Percheron Therapeutics Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Percheron Therapeutics Limited
ABN:	41 095 060 745
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for Announcement to the Market

The results of Percheron Therapeutics Limited for the half-year ended 31 December 2023 are as follows:

				$
Loss from ordinary activities after tax attributable to the owners of Percheron Therapeutics Limited	down	10.0%	to	(4,743,323)
Loss for the half-year attributable to the owners of Percheron Therapeutics Limited	down	10.0%	to	(4,743,323)

The above result needs to be read in conjunction with the Company's 31 Dec 2023 Half-Year report.

Explanation of Results
The loss for the Company after providing for income tax amounted to $4,743,323 (31 December 2022: $5,273,114).

At 31 December 2023, the Company had cash reserves of $17,193,025.

3. Net Tangible Assets Per Share

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.82	1.49

4. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

5. Status of Review of Accounts

The Appendix 4D is based on accounts which have been reviewed. The Auditor's review report includes a material uncertainty related to going concern, and is included within the financial report which accompanies this Appendix 4D.

Percheron Therapeutics Limited

(Formerly known as Antisense Therapeutics Limited)

ABN 41 095 060 745

Interim Financial Report for the half-year ended - 31 December 2023

Percheron Therapeutics Limited
Contents
31 December 2023

The Directors of Percheron Therapeutics Limited ("PER" or "the Company") present their report, together with the financial statements, on the in relation to the Company for the half-year ended 31 December 2023.

Directors

The following persons were Directors of the Company during the financial half-year and up to the date of this report. Directors were in the office for this entire period unless otherwise stated:

Dr Charmaine Gittleson
Dr James Garner
Dr Ben Gil Price

Results and Review of Operations

The loss for the Company after providing for income tax amounted to $4,743,323 (31 December 2022: $5,273,114).

This loss is after fully expensing all research and development costs.

At 31 December 2023, the Company had cash reserves of $17,193,025 (30 June 2023: $10,967,259).

Detailed below is an update on the status of the Company's development projects and overall operations for the half year ended 31 December 2023.

This report should be read in conjunction with the Company's 30 June 2023 Annual Report.

About ATL1102

ATL1102 is an antisense oligonucleotide inhibitor of CD49d, a subunit of VLA-4 (Very Late Antigen-4). Inhibition of VLA-4 expression has demonstrated activity in a number of animal models of inflammatory disease, including asthma and multiple sclerosis (MS). ATL1102 was shown to be highly effective in reducing MS lesions in a Phase IIa clinical trial in patients with relapsing-remitting MS (Limmroth, V. et al *Neurology*, 2014; 83(20): 1780-1788).

ATL1102 for Duchenne Muscular Dystrophy (DMD)

The Company is undertaking clinical development of ATL1102 in patients with Duchenne Muscular Dystrophy (DMD). DMD is an X-linked genetic disease that is estimated to affect between 1 in 3600 to 1 in 5000 live male births (Bushby et al, 2010). DMD occurs as a result of mutations in the dystrophin gene which causes a functional defect in, quantitative reduction in, or absence of the protein dystrophin, which is a structural protein found predominantly in muscle tissue. Children with DMD are susceptible to contraction induced muscle injury, which triggers a chronic inflammatory response that causes further damage to muscle tissue (Pinto Mariz, 2015). Ongoing deterioration in muscle function initially affects lower limbs, leading to impaired mobility, and typically progresses to upper limbs, leading to further loss of function. Patients typically become wheelchair-dependent in their early teenage years, and respiratory, cardiac, and cognitive dysfunction also begin to emerge in this timeframe. With no intervention, the mean age of life is approximately 19 years. The management of the inflammation associated with DMD is currently via the use of corticosteroids, which have insufficient efficacy and significant toxicity.

A key challenge in the management of DMD patients is to reduce the inflammation that exacerbates the muscle fibre damage. It has been reported in scientific literature that patients with DMD who have a greater number of T cells with high levels of CD49d (ATL1102's biological target) on their surface have more severe and rapid disease progression. ATL1102 is being developed as a novel treatment for the inflammation that exacerbates muscle fibre damage in DMD patients for which the current available treatment is corticosteroids. Corticosteroids have a range of serious side effects when used for a prolonged period as required in DMD. As a consequence, there is an acknowledged high need for new therapeutic approaches for the treatment of inflammation associated with DMD.

Phase IIa Clinical Trial in DMD

The Company previously conducted an open label six-month phase IIa pilot study of ATL1102 in nine non-ambulant patients with DMD, aged between 10 and 18 years, at the neuromuscular centre of the Royal Children's Hospital (RCH) in Melbourne, Australia, which operates the largest clinic in the southern hemisphere treating children with DMD. The primary endpoint was met, with confirmation of the drug's safety and tolerability. Notably, positive effects across a range of secondary efficacy endpoints were also reported, supporting the ongoing clinical development of ATL1102 in DMD. The results of this study were published, post-period, in [reference].

Phase IIb Clinical Trial in DMD

In early 2023, the Company announced that it had revised previously announced clinical development plans, and now intended to conduct a double-blind, randomised, placebo-controlled trial of ATL1102 in DMD to confirm and quantify the clinical efficacy of the drug.

The trial is expected to enrol 45 participants from multiple sites in Europe and Australia and will involve a six-month regimen of either placebo, 25 mg or 50 mg of ATL1102 once weekly via subcutaneous injection. Following this, participants will continue into a further six-month extension treatment period, with placebo patients randomised to either the 25 mg or 50 mg ATL1102 groups. The primary endpoint of PUL2.0 will be assessed after six months of treatment.

The revised trial design brings forward the definitive reporting of unblinded and statistically analysed trial data following the completion of the initial randomized blinded six-month dosing period and has allowed for the opportunity to incorporate Australian sites alongside key trial centres in Europe. This provides the important bene-fit of continuity of working with Australian investigators who were involved in the conduct of the previous successful Phase II clinical trial of ATL1102 in DMD. The addition of Australian trial sites is expected to facilitate a significantly greater proportion of the trial costs as being eligible for the R&D tax incentive cash rebate, which should have a material impact in reducing the cash requirements for the conduct of the study.

The new strategy allows the Company to confirm efficacy through the rigor of the placebo-controlled trial design so as to allow for discussion with regulators for potential fast tracking into registration phase or potential accelerated approval, pending trial outcomes.

The Company has now received approvals from the regulatory authorities in Turkey, Bulgaria, Australia, Serbia, and the UK. Recruitment commenced in June 2023, and the majority of planned trial sites are open to recruitment as of the date of this report.

Preclinical Research to Expand Potential Use of ATL1102

During the period, the company has released preclinical data describing the potential combination use of ATL1102 with 'exon skipping' therapies, and in limb girdle muscular dystrophy R2 (also known as dysferlinopathy). Both projects showed encouraging indications of synergistic efficacy and point to the potential for significantly expanded use of ATL1102 in the clinic.

ATL1102 Toxicology Study

In March 2023, the Company commenced a nine-month chronic toxicology study of ATL1102 in non-human primates. This data had previously been indicated by the US FDA as a requirement for dosing in humans beyond six months' duration. Successful completion of the nine-month chronic monkey toxicology study should also allow the Company to apply for expedited program status with FDA including Fast Track or potential Breakthrough Therapy designation.

The study completed dosing in December 2023, as scheduled. A number of animals proceed to a recovery period, and all are then sacrificed and subjected to pathological assessment. Final data from the study is expected in mid-2024.

ATL1102 Regulatory

US FDA has granted ATL1102 Orphan Drug Designation (ODD) and Rare Pediatric Disease Designation (RPDD) for the treatment of DMD. ODD provides sponsors with certain benefits, including the waiver of PDUFA fees (currently in excess of US$ 3 million) and a period of data exclusivity post-approval. RPDD allows a sponsor to apply for a pediatric priority review voucher (pPRV) if the drug is approved in the specified pediatric indication.

The Company expects to undertake further discussion with FDA and with other agencies following the availability of initial data from the ongoing phase IIb study of ATL1102.

R&D Tax Incentive

In February 2024, the Company advised that it had received from the Australian Taxation Office an R&D Tax Incentive refund payment of $1,576,657. The amounts received were in relation to the expenditure incurred on eligible R&D activities undertaken in Australia & Overseas for the 2023 financial year. The Company anticipates a research and development tax concession of $789,132 in relation to expenditure incurred on eligible R&D activities for the 31 December 2023 reporting period (31 December 2022: $321,988).

Financial Position

At 31 December 2023, the Company had cash reserves (including Term Deposits) of $17,193,025 (30 June 2023: $10,967,259).

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1 (where rounding is applicable) and where noted ($) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

Events after balance sheet date

Principal Place of Business/Registered Office

The Company completed the move from its prior location of Level 1, 14 Wallace Avenue, Toorak Victoria to Level 30, Collins Place, 35 Collins Street, Victoria during February 2024. All contact numbers remain the same. For more information refer to Note 9.

On 12 February 2024, Percheron received $1.57m from the Australian Taxation Office under the Australian Government's R&D tax incentive. The refund is in recognition of Percheron's R&D activities during the 2023 financial year.

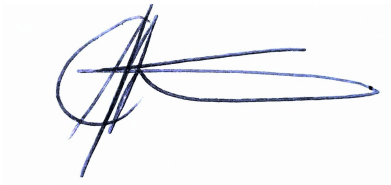
No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.



Dr Charmaine Gittleson
Non Executive Chair

James Garner

Dr James Garner
Managing Director/CEO

28 February 2024

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Auditor's independence declaration to the directors of Percheron Therapeutics Limited (formerly known as Antisense Therapeutics Limited)

As lead auditor for the review of the half-year financial report of Percheron Therapeutics Limited (formerly known as Antisense Therapeutics Limited) for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

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

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Matt Biernat
Partner
28 February 2024

Percheron Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
Revenue			
Other income	4	1,200,108	493,381
Expenses			
Administration	5	(874,266)	(945,855)
Research and development	6	(4,109,488)	(4,026,128)
Depreciation		(5,981)	(5,741)
Patent		(43,134)	(19,217)
Foreign exchange (losses)		(1,566)	(1,930)
Occupancy		(1,257)	(1,595)
Share-based payments		(107,867)	(179,105)
Deprecation (Leased Assets)		(41,424)	(41,750)
Corporate employee expenses		(755,830)	(540,628)
Finance costs		(2,618)	(4,546)
Loss before income tax expense		(4,743,323)	(5,273,114)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Percheron Therapeutics Limited		(4,743,323)	(5,273,114)
Other comprehensive loss for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Percheron Therapeutics Limited		(4,743,323)	(5,273,114)
		Cents	**Cents**
Basic loss per share	10	(0.66)	(0.79)
Diluted loss per share	10	(0.66)	(0.79)

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

Percheron Therapeutics Limited
Statement of financial position
As at 31 December 2023

	Note	31 Dec 2023 $	30 Jun 2023 $
Assets			
Current assets			
Cash and cash equivalents	7	17,193,025	10,967,259
Trade and other receivables	8	2,615,449	1,658,504
Prepayments		137,700	66,474
Total current assets		19,946,174	12,692,237
Non-current assets			
Property, plant and equipment		19,693	25,674
Right-of-use assets	9	13,508	125,117
Total non-current assets		33,201	150,791
Total assets		**19,979,375**	**12,843,028**
Liabilities			
Current liabilities			
Trade and other payables	11	3,291,433	2,532,299
Lease liabilities	12	16,137	94,078
Employee benefits	13	217,331	185,907
Total current liabilities		3,524,901	2,812,284
Non-current liabilities			
Lease liabilities	12	-	48,021
Employee benefits	13	6,018	7,058
Total non-current liabilities		6,018	55,079
Total liabilities		**3,530,919**	**2,867,363**
Net Assets		**16,448,456**	**9,975,665**
Equity			
Issued capital	15	109,371,042	98,262,795
Reserves	16	1,631,754	4,002,088
Accumulated losses		(94,554,340)	(92,289,218)
Total equity		**16,448,456**	**9,975,665**

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

Percheron Therapeutics Limited
Statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2022	98,134,995	3,915,834	(80,909,390)	21,141,439
Loss after income tax expense for the half-year	-	-	(5,273,114)	(5,273,114)
Other comprehensive loss for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(5,273,114)	(5,273,114)
Transactions with owners in their capacity as owners:				
Share-based payments	-	179,105	-	179,105
Issue of share capital	127,800	(127,800)	-	-
Balance at 31 December 2022	**98,262,795**	**3,967,139**	**(86,182,504)**	**16,047,430**

	Issued capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2023	98,262,795	4,002,088	(92,289,218)	9,975,665
Loss after income tax expense for the half-year	-	-	(4,743,323)	(4,743,323)
Other comprehensive loss for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(4,743,323)	(4,743,323)
Transactions with owners in their capacity as owners:				
Contributions of equity, Transaction costs related to issue of share capital (note 15)	11,108,247	-	-	11,108,247
Issue of Options (note 14)	-	107,867	-	107,867
Options Expired	-	(2,478,201)	2,478,201	-
Balance at 31 December 2023	**109,371,042**	**1,631,754**	**(94,554,340)**	**16,448,456**

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

Percheron Therapeutics Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(5,060,847)	(3,585,323)
R&D Tax concession refund		-	909,040
Interest received		317,533	135,316
Interest and other finance costs paid		(2,618)	(4,546)
Net cash used in operating activities		**(4,745,932)**	**(2,545,513)**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,578)	(22,733)
Net cash used in investing activities		**(6,578)**	**(22,733)**
Cash flows from financing activities			
Proceeds from issue of shares	15	11,611,521	-
Transaction costs related to issue of share capital	15	(503,274)	-
Interest and other finance costs paid	12	(88,547)	-
Repayment of lease liabilities	12	(41,424)	(42,036)
Net cash from/(used in) financing activities		**10,978,276**	**(42,036)**
Net increase/(decrease) in cash and cash equivalents		6,225,766	(2,610,282)
Cash and cash equivalents at the beginning of the financial half-year		10,967,259	19,233,183
Cash and cash equivalents at the end of the financial half-year	7	**17,193,025**	**16,622,901**

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

Note 1. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The Directors have prepared the interim report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss from ordinary activities of $4,743,323 during the period ended 31 December 2023 (31 December 2022: $5,273,114) including expenses relating to the issue of options "share-based payments" of $107,867 (31 December 2022: $179,105) and incurred an operating cash outflow of $4,745,932 (31 December 2022: $2,545,513).

The Company will be required to fund its ongoing clinical development projects in FY24 (including the ongoing clinical trial of ATL1102 in DMD). The cash balance at 31 December 2023 is $17,193,025 (30 June 2023: $10,967,259).

For the further clinical development projects and to continue to pay its debts as and when they fall due, the Company may need to access additional capital in addition to the proceeds from the equity transactions in 2023. In the event the Company is unable to access additional capital or secure partnering opportunities to progress its clinical development projects, a material uncertainty exists regarding its ability to continue as a going concern.

After consideration of the available facts the Directors have concluded that the going concern basis is appropriate given the Company's track record of raising capital and the status of ongoing discussions with various parties. Accordingly, the financial statements do 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 Company not continue as a going concern.

Note 2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Significant accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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 calculated and therefore is subject to a degree of uncertainty.

Note 3. Dividends

There were no dividends paid, recommended or declared during the current year, 31 December 2023 or previous financial half-year (31 December 2022; Nil).

Note 4. Other income

	31 Dec 2023 $	31 Dec 2022 $
Interest from external parties	410,976	171,393
Research and development tax concession	789,132	321,988
Other income	**1,200,108**	**493,381**

The Research and development tax concession anticipated refund for expenditure incurred for the 31 December 2023, reporting period is $789,132 (31 December 2022 $321,988).

Note 5. Administration

	31 Dec 2023 $	31 Dec 2022 $
Business development expenses	634,660	750,157
Compliance expenses	210,342	167,167
Office expenses	29,264	28,531
	874,266	**945,855**

Note 6. Research and development

	31 Dec 2023 $	31 Dec 2022 $
ATL 1102	3,607,135	2,847,222
ATL 1103	36,600	35,279
Research and development	465,753	1,143,627
	4,109,488	**4,026,128**

Note 7. Cash and cash equivalents

	31 Dec 2023 $	30 Jun 2023 $
Current assets		
Cash at bank	693,025	467,259
Cash on deposit	16,500,000	10,500,000
	17,193,025	**10,967,259**

During the 31 December 2023 period, the Company allocated $2 million to a short-term deposit with a maturity date of 08 January 2024. Further subsequent term deposits of $5 million with a maturity date of 26 February 2024 and $5 million with a maturity date of 12 March 2024 were established. With the remaining $4.5 million At Call. All term deposits are less than 3 months and the Company has the ability to call upon them if required.

Note 8. Trade and other receivables

	31 Dec 2023 $	30 Jun 2023 $
Current assets		
Trade receivables	-	11,329
Research and development tax concession receivable	2,365,788	1,576,657
Other receivables - Deposits paid	60,000	10,000
Interest receivable	147,116	44,553
Other receivables	42,545	15,965
	2,615,449	**1,658,504**

As at 31 December 2023 period, the Research and Development tax concession receivable comprises the anticipated return from 31 December 2023 of $789,131 and the lodged return from financial year ended 30 June 2023 of $1,576,657 which was received on 09 February 2024.789

Note 9. Right-of-use assets

	31 Dec 2023 $	30 Jun 2023 $
Non-current assets		
Land and buildings - right-of-use	421,829	492,014
Less: Accumulated depreciation	(408,321)	(366,897)
	13,508	**125,117**

Note 9. Right-of-use assets (continued)

(I) Amounts recognised in the Balance Sheet

The Company has identified a subsequent event to period ended 31 December 2023 with the change of principal place of business from Level 1, 14 Wallace Avenue, Toorak to Level 30, Collins Place, 35 Collins Street, Melbourne VIC 3000. The lease is effective 5 February 2024 with a term of 13 months.

Note 10. Earnings per share

Basic Earnings per share (EPS) amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for dilution factors) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would by issued on impact of all the dilutive potential ordinary shares into ordinary shares.

	31 Dec 2023 $	30 Jun 2023 $
Loss after income tax attributable to the owners of Percheron Therapeutics Limited	(4,743,323)	(5,273,114)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	724,112,101	668,845,608
Weighted average number of ordinary shares used in calculating diluted earnings per share	**724,112,101**	**668,845,608**
	Cents	**Cents**
Basic loss per share	(0.66)	(0.79)
Diluted loss per share	(0.66)	(0.79)

There have been no other conversions to call of, or subscriptions for ordinary shares, or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

As at 31 December 2023, the Company had 107,576,886 unlisted options outstanding, which at the election of the option holder, are convertible into the following:

Expiry Date	Unlisted Options
18/03/2025	4,000,000 ordinary shares at $0.185 exercise price
18/03/2025	10,500,000 ordinary shares at $0.27 exercise price
20/12/2024	83,386,666 ordinary shares at $0.48 exercise price
30/06/2028	3,000,000 ordinary shares at $0.061 exercise price
07/08/2028	6,690,000 ordinary shares at $0.070 exercise price

Note 11. Trade and other payables

	31 Dec 2023 $	30 Jun 2023 $
Current liabilities		
Trade payables	875,609	1,022,819
Accrued expenses	2,415,641	1,509,480
Other payables	183	-
	3,291,433	**2,532,299**

Note 12. Lease liabilities

(i) The Company's leasing activities and how these are accounted for:

The Company's leased asset consisted of:
*Subsequent to the period end 31 December 2023, the Company terminated their lease at Level 1, 14 Wallace Avenue, Toorak, Victoria and commenced their new lease at Level 30, Collins Place, 35 Collins Street, Melbourne, Victoria. Refer to Note 9 for further information.
* Recognition of the change of principal place of business has been taken up in the 31 December 2023 accounts as the lease was entered into subsequent to the period end.

	31 Dec 2023 $	30 Jun 2023 $
Current liabilities		
Lease liability	16,137	94,078
Non-current liabilities		
Lease liability	-	48,021
	16,137	**142,099**

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

	31 Dec 2023 $	31 Dec 2022 $
Depreciation expense	(41,424)	(41,750)
Interest expense (included in finance costs)	(2,618)	(4,546)
	(44,042)	**(46,296)**

Note 13. Employee benefits

	31 Dec 2023 $	30 Jun 2023 $
Current liabilities		
Annual leave	78,721	60,313
Long service leave	138,610	125,594
Subtotal Current Liabilities	**217,331**	**185,907**
Non-current liabilities		
Long service leave	6,018	7,058
Total Employee Benefits	**223,349**	**192,965**

Note 14. Share-based payments

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

The model inputs for options granted during the half year ended 31 December 2023 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
15/11/2023	07/08/2028	$0.070	6,690,000	$0.062	79.61%	-	4.172%	$0.0373
15/11/2023	30/06/2028	$0.061	3,000,000	$0.062	79.27%	-	4.172%	$0.0389
			9,690,000					

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

Grant Date	Expiry Date	Exercise Price	No. of Options	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per option
21/12/2022	20/12/2024	$0.480	3,000,000	$0.089	87.63%	-	3.185%	$0.0100
21/12/2022	18/03/2025	$0.185	2,000,000	$0.089	92.68%	-	3.185%	$0.0313
21/12/2022	18/03/2025	$0.270	2,500,000	$0.089	92.68%	-	3.185%	$0.0243
			7,500,000					

Note 15. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $	30 Jun 2023 $
Ordinary shares - fully paid	901,544,971	669,314,536	109,371,042	98,262,795

Note 15. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
At the beginning of the period	1 July 2023	669,314,536		98,262,795
Issue of Shares	24 July 2023	166,990,435	$0.05	8,349,522
Issue of Shares	22 August 2023	65,240,000	$0.05	3,262,000
Transaction costs related to issue of share capital		-	$0.00	(503,275)
At the end of the period	31 December 2023	**901,544,971**		**109,371,042**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 16. Reserves

The option reserve

	31 Dec 2023 $	31 Dec 2022 $
Share-based payments reserve	1,631,754	4,002,088

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

	AUD $	Number of options $
Balance at 1 July 2023	4,002,088	60,500,000
Options Expired	(2,478,201)	(43,000,000)
Options Issued	107,867	3,000,000
Balance at 31 December 2023	**1,631,754**	**20,500,000**

Note 17. Operating segments

Identification of reportable operating segments
The Company operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segments continue to be based on the manner in which the expenses are incurred. Discrete financial information about each of these operating segments is reported to the Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

Operating Segments
* ATL1102
* ATL1103

The assets and liabilities of the Company are not allocated to a segment.

All revenue and other income and expenses that do not directly relate to these two operating segments have been currently reported as unallocated.

Half Year ended 31 December 2023	ATL1102	ATL1103	Total Segments	Unallocated	Total Segments and Unallocated
	$	$	$	$	$
Revenue	-	-	-	1,200,108	1,200,108
Operating Expenses	(3,607,135)	(36,597)	(3,643,733)	(2,224,193)	(5,867,926)
Segment Results	**(3,607,135)**	**(36,597)**	**(3,643,733)**	**(1,024,085)**	**(4,667,818)**

Half Year ended 31 December 2022	ATL1102 $	ATL1103 $	Total Segments $	Unallocated $	Total Segments and Unallocated
Other Income	321,988	-	321,988	-	321,988
Operating Expenses	(2,847,222)	(35,279)	(2,882,501)	(2,883,994)	(5,766,495)
Segment Results	**(2,525,234)**	**(35,279)**	**(2,560,513)**	**(2,883,994)**	**(5,444,507)**

Note 18. Commitments

As at 31 December 2023, the Company had commitments of AUD$Nil (30 Jun 2023: AUD$1,617,807) in relation to manufacture of clinical trial supplies.

Note 19. Events after the reporting period

Principal Place of Business/Registered Office

The Company completed the move from its prior location of Level 1, 14 Wallace Avenue, Toorak Victoria to Level 30, Collins Place, 35 Collins Street, Victoria during February 2024. All contact numbers remain the same. For more information refer to Note 9.

On 12 February 2024, Percheron received $1.57m from the Australian Taxation Office under the Australian Government's R&D tax incentive. The refund is in recognition of Percheron's R&D activities during the 2023 financial year.

There have not been any other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, which significantly affected, or may significantly affect the operations of Percheron Therapeutics Limited, the results of those operations or the state of affairs of Percheron Therapeutics Limited in future financial years.

Percheron Therapeutics Limited
Directors' declaration
31 December 2023

In accordance with a resolution of the Directors of Percheron Therapeutics Limited, we state that:

1) In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial half-year ended 31 December 2023.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001.*

On behalf of the Board

Dr Charmaine Gittleson
Non Executive Chair

James Garner

Dr James Garner
Managing Director/CEO

28 February 2024

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Independent auditor's review report to the members of Percheron Therapeutics Limited (formerly known as Antisense Therapeutics Limited)

Conclusion

We have reviewed the accompanying half-year financial report of Percheron Therapeutics Limited (formerly known as Antisense Therapeutics Limited) (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a. Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of $4.74m and a cash outflow from operations of $4.75m during the half year ended 31 December 2023. These conditions along with the other factors outlined in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

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

Building a better working world

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Matt Biernat
Partner
Melbourne
28 February 2024