EDISON

Percheron Therapeutics

De-risking ahead of Phase II

Review note

Pharma and biotech

7 July 2026

We review Percheron Therapeutics ahead of its FY26 results (for the period ending June 2026) following several recent developments in the lead-up to Phase II initiation for lead asset HMBD-002. With the drug substance manufacturing now complete (by licensor Hummingbird Bio), final drug product manufacture remains on track for Q3 CY26, underpinning our expectation of Phase II initiation in Q4 CY26. Importantly, preclinical data presented at ASCO 2026 further strengthened the biological rationale for VISTA inhibition, and we expect TNBC to be evaluated as the initial target indication in the upcoming basket study. With the recent A$2.2m equity raise, we estimate Percheron to be funded into Q1 CY27, beyond anticipated trial commencement. Reflecting the progression towards Phase II and improved clinical visibility, we increase our valuation to A$84.4m from A $79.0m. Our per-share valuation moderates to 5.5c (from 7.3c), reflecting dilution from the capital raise.

Year end	Revenue (AUDm)	PBT (AUDm)	EPS (AUD)	DPS (AUc)	P/E (x)	Yield (%)
6/24	2.4	(11.7)	(1.33)	0.00	N/A	N/A
6/25	1.4	(13.4)	(1.31)	0.00	N/A	N/A
6/26e	0.0	(5.8)	(0.38)	0.00	N/A	N/A
6/27e	0.9	(7.2)	(0.47)	0.00	N/A	N/A

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

HMBD-002: Approaching a key clinical inflection

Recent developments around HMBD-002 continue to reduce execution risk ahead of Phase II initiation. Successful GMP drug substance manufacture removes a key operational hurdle, while the expected completion of drug product manufacture in Q3 CY26 provides confidence in Phase II initiation within Q4 CY26 (vs our previous expectation of mid-CY26). More importantly, we believe that emerging preclinical evidence (as presented at ASCO 2026) strengthens the broader investment case for VISTA inhibition, particularly in immunologically cold tumours such as TNBC. We continue to expect TNBC to be prioritised as the lead indication in the upcoming basket study, in combination with PD-1/PD-L1 inhibitors.

Raise supports execution through key milestones

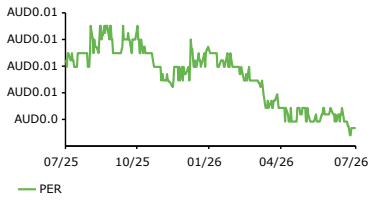
In April 2026, Percheron raised A$2.2m in equity (against the issue of 435m shares, at A$0.005/share) removing a crucial near-term funding overhang ahead of Phase II initiation. We estimate the financing extends the cash runway into Q1 CY27, beyond anticipated Phase II initiation. While dilutive (c 29% dilution to existing shareholders), the transaction lowers funding risk at a critical stage of development and strengthens the company's ability to deliver upcoming clinical catalysts.

Valuation: A$84.4m or 5.5c per share

We raise our valuation for Percheron to A$84.4m from A$79.0m, driven by reduced development risk as HMBD-002 advances toward Phase II and clinical visibility improves. However, our per-share valuation decreases to 5.5c (from 7.3c), reflecting dilution associated with the recent equity raising.

Price	**AUD0.004**
Market cap	**AUD5m**
	US$/A$1.43
Estimated net cash/(debt) at 30 June 2026	AUD3.8m
Shares in issue	1,522.4m
Free float	56.0%
Code	PER
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(22.2)	(30.0)	(60.1)
52-week high/low		AUD0.0	AUD0.0

Business description

Percheron Therapeutics is a clinical-stage biotech advancing HMBD-002, a differentiated VISTA-targeting checkpoint inhibitor with potential to address PD-1 resistance across a range of cancer indications. HMBD-002 has completed a Phase I clinical trial in patients with advanced cancer, with favourable safety and tolerability. Phase II trials are expected to commence in Q4 CY26.

Next events

FY26 results	August 2026
Drug product manufacturing completion	Q3 CY26
Phase II initiation	Q4 CY26

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Approaching clinical proof-of-concept

Investment case enters next phase

Percheron Therapeutics' investment case is centred on HMBD-002, a first-in-class monoclonal antibody targeting V-domain Ig suppressor of T-cell activation (VISTA), an emerging immune checkpoint believed to be implicated in tumour-mediated immune suppression and resistance to programmed death-1/programmed death-Ligand 1 (PD-1/PD-L1) blockade. With the upcoming Phase II trial, we believe that the company is approaching a meaningful value-inflection period. With Phase I complete, good manufacturing practice (GMP) drug substance manufacturing delivered and an adaptive Phase II programme expected to commence in Q4 CY26, the investment case is transitioning from early platform validation towards clinical proof-of-concept. In our view, this marks an important shift in the programme's risk profile, with upcoming clinical milestones likely to drive the commercial value of the asset.

As a reminder, HMBD-002 was acquired from Singapore-based precision oncology company Hummingbird Biosciences in June 2025 for an upfront payment of US$3m and up to US$287m in development and commercial milestones. Unlike conventional checkpoints, VISTA is highly expressed in myeloid-derived suppressor cells (MDSCs) and multiple solid tumours, making it an attractive target for overcoming one of the principal limitations of existing checkpoint inhibitors.

VISTA offers differentiated opportunity

From a strategic perspective, we believe VISTA represents one of the more compelling next-generation checkpoint targets currently in development. While PD-1/PD-L1 inhibitors have transformed the treatment landscape across multiple solid tumours, durable responses remain confined to a minority of patients and resistance continues to limit long-term outcomes. As the PD-1 market matures, industry focus is increasingly shifting towards complementary immunotherapies capable of extending response rates rather than competing directly with established checkpoint inhibitors. HMBD-002 is well positioned within this landscape as the only IgG4 anti-VISTA antibody currently in clinical development (other anti-VISTA antibodies in development are IgG1 isotypes, to our knowledge), designed to inhibit VISTA signalling without depleting VISTA-expressing immune cells. HMBD-002 has completed a Phase I study demonstrating a favourable safety and tolerability profile alongside evidence of pharmacodynamic activity, supporting advancement into proof-of-concept studies. These findings were also presented at the American Association for Cancer Research (AACR) in April 2026.

Phase II development gathers momentum

In October 2025, Percheron outlined plans to evaluate HMBD-002 in an adaptive, multi-arm Phase II basket study, initially targeting triple-negative breast cancer (TNBC), epidermal growth factor receptor-mutant (EGFR-mutant) non-small cell lung cancer (NSCLC), human epidermal growth factor receptor 2-negative (HER2-negative) oesophageal adenocarcinoma and endometrial cancer. We view this as an efficient development strategy, allowing multiple indications to be evaluated in parallel while concentrating future development on those demonstrating the strongest early efficacy signals. Beyond improving development efficiency, this approach reduces binary clinical risk, optimises capital allocation and increases strategic optionality ahead of potential partnering discussions.

Another key step towards Phase II was the completion of the first batch of HMBD-002 drug substance manufacturing in June 2026 by Hummingbird Biosciences (as agreed under the deal terms). Percheron will now work on manufacturing the final drug product to be used in the trial, and this is expected to be completed by Q3 CY26, paving the way for Phase II trial initiation in Q4 CY26.

While the basket design provides flexibility across multiple tumour types, we believe TNBC is likely to emerge as the lead development opportunity, supported by the additional preclinical data presented at American Society of Clinical Oncology (ASCO) 2026 (discussed in more detail below), which further strengthened the biological rationale for targeting this indication.

Catalyst-rich period ahead

Overall, we believe the next 12–18 months will represent the most important and catalyst-rich period for Percheron. Completion of drug product manufacturing, Phase II initiation and the generation of early efficacy data will be key to establishing HMBD-002 as a clinically differentiated next-generation checkpoint inhibitor. Following the A$2.2m equity raise completed in April 2026, we estimate the company is funded into Q1 CY27, providing a sufficient cash

runway to deliver these key operational and clinical milestones without an immediate financing overhang. Successful execution against these milestones would materially reduce development risk and, in our view, has the potential to drive a meaningful re-rating as investors begin assigning value to clinical proof-of-concept.

VISTA: An emerging target with multi-cancer potential

HMBD-002 targets VISTA, one of the most promising next-generation immune checkpoints currently in development, in our view. Unlike first-generation immune checkpoint inhibitors targeting PD-1/PD-L1 and cytotoxic T-lymphocyte-associated protein 4 (CTLA-4), which primarily modulate T-cell activation, VISTA regulates both the innate and adaptive immune response through its broad expression across lymphoid and myeloid immune cells within the tumour microenvironment (TME). Importantly, VISTA is increasingly recognised as a key mediator of both primary and acquired resistance to PD-1/PD-L1 blockade, making it an attractive target for combination immunotherapy.

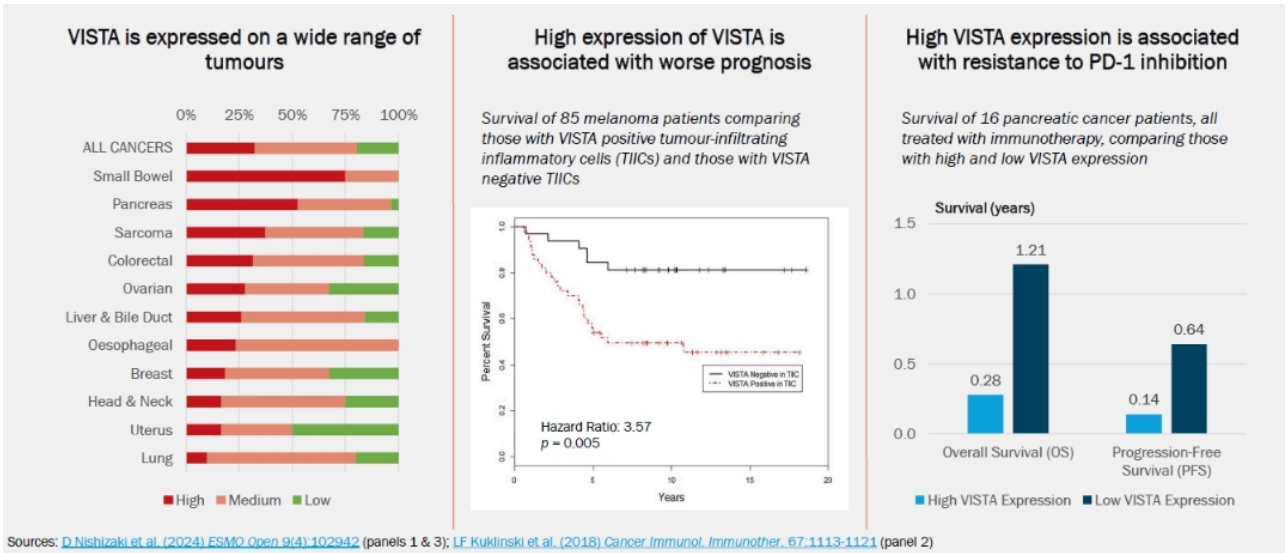
The commercial opportunity for targeting VISTA is underpinned by the limitations of current checkpoint inhibitors. Although PD-1/PD-L1 and CTLA-4 inhibitors (such as the blockbuster Keytruda) have transformed the treatment paradigm across multiple cancers, only c 20–30% of patients with advanced solid tumours derive durable clinical benefit. Most patients either fail to respond or ultimately develop resistance, creating a substantial unmet need for therapies capable of reversing immune suppression and restoring anti-tumour immunity.

VISTA is also differentiated from other emerging checkpoint targets, such as T-cell immunoreceptor with Ig and ITIM domains (TIGIT), lymphocyte activation gene-3 (LAG-3) and T-cell immunoglobulin and mucin domain-containing protein 3 (TIM-3), by its central role in regulating the immunosuppressive TME. It is highly expressed on MDSCs, dendritic cells and tumour-associated macrophages as well as naïve and regulatory T-cells, positioning it upstream of multiple immune suppressive pathways. Mechanistically, VISTA is unique in functioning as both an inhibitory receptor on T-cells and an inhibitory ligand on antigen-presenting cells, enabling it to suppress T-cell activation through complementary mechanisms while promoting immune tolerance.

From a therapeutic perspective, VISTA blockade has the potential to exert broader immunomodulatory effects than conventional checkpoint inhibitors. Inhibition of VISTA can potentially reduce the differentiation and accumulation of MDSCs (key drivers of tumour immune evasion) while simultaneously restoring cytotoxic T-cell function and, to a lesser extent, enhancing natural killer (NK) cell activity. This dual mechanism provides a strong biological rationale for combining anti-VISTA antibodies with PD-1/PD-L1 inhibitors to overcome resistance and expand the proportion of patients benefiting from immunotherapy.

The commercial opportunity is reinforced by VISTA's broad expression across multiple solid tumours. VISTA is reported to be upregulated in more than 30% of solid tumours including NSCLC, head and neck squamous cell carcinoma, colorectal, ovarian, breast, gastric and pancreatic cancers. We therefore view HMBD-002 as a differentiated platform asset with potential utility across multiple indications, particularly in combination with established immunotherapies where overcoming resistance remains one of the most significant unmet needs in oncology (Exhibit 1).

Exhibit 1: VISTA – a highly attractive target



Source: Percheron Therapeutics corporate presentation, February 2026

HMBD-002: Designed to overcome prior challenges in VISTA drug development

Despite its strong biological rationale, clinical development of VISTA inhibitors has historically been constrained by pharmacological and safety challenges. A major obstacle has been the 'antigen sink effect', whereby VISTA's broad expression across immune cells results in substantial off-target antibody binding, reducing drug exposure at the tumour site. This may result in non-linear pharmacokinetics, requiring higher doses to achieve meaningful biological activity, which in turn can increase the risk of systemic toxicity. We believe these pharmacological challenges have been an important factor limiting the clinical progress of earlier generation anti-VISTA programmes.

Safety has presented a second challenge. Earlier-generation anti-VISTA antibodies were predominantly based on IgG1 backbones, which not only inhibited VISTA signalling but also depleted healthy VISTA-expressing immune cells through antibody-dependent cellular cytotoxicity (ADCC). This disrupts normal immune regulation and has been associated with an increased risk of cytokine release syndrome (CRS) and other inflammatory toxicities, limiting the doses that can be safely administered.

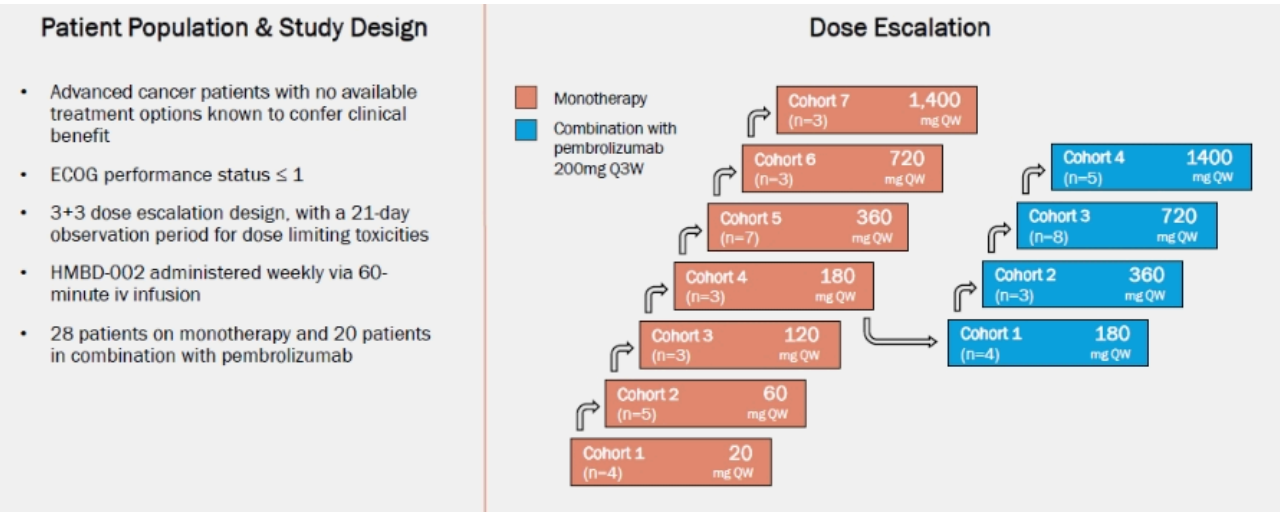
In our view, HMBD-002 has been engineered to overcome these historical limitations. As the only IgG4 anti-VISTA antibody currently in clinical development, HMBD-002 combines minimal Fc-mediated effector function with potent VISTA blockade, allowing inhibition of the pathway without depleting healthy VISTA-expressing immune cells. We believe this is an important differentiator, as it could enable higher and more sustained dosing to overcome the VISTA antigen sink while maintaining a favourable safety profile. Importantly, the IgG4 backbone has been clinically validated in leading checkpoint inhibitors, including pembrolizumab and nivolumab, providing confidence that reduced Fc-mediated activity does not necessarily compromise therapeutic efficacy.

Overall, we believe HMBD-002's design positions it as a differentiated anti-VISTA candidate. While clinical validation remains necessary, its non-depleting mechanism directly addresses several of the challenges that have hindered earlier programmes. If these early signals are demonstrated clinically, HMBD-002 holds the potential to establish a differentiated therapeutic profile and become an attractive combination partner for PD-1/PD-L1 inhibitors across multiple solid tumour indications.

Phase I data has been encouraging

In October 2025, Percheron reported encouraging final data from the Phase I dose-escalation study evaluating HMBD-002 as both monotherapy and in combination with pembrolizumab in 48 patients with heavily pre-treated advanced solid tumours (monotherapy – 28; combination – 20). The study assessed weekly intravenous doses ranging from 20mg to 1,400mg (monotherapy arm) and 180mg to 1,400mg (combination arm) using a standard 3+3 dose-escalation design, with patients treated for up to 52 weeks (Exhibit 2).

Exhibit 2: HMBD-002 Phase I study design



Source: Percheron Therapeutics corporate presentation, February 2026

We believe the principal takeaway from the study was the favourable safety and tolerability profile, which supports HMBD-002's proposed differentiation within the anti-VISTA class. The maximum tolerated dose was not reached at the highest evaluated dose (1,400mg), fewer than 10% of patients experienced Grade ≥3 treatment-related adverse events (three subjects), and, importantly, no cases of CRS were reported. Only a single dose-limiting toxicity occurred during dose escalation (at 360mg), which was well below the threshold required to define the maximum tolerated dose. In our view, these findings compare favourably with earlier IgG1 anti-VISTA antibodies, several of which encountered dose-limiting inflammatory toxicities during clinical development. We believe HMBD-002's favourable safety profile to date is likely attributable, at least in part, to its IgG4 backbone, which blocks VISTA signalling without depleting healthy VISTA-expressing immune cells. If confirmed in later-stage studies, this could translate into a wider therapeutic window, enabling the sustained target engagement required to overcome the VISTA antigen sink.

Although the study was not powered to assess efficacy, early signs of anti-tumour activity were encouraging given the heavily pre-treated population (median four to five prior lines of therapy), more than 60% of whom had previously progressed on immunotherapy. Stable disease was achieved in 28% of patients, while one patient with metastatic TNBC experienced a 27% reduction in tumour size, narrowly missing the RECIST threshold for a partial response. While these findings should be interpreted cautiously, we believe they provide preliminary indications of biological activity and support continued clinical development.

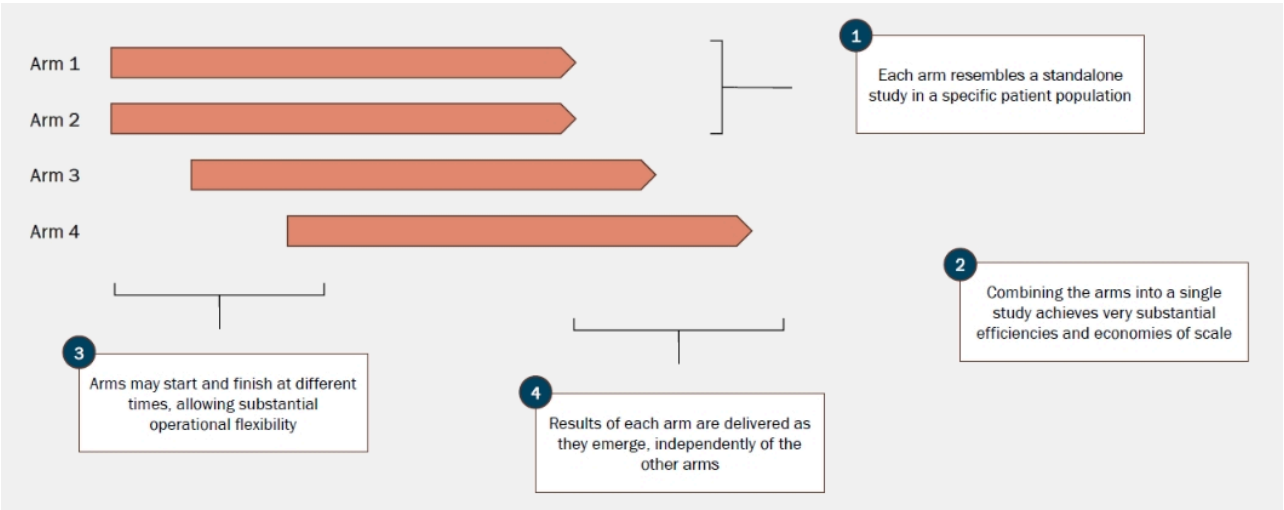
Additional insights from AACR 2026 support HMBD-002 potential

In April 2026, Percheron presented additional Phase I data at the AACR Annual Meeting 2026, extending the Phase I findings by providing pharmacokinetic and translational evidence supporting further clinical development. A recommended Phase II dose of 720mg once weekly was identified, while biomarker analyses showed increased CD8+ T-cell infiltration, consistent with reversal of the immunosuppressive TME. Importantly, no additional safety signals emerged in patients receiving HMBD-002 with pembrolizumab, reinforcing its potential as a combination treatment. In our view, these data meaningfully de-risk the programme ahead of Phase II. With the planned Phase II study expected to enrol earlier-line patients, we believe the programme is now well positioned to generate proof-of-concept data that will be more representative of HMBD-002's therapeutic potential.

Adaptive Phase II design optimises the risk-reward profile

As outlined previously, HMBD-002 will be evaluated in an adaptive, multi-arm Phase II basket study (Exhibit 3) comprising an initial exploratory stage followed by a randomised confirmatory stage. The exploratory stage will enrol 20–25 patients per arm in an open-label design, with only indications demonstrating encouraging efficacy signals progressing to the confirmatory stage (40–100 patients per arm).

Exhibit 3: HMBD-002's Phase II study design

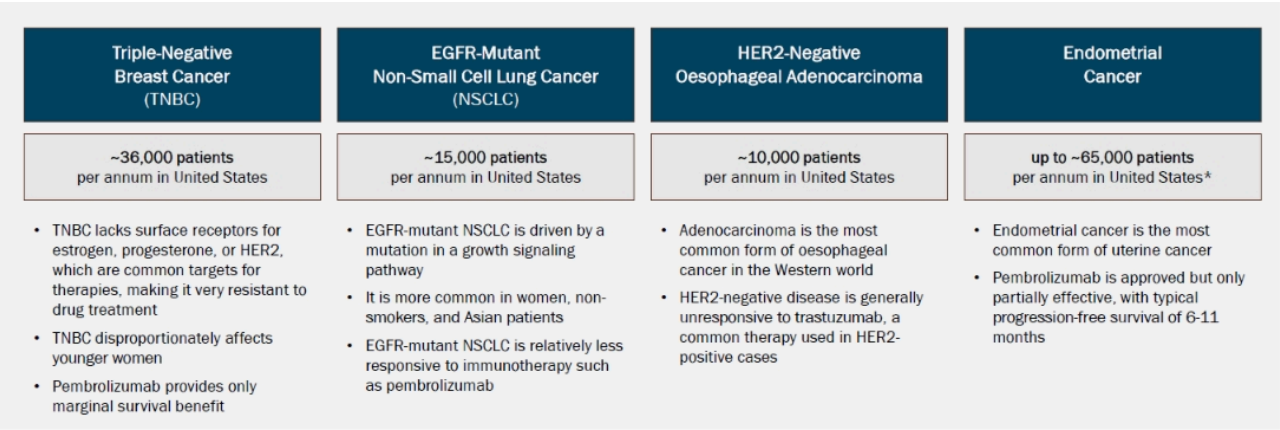


Source: Percheron Therapeutics corporate presentation, February 2026

Management has identified four initial target indications: TNBC, EGFR-mutant NSCLC, HER2-negative oesophageal adenocarcinoma and endometrial cancer (Exhibit 4). While these indications differ biologically, they share a common feature of limited responsiveness to PD-1 inhibition, reinforcing the rationale for VISTA blockade. Given HMBD-002's proposed mechanism and encouraging Phase I combination safety data, we expect pembrolizumab-based combinations

to form the backbone of the programme.

Exhibit 4: Phase II initial target indications



Source: Percheron Therapeutics corporate presentation, February 2026

We view this modular design favourably as it reduces both clinical and financing risk by enabling Percheron to evaluate multiple tumour types in parallel while prioritising those showing the strongest early efficacy signals. The open-label exploratory stage should also enable regular interim analyses, supporting portfolio optimisation and efficient capital deployment ahead of larger randomised studies.

ASCO data supports TNBC as initial target indication

We believe TNBC is likely to be prioritised as the lead indication, supported by preclinical data presented by Percheron at the ASCO Annual Meeting 2026. The company reported preclinical work undertaken in collaboration with QIMR Berghofer (one of Australia's leading independent medical research institutes), examining the potential role of VISTA in TNBC. Retrospective spatial multiomics analyses of TNBC patient samples were conducted (including data from 83 patients previously treated with the PD-1/PD-L1 inhibitor Tecentriq). Investigators noted that VISTA expression increased following chemotherapy and PD-1/PD-L1 inhibition and is enriched within exhausted T-cell populations and metastatic disease, supporting its role as a treatment-emergent immune checkpoint associated with resistance and disease progression. Collectively, these findings strengthen the biological rationale for targeting VISTA in TNBC, particularly in combination with PD-1 inhibitors, and reinforce our expectation that TNBC will be prioritised as the lead indication in the upcoming Phase II basket study.

Manufacturing milestone de-risks Phase II initiation

In June 2026, Percheron announced the successful completion of the GMP drug substance manufacturing for HMBD-002 by licensor Hummingbird Bioscience for the upcoming clinical trial, marking an important operational milestone ahead of the planned Phase II study. The company has received a Certificate of Analysis confirming that the manufactured batch met all predefined quality specifications, with final release and shipment completed as scheduled.

We view the successful completion of HMBD-002 drug substance manufacture as another important execution milestone. Unlike conventional small-molecule drugs, biologics such as HMBD-002 require complex manufacturing processes, specialised GMP facilities and stringent quality control, making chemistry, manufacturing and controls (CMC) challenging and a common source of development delays. With Hummingbird having successfully completed GMP drug substance manufacture and the batch meeting all predefined quality specifications, we believe Percheron has substantially reduced manufacturing risk ahead of trial initiation. The remaining fill-and-finish activities are expected to be completed in Q3 CY26, supporting management's guidance for Phase II commencement in Q4 CY26.

As this is the only clinical batch to be manufactured by Hummingbird under the licence agreement, we note that responsibility for future manufacturing will transition to Percheron. We view this as an important strategic progression, reducing long-term reliance on the licensor while allowing Percheron to build in-house CMC expertise ahead of later-stage development.

Financials

In H126 (the period ending December 2025), Percheron reported operating expenses of A$3.2m, down 63.4% from A$8.6m in H125. The decline was primarily driven by a sharp reduction in R&D expenditure to A$1.3m (H125: A$6.1m), following the company's decision to discontinue clinical development of its legacy asset, avicursen (ALT1102), in H225. Of the H126 R&D spend, A$0.3m was attributable to HMBD-002. We expect R&D expenditure to remain relatively modest in H226 before increasing from FY27 as the Phase II programme commences in Q4 CY26 (H127). Given the absence of active clinical development during H126, the company did not recognise any R&D tax credits in the period.

Administrative expenses fell 47.8% y-o-y to A$0.6m (H125: A$1.1m), while employee expenses increased modestly by 4.9% to A$0.9m (H125: A$0.8m). Overall, Percheron reported an operating loss of A$3.2m and a net loss of A$3.1m in H126, compared with A$8.7m and A$8.5m, respectively, in H125. Operating cash outflows broadly mirrored the income statement, improving to A$2.6m from A$8.5m in the prior corresponding period. Investing cash outflows totalled A$3.1m, reflecting the initial payment to Hummingbird under the licensing agreement (US$2m of the US$3m upfront payment). We note that a further A$1.4m (US$1m) milestone payment is due within 20 days of completion of drug substance manufacturing, which we continue to model in FY27 (July 2026).

Following increased clarity on the Phase II development timeline, we have revised our FY26 and FY27 forecasts. With trial initiation now expected in H2 CY26 (vs our previous assumption of H1 CY26), we reduce our FY26 R&D expense estimate to A$2.5m (from A$6.6m previously) and our FY27 estimate to A$4.3m (from A$26.4m). Consequently, we lower our R&D tax credit assumptions to nil for FY26 (previously A$2.2m) and A$0.9m for FY27 (previously A$2.0m). We have also made modest adjustments to general and administrative and personnel expenses to reflect the current cost run rate. Overall, we now forecast operating losses of A$6.4m in FY26 and A$7.5m in FY27, compared with our previous estimates of A$9.2m and A$29.6m, respectively.

Percheron reported a cash balance of A$4.5m at the end of December 2025, which reduced to A$3.1m by the end of March 2026. The balance was subsequently strengthened by gross proceeds of A$2.2m from an equity raise completed in April 2026, comprising A$0.54m from a two-for-five entitlement offer and A$1.63m from a shortfall offer. In total, the company issued 435m new shares at A$0.005 per share.

Based on our updated cash burn forecasts, we estimate Percheron will end FY26 (June 2026) with a net cash position of c A$3.8m. We believe this provides sufficient funding into Q1 CY27, beyond the anticipated initiation of the Phase II basket study in Q4 CY26. However, we estimate that Percheron will be required to raise a further US$70m between FY27 and FY29 to support the Phase II trial completion, before outlicensing HMBD-002's global rights to a partner in CY29. Early partnering is also a possibility, based on the strength of the data from the exploratory trials, but we expect better opportunities and potential following Phase II.

Valuation

We continue to value Percheron using a risk-adjusted net present value (rNPV) methodology and leave our core long-term assumptions, including market penetration, peak sales and development costs, unchanged from our previous update. The changes to our valuation are limited to rolling the model forwards, updating the net cash position and incorporating a delay of around six months to our prior launch assumptions, reflecting the expected initiation of the Phase II basket study in Q4 CY26. Further details of our valuation framework and key assumptions are available in our previous update note.

Consistent with our prior forecasts, we assume Percheron will secure a global licensing agreement with a pharmaceutical partner ahead of Phase III initiation in 2029. We continue to assume a total deal value of US$750m for HMBD-002, comprising an upfront payment of US$75m, up to US$675m in development and commercial milestones (30:70 split) and tiered royalties commencing at 20%. We consider these assumptions to be in line with precedent transactions involving differentiated checkpoint inhibitors. For context, Novartis acquired the licensing rights to the Phase III TIGIT antibody ociperlimab from BeiGene (renamed BeOne Medicines) in 2021 for a total deal value of up to US$1bn, including US$300m in upfront payment and tiered royalties. Although HMBD-002 is currently at an earlier stage of development and VISTA is a less clinically validated target than TIGIT at the time of that transaction, we believe a differentiated checkpoint inhibitor demonstrating compelling Phase II efficacy could attract significant strategic interest, particularly given the industry's increasing focus on next-generation immuno-oncology assets. However, should a licensing deal happen prior to Phase II completion, the deal terms would likely involve relatively lower upfront economics

and revised milestone assumptions to reflect the higher level of development risk.

Overall, our valuation increases modestly to A$84.4m from A$79.0m, primarily reflecting model roll-forward and reduced execution risk as manufacturing advances and HMBD-002 progresses towards Phase II, partially offset by the revised clinical timelines. However, on a per-share basis, our valuation declines to 5.5c from 7.3c following the recent equity raise, which increased the issued share capital to 1.52bn shares from 1.09bn previously (Exhibit 5).

Exhibit 5: Percheron Therapeutics rNPV valuation

Product	Indication	Expected launch	Peak sales (US$m)	NPV (A$m)	Probability	rNPV (A$m)	rNPV/share (Ac)
HMBD-002	Advanced TNBC	2033	1,200	340.3	12.5%	57.3	3.8
	EGFR-mutant NSCLC	2033	300	92.7	12.5%	10.1	0.7
	HER2-negative oesophageal adenocarcinoma	2034	200	55.1	10.0%	6.3	0.4
	Endometrial cancer	2034	200	49.5	10.0%	6.9	0.5
Estimated net cash at end-June 2026				3.8		3.8	0.3
Valuation				**541.4**		**84.4**	**5.5**

Source: Edison Investment Research

With Percheron currently trading only modestly above cash levels, we believe the market is assigning limited value to HMBD-002 and its broader commercial potential. Since our previous update, manufacturing has continued to progress, the funding situation has strengthened, the Phase II strategy has become more clearly defined and visibility on the development pathway has improved. While execution and clinical risks remain inherent at this stage and are typical for a pre-revenue oncology company, we believe the current valuation does not fully reflect HMBD-002's differentiated mechanism, the optionality afforded by the planned basket study across multiple tumour types or the potential for future partnering following proof-of-concept data. Completion of the drug product manufacturing, timely initiation of the Phase II trial and positive early data will therefore be key for Percheron to support investor sentiment. As Phase II enrolment commences and clinical milestones are delivered over the next 12–18 months, we believe the disconnect between the company's fundamental value and current market capitalisation has scope to narrow. In our view, financing remains a key sensitivity. While we expect support in the form of R&D tax credits and anticipate the company securing an out-licensing partnership following Phase II (should data be encouraging), it will be required to raise additional capital to complete the Phase II clinical development (c A$70m between FY27 and FY29, as noted above). This will likely be secured through equity issues, which could be dilutive to existing shareholders.

Exhibit 6: Financial summary

A$'000s	2023	2024	2025	2026e	2027e
Year-end 30 June	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
PROFIT & LOSS					
Revenue	**1,579.8**	**2,352.7**	**1,430.0**	**0.0**	**858.0**
R&D tax credit	1,579.8	2,352.0	1,430.0	0.0	858.0
Government and other grants	0.0	0.7	0.0	0.0	0.0
Cost of Sales	0.0	0.0	0.0	0.0	0.0
Gross Profit	**1,579.8**	**2,352.7**	**1,430.0**	**0.0**	**858.0**
R&D expenses	(10,162.5)	(10,699.5)	(10,766.9)	(2,531.0)	(4,290.0)
G&A expenses	(1,854.9)	(1,927.5)	(1,876.0)	(1,500.8)	(1,650.9)
Personnel expenses	(982.3)	(1,910.7)	(2,274.0)	(1,819.2)	(1,910.2)
Other expenses	(36.0)	(64.6)	(167.3)	(234.2)	(245.9)
EBITDA	**(11,455.9)**	**(12,249.6)**	**(13,654.2)**	**(6,085.1)**	**(7,238.9)**
Operating Profit (before amort. and except.)	**(11,551.1)**	**(12,329.0)**	**(13,722.2)**	**(6,121.0)**	**(7,272.1)**
Intangible Amortisation	0.0	0.0	0.0	0.0	0.0
Share-based payments	(214.1)	(198.4)	(1,555.9)	(250.0)	(200.0)
Exceptionals and other	0.0	0.0	0.0	0.0	0.0
Operating Profit	**(11,765.1)**	**(12,527.4)**	**(15,278.1)**	**(6,371.0)**	**(7,472.1)**
Net Interest	385.3	608.2	356.2	287.4	99.4
Profit Before Tax (norm)	**(11,165.8)**	**(11,720.8)**	**(13,366.0)**	**(5,833.6)**	**(7,172.7)**
Profit Before Tax	**(11,379.8)**	**(11,919.2)**	**(14,921.9)**	**(6,083.6)**	**(7,372.7)**
Tax	0.0	0.0	0.0	0.0	0.0
Profit After Tax (norm)	**(11,165.8)**	**(11,720.8)**	**(13,366.0)**	**(5,833.6)**	**(7,172.7)**
Profit After Tax	**(11,379.8)**	**(11,919.2)**	**(14,921.9)**	**(6,083.6)**	**(7,372.7)**
Average Number of Shares Outstanding (m)	668.8	881.1	1,024.1	1,522.4	1,522.4
EPS - normalised (c)	(1.67)	(1.33)	(1.31)	(0.38)	(0.47)
EPS - reported (c)	(1.70)	(1.35)	(1.46)	(0.40)	(0.48)
BALANCE SHEET					
Fixed Assets	**150.8**	**56.9**	**35.3**	**34.7**	**34.5**
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Tangible Assets	150.8	56.9	35.3	34.7	34.5
Investments	0.0	0.0	0.0	0.0	0.0
Current Assets	**12,692.2**	**14,473.4**	**12,400.8**	**4,582.5**	**6,133.8**
Cash	10,967.3	11,866.7	10,167.9	3,848.5	4,687.0
Trade and other receivables	1,658.5	2,568.5	1,582.5	213.6	1,082.5
Prepayments	66.5	38.3	650.4	520.3	364.2
Other current assets	0.0	0.0	0.0	0.0	0.0
Current Liabilities	**(2,812.3)**	**(5,152.0)**	**(2,432.3)**	**(1,352.8)**	**(1,506.7)**
Trade and other payables	(2,532.3)	(4,865.8)	(2,244.5)	(1,122.2)	(1,234.5)
Short-term borrowings	0.0	0.0	0.0	0.0	0.0
Lease liabilities and others	(280.0)	(286.2)	(187.8)	(230.5)	(272.2)
Long-Term Liabilities	**(55.1)**	**(15.2)**	**0.0**	**0.0**	**0.0**
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Lease liabilities and other long-term liabilities	(55.1)	(15.2)	0.0	0.0	0.0
Net Assets	**9,975.7**	**9,363.1**	**10,003.9**	**3,264.4**	**4,661.7**
CASH FLOW					
Operating Cash Flow	**(8,151.3)**	**(10,115.9)**	**(15,643.3)**	**(5,404.7)**	**(7,722.4)**
Net interest	0.0	0.0	0.0	0.0	0.0
Tax	0.0	0.0	0.0	0.0	0.0
Capex	(29.3)	(3.6)	(7.2)	(8.7)	(9.1)
Acquisitions/disposals	0.0	0.0	0.0	(3,080.8)	(1,430.0)
Financing	0.0	11,611.5	14,871.5	2,174.9	10,000.0
Others	(85.3)	(592.7)	(919.7)	0.0	0.0
Net Cash Flow	(8,265.9)	899.4	(1,698.8)	(6,319.3)	838.5
Opening net debt/(cash)	**(19,233.2)**	**(10,967.3)**	**(11,866.7)**	**(10,167.9)**	**(3,848.5)**
Other	0.0	0.0	0.0	0.0	0.0
Closing net debt/(cash)	**(10,967.3)**	**(11,866.7)**	**(10,167.9)**	**(3,848.5)**	**(4,687.0)**

Source: Company documents, Edison Investment Research

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