QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Melbourne, Australia – 31 January 2025: Percheron Therapeutics Limited (ASX:PER, "Percheron" or "the Company"), an international biotechnology company focused on the development of novel therapies for rare diseases, is pleased to provide an update on the Company's continuing progress during the quarter ended 31 December 2024.

Key Points

- **Topline data from phase IIb study of avicursen in Duchenne muscular dystrophy (DMD) fails to show efficacy signal.** The study was terminated with immediate effect, and the Company has embarked on a strategic review to identify the optimal path forward for the pipeline and the Company, with conclusions anticipated during 1Q CY2025.

- **Percheron completes $13.0m institutional placement and $1.85m Share Purchase Plan.** The proceeds had been intended to fund the remaining part of the phase IIb avicursen study and will now be applied to pursuing new opportunities that provide the swiftest and most reliable path to generating shareholder value.

- **Reorganisation of US-quoted securities.** The Company uplisted its foreign shares (F shares), previously trading on the Pink Sheets with the ticker ATHJF, to the OTCQB tier of the over-the-counter (OTC) markets, where they now trade with the ticker PERCF.

"The results of the avicursen phase IIb study in DMD have understandably come as a disappointment and indeed a surprise to all of us," commented Percheron CEO, Dr James Garner. "We are focused now on concluding the study as swiftly and economically as possible, and on properly interpreting and analysing the results. The decision to terminate a study under such circumstances is always a difficult one, but the Board takes a strong view that it is not in the interests of patients or shareholders for a study that has no real path to success to continue. We have already begun to accelerate ongoing in-licensing discussions, and we are currently reviewing several promising opportunities under confidentiality."

Topline data from phase IIb study of avicursen in DMD

The Company announced topline data from the phase IIb study of avicursen in DMD on Wednesday 18 December, following a two-day trading halt, and having received initial data in the late evening on Friday 13 December.

The trial did not meet its primary endpoint, which was Performance of the Upper Limb 2.0 (PUL2.0) score at week 25 compared to placebo. The least squares mean change in PUL2.0 score for patients receiving placebo was -1.4, for patients receiving 25mg of avicursen was -1.8 (p=0.695), and for patients receiving 50mg of avicursen was -1.6 (p=0.919). A p-value above 0.05 means that any numerical difference observed is not statistically significant.

The drug was safe and well-tolerated, with injection site reactions the most common treatment-emergent adverse event. Injection site reactions were more common at the 50mg dose than at the 25mg dose, but all were considered mild or moderate by investigators.

After careful consideration of these results, and in consultation with investigators, the Company determined that it was not in the best interests of patients or shareholders for the study to continue and therefore resolved to terminate it as soon as practicable. As of 31 January 2025, almost all operational study activities have been successfully shut down, and the Company is primarily focused on fulfilling necessary procedural, quality assurance, regulatory, and documentation obligations.

Aside from necessary costs associated with an orderly close-out of the study, the Company has halted all expenditure associated with the ATL1102 program and has taken measures to conserve its cash resources to the fullest extent possible.

The Company has received several tranches of additional data during January 2025, principally comprising the results of various laboratory tests. It has also received clinical data from the remainder of the study, since the December read-out represented only the first six months of treatment for each patient. While some analyses remain ongoing, the Company believes that it has a substantially complete picture of the study results and accordingly has arranged a webinar to share these with investors, as outlined below.

Shareholder webinar

The Company is pleased to invite shareholders and investors to an investor update webinar and Q&A with CEO and Managing Director, Dr James Garner and Chief Medical Officer, Dr Cathryn Clary. The webinar will discuss the results of the phase IIb avicursen study in more detail, and will share emerging insights from the Company's review.

The webinar will be held Thursday 6 February 2025 at 9:00am (AEDT).

Anyone wishing to attend the webinar is invited to register at the following link:

https://us02web.zoom.us/webinar/register/WN_Ex9lCP6AQ_63SGulZlCogA

After registering you will receive a confirmation email containing information about joining the webinar. A recording of the webinar will be available on the Company's website shortly after the live session.

Engagement with potential in-licensing partners

In January 2025, Percheron CEO, Dr James Garner, attended the JP Morgan Healthcare Conference in San Francisco, CA. The JP Morgan conference is one of the largest investment and partnering events in the world for life sciences companies.

The primary focus of the Company's attendance this year was to identify potential in-licensing interest to help rebuild the pipeline after the failure of the avicursen DMD study. Dr Garner attended more than fifty meetings with potential licensors, and a number of engagements have now proceeded to further discussion under confidentiality.

Reorganisation of US-quoted securities

In December 2024, the Company announced that it had discontinued its existing American Depository Receipt (ADR) facility with BNY Mellon and had uplisted its foreign shares (F shares), trading with the ticker ATHJF, to the OTCQB tier of the over-the counter markets. The ADRs, trading with the ticker ATHJY, will no longer be quoted via over-the-counter markets. The Company has successfully applied to the US Financial Industry Regulatory Authority (FINRA) to assume sponsorship of the F shares and to change the ticker from ATHJF to PERCF.

Two tranche Institutional placement raises $13 million in new equity capital

On Friday, 18 October 2024, the Company announced to the ASX a two-tranche placement of new Shares to institutional investors. The institutional placement is comprised of:

(a) the issue of approximately 135.2m Shares to raise approximately A$10.8 million issued under the Company's Listing Rule 7.1 placement capacity ("Placement Capacity") ("Tranche 1"); and

(b) a further proposed issue of approximately 27.5m Shares to raise approximately an additional A$2.2 million subject to the approval of shareholders to the refresh of the Company's Placement Capacity at the Company's upcoming Annual General Meeting held on 21 November 2024 ("Tranche 2"),

together, (the "Placement").

Under the Placement, Percheron issued a total of 162.7 million Shares in the Company at a price of $0.08 per Share, which represented a discount of 25.3% to the 30-day volume weighted average of the Company's ordinary shares prior to the trading halt on 16 October 2024. Canaccord Genuity (Australia) Limited acted as sole lead manager and bookrunner to the Placement.

Following Tranche 1, the Company launched a Share Purchase Plan (SPP) to raise up to A$2.0 million, which entitled all eligible shareholders to purchase up to $30,000 of new shares in the Company's stock at the same price as the institutional placement. The SPP closed on Friday, 8 November 2024 and raised $1.85m.

Notices received under S203D(2) and S249D

On 7 January 2025 the Company announced that it had received notices under S203D (2) and S249D of the Corporations Act 2001 (Cth) on behalf of Dale Anthony Reed, Gregory Norman Peters, Robert William Moses, Statemoor Pty Ltd ACN 071 839 097 <Peters SF A/C>, Xcelerate Nominees Pty Ltd ACN 150 841 053 <Xcelerate Super Fund A/C>, David Kenley, XEC Partners Pty Ltd ACN 606 502 649 <XEC Partners A/C>, Xcelerate Trading Pty Ltd ACN 167 205 665 <Xcelerate Trading A/C> and Statemoor Pty Ltd ACN 071 839 097 <Peters Family A/C> (together, the Requisitioning Shareholders) who purport to collectively hold over 5% of the votes that may be cast at a general meeting of the Company. The Requisitioning Shareholders have also provided the Company with a members' statement under Section 249P.

The Requisitioning Shareholders have requested that the Company propose to Shareholders that the Chair, Dr Charmaine Gittleson and CEO and Managing Director, Dr James Garner, be removed as Directors and that Mr Gregory Peters and Mr Gennadi Koutchin be appointed as Directors. On 24 January 2025 the Company announced that it would convene a General Meeting on 4 March 2025 to consider these resolutions.

Details of the Company's response to these notices can be found at https://percherontx.com/.

Financial Position

As noted in the accompanying unaudited quarterly cashflow report (Appendix 4C), the Company closed the quarter ending 31 December 2024 with a cash balance of $17.39 million, compared to $8.01 million at the end of the previous quarter.

Net cash outflows from operating activities for the quarter were $2.91 million including research and development expenditure of $3.79 million representing payments for the Company's phase IIb clinical trial of ATL1102 in non-ambulant boys. After the trial failed to meet its primary endpoint in December 2024 it was agreed to terminate the trial immediately. After discussions with relevant service providers the Company expects trial closure costs to be in the range of $6.0m to $7.0m.

The Company has set aside an amount of $0.45m to cover the costs associated with the S203D and S249D notices received by the Company in January this year and to provide for contractual payments in the event that the requisitioners are successful in removing Dr Charmaine Gittleson and Dr James Garner as Directors of the Company.

On 8 October 2024 the Company received a Research and Development Tax Incentive rebate (RDTI) of $2.35 million ('R&D Refund') for the 2024 financial year. The amount received was in relation to expenditure incurred on eligible R&D activities undertaken in Australia and overseas.

The Company made payments to related parties of the entity as disclosed in Item 6 of the Appendix 4C amounting to approximately $0.20 million. These payments represent salaries, directors' fees, and consulting fees on normal commercial terms.

Based on current forecast activities, the Company projects capital into CY2026.

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About Percheron Therapeutics Limited

Percheron Therapeutics Limited [ASX: PER | US OTCQB: PERCF] is a publicly listed biotechnology company focused on the development and commercialisation of novel therapies for rare diseases. The company's lead program is avicursen (ATL1102), an antisense oligonucleotide targeting the CD49d receptor, which has been investigated in a range of inflammatory conditions, including multiple sclerosis and Duchenne muscular dystrophy.
For more information, please contact info@PercheronTx.com.

This announcement has been authorized for release to the Australian Securities Exchange by the Board of Directors.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Percheron Therapeutics Limited	
ABN	**Quarter ended ("current quarter")**
41 095 060 745	31 December 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(3,793)	(7,890)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(4)	(14)
	(d) leased assets	(23)	(41)
	(e) staff costs	(539)	(1,529)
	(f) administration and corporate costs	(933)	(1,453)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	32	131
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2,354	2,354
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,906)**	**(8,442)**

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(4)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**(4)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	14,871	14,871
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(891)	(891)
3.5	Proceeds from borrowings	-	1,687
3.6	Repayment of borrowings	(1,700)	(1,700)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**12,280**	**13,967**

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,014	11,867
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,906)	(8,442)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,280	13,967
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**17,388**	**17,388**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	588	2,014
5.2	Call deposits	16,800	6,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**17,388**	**8,014**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 [1]	201
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

1. Director fees and salary payments made to Directors of the Company during 1 October 2024 and 31 December 2024.

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Corporate Credit Cards)	40	3
7.4	**Total financing facilities**	40	3

7.5	**Unused financing facilities available at quarter end**	37

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Credit card facility – American Express

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,906)
8.2	Cash and cash equivalents at quarter end (item 4.6)	17,388
8.3	Unused finance facilities available at quarter end (item 7.5)	37
8.4	Total available funding (item 8.2 + item 8.3)	**17,425**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: By the Board of Directors of Percheron Therapeutics Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.