Interim Report

Half Year Ended 31 December 2021

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

Chimeric Therapeutics Limited
Appendix 4D
Half-year ended 31 December 2021

Name of entity:	Chimeric Therapeutics Limited
ABN:	68 638 835 828
Half-year ended ended:	31 December 2021
Comparative period:	31 December 2020

Results for announcement to the market

				$
Revenue for ordinary activities	-	-%	to	-
Loss from ordinary activities after tax attributable to members	Up	168.9%	to	9,688,917
Net loss for the period attributable to members	Up	168.9%	to	9,688,917

Net tangible assets per security

	31 December 2021 Cents	31 December 2020 Cents
Net tangible asset backing (per security)	**1.00**	(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 group for the current financial period. No dividends were paid for the previous financial period.

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2021.

Other information required by Listing Rule 4.2A

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

(continued)

Interim review

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

Review of operations and activities

Review of Operations and Activities

Half Year ended: 31 December 2021

Chimeric Therapeutics Limited is pleased to announce its financial results for the half year ended 31 December 2021.

Financial Review

The group reported a loss for the year ended 31 December 2021 of $9,688,917 (31 December 2020: $3,603,008). This increased loss compared to the comparative period is due to the increased activity in the group and the clinical trial and research activities that have been undertaken.

The group's net assets decreased to $17,478,389 (30 June 2021: $25,130,688). As at 31 December 2021, the group had cash reserves of $13,431,191 (30 June 2021: $22,410,199).

Operating Review

CHM 1101 (CLTX CAR T) Development:

Initial Phase 1 clinical data and further progress in CLTX CAR T trial

In November 2021, two CLTX CAR T abstracts were presented at the Society for Neuro Oncology annual scientific meeting, showing initial positive results from the first dose cohort of the CLTX CAR T phase 1 clinical trial.

Patients receiving dose level 1 (44 X 10^6 CLTX CAR T cells) showed a disease control rate of 75%, with three of the four patients treated achieving a best response of stable disease assessed by RANO (response assessment in neuro-oncology). Addition details demonstrated that the disease control observed was durable for approximately 5-8 weeks.

In one patient it was observed that tumour recurrence was prevented at the site where CLTX CAR T cells were infused, while progression occurred at sites that did not receive the infusion. In addition, the treatment was generally well tolerated with no dose-limiting toxicities and no observed cytokine release syndrome (CRS).

Bioactivity of the cells was also demonstrated as liquid biopsy detected CLTX CAR T cells in the tumour cavity throughout treatment, suggesting that CLTX CAR T cells do not trigger an immune response that impacts the treatment's persistence and efficacy.

The 2nd dose cohort of the Phase 1 trial was completed in December, with all patients advancing past the 28 day follow up period with no dose-limiting toxicities. The study has advanced to the 3rd dose cohort, which will administer CLTX CAR T cells to patients through the dual routes of administration at an increased total dose of 220 X 10^6 CLTX CAR T cells.

IND clearance received

In August 2021, Chimeric announced that the US Food and Drug Administration (FDA) had cleared an Investigational New Drug (IND) application for CHM 1101 (CLTX CAR T) for patients with recurrent/relapsed Glioblastoma. With the foundational IND, Chimeric is able to open new Phase 1 sites under the current study protocol, and to advance plans for a phase 1 basket trial in solid tumours and a Phase 2 registration trial in Glioblastoma.

CHM 1101 (CLTX CAR T) is a novel CAR T cell therapy that uniquely utilizes Chlorotoxin as its tumour targeting domain. CHM 1101 has shown promising preclinical safety and efficacy and is currently being studied in a single site Phase 1 clinical trial.

Strategic partnership with OncoBay Clinical

Chimeric entered a strategic partnership with OncoBay Clinical to expand the clinical development program for CHM 1101 (CLTX CAR T). This will enable the expansion of the CHM 1101 program to additional clinical trial sites and aggregate the data from all sites to prepare for the registration phase 2 program. The expansion of this program will take place under the aforementioned IND clearance from the FDA.

OncoBay Clinical is a first-of-its-kind immuno-oncology CRO specializing in complex oncology indications including cellular therapies. A boutique CRO, OncoBay Clinical is a wholly owned for- profit subsidiary of Moffitt Cancer Center.

European patent granted

The European Patent Office granted patent EP 3,362,470 B1 for CHM 1101, which was published in the European Patent Bulletin dated September 22, 2021.

The granted patent covers certain applications of chimeric antigen receptor (CAR) technology using chlorotoxin (CLTX), including Chimeric's clinical-stage CAR T asset, CHM 1101, with patent protection expected until 2036. Chimeric holds the exclusive worldwide license to develop and commercialize EP 3,362,470 B1 and related patent applications filed in other global territories.

CHM 2101 (CDH17) CAR-T Call Therapy: Exclusive Licensing:

In late July 2021, Chimeric entered into an exclusive licensing agreement with world renowned cell therapy centre, the University of Pennsylvania (Penn), for the first CDH17 CAR (chimeric antigen receptor) T cell therapy. Penn is a globally recognized leader in cellular immunotherapy and widely known for being home to the 1st FDA approved CAR T therapy.

The novel CDH17 CAR T cell therapy targets CDH17, a cancer target associated with poor outcomes and metastasis in neuroendocrine tumors as well as the most common gastrointestinal tumors including colorectal cancer, pancreatic cancer, and gastric cancer. More than a decade of research and optimization has gone into development of the novel CDH17 CAR T cell therapy, developed by leading cellular immunotherapy scientist Professor Xianxin Hua, MD, PhD, and his team.

Preclinical studies of the CDH17 CAR T have demonstrated safety, with no toxicity to normal tissues, and promising efficacy with complete eradication of tumor cells and no relapse of the tumor.

In October 2021, the Company completed the manufacturing for CHM 2101 research-grade plasmids, a critical first step in developing CDH17 CAR T. This has enabled progression to research vector manufacturing, GMP plasmid and vector manufacturing and advancement of technical operations in readiness for the CDH17 phase 1 clinical trial.

The manufacturing of CAR T therapies depends on plasmids and viral vectors that hold the genetic instructions for each specific CAR T product. Plasmids are small DNA molecules that carry genetic instructions, and their successful manufacture marks an essential early step for all CAR T therapies.

Development is currently underway for a phase 1 clinical trial that is planned to begin in 2022 at the University of Pennsylvania. A three-year commitment for further research and development has been made to Dr Hua and Penn.

Upfront fees associated with the license agreement will be funded entirely from existing cash reserves.

After the end of the reporting period, Chimeric signed a Sponsored Research Agreement with the University of Pennsylvania to support the continued research and development of CHM 2101.

The research will be led by Dr Hua, a Professor of Cancer Biology in Penn's Perelman School of Medicine, and an investigator at the Abramson Family Cancer Research Institute.

The research will focus on furthering the development of CHM 2101 with preclinical studies in gastrointestinal cancers, enhancing the understanding of CHM 2101 through correlative studies and investigating CDH17 directed follow on candidates.

As part of the agreement, Chimeric has the first right of negotiation to license Penn intellectual property arising from the conduct of the sponsored research.

Chimeric further expands portfolio with CORE-NK cell platform

In December 2021, Chimeric entered into an exclusive option to license a clinically validated, off the shelf, robust, enhanced natural killer (CORE-NK) cell platform from Case Western Reserve University (CWRU). The platform is a transformative technology which enables the development of multiple next generation NK and CAR-NK products through internal development and/or partnerships with other biotech and pharmaceutical companies.

The platform was studied in a phase 1 clinical trial completed in June 2021 in both solid tumours and blood cancers with clinical data expected in 2022. The trial examined the safety, bioactivity and efficacy of the CORE-NK platform cells at three dose levels in patients with both blood cancers and solid tumours.

Four new Chimeric assets will initiate development in 2022 using the company's existing portfolio of CARs, with initial clinical trials planned for 2023 to investigate blood cancers and solid tumours.

The next generation platform will be developed with enhanced activation and expansion features with plans to study it as a combination therapy in blood cancers.

Chimeric has the exclusive right to license the CORE-NK platform for development and commercialisation in cancer under the terms of the agreement. The Company intends to rapidly move to complete full licensing of the platform and expects to pay CWRU development milestones and industry standard royalty payments based on commercial net sales.

Chimeric management and board

In August 2021, Chimeric announced that Jennifer Chow, formerly COO of the Company, had been appointed CEO and Managing Director.

Ms Chow was previously Head of Global Marketing, Analytics and Commercial Operations at leading global CAR T company Kite Pharmaceuticals (acquired by Gilead Sciences in 2017 for US$12 billion). Ms Chow was responsible for assessing and prioritizing research and external assets for development, ensuring optimal clinical development of the Kite pipeline for global commercialisation.

Ms Chow has more than 20 years of commercial strategy and marketing experience focused on cellular therapy, hematology and oncology.

Dr George Matcham was appointed to the Board as a Non-Executive Director. Dr Matcham brings a wealth of experience in the biopharma sector, following an instrumental three decades with cell therapy giant Celgene Corporation. He joined Celgene in its infancy in 1988 when the company was a 30-person startup, retiring in 2018 with the company turning over $15 billion annually and a staff of almost 9,000.

At Celgene, Dr Matcham championed the introduction of cellular immunotherapy and led the establishment of cell therapy and biologics technical development. Vital to the growth of cell therapy at Celgene, he held several senior positions, including Chief Operations Officer of Celgene Cellular Therapeutics and Senior Vice President of CAR T CMC Development, where he oversaw clinical supply.

In December 2021, former Vice President Business and Corporate Development Dr Eliot Bourk was promoted to the role of Chief Business Officer and Head of External Innovation, where he continues to lead business and corporate development for Chimeric while also taking the extended responsibility for Chimeric's early scientific strategy.

After the end of the reporting period, the Company Kelly Thornburg to the position of Vice President, Head of Quality. Mr Thornburg has been advising the company as a consultant and will now serve in a leadership role to develop Chimeric's quality systems and oversee all quality functions.

Mr Thornburg has extensive US and global experience in the development and management of quality systems. Previously Mr Thornburg has served as the Quality Site Head at Kite, a world leader in cell therapy, where he oversaw the commercial manufacturing facility located in El Segundo, California. Mr Thornburg has also served in senior quality roles at Amgen, XBiotech and AGC Biologics.

Cellular Immunotherapy Scientific Advisory Board (CI-SAB)

With a growing pipeline of cellular immunotherapies, during the period Chimeric initiated a new Cellular Immunotherapy Scientific Advisory Board (CI-SAB) to ensure Chimeric's development is informed by the latest scientific research as well as expert practical and clinical perspectives. The CI-SAB is being made up of world class experts who have been directly involved in the successful development of multiple cellular immunotherapies.

Chimeric also announced the appointment of the following members of the CI- SAB:

- Dr Yi Lin, Mayo Clinic
- Dr Eric Smith, Dana, Farber Cancer Institute
- Dr David G Maloney, Fred Hutchinson Cancer Research Centre
- Dr Michael R Bishop, University of Chicago

Subsequent Events

On 25 February 2022, Chimeric confirmed that the first patient in dose level 3 of the phase 1 CHM 1101 (CLTX CAR T) clinical trial in recurrent / progressive glioblastoma has initiated therapy at City of Hope®, one of the largest cancer research and treatment organizations in the United States. Patients in this dose level will receive a total dose of 240 X 10^6 CHM 1101 (CLTX CAR T) cells through dual routes of intratumoral and intraventricular administration.

On 21 February 2022, Chimeric announced it would be completing an institutional entitlement offer and a retail entitlement offer to raise $18.1 million through the issue of 106,540,841 shares at an issue price of $0.17 per share. Additionally for every share purchased, the investor will receive 1 free attaching option exercisable at $0.255 with an expiry date of 31 March 2024. At the date of this report, Chimeric has received $7.37 million gross proceeds from the institutional entitlement offer.

For and on behalf of the company,

Jennifer Chow
Chief Executive Officer and Managing Director

Chimeric Therapeutics Limited

ABN 68 638 835 828

Interim report - 31 December 2021

Contents

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 2021 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.*

Directors' report

Your directors present their report on Chimeric Therapeutics Limited (referred to hereafter as the 'group') for the half-year ended 31 December 2021.

Directors

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

Mr Paul Hopper
Ms Jennifer Chow (appointed 30 August 2021)
Ms Leslie Chong
Dr Lesley Russell
Ms Cindy Elkins
Dr George Matcham (appointed 5 July 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

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

Events since the end of the financial year

Effective 1 January 2022, Dr Eliot Bourk was promoted to the role of Chief Business Officer and Head of External Innovation where he will continue to lead business and corporate development for the group.

On 14 January 2022, Dr Syed Rizvi left his role as the Chief Medical Officer of Chimeric following the completion of his 12-month contract.

On 21 February 2022, Chimeric announced it would be completing an institutional entitlement offer and a retail entitlement offer to raise $18.1 million through the issue of 106,540,841 shares at an issue price of $0.17 per share. Additionally for every share purchased, the investor will receive 1 free attaching option exercisable at $0.255 with an expiry date of 31 March 2024. At the date of this report, Chimeric has received $7.37 million gross proceeds from the institutional entitlement offer.

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 10.

Rounding of amounts

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

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

Mr Paul Hopper
Executive Chairman

Sydney
28 February 2022

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 February 2022

Financial statements

Chimeric Therapeutics Limited: Interim Report

Chimeric Therapeutics Limited
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2021

	Notes	**31 December 2021 $**	31 December 2020 $
Other losses		**(198,457)**	(60,458)
General and administrative expenses		**(3,112,270)**	(1,802,514)
Research and development expenses		**(3,902,391)**	(1,342,221)
Share-based payments	5	**(2,330,882)**	(397,834)
Operating loss		**(9,544,000)**	(3,603,027)
Finance income		**6,207**	19
Finance expenses		**(151,124)**	-
Finance costs - net		**(144,917)**	19
Loss before income tax		**(9,688,917)**	(3,603,008)
Income tax expense		**-**	-
Loss for the period		**(9,688,917)**	(3,603,008)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(9,688,917)**	(3,603,008)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the group:			
Basic/diluted loss per share	11	**(2.91)**	(6.43)

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

Chimeric Therapeutics Limited
Condensed consolidated balance sheet
As at 31 December 2021

	Notes	31 December 2021 $	30 June 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		**13,431,191**	22,410,199
Trade receivables		**-**	22,021
Other current assets		**470,302**	230,623
Other receivables		**47,578**	2,225
Total current assets		**13,949,071**	22,665,068
Non-current assets			
Property, plant and equipment		**17,033**	13,627
Intangible assets	3(a)	**14,121,272**	13,826,165
Total non-current assets		**14,138,305**	13,839,792
Total assets		**28,087,376**	36,504,860
LIABILITIES			
Current liabilities			
Trade and other payables	2(a)	**4,325,482**	3,032,995
Employee benefit obligations		**127,522**	62,235
Other financial liabilities	2(b)	**4,148,157**	4,259,678
Total current liabilities		**8,601,161**	7,354,908
Non-current liabilities			
Trade and other payables	2(a)	**120,879**	335,873
Other financial liabilities	2(b)	**1,886,947**	3,683,391
Total non-current liabilities		**2,007,826**	4,019,264
Total liabilities		**10,608,987**	11,374,172
Net assets		**17,478,389**	25,130,688
EQUITY			
Share capital	4(a)	**38,713,848**	37,366,641
Other reserves	4(b)	**3,631,177**	2,941,766
Accumulated losses		**(24,866,636)**	(15,177,719)
Total equity		**17,478,389**	25,130,688

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

Chimeric Therapeutics Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2021

		Attributable to owners of Chimeric Therapeutics Limited			
		Share capital $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020		100	-	(64,008)	(63,908)
Loss for the period		-	-	(3,603,008)	(3,603,008)
Total comprehensive income for the half-year ended		**-**	**-**	**(3,603,008)**	**(3,603,008)**
Transactions with owners in their capacity as owners:					
Issue of shares as part of license acquisition		854,979	-	-	854,979
Issue of shares in lieu of payment of services		(174,492)	-	-	(174,492)
Issue of shares as part of forfeiture payments		-	84,932	-	84,932
Options issued		-	312,902	-	312,902
		680,487	397,834	-	1,078,321
Balance at 31 December 2020		**680,587**	**397,834**	**(3,667,016)**	**(2,588,595)**
Balance at 1 July 2021		37,366,641	2,941,766	(15,177,719)	25,130,688
Loss for the period		-	-	(9,688,917)	(9,688,917)
Other comprehensive income		-	(162,771)	-	(162,771)
Total comprehensive loss for the period		**37,366,641**	**2,778,995**	**(24,866,636)**	**15,279,000**
Transactions with owners in their capacity as owners:					
Options issued	4(b)	-	1,340,490	-	1,340,490
Issue of shares as part of forfeiture payments	4(a)	560,716	(146,634)	-	414,082
Forfeiture of forfeiture payments		-	(131,493)	-	(131,493)
Employee share schemes - value of employee services	4(a)	786,491	(210,181)	-	576,310
	4(b)	1,347,207	852,182	-	2,199,389
Balance at 31 December 2021		**38,713,848**	**3,631,177**	**(24,866,636)**	**17,478,389**

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

Chimeric Therapeutics Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2021

	Notes	**31 December 2021 $**	31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(6,185,087)**	(1,876,577)
Net cash outflow from operating activities		**(6,185,087)**	(1,876,577)
Cash flows from investing activities			
Payments for property, plant and equipment		**(7,003)**	(10,442)
Payments for intellectual property		**(476,658)**	(2,707,280)
Interest received		**6,207**	19
Net cash outflow from investing activities		**(477,454)**	(2,717,703)
Cash flows from financing activities			
Proceeds from borrowings		**-**	858,024
Share issue transaction costs		**-**	(174,492)
Repayment of borrowings		**-**	(67,031)
Repayment of debt		**(2,040,500)**	-
Proceeds from issue of convertible notes		**-**	4,300,000
Convertible note issue transaction costs		**-**	(257,860)
Net cash (outflow)/inflow from financing activities		**(2,040,500)**	4,658,641
Net (decrease)/increase in cash and cash equivalents		**(8,703,041)**	64,361
Cash and cash equivalents at the beginning of the financial year		**22,410,199**	100
Effects of exchange rate changes on cash and cash equivalents		**(275,967)**	122
Cash and cash equivalents at end of the half-year ended		**13,431,191**	64,583

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

1 Segment information

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

2 Financial assets and financial liabilities

(a) Trade and other payables

		31 December 2021			30 June 2021		
	Notes	**Current $**	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade payables		**3,127,270**	**-**	**3,127,270**	2,038,112	-	2,038,112
Amounts due to associates		**243,438**	**120,879**	**364,317**	420,391	335,873	756,264
Accrued expenses		**939,324**	**-**	**939,324**	574,492	-	574,492
Other payables		**15,450**	**-**	**15,450**	-	-	-
		4,325,482	**120,879**	**4,446,361**	3,032,995	335,873	3,368,868

(b) Other financial liabilities

	31 December 2021			30 June 2021		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Chlorotoxin CAR-T deferred consideration	**3,901,622**	**1,886,947**	**5,788,569**	3,849,763	3,683,391	7,533,154
Chlorotoxin CAR-T contingent consideration	**-**	**-**	**-**	409,915	-	409,915
CHD17 contingent consideration	**246,535**	**-**	**246,535**	-	-	-
	4,148,157	**1,886,947**	**6,035,104**	4,259,678	3,683,391	7,943,069

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

(c) 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.

2 Financial assets and financial liabilities (continued)

(c) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

Recurring fair value measurements **At 31 December 2021**	**Notes**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial liabilities					
Chlorotoxin CAR-T deferred consideration		**-**	**-**	**5,788,569**	**5,788,569**
CDH17 deferred consideration		**-**	**-**	**246,535**	**246,535**
Total financial liabilities		**-**	**-**	**6,035,104**	**6,035,104**

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

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

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

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

Contingent consideration

The fair value of contingent consideration relating to the acquisition of licences is estimated using a present value technique which discounts the management's estimate of the probability that the milestone will be achieved. For more information refer to note 3(a).

The discount rate used at 31 December 2021 and 30 June 2021 was 4.52%. The discount rate is based on benchmark interest rates provided by the Australian Taxation Office for the income year that agreements are entered into.

Deferred consideration

The fair value of deferred consideration relates to payable upfront costs from he acquisition of licenses. No discounting has been applied to this amount.

3 Non-financial assets and liabilities

(a) Intangible assets

	Chlorotoxin CAR-T technology $	CDH-17 $	CORE-NK $	Total $
At 31 December 2020				
Cost	14,670,492	-	-	14,670,492
Accumulated amortisation and impairment	(844,327)	-	-	(844,327)
Net book amount	13,826,165	-	-	13,826,165
Half-year ended 31 December 2021				
Opening net book amount	13,826,165	-	-	13,826,165
Additions	-	719,863	48,908	768,771
Amortisation charge	(455,590)	(18,074)	-	(473,664)
Closing net book amount	13,370,575	701,789	48,908	14,121,272
At 31 December 2021				
Cost	14,670,492	719,863	48,908	15,439,263
Accumulated amortisation and impairment	(1,299,917)	(18,074)	-	(1,317,991)
Net book amount	13,370,575	701,789	48,908	14,121,272

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

(i) CDH-17

The group has recognised the Intellectual Property “CDH17” through the acquisition of a worldwide exclusive license 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.

(ii) CORE-NK

Chimeric has recognised the Intellectual Property “CORE-NK” through an agreement with Case Western Reserve University for the exclusive rights to purchase the CORE-NK license from the university. It is the board's expectation that once the license is acquired, it will generate future economic benefits for the group. The amounts currently recognised are the upfront costs of signing the option agreement.

(iii) Acquisition of intangible assets

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

(iv) Impairment test for intellectual property

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

There were no indicators of impairment identified at 31 December 2021.

3 Non-financial assets and liabilities (continued)

(a) Intangible assets (continued)

(iv) Impairment test for intellectual property (continued)

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

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

(v) Amortisation methods and useful lives

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

4 Equity

(a) Share capital

	31 December 2021 No.	**31 December 2021 $**	30 June 2021 No.	30 June 2021 $
Fully paid	**335,603,650**	**38,713,848**	330,859,716	37,366,641

(i) Movements in ordinary shares

Details	**Number of shares**	**Total $**
Opening balance 1 July 2021	**330,859,716**	**37,366,641**
Issue of shares under the employee incentive scheme at $0.29 (2021-08-27)	1,575,072	456,771
Issue of shares under the employee incentive scheme at $0.309 (2021-08-27)	630,890	194,945
Issue of shares under the employee incentive scheme at $0.287 (2021-08-27)	377,810	108,431
Issue of forfeiture shares at $0.272 (2021-12-03)	2,064,832	560,716
Issue of shares under the employee incentive scheme at $0.276 (2021-12-06)	95,330	26,344
Balance at 31 December 2021	**335,603,650**	**38,713,848**

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 $	Foreign currency translation $	Total other reserves $
At 1 July 2021		**2,337,660**	**611,744**	**(7,638)**	**2,941,766**
Currency translation differences		-	-	(162,771)	(162,771)
Other comprehensive income		**-**	**-**	**(162,771)**	**(162,771)**
Transactions with owners in their capacity as owners					
Issue of options	4(b)(i)	1,340,490	-	-	1,340,490
Issue of shares as part of forfeiture payments		-	(315,093)	-	(315,093)
Share-based payment expenses		(210,181)	-	-	(210,181)
Provision of forfeiture share payments		-	168,459	-	168,459
Forfeited forfeiture payments		-	(131,493)	-	(131,493)
At 31 December 2021		**3,467,969**	**333,617**	**(170,409)**	**3,631,177**

(i) Movements in options:

Details	Number of options	Total $
Opening balance 1 July 2021	**26,463,453**	**2,093,025**
Issue of ESOP unlisted options at $0.29 each (2021-08-27)	4,965,444	270,554
Issue of ESOP unlisted options at $0.32 each (2021-09-23)	1,000,000	119,907
Issue of ESOP unlisted options at $0.26 each (2021-12-03)	303,973	3,425
Issue of ESOP unlisted options at $0.34 each (2021-12-03)	2,000,000	27,946
Issue of ESOP unlisted options at $0.365 each (2021-12-03)	2,750,000	266,922
Issue of ESOP unlisted options at $0.26 each (2021-12-22)	400,000	24,511
Amortisation of share-based payments for options previously issued	-	627,225
Balance at 31 December 2021	**37,882,870**	**3,433,515**

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 2021 included:

Grant date	Expiry date	Exercise price ($)	No. of options	Share price at grant date ($)	Expected volatility	Dividend yield	Risk- free interest rate	Fair value at grant date ($)
2021-07-01	2026-07-01	0.290	700,000	0.325	100%	0.00%	0.77%	175,140
2021-08-27	2026-08-27	0.290	4,265,444	0.315	100%	0.00%	0.62%	1,028,398
2021-08-27	2026-08-27	0.320	1,000,000	0.315	100%	0.00%	0.62%	237,000
2021-11-22	2025-12-03	0.365	2,750,000	0.295	100%	0.00%	0.96%	519,751
2021-11-22	2026-11-22	0.340	2,000,000	0.295	100%	0.00%	1.39%	437,601
2021-11-29	2027-11-29	0.260	101,314	0.260	100%	0.00%	1.35%	20,759
2021-11-29	2028-11-29	0.260	101,314	0.260	100%	0.00%	1.35%	21,681
2021-11-29	2029-11-29	0.260	101,345	0.260	100%	0.00%	1.35%	22,428
2021-12-22	2025-12-22	0.260	400,000	0.260	100%	0.00%	0.89%	71,600
			11,419,417					

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

Share-based payments

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

7 Contingent liabilities

(a) CAR-T technology intellectual property

The group 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 group.

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

(i) Development milestone payments

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

Milestones	Requirements	Payment to City of Hope
1.	Dosing of fifth patient in the first Phase 1 Clinical Trial anywhere in the Territory	US$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

Management expects the milestone 1 to be met with certainty, however it is uncertain whether other milestones will be met due to number of factors which are outside the group's control affect this outcome. Hence, management has accounted for those payments in relation to the milestone 1 for this current reporting period. As at 31 December 2021, milestone 1 has been met.

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

(b) CDH-17 intellectual property

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

7 Contingent liabilities (continued)

(b) CDH-17 intellectual property (continued)

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

(i) Development milestone payments

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

Milestones	Requirements	
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

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

(ii) Royalties on net sales

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

8 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).

(ii) CDH17 intellectual property

Under the License 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.

9 Events occurring after the reporting period

Effective 1 January 2022, Dr Eliot Bourk was promoted to the role of Chief Business Officer and Head of External Innovation where he will continue to lead business and corporate development for the group.

On 14 January 2022, Dr Syed Rizvi left his role as the Chief Medical Officer of Chimeric following the completion of his 12-month contract.

On 21 February 2022, Chimeric announced it would be completing an institutional entitlement offer and a retail entitlement offer to raise $18.1 million through the issue of 106,540,841 shares at an issue price of $0.17 per share. Additionally for every share purchased, the investor will receive 1 free attaching option exercisable at $0.255 with an expiry date of 31 March 2024. At the date of this report, Chimeric has received $7.37 million gross proceeds from the institutional entitlement offer.

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 2021 $	30 June 2021 $
Other transactions		
Forfeiture payments and shares expense to key management personnel	**278,041**	105,664

(i) Forfeiture payments payable to key management personal

The group has entered agreements to pay employees for forfeiture of long-term incentives with their former employment. At 31 December 2021 the group has recognised $243,438 as payable for the current period. The expense is cumulative and vests dependent to the employees agreements with Chimeric.

11 Loss per share

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

	31 December 2021 $	31 December 2020 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the group used in calculating basic/diluted loss per share:		
From continuing operations	**(9,688,917)**	(3,603,008)

(b) Weighted average number of shares used as denominator

	31 December 2021 Number	31 December 2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**332,956,204**	56,051,265

12 Basis of preparation of half-year report

This condensed interim financial report for the half-year period ended 31 December 2021 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 2021 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.

Some of the risks inherent in the development of CAR-T technologies include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, and obtaining the necessary drug clinical regulatory authority approvals. Furthermore, a particular project may fail the research and the clinical development process through lack of efficacy or safety, or may be stopped or abandoned due to strategic imperatives including an assessment that the projects will not deliver a sufficient return on investment or have been superseded by newer competitive products or technologies. There is a risk that the group will be unable to find suitable development or commercial partners for its projects, and that these arrangements may not generate a material return for the group.

On 21 February 2022, Chimeric announced it would be completing an institutional entitlement offer and a retail entitlement offer to raise $18.1 million through the issue of 106,540,841 shares at an issue price of $0.17 per share. Additionally for every share purchased, the investor will receive 1 free attaching option exercisable at $0.255 with an expiry date of 31 March 2024. At the date of this report, Chimeric has received $7.37 million gross proceeds from the institutional entitlement offer.

Based on current budget forecast assumptions, the group is in a position to meet future commitments in the current business cycle and pay its debts as and when they fall due. Furthermore, the group is able to progress its research and development programs for at least the next 12 months.

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 2021 and of its performance for the half-year ended ended on that date, and

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

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

Mr Paul Hopper
Executive Chairman

Sydney
28 February 2022

Independent auditor's review report to the members

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Chimeric Therapeutics Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Chimeric Therapeutics Limited (the Company) and its subsidiary (the Group), which comprises the condensed statement of financial position as at 31 December 2021, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 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 Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 February 2022

Phone +61 3 98245254
Email info@chimerictherapeutics.com

Chimeric Therapeutics Limited

ACN 638 835 828

ASX: CHM

CHIMERIC THERAPEUTICS