LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Melbourne, Australia – 2 April 2025: Percheron Therapeutics Limited (ASX: PER or "the Company") is pleased to provide the attached letter to shareholders from the Board of Directors. The letter will be despatched to all shareholders today.

~ ENDS ~

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.

---

2 April 2025

From the Board of Directors of Percheron Therapeutics Limited

Dear Shareholder,

Almost three months ago, we wrote to you outlining the steps that the Board was taking to restore and rebuild the Company, and we provided some initial perspectives on the path forward. We thought it would now be timely to provide you with a follow-up communication, to summarise the progress that has been made and to provide you with additional clarity on the Company's near- and medium-term future objectives.

Before doing so, we want to express our enormous gratitude for your overwhelming support and patience during this very challenging period. We have had hundreds of conversations with individual shareholders over the past several months and, without exception, you have been generous in sharing your time, your perspectives, and your insights. We have done our utmost to take account of your feedback and to address your concerns, and we will continue to do so.

Wind-Down of Phase IIb Clinical Trial

All operational activities at each of the participating trial sites have now been concluded. Study-related equipment, such as the MyoGrip and MyoPinch devices, will be returned to the vendors. Surplus study drug, and study materials such as patient diaries, are for the most part being destroyed at site, unless there is a strong rationale to recover them for future use.

A significant proportion of the Company's contractual agreements with vendors have been terminated, and associated financial commitments have been paid. The agreement with Parexel, the contract research organisation with primary responsibility for conduct of the study, will remain ongoing for several more months in order to provide for regulatory and administrative tasks such as generation of a clinical study report and necessary regulatory submissions.

The team has made all possible efforts to save money in the closure of the study and has had some success in reducing the overall financial impact. We expect to provide a more detailed update on the Company's financial position in the Appendix 4C filing for the March quarter, which will be lodged before the end of April 2025.

In effect though, the study is operationally complete, and the tasks that remain are substantially those associated with the generation of an abbreviated clinical study report (CSR), necessary submissions to institutional review boards (IRBs) and regulatory agencies, and to otherwise conclude the study in a professional and responsible manner.

Strategic Review of Pipeline

The Board has devoted some time to evaluating the Company's pipeline, with the goal of assessing what residual value may remain in ATL1102 and ATL1103.

We do not propose to invest any material company funds in the further development of ATL1102. However, we will keep the program alive but dormant for at least the remainder of CY2025, so that we can opportunistically explore potential interest from investigators or partners. The drug is clearly biologically active, and it may be that further experimentation can provide useful general insights and perhaps even identify potential new uses for ATL1102. However, we do not believe that this represents a compelling opportunity for shareholders, and so any further research will need to be substantially funded and performed by external parties. We don't have a strong sense at this stage as to how much interest there will be, but we will make reasonable efforts to retain any value that we can out from the program.

We have also made the decision that the development of atesidorsen (ATL1103) will be discontinued. After careful assessment of the commercial landscape in acromegaly, and considering the likely path to approval, we do not see sufficient potential for an economic return on this asset.

Cost Reduction Program

Consistent with these reductions in the Company's activity, the team has been significantly down-sized, with a consequent decrease in people costs that will primarily take effect from the June quarter of FY2025 and onwards. It has been difficult to farewell valued colleagues, but the Board considers it imperative that the Company conserve every dollar possible going forward.

To this end, and as previously communicated, the non-executive directors have deferred certain Board fees, and the CEO has volunteered to defer 50% of his salary. These measures will substantially take effect from the June quarter of FY2025.

All non-essential operating expense in the business has been terminated, paused, or deferred. A number of the Company's business partners have graciously agreed to reduce fees or to suspend their contractual engagements at this time, so as to minimise the Company's cash burn.

Partnering

We announced in February that we had submitted a non-binding proposal to an international pharmaceutical company to in-license a new drug development program into Percheron. The program we have set our sights on is in a rare neurological disease, which allows us to leverage and repurpose much of the infrastructure, expertise, and networks that we have built during our work in Duchenne.

The asset is 'clinic ready', which means that we expect that the Company could re-enter clinical trials by early CY2026. This is critical, because it is primarily the prospect and attainment of clinical milestones and clinical data that drives enterprise value in a biotech company. We have therefore sought to prioritise opportunities that allow us to return to the clinic as swiftly as possible.

Shareholders should not be concerned that the opportunity is described as a 'rare disease'. Such programs are typically faster and less expensive to develop than those in a very large indication such as diabetes or hypertension. Moreover, successful products in rare diseases typically command a substantial price premium. Many multi-billion dollar companies have been built on such a pipeline.

Our negotiations continue, under confidentiality at this time. We will endeavour to give you as much transparency as possible as those negotiations proceed.

In the meantime, we are not putting all our eggs in one basket. The Company has made significant progress in discussions with several other companies over recent weeks and is considering submission of further non-binding proposals. The opportunities we are looking at could be accretive to the one that has already been identified, or they could provide an alternative path forward if we are unable to negotiate an optimal transaction. We will keep shareholders updated on these several parallel discussions as they move forward.

General Meeting Requisitions

Finally, we are obliged to address a topic that was not anticipated in our January communication, but which has occupied a significant amount of shareholder attention since then.

In early January, we received a requisition under section 203D and section 249D of the Corporations Act from five shareholders, seeking to remove two of the three existing Directors and replace them with candidates of their own nomination. A General Meeting was held on 4 March 2025 to consider these proposals, and shareholders voted decisively to retain the current Board.

We very much regret that a second attempt is now ongoing. A single shareholder, Powerhouse Ventures Limited (ASX: PVL), who have substantially acquired their shares in the Company since the December ATL1102 data read-out, are now seeking to remove all three of the Company's Directors and replace them with candidates of their own

nomination. A General Meeting to consider these proposals will be held on Thursday 24th April, at 4pm, AEDT, in Sydney, NSW.

You will have seen our statement on this topic elsewhere, and we do not propose to reiterate all the relevant points here. We would only stress that the decision before shareholders on this occasion is an existential one. Powerhouse's track record with other companies demonstrates a business model focused more on fee extraction than on value generation. We do not believe that they are likely to restore full value to Percheron, or to generate an optimal outcome for our shareholders. We note that one of their portfolio investments, Site International Group, recently went into voluntary administration. However, they are an experienced and deep-pocketed challenger, and it is imperative that shareholders rise once more to the defence of the Company if they wish to see Percheron remain a drug development business, and continue on the path to recovery that the existing Directors have set in motion.

To that end, we have taken the liberty of including with this letter, at our own personal expense, a pre-populated voting form. If you have not voted already, you may do so simply by signing the enclosed form and returning it by email, fax or post to the contact details provided on the first page. Many shareholders have voted already, but every vote will count, and we implore those who have not done so already to vote in support of the Company, which means voting **AGAINST all resolutions**. The closing date for receipt of proxy forms is 4.00pm Tuesday 22 April 2025, so you must act swiftly so that your voice is heard.

In closing, we want to thank you again for your support during this complex period in the Company's history. Each of the Directors remain steadfast believers in Percheron's potential, but we recognise that no company can long survive without the support of its shareholders. It has inspired us (and perhaps surprised several of our recent assailants) to see the extent to which shareholders have stepped up as not merely the owners of the Company, but also as its champions. This is *your* company, and we believe that it should be managed on your behalf, in accordance with your wishes, and with full transparency. That is the objective of this Board, and that is our commitment to you if you choose to support the Company on 24 April 2025.

Yours faithfully,

Dr Charmaine Gittleson
Chair of the Board

Dr Gil Price
Non-Executive Director
and Chair of Audit

Dr James Garner
Managing Director