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Daily news on ASX-listed biotechnology companies

Dr Boreham's Crucible: Percheron Therapeutics

By TIM BOREHAM

ASX code: PER

Share price: 0.35 cents

Shares on issue: 1,982,415,536

Market cap: $6.9 million

CEO: Dr Michael Baker

Board: Dr Charmaine Gittleson (chair), Dr Baker, Dr James Garner, Dr Gil Price

Financials (September quarter 2026): revenue nil, cash outflows $570,000*, cash balance $4.88 million (up 20%)

*After $700,000 Federal Research and Development Tax Incentive

Major identifiable shareholders: Richard Mann 4.2%, Glen Corby Bull 3.9%, Non-Correlated Capital Pty Ltd (Investius Microcap) 3.9%, Mutual Investments 4.2%

Percheron Therapeutics' new CEO Dr Michael Baker describes himself as "pretty boring, but in a good way".

How so?

"I just love high-quality science with a disproportionate chance of success in a field I have a tremendous interest in."

Boring? We would still strike up a chat with him at a party, albeit after a second drink.

This alleged dullness made Dr Baker a walk-up start to head Percheron, which has revived itself as an oncology play after a catastrophic Duchenne muscular dystrophy trial (see below).

Dr Baker was fresh from a six-year stint at Arovella Therapeutics, which he re-engineered from unsuccessful spray-delivery drug play Suda Pharmaceuticals to an early-stage cancer cell therapy developer.

Dr Baker's Percheron appointment is also notable because he eschewed a number of better-paid, bigger roles for the buzz of early-stage drug development.

"I don't want to sound like a twerp, but I was quite lucky in that I got a number of opportunities to explore and some of them were quite sizeable," he said.

"They had lot of money, [but] I actually didn't find it all that interesting.

"I like it when it's a bit rough-and-tumble and there are things that need to be turned around."

Observing the new Vista

In June last year, the company acquired the exclusive rights to a monoclonal antibody, HMBD-002 (minperstobart), from Singapore's Hummingbird Bioscience.

Percheron's management had scoured hundreds of potential programs, ranging from alopecia, irritable bowel disease and reverse takeover proposals.

HMBD-002 targets an agent called Vista: as in "v-domain immune-globulin suppressor of T-cell activation".

Vista is a relatively new field of oncology research, with potential applicability to a range of tumors.

After being approached by Percheron chair Charmaine Gittleson about the top job, Dr Baker scrutinized the company's acquired oncology program.

Dr Baker said he was impressed that Hummingbird had carried out a successful phase I study on a range of tumors.

"I did my due diligence and was quite surprised because I thought it had a terrific chance of success."

"The phase I study showed great safety and signs of efficacy, which is always encouraging in a very late-stage, treated patient population."

From Toorak to virtual office

Before plumping for the Vista – technically, anti-Vista – program, Percheron's board stared down two spill attempts from aggrieved shareholders proposing alternative uses for the company's remaining cash kitty.

But first – a history lesson.

Formerly known as Antisense Therapeutics, the company is an offshoot of Circadian Technologies (later Opthea and currently Ceryvyn).

Thus, it's one of the oldest ASX biotechnology companies. Circadian bore the heavy fame of being the only ASX-listed life sciences play to be based in Melbourne's upmarket Toorak.

(These days, with three staff it's pretty much virtual).

Antisense dabbled in conditions including multiple sclerosis and acromegaly, before plumping for the difficult Duchenne muscular dystrophy (DMD).

A regressive, fatal and poorly treated genetic disease, DMD affects about one in 10,000 males (or 300,000 in all).

On December 18, 2024, the company intoned that its DMD drug candidate, ATL1102 (avicursen) failed its primary endpoint, based on upper limb performance of the non-ambulant subjects.

No longer believing in Santa, CEO Dr James Garner forfeited half his salary. In August this year, he resigned to take up a position in Singapore with Hummbingbird. He remains a Percheron non-executive director.

Dr Garner had replaced Mark Diamond, who served as Antisense CEO for a then record 17 years before departing in May 2023. Dr Baker started as CEO on October 5, 2026.

Dr Baker holds a PhD in biochemistry from Melbourne's La Trobe University and an MBA from the Melbourne Business School.

Before joining Arovella, he was a senior executive at Bioscience Managers.

Humming along

As with other immuno-oncology drugs, HMBD-002 targets the interaction between a tumor and the immune system.

Tumors need to dampen an immune response in order to prosper in malevolent ways.

Checkpoint inhibitors such as Yervoy and Keytruda are based on pathways such as programmed death-ligand 1 (PD-1) inhibitors.

But in about 20 percent of cases, these inhibitors are ineffective because the tumors don't express PD-1.

In Hummingbird's US-based phase I trial, 28 patients were treated in combination with Keytruda across a basket of cancers.

The study showed the agent was "pharmacologically active" and generally safe and well-tolerated.

Dr Baker says in the complex tumor micro-environment, the cancers have a casing to block the immune cells from encroaching.

They even release chemical signals to tell the cells to start helping the tumors, rather than killing them.

"The idea of Vista is to break the casing by targeting these cells such as tumor-associated macrophages," he says.

"[HMBD-002 could work alongside Keytruda or a PD-1 inhibitor, enabling immune cells back in and reactivating them".

Percheron is one of a handful of companies pursuing the Vista route. Big pharma has tried but was stymied by safety issues.

Take your partner (1)

Percheron is taking the time-honored route for a small cap to preserve capital: find a partner or two.

On August 28, Percheron said it had a clinical research agreement with the Nashville, Tennessee-based Vanderbilt Health.

The centre-piece is an investigator (Vanderbilt) sponsored clinical trial of HMBD-002, for the blood cancers acute myeloid leukaemia (AML) and myelo-dysplastic syndrome (MDS).

The multi-centre study will investigate HMBD-002 in combination with the standard-of-care therapies azacitidine and venetoclax.

Vanderbilt Health plans to enroll up to 38 patients with recurrent or newly diagnosed AML/MDS, with the study kicking off before the end of 2026.

AML is the most common form of acute leukaemia in adults, with about 20,000 new cases in the US each year.

"Vista is highly expressed in AML and is associated with recurrence and with resistance to therapy," Percheron says.

The collaboration involves Vanderbilt designing and conducting the study, with Percheron providing an unquantified financial grant.

On October 23, Percheron said it had successfully manufactured HMBD-002 for the phase II trial. Given the drug is made from living organisms, this requires special care.

Take your partner (2)

On October 20, Percheron and the ASX-listed Invion said they would team up to study Vista alongside Invion's photodynamic therapy (PDT) platform, Photosoft.

The tie-up aligns HMBD-002's checkpoint inhibitor traits with Invion's PDT-mediated tumor destruction molecule, INV-043.

As its name suggests, PDT involves killing cancers with light.

"It's one of those therapies where it almost seems to be too good to be true," Dr Baker says. "You shine a light on the tumors and they die. There's some pretty compelling clinical data that suggests this is a very smart idea."

Given HMBD-002 and INV-043 are at clinical trial stage, this could "lead to a potentially rapid development path".

INV-043 has been evaluated in prostate cancer and non-melanoma skin cancers. The latter is subject to an ongoing, Queensland based trial. Invion also has an ano-genital cancer program.

In 2024, an in-vivo study at Melbourne's Peter MacCallum Cancer Centre found that when combined with an approved immune checkpoint inhibitor, INV-043 resulted in "superior tumor control" compared to the checkpoint inhibitor alone.

This has led to the initiation of a clinical trial at Peter Mac.

Dr Baker expects a phase II trial to evolve from planned animal studies, for a yet to be determined indication.

Finances and performance

At September 30, Percheron had cash of $4.88 million, having had $570,000 of cash outflows net of a $700,000 Federal Research and Development Tax Incentive.

In August, the company raised $2.3 million in a two-tranche institutional placement, at 0.5 cents per share, an 8.9 percent discount.

"We don't need to raise any more money at the moment," Dr Baker says.

“Cash is king, we treat every dollar that comes in with the utmost respect.”

A mere three days after Dr Baker started, the board faced an AGM that saw every resolution comfortably approved.

Dr Baker then embarked on an extensive investor roadshow in Sydney and Perth.

Dr Baker signed on to Percheron with a $375,000 salary and 75 million performance-related shares.

These potentially come good over the next five years, at share prices between half a cent and 1.5 cents.

Over the last 12 months shares in Percheron – which means draught horse in French – have clip-clopped between one cent (mid-December last year) and 0.2 cents (mid-July this year).

Dr Garner remains the biggest shareholder, accounting for just under 5 percent of the company.

Meanwhile, the legacy DMD asset ATL-1102 remains on the books for a potential buyer. But the board isn’t holding its breath.

‘Their loss is our gain’

One burning residual question is: If the Vista program is so promising, why did Hummingbird dispose of it?

The answer lies with priorities. Hummingbird preferred an antibody drug conjugate program.

“Their loss is our gain,” Dr Baker said.

Of course, it also shows that there are hundreds of potential oncology programs and only so much capital to go around.

Clearly, Percheron investors should expect more liaisons beyond Vanderbilt Health and the Invion tie ups.

“I have a couple of really nifty ideas about tumor targets we should be targeting because the scientific rationale so strong,” Dr Baker says.

He notes the looming patent expiries from a swag of blockbuster cancer drugs including Keytruda, which accounts for about half of owner Merck’s revenue.

“Things could get interesting if we have the right combination.”

Dr Boreham's diagnosis:

Not surprisingly, Dr Baker is well aware of the drug trial failures that have littered the ASX life sciences landscape – including Percheron's DM-Disaster.

He diplomatically describes a "number of clinical outcomes that haven't been great" – and insists Percheron has no intention of adding to the list a second time.

To avoid such a fate, the company will take the cautious approach of validating early-stage science before committing big dollars to advance a particular indication.

"We want to give ourselves the best chance of success," he says.

"We are moving carefully to find the best indications because we don't want to have a mid to late-stage clinical readout that shows we shouldn't have been running the study."

Dr Baker likens early-stage drug development to assembling a jigsaw, "but you don't know which pieces are missing".

The obvious missing piece is a share price uptick.

Promisingly, under Dr Baker's reign of change, Arovella shares soared from two cents to a peak of 20 cents in November 2024.

A botched capital raise in early 2025 put paid to further gains.

"While Percheron's share price isn't where we like it, shareholders have been supportive," Dr Baker says.

"We just need to get our skates on".

Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. Your columnist's advice for completing the jigsaw is simple: look under the couch cushion.