PARADIGM BIOPHARMA

October 2023

Capital Raising Presentation

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Recent News flow

Summary

- PAR has provided two material market updates in Oct-2023 relating to the Phase 2 PARA_OA_008 trial
  - *Demonstrated 12-month durability of effect with significant reduction in pain and functional improvement. First OA drug to demonstrate durability of effect at 12-months following one treatment course.*
  - *6-month MRI data demonstrating improvement in cartilage thickness and volume.*
- Following completion of Stage 1 of PAR_OA_002 and recent release of PAR_OA_008, the Company has determined the optimal dosing regimen of 2mg/kg twice weekly for the next stage of the Phase 3 program. This optimal dosage regimen is supported by efficacy and safety data from:
  - Phase 2 PARA_OA_005 (121 patients)
  - Phase 2 PARA_OA_008 (61 patients)
  - TGA special access scheme (over 600 patients)
  - US FDA approved Expanded Access Program (10 ex-NFL Players)
  - Three non-clinical toxicology studies completed post commencement of PARA_OA_002 concluding no adverse adrenal toxicity events at optimal dose of 2mg/kg twice weekly.
  - PAR is preparing a request to the FDA for a protocol review.
    FDA has granted Fast-track designation to the OA program.

Summary

- An additional 40 sites were added to the Phase 3 PARA_OA_002 trial following interest from clinicians and patients in the US vs original budget of 80 sites. Accelerated recruitment via additional sites and changes in FX have resulted in higher than budgeted costs.
- Favourably, these trained additional sites are expected to accelerate patient recruitment in the next stage of Phase 3 program.
- PAR anticipates timeline of the enrolment into the next stage of Phase 3 program in H1CY2024, subject to regulatory approval of the dosing protocol amendment.

Partnering Update

- PAR is currently in licensing discussions for the OA and MPS programs for China, LATAM and MENA regions.
- Discussions have accelerated with potential partners following the release of 12-month durability and 6-month MRI data which is supportive of a potential disease modification effect.
- The company is confident it is well placed in securing a licensing agreement in one or multiple regions over the next 6 months, which would provide a material source of non-dilutive funding.

Partnering Update

Near-term News flow

Upcoming Catalysts

Event	Target Date
MPS VI phase 2 clinical trials – top-line data.	Q4 CY2023
Phase 3 OA program – FDA protocol review next stage of Phase 3 program.	Q1 CY2024
TGA Provisional Approval OA - submission for next stage determination application.	Q1 CY2024
Phase 3 OA program – Next stage enrollment commencement, subject to regulatory agreement.	H1 CY2024
Regional licensing agreement(s) in OA and MPS	H1 CY2024
TGA Provisional Approval OA - Dossier Submission, pending determination application approval.	Q3 CY2024
The MPS I and PARA_OA_008 – clinical data sets are currently being prepared for peer review and publication.	CY2024
Potential expedited or provisional approval submissions for MPS program (Brazil, Australia)	CY2024

Offer Summary

Paradigm Biopharmaceuticals is undertaking a capital raising of ~A$30.1 million

Offer structure and size	Capital raise of approximately $30.1m comprising: •A 1 for 10 non renounceable accelerated institutional and retail entitlement offer (**Entitlement Offer**) of shares (**Shares**) to eligible shareholders at the Record Date to raise up to approximately A$12.1m, together with: •An institutional placement (**Placement**) of shares to eligible investors to raise approximately A$18m. For every four Shares subscribed for and issued by the Company under Entitlement Offer and Placement, the Company will issue three options exercisable at $0.65 expiring on 30 November 2024 (**Attaching Options**). The Options are intended to be listed. Options for shares subscribed under the Placement will be issued subject to obtaining shareholder approval at a general meeting expected to occur on 29 November 2023. The Record Date for the Entitlement Offer is 1 November 2023.
Offer Price	Offer price for the Placement and Entitlement Offer will be $0.43 per New Share, representing a discount of: • 30.1% discount to the last close of $0.615 on 27 October 2023 • 30.6% discount to the 5-day VWAP of $0.619 up to and including 27 October 2023
Ranking	All Shares issued under the Entitlement Offer and the Placement will rank equally with existing shares on issue.
Lead Manager	Bell Potter Securities Limited is sole lead manager and bookrunner to the Entitlement Offer and Placement. At this stage, neither the Placement nor the Entitlement Offer is underwritten. Should the Company enter into an underwriting agreement, it may offer options on the same terms as the Attaching Options (**Sub-Underwriter Options**) to an underwriter and/or sub-underwriters of the Entitlement Offer, subject to and conditional on entry into an underwriting agreement and/or sub-underwriting agreements[1]. If no underwriting agreement is entered into, the Sub-Underwriter Options will not be issued.

1. If the Offer is underwritten, up to 10 million Sub-Underwriter Options may be issued subject to obtaining shareholder approval at a general meeting expected to occur on 29 November 2023

Funding Position

- Capital raising of approximately A$30 million will fund the company through to mid CY25 (without additional licensing revenue), past the expected announcements of:
  - Commencement of the next stage of the Phase 3 OA program, subject to regulatory feedback (FDA) on revised dosing regimen (expected 1HCY24)
  - TGA provisional approval: determination application submitted for **ZILOSUL®** in Australia (expected Q1 CY2024)
  - TGA provisional approval: dossier submission for provisional approval of **ZILOSUL®** in Australia (expected Q3 CY2024)
  - Readout of Top-Line data of the Phase 2 program data for MPS (expected Q4 CY2023)
  - Potential licensing agreements for OA (China, LATAM) and MPS (Brazil, Middle East)
- A$69.4[1]m pro forma cash balance post capital raising
- A$103.2[2]m pro forma cash balance post capital raising (including Options exercise proceeds of A$33.8m)
- Potential partnering deals to provide material additional non-dilutive cash runway

1. Cash balance and R&D Refund provision as at 30 September 2023 and assumes A$28.5m capital raising (excluding costs of the Offer)
2. Cash balance and R&D Refund provision as at 30 September 2023 and assumes A$28.5m capital raising (excluding costs of the Offer) and full exercise of all Options

Indicative Offer Timetable

Event	Melbourne, Australia time
Trading halt	Monday, 30 October 2023
Announcement of completion of Placement and Institutional Offer and recommencement of trading	Wednesday, 1 November 2023
Record date for Retail Offer	Wednesday, 1 November 2023
Allotment of New Shares issued under the Placement and Institutional Offer	Wednesday, 8 November 2023
Normal trading of New Shares under the Placement and Institutional Offer	Thursday, 9 November 2023
Retail Offer opening date	Monday, 6 November 2023
Retail Offer closing date (5:00pm, Sydney time)	Monday, 20 November 2023
Announcement of results of Retail Offer	Thursday, 23 November 2023
Allotment of New Shares under the Retail Offer and Attaching Options under Entitlement Offer	Monday, 27 November 2023
Normal trading of New Shares under the Retail Offer and Attaching Options under Entitlement Offer	Tuesday, 28 November 2023
AGM to approve issue of Placement Attaching Options and (if applicable) Sub-Underwriter Options	Wednesday, 29 November 2023
Allotment of Placement Attaching Options and (if applicable) Sub-Underwriter Options	Wednesday, 29 November 2023
Normal Trading of Placement Attaching Options and (if applicable) Sub-Underwriter Options	Thursday, 30 November 2023

PARADIGM

Therapy Options

OA



Blockbuster market opportunity

Zilosul® aims to meet a significant unmet need in osteoarthritis.

FDA Fast Track Designation

Market size potential US$10B+ p.a.[4]

People affected by OA in 2020[3]



72m+

People affected by OA by 2030[3]



120m+

Markets: US, EU5, Canada and Australia.

In the US alone, OA is predicted to increase by 86% to 67 million by 2030.[3]

Knee and Hip (Global)

69%

of all OA

OA patients dissatisfied with current treatments[1]

81%

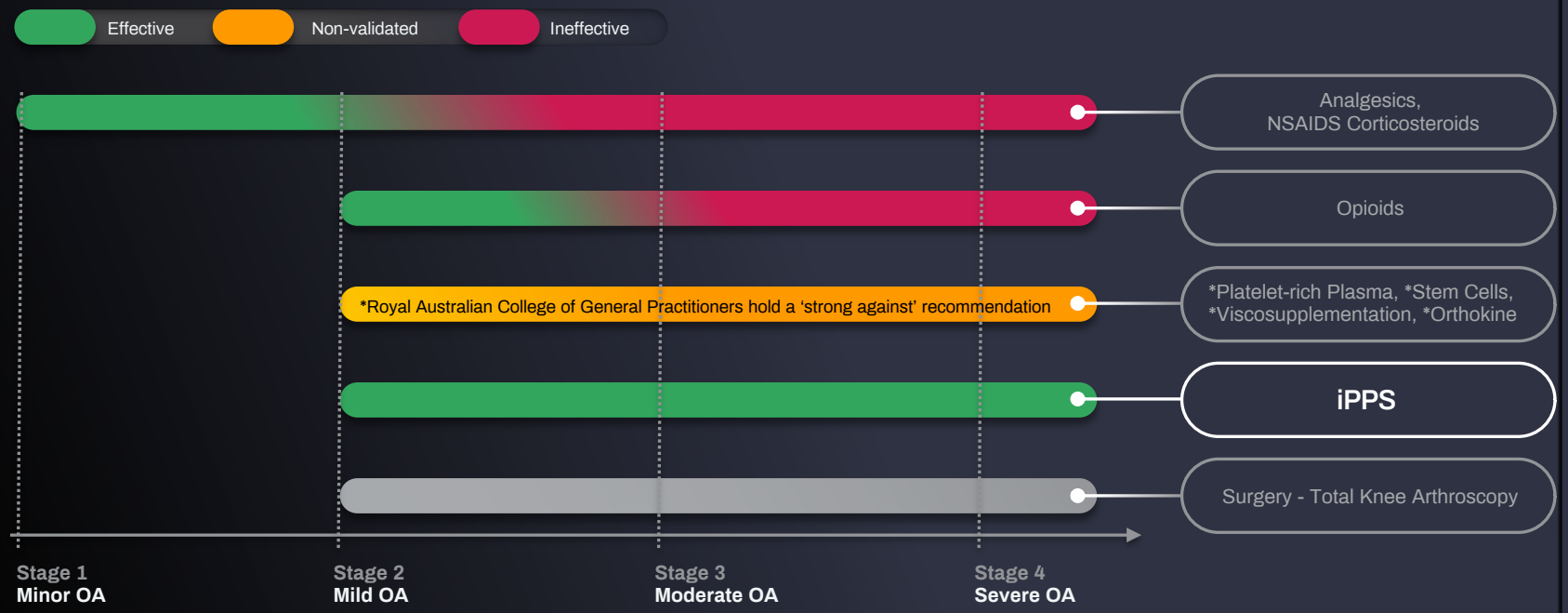
Target uptake: 10% dissatisfied market[1]

Zilosul® indicative price: US$2500 per year[2]

1. National Institute of Health; Emerging drugs for osteoarthritis; Hunter DJ and Matthews G 16(3): 479–491; 2011 September.
2. Global Pricing Research conducted by Paradigm. EU5: Germany, UK, Spain, France, Italy
3. OARSI. Osteoarthritis: A Serious Disease, Submitted to the U.S. Food and Drug Administration December 1, 2016
4. Calculation based on 10% penetration dissatisfied patients with knee and hip OA in the 72m addressable market, at price of US$2500.

Market Demand

There are no effective treatments for Moderate to Severe OA

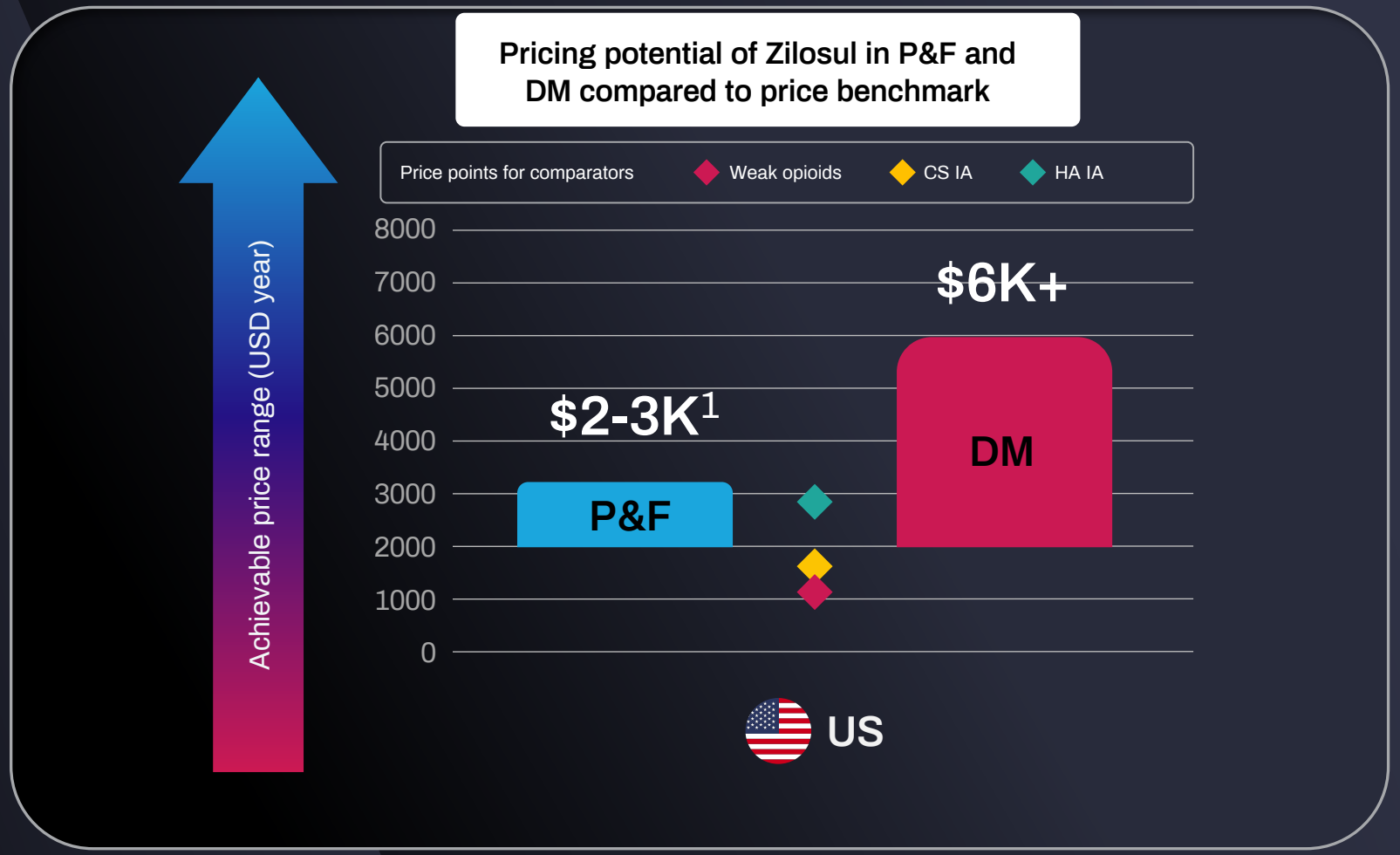


"Most patients with OA of the hip and/or knee either initiate on or switch to opioids for long-term management of OA-related pain despite known risks. This highlights the need for new treatments that delay or prevent use of opioids[1]".

1. Source: https://www.tandfonline.com/doi/full/10.1080/03007995.2023.2234727?scroll=top&needAccess=true&role=tab

Target pricing

- Achievable for Pain and Function (P&F) with PAR current clinical program.
- A significantly higher price for Disease Modification (DM).
- Price is per course of treatment.
- High gross margin on sales.



1. Reasonable price - higher prices may be achievable but will likely trigger restrictions on use by payers

Precedent OA transactions

Late-stage OA program potential to unlock shareholder value

Date	Licensee/Acquirer	Licensor	Phase	Upfront (US$m)	Total Deal Value (US$m)#	Region
Jun-22	Endo International	Taiwan Liposome Company	3	30	140	USA
Apr-22	Juniper Biologics	Kolon Life Science	3	n/a	600	APAC, MEA
Oct-21	Pacira Biosciences	Flexion Therapeutics	Marketed	n/a	579	100%
Sep-21	Haisco Pharmaceuticals	Biosplice Therapeutics	3	20	140	China
Feb-21	Nuance Pharma	Antibe Therapeutics	3	20	100	China
Oct-20	Novartis	Merk kGaA	2	~53	475	100%
Nov-18	Mundipharma	Kolon Life Science	Marketed	~27	600	Japan

 # Including Upfront & Milestone payments and excluding royalties, if applicable.

Development Program Knee OA

Extensive Clinical and Real-World Experience

Consistent positive data for iPPS in clinical and real-world settings.

- Special Access Scheme in Australia (>600 patients)
- Expanded Access Program in US
- Phase 2 clinical trials investigating iPPS versus placebo.

Clinical Program

- 2018 phase 2 PARA_OA_005 (completed).
  - AU trial, 121 people, investigating pain and function
  - Confirmed safety profile, target population and informed P3 design.
  - **Clinical trial met the primary endpoint** - Change in KOOS pain score from baseline at Day 53
  - 2021 phase 2 PARA_OA_008 (completed).
  - AU trial, 61 people, investigating how iPPS might affect OA progression with assessment by knee fluid and blood samples, X-ray & MRI.
  - Primary Endpoint Achieved: Synovial fluid biomarker changes in iPPS-treated subjects compared to placebo control.
  - Statistically significant reductions in WOMAC pain and improvement in function comparted to placebo
- 2021 phase 3 PARA_OA_002 (Stage 1 complete).
  - Global pivotal trial, ~900 people, investigating pain & function in a larger cohort.
  - Primary Endpoint – Change in WOMAC pain and function from baseline.

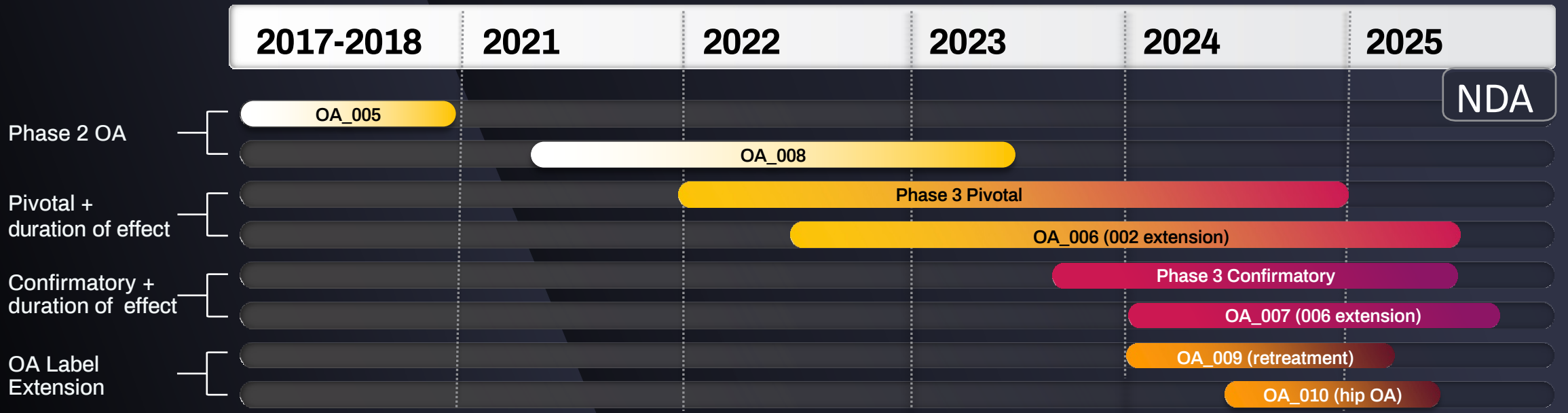
Optimal Dose

OA Program

iPPS optimal dose 2 mg/kg twice-weekly

- A lot of clinical experience with 2 mg/kg twice-weekly:
  - PARA_005, 121 participants total.
  - PARA_OA_008, 61 participants total.
  - TGA Special Access Scheme (SAS), >600 patients
  - US FDA Expanded Access Program (10 ex-NFL players).
- Regulatory authorities requested identifying the minimal effective dose.
- Included a dose finding arm in the two-stage global placebo-controlled, randomised, adaptive PARA_OA_002 phase 3 trial.
- There non-clinical toxicology studies were completed after the commencement of PARA_OA_002 concluding no adverse adrenal toxicity events at optimal dose of 2mg/kg twice weekly.
- Program to proceed with dose of 2 mg/kg iPPS twice weekly for further development based on the above clinical experience and dose finding results.

OA Clinical Development



6 weeks treatment duration in all OA studies

Study	Objective	Status
005	To evaluate the effects of PPS on knee OA pain, function, and disease modification biomarkers at Day 53	Complete
008	To evaluate the effects of PPS on knee OA pain, function, and disease modification biomarkers up to Day 365	Complete
Phase 3 Pivotal & Confirmatory	To provide evidence of effect for treatment of pain and improvement of function knee OA at Day 183	002 Enrolling
006 / 007	To evaluate the duration of treatment effect and safety up to 52 weeks from the last treatment in the parent study	006 Enrolling
009	To establish efficacy and safety data to support repeat dosing in the label.	Planned
010	To establish efficacy and safety data to support adding Hip OA to the label.	Planned

Timelines based on enrolment projections and may be subject to change.

PARADIGM

Top-Line Results

PARA_OA_008



Recap

PARA_OA_008

Exploring the durable effects of iPPS on pain, function and OA disease progression.

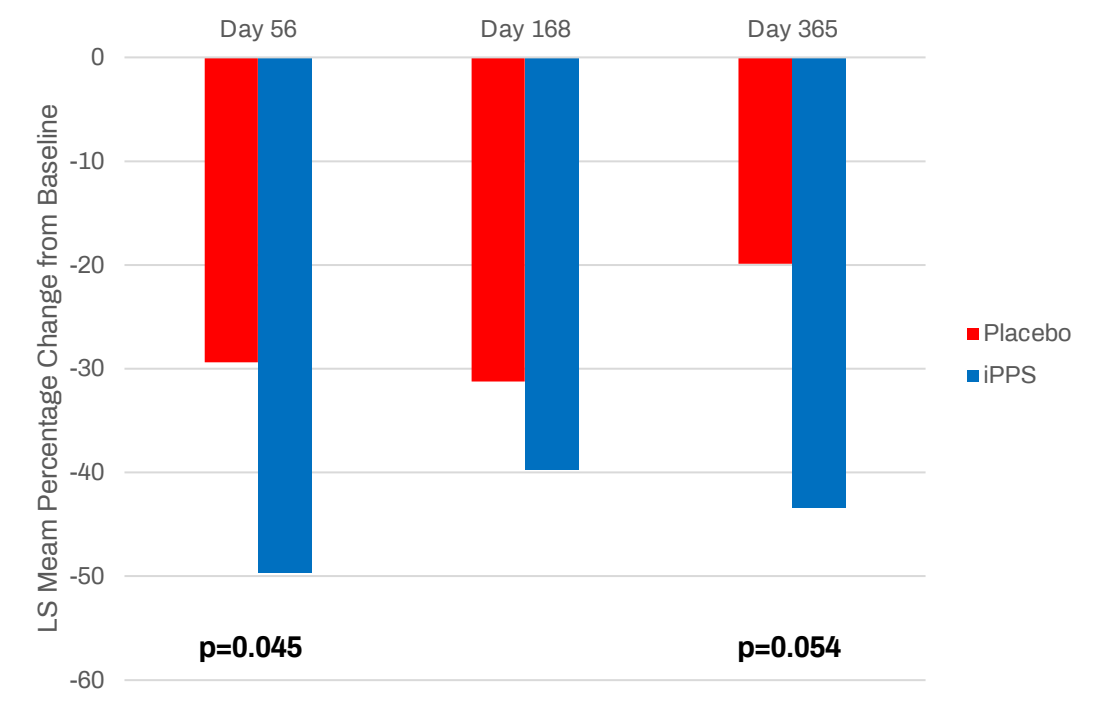
Biomarker study assessing change from baseline in multiple objective measures associated with disease progression of OA.

- 61 participants received iPPS once or twice weekly, or placebo.
- Follow-up period out to 12 months.

Outstanding top-line results:

- **Primary Endpoint Achieved** - change in one or more synovial fluid biomarkers associated with osteoarthritis disease progression at Day 56.
- Significant improvements at Day 56 in pain, function, stiffness, and overall WOMAC scores for twice-weekly iPPS compared to the placebo arm.
- Positive structural changes in the knee as measured by semi-quantitative MRI analysis. At Day 168 iPPS treatment demonstrated:
  - reduced cartilage loss indicating cartilage preservation,
  - reduced bone marrow lesions,
  - reduced osteophyte formation (bone spurs).

PARA_OA_008 | Top-Line Clinical Endpoints at Day 365

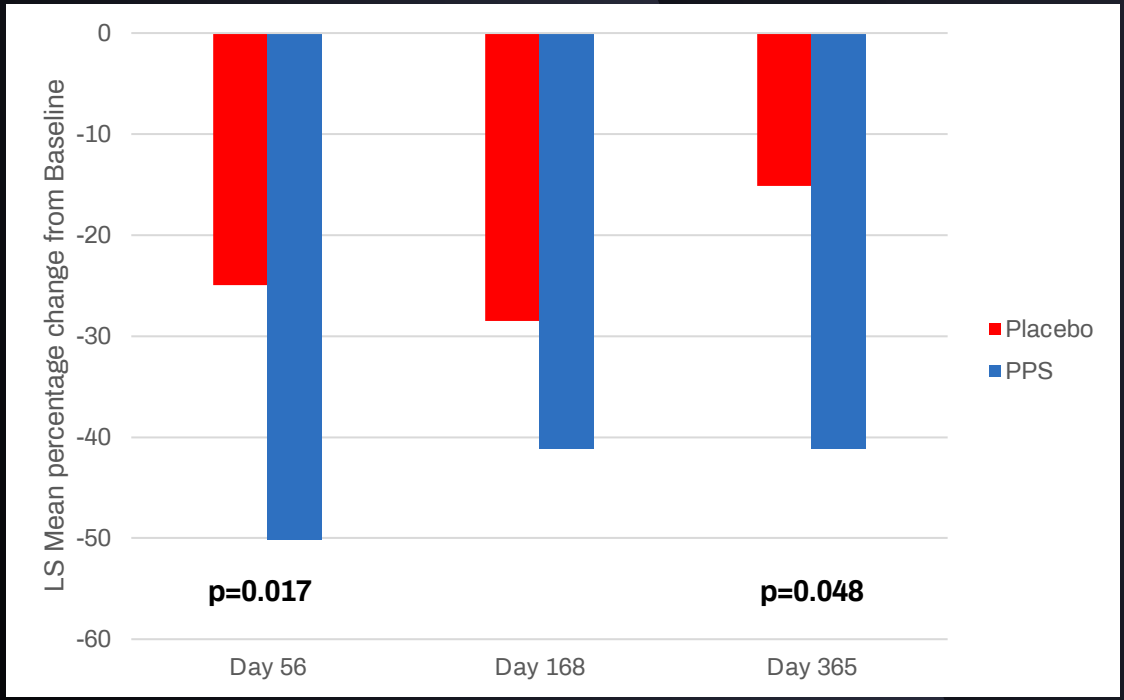


Adjusted LS mean % change in WOMAC pain from baseline at Day 56, 168, and 365 in participants treated with twice-weekly iPPS versus placebo

Changes in WOMAC pain from baseline

- Twice-weekly iPPS treatment showed significant improvement at Day 56 (p=0.045) and Day 365 (p=0.054) in WOMAC pain compared to the placebo arm.
- iPPS treatment demonstrated clinically meaningful response to pain.
- The proportions achieving ≥30% improvement in pain in the twice-weekly group were 54.5% compared to 33.3% in the placebo group

PARA_OA_008 | Top-Line Clinical Endpoints at Day 365



Adjusted LS mean % change in WOMAC function from baseline at each visit in participants treated with twice-weekly iPPS versus placebo.

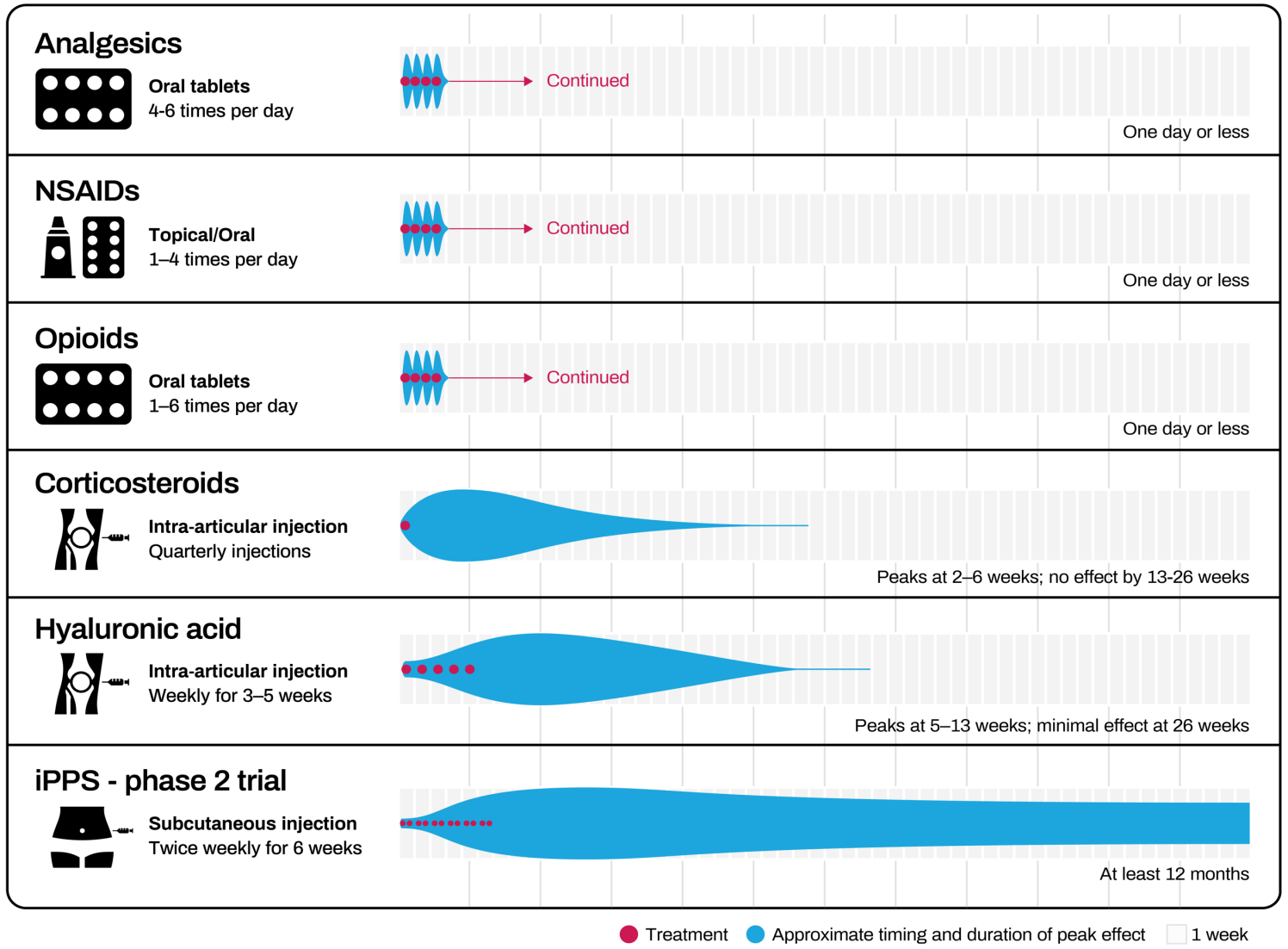
Changes in WOMAC function from baseline

- Significant improvements in function at Day 56 (p=0.017) and Day 365 (p=0.048) in iPPS twice-weekly compared to placebo.
- iPPS treatment demonstrated clinically meaningful response to WOMAC function.
- 55% of participants receiving iPPS twice-weekly reported >50% improvement in pain compared to 28% in the placebo arm.

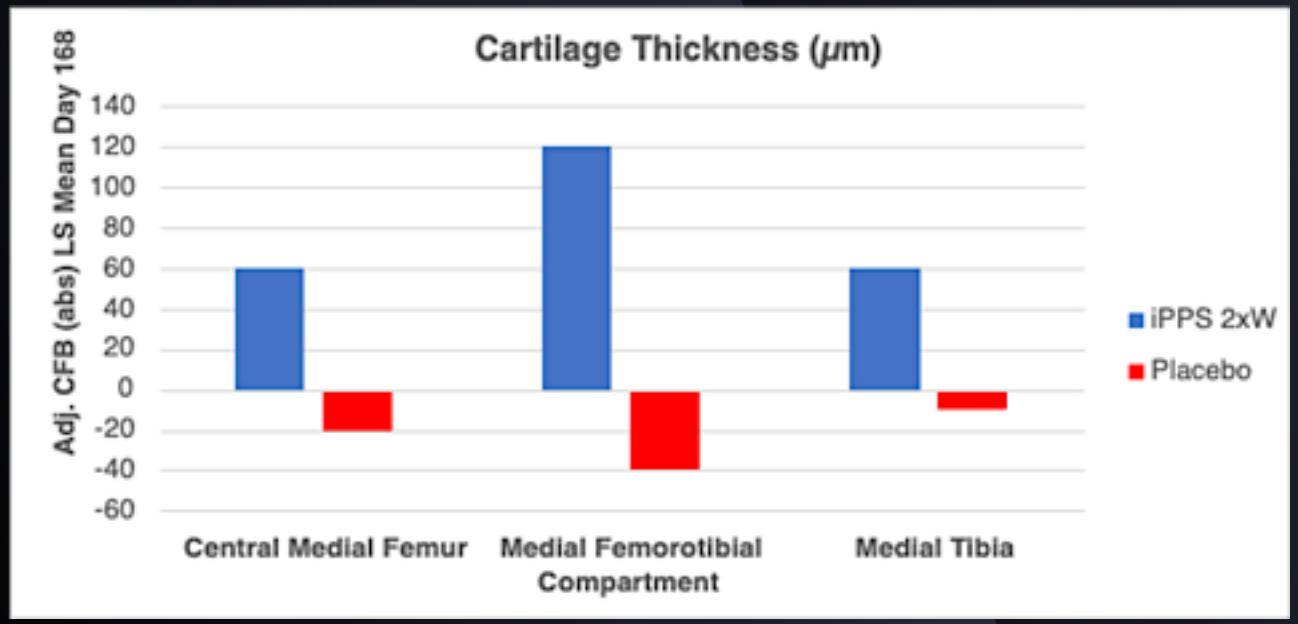
Market Demand

iPPS Durability Compared to Current OA Therapies

Current OA medication effect duration. Representative infographic reflecting current literature on the timing of the peak and estimated duration of treatment effect of currently available OA medications* and iPPS data from the PARA_OA_008 clinical trial.
*References available in Day 365 ASX Release.



PARA_OA_008 | Top-Line Day 168 Quantitative MRI Results

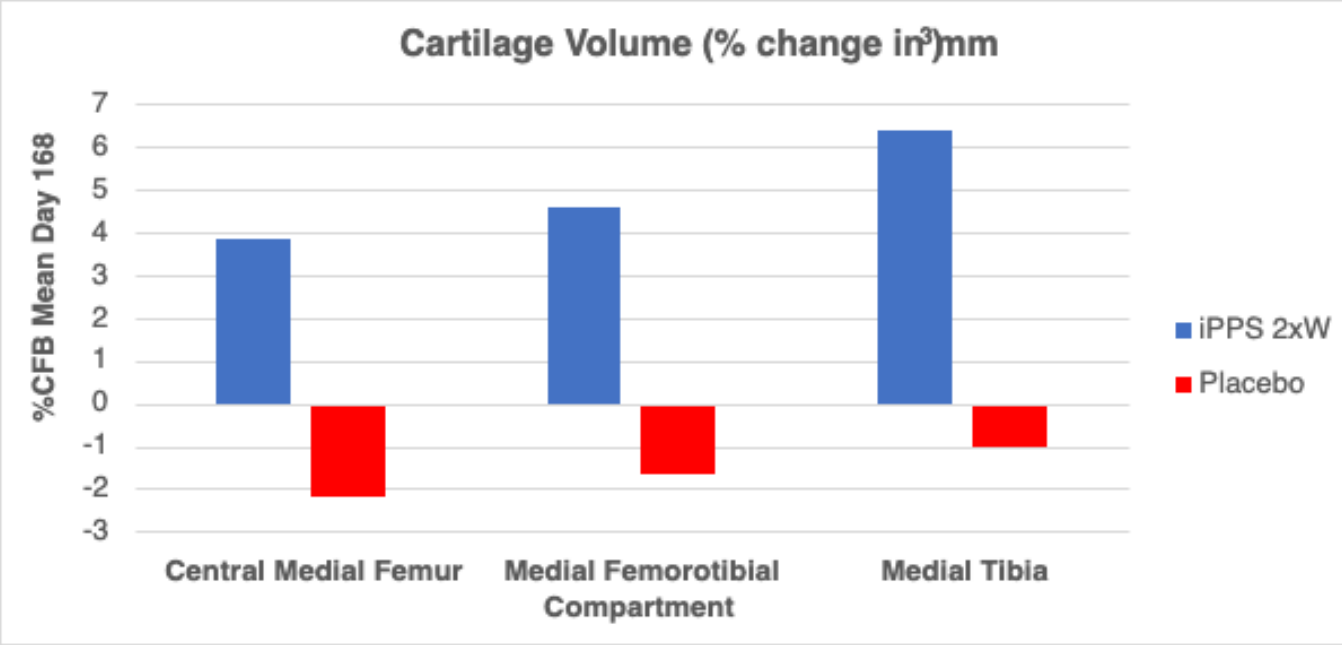


Cartilage Thickness (μm) Adj. CFB (abs.) LSM results by medial region in the knee

Changes in Cartilage Thickness from baseline

- Twice weekly iPPS arm, demonstrated a consistent pattern across regions of cartilage thickening over 6 months
- Placebo showed a loss in cartilage thickness in all medial compartments at 6 months.
- iPPS increased the cartilage thickness in the central medial femur by 60μm (0.06mm) compared to a reduction of -20μm (-0.02mm) in the placebo group at 6 months.
- Placebo consistent with the naturally occurring cartilage loss rate in knee OA progression (-40μm or 0.04mm per year).

PARA_OA_008 | Top-Line Day 168 Quantitative MRI Results



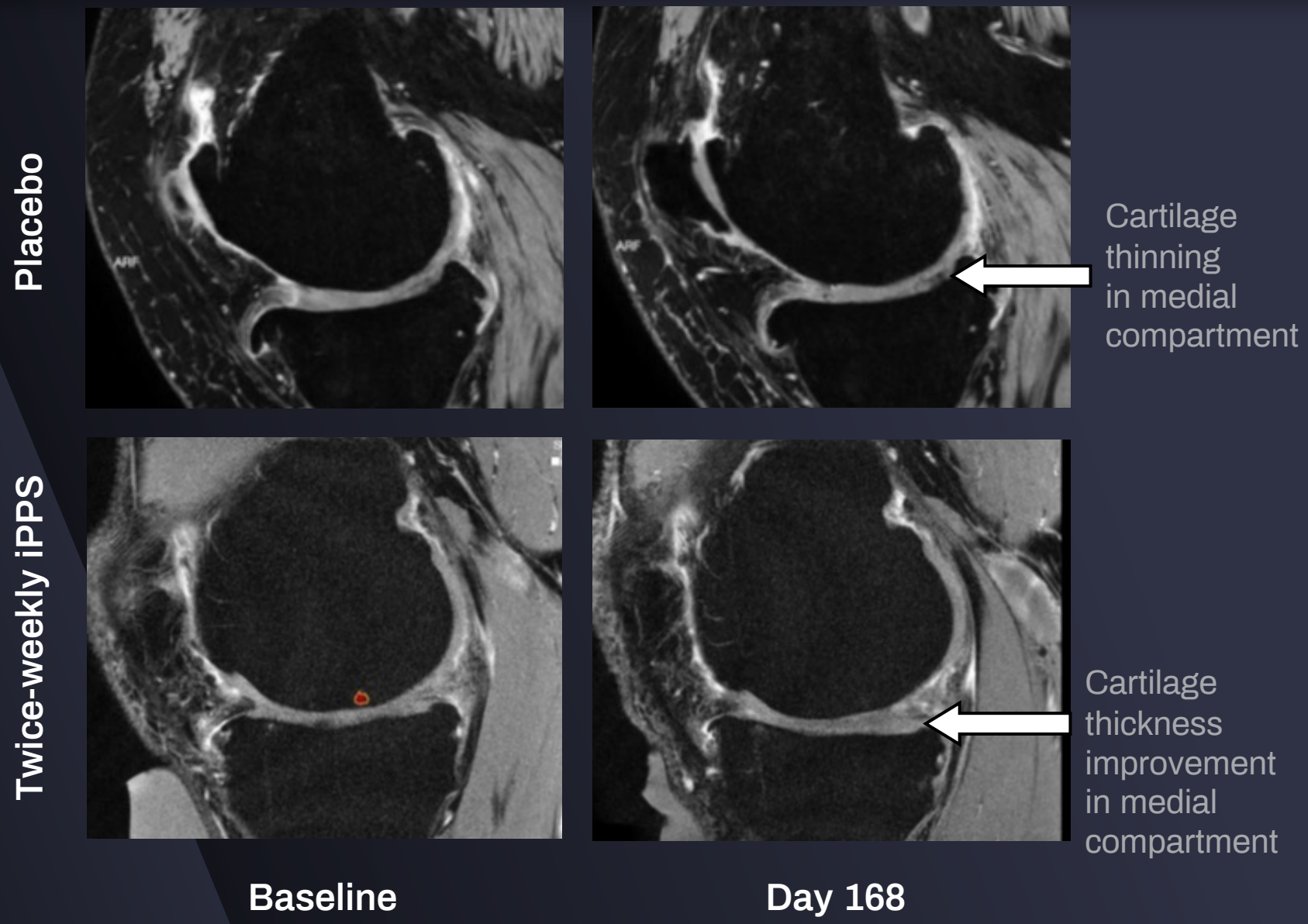
Average percentage (%) change from baseline (CFB) in cartilage thickness (mm) by medial region in the knee.

Changes in Cartilage Volume from baseline

- iPPS showed an average increase in cartilage volume of 4.6%, in the medial femorotibial compartment compared to baseline, whereas the placebo arm showed a loss of cartilage volume of -1.7%.
- iPPS is reversing the breakdown of cartilage at 6 months, compared to placebo which is showing further cartilage volume loss from baseline consistent with the natural progression of the disease (4% reduction in cartilage volume per year).

Cartilage thickness

PARA_OA_008 representative images

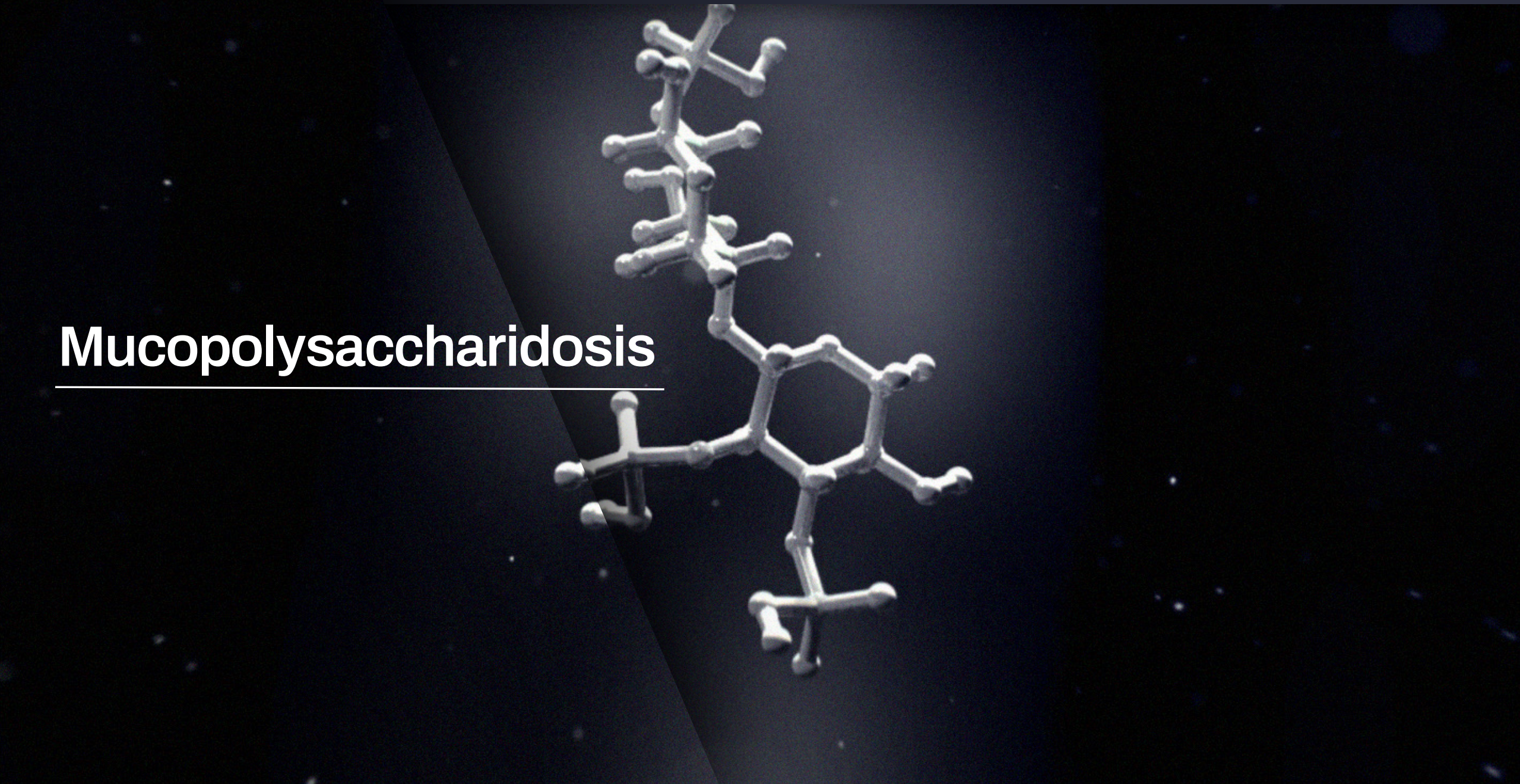


PARA_OA_008 | Summary of phase 2 randomised controlled clinical trial

iPPS demonstrated efficacy on both objective and subjective measures compared to placebo

OBJECTIVE DATA MEASURES	Reported
Improvement in synovial fluid biomarkers associated with OA disease progression	Day 56 & 168
Improvement in structural changes in the knee determined by MRI	Day 168

SUBJECTIVE DATA MEASURES	Reported
Significant improvement in mean change from baseline in WOMAC pain, function, and overall scores.	Day 56, 168 & 365
Significant improvement in Patient Global Impression of Change (PGIC)	Day 365



Mucopolysaccharidosis

MPS

Phase 2 Rare Disease Asset

- PPS has **FDA & EMA Orphan Designation** for MPS
- **Unmet need** for patients who experience pain and symptoms that reduce their quality of life
- PPS is being developed as an **adjunct therapy** with current standard of care to treat the pain associated with joint inflammation and musculoskeletal issues
- **Two ongoing phase 2 studies**
  - MPS I completed, achieved primary and secondary endpoints. Publication of clinical data being prepared for peer review.
  - MPS VI placebo-controlled, enrolment complete, data release in Q4 2023

Potential benefits

- PPS reduces tissue GAGs[2,3]
- PPS attenuates the NGF pain pathway[4]
- PPS reduces inflammation[5]
- PPS decreases activity of enzymes that degrade bone & cartilage[6]



Mucopolysaccharidosis (MPS)

Phase 2 Asset in rare pediatric disease associated with inflammation and ongoing musculoskeletal pain – PPS has FDA and EMA orphan designation for MPS



MPS I – Australia – Completed

- Open label trial dosing subjects weekly SC for 12-weeks, then every other week for a total of 52-week.
- Interim top-line data reported PPS was well tolerated, demonstrating reduction in pain and GAGs and improvement in function.

MPS VI - Brazil – Readout Q4 2023

- A double-blind placebo-controlled trial with 13 subjects. Dosed weekly SC for 24-weeks.
- Primary endpoint is safety, key secondary endpoints are pain and function.
- Principal Investigator is Dr Roberto Giugliani being conducted in 2 sites in Brazil. Dr Giuliani is considered the leading expert on MPS in LATAM.
- Attractive to pharma companies as:
  - limited requirement for marketing/ training – Patients are known due to the current standard of treatment enzyme replacement therapy needs.

  • Higher penetration rate of iPPS due small community of patients and highly engaged patient advocacy groups.

Paul Rennie

Managing Director

Email: prennie@paradigmbiopharma.com

Simon White

Director IR

Email: swhite@paradigmbiopharma.com

For more information please visit:
paradigmbiopharma.com

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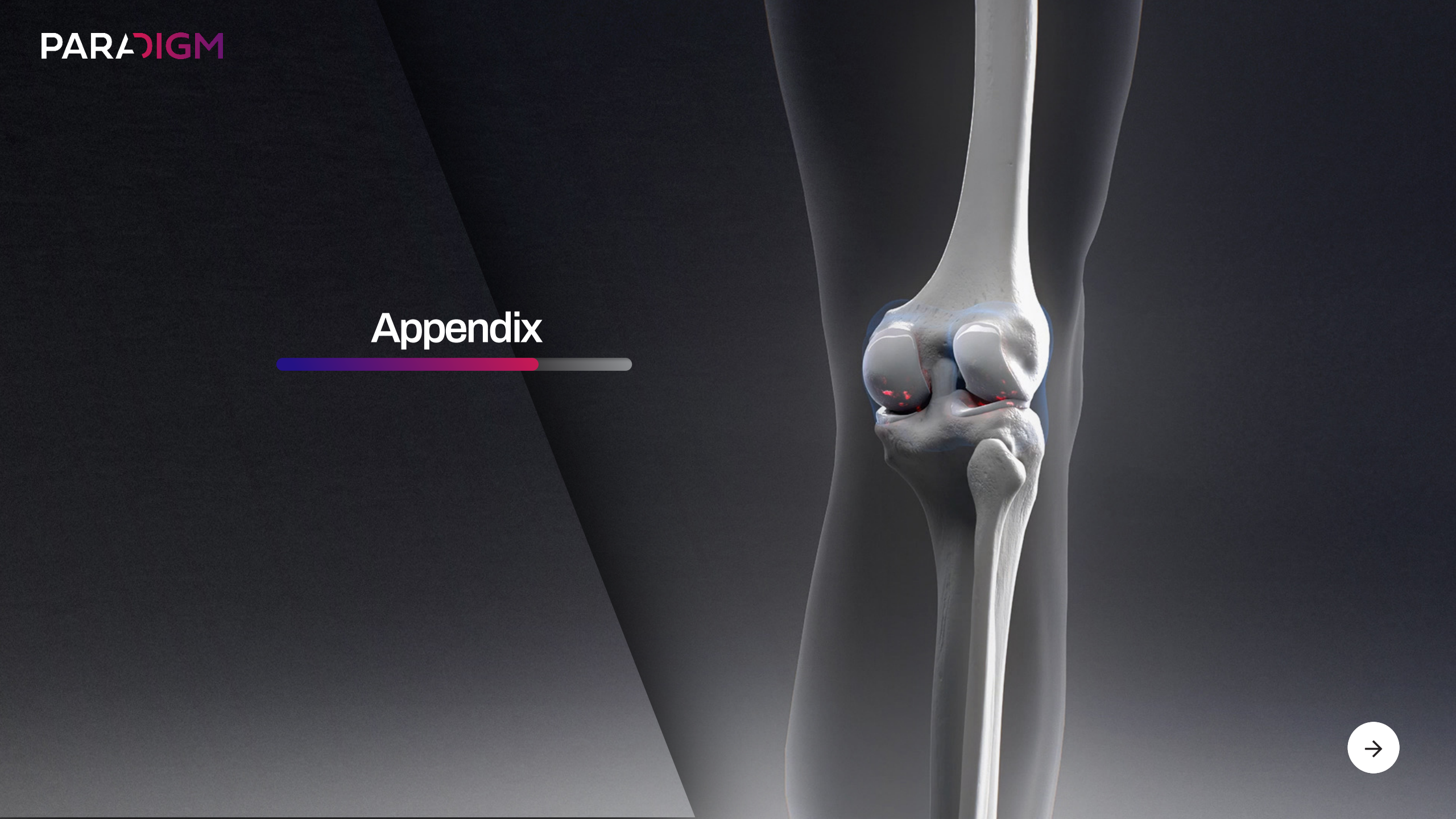
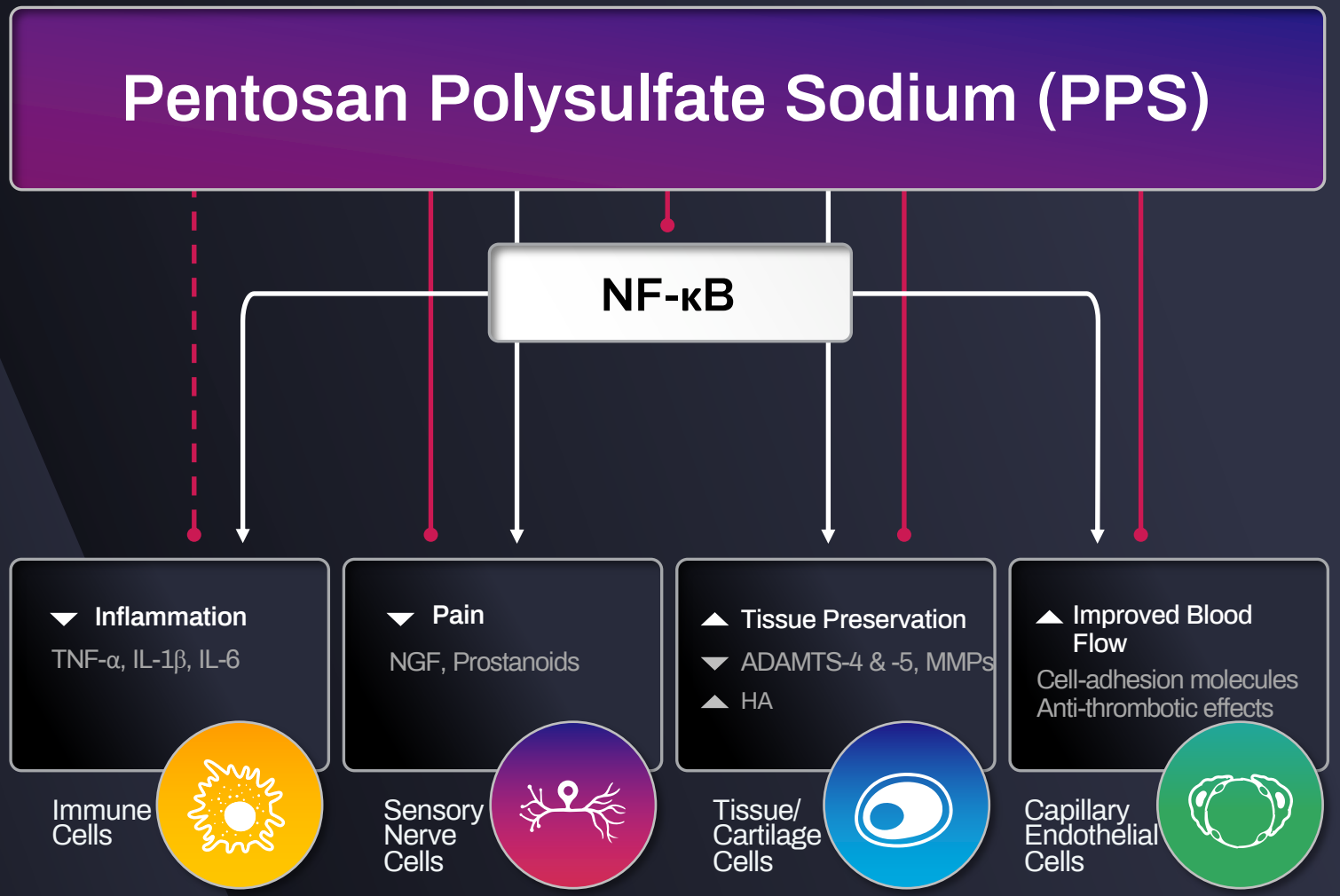
Appendix



Mechanism of action

- Multiple modes of action
- Previous phase 2B, SAS, and EAP experience
- New phase 2 data

OA
MPS
ARDS
HF
Viral Arthralgia

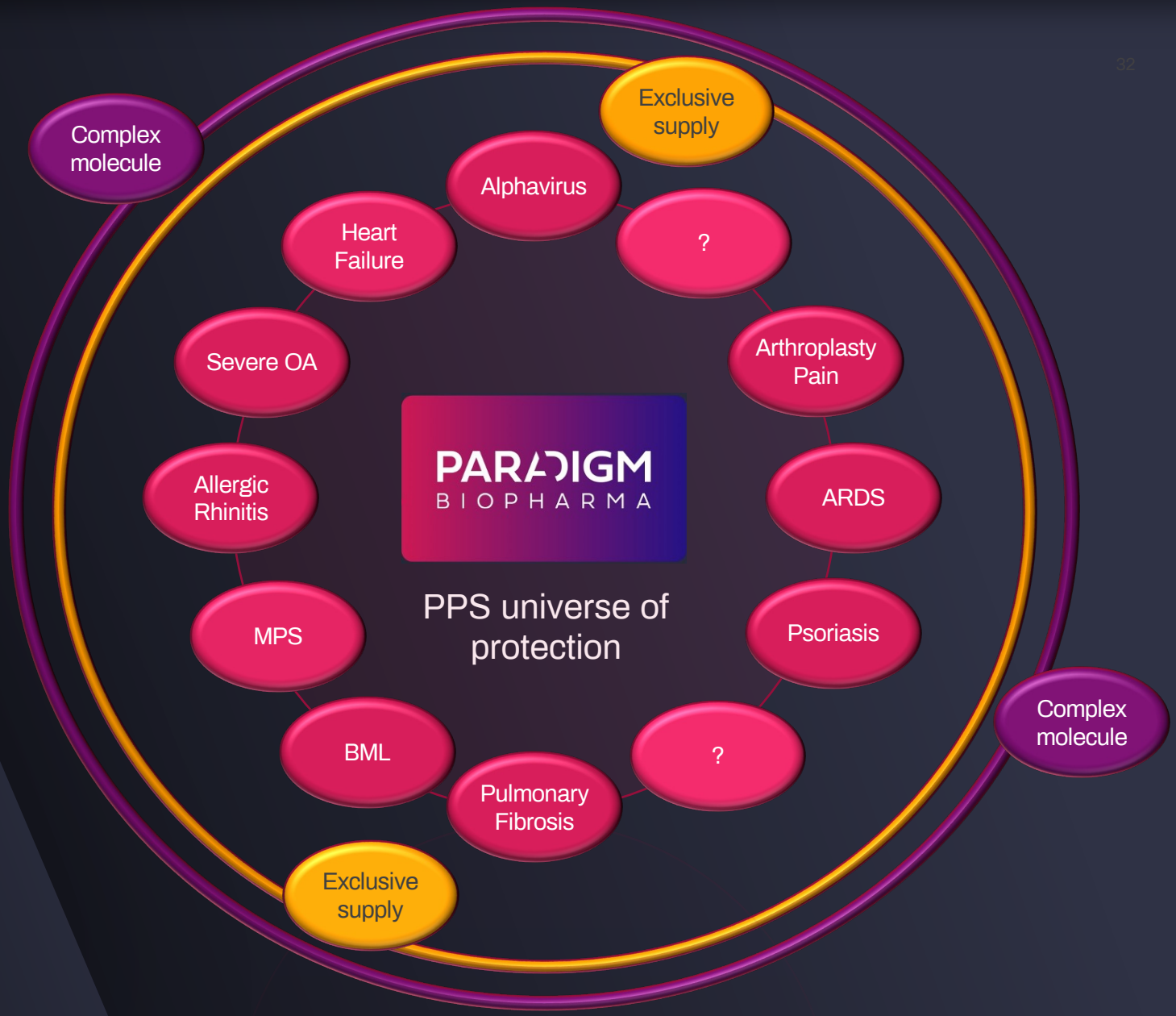


ADAMTS = a disintegrin and metalloproteinase with thrombospondin motif; ARGS = aggrecan amino acids alanine, arginine, glycine, and serine; NF-κB = nuclear factor kappa B; NGF = nerve growth factor; C2C = c-terminal telopeptide; COMP = cartilage oligomeric matrix protein; CTX–II = Type II collagen; IL= Interleukin; TNF-α = tumor necrosis factor alpha; TIMP-1 = tissue inhibitor matrix metalloproteinase 1.

Current hypothesis for PPS mechanism of action

Extensive market protection

- Molecular platform technology and a complex trade-secret manufacturing process makes it extremely difficult to replicate
- The starting material is extracted from a plant-based biological source and then chemically modified using a multi-step manufacturing process
- Exclusive supply for 25-years post marketing and ongoing development agreements with the originator and only FDA-approved API manufacturer for human use
- Multiple method of use patents, continually refined and expanded with additional patents being pursued



Risk Factors

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the Shares and Attaching Options offered under this document (**Securities**).

An investment in Securities should be regarded as very speculative and involves many risks. The Securities carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be materially and adversely affected, the trading price of the Shares could decline and you could lose all or part of your investment.

This section identifies some of the major risks associated with an investment in the Company. Intending Applicants before any decision is made to subscribe for shares should read the Company's prior continuous disclosure announcement to the ASX market in order to fully appreciate the risks particular to an investment in a medical device company such as Paradigm Biopharmaceuticals Limited and in particular the risks faced by the Company in the continued development and proposed commercialisation of its intellectual property rights.

Paradigm's assets and business is subject to a number of risk factors both specific to its assets / business and of a general nature which may impact on its future performance and forecasts. This is not an exhaustive list of the relevant risks and the risks set out below are not in order of importance. Many of the risks below are outside the control of Paradigm and its directors. These risks and other risks not specifically referred to below, may in the future materially adversely affect the value of Paradigm shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Paradigm in respect of Paradigm shares or Paradigm's business / assets.

Before subscribing for Paradigm shares, prospective investors should carefully consider and evaluate Paradigm, its assets and its business and whether Paradigm shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. There is no guarantee of the price at which Paradigm shares may trade in the future nor any dividends or returns of any nature.

In deciding whether to participate in the Offer, you should also read this document and all ASX announcements by the Company in their entirety and carefully consider the risks outlined in this section. Prospective investors should consult their technology, financial, tax and other professional advisers before making an investment decision.

Potential for dilution: Upon implementation of the Entitlement Offer and Placement, assuming successful completion of the Entitlement Offer and Placement and assuming no other Shares are issued prior to the Record Date, the number of Shares in the Company will increase from 281,756,625 Shares currently on issue to approximately 351,792,753. This means that immediately after the Entitlement Offer and Placement each Share will represent a significantly lower proportion of the ownership of the Company. Specifically, Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 19.9% (as compared to their holdings and number of Shares on issue as at the Record Date). No immediate dilution will occur as a result of the issue of Options. However subsequent exercise of any or all of the Attaching Options and the Sub-Underwriter Options if they are issued) will result in dilution. Assuming all Options (and the Sub-Underwriter Options if they are issued) are issued and exercised into Shares, Shareholders who do not participate in the Entitlement Offer, are likely to be diluted by an aggregate of approximately 32% (as compared to their holdings and number of Shares on issue as at the date of this document). It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offers and the Directors do not make any representation as to such matters.

Clinical Development: Clinical trials are inherently very risky and may prove unsuccessful or non-efficacious, impracticable or costly - which may impact profitability and commercial potential. Failure or negative or inconclusive results can occur at many stages in development and the results of earlier clinical trials are not necessarily predictive of future results. In addition, data obtained from trials is susceptible to varying interpretations, and regulators may not interpret the data as favourably as Paradigm, which may delay, limit or prevent regulatory approval.

Risk Factors Continued

Research and Development Activities: Paradigm's future success is dependent on the performance of Paradigm in current and planned future clinical trials using Pentosan Polysulfate Sodium (**PPS**) and whether it proves to be a safe and effective treatment. Paradigm's lead product is an experimental product in clinical development and product commercialisation resulting in potential product sales and revenues is likely to be years away, and there is no guarantee that it will be successful. It requires additional research and development, including ongoing clinical evaluation of safety and efficacy in clinical trials and regulatory approval prior to marketing authorisation. Drug development generally is often associated with a high failure rate and until Paradigm is able to provide further clinical evidence of the ability of Paradigm's product to improve outcomes in patients, the future success of the product in developed remains speculative. Research and development risks include uncertainty of the outcome of results, difficulties or delays in development and generally the uncertainty that surrounds the scientific development of pharmaceutical products.

Regulatory Approval: Paradigm operates within a highly regulated industry, relating to the manufacture, distribution and supply of pharmaceutical products. There is no guarantee that Paradigm will obtain the required approvals, licenses and registrations from all relevant regulatory authorities in all jurisdictions in which it operates. The Commencement of clinical trials may be delayed and Paradigm may incur further costs if the Food and Drug Administration (FDA) and other Regulatory Agencies observe deficiencies that require resolution or request additional studies be conducted in addition to those that are currently planned. A change in regulation may also adversely affect Paradigm's ability to commercialise and manufacture its treatments.

Intellectual Property risks: Securing rights in technology and patents is an integral part of securing potential product value in the outcomes of biotechnology research and development. Competition in retaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. Paradigm's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Because the patent position of biotechnology companies can be highly uncertain and frequently involves complex legal and factual questions, neither the breadth of claims allowed in biotechnology patents nor their enforceability can be predicted. There can be no assurance that any patents which Paradigm may own, access or control will afford Paradigm commercially significant protection of its technology or its products or have commercial application or that access to these patents will mean that Paradigm will be free to commercialise its drug candidates. The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology or products to avoid Paradigm's patented technology. Paradigm's current Patenting strategies do not cover all countries which may lead to generic competition arising in those markets.

Competition: The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change, both in Australia and internationally, and there are no guarantees about Paradigm's ability to successfully compete. Paradigm's products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and internationally, are pursuing the development of competing products. Some of these companies may have, or may develop, technologies superior to Paradigm's own technology. Some competitors of Paradigm may have substantially greater financial, technical and human resources than Paradigm does, as well as broader product offerings and greater market and brand presence. Paradigm's services, expertise or products may be rendered obsolete or uneconomical or decrease in attractiveness or value by advances or entirely different approaches developed by either Paradigm or its competitors.

Commercial Risk: Paradigm may, from time to time, consider acquisition, licensing, partnership or other corporate opportunities for Paradigm's product development programs. There can be no assurance that any such acquisition, licensing, partnership or corporate opportunities can be concluded on terms that are, or are believed by Paradigm to be, commercially acceptable. In the case of licensing and partnership opportunities, even if such terms are agreed there is a risk that the performance of distributors and the delivery of contracted outcomes by collaborators will not occur due to a range of unforeseen factors relating to environment, technology and market conditions.

Market penetration: Where Paradigm does obtain regulatory approval, future success will also depend on Paradigm's ability to achieve market acceptance and attract and retain customers, which includes convincing potential consumers and partners of the efficacy of Paradigm's products and Paradigm's ability to manufacture a sufficient quantity and quality of products at a satisfactory price. There is no guarantee that Paradigm will be successful in obtaining regulatory approvals, commercalising a therapeutic product or the degree of market penetration or uptake which is achieved.

Risk Factors Continued

Manufacturing: There is a risk that scale-up of commercial supplies of Pentosan Polysulfate Sodium (PPS) may present technical and supply difficulties. Any unforeseen difficulty relating to manufacturing or supply of commercial GMP quantities of PPS may negatively impact Paradigm's ability to generate profit in future.

Reliance on Key Personnel: Paradigm is reliant on key personnel employed or engaged by Paradigm. Loss of such personnel may have a material adverse impact on the performance of Paradigm. In addition, recruiting qualified personnel is critical to Paradigm's success. As Paradigm's business grows, it may require additional key financial, administrative, investor and public relations personnel as well as additional staff for operations. While Paradigm believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success. The loss of key personnel or the inability to attract suitably qualified additional personnel could have a material adverse effect on Paradigm's financial performance.

Insurance and Uninsured Risks: Although Paradigm maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and Paradigm may decide not to insure against certain risks because of high premiums or other reasons.

Product Safety and Efficacy: Serious or unexpected health, safety or efficacy concerns with Paradigm's (or similar third party) products may expose Paradigm to reputational harm or reduced market acceptance of its products, and lead to product recalls and/or product liability claims and resulting liability, and increased regulatory reporting. There can be no guarantee that unforeseen adverse events or manufacturing defects will not occur. Paradigm will seek to obtain adequate product liability insurance at the appropriate time in order to minimise its liability to such claims however there can be no assurance that adequate insurance coverage will be available at an acceptable cost. Any health, safety or efficacy concerns are likely to lead to reduced customer demand and impact on potential future profits of Paradigm.

Additional requirements for capital: The funds raised under the Offers complement the Company's existing cash reserves and available current assets and are considered sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates or future revenues are below the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of operations and further development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Litigation Risk: In the ordinary course of conducting its business, Paradigm is exposed to potential litigation and other proceedings, including through claims of breach of agreements, intellectual property infringement or in relation to employees (through personal injuries, occupational health and safety or otherwise). If such proceedings were brought against Paradigm, it would incur considerable defence costs (even if successful), with the potential for damages and costs awards against Paradigm if it were unsuccessful, which could have a significant negative financial effect on Paradigm's business. Changes in laws can also heighten litigation risk (for example, antitrust and intellectual property). Circumstances may also arise in which Paradigm, having received legal advice, considers that it is reasonable or necessary to initiate litigation or other proceedings, including, for example, to protect its intellectual property rights. There has been substantial litigation and other proceedings in the pharmaceutical industry, including class actions from purchasers and end users of pharmaceutical products.

Risk Factors Continued

Economic Risks: General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Taxation: The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this document.

Dividend Guidance: No assurances can be given in relation to the payment of future dividends. Future determinations as to the payment of dividends by Paradigm will be at the discretion of Paradigm and will depend upon the availability of profits, the operating results and financial conditions of Paradigm, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by Paradigm. No assurance can be given in relation to the level of tax deferral of future dividends. Tax deferred capacity will depend upon the amount of capital allowances available and other factors.

Climate Risk: There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include: (a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and (b) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Market Conditions: Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Speculative investment: The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. Prospective investors should consider that an investment in the Company is highly speculative. There is no guarantee that the Securities offered under this document will provide a return on capital, payment of dividends or increases in the market value of those Securities. Before deciding whether to subscribe for Securities under this document you should read this document in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

Forward-Looking Statements: There can be no guarantee that the assumptions and contingencies on which any forward-looking statements, opinions and estimates contained in materials published by Paradigm are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of Paradigm. Actual performance of Paradigm may materially differ from forecast performance.

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") and free-attaching options ("Options") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares and Options may not be offered or sold, in any country outside Australia except to the extent permitted below.

Cayman Islands

No offer or invitation to subscribe for New Shares and Options may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares and Options may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares and Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares and Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares and Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares and Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares and Options may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer Restrictions Continued

Singapore

This document and any other materials relating to the New Shares and Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares and Options, may not be issued, circulated or distributed, nor may the New Shares and Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares and Options being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares and Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares and Options.

The New Shares and Options may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares and Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares and Options (and the underlying ordinary shares) have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares and Options (and the underlying ordinary shares) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares and Options (and the underlying ordinary shares) will only be offered and sold in the United States to:

- "institutional accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act; and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.