QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Melbourne, Australia – 31 October 2024: 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 30 September 2024.

Key Points

- **Avicursen (ATL 1102) shows preclinical activity in autoimmune epilepsy.** New data in an animal model of autoimmune epilepsy shows a meaningful and statistically significant reduction in seizure frequency, suggesting a potential additional future indication for the drug.

- **Full completion of nine-month animal toxicology study shows no unexpected findings.** Results of the study remained broadly consistent with the earlier six-month study. No new or unexpected toxicities were observed, and no animals died on study.

- **Phase IIb clinical trial of avicursen in Duchenne muscular dystrophy remains on track for initial six-month data readout in December 2024.**

- **Oversubscribed two tranche institutional placement** of $13 million. Based on current forecast activities the company is now funded into CY26.

"The attention of shareholders is understandably focused on the upcoming initial readout from our ongoing phase IIb study of avicursen in DMD," commented Percheron CEO, Dr James Garner. "However, the team has also continued to make very good progress on other fronts. Completion of the nine-month animal toxicology study is most welcome, and we look forward to discussing this further with the FDA in early CY2025. The results seem to us to be very consistent with the earlier six-month study. Meanwhile, our recent institutional placement has provided the Company with capital into CY2026, based on our current activities, and we have launched an accompanying Share Purchase Plan to provide an equitable opportunity for existing shareholders to participate on the same terms as institutional investors."

Avicursen (ATL 1102) shows preclinical activity in autoimmune epilepsy

On 3 September 2024, the Company announced novel preclinical data for its lead program, avicursen, in a mouse model of autoimmune epilepsy.

The data provides further validation for avicursen's pharmacological activity as an anti-inflammatory agent and suggests a new group of patients who may benefit from avicursen in future.

The experiment showed a reduction in median seizure frequency between day 31 and day 43 of the experiment of 66% for the drug when compared to a saline control. The reduction was statistically significant, with $p < 0.05$. Similar treatment effects were observed when the active group was compared to a negative control mismatch oligonucleotide, and in comparison to a pooled group of saline and control oligonucleotide. No significant effect was seen in the duration or severity of seizures.

Full completion of animal toxicology study shows no unexpected findings

In May 2024, the Company provided an update on an ongoing nine-month GLP toxicology study in non-human primates. The study had previously been identified by the US FDA as a prerequisite, under most circumstances, for clinical trial activity or marketing authorisation in the United States.

Dosing of animals commenced in March 2023 and completed on schedule in December 2023. A six-month recovery period followed, in which some of the animals were observed for a further six months after cessation of treatment to assess the long-term effects of the drug. A final report was delivered to Percheron in September 2024.

Results of the study are considered broadly consistent with the earlier six-month study. No new or unexpected toxicities were observed, and no animals died on study. Expected low grade findings were fully reversible during the recovery period.

The Company expects to discuss the outcomes of the study with the FDA in early CY2025 with a view to enabling the conduct of future clinical trials in the United States and supporting potential product approval in that market.

Phase IIb study of avicursen in DMD remains on track for December readout

The ongoing international phase IIb clinical trial of avicursen in DMD continues as planned and generally to the Company's satisfaction. Percheron continues to expect initial six-month data from the study to be available in December 2024.

As at 30 September 2024, thirty four patients had completed participation in the blinded phase of the trial, comprising the first six months of treatment. Of these, three had completed all activities associated with trial participation, while the remainder continued in either the open-label phase of the study, comprising the second six months of treatment, or the four-month off-treatment follow-up period. To date, no patient has withdrawn from the trial prior to full completion.

As announced to the ASX post-period, following requests by investigators, the Company is working to implement a post-trial access program under which patients who have completed full participation in the trial will be eligible to continue receiving the drug for a period of time if they so wish. The program remains subject to individual country regulatory requirements and procedural considerations at each participating site.

International clinician Advisory Boards provide valuable input to avicursen strategy

In October 2024, the Company conducted two virtual Advisory Boards, in the United States and Europe respectively, comprising leading specialists in the DMD field.

The Advisory Boards were designed partly to familiarise key opinion leaders with avicursen's pharmacology and clinician data, and partly to allow Percheron to better understand potential use of the drug in clinician practice, its competitive position, and future development pathways in a range of scenarios.

The Company expects to hold further similar Advisory Boards in the future, as new data for avicursen becomes available, and as the regulatory strategy progresses. In the meantime, Percheron expects that this feedback from recent discussions will be of great utility as it considers potential discussions with the FDA and other regulatory agencies in CY2025.

Participation in investor conferences

In September 2024, the Company was pleased to participate in the inaugural HealthInvest 2024 Summit in Sydney, NSW. The Summit profiled several companies in the life sciences industry and provided an opportunity for investors to hear a company presentation and ask questions of management.

Also in September 2024, the Company participated in the Pitt Street Research Life Sciences conference in Sydney, NSW. The conference was attended by a number of professional and sophisticated investors and was facilitated by veteran biotech analyst, Stuart Roberts.

In October 2024, senior executives from Percheron attended the Wilsons Advisory Drug & Device Conference in Noosa, QLD. The conference ran over two days, with an interactive format comprising company presentations, panel discussions, and Q&A sessions, as well as extensive networking between participating companies and investors.

Participation in scientific conferences

Percheron was proud to sponsor the International Congress of Neuromuscular Diseases (ICNMD) annual conference in Perth, Western Australia, which was held from 25 – 29 October 2024.

The Congress brought together leading researchers and clinical experts in neuromuscular diseases from around the world and devoted one day of the agenda to muscular dystrophies. Percheron was a bronze sponsor, alongside Biogen and Merck. Several Percheron executives attended the meeting and took advantage of the opportunity to discuss the avicursen program at length with delegates.

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 to be held on 21 November 2024 ("Tranche 2"),

together, (the "Placement").

Under the Placement, and subject to receipt of shareholder approval to allow Tranche 2 to proceed, Percheron will issue a total of 162.7 million Shares in the Company at a price of $0.08 per Share, which represents 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.

The proceeds of the transaction will be primarily applied to full completion of the Company's ongoing international phase IIb clinical trial of avicursen in DMD, as well as for working capital purposes.

Following Tranche 1, the Company launched a Share Purchase Plan (SPP) to raise up to A$2.0 million, which entitles 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 is expected to close on or before Friday, 8 November 2024.

Financial Position

As noted in the accompanying unaudited quarterly cashflow report (Appendix 4C), the Company closed the quarter ending 30 September 2024 with a cash balance of $8.0 million, compared to $11.9 million at the end of the previous quarter.

Net cash outflows from operating activities for the quarter were $5.5 million including research and development expenditure of $4.1 million representing payments for the Company's phase IIb clinical trial of ATL1102 in non-ambulant boys. Expenditure increased in line with expectations as the trial progresses to the first data read out which is expected in December 2024.

As previously advised 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.

During the quarter, the Company entered into a short-term funding facility with Radium Capital (Facility) secured against its 2024 RDTI. The Facility allowed Percheron to access up to 80% of its accrued RDTI rebate early, as determined by a Radium-approved accounting firm based, on eligible expenditure. The drawn down amount was repayable on receipt of the RDTI rebate and attracted an interest charge of 1.33% per month. The Company received $1.7 million in advance funding from Radium Capital which was repaid on the date that proceeds from the R&D Refund were received.

The Company made payments to related parties of the entity as disclosed in Item 6 of the Appendix 4C amounting to approximately $0.41 million. These payments represent salaries, directors' fees, and consulting fees on normal commercial terms. Included within these amounts were bonus payments to Dr James Garner for the year ended 30 June 2024 as disclosed previously in the Company's Annual Report.

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

~ ENDS ~

About Percheron Therapeutics Limited

Percheron Therapeutics Limited [ASX: PER | US OTC: ATHJY | FSE: AWY] is a publicly listed biotechnology company focused on the development and commercialisation of novel therapies for rare diseases. The company's lead program is ATL1102, an antisense oligonucleotide targeting the CD49d receptor. ATL1102 is currently the subject of an ongoing international phase IIb clinical trial for the treatment of non-ambulant patients with Duchenne Muscular Dystrophy (DMD), for which data is expected in 2H CY2024. The drug has previously reported promising results from an exploratory phase IIa study in the same population and has been awarded orphan drug designation (ODD) and rare pediatric disease designation (RPDD) by the US FDA.

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	30 September 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(4,097)	(4,097)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(10)	(10)
	(d) leased assets	(18)	(18)
	(e) staff costs	(990)	(990)
	(f) administration and corporate costs	(520)	(520)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	99	99
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(5,536)**	**(5,536)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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)	(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)**	**(4)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	1,687	1,687
3.6	Repayment of borrowings	-	-
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**	**1,687**	**1,687**

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 (3 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	11,867	11,867
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,536)	(5,536)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,687	1,687
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**8,014**	**8,014**

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	2,014	367
5.2	Call deposits	6,000	11,500
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)**	**8,014**	**11,867**

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]	414
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 July 2024 and 30 September 2024. The above amount includes bonus payments to Mr James Garner for the year ended 30 June 2024 as previously disclosed in the Company's Annual Report.

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	1,687	1,687
7.2	Credit standby arrangements	-	-
7.3	Other (Corporate Credit Cards)	40	2
7.4	**Total financing facilities**	1,727	-

7.5	**Unused financing facilities available at quarter end**	38

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

The Company entered into a short-term funding facility secured against the 2024 Research and Development Tax Incentive rebate (RDTI) with Radium Capital (Facility). The Facility allowed Percheron to access up to 80% of its accrued RDTI rebate, as determined by a Radium-approved accounting firm based on eligible expenditure. The drawn amount was repayable upon receipt of the RDTI rebate and attracted an interest charge of 1.33% per month. The facility was repaid in full upon receipt of the 2024 RDTI in October 2024.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(5,536)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,014
8.3	Unused finance facilities available at quarter end (item 7.5)	38
8.4	Total available funding (item 8.2 + item 8.3)	**8,052**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.5

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: Percheron expect similar levels of expenditure for the remainder of FY2025. As announced to the market previously the Company's lead program is avicursen (ATL1102), an antisense oligonucleotide targeting the CD49d receptor. Avicursen is currently the subject of an ongoing international phase IIb clinical trial for the treatment of non-ambulant patients with Duchenne Muscular Dystrophy (DMD), for which primary endpoint data is expected in December 2024.

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: The Company is continually monitoring its forecast expenditure and expected cash flow position. As noted above the Company received its FY24 RDTI of $2.3m in October 2024. After repayment of the Facility (described at 7.6 above) the net additional proceeds available to Percheron were $0.6m. These funds along with the initial $1.7m are available to the Company.

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 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 to be held on 21 November 2024 ("Tranche 2"),

together, (the "Placement").

Under the Placement, and subject to receipt of shareholder approval to allow Tranche 2 to proceed, Percheron will issue a total of 162.7 million Shares in the Company at a price of $0.08 per Share, which represents 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.

Following Tranche 1, the Company launched a Share Purchase Plan (SPP) to raise up to A$2.0 million, which entitles 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 is expected to close on or before Friday, 8 November 2024.

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

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: The Company does expect to continue its operations and meets its objectives going forward for the reasons outlined in the response to question 8.6.2.

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 October 2024

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.