



IMUGENE

Developing Cancer
Immunotherapies

ASX:IMU

ANNUAL REPORT 2022

Imugene Limited ABN 99
009 179 551

Imugene Limited

Appendix 4E

Year ended 30 June 2022

Name of entity:	Imugene Limited
ABN:	99 009 179 551
Year ended:	30 June 2022
Previous period:	30 June 2021

Results for announcement to the market

					\$
Revenue from ordinary activities	-	-%	to	-	
Loss from ordinary activities after tax attributable to members	Up	105.2%	to	(37,869,174)	
Net loss for the period attributable to members	Up	105.2%	to	(37,869,174)	

Distributions

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

Explanation of results

Please refer to the review of operations and activities on pages 6 to 14 of the annual report for explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the year ended 30 June 2022.

Net tangible assets per security

	2022 Cents	2021 Cents
Net tangible asset backing (per security)	1.80	0.60

Changes in controlled entities

In September 2021, Imugene Limited formed a wholly owned subsidiary called Imugene USA Inc.

There have been no other changes in controlled entities during the year ended 30 June 2022.

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 have been audited by the group's independent auditor without any modified opinion, disclaimer or emphasis of matter.

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**CORPORATE
DIRECTORY**

Directors	Mr Paul Hopper <i>Executive Chairman</i> Ms Leslie Chong <i>Chief Executive Officer and Managing Director</i> Mr Charles Walker <i>Non-Executive Director</i> Dr Lesley Russell <i>Non-Executive Director</i> Dr Jens Eckstein <i>Non-Executive Director</i>
Secretary	Mr Phillip Hains Mr Nathan Jong
Registered office	Level 3, 62 Lygon Street Carlton VIC 3053 Australia Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735
Principal place of business	Suite 12.01, Level 12 4-6 Bligh Street Sydney NSW 2000
Share register	Automatic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Australia Telephone: +61 (0)2 9698 5414
Auditor	Grant Thornton Australia Collins Square Tower 5, 727 Collins Street Melbourne VIC 3008 Australia Telephone: +61 (0)3 8320 2222
Solicitors	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 Australia Telephone: +61 (0)7 3233 8888
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Stock exchange listings	Imugene Limited shares are listed on the Australian Securities Exchange (ASX: IMU)
Website	www.imugene.com



IMUGENE

Developing Cancer Immunotherapies

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**CHAIRMAN'S
LETTER**

EXECUTIVE CHAIRMAN'S LETTER



Dear fellow shareholders,

On behalf of the Board I am pleased to present the Annual Report for the 2022 financial year.

The year has presented major opportunities as well as several challenges, for both Imugene as a company as well as the broader biotech and capital markets. All of this has culminated in Imugene becoming an ASX200 company, an outstanding achievement that puts the business in an echelon that most Australian listed companies strive for.

Our CEO Leslie Chong has continued to provide outstanding leadership for the team, which has been bolstered by well-credentialed new hires in some key roles for the company.

Operationally we've seen positive steps in our clinical development right across the portfolio.

For our CF33 oncolytic virus program it was very pleasing to see the first patients dosed for both the CHECKvacc and VAXinia Phase 1 clinical trials. CHECKvacc has since progressed to now be dosing for cohort 3 in triple negative breast cancer patients, and we're looking forward to bringing results of these studies to our various stakeholders in due course.

It was an important year for our B-cell peptide cancer immunotherapy HER-Vaxx, with completion of Phase 2 in HER-2/Neu overexpressing advanced gastric cancer. Analysis of final safety and efficacy data added to our confidence in the program as we embark on the subsequent nextHERIZON and neoHERIZON combination studies. Adding further validation to our HER-Vaxx program was a clinical trial supply agreement with Merck KGaA and Pfizer we announced in November 2021, which will see avelumab (BAVENCIO®) provided to Imugene as part of the neoHERIZON trial.

We were recently pleased to present new PD1-Vaxx data from non-small cell lung cancer patients at the IASLC 2022 World Conference on Lung Cancer in Vienna, Austria, where we noted the positive early signals and data as we progress toward a Phase 1b combination study. An abstract on the Phase 1 PD1-Vaxx IMPRINTER trial was also presented at the American Society of Oncology's (ASCO) 2022 Annual Meeting in June.

PD1-Vaxx will also be tested in combination with an approved product, with a second clinical trial supply agreement having been secured by Imugene, in this case with Roche. To be conducted at sites in Australia and the USA, PD1-Vaxx will be evaluated in combination with atezolizumab (Tecentriq®) in patients with non-small cell lung cancer.

For our newest technology onCARlytics we announced strategic collaborations with two US-based partners, Celularity and Eureka Therapeutics, that will investigate the combination of our CD19 oncolytic virus technology with T cell therapies being developed by each partner.

As our deep pipeline has continued to advance and strengthen it provides a wide range of possibilities and opportunities for Imugene moving forward.

Financially the company remains in an enviable position with a long cash runway that allows us to continue our clinical programs unimpeded. This was reinforced by the \$90 million placement conducted early in the financial year alongside a further \$5 million raise via a Share Purchase Plan. Both received overwhelming support and we thank those investors that participated.

As mentioned above, your company has grown to be more widely recognised and celebrated both by investors, media and the medical community. This is in no small part due to the dedication of our team, our collaborators around the world and the support of our shareholders.

The Board joins me in thanking Leslie Chong and the whole Imugene team for their energy and contributions over another busy year.

Our focus remains on delivering improved outcomes for cancer patients, and we continue to grow increasingly confident in meeting that goal as we hit various clinical milestones across the portfolio. We look forward to reporting on more such achievements through FY23.

Yours Sincerely,



Mr Paul Hopper
Executive Chairman



IMUGENE

Developing Cancer Immunotherapies

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REVIEW OF OPERATIONS

REVIEW OF OPERATIONS & ACTIVITIES

END OF THE YEAR ENDING: 30 JUNE 2022

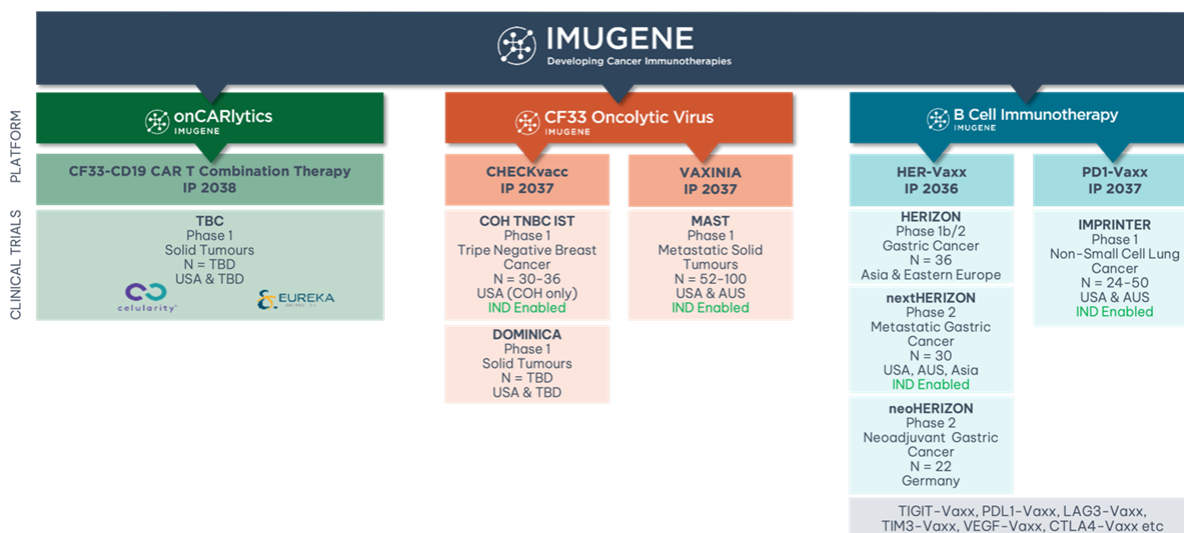
Imugene Limited is pleased to announce its financial results for the year ended 30 June 2022.

FINANCIAL REVIEW

The group reported a loss for the year ended 30 June 2022 of \$37,869,174 (30 June 2021: \$18,455,363). This increased loss compared to the comparative period is largely due to the significant increase in clinical trial and research activities undertaken by the group. On the back of a successful capital raise, the group's net assets increased to \$138,704,744 (30 June 2021: \$65,017,766). As at 30 June 2022, the group had cash reserves of \$99,887,725 (30 June 2021: \$29,487,025).

During the financial year Imugene received firm commitments from institutional and sophisticated investors for a \$90 million placement of 300 million new fully paid ordinary shares in the Company at a price of \$0.30 per share, as announced on 29 July 2021. The Placement received outstanding support from several specialist biotech institutional investors who corner stoned the capital raising. Imugene also completed a Share Purchase Plan to raise a further \$5 million to follow the Placement. Under the Placement and SPP, participants received one (1) free option for every two (2) shares subscribed for under the offer (New Options). The New Options have an exercise price of \$0.45 per share and an expiration of 31 August 2024.

OPERATING REVIEW



ONCARLYTICS

onCARlytics is based on an oncolytic virus (CF33-CD19) developed in the labs of Professor Yuman Fong, Chair of Surgery at City of Hope, and a noted expert in the oncolytic virus field, and Dr Saul Priceman, assistant professor in City of Hope's Department of Hematology & Hematopoietic Cell Transplantation. The technology is designed to get into tumour cells and start producing CD19. This was done successfully in triple-negative breast, pancreatic, prostate, ovarian, head and neck, and brain cancer cell lines. CF33-CD19 oncolytic virus was then combined with CD19 CAR T cells in vitro and in vivo mice studies. Researchers showed significant activity with mice being cured of their cancer with the CF33-CD19 and CAR T-cell combination, as well as prolonged protective anti-tumour immunity. Solid tumours don't express CD19 on their cell surface, therefore introducing the CF33-CD19 allowed for CD19 to be present on the solid tumour cell surface, as well as helped to reverse the tumour's harsh microenvironment, making it receptive to receiving CAR T-cell therapy.

In August Imugene entered a research partnership with Celularity Inc. ("Celularity") (NASDAQ: CELU), a clinical-stage biotechnology company developing off-the-shelf placental-derived allogeneic therapies. As part of the partnership, Imugene and Celularity will collaborate to develop the combination of Imugene's CD19 oncolytic virus technology and Celularity's CD19 targeting allogeneic chimeric antigen receptor (CAR) T cellular therapy, CyCART-19, for the treatment of solid tumours.

Imugene exclusively licensed the CD19 oncolytic virus technology from City of Hope®, one of the largest cancer research and treatment organizations in the United States. Imugene's novel strategy to treat solid tumours uses an oncolytic virus to prime the tumour cells for destruction by eliciting the expression of a validated tumour marker, CD19, that can then be used as a target for CAR T cellular therapy. The broad research partnership is material to Imugene as it includes the development of Imugene's onCARlytics CD19 oncolytic virus licensed from the City of Hope® with Celularity's allogeneic CAR T-cell therapy (CyCART-19) and has the potential to become a new approach to improve outcomes for patients with solid tumours.

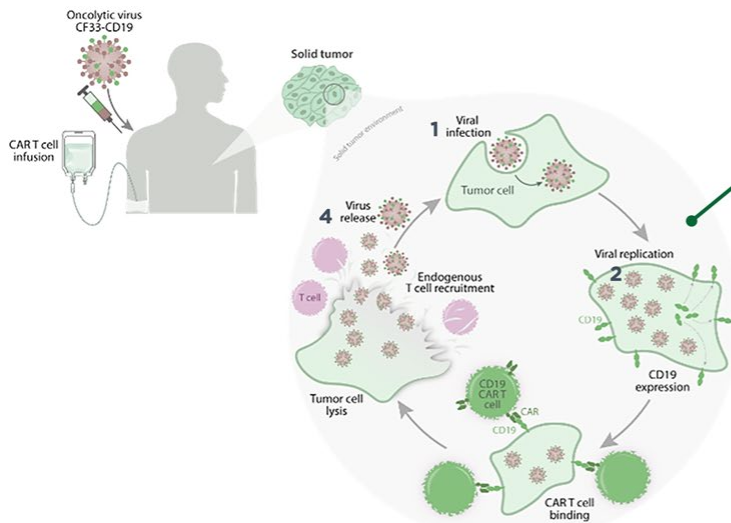
The research collaboration agreement, effective 5 August 2021, has an initial term of 12 months. Following the successful completion of the pre-clinical research, the parties will negotiate in good faith a collaboration agreement on commercially reasonable terms.

Imugene announced during November 2021 that it had agreed to a strategic collaboration with Eureka Therapeutics, Inc., a clinical stage biotechnology company developing novel T-cell therapies to treat solid tumours.

Under the agreement Imugene's oncolytic virus onCARlytics technology will be used in combination with Eureka's anti-CD19 ARTEMIS® T-cell therapy for the treatment of solid tumours. The combination has the potential to address a lack of tumour-specific targets for T-cell therapies by using an oncolytic virus to force tumours to express CD19.

Preclinical studies performed at City of Hope Comprehensive Cancer Centre combined CAR-T therapy with an oncolytic virus to eliminate tumours in mice, with the virus entering tumour cells, forcing the expression of the CD19 protein on the cell surface and therefore providing a target for anti-CD19 T cells to pursue and kill.

MECHANISM OF ACTION: How does it work?



onCARlytics makes solid tumours "seen" by CD19 directed CAR T

1. OnCARlytics infects tumour cells
2. Virus replication and production of CF33-CD19 on the cell surface enabling CD19 CAR T cell targeting
3. Tumour cell lysis leads to viral particle release and the combination promotes endogenous immune cell recruitment to tumours
4. Released viral particles re-initiate virus infection of surrounding tumour cells.

CF33

CF33 is a chimeric vaccinia poxvirus also from the lab of Professor Yuman Fong. Oncolytic virotherapy (OV) utilizes naturally occurring or genetically modified viruses to infect, replicate in, and kill cancer cells, while sparing healthy cells.

CF33 is derived through recombination among multiple strains of vaccinia virus and other species of poxvirus, thus it is better than a virus based on a single strain. One hundred chimeric Orth poxviruses and 100 chimeric Para poxviruses were generated.

Pre-clinical data demonstrated that CF33 showed superior replication and cancer cell killing in NCI-60 cell lines and is more potent than all the parental and competitor viruses in most of the NCI-60 cell lines, except for a few cell lines in which none of the viruses showed any effect.

CF33 efficiently shrank injected tumours and distant non-injected tumours in human triple negative breast cancer (TNBC), colon cancer and ovarian cancer xenograft models in mice. This occurred without adverse effects at a dose that is 2-5 orders of magnitude lower than doses used for oncolytic viruses under clinical testing.

CF33 has been developed in two different constructs: 'VAXINIA' (CF33-hNIS) and CHECKvacc (CF33-hNIS-antiPD-L1). Both constructs contain a functional human sodium iodide symporter (hNIS) gene enabling both tracking of virus and radioiodine therapy. CHECKvacc is additionally 'armed' with a checkpoint inhibitor, anti-PD-L1 protein to elicit local immune changes consistent with changing tumours to a 'hot' immunological environment.

CHECKvacc (CF33-hNIS-antiPD-L1)

In April 2022, Imugene and City of Hope[®] dosed the first cohort 2 patient in the Phase I clinical trial of oncolytic virotherapy candidate, CHECKvacc (CF33-hNIS-antiPDL1). The first-in-human, Phase 1, single-centre, dose escalation study of CHECKvacc is recruiting patients with triple negative breast cancer (TNBC).

This came after the Protocol Management Team found CHECKvacc to be safe with no dose-limiting toxicities (DLTs) and no serious adverse reactions observed after review of all safety and tolerability data for the first 3 patients dosed with lowest dose of CHECKvacc as monotherapy. The trial dosed the first patient in October 2021 after receiving FDA IND approval in July 2021.

The purpose of the study is to evaluate the safety and initial evidence of efficacy of intra-tumoral administration of CF33-hNIS-antiPDL1 against metastatic TNBC. The current trial design will involve a dose escalation, followed by an expansion to 12 patients at the final dose, which will be the recommended phase 2 dose.

The clinical trial is titled “A Phase I Study of Intratumoral Administration of CF33-hNIS-antiPDL1 in Patients with Advanced or Metastatic Triple Negative Breast Cancer”. The Principal Investigator leading the trial is Dr Yuan Yuan MD, PhD.

CHECKvacc was also presented at the American Society of Clinical Oncology (ASCO) 2022 Annual Meeting in June 2022. The abstract detailed its Phase 1 trial in adults with triple negative breast cancer, titled “Phase I study of intratumoral administration of CF33-hNIS-antiPDL1 in patients with metastatic triple negative breast cancer”.

VAXINIA (CF33-hNIS)

During May 2022 the first patient was dosed in a Phase 1 clinical trial evaluating the safety of novel cancer-killing virus CF33-hNIS VAXINIA when used in people with advanced solid tumours. This followed Western Institutional Review Board approval in March 2022 to commence the trial and FDA IND approval for the VAXINIA Phase 1 trial received in December 2021.

The City of Hope-developed oncolytic virus has been shown to shrink colon, lung, breast, ovarian and pancreatic cancer tumours in preclinical laboratory and animal models.

The multicentre Phase 1 trial delivers a low dose of CF33-hNIS to cancer patients with metastatic or advanced solid tumours who have had at least two prior lines of standard of care treatment. The investigational treatment will be delivered either as an injection directly into tumours or intravenously.

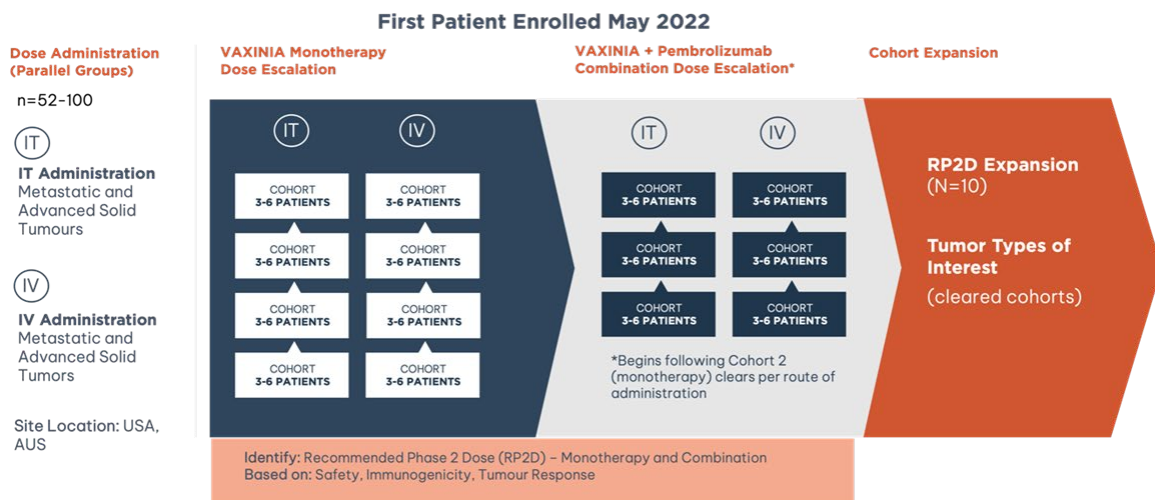
Once patients in the single therapy group have been treated with the lowest doses of CF33-hNIS and acceptable safety has been demonstrated, certain new study participants will receive the experimental oncolytic virus in combination with the immunotherapy pembrolizumab, an engineered antibody that improves the immune system’s ability to fight cancer-causing cells. The study aims to recruit ~100 patients across approximately 10 trial sites in the United States and Australia.

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

The trial is being led by Principal Investigator at City of Hope®, Dr Daneng Li MD, an assistant professor in the Department of Medical Oncology & Therapeutics Research at City of Hope, specializing in treating gastrointestinal cancers. Dr Li currently leads the liver tumours program and is also the co-director of the Neuroendocrine Tumour Program at City of Hope.

This is an open-label, dose-escalation, multi-centre phase I study evaluating the safety of CF33-hNIS (hNIS – human sodium iodide symporter) administered via two routes of administration, intratumoural (IT) or intravenous (IV), either as a monotherapy or in combination with pembrolizumab administered intravenously in patients with metastatic or advanced solid tumours.

VAXINIA Phase 1 Mast Study (Metastatic Advanced Solid Tumours)



Intellectual property

Imugene received a Notice of Grant from the Japanese Patent Office for the patent application which protects its oncolytic virotherapy CF33, including VAXINIA and CHECKVacc. The patent titled “CHIMERIC POXVIRUS COMPOSITION AND USES THEREOF” (inventors Yuman Fong and Nanhai Chen from the City of Hope®) protects the method of composition and method of use of Imugene’s licensed oncolytic virotherapy to 2037.

B CELL IMMUNOTHERAPY

HER-Vaxx

Imugene’s HER-Vaxx is a B-cell peptide cancer immunotherapy designed to treat tumours that over-express the HER-2/neu receptor, such as gastric, breast, ovarian, lung and pancreatic cancers. The immunotherapy is constructed from several B cell epitopes derived from the extracellular domain of HER-2/neu. It has been shown in pre-clinical studies, in Phase 1 and now Phase 2 studies to stimulate a potent polyclonal antibody response to HER-2/neu, a well-known and validated cancer target.

Imugene presented positive final overall survival data from its Phase 2 study of HER-Vaxx in HER-2/Neu overexpressing advanced/metastatic gastric/GEJ cancer following analysis of safety and efficacy data. The final analysis results from the randomised clinical HERIZON study, which was designed with a specified 1-sided false positive probability of 0.10, showed a 41.5% survival benefit for patients treated with HER-Vaxx plus standard of care (SOC) chemotherapy compared to SOC chemotherapy alone. This translated into an overall survival HR of 0.585 (80% 2-sided CI: 0.368, 0.930) with a statistically significant p-value of 0.066.

There was no difference in safety events between the two treatment arms, suggesting that HER-Vaxx does not add toxicity to SOC chemotherapy.

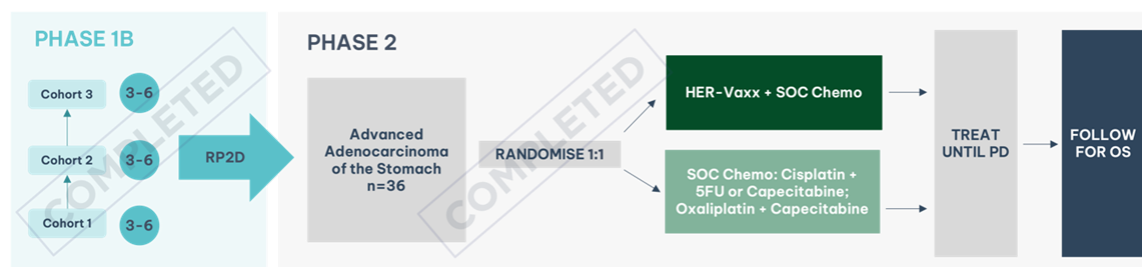
The longest HER-Vaxx treated patients remain alive 2.5 years (with one patient approaching 3 years) after starting therapy. It is noteworthy that these patients generated the strongest anti-HER-2 antibody levels from their dosing schedule on HER-Vaxx.

HERIZON-extension Cohort Review Committee (CRC) confirmed a new higher dose of HER-Vaxx (100 μ g) had been approved for use in the nextHERIZON (pre-treated metastatic HER2 positive gastric cancer) and neoHERIZON (perioperative HER2 positive gastric cancer) studies. The CRC unanimously agreed HER-Vaxx at 100 μ g to be safe with no dose-limiting toxicities (DLTs) and no serious adverse reactions observed. The higher dose is expected to accelerate and strengthen antibody generation to further improve the clinical response for HER-Vaxx.

Earlier in the period, Imugene announced secondary endpoint progression free survival (PFS) data for HER-Vaxx in HER-2 positive gastric cancer. A total of 36 patients were enrolled in the Phase 2 trial and 24 achieved a PFS event in this signal generating study.

The centrally confirmed secondary PFS endpoint, which was designed with a specified one-sided false positive probability of 0.10, analysis showed a hazard ratio (HR) of 0.719 with a 1-sided p-value of 0.266 between the HER-Vaxx plus SOC chemotherapy treatment arm compared to the SOC chemotherapy control arm. There was no difference in safety between the two treatment arms, showing HER-Vaxx does not add toxicity to SOC chemotherapy.

HERIZON: HER-Vaxx PHASE 1B/2 STUDY DESIGN



PHASE	PHASE 1B	PHASE 2
INDICATION	Newly diagnosed HER2+ gastric cancer	Newly diagnosed HER2+ gastric cancer
OBJECTIVES	Safety & Tolerability, Immunogenicity, RP2D	Primary: OS Secondary: PFS, Safety & Tolerability, Immune Response
NO. OF PATIENTS	14	36
SITE LOCATION	Asia, Eastern Europe	Eastern Europe, India

Importantly, Imugene also announced completion and delivery of a large-scale batch of HER-Vaxx for use in all planned clinical trials (nextHERIZON and neoHERIZON) in patients with HER-2 positive gastric cancer. The batch which is manufactured by piCHEM (Austria) with final sterile fill and finish at Baccinex (Switzerland) has been QA/QC/QP released and delivered to Imugene’s drug depot at Marken (Singapore).

The Phase 2 HER-Vaxx study was designed to measure the efficacy, safety, and immune response in patients with metastatic gastric cancer overexpressing the HER-2 protein. The study was randomised into two arms of either HER-Vaxx plus SOC chemotherapy or SOC chemotherapy alone. The primary endpoint was overall survival and secondary endpoint was progression-free survival. Safety, tolerability, and immune response was also measured. The Phase 2 trial was conducted at multiple sites across Eastern Europe and India where clinicians have difficulty accessing approved antibody treatments.

Prior to this Imugene received Human Research Ethics Committee (HREC) approval to commence a Phase 2 clinical trial of HER-Vaxx in Australia. This approval confirmed that Imugene completed all the necessary pre-clinical safety and efficacy testing of HER-Vaxx required to commence its nextHERIZON clinical trial in Australia.

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

The first hospital to receive ethics approval for the trial was the Queen Elizabeth Hospital in Adelaide under the direction of Principal Investigator Dr Timothy Price. Additional clinical sites will be opened in Australia as well as the US under the FDA IND approval received in December 2021.

Clinical trial supply agreement

Imugene announced during November 2021 it had entered a clinical trial supply agreement with Merck KGaA, Darmstadt, Germany (ETR: MRK) and Pfizer Inc. (NYSE: PFE) to evaluate the safety and efficacy of HER-Vaxx, in combination with avelumab, an immune checkpoint inhibitor targeting PD-L1, for patients with HER-2 positive gastric cancer.

Marketed as BAVENCIO®, avelumab is co-developed and co-commercialized by Merck KGaA, and Pfizer. The study, to be known as neoHERIZON, is an open-label, multi-centre, randomized, Phase 2 clinical trial designed to assess the safety and efficacy of perioperative HER-Vaxx combined with chemotherapy, with or without avelumab, compared to chemotherapy alone in patients with HER-2 positive gastric or gastroesophageal junction adenocarcinomas.

The study's primary endpoint is pathologic complete response. Secondary endpoints include safety and biomarker evaluation. Under the agreement Imugene will be the sponsor of the study and fund it from existing budgets and resources, with Merck KGaA and Pfizer providing avelumab for the duration of the trial.

Intellectual property

In January, Imugene announced it had received Notice of Grants from both the South Korean Intellectual Property Office and European Patent Office for patent applications protecting HER-Vaxx. The patent titled "A VACCINE COMPOSITION AND USES THEREOF" protects the method of composition and method of use of Imugene's HER-Vaxx immunotherapy to 2036.

During December Imugene received a Notice of Allowance from the People's Republic of China Patent Office for Patent Application number 2016800291184 which protects HER-Vaxx. The patent, titled "A VACCINE COMPOSITION AND USES THEREOF", protects the method of composition and method of use of Imugene's HER-Vaxx immunotherapy to 2036.

During September Imugene received a Notice of Grant from the Japanese Patent Office for Patent Application number 2018-505505 for HER-Vaxx. The patent titled "A VACCINE COMPOSITION AND USES THEREOF" (inventor Professor Dr Ursula Wiedermann from the Medical University Vienna) protects the method of composition and method of use of Imugene's HER-Vaxx immunotherapy to 2036.

HER-Vaxx at ESMO

Imugene presented on the HER-Vaxx cancer immunotherapy program at the ESMO World Congress on Gastrointestinal Cancer 2021 Annual Meeting in early July.

The abstract presentation was entitled 'HERIZON: A PHASE 1B/2 OPEN-LABEL STUDY OF IMU-131 HER2/NEU PEPTIDE VACCINE PLUS STANDARD OF CARE CHEMOTHERAPY WITH RANDOMIZATION IN PHASE 2 IN PATIENTS WITH HER2/NEU OVEREXPRESSION METASTATIC OR ADVANCED ADENOCARCINOMA OF THE STOMACH OR GASTROESOPHAGEAL JUNCTION'.

The presentation expanded on previously presented interim analysis data presented at AACR2021.

PD1-Vaxx

The company's PD1-Vaxx is a B-cell immunotherapy, peptide cancer vaccine designed to treat tumours such as lung cancer by interfering with PD-1/PD-L1 binding and interaction and produce an anti-cancer effect similar to KEYTRUDA®, OPDIVO® and the other immune checkpoint inhibitor monoclonal antibodies that are transforming the treatment of a range of cancers.

In January, Imugene announced the Cohort Review Committee (CRC) had confirmed that PD1-Vaxx had completed its Phase 1a monotherapy dose escalation and could proceed to combination dose escalation.

The Phase 1a monotherapy dose escalation was performed with 10, 50 and 100 µg of PD1-Vaxx in non-small cell lung cancer (NSCLC) patients who progressed on one or more immune checkpoint inhibitors (ICIs). After CRC review of monotherapy safety, tolerability, and biomarker data, it advised Imugene to proceed to the combination phase of clinical development of PD1-Vaxx.

The primary objective of the phase 1 trial is to determine safety and optimal biological dose as monotherapy and in combination with immune checkpoint inhibitors (ICI).

Earlier clinical results have indicated that PD1-Vaxx has shown early signs of an immune response in patients, with antibodies to the target biomarker PD-1 evident in validated assays.

Clinical trial supply agreement

During January Imugene announced it had signed a clinical trial supply agreement to evaluate the safety and efficacy of PD1-Vaxx in combination with atezolizumab (TECENTRIQ®) in patients with non-small cell lung cancer (NSCLC).

The objectives of the phase 1b trial are to determine safety, efficacy, and optimal dose of PD1-Vaxx in combination with atezolizumab as either first-line therapy in ICI treatment-naïve NSCLC patients or ICI pre-treated patients. The study will be conducted at sites in USA and Australia. Combination with PD1-Vaxx may overcome treatment resistance to ICIs with dual inhibition of the PD-1/PD-L1 axis extending the treatment benefit of atezolizumab.

TECENTRIQ® has previously shown clinically meaningful benefit in various types of lung cancer, with six currently approved indications in the US. In addition to becoming the first approved cancer immunotherapy for adjuvant NSCLC, TECENTRIQ® was also the first approved cancer immunotherapy for front-line treatment of adults with extensive-stage small cell lung cancer (SCLC) in combination with carboplatin and etoposide (chemotherapy). TECENTRIQ® also has four approved indications in advanced NSCLC as either a single agent or in combination with targeted therapies and/or chemotherapies.

The supply agreement is for a period of up to five years for the supply of atezolizumab. Imugene will be the sponsor of the study and will fund the clinical study from existing budgets and resources. Atezolizumab will be supplied for the duration of the study.

PD1-Vaxx at ASCO

PD1-Vaxx was presented at the ASCO Annual Meeting in an abstract showing results from its Phase 1 IMPRINTER trial in adults with non-small cell lung cancer. It was titled "IMPRINTER: An open label, multicentre, dose escalation/expansion, phase 1 study of IMU-201 (PD1-Vaxx), a B-cell immunotherapy as monotherapy or in combination with atezolizumab, in adults with non-small cell lung cancer (IMU.201.101)".

Imugene also presented on PD1-Vaxx the ESMO Congress 2021 Annual Meeting in Paris on 17 September 2021.

EVENTS SINCE THE END OF THE YEAR

- Imugene appointed Mike Tonroe as Chief Financial Officer. Mr Tonroe has extensive experience as a CFO and Company Secretary within the biopharmaceutical industry and also brings international finance leadership experience having worked in the US, Canada, UK and Hong Kong, in addition to Australia.
- Imugene appointed Dr Sharon Yavrom as Executive Director, Clinical Scientist to the management team. Dr. Yavrom is an accomplished clinical scientist with nearly 20 years of industry experience in both established and emerging pharmaceutical companies.
- Imugene announced that City of Hope®, one of the largest cancer research and treatment organizations in the United States, has dosed the first patient in cohort 3 in the Phase I clinical trial of oncolytic virotherapy candidate, CHECKvacc (CF33-hNIS-antiPDL1).
- Imugene announced new data from non-small cell lung cancer patients in the Phase I IMPRINTER trial had been presented as a poster presentation at the IASLC 2022 World Conference on Lung Cancer (WCLC 2022) taking place in-person and online from 6-9 August 2022 in Vienna, Austria.

For and on behalf of the company,



Leslie Chong

CEO and Managing Director



IMUGENE

Developing Cancer Immunotherapies

Annual Report 2022

**DIRECTOR'S
REPORT**

Your directors present their report on the consolidated entity consisting of Imugene Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022 as listed in note 11. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

The following persons held office as directors of Imugene Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Paul Hopper, Executive Chairman
Ms Leslie Chong, Chief Executive Officer and Managing Director
Mr Charles Walker, Non-Executive Director
Dr Axel Hoos, Non-Executive Director (ceased to be a director 19 November 2021)
Dr Lesley Russell, Non-Executive Director
Dr Jens Eckstein, Non-Executive Director

The following persons held office as company secretary of Imugene Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Phillip Hains
Mr Nathan Jong (appointed 8 December 2021)
Mr Justyn Stedwell (resigned 8 December 2021)

Principal activities

The group is an Australian immuno-oncology company developing a range of new and novel immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours.

Lead products under development by the group are HER-Vaxx, PD1-Vaxx (formerly KEY-Vaxx), CF33 and CF33 CD19. HER-Vaxx is a proprietary HER2-positive cancer vaccine that stimulates a polyclonal antibody response against the HER2/neu receptors which are prevalent in breast cancer and gastric cancer. PD1-Vaxx a cancer vaccine which aims to induce the body to produce polyclonal antibodies that block PD-1 signalling, and thus produce an anticancer effect similar to Keytruda, Opdivo and the other immune checkpoint inhibiting monoclonal antibodies that are transforming treatment for a range of cancer indications. CF33 is a combination of genomic sequences from multiple vaccinia virus strains to generate a new, safer and more potent virus. CF33 CD19 directs chimeric antigen receptor (CAR) T cells therapies to target solid tumours.

The group is maintaining and strengthening its already strong international intellectual property position as a key area of focus in maintaining the competitive advantage of HER-Vaxx, PD1-Vaxx, CF33, CF33 CD19 and any future improvements, vaccine formulations and clinical uses.

Dividends - Imugene Limited

No dividends were declared or paid to members for the year ended 30 June 2022 (2021: nil). The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 6 to 14 of this annual report.

Significant changes in the state of affairs

In July 2021, Imugene Limited announced they were completing a Placement and Share Purchase Plan (SPP) to raise \$95,000,000 by issuing 316,666,666 shares at \$0.30 per share. Additionally 158,333,333 options were issued to partaking investors as free-attaching options exercisable at \$0.45.

In September 2021, Imugene Limited formed a wholly owned subsidiary in USA called Imugene (USA) Inc. The nature of the business is the same as Imugene Limited's, that being, the research and development of immuno-oncology technology.

Significant changes in the state of affairs (continued)

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

Events since the end of the financial year

No material event has arisen subsequent to reporting date.

Likely developments and expected results of operations

The group aims to create value for shareholders through researching and developing oncolytic immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours. These development programs are not expected to generate revenues in the short-term; long-term, and pending a successful development outcome, these development programs could increase shareholder value by many multiples.

More information on these developments is included in the review of operations and activities on pages 6 to 14 of this annual report.

Environmental regulation

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

Information on directors

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

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

Ms Leslie Chong <i>Chief Executive Officer and Managing Director</i>	
Experience and expertise	Ms Chong joined the group in September 2015 from the leading oncology clinical development company, Genentech (a member of the Roche family), where she was a Senior Clinical Program Lead at the head office in San Francisco. She has over 23 years' experience in leading clinical and department development in oncology. In November 2016, Ms Chong was promoted as Imugene's CEO and joined the board as Managing Director in March 2018.
Date of appointment	28 March 2018
Other current directorships	Chimeric Therapeutics (ASX: CHM), since 28 August 2020 Cure Brain Cancer Foundation (non-profit organisation), since April 2020
Former directorships in last 3 years	None
Special responsibilities	Chief Executive Officer

Information on directors (continued)

Mr Charles Walker <i>Non-Executive Director</i>	
Experience and expertise	Mr Walker has broad and successful experience across the biotechnology and life sciences industry. His experience includes significant operational and leadership positions in biotechnology firms, a strong capital markets track record from executing nearly 60 international and domestic corporate transactions, both as principal and advisor, and a detailed scientific understanding gained from a technical background in pharmacology. Mr Walker was previously Chief Executive Officer and Chief Financial Officer of Alchemia Limited (ASX: ACL) and Managing Director of Imugene. His qualifications include a Bachelor of Science (Honours) Pharmacology and a Masters in Business Administration (MBA).
Date of appointment	13 September 2015
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chair of the Audit and Risk Committee Member of the Remuneration and Nomination Committee

Dr Lesley Russell <i>Non-Executive Director</i>	
Experience and expertise	Dr Lesley Russell is a haematologist/oncologist and has over 25 years' experience and leadership in the international pharmaceutical field as a Chief Medical Officer. She has undertaken clinical development in a number of therapeutic areas including haematology/oncology has had multiple new drug approvals with both Food and Drug Administration (FDA) and European Medicines Agency (EMA). Dr Russell has extensive experience as a director of NASDAQ listed pharmaceutical companies. She is a member of the Royal College of Physicians UK.
Date of appointment	23 April 2019
Other current directorships	Chimeric Therapeutics Limited (ASX: CHM), since 28 August 2020 Enanta Pharmaceuticals (NASDAQ: ENTA), since 22 November 2016
Former directorships in last 3 years	Scopus BioPharma Inc (NASDAQ: SCPS), until March 2021
Special responsibilities	Member of the Remuneration and Nomination Committee Member of the Audit and Risk Committee

Information on directors (continued)

Dr Jens Eckstein Non-Executive Director	
Experience and expertise	Dr Eckstein has more than 20 years' venture capital experience in the biopharmaceutical industry and 10 years' operational experience in drug discovery and development. He is a Kauffman Fellow and a mentor for lifescience entrepreneurs and start-up teams in the area of innovative lifescience and healthcare information technology companies. Before joining Apollo Ventures, Dr Eckstein served as president of SR One for eight years. He is also co-founder and managing director of Action Potential Venture Capital (APVC). Previously, he was a general partner at TVM Capital.
Date of appointment	20 May 2019
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Committee

Company secretary

The joint company secretaries are Mr Phillip Hains and Mr Nathan Jong.

Mr Phillip Hains is a Chartered Accountant operating a specialist public practice; 'The CFO Solution'. He has over 30 years experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Mr Nathan Jong is a qualified Chartered Accountant with over 10 years of experience in providing finance and corporate compliance advisory services to a range of business including multinational ASX/NASDAQ listed companies. Mr Jong is also part of the The CFO Solution team.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B
Mr Paul Hopper	6	7	-	-	-	-
Ms Leslie Chong	7	7	-	-	-	-
Mr Charles Walker	7	7	5	5	2	2
Dr Axel Hoos	3	3	3	3	1	1
Dr Lesley Russell	7	7	5	5	2	2
Dr Jens Eckstein	7	7	2	2	1	1

A= Number of meetings attended.

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

Remuneration report (audited)

The directors present the Imugene Limited 2022 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses
- (f) Contractual arrangements with executive KMPs
- (g) Non-executive director arrangements
- (h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 18 to 20 for details about each director)

Mr Paul Hopper, Executive Chairman

Ms Leslie Chong, Chief Executive Officer and Managing Director

Mr Charles Walker, Non-Executive Director

Dr Axel Hoos, Non-Executive Director (ceased to be a director 19 November 2021)

Dr Lesley Russell, Non-Executive Director

Dr Jens Eckstein, Non-Executive Director

Other key management personnel

Dr Nicholas Ede, Chief Technology Officer

Dr Monil Shah, Chief Business Officer

Dr Rita Laeuflé, Chief Medical Officer, (resigned 21 January 2022)

(b) Remuneration policy and link to performance

Our remuneration and nomination committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

Remuneration report (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
Short term incentives (STI)	Reward for in-year performance and retention	Company and individual performance goals	CEO: 50% of FR CTO: 40% of FR CBO: 40% of FR
Long term incentives (LTI)	Alignment to long-term shareholder value	Share price, capital raised, company and individual performance goals	CEO: 2,000,000 unlisted 4-year options (subject to shareholder approval) at \$0.40 exercise price. CTO: 1,500,000 unlisted 4-year options at \$0.40 exercise price. CBO: 15,000,000 unlisted 4-year options at \$0.19 exercise price.

Assessing performance

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid.

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

Securities trading policy

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

(c) Elements of remuneration

Fixed annual remuneration

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

Short-term incentives

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of STI as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the company, at the determination of the remuneration and nomination committee and board.

The company's CEO, CTO and CBO are entitled to short-term incentives in the form of cash bonus up to 50%, 40% and 40% of FR, respectively, against agreed key performance indicators. On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial (for CEO) and non-financial company (for CEO, CTO and CBO) and individual performance goals.

Remuneration report (audited) (continued)

(c) Elements of remuneration (continued)

Long-term incentives

Executives may also be provided with longer-term incentives through the company's 'employee share option plan' (ESOP), that was approved by shareholders at the annual general meeting held on 24 November 2020. The aim of the ESOP is to allow executives to participate in, and benefit from, the growth of the company as a result of their efforts and to assist in motivating and retaining those key employees over the long-term. Continued service is the condition attached to the vesting of the options. The board at its discretion determines the total number of options granted to each executive.

(d) Link between remuneration and performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2022	2021	2020	2019	2018
Loss for the year attributable to owners (\$)	37,869,174	18,455,363	10,507,999	7,775,360	3,933,641
Basic loss per share (cents)	0.67	0.40	0.26	0.22	0.15
Share price at year end (\$)	0.180	0.355	0.031	0.016	0.030

The company's earnings have remained negative since inception due to the nature of the business. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by Imugene Limited. The company continues to focus on the research and development of its intellectual property portfolio with the objective of achieving key development and commercial milestones in order to add further shareholder value.

Remuneration report (audited) (continued)

(e) *Remuneration expenses*

The following tables show details of the remuneration expense recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2022.

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

Notes

- Cash bonus includes the amount paid or accrued in the year ended 30 June 2022 in relation to FY 2022 performance as follows:
 - Mr Paul Hopper received a \$95,000 performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus' were for meeting performance milestones (capital raise, improvements to governance processes and governance review and maintaining intense investor relations activities).
 - Ms Leslie Chong received a \$300,000 performance bonus for FY 2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (capital raise, partnering and collaboration activities, HER-Vaxx, PD1-Vaxx and CF33 clinical development).
 - Dr Nicholas Ede received a \$66,700 performance bonus for FY2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (KPI in relation to pre-clinical and clinical trials, file technology patents and/or IP, managing R&D projects with COH and OSU).
 - Dr Monil Shah received a \$232,254 performance bonus for FY2022 (accrued, approved by the board in FY 2023). The bonus was for meeting performance milestones (KPI in relation to onCARlytic partnering, developing BD strategy for IMU and securing clinical supply agreements).

Remuneration report (audited) (continued)

(e) Remuneration expenses (continued)

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2021.

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Annual leave	Super-annuation	Long service leave	Options	
	\$	\$	\$	\$	\$	\$	\$
Non-executive directors							
Mr Charles Walker	66,013	-	-	6,271	-	73,974	146,258
Dr Axel Hoos	67,336	-	-	-	-	73,974	141,310
Dr Lesley Russell	67,336	-	-	-	-	73,974	141,310
Dr Jens Eckstein	67,336	-	-	-	-	76,755	144,091
Executive directors							
Mr Paul Hopper	250,000	119,322	-	-	-	152	369,474
Ms Leslie Chong	407,812	250,000	26,310	21,694	13,313	70,155	789,284
Other KMP							
Dr Nicholas Ede	220,500	73,493	8,920	21,964	4,001	18,532	347,410
Dr Rita Laeufle	416,976	107,210	18,267	-	-	196,801	739,254
Dr Mark Marino	58,362	-	-	-	-	-	58,362
Total KMP compensation	1,621,671	550,025	53,497	49,929	17,314	584,317	2,876,753

Notes

- Cash bonus includes the amount paid or accrued in the year ended 30 June 2021 in relation to FY 2021 performance as follows:
 - Mr Paul Hopper received a \$84,975 performance bonus for FY 2021 (accrued, approved by the board in FY 2022) and \$34,347 in FY2020 (paid, approved by the board in FY 2021). The bonus' were for meeting performance milestones (increase in share price, improvements to governance processes and governance review, progression of new technology in-licensing and asset opportunities).
 - Ms Leslie Chong received a \$250,000 performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (increase in share price, facilitating option exercises, management and staff resourcing, complete and/or manage all activities for site activation, HER-Vaxx, PD1-Vaxx and CF33 clinical trials).
 - Dr Nicholas Ede received a \$73,493 performance bonus for FY2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (KPI in relation to pre-clinical and clinical trials, file technology patents and/or IP, managing R&D projects with Vienna and OSU).
 - Dr Rita Laeufle received US\$80,000 performance bonus for FY 2021 (accrued, approved by the board in FY 2022). The bonus was for meeting performance milestones (KPI in relation to clinical trials, IND (investigational new drug) filing, medical monitoring and clinical development).

Remuneration report (audited) (continued)

(f) Contractual arrangements with executive KMPs

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

Name: Mr Paul Hopper
Position: Executive Chairman
Contract duration: Unspecified
Notice period: 4 months by either party
Fixed remuneration: \$260,100 per annum

Name: Ms Leslie Chong
Position: Chief Executive Officer and Managing Director
Contract duration: Unspecified
Notice period: 12 months by either party
Fixed remuneration: \$750,000 per annum, plus statutory superannuation

Name: Dr Nicholas Ede
Position: Chief Technology Officer
Contract duration: Unspecified
Notice period: 3 months by either party
Fixed remuneration: \$325,000 per annum, plus statutory superannuation

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

(g) Non-executive director arrangements

Non-executive directors receive a board fee of US\$50,000 per annum, inclusive of chairing or participating on board committees. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. The current base fees were reviewed with effect from 1 July 2019.

The maximum annual aggregate non-executive directors' fee pool limit is \$400,000 and was approved by shareholders at the annual general meeting on 24 November 2020.

Remuneration report (audited) (continued)

(h) Additional statutory information

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 24 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Non-executive director						
Mr Charles Walker	80	49	-	-	20	51
Dr Axel Hoos	63	48	-	-	37	52
Dr Lesley Russell	81	48	-	-	19	52
Dr Jens Eckstein	80	47	-	-	20	53
Executive directors						
Mr Paul Hopper	73	68	27	32	-	-
Ms Leslie Chong	66	59	26	32	8	9
Other KMP						
Dr Nicholas Ede	72	74	14	21	14	5
Dr Monil Shah	37	-	14	-	49	-
Dr Rita Laeufle	85	58	-	15	15	27
Dr Mark Marino	-	100	-	-	-	-

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price (\$)	Value per option at grant date (\$)	Vested (%)
2019-11-08	2019-04-23	2022-11-08	0.04	0.0124	100%
2019-11-08	2019-05-20	2022-11-08	0.04	0.0124	100%
2019-11-08	2020-11-08	2022-11-08	0.042	0.0121	100%
2019-11-08	2021-11-08	2022-11-08	0.045	0.0117	100%
2021-04-30	2021-04-30	2025-04-30	0.19	0.1197	100%
2021-04-30	Milestone	2025-04-30	0.19	0.1197	100%
2022-01-31	2023-02-01	2026-02-01	0.40	0.1805	0%
2022-01-31	2024-02-01	2026-02-01	0.40	0.1805	0%
2022-01-31	2025-02-01	2026-02-01	0.40	0.1805	0%
2022-01-31	2023-11-17	2026-01-31	0.40	0.1805	0%
2022-01-31	2024-11-17	2026-01-31	0.40	0.1805	0%
2022-01-31	2025-11-17	2026-01-31	0.40	0.1805	0%

Reconciliation of options and ordinary shares held by KMP

Option holdings

2022	Balance at start of the period ¹	Granted as remuneration	Exercised	Other changes ²	Balance at end of the period ³	Vested and exercisable
Options						
Mr Paul Hopper	-	-	-	-	-	-
Ms Leslie Chong	-	3,000,000	-	-	3,000,000	-
Mr Charles Walker	25,000,000	-	-	6,669	25,006,669	25,006,669
Dr Axel Hoos	10,000,000	-	(10,000,000)	-	-	-
Dr Lesley Russell	10,000,000	-	(10,000,000)	-	-	-
Dr Jens Eckstein	25,000,000	-	(15,000,000)	-	10,000,000	10,000,000
Dr Nicholas Ede	285,574	1,500,000	(192,982)	12,500	1,605,092	105,092
Dr Monil Shah	15,000,000	-	-	-	15,000,000	15,000,000
Dr Rita Laeufle	10,000,000	-	(10,000,000)	-	-	-
	95,285,574	4,500,000	(45,192,982)	19,169	54,611,761	50,111,761

Notes

¹ Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

² Other changes incorporates changes resulting from the acquisition, disposal and lapse/forfeiture of options.

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

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

Reconciliation of options and ordinary shares held by KMP (continued)

Share holdings

2022	Balance at the start of the period¹	Granted as remuneration	Received on exercise of options	Other changes²	Balance at the end of the period³
Ordinary shares					
Mr Paul Hopper	201,465,468	-	-	115,666,180	317,131,648
Ms Leslie Chong	77,000,000	-	-	-	77,000,000
Mr Charles Walker	13,438,666	-	-	(7,617,639)	5,821,027
Dr Axel Hoos	23,375,000	-	10,000,000	(10,000,000)	23,375,000
Dr Lesley Russell	13,700,000	-	10,000,000	(3,200,000)	20,500,000
Dr Jens Eckstein	-	-	15,000,000	(2,100,000)	12,900,000
Dr Nicholas Ede	18,456,726	-	192,982	(149,708)	18,500,000
Dr Monil Shah	-	-	-	-	-
Dr Rita Laeufle	-	-	8,304,421	-	8,304,421
	347,435,860	-	43,497,403	92,598,833	483,532,096

Notes

¹ Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

² Other changes incorporates changes resulting from the acquisition and disposal of shares.

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

Voting of shareholders at last year's annual general meeting

Imugene Limited received more than 75 percent of favourable votes on its remuneration report for the 2021 financial year. The company did not receive any specific feedback at the 2021 annual general meeting or throughout the year on its remuneration practices.

[This concludes the remuneration report, which has been audited]

Shares under option

Unissued ordinary shares

Unissued ordinary shares of Imugene Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares (\$)	Number under option
2019-11-08 (IMUAO)	2022-11-08	0.040	5,000,000
2019-11-08 (IMUAP)	2022-11-08	0.042	10,000,000
2019-11-08 (IMUAQ)	2022-11-08	0.045	20,000,000
2019-12-06 (IMUOC)	2022-11-30	0.054	110,243,838
2020-12-01 (IMUAV)	2023-12-01	0.090	10,000,000
2021-02-26 (IMUAW)	2024-02-26	0.150	5,000,000
2021-04-30 (IMUAY)	2025-04-30	0.190	45,000,000
2021-08-20 (IMUOD)	2024-08-20	0.45	158,265,908
2021-11-01 (IMUAZ)	2024-12-23	0.45	311,075
2021-11-11 (IMUAAC)	2025-02-25	0.45	266,666
2021-11-23 (IMUAAB)	2025-02-01	0.45	1,000,000
2022-01-31 (IMUAAB)	2025-02-01	0.45	1,000,000
2022-01-31	2026-01-31	0.40	3,000,000
2022-01-31 (IMUAAA)	2026-02-01	0.40	1,500,000
2022-06-30 (IMUAAD)	2026-06-30	0.18	1,500,000
2022-07-01 (IMUAAE)	2026-07-01	0.188	1,540,000
Total			<u>373,627,487</u>

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued on the exercise of options

The following ordinary shares of Imugene Limited were issued during the year ended 30 June 2022 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares (\$)	Number of shares issued
2018-07-13 (IMUOB)	0.040	175,125,561
2019-06-13 (IMUOP19)	0.04	25,000,000
2019-11-08 (IMUOP20)	0.04	5,000,000
2019-11-08 (IMUOP21)	0.042	10,000,000
2019-11-08 (IMUOP22)	0.045	20,000,000
2019-08-07 (IMUOP23)	0.40	30,000,000
2019-12-06 (IMUOC)	0.054	58,596,450
2020-09-30 (IMUOP24)	0.06	5,000,000
2020-09-30 (IMUOP25)	0.065	5,000,000
2019-12-06 (IMUOD)	0.45	66,582
		<u>333,788,593</u>

Insurance of officers and indemnities

Insurance of officers

During the financial year, Imugene Limited paid a premium of \$729,863 (2021: \$189,362) to insure the directors and secretaries of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

Imugene Limited has agreed to indemnify their auditors, Grant Thornton Australia, to the extent permitted by law, against any claim by a third party arising from Imugene Limited's breach of their agreement. The indemnity stipulates that Imugene Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

	2022	2021
	\$	\$
Taxation services		
Grant Thornton Australia:		
Tax compliance services	5,950	4,050
Total remuneration for taxation services	5,950	4,050
Total remuneration for non-audit services	5,950	4,050

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 33.

Rounding of amounts

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

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

A handwritten signature in black ink, appearing to read 'Paul Hopper', with a long horizontal flourish extending to the right.

Mr Paul Hopper
Executive Chairman

Sydney
30 August 2022

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Imugene Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Imugene Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 30 August 2022

www.grantthornton.com.au
ACN-130 913 594

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IMUGENE

Developing Cancer Immunotherapies

Annual Report 2022

**CORPORATE
GOVERNANCE
STATEMENT**

Imugene Limited
Corporate governance statement
30 June 2022
(continued)

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

The 2022 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement was approved by the board on 30 August 2022. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at www.imugene.com/corporate-governance.



IMUGENE

Developing Cancer Immunotherapies

Annual Report 2022

FINANCIAL STATEMENTS

Imugene Limited

ABN 99 009 179 551

Annual financial report - 30 June 2022

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These financial statements are consolidated financial statements for the group consisting of Imugene Limited and its subsidiaries. A list of material subsidiaries is included in note 11.

The financial statements are presented in the Australian currency.

Imugene Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Level 3, 62 Lygon Street
Carlton VIC 3053

Its principal place of business is:

Imugene Limited
Suite 12.01, Level 12
4-6 Bligh Street
Sydney NSW 2000

The financial statements were authorised for issue by the directors on 30 August 2022. The directors have the power to amend and reissue the financial statements.

Imugene Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Other income	2(a)	12,969,883	7,281,545
Other losses	2(b)	(237,839)	(81,268)
General and administrative expenses	2(c)	(14,061,251)	(10,310,783)
Research and development expenses	2(c)	(36,611,892)	(15,355,366)
Operating loss		(37,941,099)	(18,465,872)
Finance income	2(d)	192,249	126,565
Finance expenses	2(d)	(120,324)	(116,056)
Finance income - net		71,925	10,509
Loss before income tax		(37,869,174)	(18,455,363)
Income tax expense	3	-	-
Loss for the period		(37,869,174)	(18,455,363)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation		(47,904)	-
Total comprehensive loss for the period		(37,917,078)	(18,455,363)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	(0.67)	(0.40)

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

Imugene Limited
Consolidated balance sheet
As at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4(a)	99,887,725	29,487,025
Trade and other receivables	4(b)	12,768,327	6,661,750
Other current assets		1,110,093	170,076
Total current assets		113,766,145	36,318,851
Non-current assets			
Property, plant and equipment	5(a)	862,786	466,045
Intangible assets	5(b)	32,689,474	34,893,383
Financial assets at amortised cost		252,364	115,198
Other assets		34,902	15,593
Total non-current assets		33,839,526	35,490,219
Total assets		147,605,671	71,809,070
Current liabilities			
Trade and other payables	4(c)	5,384,229	1,260,808
Other financial liabilities	4(d)	1,422,558	2,852,901
Employee benefit obligations	5(c)	433,574	237,185
Other current liabilities	5(d)	184,152	106,007
Total current liabilities		7,424,513	4,456,901
Non-current liabilities			
Other financial liabilities	4(d)	985,450	2,164,225
Employee benefit obligations	5(c)	1,684	5,156
Other non-current liabilities	5(d)	489,280	165,022
Total non-current liabilities		1,476,414	2,334,403
Total liabilities		8,900,927	6,791,304
Net assets		138,704,744	65,017,766
EQUITY			
Share capital	6(a)	230,788,745	113,106,912
Other equity	6(b)	4,744,355	12,097,336
Other reserves	6(c)	6,692,760	5,465,460
Accumulated losses		(103,521,116)	(65,651,942)
Total equity		138,704,744	65,017,766

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

Imugene Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

Notes	Attributable to owners of Imugene Limited				Total equity \$
	Share capital \$	Other equity \$	Other reserves \$	Accumulated losses \$	
Balance at 1 July 2020	92,797,564	12,097,336	2,221,702	(47,310,259)	59,806,343
Loss for the period	-	-	-	(18,455,363)	(18,455,363)
Total comprehensive loss for the period	-	-	-	(18,455,363)	(18,455,363)
Transactions with owners in their capacity as owners:					
Options issued/expensed	6(c)	-	4,739,200	-	4,739,200
Options exercised, net of transaction costs	6(c)	19,304,247	(1,381,762)	-	17,922,485
Options forfeited/lapsed	6(c)	-	(113,680)	113,680	-
Issue of shares in lieu of payment of services	6(c)	819,101	-	-	819,101
Repayment of loaned shares to KMP	6(a)	186,000	-	-	186,000
		20,309,348	-	3,243,758	113,680
Balance at 30 June 2021		113,106,912	12,097,336	5,465,460	(65,651,942)
				113,680	23,666,786

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

Imugene Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022
(continued)

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

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

Imugene Limited
Consolidated statement of cash flows
For the year ended 30 June 2022

	2022	2021
Notes	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(37,390,059)	(18,103,477)
Research and development tax incentive received	6,541,921	4,823,466
Net cash (outflow) from operating activities	7(a) (30,848,138)	(13,280,011)
Cash flows from investing activities		
Payments for financial assets at amortised cost	(137,166)	(34,560)
Payments for property, plant and equipment	(257,686)	(136,794)
Payments for intellectual property	5(b) -	(5,310,957)
Payments for other non-current assets	(19,309)	-
Interest received	193,174	155,915
Net cash (outflow) from investing activities	(220,987)	(5,326,396)
Cash flows from financing activities		
Proceeds from issues of shares	108,877,024	18,048,050
Share issue transaction costs	(6,151,372)	(125,565)
Payments for financial liabilities	(1,360,650)	-
Proceeds from borrowings	134,000	144,000
Principal elements of lease payments	(144,809)	(76,137)
Interest paid	(13,580)	(5,024)
Net cash inflow from financing activities	101,340,613	17,985,324
Net increase (decrease) in cash and cash equivalents	70,271,488	(621,083)
Cash and cash equivalents at the beginning of the financial year	29,487,025	30,106,755
Effects of exchange rate changes on cash and cash equivalents	129,212	1,353
Cash and cash equivalents at end of year	4(a) 99,887,725	29,487,025
Non-cash financing and investing activities	7(b)	

At 30 June 2021 there was a difference between the above statement of cash flows and the Appendix 4C. \$1.4 million was allocated to payments for intellectual property in the above statement of cash flows which was previously coded to payments for research and development in the Appendix 4C. Additionally, the amount in proceeds from issue of shares relates to the amount disclosed under proceeds from exercise of options in the Appendix 4C.

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

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1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Imugene Limited. The group has identified one reportable segment; that is, the research and development of oncolytic immunotherapies. The segment details are therefore fully reflected in the body of the financial statements.

2 Other income and expense items

(a) Other income

	Notes	2022 \$	2021 \$
Research and development tax incentive	2(a)(i)	12,614,130	7,231,545
Other items		355,753	-
Other grants	2(a)(ii)	-	50,000
		12,969,883	7,281,545

(i) Fair value of R&D tax incentive

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2022, the group has included an item in other income of \$12,614,130 (2021: \$7,231,545) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

(ii) Fair value of other grants

The group's other grant income consists of grants received by the group with relation to COVID-19. For the year ended 30 June 2022, the group has received nil (2021: \$50,000) in assistance packages.

(b) Other losses

	2022 \$	2021 \$
Net foreign exchange losses	(132,990)	(81,268)
Net loss on disposal of property, plant and equipment	(104,849)	-
	(237,839)	(81,268)

2 Other income and expense items (continued)

(c) Breakdown of expenses by nature

	2022	2021
	\$	\$
General and administrative expenses		
Accounting and audit	580,432	248,733
Consulting	602,855	243,586
Depreciation	203,357	104,203
Employee benefits	5,181,030	2,669,301
Insurance	565,399	206,501
Investor relations	334,902	154,847
Legal	242,954	121,159
Listing and share registry	625,738	304,991
Occupancy	-	8,731
Patent costs	608,505	322,671
Recruitment and staff training	177,560	119,967
Share-based payments	4,097,340	5,558,302
Superannuation	94,845	82,412
Travel and entertainment	582,035	68,505
Other	164,299	96,874
	14,061,251	10,310,783
Research and development expenses		
HER-Vaxx	5,360,268	3,951,364
PD1-Vaxx (KEY-Vaxx)	2,846,846	3,057,238
CF33	18,402,443	7,124,800
CD19	2,763,564	46,702
Milestone expenses	4,744,355	-
Consulting	2,418,531	1,164,188
Other	75,885	11,074
	36,611,892	15,355,366

2 Other income and expense items (continued)

(d) Net finance income

	2022	2021
	\$	\$
<i>Finance income</i>		
Interest income from financial assets held for cash management purposes	<u>192,249</u>	126,565
Finance income	<u>192,249</u>	<u>126,565</u>
 <i>Finance costs</i>		
Provisions: unwinding of discount in relation to leases	(13,580)	(5,024)
Provisions: unwinding of discount in relation to acquisition costs	<u>(106,744)</u>	<u>(111,032)</u>
Finance costs	<u>(120,324)</u>	<u>(116,056)</u>
 Net finance income	 <u>71,925</u>	 <u>10,509</u>

3 Income tax expense

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

	2022	2021
	\$	\$
Loss from continuing operations before income tax expense	(37,869,174)	(18,455,363)
Tax at the Australian tax rate of 25% (2021: 26%)	(9,467,294)	(4,798,394)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	(3,153,533)	(1,880,202)
Accounting expenditure subject to R&D tax incentive	7,249,501	4,322,303
Accrued expenses	67,704	66,491
Accrued interest income	232	7,631
Amortisation of patents	(424,976)	(134,444)
Blackhole expenditure (Section 40-880, ITAA 1997)	(226,969)	(229,519)
Employee leave obligations	30,423	17,271
Entertainment	2,693	1,799
Patent costs	152,126	83,894
Share-based payments	1,024,335	1,445,159
Unrealised currency (gains)/losses	(63,782)	(249)
Subtotal	(4,809,540)	(1,098,260)
Tax losses and other timing differences for which no deferred tax asset is recognised	4,809,540	1,098,260
Income tax expense	-	-

(b) Tax losses

	2022	2021
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	45,491,032	26,252,872
Potential tax benefit @ 25% (2021: 26%)	11,372,758	6,825,747

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2022	2021
	\$	\$
Current assets		
Cash at bank and in hand	70,887,675	8,486,445
Deposits at call	29,000,050	21,000,580
	99,887,725	29,487,025

(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:

	2022	2021
	\$	\$
Balances as above	99,887,725	29,487,025
Balances per statement of cash flows	99,887,725	29,487,025

(ii) Classification as cash equivalents

Deposits at call are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 20(i) for the group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The group's exposure to interest rate risk is discussed in note 9. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other receivables

		2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Notes		\$	\$	\$	\$	\$	\$
Accrued receivables	4(b)(i)	12,615,735	- 12,615,735	6,544,451	-	6,544,451	-
Other receivables		152,592	-	152,592	117,299	-	117,299
		12,768,327	- 12,768,327	6,661,750	-	6,661,750	-

(i) Accrued receivables

Accrued receivables comprise \$12,614,130 from the Australian Taxation Office in relation to the R&D tax incentive (2021: \$6,541,921) and \$1,605 interest income from deposits at call (2021: \$2,530).

(ii) Fair value of other receivables

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

4 Financial assets and financial liabilities (continued)

(c) Trade and other payables

	2022			2021	
	Current	Non-current	Total	Current	Non-current
	\$	\$	\$	\$	\$
Trade payables	4,513,427	-	4,513,427	759,725	-
Accrued expenses	743,440	-	743,440	472,622	-
Other payables	127,362	-	127,362	28,461	-
	5,384,229	-	5,384,229	1,260,808	-

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(d) Other financial liabilities

	2022			2021	
	Current	Non-current	Total	Current	Non-current
	\$	\$	\$	\$	\$
Expected future royalties payable (HER-Vaxx contingent consideration)	-	985,450	985,450	-	985,450
CF33 contingent consideration	-	-	-	1,614,222	-
CD19 contingent consideration	1,422,558	-	1,422,558	1,238,679	1,178,775
	1,422,558	985,450	2,408,008	2,852,901	2,164,225

(i) Fair value of expected future royalties payable (HER-Vaxx contingent consideration)

The expected future royalties payable represents the fair value estimate of royalties payable to Biolife Science Forschungs-und Entwicklungsges mbH (BSFE) on commercial income arising from HER-Vaxx. This is based on 18 percent of fair value of the intellectual property at the time of acquisition of \$5.5 million. There has been no change in the future royalties as the carrying value is based on the initial consideration, and management have assessed payment to be probable based on the progression of the research and development of HER-Vaxx.

(ii) 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 12.

The discount rate used at current and prior year ends was 4.52%. The discount rate is based on the 30 June 2022 benchmark interest rates provided by the Australian Taxation Office for the income year that agreements are entered into.

4 Financial assets and financial liabilities (continued)

(e) Recognised fair value measurements

(i) Fair value hierarchy

The following table provides the fair values of the group's financial instruments measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2022	Notes	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities					
Expected future royalties payable (HER-Vaxx contingent consideration)	4(d)	-	-	985,450	985,450
CD19 contingent consideration	4(d)	-	-	1,422,558	1,422,558
Total financial liabilities		-	-	2,408,008	2,408,008
Recurring fair value measurements At 30 June 2021	Notes	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities					
Expected future royalties payable (HER-Vaxx contingent consideration)	4(d)	-	-	985,450	985,450
CF33 contingent consideration	4(d)	-	-	1,614,222	1,614,222
CD19 contingent consideration	4(d)	-	-	2,417,454	2,417,454
Total financial liabilities		-	-	5,017,126	5,017,126

There were no transfers between levels of the hierarchy for recurring fair value measurements during the year ended 30 June 2022.

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.

5 Non-financial assets and liabilities

(a) Property, plant and equipment

	Plant and equipment \$	Furniture, fittings and equipment \$	Leasehold improvements \$	Right-of-use assets \$	Total \$
Year ended 30 June 2021					
Opening net book amount	62,285	9,491	19,668	64,180	155,624
Additions	-	8,635	128,159	277,830	414,624
Depreciation charge	(8,741)	(4,355)	(17,086)	(74,021)	(104,203)
Closing net book amount	53,544	13,771	130,741	267,989	466,045
At 30 June 2021					
Cost or fair value	74,437	27,656	174,573	442,219	718,885
Accumulated depreciation	(20,893)	(13,885)	(43,832)	(174,230)	(252,840)
Net book amount	53,544	13,771	130,741	267,989	466,045
Year ended 30 June 2022					
Opening net book amount	53,544	13,771	130,741	267,989	466,045
Additions	-	10,677	147,057	711,488	869,222
Disposals	-	-	(104,848)	(164,276)	(269,124)
Depreciation charge	(8,740)	(6,846)	(36,522)	(151,249)	(203,357)
Closing net book amount	44,804	17,602	136,428	663,952	862,786
At 30 June 2022					
Cost	74,437	38,333	188,574	992,185	1,293,529
Accumulated depreciation	(29,633)	(20,731)	(52,146)	(328,233)	(430,743)
Net book amount	44,804	17,602	136,428	663,952	862,786

(i) Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Plant and equipment 5 - 10 years
- Furniture, fittings and equipment 2 - 15 years
- Leasehold improvements 5 years
- Right-of-use assets 1 - 5 years

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

5 Non-financial assets and liabilities (continued)

(b) Intangible assets

Non-Current assets	HER-Vaxx \$	PD1-Vaxx \$	Non PD1-Vaxx \$	CF33 \$	CD19 \$	Total \$
Year ended 30 June 2021						
Opening net book amount	6,599,755	130,670	326,675	23,401,349	-	30,458,449
Additions	-	-	-	-	6,293,153	6,293,153
Amortisation charge	(416,562)	(7,780)	(23,844)	(1,363,331)	(46,702)	(1,858,219)
Closing net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383
At 30 June 2021						
Net book amount	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation	(416,562)	(7,780)	(23,844)	(1,363,331)	(46,702)	(1,858,219)
Net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383
Year ended 30 June 2022						
Opening net book amount	6,183,193	122,890	302,831	22,038,018	6,246,451	34,893,383
Amortisation charge	(417,706)	(7,800)	(23,909)	(1,367,076)	(387,418)	(2,203,909)
Closing net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474
At 30 June 2022						
Cost	6,599,755	130,670	326,675	23,401,349	6,293,153	36,751,602
Accumulated amortisation and impairment	(834,268)	(15,580)	(47,753)	(2,730,407)	(434,120)	(4,062,128)
Net book amount	5,765,487	115,090	278,922	20,670,942	5,859,033	32,689,474

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

(i) HER-Vaxx

HER-Vaxx intellectual property was acquired through the group's 100 percent acquisition of Biolife Science Qld Pty Ltd on 20 December 2013. In addition, the group holds various worldwide patents granted over the technology.

It is the board's expectation that the acquired HER-Vaxx intellectual property will generate future economic benefits for the group.

HER-Vaxx is amortised over a period of 16 years, being management's assessed useful life of the intangible asset.

(ii) PD-1 and Non PD-1

On 7 June 2018, the group signed an exclusive, worldwide licence to the entire body of cancer vaccine work and intellectual property developed by Professor Pravin Kaumaya of the Ohio State University Wexner Medical Center, the Comprehensive Cancer Center - Arthur G. James Cancer Hospital, the Richard J. Solove Research Institute and Mayo Clinic.

The substantial intellectual property estate licensed comprises a broad patent portfolio including six patent families comprising 16 issued patents or pending applications for compositions of matter and/or methods of use of a large range of B-cell peptide and cancer vaccines comprising PD-1, HER-1, HER-2, HER-3, VEGF, IGF-1R, CD28 peptides and combinations thereof.

5 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

It is the board's expectation that the acquired portfolio of intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront license fees paid in respect of the licence agreements. The net present value of future maintenance fees, annual licence fees, milestone fees, royalties, and sublicense fees have not been capitalised in accordance with the recognition criteria of AASB 138 *Intangible Assets*. The term of the agreements, including the schedule of future payments is until the last to expire of the patent rights; 2038 for PD-1 patents and 2035 for Non PD-1. Fair values for the future payments (which are contingent on the occurrence of future events and timings over the term of the agreements) cannot be reliably measured in accordance with the standard. Consequently, these future payments are instead accounted for as either contingent liabilities, outlined in note 12, or as commitments, outlined in note 13.

PD1 and Non PD1 are amortised over a period of 17 and 14 years respectively, being management's assessed useful life of the intangible assets.

(iii) CF33

On 18 November 2019, Imugene Limited acquired 100% of the shares in Vaxinia Pty Ltd. Vaxinia has separately acquired a worldwide exclusive licence to the promising oncolytic virus technology known as CF33 which is developed at City of Hope, a world-renowned independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California.

It is the board's expectation that the acquired CF33 intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the licence agreement and the value of equity issued to Vaxinia Pty Ltd shareholders for the acquisition of the company, and contingent considerations. The contingent consideration arrangements require the group to pay the former owners of Vaxinia pre-determined amount upon the completion of each of 3 milestones per the license agreements. The historical fair value of the contingent considerations was probability-adjusted based on the directors' assumption, 90% probability of completing the milestone 1 & 2.

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

(iv) CD19

On 17 May 2021, the group signed an exclusive, worldwide licence to the CD19 intellectual property with the City of Hope independent cancer research and treatment centre.

It is the board's expectation that the acquired CD19 intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront licenses fee paid in respect of the licence agreement and contingent considerations. The contingent consideration arrangements require the group to pay the licensor at the completion of each milestones per the license agreements. The historical fair value of the contingent considerations was probability-adjusted based on the directors' assumption, 90% probability of completing milestone 1 and 80% probability of completing milestone 2.

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

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

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

There were no indicators of impairment identified at 30 June 2022 (2021: Nil).

5 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

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

(c) Employee benefit obligations

	2022			2021	
	Current	Non-current	Total	Current	Non-current
	\$	\$	\$	\$	\$
Leave obligations (i)	433,574	1,684	435,258	237,185	5,156
				242,341	

(i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 20(p).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$433,574 (2021: \$237,185) 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 Non-financial assets and liabilities (continued)

(d) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2022	2021
	\$	\$
Right-of-use assets¹		
Properties	663,952	267,989
	663,952	267,989
Lease liabilities²		
Current	184,152	106,007
Non-current	489,280	165,022
	673,432	271,029

¹ Included in the line item 'property, plant and equipment' in the consolidated balance sheet.

² Included in the line items 'other current liabilities' and 'other non-current liabilities' in the consolidated balance sheet.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2022	2021
	\$	\$
Depreciation charge of right-of-use assets		
Properties	151,249	74,021
Interest expense (included in finance cost)	2(d) 13,580	5,024

The total cash outflow for leases in 2022 was \$158,389 (2021: \$81,161)

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

In March 2022, the group entered into a new five-year commercial lease on an office in Sydney's central business district. The lease agreement does not impose any covenants, but the leased asset may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

5 Non-financial assets and liabilities (continued)

(d) Leases (continued)

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The incremental borrowing rate used for the calculation of leases and lease terms for the financial year was 4.52% (2021: 4.52%).

6 Equity

(a) Share capital

	Notes	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares					
Fully paid		5,865,699,945	4,962,841,567	230,788,745	113,106,912
	6(a)(i)	5,865,699,945	4,962,841,567	230,788,745	113,106,912

(i) Movements in ordinary shares:

Details	Number of shares	Total \$
Balance at 1 July 2020	4,425,970,549	92,797,564
Issue at \$0.029 to consultant in lieu of payment for services (2020-12-09)	3,946,046	114,103
Repayment of loaned shares to KMP	-	186,000
Issue at \$0.11 to consultants in lieu of payment for services (2021-06-15)	409,076	44,998
Issue at \$0.33 to consultants in lieu of payment for services (2021-06-15)	2,000,000	660,000
Issue on the exercise of listed options	373,515,896	12,358,049
Issue on the exercise of ESOP unlisted options	157,000,000	5,690,000
Transfer from reserves on exercise of ESPOP unlisted options	-	1,381,762
Less: Transaction costs arising on share issues	-	(125,564)
Balance at 30 June 2021	4,962,841,567	113,106,912
Issue at \$0.053 on the completion of Tranche 2 as per the Vaxinia deal (2021-07-09)	25,183,871	1,334,745
Issue at \$0.30 pursuant to placement (2021-08-04)	300,000,000	90,000,000
Issue at \$0.30 pursuant to SPP (2021-08-20)	16,666,666	5,000,000
Issue at \$0.053 on the completion of Tranche 2 as per the Vaxinia deal (2021-09-09)	94,170,967	4,991,061
Issue at \$0.053 on the completion of Tranche 3 as per the Vaxinia deal (2021-10-22)	134,258,065	7,115,677
Repayment of loaned shares to KMP	-	91,832
Issue at \$0.409 to consultants in lieu of payment for services (2022-02-04)	234,075	95,737
Issue at \$0.413 to consultants in lieu of payment for services (2022-02-04)	251,720	103,960
Issue on the exercise of listed options	233,788,593	10,199,193
Issue on the exercise of ESOP unlisted options	98,304,421	3,720,000
Transfer from reserves on exercise of ESPOP unlisted options	-	1,181,000
Less: Transaction costs arising on share issues	-	(6,151,372)
Balance at 30 June 2022	5,865,699,945	230,788,745

6 Equity (continued)

(a) Share capital (continued)

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in notes 6(c) and 16.

(b) Other equity

	2022	2021
	\$	\$
Contingent issue of equity	<u>4,744,355</u>	12,097,336
	<u>4,744,355</u>	<u>12,097,336</u>

Contingent issue of equity includes amounts related to the value of consideration shares to be issued to the previous Vaxinia shareholders once certain milestones are met as per their agreement. For more information, please refer to note 12(b).

(c) Other reserves

The following table shows a breakdown of the balance sheet 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.

		Share-based payments	Foreign currency translation	Total other reserves
	Notes	\$	\$	\$
At 1 July 2020		2,221,702	-	2,221,702
Transactions with owners in their capacity as owners				
Issue of options	6(c)(ii)	4,739,200	-	4,739,200
Exercise of options	6(c)(ii)	(1,381,762)	-	(1,381,762)
Forfeiture of options	6(c)(ii)	(113,680)	-	(113,680)
At 30 June 2021		5,465,460	-	5,465,460

6 Equity (continued)

(c) Other reserves (continued)

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

(i) *Nature and purpose of other reserves*

Share-based payments

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

(ii) *Movements in options:*

Details	Number of options
Balance at 1 July 2020	1,010,376,410
Exercise of listed options	(373,515,896)
Exercise of ESOP unlisted options	(157,000,000)
Lapse of ESOP unlisted options	(10,000,000)
Issue of ESOP unlisted options	70,000,000
Balance at 30 June 2021	539,860,514
Exercise of listed options	(233,788,593)
Issue of listed options	158,332,490
Exercise of ESOP unlisted options	(100,000,000)
Issue of ESOP unlisted options	8,577,741
Balance at 30 June 2022	372,982,152

7 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	2022	2021
Notes	\$	\$
Loss for the period	(37,869,174)	(18,455,363)
Adjustments for		
Contingent consideration	4,744,355	-
Depreciation and amortisation	2,407,266	1,962,422
Disposal of property, plant and equipment	104,849	-
Finance costs	2(d) 120,324	116,056
Finance income	2(d) (192,249)	(126,565)
Leave provision expense	191,532	69,847
Share-based payments	4,097,340	5,558,302
Unrealised net foreign currency (gains)/losses	(255,128)	(959)
Change in operating assets and liabilities:		
Movement in trade and other receivables	(6,107,502)	(2,455,270)
Movement in other operating assets	(940,017)	23,983
Movement in trade and other payables	2,850,266	27,536
Net cash inflow (outflow) from operating activities	<u>(30,848,138)</u>	<u>(13,280,011)</u>

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- options issued for no cash consideration - note 16.

8 Critical estimates, judgements and errors

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

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

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

The areas involving judgement or estimation are detailed below.

(a) Judgements

(i) Impairment

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

Management has considered the following potential indicators:

- The market capitalisation of Imugene Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2022 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 oncology sector.

Management have identified no indicators of impairment in the current year. As such no impairment test has been performed as there is limited risk that the intangible assets are impaired. Should an indicator exist, management would be required to perform an impairment test.

(b) Estimates

(i) R&D tax incentive income accrual

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

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

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

8 Critical estimates, judgements and errors (continued)

(b) Estimates (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 uncertainty.

(iii) Share-based payments

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

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

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

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

(iv) Expected future royalties payable

The expected future royalties payable represents the fair value estimate of royalties payable to Biolife Science Forschungs-und Entwicklungsges mbH (BSFE) on commercial income arising from HER-Vaxx. This is based on 18 percent of fair value of the intellectual property at the time of acquisition of \$5.5 million. There has been no change in the future royalties as the carrying value is based on the initial consideration, and management have assessed payment to be probable based on the progression of the research and development of HER-Vaxx.

The percentage used determine the value of the royalty is subject to a degree uncertainty.

(v) 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.

At the end of the reporting year, the group has applied judgement to the following milestones:

- CF33 Milestone 3: 60% probability of being incurred;
- CD19 Milestone 1: 90% probability of being incurred; and
- CD19 Milestone 2: 80% probability of being incurred.

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

8 Critical estimates, judgements and errors (continued)

(b) Estimates (continued)

(vi) Employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

9 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the group. This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

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

	2022		2021	
	USD \$	EUR \$	USD \$	EUR \$
Cash and cash equivalents	2,944,760	-	12,075	-
Trade payables	3,644,855	649,248	390,864	46,351
Total exposure	6,589,615	649,248	402,939	46,351

9 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below:

- USD: 5.8% (2021: 4.9%)*
- EUR: 3.4% (2021: 2.7%)*

	Impact on loss for the		Impact on other	
	period	2021	components of equity	2021
	2022		2022	
	\$	\$	\$	\$
USD/AUD exchange rate - change by 5.8% (2021: 4.9%)*	382,198	19,744	-	-
EUR/AUD exchange rate - change by 3.4% (2021: 2.7%)*	22,074	1,251	-	-

* Holding all other variables constant

Profit is more sensitive to movements in the AUD/USD exchange rates in 2022 than 2021 because of the increased amount of USD denominated cash and cash equivalents. The group's exposure to other foreign exchange movements is not material.

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from cash and cash equivalents held, which expose the group to cash flow interest rate risk. During 2022 and 2021, the group's cash and cash equivalents at variable rates were denominated in Australian dollars.

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

	2022	2021
	\$	\$
Financial instruments with cash flow risk		
Cash and cash equivalents	99,887,725	29,487,025
Financial assets at amortised cost	252,364	115,198
	100,140,089	29,602,223

9 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	Impact on loss for the		Impact on other	
	period	2021	components of equity	2021
	2022		2022	
	\$	\$	\$	\$
Interest rates - change by 121 basis points (2021: 31 basis points)*	1,211,695	91,767	-	-

* Holding all other variables constant

The use of 1.21 percent (2021: 0.31 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2022 and the previous four balance dates. The average cash rate at these balance dates was 0.77 percent (2021: 0.92 percent). The average change to the cash rate between balance dates was 157.33 percent (2021: 34.19 percent). By multiplying these two values, the interest rate risk was derived.

Profit is more sensitive to movements in interest rates in 2022 than 2021 due to increased cash and cash equivalents. The group's exposure to other classes of financial instruments with cash flow risk is not material.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

There has been an increase in the group's exposure to credit risk in 2022 due to increased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

(i) *Risk management*

Risk is minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) *Impairment of financial assets*

While cash and cash equivalents and deposits at call are subject to the impairment requirements of AASB 9, the identified impairment loss was nil (2021: nil).

(c) Liquidity risk

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

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

9 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of financial liabilities

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

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
At 30 June 2022							
Trade and other payables	5,384,229	-	-	-	-	5,384,229	5,384,229
Lease liabilities	58,169	61,791	132,572	420,900	-	673,432	673,432
Other financial liabilities	1,306,431	116,127	-	985,450	-	2,408,008	2,408,008
Total	6,748,829	177,918	132,572	1,406,350	-	8,465,669	8,465,669

At 30 June 2021

Trade and other payables	1,260,808	-	-	-	-	1,260,808	1,260,808
Lease liabilities	57,846	48,577	83,754	80,852	-	271,029	271,029
Other financial liabilities	1,614,222	1,238,679	842,140	1,322,085	-	5,017,126	5,017,126
Total	2,932,876	1,287,256	925,894	1,402,937	-	6,548,963	6,548,963

10 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2022 (2021: nil). The group's franking account balance was nil at 30 June 2022 (2021: nil).

11 Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 30 June 2022 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	
		2022 %	2021 %
Biolife Science Qld Pty Ltd	Australia	100	100
Lingual Consegna Pty Ltd	Australia	100	100
Vaxinia Pty Ltd	Australia	100	100
Imugene (USA) Inc	USA	100	-

In September 2021, Imugene Limited formed a wholly owned subsidiary in USA called Imugene (USA) Inc. The nature of the business is the same as Imugene Limited's, that being, the research and development of immuno-oncology technology.

12 Contingencies

(a) PD-1 and Non PD-1 intellectual property

The group signed an exclusive licence with the Ohio State University and Mayo Clinic on 6 June 2018 to 16 issued patents or pending applications comprising PD-1 and Non PD-1 intellectual property. As a result, the group has incurred liabilities contingent on future events in respect of each agreement (i.e. the separate PD-1 and Non PD-1 agreements):

- **Royalties on sales:** 3 percent of sales where annual turnover is less than US\$1 billion; 4 percent where annual turnover is greater than US\$1 billion
- **Milestone fees:** Up to US\$250,000 payable upon dosing of the first patient in each phase of a clinical trial; US\$1,000,000 payable upon first commercial sale
- **Annual licence fees:** US\$250,000 per annum payable contingent on first commercial sale
- **Sublicence fees:**
 - 25 percent of sublicensing consideration prior to first patient dosing in Phase I clinical trial
 - 15 percent of sublicensing consideration prior to first patient dosing in Phase II clinical trial
 - 10 percent of sublicensing consideration prior to first patient dosing in Phase III clinical trial
 - 8 percent of sublicensing consideration after first patient dosing in Phase III clinical trial

12 Contingencies (continued)

(b) CF33 intellectual property

The key financial terms of the purchase include a cash payment of \$97,588 and the issue of 127,994,355 shares in Imugene Limited. For further details, please refer to note . There is a consideration element of three earnout components should certain milestones be achieved:

Milestone	Description	Consideration shares	Value
1.	Allowance of investigational new drug by the US Food and Drug Administration in relation to CF33	119,354,838	\$6,325,806
2.	Dosing of first patient in a Phase 1 clinical trial for CF33	134,258,064	\$7,115,677
3.	Meeting Phase 1 safety endpoints excluding efficacy and dose	149,193,548	\$7,907,258

At the end of the current reporting period, milestones 1 & 2 have been met and were settled in shares. Management has determined that milestone 3 will be met with 60% certainty and have accounted for this accordingly by providing for contingent equity.

Also, the group separately signed the Exclusive License Agreement (“the Agreement”) with the City of Hope (“COH”) to acquire a worldwide exclusive license (“the License”) to the promising oncolytic virus technology, known as CF33, developed at City of Hope, a world-renowned independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California. The key financial terms of the purchase include a cash payment of US\$3 million. The group has also incurred liabilities contingent on future events in respect of the License, which are summarised below:

- **Development Milestone Payments:** Up to US\$1.5m payable to the COH upon meeting various milestones:

Milestone	Deadline	Requirement	Payment to COH
1.	8 July 2021	To dose the first patient in a Phase 1 clinical trial of CF33	US\$0.15m
2.	8 July 2023	To dose the first patient in a Phase 2 clinical trial of CF33	US\$0.3m
3.	8 July 2026	To dose the first patient in a Phase 3 clinical trial of CF33	US\$1m
4.	8 July 2029	Receive marketing approval in the US for CF33	US\$3m
5.	No deadline	Receive marketing approval in any jurisdiction other than the US	US\$1.5m

At the end of the current reporting period, milestone 1 has been met and has been settled with a payment of cash. Management believes it is uncertain whether other milestones will be met due to a number of factors which are outside the group's control which affect this outcome.

- **Sales Milestone Payments:**

Once the following Milestones have been met, the group will have paid a total of US\$150 million.

- **Milestone 1:** Net sales first totalling US\$125 million.
- **Milestone 2:** Net sales first totalling US\$250 million.
- **Milestone 3:** Net sales first totalling US\$500 million.
- **Milestone 4:** Net sales first totalling US\$1 billion.

- **Royalties on net sales:**

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

12 Contingencies (continued)

(c) CD19 intellectual property

The group signed the Exclusive License Agreement (“the Agreement”) with the City of Hope (“COH”) to acquire a worldwide exclusive license (“the License”) to the promising CAR-T technology, known as CD19, developed at City of Hope, a world-renowned independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California. The key financial terms of the purchase include a cash payment of US\$4 million. The group has also incurred liabilities contingent on future events in respect of the License, which are summarised below:

- **Development Milestone Payments:** Up to US\$6.55m payable to the COH upon meeting various milestones:

Milestone	Requirement	Payment to COH
1.	Upon the earlier of (a) initiation of cGMP manufacturing or (b) submission of a IND., in each case, for a Licensed Product expressing a target protein other than CD19, including expression of CD19 in conjunction with another target protein.	US\$1m
2.	Dosing of the first patient in the first Phase 1 Clinical Trial anywhere in the Territory.	US\$0.1m
3.	Dosing of the first patient in the first Phase 2 Clinical Trial anywhere in the Territory.	US\$0.2m
4.	Dosing of the first patient in the first Phase 3 Clinical Trial anywhere in the Territory.	US\$0.75m
5.	Upon the first Marketing Approval in the United States.	US\$3m
6.	Upon the first Marketing Approval in any jurisdiction other than the United States.	US\$1.5m

At the end of the current reporting period, management expects milestone 1 and 2 to be met with certainty and have been accounted for by the provision of contingent consideration. Management believes it is uncertain whether other milestones will be met due to a number of factors which are outside the group’s control which affect this outcome.

- **Sales Milestone Payments:**

Once the following Milestones have been met, the group will have paid a total of US\$115 million.

- **Milestone 1:** Net sales first totalling US\$125 million.
- **Milestone 2:** Net sales first totalling US\$250 million.
- **Milestone 3:** Net sales first totalling US\$500 million.
- **Milestone 4:** Net sales first totalling US\$1 billion.

- **Royalties on net sales:**

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

(d) Share arrangement

The group agreed to granting Charles Walker \$300,000 worth of shares in the group during the 2014 AGM for his services as Chief Executive Officer. Part of the agreement included that if or when he sold the shares, he would be required to repay Imugene the \$300,000. If a portion of shares were sold, he is required to pay a portion of the outstanding sum to the company.

At 30 June 2022 \$22,168 (2021: \$114,000) of the original amount represents a contingent asset, while the remaining \$277,832 (2021: \$186,000) has been repaid to Imugene.

13 Commitments

(a) Research and development commitments

The group had research and development commitments at 30 June 2022 in respect of:

(i) Arginine modulator intellectual property

On 13 December 2016, the group announced it had entered into an agreement with Baker IDI Heart and Diabetes Institute Holdings Limited where a contingent liability exists relating to the commercialisation of arginine modulator intellectual property. As at 30 June 2022, no liability was recognised on the basis that commercialised income cannot be reliably measured.

(ii) PD-1 and Non PD-1 intellectual property

The group signed an exclusive licence with the Ohio State University and Mayo Clinic on 6 June 2018 to 16 issued patents or pending applications comprising PD-1 and Non PD-1 intellectual property. As a result, the group has incurred the following commitments in respect of each agreement (i.e. the separate PD-1 and Non PD-1 agreements):

- **Maintenance fees:** Up to US\$100,000 payable annually each anniversary of the agreement, until the date of first commercial sale.

In a third agreement, separate to the PD-1 and Non PD-1 licensing agreements, the group has a commitment to pay US\$551,250 per annum to cover ongoing research costs by the Ohio State University for the financial year ending 30 June 2023. These payments are for work yet to be performed as at 30 June 2022.

(iii) CF33 intellectual property

The group had number of commitments in relation to the Agreement signed with City of Hope per the below:

- **Licensee Diligence:** The group is required to spend research and development commitments to develop CF33 in relation to the Agreement entered with the COH:

Milestones	Deadline	Requirement
1.	8 July 2021	To spend not less than US\$6m on the development of CF33
2.	8 July 2021	To dose the first patient in a Phase 1 clinical trial of CF33
3.	8 July 2023	To spend not less than US\$9m, in addition to the US\$6m spent for Milestone A, on the development of CF33
4.	8 July 2023	To dose the first patient in a Phase 2 clinical trial of CF33
5.	8 July 2026	To dose the first patient in a Phase 3 clinical trial of CF33
6.	8 July 2029	Receive marketing approval in the US for CF33

- **Licence maintenance fee:** Non-refundable annual licence fee is payable to COH of US\$50,000. Payment is required on or before 10th business day after the beginning of each license year (excluding first license year ending 31 December 2019).

(iv) CD19 intellectual property

The group had the following commitments in relation to the Agreement signed with City of Hope:

- **Licence maintenance fee:** Non-refundable annual license fee is payable to City of Hope of US\$50,000. This is payable on or before the tenth business day after the beginning of each License Year (excluding the first Licence Year ending December 31, 2021).

14 Events occurring after the reporting period

No material event has arisen subsequent to reporting date.

15 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 11.

(b) Key management personnel compensation

	2022	2021
	\$	\$
Short-term employee benefits	3,164,688	2,225,192
Post-employment benefits	53,220	49,600
Long-term benefits	50,333	17,314
Share-based payments	1,089,513	584,319
	<u>4,357,754</u>	<u>2,876,425</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 29.

16 Share-based payments

(a) Employee share and option plan

The establishment of the 'employee share option plan' (ESOP) was approved by shareholders at the 2020 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of all listed and unlisted options, including those issued under ESOP:

	2022		2021	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July	\$0.06	539,860,514	\$0.04	1,010,376,410
Granted during the year	\$0.45	165,910,231	\$0.15	70,000,000
Exercised during the year	\$0.04	(333,788,593)	\$0.03	(530,515,896)
Forfeited/lapsed during the year	-	-	\$0.04	(10,000,000)
As at 30 June	\$0.25	<u>371,982,152</u>	\$0.06	<u>539,860,514</u>
Vested and exercisable at 30 June	\$0.25	350,680,272	\$0.06	431,110,514

16 Share-based payments (continued)

(a) Employee share and option plan (continued)

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

Grant date	Expiry date	Exercise price (\$)	Share options 30 June 2022	Share options 30 June 2021
2018-07-13 (IMUOB)	2021-11-30	0.040	-	175,125,561
2019-06-13 (IMUAN)	2022-06-13	0.040	-	25,000,000
2019-11-08 (IMUAO)	2022-11-08	0.040	5,000,000	10,000,000
2019-11-08 (IMUAP)	2022-11-08	0.042	10,000,000	20,000,000
2019-11-08 (IMUAQ)	2022-11-08	0.045	20,000,000	40,000,000
2019-08-07 (IMUAS)	2022-08-07	0.040	-	15,000,000
2019-08-07 (IMUAS)	2022-08-07	0.040	-	15,000,000
2019-12-06 (IMUOC)	2022-11-30	0.054	111,138,503	169,734,953
2020-09-30 (IMUAT)	2023-09-30	0.065	-	5,000,000
2020-09-30 (IMUAU)	2023-09-30	0.060	-	5,000,000
2020-12-01 (IMUAV)	2023-12-01	0.090	10,000,000	10,000,000
2021-02-26 (IMUAW)	2024-02-26	0.150	5,000,000	5,000,000
2021-04-30 (IMUAY)	2025-04-30	0.190	45,000,000	22,500,000
2021-08-20 (IMUOD)	2024-08-20	0.45	158,265,908	-
2021-11-01 (IMUAZ)	2024-12-23	0.45	311,075	-
2021-11-11 (IMUAAC)	2025-02-25	0.45	266,666	-
2021-11-23 (IMUAAB)	2025-02-01	0.45	1,000,000	-
2022-01-31 (IMUAAB)	2025-02-01	0.45	1,000,000	-
2022-01-31	2026-01-31	0.40	3,000,000	-
2022-01-31 (IMUAAA)	2026-02-01	0.40	1,500,000	-
2022-06-30 (IMUAAD)	2026-06-30	0.18	1,500,000	-
Total			372,982,152	517,360,514

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

1.55

1.29

(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.

16 Share-based payments (continued)

(a) Employee share and option plan (continued)

The model inputs for options granted under ESOP during the year ended 30 June 2022 included:

Grant date	Expiry date	Exercise price (\$)	No. of options	Share price at grant date (\$)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per option (\$)
2021-11-01	2024-12-23	0.45	311,075	0.515	85.30%	0.00%	0.98%	0.2200
2021-11-11	2025-02-03	0.45	266,666	0.56	85.00%	0.00%	1.00%	0.3416
2021-11-23	2023-12-01	0.45	1,000,000	0.55	85.85%	0.00%	1.01%	0.3321
2022-01-31	2026-01-31	0.40	3,000,000	0.31	88.10%	0.00%	1.21%	0.1805
2022-01-31	2026-02-01	0.40	1,500,000	0.31	88.10%	0.00%	1.21%	0.1805
2022-01-31	2025-02-01	0.31	1,000,000	0.45	88.30%	0.00%	1.21%	0.1463
2022-06-30	2026-06-30	0.18	1,500,000	0.18	88.30%	0.00%	2.92%	0.1160
			8,577,741					

(ii) Vesting conditions

Non-market vesting conditions are in place for certain options issued under ESOP which are expected to be met over a period no greater than 2 years after grant date.

(b) Expenses arising from share-based payment transactions

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

	2022	2021
	\$	\$
Options issued under ESOP	4,097,340	4,739,200

17 Remuneration of auditors

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

(a) Grant Thornton Australia

(i) Audit and other assurance services

	2022	2021
	\$	\$
Audit and review of financial statements	107,150	75,040
Total remuneration for audit and other assurance services	107,150	75,040

(ii) Taxation services

Tax compliance services	5,950	4,050
Total remuneration for taxation services	5,950	4,050

Total auditor's remuneration	113,100	79,090
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18 Loss per share

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

	2022	2021
	\$	\$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	37,869,174	18,455,363

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

	2022	2021
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	5,637,196,797	4,663,540,972

On the basis of the group's losses, the outstanding options as at 30 June 2022 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

19 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022	2021
	\$	\$
Balance sheet		
Current assets	113,766,122	36,318,828
Non-current assets	32,574,626	33,391,051
Total assets	146,340,748	69,709,879
Current liabilities	7,392,944	4,456,904
Non-current liabilities	490,964	1,348,953
Total liabilities	7,883,908	5,805,857
<i>Shareholders' equity</i>		
Share capital	230,788,745	113,106,912
Other equity	4,744,355	12,097,336
Reserves		
Share-based payments	6,740,664	5,465,460
Accumulated losses	102,756,593	66,765,686
Loss for the period	35,990,906	18,532,366
Total comprehensive loss	35,990,906	18,532,366

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2022 (2021: nil).

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2022 identical to those of the group, as outlined in note 12.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2022 (2021: nil).

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Imugene Limited.

(ii) Tax consolidation legislation

Imugene Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Imugene Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

19 Parent entity financial information (continued)

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

In addition to its own current and deferred tax amounts, Imugene Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Imugene Limited for any current tax payable assumed and are compensated by Imugene Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Imugene Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

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20 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Imugene Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Imugene Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Imugene Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

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

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

The annual report has been prepared on a going concern basis. Accordingly, the annual report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

(iv) New and amended standards adopted by the group

There are no new accounting standards or interpretations that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(v) New standards and interpretations not yet adopted

There are no new standards and interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

20 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Imugene Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 2 provides further information on how the group accounts for government grants.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

20 Summary of significant accounting policies (continued)

(f) Income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

The accounting policies for the group's leases are explained in note 5(d)(iii).

(h) Impairment of assets

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

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, with three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(k) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

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

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

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

20 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iv) Impairment

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

(v) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(l) Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

20 Summary of significant accounting policies (continued)

(l) Classification and measurement of financial liabilities (continued)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 5(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 20(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at historical cost, less any accumulated amortisation and impairment losses. The useful lives of intangible assets that are available for use are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication of impairment. Amortisation methods and periods for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation method and/or period, as appropriate, which is a change in accounting estimate and applied prospectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income.

(i) Patents, licences and other rights

The accounting policies for the group's patents, licences and other rights are explained in note 5(b).

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

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

20 Summary of significant accounting policies (continued)

(n) Intangible assets (continued)

(iii) Amortisation methods and useful lives

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

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 16.

Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

20 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

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

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Rounding of amounts

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

(t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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

In the directors' opinion:

- (a) the financial statements and notes set out on pages 36 to 84 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Mr Paul Hopper
Executive Chairman

Sydney
30 August 2022



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Developing Cancer Immunotherapies

Annual Report 2022

**INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS**

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Independent Auditor's Report

To the Members of Imugene Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Imugene Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 5(b)	
<p>In accordance with AASB 136 <i>Impairment of Assets</i>, management is required to assess at each reporting date if there are any indicators of impairment that may suggest the carrying value is in excess of the recoverable value.</p> <p>We have determined this is a key audit matter due to the significant judgement involved in the impairment indicator analysis and the financial significance of this asset class in the statement of financial position.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining management’s impairment indicator analysis and assessing reasonableness through review of public information and discussions with management;• Considering if there are any other indicators of impairment, including results of recent trials or changes in factors that underpinned the initial valuation of the assets, and other qualitative considerations, including market valuation of the company compared to its net assets, recent clinical trial results, additional public information available or press releases;• Assessing whether the disclosures in the financial statements, including critical judgements and estimates, are appropriate.
Research & development tax incentive scheme - Note 2(a)	
<p>Under the research and development (R&D) Tax Incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided income tax-exempt entities do not control it.</p> <p>An R&D plan is filed with Aus Industry in the following financial year, and based on this filing, the Group receives the incentive in cash. Management reviewed the Group’s total research and development expenditure to determine the potential claim under the R&D tax incentive legislation.</p> <p>In determining the claim’s value, management applies judgements to the expenditure incurred to assess its eligibility under the relevant legislation. This area is a key audit matter due to the judgements and estimates associated with the computation of the R&D claim.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining a detailed understanding of the underlying processes for claiming the R&D rebate through discussion with relevant individuals across the organisation and review of relevant documentation;• Assessing the work performed by management’s expert, including the expert’s competence, capability and objectivity;• Engaging our internal specialist to assist in reviewing the reasonableness of the eligibility of expenditure and the calculation;• Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate are likely to meet the eligibility criteria;• Assessing the mathematical accuracy of the accrual;• Testing a sample of R&D expenditure within the computation to underlying supporting documentation;

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • Comparing the estimates made in previous years to the amount of cash received after lodgement of the R&D tax claim; • Performing substantive analytical procedures over the R&D claim, considering the nature of the R&D expenditure included in the current year and prior year estimates; • Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and • Assessing whether the disclosures in the financial statements, including critical judgements and estimates, are appropriate.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 21 to 29 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Imugene Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance
Melbourne, 30 August 2022



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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 26 August 2022.

A. Distribution of equity securities

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

Holding	No. of holders (shares)	Class of equity security		
		Ordinary shares		Options
		Shares	No. of holders (options)	
1 - 1000	633	411,826	8	2,889
1,001 - 5,000	6,836	19,765,569	1,908	4,180,060
5,001 - 10,000	3,853	30,920,616	174	1,287,051
10,001 - 100,000	11,293	426,474,311	434	17,083,283
100,001 and over	4,548	5,389,022,288	336	348,074,204
	27,163	5,866,594,610	2,860	370,627,487

There were 2,395 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	341,508,212	5.82
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	324,343,197	5.53
PAUL HOPPER	317,131,648	5.41
MANN FAMILY	290,276,538	4.95
CITICORP NOMINEES PTY LIMITED	181,206,365	3.09
DR NICHOLAS SMITH	118,000,000	2.01
NATIONAL NOMINEES LIMITED	109,303,839	1.86
BNP PARIBAS NOMS PTY LTD <DRP>	103,841,876	1.77
MI OK CHONG	77,000,000	1.31
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	61,144,107	1.04
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	27,433,417	0.47
MRS SARAH CAMERON	25,000,000	0.43
ARDROY SECURITIES PTY LTD <CAMERON INVESTMENT UNIT A/C>	25,000,000	0.43
MR ANDREW MURRAY GREGOR	24,808,830	0.42
UBS NOMINEES PTY LTD	24,500,000	0.42
SVE CAPITAL PTY LTD <STRATEGIC VISION UNIT A/C>	23,000,000	0.39
MR SCOTT SPENCER PAPPIN & MRS TRACEY LEE PAPPIN <PAPPIN SUPER FUND A/C>	21,500,000	0.37
DR LESLEY RUSSELL	20,500,000	0.35
MR JAMES JOHN SHAUGHNESSY & MRS MARGARET JOY SHAUGHNESSY	17,550,874	0.30
JOHN DAHLSEN SUPERANNUATION FUND PTY LTD	16,850,000	0.29
GIOKIR PTY LTD	16,725,147	0.29
	2,166,624,050	36.95

B. Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	106,117,741	16

The following holders have unquoted options each representing more than 20% of these securities:

- Mr Charles Walker: 25,000,000

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
PAUL HOPPER	317,131,648	5.51%
MANN FAMILY	249,496,995	5.66%

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

D. Voting rights

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

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options: No voting rights.

E. Securities subject to voluntary escrow

The securities subject to voluntary escrow are set out below:

	Expiry date	Number of shares
Ordinary shares	09 Sep 2022	94,170,967
Ordinary shares	22 Oct 2022	105,929,613
		200,100,580



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