

ASX RELEASE

30 October 2023

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LAUNCH OF \$30M CAPITAL RAISE TO FUND THE COMPANY'S PHASE 3 OSTEOARTHRITIS CLINICAL TRIAL THROUGH TO MID 2025¹

KEY HIGHLIGHTS

- Paradigm is launching a \$30m capital raise comprising an \$18m institutional placement and a \$12m 1 for 10 entitlement offer (**the Offer**).
- Funds raised under the offer, and the proceeds from the exercise of options, will be used to fund Paradigm through to mid CY25 (without additional licensing revenue) including the top-line readout from the Pivotal Phase 3 OA clinical trial.
- PAR has provided two material market updates in October 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.
- Key upcoming catalysts for the Company include: commencement of next phase of Phase 3 OA program, TGA provisional approval, readout of topline data for phase 2 program for MPS and potential regional licensing agreements for OA and MPS.
- Post capital raise Paradigm will have a pro-forma cash balance of A\$103.2¹m (including options exercise proceeds).
- Bell Potter has been appointed to act as lead manager and bookrunner for the Entitlement Offer and the Placement.

Paradigm Biopharmaceuticals Ltd (ASX:PAR) (“Paradigm” or “the Company”), a late-stage drug development company focused on delivering new therapies to address unmet medical needs, is pleased to announce that it is conducting a \$30m capital raise.

- The capital raise of \$30.1 million (before costs) will be comprised of:
 - a Placement to institutional investors to subscribe for approximately 42 million shares at an issue price of \$0.43 per share to raise approximately \$18 million; and
 - an accelerated non-renounceable Entitlement Offer of 1 share for every 10 shares held by eligible shareholders on the Record Date at an issue price of \$0.43 per share to raise approximately \$12.1 million.

¹ The full options exercise proceeds are approximately \$33.8m. If the options are not exercised, the pro-forma cash balance is \$69.4m.

- Every 4 shares subscribed for and issued under the Entitlement Offer and Placement will be accompanied by 3 free-attaching options exercisable at \$0.65 expiring on 30 November 2024.
- The Record Date for the Entitlement Offer is Wednesday, 1 November 2023 (**Record Date**).
- The capital raise is being conducted pursuant to a transaction specific prospectus (**Prospectus**).

Overview and Use of Funds

The proceeds from the Offer will be used to fund the Company's Phase 3 OA clinical trial and to pay for the costs of the Offer. The proceeds, together with the proceeds of the exercise of the options, are expected to fund the Company's OA phase 3 clinical program to mid CY25 past Paradigm's top-line read out from the phase 3 pivotal clinical trial.

Paradigm expects to confirm the 2mg/kg twice weekly optimal dose early in Q1 CY2024 and commence enrolment into the next stage of the phase 3 OA program shortly thereafter.

Paradigm is focussed on partnering its clinical assets and expects any licensing transaction to add further funding sources to commercialise iPPS in multiple jurisdictions simultaneously. The funds raised provide the opportunity for Paradigm to ensure that any licensing transaction achieves the best value for all shareholders whilst funding the Company's OA phase 3 clinical program to advance on previously reported timelines.

Key Upcoming Catalysts

- Having previously completed the phase 2 double-blinded and randomised MPS VI clinical trial, top-line data from this trial is expected during Q4 CY2023. Participants in the study are dosed weekly for 24 weeks with the primary endpoint being safety, followed by secondary endpoints of improvements in pain and function.
- Paradigm will be presenting two posters at the upcoming prestigious American College of Rheumatology Conference held on 10-15 November. Dr Mukesh Ahuja will present a poster detailing data from the PARA_OA_008 clinical trial on the therapeutic effects of iPPS on clinical a Disease Modified Osteoarthritis Drug (DMOAD) outcomes in subjects with knee osteoarthritis. Dr Ravi Krishnan will also be presenting a poster on iPPS durable effects on pain, function, and MRI of the joint structure in canine naturally occurring osteoarthritis. The posters will be available and reported to the market at the conclusion of the conference.
- Paradigm has lodged the FY23 R&D Tax Incentive Scheme refund claim. The refund of approximately \$7.3m is anticipated to be received in Q4 CY 2023.
- Paradigm is pursuing a TGA Provisional Approval application, which would expedite the pathway to marketing approval in Australia. The next stage determination application is planned to be submitted to the TGA in Q1 CY2024. Should this prove successful, Paradigm will prepare a full dossier for submission for the TGA provisional approval application.
- Paradigm is also preparing a request to the FDA for a protocol review. Paradigm's OA program has FDA granted Fast-track designation and the timeline for the review is expected in Q1 CY 2024. Paradigm intends for the program to proceed with the dose of 2mg/kg twice weekly for registration studies. Enrolment into the next stage of the program is expected to commence in Q2 CY 2024.

- Paradigm expects to conduct a pre-submission meeting with the Brazilian Regulatory Authority ANVISA, following the data read out of the MPS VI phase 2 trial. This is a phase 2 study in an ultra-rare disease. Paradigm expects to pursue a rare disease accelerated approval pathway in Brazil for MPS VI. The meeting with ANVISA is planned in the 1H CY 2024.

Entitlement Offer

Under the terms of the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new fully paid ordinary share (**Share**) for every 10 Shares held as at the Record Date at an issue price of \$0.43 (**Entitlement Shares**) to raise approximately \$12.1 million (before costs).

For every 4 Entitlement Shares issued under the Entitlement Offer, the Company will issue 3 free-attaching options exercisable at \$0.65 expiring on 30 November 2024 (**Entitlement Options**).

Fractional entitlements under the Entitlement Offer will be rounded up to the nearest whole number.

The Entitlement Offer is being conducted through:

- an accelerated offer to eligible institutional shareholders in Australia, New Zealand, Hong Kong, Cayman Islands, Singapore, the United Kingdom and the United States (**Institutional Offer**); and
- an offer to eligible retail shareholders, being retail shareholders with a registered address in Australia or New Zealand (or that the Company has otherwise determined is eligible to participate without any requirement for a prospectus or any other disclosure document to be lodged or registered and who is not in the United States and not acting for the account or benefit of a person in the United States) (**Eligible Retail Shareholders**) (**Retail Offer**).

Each Entitlement Share represents a 31% discount to the last traded price of \$ 0.620 per Share on 27 October 2023.

Eligible Retail Shareholders will receive a copy of the Prospectus, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

Placement

In addition to the Entitlement Offer, the Company is seeking to raise approximately \$18 million (before costs) through a placement to institutional investors to subscribe for 41,860,465 Shares (**Placement Shares**) at an issue price of \$0.43 per Placement Share (**Placement**).

For every 4 Shares issued under the Placement, the Company will issue 3 free-attaching options on the same terms as the Entitlement Options (**Placement Options**).

The Placement Shares will be issued pursuant to the Company's available placement capacity under ASX Listing Rule 7.1.

The issue of the Placement Options is subject to Shareholder approval, which will be sought the Company's Annual General Meeting on 29 November 2023 (with an addendum to the Notice of AGM to be dispatched to shareholders shortly).

Lead Manager

Bell Potter Securities Limited (ACN 006 390 772) (AFSL 243480) (**Bell Potter**) has agreed to act as lead manager to the Entitlement Offer and the Placement (**Lead Manager Mandate**). The material terms of the Lead Manager Mandate, including the fees payable to Bell Potter in consideration for its lead manager services are set out in the Prospectus.

At this stage, neither the Placement nor the Entitlement Offer is underwritten. Should the Company enter into an underwriting agreement, it may offer up to 10,074,426 options on the same terms as the Entitlement Options and Placement 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. If no underwriting agreement is entered into, the Sub-Underwriter Options will not be issued.

Use of Funds

The funds raised from the Entitlement Offer and Placement (assuming all Entitlements are accepted) are intended to be applied towards funding Paradigm through to mid CY25 (without additional licensing revenue) including the top-line readout from the Pivotal phase 3 OA clinical trial.

Refer to section 7.1 of the Prospectus for further details.

Entitlement Offer and Placement Timetable

An indicative timetable for the Entitlement Offer and Placement is set out below (subject to change):

Event	Date
Lodgement of Prospectus	Pre-market Monday, 30 October 2023
Announcement of results of the Placement and the Institutional Offer	Pre-market Wednesday, 1 November 2023
Trading halt lifted	Wednesday, 1 November 2023
Record Date for the Retail Offer	7.00pm (AEDT) Wednesday, 1 November 2023
Prospectus despatched to Eligible Retail Shareholders	Monday, 6 November 2023
Addendum to Notice of AGM despatched to Shareholders	Monday, 6 November 2023
Allotment of Shares under the Placement and the Institutional Offer	Wednesday, 8 November 2023 (before noon AEDT)
Quotation of Shares issued under the Placement and the Institutional Offer	Thursday, 9 November 2023

Last day to extend the closing date of the Retail Offer	Wednesday, 15 November 2023 (before noon AEDT)
Closing date of the Retail Offer	Monday, 20 November 2023
Announcement of results of Retail Offer	Thursday, 23 November 2023 (before noon AEDT)
Allotment of Shares under the Retail Offer and Options under the Entitlement Offer	Monday, 27 November 2023 (before noon AEDT)
Quotation of Shares issued under the Retail Offer and Options under the Entitlement Offer	Tuesday, 28 November 2023
Paradigm AGM approval to be sought to issue the Placement Options and (if applicable) Sub-Underwriter Options	Wednesday, 29 November 2023
Issue of Placement Options and (if applicable) Sub-Underwriter Options	Wednesday, 29 November 2023 (before noon AEDT)
Quotation of Placement Options and (if applicable) Sub-Underwriter Options	Thursday, 30 November 2023

** The above timetable is indicative only and may be subject to change.*

-Ends-

About Paradigm Biopharmaceuticals Ltd.

Paradigm Biopharmaceuticals Ltd. (ASX:PAR) is a late-stage drug development company driven by a purpose to improve patients' health and quality of life by discovering, developing, and delivering pharmaceutical therapies. Paradigm's current focus is developing injectable (subcutaneous) pentosan polysulfate sodium (**iPPS**) for the treatment of diseases where inflammation plays a major pathogenic role, indicating a need for the anti-inflammatory and tissue regenerative properties of iPPS, such as in osteoarthritis (phase 3) and mucopolysaccharidosis (phase 2).

Forward Looking Statements

This Company announcement contains forward-looking statements, including statements regarding anticipated commencement dates or completions dates of preclinical or clinical trials, regulatory developments and regulatory approval. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements.

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To learn more please visit: <https://paradigmbiopharma.com>

Approved for release by the Paradigm Board of Directors.

All dollar amounts are In Australian dollars unless otherwise indicated.

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