14) | 466,605 | 36,900 |
| Issue of shares under the share purchase agreement at \$0.024 (2023-12-22) | 5,000,000 | 120,000 |
| Issue of shares at \$0.028 in lieu of cash for services rendered (2024-01-05) | 1,178,571 | 33,000 |
| Issue of shares from the shortfall from Entitlement offer at \$0.028 (2024-01-24) | 114,317,500 | 3,200,890 |
| Issue of shares under the share purchase agreement at \$0.022 (2024-02-27) | 5,454,546 | 120,000 |
| Issue of shares under the share purchase agreement at \$0.024 (2024-03-28) | 5,000,000 | 120,000 |
| Issue of shares under the share purchase agreement at \$0.026 (2024-04-30) | 4,615,385 | 120,000 |
| Issue of shares under the share purchase agreement at \$0.019 (2024-05-30) | 6,315,790 | 120,000 |
| Issue of shares under the share purchase agreement at \$0.015 (2024-06-28) | 13,333,334 | 200,000 |
| Less: Transaction costs arising on share issues | - | (871,011) |
| Balance 30 June 2024 | 876,055,712 | 63,510,730 |

(ii) Share purchase agreement

The issuance of 24 million shares under the share purchase agreement is considered an embedded derivative with the advance payment credit, thus valued as one instrument. For more information refer to note 6(b)(v).

5 Equity (continued)

(b) Other reserves

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

| | Notes | Shares to be issued \$ | 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 | | - | - | - | (151,399) | (151,399) |
| Other comprehensive loss | | - | - | - | (151,399) | (151,399) |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of options | 5(b)(ii) | - | 3,095,864 | - | - | 3,095,864 |
| Issue of shares as part of forfeiture payments | | - | - | (106,284) | - | (106,284) |
| Issue of restricted share units | | - | (11,001) | - | - | (11,001) |
| Shares to be issued/(issued) | | 36,900 | (159,675) | - | - | (122,775) |
| Shares to be issued per board and management placement | | 1,045,000 | - | - | - | 1,045,000 |
| At 30 June 2023 | | 1,081,900 | 7,433,916 | 309,051 | (312,825) | 8,512,042 |
| Currency translation differences | | - | - | - | (16,889) | (16,889) |
| Other comprehensive loss | | - | - | - | (16,889) | (16,889) |
| Transactions with owners in their capacity as owners | | | | | | |
| Shares to be issued/(issued) | | (36,900) | - | - | - | (36,900) |
| Issue of options | 5(b)(ii) | - | 2,066,214 | - | - | 2,066,214 |
| Issue of shares as part of forfeiture payments | | - | - | (309,051) | - | (309,051) |
| Expiration of options | | - | (1,410,240) | - | - | (1,410,240) |
| Issue of performance rights | | - | 116,413 | - | - | 116,413 |
| Cancellation of options | 5(b)(ii) | - | (2,357,694) | - | - | (2,357,694) |
| Shares to be issued per board and management placement | | (1,045,000) | - | - | - | (1,045,000) |
| At 30 June 2024 | | - | 5,848,609 | - | (329,714) | 5,518,895 |

5 Equity (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses relating to equity payments including the valuation of share options issued to key management personnel, other employees and eligible contractors.

Foreign currency translations

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

Equity settled payments

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

(ii) Movements in options:

| Details | Number of options | Total \$ |
|--|----------------------|------------------|
| Balance at 1 July 2022 | 130,380,133 | 4,338,052 |
| Issue of Employee Stock Ownership Plan (ESOP) unlisted options | 28,613,089 | 1,179,574 |
| Issue of unlisted options | 4,500,000 | 82,350 |
| Issue of options per share purchase agreement | 41,891,892 | 681,581 |
| Expense for share-based payments for options previously issued | - | 1,152,359 |
| Balance at 30 June 2023 | 205,385,114 | 7,433,916 |
| Issue of unlisted options | 100,104,080 | 1,399,058 |
| Forfeiture of ESOP unlisted options | (32,058,742) | (1,016,828) |
| Lapse of ESOP unlisted options | (8,573,159) | (1,340,866) |
| Expiration of unlisted options | (19,957,897) | (1,410,240) |
| Expiration of listed options | (83,020,927) | - |
| Expense for share-based payments for options previously issued | - | 667,156 |
| Balance at 30 June 2024 | 161,878,469 | 5,732,196 |

6 Material estimates and judgements

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong due to changes in estimates and judgements. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

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

The areas involving judgement or estimation are detailed below.

(a) Judgements

(i) Impairment

The group's intangible assets are assessed for impairment at each reporting period.

Management have not identified any indicators of impairment in the current year, for the following reasons:

- The market capitalisation of Chimeric Therapeutics Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2024 is in excess of the net book value of assets;
- The scientific results and progress of the trials;
- Comparisons with companies in a similar field of development and similar stage; and
- Changes in growth of the biotech sector.

As no indicators of impairment have been identified, no impairment test has been performed. Should an indicator be identified, management would be required to perform an impairment test.

(b) Estimates

(i) R&D tax incentive income accrual

The group's R&D activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured.

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

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

(ii) Useful life of intangible assets

Management have assessed that "ready for use" for the group is not the commercialisation of an intangible asset but rather the goal to develop intangible assets to a point that a trade sale of a licence is more likely. They have concluded that all intangible asset's are "ready for use" and have applied judgement over the period which each asset is expected to be available for use by the entity.

6 Material estimates and judgements (continued)

(b) Estimates (continued)

(ii) Useful life of intangible assets (continued)

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

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

(iii) Share-based payments

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

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

- Volatility rate is set at 100% as there is a limited history of share movements to accurately calculate the volatility for the valuation; and
- Risk-free rate is obtained by referencing to the Capital Market Yields for Government Bonds supplied by the RBA. The rate is selected by determining what the rate is at the date the options are granted to the holder. Additionally, there are different rates supplied by the RBA each day dependent on the terms of the bond (2, 3, 5, 10 years). The term of the option will determine which rate is used (i.e. a 5 year term will use the 5 year bond rate). If an options term is between two terms for example 4 years, the rate that is used is that of the lower term i.e. the 3 year bond rate.

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

(iv) Contingent consideration

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

At the end of the reporting year, the group has applied judgement to multiple milestones detailed in note 7.

The discount rate used at 30 June 2024 was 8.96% (2023: 6.85%). The discount rate is based on the expected rate of return, which has been determined using the capital asset pricing model.

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

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

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

6 Material estimates and judgements (continued)

(b) Estimates (continued)

(v) Lind share purchase agreement

In June 2023, the group entered into a share subscription agreement with Lind Global II LP. The key terms of this agreement are as follows:

(a) Lind pays an advance amount of \$3.1 million to the group; and

(b) the group provides Lind with the following:

- An advance payment credit of \$3.4 million (which is not a loan and does not bear interest), which Lind can use during the duration of the agreement to subscribe for additional shares, or adjusting the liability for the initial shares issued (see below);
- 24,000,000 ordinary shares, subject to payment by Lind of the subscription price - being the lower of \$0.048 per share, or 90% of the average of the lowest three daily volume weighted average prices during the 20 actual trading days immediately prior to the date on which the subscription price is to be determined; and
- 41,891,892 irredeemable options, granting Lind the right to purchase one share, at an exercise price of \$0.046 per share, within a period of 48 calendar months from the grant date.

On 29 December 2023, the group entered into an amendment to the share subscription agreement with Lind Global II LP. The key terms of this agreement are as follows:

(a) Lind pays an advance amount of \$1.0 million to the group; and

(b) the group provides Lind with the following:

- An advance payment credit of \$1.1 million (which is not a loan and does not bear interest), which Lind can use during the duration of the agreement to subscribe for additional shares, or adjusting the liability for the initial shares issued (see below);
- 17,241,379 irredeemable options, granting Lind the right to purchase one share, at an exercise price of \$0.036 per share, within a period of 48 calendar months from the grant date.

This transaction has been accounted for under AASB 132 - Financial Instruments: Presentation. The identification and separation of the components involved under an arrangement within the scope of AASB 132 depends upon whether these instruments were granted in compensation for the capital received and thus are a transaction cost. The group has considered whether the advance payment credit, initial shares, and options are freestanding based on their legal detachability and separate exercisability.

Based on the above analysis, the group has determined that the option component is freestanding, while the advance payment credit and initial shares are one combined instrument.

Classification - options

The options are an equity instrument under AASB 132. As the options convert on a 1 for 1 basis, they meet the fixed-for-fixed criteria. Therefore, they are not a financial liability, and are accounted for as equity and initially measured at fair value.

The options were issued as part of the raising of funding as they enabled the group to access finance at a rate lower than it would otherwise have obtained. The options are thus, in substance, considered to represent a cost of fundraising. As the advance payment liability (see below) is accounted for at fair value through profit or loss, the associated transaction costs (i.e., these options) are expensed rather than included in the value of the liability on initial recognition.

6 Material estimates and judgements (continued)

(b) Estimates (continued)

(v) Lind share purchase agreement (continued)

Classification - advance payment liability

The combined instrument qualifies as a derivative instrument. The two components (the advance payment credit and initial shares) are accounted for as follows:

- As the initial share component of the combined instrument will be settled by the group issuing a fixed number of its own equity instruments in exchange for a variable amount of cash, the 'fixed-for-fixed' criterion for equity classification under AASB 132 has not been met. Consequently, the initial share component has been classified as an embedded derivative liability within the combined instrument.
- As the ability to convert the advance payment credit rests with Lind, rather than with the group, it is outside the control of the group. The group therefore does not have the ability to avoid the obligation of potentially issuing a variable number of shares. Similar to the above, this means the 'fixed-for-fixed' criterion has not been met, and the transaction is therefore accounted for as a financial liability under AASB 132.

The combined advance payment credit and initial share components are collectively referred to as the 'advance payment liability', and accounted for as a financial liability as shown in note 4(d). This is designated at fair value through profit or loss, in accordance with AASB 9 - Financial Instruments.

Measurement - options

The options have been measured at initial recognition and have not been subsequently remeasured. The valuation of the options was determined utilising a Binomial model .

The key assumptions used in the valuation were:

- Lind will redeem the advance payment liability at the agreement expiry date, being June 2027;
- The underlying share price is based on the closing share price of Chimeric as at the grant date;
- A risk-free rate of 3.92% has been applied, based on a 20-day average of long-term government bond yields as at the grant date; and
- A volatility rate of 64% has been applied, based on Chimeric's historical volatility and the volatility of comparable listed companies.

This resulted in a valuation of \$0.682 million as at the grant date. This has been recognised as a finance expense (note 2(d)) with a corresponding entry within other reserves (see note 6(b)).

The key assumptions used in the valuation for the second tranche of options were:

- Expiry date is 48 months from signing the agreement, being December 2027;
- The underlying share price is based on the closing share price of Chimeric as at the grant date;
- A risk-free rate of 3.65% has been applied, based on a 20-day average of long-term government bond yields as at the grant date; and
- A volatility rate of 85% has been applied, based on Chimeric's historical volatility and the volatility of comparable listed companies.

This resulted in a valuation of \$0.322 million as at the grant date. This has been recognised as a finance expense with a corresponding entry within other reserves.

Measurement - advance payment liability

The fair value of the advance payment liability at recognition was \$3.4 million. This resulted in a deferred loss of \$0.3 million, which has been recognised within other current assets on the statement of financial position, and which will be subsequently recognised on a straight line basis over the period of the advance payment liability.

6 Material estimates and judgements (continued)

(b) Estimates (continued)

(v) *Lind share purchase agreement (continued)*

At 29 December 2023 when the amendment was signed, the group had to assess the amendment under AASB9 to determine the treatment of the advanced credit liability. The modification was assessed under two tests being the qualitative test which assesses whether there is a significant change in the terms and conditions such that immediate recognition is required with no additional quantitative analysis and the quantitative test which assesses the net present value of the cash flows under the new terms discounted at the original effective interest rate (EIR) is at least 10% different from the carrying amount of the original debt. This is described as the 100% test. As the quantitative test was passed, extinguishment accounting was applied which involved de-recognising the existing liability and recognising the new or modified liability at its fair value.

At 30 June 2024, the fair value of the advance payment liability was remeasured utilising a Monte-Carlo model.

7 Contingent consideration

(a) CAR-T technology intellectual property

The group has the licence agreement with the City of Hope. The key financial terms of the licence agreement includes cash payments worth US\$10 million. US\$4 million was paid in the year ending 30 June 2021, US\$3 million in the year ending 30 June 2022, US\$1.5 million in the year ending 30 June 2023 and the final payment of US\$1.5 million was paid in the year ending 30 June 2024. In addition, A\$1.6m worth of shares in the group were issued to the City of Hope as part of the agreement. The group has also incurred liabilities contingent on future events in respect of the licence, which are summarised below.

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

The fair value is discounted as set out in note 6(b)(iv). The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

- **Development Milestone Payments:** Up to US\$17.1m payable to the City of Hope upon meeting various milestones:

| 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 |

The fair value of the contingent consideration recognised on the statement of financial position as at 30 June 2024 was \$1,326,152 (2023: \$1,454,763).

- **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, This has no effect on the figures reported as at 30 June 2024 (2023: none).

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

7 Contingent consideration (continued)

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

(i) *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. This has no effect on the figures reported as at 30 June 2024 (30 June 2023: none.)

(b) CDH-17 intellectual property

The group has the licence agreement with University of Pennsylvania. The key financial terms of the licence agreement includes a payment of cash worth of US\$350,000 which has been paid in the year ending 30 June 2022. The group has also incurred liabilities contingent on future events in respect of the licence, which are summarised below.

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

The fair value is discounted as set out in note 6(b)(iv). The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

- **Development Milestone Payments:** Up to US\$59.825m payable in cash and either an additional US\$5m or US\$2m in relation to milestone 5 to University of Pennsylvania upon meeting various milestones:

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

The fair value of the contingent consideration recognised on the statement of financial position as at 30 June 2024 was \$1,490,284 (2023: \$467,823).

(i) *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. This has had no effect on the figures reported as at 30 June 2024 (30 June 2023: none).

7 Contingent consideration (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 includes a payment of cash worth US\$75,000 which has been paid and issued in the year ending 30 June 2022. The group has also incurred liabilities contingent on future events in respect of the licence, which are summarised below.

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

The fair value is discounted as set out in note 6(b)(iv). The timeframe for discounting varies depending on the milestone, and is aligned with industry information on the length of time taken to conduct oncological clinical trials.

- **Development Milestone Payments:** Up to US\$2.11m payable to Case Western Reserve University upon meeting various milestones:

| 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 |

The fair value of the contingent consideration recognised on the statement of financial position as at 30 June 2024 was \$202,202 (2023: \$140,425).

8 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 the City of Hope of US\$150,000. This is payable on or before 31 July of each Licence Year (excluding the first and second Licence Years ending 31 December 2020 and 31 December 2021, respectively). This fee is perpetual and US\$150,000 is recorded as an expense in the statement of comprehensive income for the current year.

(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 Licensee's payment of royalties or upon termination of the Agreement. US\$20,000 is recorded as an expense in the statement of comprehensive income for the current year.

(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. No amount has been recorded as an expense in the statement of comprehensive income for the current year.

9 Events occurring after the reporting year

On 31 July 2024, Eliot Bourk resigned as the Chief Business Officer of the group.

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

10 Share-based payments

(a) Employee Option Plan and other share options

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

The options vesting conditions are based on the achievement of service milestones, which are achieved if the holder remains with the group until the date is reached. There are no performance based milestones attached to any of the below options.

Set out below are summaries of all listed and unlisted options, issued under OIP:

| | 2024 | | 2023 | |
|-----------------------------------|-----------------------|---------------------|-----------------------|------------------|
| | Average | | Average | |
| | exercise price | Number of | exercise price | Number of |
| | per share | options | per share | options |
| | option | | option | |
| As at 1 July | \$0.18 | 55,964,626 | \$0.26 | 27,351,537 |
| Granted during the year | \$0.04 | 67,862,701 | \$0.10 | 28,613,089 |
| Forfeited/lapsed during the year | \$0.13 | (40,631,901) | - | - |
| As at 30 June | \$0.08 | 83,195,426 | \$0.18 | 55,964,626 |
| Vested and exercisable at 30 June | \$0.16 | 29,514,754 | \$0.25 | 18,352,464 |

10 Share-based payments (continued)

(a) Employee Option Plan and other share options (continued)

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

| Grant date | Expiry date | Exercise price (\$) | Share options 30 June 2024 | Share options 30 June 2023 |
|------------|-------------|---------------------|----------------------------|----------------------------|
| 2020-08-28 | 2025-01-18 | 0.20 | 2,750,000 | 5,500,000 |
| 2020-11-30 | 2026-01-18 | 0.20 | 6,280,002 | 6,280,002 |
| 2021-02-01 | 2025-01-18 | 0.32 | - | 2,750,000 |
| 2021-03-08 | 2026-03-08 | 0.29 | 695,552 | 695,552 |
| 2021-07-01 | 2026-07-01 | 0.29 | - | 700,000 |
| 2021-07-05 | 2025-12-03 | 0.37 | - | 2,750,000 |
| 2021-08-27 | 2026-08-27 | 0.29 | 1,570,747 | 2,241,378 |
| 2021-08-27 | 2026-08-27 | 0.32 | 1,000,000 | 1,000,000 |
| 2021-11-22 | 2026-11-22 | 0.34 | 1,333,334 | 2,000,000 |
| 2021-11-29 | 2027-11-29 | 0.26 | - | 101,314 |
| 2021-11-29 | 2028-11-29 | 0.26 | - | 101,314 |
| 2021-11-29 | 2029-11-29 | 0.26 | - | 101,345 |
| 2021-12-22 | 2025-12-22 | 0.26 | 400,000 | 400,000 |
| 2022-01-01 | 2027-01-01 | 0.23 | 2,000,000 | 2,000,000 |
| 2022-01-25 | 2028-07-31 | 0.26 | 237,770 | 237,770 |
| 2022-01-25 | 2029-01-31 | 0.26 | 237,698 | 237,698 |
| 2022-01-25 | 2030-01-31 | 0.26 | 237,698 | 237,698 |
| 2022-01-26 | 2028-09-07 | 0.15 | - | 67,238 |
| 2022-07-01 | 2027-07-01 | 0.09 | 4,605,049 | 7,681,946 |
| 2022-08-22 | 2027-08-22 | 0.19 | 433,899 | 433,899 |
| 2022-11-18 | 2027-07-01 | 0.09 | 5,740,215 | 17,222,368 |
| 2022-10-17 | 2028-10-31 | 0.09 | - | 274,876 |
| 2023-07-01 | 2028-07-01 | 0.038 | 29,973,234 | - |
| 2023-11-14 | 2028-08-30 | 0.037 | 2,750,000 | - |
| 2024-05-01 | 2029-05-01 | 0.0435 | 20,000,000 | - |
| Total | | | 80,245,198 | 53,014,398 |

The following options were granted outside of the OIP plan, vesting immediately upon issue. The outstanding balance at the end of the year is detailed below:

| Grant date | Expiry date | Exercise price (\$) | Share options 30 June 2024 | Share options 30 June 2023 |
|------------|-------------|---------------------|----------------------------|----------------------------|
| 2021-01-18 | 2024-01-18 | 0.30 | - | 4,957,897 |
| 2022-03-25 | 2024-03-31 | 0.26 | - | 83,020,927 |
| 2022-06-09 | 2024-03-31 | 0.26 | - | 15,000,000 |
| 2023-06-29 | 2026-07-12 | 0.10 | 4,500,000 | 4,500,000 |
| 2023-06-22 | 2027-08-18 | 0.046 | 41,891,892 | 41,891,892 |
| 2023-11-13 | 2028-07-01 | 0.038 | 15,000,000 | - |
| 2023-12-29 | 2029-12-29 | 0.036 | 17,241,379 | - |
| Total | | | 78,633,271 | 149,370,716 |

10 Share-based payments (continued)

(a) Employee Option Plan and other share options (continued)

Weighted average remaining contractual life of options outstanding at end of year 3.67 3.32

(i) Fair value of options granted

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

The model inputs for options granted during the year ended 30 June 2024 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 (\$) |
|------------|-------------|---------------------|-------------------|--------------------------------|---------------------|----------------|-------------------------|-------------------------------|
| 2023-07-01 | 2028-07-01 | 0.038 | 29,973,234 | 0.038 | 100% | 0.00% | 3.95% | 914,182 |
| 2023-11-13 | 2028-07-01 | 0.038 | 15,000,000 | 0.03 | 100% | 0.00% | 3.97% | 316,500 |
| 2023-11-14 | 2028-08-30 | 0.037 | 2,750,000 | 0.03 | 100% | 0.00% | 3.97% | 58,851 |
| 2023-12-29 | 2029-12-29 | 0.036 | 17,241,379 | 0.035 | | 0.00% | | 321,698 |
| 2024-05-01 | 2029-05-01 | 0.0435 | 20,000,000 | 0.027 | 100% | 0.00% | 3.89% | 434,000 |
| | | | 84,964,613 | | | | | |

The 17,241,379 options were issued as part of the Lind share purchase agreement detailed in note 6(b)(v). For the reasons set out in that note, the expense associated with this has been recognised as a finance expense (note 2(c)).

(b) Expenses arising from share-based payment transactions

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

| | 2024 | 2023 |
|---|----------------|-------------|
| | \$ | \$ |
| Options issued under employee option plan | 411,188 | 2,331,933 |

11 Loss per share

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

| | 30 June | 30 June |
|--|----------------|----------------|
| | 2024 | 2023 |
| | \$ | \$ |

Basic and diluted loss per share

Loss attributable to the ordinary equity holders of the group used in calculating loss per share:

| | | |
|----------------------------|-------------------|------------|
| From continuing operations | 12,529,849 | 25,916,890 |
|----------------------------|-------------------|------------|

11 Loss per share (continued)

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

| | 2024 | 2023 |
|--|--------------------|-------------|
| | Number | Number |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 695,639,524 | 433,244,540 |

On the basis of the group's losses, the outstanding options as at 30 June 2024 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

12 Interests in other entities

(a) Subsidiaries

The group's subsidiaries at 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Place of business/ country of incorporation | Ownership interest held by the group | |
|---------------------------|--|---|------|
| | | 2024 | 2023 |
| | | % | % |
| Chimeric Therapeutics Inc | United States | 100 | 100 |



Phone +61 3 98245254
Email info@chimerictherapeutics.com

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

