APPENDIX 4E
Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Paradigm Biopharmaceuticals Limited
ABN	(ABN 94 169 346 963)
Year Ended	30 June 2026
Previous Corresponding Reporting Period	01 July 2024 to 30 June 2025

1. Results for Announcement to the Market

	$	$ and % increase/(decrease) over previous corresponding period
Revenue from continuing activities	8,127,811	1,022,411 14.39%
(Loss) from continuing activities after tax attributable to members	(56,331,246)	37,560,501 200.10%
Net (loss) for the period attributable to members	(56,331,246)	37,560,501 200.10%

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
Record date for determining entitlements to the dividends (if any)	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: N/A

2. Key ratios

	Current Period	**Previous corresponding period (Restated)**
Basic earnings per ordinary security (cents per share)	(17.91) cents	(5.97) cents
Diluted earnings per ordinary security (cents per share)	(17.91) cents	(5.97) cents
Net tangible asset backing per ordinary security (cents per share)	0.44 cents	5.33 cents

3. Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

4. Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	✓	The accounts are in the process of being audited	
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A			

5. Attachments Forming Part of Appendix 4E

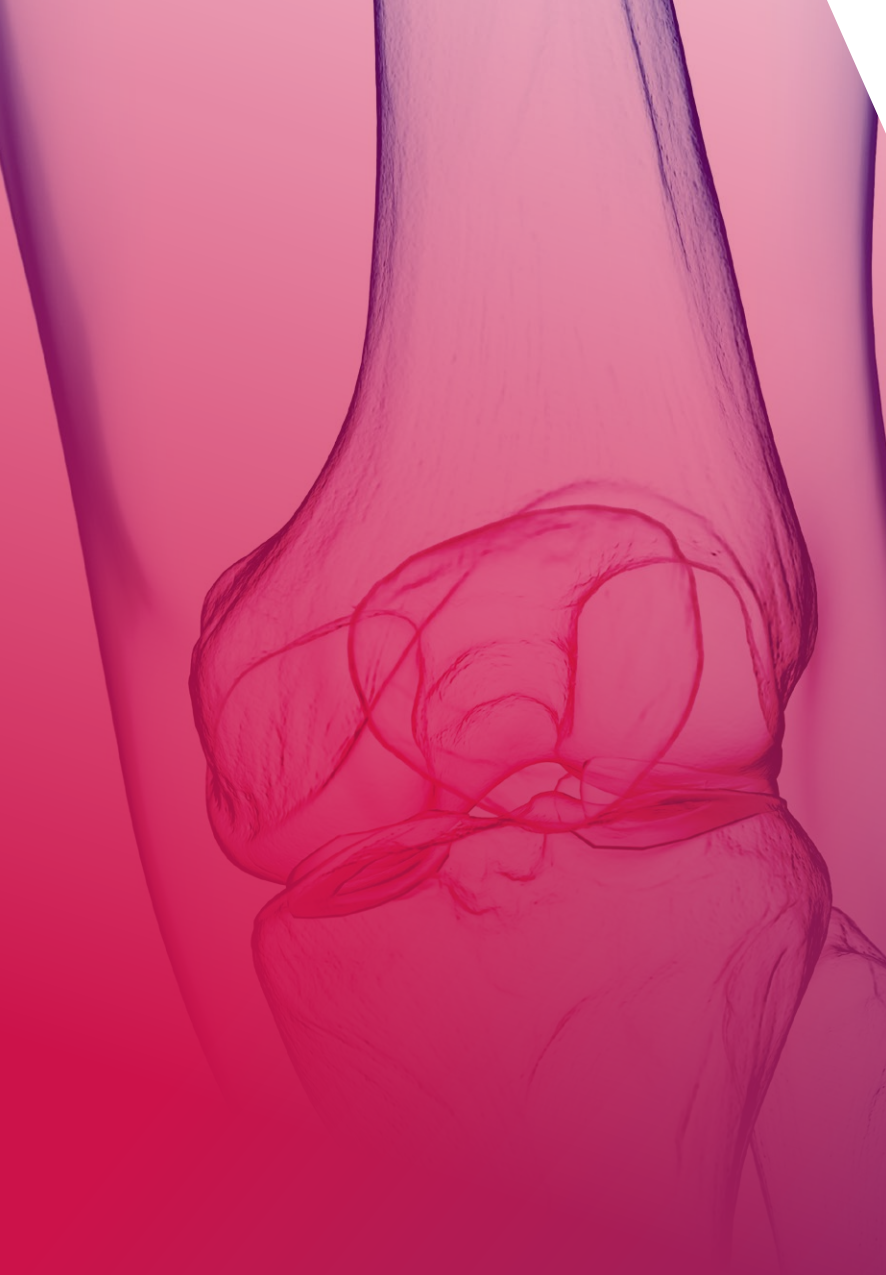
The Annual Report of Paradigm Biopharmaceuticals Limited for the year ended 30 June 2026 is attached.

6. Signed

Signed in accordance with a resolution of the Directors.

Signed _____

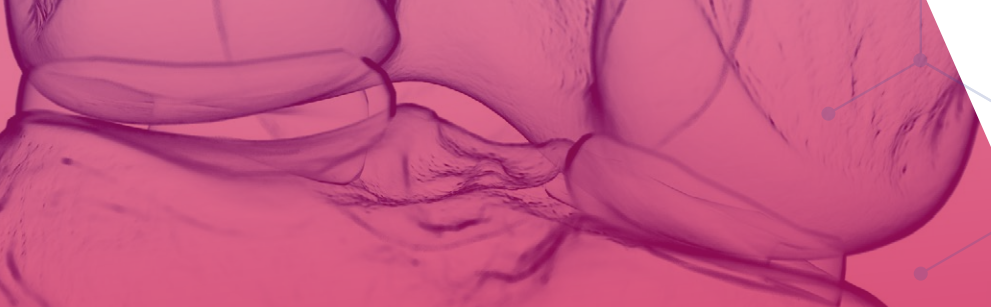
Date: 28 August 2026
Paul Rennie
Managing Director



PARADIGM
BIOPHARMA

Building the future of osteoarthritis therapeutics

Annual Report 2026



Paradigm Biopharmaceuticals Ltd. is a late-stage clinical development company. We are driven by a purpose to improve patients' health and quality of life by developing and delivering pharmaceutical therapies.

Paradigm has a vision to be recognised as a global leader in the development and commercialisation of innovative pharmaceutical therapies. Paradigm's values of innovation, transparency, adaptability, collaboration, respect, and accountability comprise the central pillars of the organisation and influence all activities and decisions.

CONTENTS

HIGHLIGHTS

538
Phase 3 participants enrolled

57
Global clinical sites

A$21.7m
Capital raised during FY2026

100% Recruitment Complete

Phase 3 enrolment target exceeded, transitioning PARA_OA_012 to clinical evidence generation.

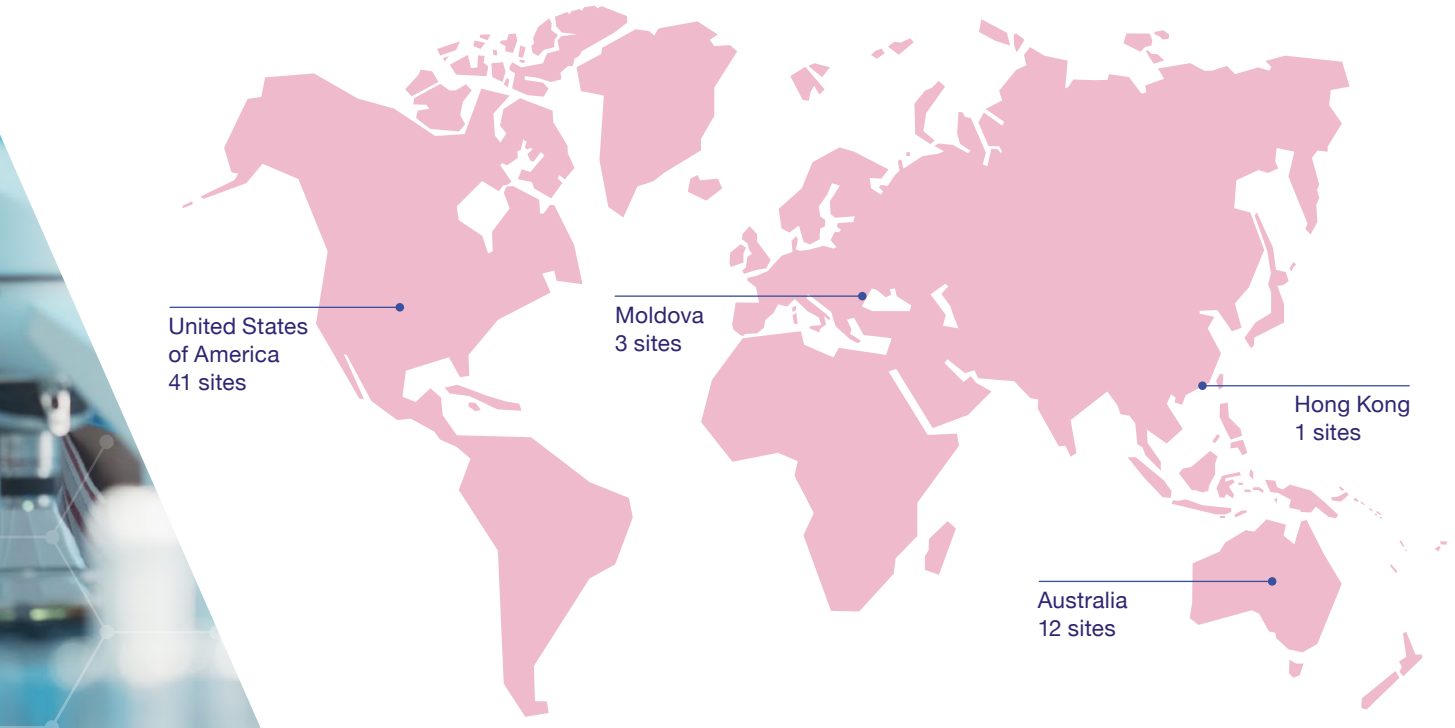
Safety Profile Supported

Independent DSMB reviews identified no material safety concerns; study continues as planned.

Value Inflection Ahead

Interim Analysis and subsequent primary endpoint top-line readout represent the next major clinical catalysts.

PARA_OA_012 PHASE 3 STUDY LOCATIONS



CHAIRMAN AND MANAGING DIRECTOR'S REPORT

Paul Rennie
Chairman and
Managing Director

FY2026 was a defining year for Paradigm. The Company successfully delivered the major operational objectives established at the beginning of the financial year, including completion of recruitment into the global Phase 3 PARA_OA_012 study, strengthening our financial position, expanding our development pipeline and advancing strategic collaborations. These achievements position Paradigm to transition from operational execution to clinical evidence generation and future commercialisation.

$21.74M
AUD

Capital Raised
Placement and Share Purchase Plan.

$27M
USD

Convertible Note Facility
Funding certainty through key Phase 3 milestones.

Dear Shareholders,

FY2026 was a defining year in Paradigm's evolution. Throughout the year, the Company successfully delivered the major operational objectives established at the beginning of the financial year, culminating in the completion of patient recruitment into our global Phase 3 PARA_OA_012 study for Zilosul® in osteoarthritis.

While this achievement represents an important milestone in our clinical development, it also reflects the disciplined execution of a broader corporate strategy. Over the past twelve months, Paradigm has strengthened its financial position, expanded its development platform, advanced strategic collaborations and continued to engage with potential commercial partners, positioning the Company for its next phase of growth.

With patient recruitment now complete, our focus transitions from operational execution to clinical evidence generation. The forthcoming Interim Analysis and subsequent primary endpoint top-line readout represent significant milestones not only for the Phase 3 development but also for Paradigm as we continue preparing for regulatory submissions and future commercialisation.

Delivering Operational Excellence

Successfully executing a global Phase 3 clinical trial requires considerably more than enrolling patients. It requires robust operational systems, experienced clinical leadership, disciplined project management and strong execution across multiple countries and clinical sites.

During FY2026, Paradigm completed recruitment of 538 participants across approximately 60 clinical sites spanning the United States, Australia, Hong Kong and Moldova, exceeding the original enrolment target of 466 participants. This achievement reflects the commitment of our clinical operations team, investigators, study coordinators and, most importantly, the patients participating in the trial.

Completion of recruitment marks an important transition for the Company. With the operationally intensive recruitment phase complete, the focus now moves to participant follow-up, database management, Interim Analysis preparation and generation of the clinical evidence package that will underpin future regulatory, commercial and partnering discussions.

Equally encouraging has been the continued oversight provided by the independent Data Safety Monitoring Board. Safety reviews completed, have identified no material safety concerns, allowing the study to continue as planned while reinforcing confidence in the quality and integrity of the Phase 3 clinical trial.

Financial Discipline and Capital Management

Throughout FY2026, the Board remained focused on ensuring Paradigm had sufficient capital to execute the Phase 3 PARA_OA_012 trial through its key value inflection points while maintaining the flexibility to pursue strategic opportunities as they arose.

We recognise that the capital raising undertaken during the year occurred during a period of sustained weakness in the Company's share price. While this was disappointing for shareholders and the Board alike, securing the funding required to successfully execute our pivotal Phase 3 trial remained the Company's highest priority. Our focus was to remove funding uncertainty, maintain Phase 3 momentum and preserve the integrity of the study through completion of recruitment and the upcoming clinical milestones.

During the year, Paradigm completed an A$14.0 million institutional Placement, followed by a strongly supported Share Purchase Plan raising A$7.74 million, generating total gross proceeds of approximately A$21.74 million. We were particularly encouraged by the strong participation from existing shareholders in the Share Purchase Plan, reflecting continued support for the Company's long-term strategy despite the challenging market environment.

These initiatives complemented the Company's staged US$27.0 million Convertible Note Facility with Obsidian Global Partners. The facility was deliberately structured to provide funding certainty while allowing capital to be drawn progressively as operational milestones were achieved, avoiding the need to raise all capital upfront.

Importantly, the facility fulfilled the strategic objective for which it was established. Together with the Placement and Share Purchase Plan, it enabled Paradigm to complete 100% patient recruitment into the global PARA_OA_012 study, continue patient treatment and follow-up, prepare for the Interim Analysis and advance regulatory, manufacturing and commercial readiness activities.

The Placement and Share Purchase Plan also included approximately 117 million listed attaching options (ASX: PAROB), exercisable at A$0.2375 per option. If fully exercised, these options have the potential to provide approximately A$28 million in additional capital. Each attaching option exercised before expiry also entitles the holder to receive a piggyback option exercisable at A$0.38, providing the Company with a further potential source of future funding while rewarding shareholder participation.

Subsequent to year end, Paradigm completed the US$3.0 million Tranche 4 drawdown under the Obsidian facility and expects to receive an R&D Tax Incentive refund of approximately A$5.5 million during the September 2026 quarter. Following the Tranche 4 drawdown, approximately US$7.0 million remains available under the facility should the Company elect to access it.

Collectively, these funding initiatives have achieved their intended purpose, providing the financial certainty required to execute one of the largest and most important clinical trials in Paradigm's history. With recruitment complete, the Company's attention now turns to generating the clinical evidence that we believe has the potential to create meaningful long-term shareholder value.

Building Long-Term Value Beyond Phase 3

While successful execution of the Phase 3 program remained our highest priority throughout FY2026, we also continued to invest in opportunities that expand the long-term value of Paradigm's pentosan polysulfate platform.

Development activities progressed for Pentacoxib®, our proprietary combination of pentosan polysulfate sodium and a selective COX-2 inhibitor. Initially focused on veterinary applications, Pentacoxib® provides an opportunity to broaden the Company's development portfolio while potentially establishing a future pathway into human therapeutics.

Alongside pipeline expansion, Paradigm continued to invest in scientific research designed to further characterise the biological activity of pentosan polysulfate. During the year, the Company established a research collaboration with City St George's, University of London, utilising an integrated translational research platform that combines advanced quantitative MRI with gene and protein profiling of human tissue collected during total knee replacement surgery.

The collaboration is designed to provide deeper insights into the biological behaviour of bone marrow lesions and the potential effects of PPS across bone, cartilage and synovial tissue. By integrating advanced imaging with molecular profiling, the study has the potential to generate a more comprehensive understanding of how PPS interacts across the osteoarthritic joint.

Subject to study outcomes, these findings may further strengthen the scientific differentiation of Zilosul® and contribute to future clinical development, regulatory engagement, reimbursement discussions and commercial partnering. This work complements Paradigm's broader strategy of building a robust scientific evidence base around the PPS platform while identifying opportunities to maximise its long-term commercial value beyond the current Phase 3 clinical development program.

Business Development and Commercial Engagement

As the PARA_OA_012 clinical trial advanced, Paradigm continued to expand its business development activities in preparation for future commercialisation.

During FY2026, members of the senior management team attended the BIO International Convention in San Diego, engaging with pharmaceutical and biotechnology companies regarding potential regional and global licensing opportunities for Zilosul®. Discussions centred on completion of patient enrolment, the upcoming Interim Analysis, Phase 3 timelines and the commercial potential of a differentiated non-opioid therapy for osteoarthritis.

Completion of recruitment represents an important milestone in these discussions. As the trial transitions from operational execution to clinical evidence generation, Paradigm continues to engage with potential commercial partners while maintaining its focus on delivering the upcoming clinical milestones.

Looking Ahead

Paradigm enters FY2027 having successfully delivered the major operational objectives established for the previous year.

Completion of patient recruitment, continued progression of our Phase 3 development, expansion of our development platform and ongoing commercial engagement have positioned the Company for the next phase of its evolution.

We also recognise that, despite the significant operational progress achieved during FY2026, shareholder returns have not reflected the value we believe has been created within the business. The capital raising undertaken during the year was completed at a challenging point in the Company's share price performance, and we understand the disappointment this has caused many shareholders, including the Board and management, who remain significant shareholders ourselves.

Despite these market challenges, our focus has never wavered. Throughout the year we continued to deliver the milestones we committed to, completing recruitment into our pivotal Phase 3 clinical study, strengthening the Company's funding position, advancing our pipeline, expanding commercial engagement and preparing for the next stage of clinical development. We firmly believe that consistent execution and disciplined delivery remain the most effective way to create sustainable long-term shareholder value.

With recruitment now complete, the Company's focus shifts to clinical evidence generation. The upcoming Interim Analysis and subsequent primary endpoint top-line readout represent significant milestones that have the potential to fundamentally change the value proposition of Paradigm. Together with our ongoing regulatory, partnering and commercial activities, these catalysts position Paradigm for what we believe will be one of the most important periods in the Company's history.

On behalf of the Board, I thank our shareholders for their continued support and patience, our employees for their dedication and professionalism, and our investigators, research partners and patients whose commitment has made this progress possible.

We remain committed to delivering on our strategy and look forward to updating shareholders as we continue building value through disciplined execution and the delivery of the important clinical milestones that lie ahead.

Paul Rennie
Chairman and Managing Director
Melbourne, Victoria

28 August 2026

Financial Year Highlights

100% Recruitment Completed

Successfully enrolled 538 participants, exceeding the planned enrolment target of 466 across 57 global clinical sites.

Phase 3 Execution

Completed recruitment and transitioned the PARA_OA_012 trial from operational execution to clinical evidence generation.

Funding Secured

Raised A$21.74 million through the Placement and Share Purchase Plan, complemented by the staged US$27 million Obsidian facility.

Independent Safety Oversight

Independent DSMB safety reviews completed with no material safety concerns, supporting continuation of the study as planned.

Commercial Engagement

Advanced global partnering discussions at BIO International Convention with continued interest from potential regional and international partners.

Pipeline Expansion

Continued development of Pentacoxib® and expanded scientific collaborations beyond osteoarthritis.

Research Collaboration

Established collaboration with City St George's, University of London, investigating additional therapeutic applications of pentosan polysulfate.

CHIEF MEDICAL OFFICER'S REPORT

Dr Donna Skerrett
Chief Medical Officer
New York City, New York

FY2026 represented a defining year for Paradigm's clinical development activities. The successful completion of patient recruitment into the Phase 3 PARA_OA_012 trial reflects years of planning, regulatory preparation and operational execution. I am immensely proud of what our clinical team, investigators and partners have achieved as we transition from trial execution to clinical evidence generation.

538
PARTICIPANTS ENROLLED

Exceeded planned recruitment target.

57
GLOBAL CLINICAL SITES

Across four countries.

Dear Shareholders,

Delivering a global Phase 3 clinical trial is among the most complex undertakings for any biotechnology company. It requires meticulous planning, experienced investigators, rigorous oversight and an unwavering commitment to patient safety and data quality.

Throughout FY2026 our clinical focus remained clear, to execute the PARA_OA_012 trial to the highest possible standard while maintaining the scientific integrity required to support future regulatory submissions.

That objective has guided every decision we have made.

Executing a High-Quality Global Phase 3 Trial

During FY2026, Paradigm achieved one of the most significant milestones in the Company's history with the successful completion of patient recruitment into the Phase 3 PARA_OA_012 trial.

A total of 538 participants were enrolled across approximately 60 clinical sites spanning the United States, Australia, Hong Kong and Moldova, exceeding the original recruitment target of 466 participants. While achieving recruitment targets is an important operational milestone, the quality of the participants enrolled, and the consistency of trial execution are equally critical to the success of a pivotal Phase 3 study.

Considerable effort was invested in identifying investigators and clinical sites with extensive experience in osteoarthritis research, proven recruitment capability and a demonstrated commitment to protocol compliance and participant engagement. This deliberate site selection strategy, combined with ongoing training and close operational oversight, has helped establish a study conducted to the highest scientific and operational standards.

Completion of recruitment represents the culmination of years of planning and collaboration. It also marks the beginning of the next important phase of the study, as participants continue through scheduled follow-up assessments that will generate the clinical evidence required to evaluate the efficacy and safety of Zilosul®.

Collaboration and Clinical Execution

Executing a study of this scale requires seamless collaboration between Paradigm and our external partners.

Our Clinical Research Organisation, Advanced Clinical, has been fully integrated with Paradigm's internal clinical operations team throughout the study. Their expertise in clinical trial management, combined with outstanding communication between investigators, study coordinators and Paradigm personnel, has been instrumental in achieving our recruitment objectives.

I would also like to acknowledge Nordic Bioscience Clinical Development A/S (NBCD), whose world wide expertise in arthritis clinical research fills an important role in supporting the global expansion of trial activities to Hong Kong and Moldova while ensuring quality and consistency of data being generated throughout the trial.

The commitment demonstrated by these organisations, together with our investigators and site coordinators, has enabled the study to be executed with exceptional professionalism across every participating region.

100%

Recruitment Complete

Transition to clinical evidence generation.

CHIEF MEDICAL OFFICER'S REPORT
continued

Independent Safety Oversight

Patient safety remains the highest priority throughout every stage of clinical development.

The PARA_OA_012 trial continues to be independently monitored by an experienced Data Safety Monitoring Board (DSMB), which periodically reviews unblinded safety data to assess participant wellbeing and determine whether the study should continue as planned.

During FY2026, the DSMB completed its scheduled safety reviews, including the planned 20% safety review, with no material safety concerns identified and recommended that the study continue. Subsequent to year end, the independent DSMB completed the planned 50% and 80% safety reviews, with both reviews resulting in a recommendation for the Phase 3 PARA_OA_012 study to continue unchanged, with no modifications to the clinical trial protocol.

These independent reviews provide an important level of external governance, reinforcing confidence in both participant safety and the integrity of the trial as it progresses towards its major clinical milestones.

A Team Effort

Although clinical milestones are often measured through recruitment numbers and timelines, they ultimately represent the dedication and commitment of an extraordinary team of people.

I would like to acknowledge Paradigm's clinical operations team, whose tireless work over many months has enabled the successful delivery of one of the largest and most complex clinical studies ever undertaken by the Company. Their commitment has extended far beyond day-to-day study management, encompassing site selection, investigator engagement, participant support, regulatory coordination, operational oversight and continuous collaboration across multiple countries and time zones.

I also extend my sincere appreciation to our investigators, study coordinators, Advanced Clinical, Nordic Bioscience, the independent DSMB and our many specialist service providers. Their professionalism and shared commitment to scientific excellence have been fundamental to the successful execution of this study.

Most importantly, I would like to thank every participant and their families. Clinical research is only possible because of their willingness to contribute their time and place their trust in the research process. Their participation has brought us significantly closer to potentially delivering a new treatment option for the millions of people living with osteoarthritis worldwide.

A Personal Reflection

As many shareholders will know, I stepped away from the Board to dedicate my full attention to leading the clinical execution of our Phase 3 trial. Seeing this study successfully recruit 538 participants has been one of the proudest achievements of my career and reflects the extraordinary commitment of our clinical team, investigators and partners.

As the trial now transitions from operational execution to clinical evidence generation and preparation for future regulatory submissions, including a potential New Drug Application (NDA), my role within Paradigm will naturally evolve. I remain fully committed to the Company and look forward to continuing to support activities that will be critical as we progress towards these important milestones.

In the coming months, we expect to welcome a new Chief Medical Officer who will lead the next stage of clinical development, including the generation of the Phase 3 clinical evidence package for iPPS in osteoarthritis and the continued exploration of opportunities beyond OA. I look forward to ensuring a seamless transition and to support the continued success of the programme.

Having worked with pentosan polysulfate for many years, I have never been more excited, enthusiastic or confident about its potential. The quality of the science, the strength of the clinical execution and the calibre of the team supporting this trial give me enormous confidence in what lies ahead.

Looking Ahead

Completion of recruitment marks an important transition for the clinical team.

Our attention now turns to participant follow-up, maintaining the highest standards of data quality, database preparation and delivery of the planned Interim Analysis, followed by the primary endpoint top-line readout.

These milestones represent the culmination of many years of scientific research, clinical development and operational execution.

While there remains important work ahead, I am immensely proud of what our team has accomplished and confident in the quality of the trial we have conducted. Every decision throughout the study has been guided by scientific rigour, patient safety and our commitment to generating high-quality clinical evidence.

On behalf of the clinical team, I thank everyone who has contributed to this remarkable achievement. We look forward to sharing further progress as the trial advances through its next important milestones.

Dr Donna Skerrett
Chief Medical Officer
New York City, New York

28 August 2026

DEVELOPING ZILOSUL® IN MODERN OSTEOARTHRITIS CARE

Osteoarthritis (OA) is one of the largest unmet needs in musculoskeletal medicine. Affecting more than 600 million people worldwide, it is the leading cause of chronic pain and disability and represents a growing clinical and economic burden as populations age.[1]

Our understanding of OA has evolved considerably over the past decade. Once viewed primarily as a disease of cartilage degeneration, it is now recognised as a complex disorder involving the entire joint, including cartilage, subchondral bone, synovium and inflammatory pathways. This shift has influenced both scientific research and clinical practice, with increasing emphasis on preserving joint function, maintaining mobility and improving quality of life, rather than simply managing pain.[2]

At the same time, patient expectations have changed. Today's patients expect to remain active, independent and productive for longer, creating demand for therapies that deliver meaningful improvements in pain and physical function while supporting long-term disease management. This evolving treatment landscape has reinforced the need for differentiated non-opioid therapies capable of bridging the gap between conservative management and surgical intervention.

The Current Treatment Paradigm

International treatment guidelines recommend a stepwise approach to OA management, beginning with education, exercise and weight management before progressing to pharmacological therapies.[3] While these interventions remain the foundation of care, many patients continue to experience persistent pain and declining physical function despite conservative treatment.

Current pharmacological options, including oral NSAIDs, intra-articular corticosteroids and hyaluronic acid injections, can provide symptomatic relief but each has recognised limitations relating to safety, durability or variable clinical response.[3,4] Consequently, many patients ultimately progress to joint replacement surgery, which remains highly effective for end-stage disease but is invasive, resource intensive and not appropriate for every patient.

This highlights one of the most significant unmet needs in osteoarthritis management: the need for therapies capable of delivering durable improvements in pain and physical function before surgical intervention becomes necessary.

It is within this treatment gap that Paradigm believes Zilosul® has the potential to play an important role. If the Phase 3 PARA_OA_012 programme is successful, Zilosul® has the potential to provide physicians with a differentiated, non-opioid treatment option positioned between conservative care and joint replacement surgery.

Positioning Zilosul® Within Modern Clinical Practice

Zilosul® is being developed for patients with symptomatic knee osteoarthritis who continue to experience clinically significant pain and functional limitation despite conservative management. Paradigm's strategy is to position Zilosul® as a differentiated, non-opioid treatment option that, if supported by successful Phase 3 outcomes, complements existing treatment pathways by addressing the gap between conservative therapy and joint replacement surgery.

While significant research continues to focus on disease-modifying osteoarthritis therapies, the immediate priorities for both physicians and patients remain consistent: reducing pain, improving physical function and maintaining independence. These outcomes underpin regulatory guidance, international treatment recommendations and routine clinical decision-making.[3,4]

Accordingly, Paradigm's initial clinical and commercial objective is clear—to demonstrate clinically meaningful improvements in pain and physical function following a defined treatment course. Structural imaging and translational research are intended to complement this evidence by providing additional insight into the biological activity of Zilosul®, but the initial opportunity is founded on delivering outcomes that matter most to patients, physicians and healthcare systems.

If the Phase 3 PARA_OA_012 trial successfully replicates the positive findings observed in earlier clinical studies, Zilosul® has the potential to become an important non-opioid treatment option within contemporary osteoarthritis care, supporting earlier intervention, preserving function and helping patients remain active for longer.

This strategy is also consistent with the evolving regulatory landscape. In May 2026, the U.S. Food and Drug Administration (FDA) issued draft guidance on the development of non-opioid analgesics for chronic pain, outlining contemporary expectations for pivotal clinical programmes. The guidance recommends a single clinically meaningful primary pain endpoint, supported by assessments of physical function and quality of life, while recognising the value of daily patient-reported pain assessments to improve the accuracy and reliability of efficacy evaluation. These principles closely align with the design of the PARA_OA_012 programme, which incorporates a primary Weekly Average Daily Pain endpoint, supported by validated functional and patient-reported outcome measures and daily electronic pain assessments throughout the study. Collectively, the guidance reinforces the importance of generating a comprehensive body of clinical evidence that informs not only regulatory review, but also physician decision-making and future clinical adoption.[5]

Designing a Phase 3 Clinical Program for OA

The PARA_OA_012 Phase 3 programme represents the culmination of Paradigm's clinical development strategy, building on multiple Phase 2 studies and regulatory engagement to optimise patient selection, dosing regimen, treatment duration and efficacy endpoints. Rather than being designed solely to demonstrate statistical significance at a single timepoint, the programme has been structured to generate the breadth of evidence required to support regulatory review, physician confidence and future commercialisation.

Beyond the primary endpoint, PARA_OA_012 evaluates physical function, patient-reported outcomes, durability of response and quantitative MRI, providing a comprehensive understanding of Zilosul®'s clinical profile following a six-week treatment course.

Each component of the programme has been selected to address the questions physicians routinely ask when considering a new therapy:

- Does treatment deliver clinically meaningful improvements in pain?
- Does it improve physical function?
- Are those benefits durable?
- Is the clinical response supported by objective evidence?
- Where does Zilosul® fit within the current treatment pathway?

By addressing each of these questions, PARA_OA_012 is intended to build an integrated evidence package that extends beyond registration and supports physician adoption, market access and future commercialisation.

Completion of patient recruitment therefore represented more than an operational milestone. It marked the transition from study execution to clinical evidence generation, with each successive assessment progressively defining the clinical profile of Zilosul® and strengthening the evidence supporting its potential role in contemporary osteoarthritis management.

BIO 2026

Commercial Engagement

Global partnering discussions progressed

Selecting the Right Endpoint

Pain remains the principal reason patients seek treatment for osteoarthritis and continues to be the outcome that most directly influences both physicians' prescribing decisions and patient quality of life. For this reason, PARA_OA_012 evaluates Weekly Average Daily Pain using an 11-point Numerical Rating Scale (NRS) as its primary endpoint at Day 112.

This endpoint was selected following engagement with the FDA and reflects contemporary approaches to pain assessment in chronic musculoskeletal disease. Rather than relying on patients recalling symptoms over extended periods, participants record their pain electronically each day throughout the study. These daily assessments are combined into weekly averages, providing a more representative measure of the patient's overall pain experience while reducing recall bias and variability.[5]

Importantly, pain is not assessed in isolation. The programme also evaluates physical function using the WOMAC index, together with additional patient-reported outcomes that measure the broader impact of treatment on daily activities and overall wellbeing. Together, these assessments reflect the outcomes that matter most in clinical practice, helping patients move more comfortably, remain active and improve their quality of life.

DEVELOPING ZILOSUL® IN MODERN OSTEOARTHRITIS CARE
continued

Mitigating the Placebo Response

A consistently high placebo response remains one of the greatest challenges in osteoarthritis clinical research, making it more difficult to distinguish genuine treatment effects from background variability.

To address this, PARA_OA_012 incorporates a comprehensive placebo-response mitigation programme, including structured training for investigators, site personnel and participants to promote consistent study conduct and standardised efficacy assessments across all clinical sites.

By reducing unnecessary variability in patient-reported outcomes, the trial is designed to maximise the study's ability to detect clinically meaningful treatment differences while maintaining the scientific rigour expected of a global Phase 3 registration trial.

Global Study Designed for Regulatory Confidence

PARA_OA_012 is the largest clinical study utilising the 2mg/kg selected dose undertaken by Paradigm and represents an important milestone in the Company's evolution towards commercialisation.

Originally designed to enrol 466 participants, the study exceeded its recruitment target, with 538 patients commencing treatment across 57 clinical sites in the United States, Australia, Hong Kong and Moldova. This strong recruitment reflects both investigator engagement and the successful execution of a large multinational registration programme.

The study's international footprint supports the generation of data across diverse healthcare settings and patient populations, strengthening the evidence base for future regulatory submissions and global commercialisation.

Independent oversight is provided by an external Data and Safety Monitoring Board (DSMB), which has completed scheduled safety reviews throughout the study, reinforcing the governance framework expected of a pivotal global Phase 3 programme.

Building an Evidence Package Beyond Registration

Regulatory approval is only one step in establishing a successful therapy. Long-term adoption depends on generating the breadth of evidence required by regulators, physicians, payers and commercial partners.

PARA_OA_012 has therefore been designed as a staged clinical evidence programme. Rather than relying on a single efficacy assessment, the study progressively evaluates pain, physical function, durability of response and complementary structural imaging to build a comprehensive understanding of Zilosul®'s clinical profile following a six-week treatment course.

The programme has been designed to address the questions that matter most in clinical practice:

- Does treatment provide clinically meaningful improvements in pain?
- Does it improve physical function?
- Are those benefits durable?
- Are the clinical outcomes supported by objective evidence?
- Where does Zilosul® fit within the contemporary treatment pathway?

Completion of patient recruitment therefore represented more than the successful execution of a global Phase 3 clinical trial. It marked the transition from operational execution to clinical evidence generation, with each successive milestone progressively strengthening the evidence package supporting future regulatory review, physician adoption and commercialisation.

Progressive Clinical and Structural Evidence Generation

Key time marker	Day 112 ~10 weeks after treatment completion	Day 168 ~4 months after treatment completion	Day 404 12 months after treatment completion
Clinical dataset	Primary wADP pain endpoint; supporting pain, function and responder outcomes.	Longer-term pain and function outcomes; quantitative MRI assessment.	Long-term pain and function durability; final quantitative MRI assessment.
Key question addressed	**Does Zilosul® provide clinically meaningful symptomatic benefit following a six-week treatment course?**	**Is the clinical benefit sustained, with objective evidence supporting structural activity?**	**Is clinical benefit maintained 12 months after treatment, with consistent supporting imaging evidence?**
Strategic value	Core Phase 3 efficacy readout supporting the pain and function proposition.	Strengthens the evidence package through clinical durability and structural assessment.	Completes the long-term evidence package supporting future clinical and commercial discussions.
Commercial significance	Establishes the potential base commercial case for a differentiated, non-opioid OA therapy.	Supports physician confidence, payer engagement and differentiation from short-duration symptomatic treatments.	Potential to strengthen market positioning, partnering value and the overall product profile.

From Clinical Evidence to Commercial Opportunity

The value of a modern Phase 3 programme extends beyond demonstrating statistical significance. Regulators, physicians, payers and commercial partners increasingly evaluate therapies on the totality of evidence supporting their clinical value.

PARA_OA_012 has been designed with this objective in mind. Rather than focusing on a single clinical milestone, the programme progressively builds evidence from initial efficacy through to durability and longer-term clinical differentiation. If successful, this integrated evidence package has the potential to support regulatory review, physician confidence and future commercial partnering.

Outlook

FY2026 marked a defining milestone in Paradigm's evolution, with completion of patient recruitment for the global Phase 3 PARA_OA_012 clinical trial. Successfully enrolling 538 patients across 57 international sites demonstrated the Company's ability to execute a pivotal registration programme and positioned Zilosul® for its next stage of development.

With recruitment complete, the PARA_OA_012 programme now enters its next phase, transitioning from operational execution to clinical evidence generation. The upcoming interim analysis will provide an important assessment of trial progress, with top-line primary endpoint results anticipated in the months that follow. Together with the planned six- and twelve-month assessments, these milestones are expected to progressively build the clinical evidence package supporting future regulatory review, commercial discussions and, if successful, the potential commercialisation of Zilosul®.

Pentacoxib® Pipeline Expansion

Continued development beyond Zilosul®

FY2027 Next Major Catalysts

Interim Analysis followed by Phase 3 primary endpoint top-line rea

Paradigm believes the design of PARA_OA_012 reflects the evolving expectations of modern drug development—generating not only the evidence required to support registration, but also the broader clinical data needed to inform physician adoption, market access and commercial partnering.

If successful, Zilosul® has the potential to establish an important role in the treatment of symptomatic knee osteoarthritis, providing physicians with a differentiated, non-opioid therapeutic option while addressing one of the largest unmet needs in musculoskeletal medicine.

1. Global Burden of Disease Musculoskeletal Disorders Collaborators. Global, regional, and national burden of musculoskeletal disorders, 1990–2021. Lancet Rheumatology.
2. Hunter DJ, Bierma-Zeinstra SMA. Osteoarthritis. The Lancet. 2019;393:1745–1759.
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DIRECTORS' REPORT

The Directors present their report together with the Financial Report of Paradigm and the entities it controlled at the end of, or during, the year ended 30 June 2026 (referred to hereafter as the 'Consolidated Entity' or 'Paradigm').

Directors

Information on Directors

The Directors of Paradigm at any time during or since the end of the financial year are:

Paul Rennie, Managing and Executive Chairman (Appointed as Managing Director and ceased as Non-Executive Chairman on 22 November 2022)

Paul Rennie BSc, MBM, Grad Dip Commercial Law, MSTC, has sales, marketing, business development, operational and IP commercialisation experience in the biopharmaceutical sector. Paul's experience includes working for Boehringer Mannheim (now Roche Diagnostics), Merck KGGA as national sales and marketing manager and Soltec (FH Faulding Ltd) as their Director of business development. Paul also led the commercialisation of Recaldent® a novel biopharmaceutical arising from research at the dental school, University of Melbourne. Paul took an R&D project from the laboratory bench to a commercial product now marketed globally as an additive to oral care products. More recently Paul worked in a number of positions with Mesoblast Ltd. Paul was the inaugural COO and moved into Executive Vice President New Product Development for the adult stem cell company. Paul is the founder of Paradigm Biopharmaceuticals.

Amos Meltzer, Non-Executive Director (Appointed on 09 December 2020)

Amos Meltzer is a scientist and an intellectual property lawyer with over 25 years of experience in international trade and in commercialising technologies, principally in the life sciences sector. He has presided over life science research and product development projects clinical trials as well as the commercialisation of life sciences assets through both licensing and the sale and marketing of a pharmaceutical product. Previously Amos served as General Counsel and IP director at two Nasdaq-listed companies Compugen and Gilat, as a non-executive director of a biotechnology company Evogene and as VP of Business Development and then CEO of an ASX-listed biopharmaceutical company Immuron. Amos currently serves as Chief Legal Officer of neuro-medical device company Synchron, chairman of the Board of Maverick LifeSciences, a company that produces animal derived products for medical devices and as a legal advisor to a number of ASX listed and private life science companies.

Matthew Fry, Non-Executive Director (Appointed on 04 March 2024)

Matthew joins the Paradigm board with more than 25 years in business creation, strategy, and expansion in healthcare and medical diagnostics globally. He is currently the CEO, Managing Director and Founder of AM Diagnostics Pty Ltd, a manufacturer and distributor of world class medical diagnostic products. Matthew has significant experience with global regulatory agencies, in particular the Australian TGA and US FDA. Through his role as Founder and CEO of AM Diagnostics, Matthew drove the company's expansion into the United States in 2009 and is a leading biotechnology device supplier with a deep understanding of sales channels in both the US medical wholesale market and retail market, and how to negotiate with private health providers.

Company Secretary and Chief Financial Officer

Abby Macnish Niven, Company Secretary (Appointed on 30 August 2022)

Abby Macnish Niven (BComm, Bsc, CFA, GAICD) has over 20 years' experience in wealth management in Australia. She holds a Bachelor of Commerce degree with a double major in Commerce and Science, is a CFA Charterholder and is a member of the Australian Institute of Company Directors. She has also completed the Certificate in Governance Practice.

Directorships in Other Listed Entities

Directorships of other listed entities held by Directors of Paradigm during the last three years immediately before the end of the financial year are as follows:

		Period of Directorship	
Director	**Company**	**From**	**To**
Paul Rennie	NeuroScientific Biopharmaceuticals Ltd	22-Jun-21	05-Dec-23

Directors' Meetings

The number of Directors' meetings and the number of meetings attended by each of the Directors of Paradigm during the financial year are:

	Board	
Director	**Held**	**Attended**
Paul Rennie	8	8
Amos Meltzer	8	8
Matthew Fry	8	8

In addition to the formal meetings identified in the table above, the Board members each convened on many occasions including to attend to matters discussed at formal Board meetings and ensure that the Board decisions are implemented, and action items acted upon.

Principal Activities

The principal activities of Paradigm are researching and developing therapeutic products for human use.

Operating Review

This report summarises the key operational activities of Paradigm Biopharmaceuticals Ltd. (ASX:PAR) for the financial year 2026, highlighting major achievements, clinical trial progress, financial performance, and strategic engagements.

Paradigm made a loss of $56,331,246 (2025: $18,770,745) for the financial year ended 30 June 2026. Paradigm is a late-stage clinical development company, it is expected that NPAT losses will continue as the company advances Zilosul® through its global Phase 3 program toward potential marketing approval. Paradigm progressed from Phase 3 trial initiation to full clinical execution during FY2026, successfully completing recruitment into the global PARA_OA_012 trial. A total of 538 participants were enrolled, exceeding the planned recruitment target of 466, across 57 clinical sites in the United States, Australia, Hong Kong and Moldova. During the year, the Company continued participant dosing and follow-up activities, completed the planned 20% independent Data Safety Monitoring Board (DSMB) safety review and subsequent to end of the period, 50% and 80% reviews completed with no material safety concerns identified, and advanced database management and operational activities in preparation for the planned Interim Analysis and subsequent primary endpoint top-line readout.

The Company continued to work closely with its key clinical partners, Advanced Clinical and Nordic Bioscience Clinical Development A/S (NBCD), supporting global clinical operations, site management, imaging, biomarker and central laboratory activities to ensure the quality and integrity of the Phase 3 trial.

To support these activities, Paradigm completed an A$14.0 million institutional Placement and an A$7.74 million Share Purchase Plan, raising gross proceeds of approximately A$21.74 million. The capital raising, together with the staged US$27.0 million (A$41.2 million) Convertible Note Facility with Obsidian Global Partners, provided funding to support participant follow-up, clinical operations, regulatory and manufacturing activities, commercial readiness initiatives and preparation for the Interim Analysis and Phase 3 primary endpoint top-line readout. Subsequent to year end, the Company completed the US$3.0 million (A$4.21 million) Tranche 4 drawdown under the Obsidian facility and received A$5.69 million through the FY2025 Research & Development Tax Incentive and an amended FY2023 income tax assessment, further strengthening the Company's funding position as it progresses through the next phase of clinical development.

Revenue from continuing operations of $80,150 (2025: $52,120) increased compared to the prior corresponding period by $28,030. This revenue relates to the TGA-approved Special Access Scheme (SAS), under which iPPS has been made available to select physicians for patients with chronic arthralgia due to Ross River Virus (RRV) infection, previous SAS participants seeking re-treatment, or others ineligible for Paradigm's open clinical trials. The pay-for-use SAS program, launched in FY21, enables experienced prescribers to access iPPS with the appropriate safety oversight. Subject monitoring is held to standards consistent with Paradigm's formal trials, resulting in additional cost to the program. While the global Phase 3 trial is underway, Paradigm continues to allow limited SAS access for eligible patients under strict criteria. Access is restricted to prescribers with significant experience using iPPS.

Other income of $8,039,661 (2025: $6,890,534), excluding SAS revenue and sublease rent was higher than the prior corresponding period by $1,149,127. The main contributors to this increase were a $1,087,434 increase in the R&D tax incentive recognised during FY26 and $61,693 higher interest income due to higher interest rates on cash at bank compared to FY25.

Expenditure on research and development increased by $36,175,280 to $53,916,502. The majority of FY2026 research and development expenditure was directed towards activities supporting the ongoing execution of the Phase 3 PARA_OA_012 clinical trial evaluating Zilosul® for the treatment of knee osteoarthritis.

Expenditure during the year primarily related to patient recruitment, investigator payments, participant treatment and follow-up, Clinical Research Organisation (CRO) services, clinical site management, central laboratory and imaging services, data management, biostatistics, pharmacovigilance, investigational product supply, regulatory activities and other clinical operations associated with the conduct of the trial.

Following successful completion of patient recruitment during the financial year, research and development activities increasingly focused on participant treatment follow-up, collection of clinical and imaging data, database management and preparation for the planned Interim Analysis and subsequent Phase 3 primary endpoint top-line readout. Activities also continued to support longer-term follow-up assessments, manufacturing, quality assurance and regulatory documentation required for future marketing applications.

General and administrative costs of $7,258,214 (2025: $5,276,512) were higher than the prior corresponding period by $1,981,702.

Commercial expenses of $4,851 (2025: $303,298) were lower than the prior corresponding period by $298,447. The decrease in spend relates primarily to our cost reduction program, whilst still ensuring the delivery of targeted stakeholder engagement and communication programs to continue to raise the external profile of Paradigm's clinical programs globally.

Basic and diluted net loss per share increased to 17.91 cents (2025: 5.97 cents), primarily due to the higher overall loss and higher number of shares on issue.

Paradigm enters FY2027 having successfully completed the major operational objectives established for the previous financial year. With patient recruitment now complete, the Company's focus transitions from clinical trial execution to the generation of high-quality clinical evidence supporting the development of Zilosul®.

The planned Interim Analysis represents the next important milestone for the Phase 3 trial, providing an independent assessment of study progress. This will be followed by the Phase 3 primary endpoint top-line readout, expected in the months thereafter, representing a significant value inflection point for the Company. Longer-term participant follow-up will continue beyond the primary endpoint, generating additional clinical and structural imaging data designed to further characterise the therapeutic profile of Zilosul®.

Beyond the clinical milestones, Paradigm will continue progressing activities supporting future regulatory submissions, including New Drug Application (NDA) preparation, manufacturing readiness and broader commercial planning. The Company also expects to continue advancing strategic partnering discussions with pharmaceutical companies as the Phase 3 trial progresses towards its key data readouts.

Paradigm also intends to continue advancing development of Pentacoxib® and supporting translational research initiatives designed to further strengthen the scientific understanding and broader therapeutic potential of pentosan polysulfate.

With multiple clinical, regulatory and commercial milestones anticipated over the coming year, the Board believes the Company is well positioned as it enters the next stage of its development.

Environmental Regulation

Paradigm's operations are not regulated by any significant environmental law of the Commonwealth or of a state or territory of Australia.

Risk Statement

Clinical development

Clinical trials are inherently very risky and may prove unsuccessful or non-efficacious, impracticable or costly – which may impact on the prospect of completion. 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.

Research and development activities

Paradigm's future success is dependent on the performance of Paradigm in clinical trials and whether its therapeutic product candidate 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 still be a few years away, and there is no guarantee that, even when commercialised, 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 is 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 development 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.

Manufacturing

There is a risk that scale-up of manufacturing of Pentosan Polysulfate Sodium (PPS) for commercial supply may present certain 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.

Litigation

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.

Share price fluctuations

The market price of Paradigm shares will fluctuate due to various factors, many of which are non-specific to Paradigm, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. Fluctuations such as these may adversely affect the market price of Paradigm shares. Neither Paradigm nor the directors warrant the future performance of Paradigm or any return on investment in Paradigm.

Dilution risk

Following completion of the Entitlement Offer, shareholders may be subject to further dilution from the exercise of outstanding options and, where applicable, the issue and exercise of any additional options or other securities that arise in connection with those existing securities.

Paradigm remains a clinical-stage development company and will continue to assess its funding requirements having regard to the progress of its clinical development programs, available cash resources, potential partnering or licensing transactions and other strategic opportunities. The Company retains flexibility as to how it funds its ongoing operations and may seek additional capital through equity, debt, strategic transactions or other funding arrangements. Any future issue of equity securities may result in dilution to existing shareholders.

Economic risks

Requirement to raise additional funds

The Company may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.

Paradigm is exposed to economic factors in the ordinary course of business. A number of economic factors/conditions, both domestic and global, affect the performance of financial markets generally, which could affect the price at which Paradigm shares trade on ASX. Among other things, adverse changes in macroeconomic conditions, including movements on international and domestic stock markets, interest rates, exchange rates, cost and availability of credit, general consumption and consumer spending, input costs, employment rates and industrial disruptions, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events and levels of economic growth, both domestically and internationally, as well as government taxation, fiscal, monetary, regulatory and other policy changes may affect the demand for, and price of, Paradigm Shares and adversely impact Paradigm's business, financial position and operating results. Trading prices can be volatile and volatility can be caused by general market risks such as those that have been mentioned. Shares in Paradigm may trade at or below the price at which they are currently trading on ASX as a result of any of the factors that have been mentioned, and factors such as those mentioned may also affect the income, expenses and liquidity of Paradigm. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Paradigm.

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.

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.

Significant Changes in the State of Affairs

Other than the movement in issued capital which has been disclosed in note 18, there has been no matter or significant changes in the state of affairs of the entities in Paradigm during the year. Please refer to information on the share capital raise in the Operating Review section above.

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Matters Subsequent to the End of the Financial Year

On 13 July 2026, Paradigm drew a further US$3 million from the Convertible Note facility with Obsidian. Subsequent to this drawdown, the facility now has US$7 million capacity remaining. On 22 July 2026, Paradigm received $4.82 million in cash in relation to the FY2025 Research & Development Tax Incentive Refund Scheme.

Other than the above, no matters or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

During FY2027, Paradigm expects to progress the PARA_OA_012 Phase 3 clinical trial through its next major clinical milestones as the Company transitions from trial execution to clinical evidence generation. Key activities will include completion of participant follow-up, database management and preparation for the planned Interim Analysis, followed by the Phase 3 primary endpoint top-line readout. Longer-term participant follow-up will continue beyond the primary endpoint to generate additional clinical and quantitative MRI data designed to further characterise the therapeutic profile of Zilosul®.

In parallel with these clinical activities, Paradigm will continue progressing regulatory planning, manufacturing readiness and commercial preparation. Planning activities for a potential confirmatory clinical trial have also commenced, with the outcomes of the Interim Analysis and primary endpoint top-line results expected to provide important information to support future discussions with the U.S. Food and Drug Administration (FDA) regarding the overall clinical development pathway and registration strategy.

The Company will also continue engaging with potential pharmaceutical partners regarding regional and global commercialisation opportunities for Zilosul® while advancing development of Pentacoxib®, initially focused on veterinary applications, and supporting translational research initiatives designed to further expand the scientific understanding and therapeutic potential of pentosan polysulfate.

The timing and outcome of these activities remain subject to the successful completion of the Phase 3 trial, regulatory interactions and future clinical outcomes.

Corporate Governance

The Corporate Governance Statement appears on Paradigm's website at:

https://paradigmbiopharma.com/corporate-governance

Directors' Interests

The relevant interest of each Director in the shares and options issued by Paradigm at the date of this report is as follows:

Director	Ordinary shares
Paul Rennie	20,809,425
Amos Meltzer	–
Matthew Fry	1,596,300

Indemnification and Insurance of Officers

Indemnification

Paradigm has agreed to indemnify the current Directors of Paradigm against all liabilities to another person (other than Paradigm or a related body corporate) that may arise from their position as Directors of Paradigm, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that Paradigm will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Insurance Premiums

Paradigm paid a premium during the year in respect of a Director and Officer liability insurance policy, insuring the Directors of Paradigm, the Company Secretary, and all Executive Officers of Paradigm against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Proceedings on Behalf of Paradigm

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Paradigm, or to intervene in any proceedings to which Paradigm is a party for the purpose of taking responsibility on behalf of Paradigm for all or part of those proceedings.

Officers of Paradigm Who are Former Partners of RSM Australia

There are no Officers of Paradigm who are former partners of RSM Australia.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 28 of the annual report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

REMUNERATION REPORT

Audited Remuneration Report

This Remuneration Report outlines the Director and Executive Remuneration arrangements of Paradigm in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations 2001*.

For the purposes of this report, Key Management Personnel (**KMP**) of Paradigm are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of Paradigm, directly or indirectly, including any Director (whether executive or otherwise) of Paradigm.

Remuneration Report

The following were KMP of Paradigm at any time during the year and unless otherwise indicated, were KMP for the entire year:

Name	Position held	Date Appointed	Date Ceased
Paul Rennie	Managing Director & Executive Chairman	22 November 2021	
Amos Meltzer	Non-Executive Director	9 December 2020	
Matthew Fry	Non-Executive Director	4 March 2024	
Donna Skerrett	Executive Director	3 July 2020	20 November 2024

Remuneration and Nomination Committee

The Paradigm Board has dissolved the Remuneration and Nomination Committee, with the current Board of Directors collectively assuming the responsibilities and duties previously held by the committee. This change reflects the Board's commitment to streamlining governance processes and ensuring comprehensive oversight of audit and risk management functions within the Company. The board collectively will propose candidates for Director and senior Company executive appointment, review the fees payable to senior Company executives and to Non-Executive Directors and consider and review succession planning. The Board has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Board is responsible to shareholders for ensuring that Paradigm:

- has coherent remuneration policies and practices, which are observed, and which enable it to attract and retain Executives and Directors who will create value for shareholders;
- fairly and responsibly rewards Executives having regard to the performance of Paradigm, the performance of the Executive and the general pay environment;
- provides disclosure in relation to Paradigm's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to Directors and key Executives and corporate performance; and
- complies with the provisions of the ASX Listing Rules and the *Corporations Act 2001*.

Principles of Remuneration

The objectives of the Company's remuneration policies are to align directors and KMP to the Company's and shareholders' long-term interests and to ensure that remuneration structure is fair and competitive.

Paradigm has developed a remuneration philosophy that seeks to combine elements of Fixed Remuneration, Short-Term Incentive (**STI**) and Long-Term Incentive (**LTI**) that aims to ensure its remuneration strategy successfully aligns the interests of its executives and employees with those of its shareholders. Paradigm is a late-stage development, pre-commercial revenue pharma company, with less than 50 employees across the US and Australia. The Board maintains a simple remuneration structure and performance review process that comprises:

- fixed remuneration, that allows the organisation to attract and retain individuals with the necessary skills and experience to execute on the Company's strategy;
- STI that is linked to individual and Company performance, payable upon achieving individual KPIs and on execution of the Company's strategy that will grow shareholder value; and
- LTI that is aimed at long term retention of staff and rewards staff in a manner that is aligned with the growth in shareholder value.

The Paradigm Employee Performance Rights Plan (the Plan) is a long-term incentive (LTI) designed to motivate key employees towards the company's success while aligning their interests with those of the shareholders. This Plan was developed with input from an external remuneration consultant and an employee share scheme specialist to ensure it meets best practices and shareholder expectations. The Plan involves granting performance rights to key employees, which convert to shares if certain conditions are met after a vesting period of three years. These conditions include achieving specific business targets, ensuring a minimum return for shareholders, and satisfactory employee performance.

The Plan aims to retain key employees over the long term, preserving corporate knowledge and enhancing shareholder value. Central to the Plan is the win-win-win principle, ensuring benefits for shareholders, the company, and employees. Each offer under the Plan includes performance targets tied to company goals and market benchmarks, ensuring employees are rewarded based on objectively measurable business outcomes and their individual performance. The Plan also aims for consistency, treating Australian and U.S. employees similarly as much as legal constraints allow.

To maintain the company's ability to raise capital without prior shareholder approval, the Plan received shareholder approval at the 2023 Annual General Meeting under Listing Rule 7.2 (Exception 13(b)). This approval enables the company to issue securities under the Plan over three years without affecting the 15% limit on equity issuance under Listing Rule 7.1. The securities issued under the Plan are excluded from this limit, providing flexibility in capital management.

Remuneration Framework Review

The Board considers that the award of STIs should be based on pre-determined, objectively measurable KPIs, and that the award of LTIs should be aligned with the creation of long-term shareholder value.

The Board is responsible for reviewing and determining any STI awards to KMP as part of its remuneration oversight responsibilities. In making its determination, the Board considers each KMP's applicable KPIs and the outcomes of the annual performance evaluation process, under which actual performance is assessed against those KPIs. STIs are measured principally based on objectively measurable KPIs and there is generally a small element of discretion that the Remuneration Committee is required to exercise. The CEO performs the evaluations of the Company's other senior executives. This too occurs annually.

To ensure that the value of the LTIs is aligned with value created for the Company's shareholders, the proposed vesting conditions for the new LTI plan, which is subject to shareholder approval, include the Company attaining value inflection milestones. If the vesting conditions are not met, LTIs do not vest and Company employees to whom LTIs are awarded are not able to realise any of the potential value of the LTIs. Based on the principles that the Remuneration Committee has formulated, the Board continues to devise remuneration policies that benchmark Paradigm's framework with its peers and is able to effectively attract and retain the best KMP to manage the Company and continue to create value for the Company's shareholders.

Non-Executive Director Remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders. Remuneration of Non-Executive Directors is determined in maximum aggregate amount of $500,000 by the shareholders and is allocated by the Board. The Board will take independent advice in respect to Directors' fees on an as needed basis.

There is no payment made for participation in other Board activities beyond the global remuneration payable to the directors that is described above.

Directors are not required to hold shares in Paradigm as part of their appointment.

There is no plan to provide remuneration, reward or other benefits to Non-Executive Directors upon the cessation of them holding office as a Director.

Executive Remuneration

Executive Directors receive no extra remuneration for their service on the Board beyond their executive salary package.

KMP remuneration is compared against similar positions across industry peers to ensure that remuneration levels and structures remain consistent with roles of comparable skill, experience and responsibility levels.

Movement in shares

The movement during the reporting period in the number of ordinary shares in Paradigm held directly, indirectly or beneficially by each Director and KMP, including their related entities is as follows:

Directors & Key Management Persons	Held at year opening	Purchases	Exercise of Options	Disposals/ ESP lapsed	Issued via ESP	Held at year end
Paul Rennie	20,726,750	529,410	153,265	(600,000)	–	20,809,425
Amos Meltzer	–	–	–	–	–	–
Matthew Fry	1,419,830	176,470	–	–	–	1,596,300

Issue of Performance Rights

Name	Date	Performance rights	Fair value of Performance rights	$
Paul Rennie	20 December 2024	1,700,000	$0.252	428,400
	17 February 2026	1,500,000	$0.153	229,950

Movements in performance rights

Directors & Key Management Persons	Held at year opening	Purchases	Disposals/ ESP lapsed	Issued via LTI	Held at year end
Paul Rennie	1,700,000	–	–	1,500,000	3,200,000

Shares under option

Unissued ordinary shares of Paradigm under option at the date of this report are as follows:

Directors & Key Management Persons	Grant date	Expiry date	Options	Exercise price
Paul Rennie	19 February 2026	11 February 2028	76,633	$1.00
	15 June 2026	1 December 2026	529,410	$0.24
Matthew Fry	15 June 2026	1 December 2026	176,470	$0.24

Movements in options

Directors & Key Management Persons	Held at year opening	Exercise of Options	Disposals/ ESP lapsed	Issued Options	Held at year end
Paul Rennie	5,181,688	(153,265)	(5,028,423)	606,043	606,043
Matthew Fry	354,958	–	(354,958)	176,470	176,470

Employment Agreements

The Remuneration and other terms of employment for the Managing Director is formalised in a service agreement. Details of this agreement are as follows:

Name: Paul Rennie

Title: Managing Director and Chief Executive Officer

Agreement commenced: 22 November 2022

Term of agreement: Commence on the Commencement Date and will continue until terminated in accordance with this Agreement.

Details: Base annual package *, STI ** and LTI ***, subject to annual performance review, 6-month termination notice by either party, 3-12-month non-solicitation clause after termination depending on the area. Paradigm may terminate the agreement with cause in certain circumstances such as gross misconduct.

* Base annual package for financial year 2025/26 has been gross per annum inclusive of superannuation effective, to be reviewed annually by the Board.

** STI to be paid in cash up to a maximum of 30% of the Base Salary (excluding superannuation), provided KPIs agreed with the Board have been met. For financial year 2026, the Board is currently assessing whether an STI may be payable to staff.

*** LTI via invitation to participate in Paradigm's LTI plan, which is subject to shareholder approval.

Remuneration of Key Management Personnel

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel of Paradigm for the year ended 30 June 2026 are:

		Short-term			Post-employment	Long-term	Share-based payments		Proportion of remuneration performance related	Value of options as proportion of remuneration
Directors & Key Management Personnel		Salary & fees $	Annual leave (taken) $	Cash Bonus $	Superannuation and benefits $	Long service leave $	Options $	Total $	%	%
Non-executive										
Amos Meltzer		82,800	–	–	9,936	–	–	92,736	0.0%	0.00%
Matthew Fry		80,000	–	–	–	–	–	80,000	0.0%	0.00%
Executive										
Paul Rennie[1]		1,010,252	55,868	138,596	29,932	–	(947,684)	286,964	48.30%	(330.24%)
Total	**2026**	**1,173,052**	**55,868**	**138,596**	**39,868**	**–**	**(947,684)**	**459,700**	**30.15%**	**(206.15%)**

1. Share Based Payments represents valuation of performance rights awarded on 20 December 2024 and 17 February 2026 in line with the Company's accounting policy for accounting for share based payments. $132,215 was recognised in the current financial year. However, ESP shares previously granted to Paul on 19 Nov 2020 were forfeited due to non-achievement of conditions during FY2026. As a result, $1,079,899 of share-based payment expense recognised in previous financial years was reversed in FY2026. Negative percentages in the 'Value of options as proportion of remuneration' column reflect the reversal of previously recognised share-based payment expense, which led to a negative amount of $947,684.

   This adjustment does not represent negative cash remuneration.

Remuneration and awards for financial year ended 30 June 2026

Board of Directors Remuneration

The Board is responsible for establishing remuneration of Directors. The Non-Executive Director fees were increased 3.5% on 1 July 2025 to adjust for inflation.

KMP Remuneration

The Board is responsible for establishing remuneration of the Managing Director. During FY2026, the gross salaries for all staff were adjusted by 3.5% on 1 July 2025 to adjust for inflation, including the salary for the Managing Director.

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel of Paradigm for the year ended 30 June 2025 are:

		Short-term			Post-employment	Long-term	Share-based payments			
Directors & Key Management Personnel		Salary & fees $	Annual leave $	Cash Bonus $	Superannuation and benefits $	Long service leave $	Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Non-executive										
Amos Meltzer		80,000	–	–	9,200	–	–	89,200	0.00%	0.00%
Matthew Fry		80,000	–	–	–	–	–	80,000	0.00%	0.00%
Executive										
Paul Rennie[1]		988,295	33,087	–	29,932	–	7,233	1,058,547	0.00%	0.68%
Donna Skerrett[2 & 3]		314,038	98,294	–	24,740	–	(32,008)	405,064	0.00%	(7.90)%
Total	**2025**	**1,462,333**	**131,381**	**–**	**63,872**	**–**	**(24,775)**	**1,632,811**	**0.00%**	**0.43%**

1. Share Based Payments represents valuation of performance rights awarded on 20 December 2024 in line with the Company's accounting policy for accounting for share based payments.
2. Share Based Payments represents valuation of shares awarded on 25 January 2022 and performance rights awarded on 20 December 2024 in line with the Company's accounting policy for accounting for share based payments. However, performance rights previously granted to Donna were forfeited due to non-achievement of performance conditions during FY2025. As a result, $44,050 of share-based payment expense recognised in FY2024 was reversed in FY2025. Negative percentages in the 'Value of options as proportion of remuneration' column reflect the reversal of previously recognised share-based payment expense, where performance rights did not vest in the current year. This adjustment does not represent negative cash remuneration.
3. Dr. Donna Skerrett is paid in USD, remuneration figures have been translated to AUD at a conversion rate of 0.6482. The remuneration figures above represent the amount paid to 20 November 2024, the date of resignation from the Board.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	2026	2025	2026	2025	2026	2025
Non-executive						
Amos Meltzer	100.00%	100.00%	–	–	–	–
Matthew Fry	100.00%	100.00%	–	–	–	–
Executive						
Paul Rennie	80.19%	99.32%	10.14%	–	9.67%	0.68%
Donna Skerrett	–	107.90%	–	–	–	(7.90%)

Performance linked and fixed remuneration proportions were calculated excluding the historical reversal of $1,079,899, based on STI of $55,868 and LTI of $132,215 within total remuneration of $1,366,863.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	STI paid/ payable 2026	STI forfeited 2025	2026	2025
Name				
Non-executive				
Amos Meltzer	–	–	–	–
Matthew Fry	–	–	–	–
Executive				
Paul Rennie	50.00%	–	50.00%	–
Donna Skerrett	–	–	–	–

Additional information

The earnings of Paradigm for the five years to 30 June 2026 are summarised below:

	2026 $	2025 $	2024 (Restated) $	2023 $	2022 $
Income	8,127,811	7,105,400	6,442,269	8,580,939	8,787,830
Loss after income tax	(56,331,246)	(18,770,745)	(58,730,850)	(51,910,013)	(39,249,584)

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2026	2025	2024 (Restated)	2023	2022
Share price at financial year end ($)	0.17	0.30	0.26	0.99	0.97
Total dividends declared (cents per share)	–	–	–	–	–
Basic loss per share (cents per share)	(17.91)	(5.97)	(20.03)	(20.78)	(16.87)

This is the end of the audited Remuneration Report.

Dated at Melbourne, Victoria this 28th day of August 2026.

Signed in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*:

Paul Rennie
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Paradigm Biopharmaceuticals Limited and its controlled entities for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

A L WHITTINGHAM
Partner

Dated: 28 August 2026
Melbourne, Victoria

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2026

	Notes	Year Ended 30-Jun-26 $	Year Ended 30-Jun-25 $
Cost of sales		(12,128)	(20,591)
Other income	2	8,127,811	7,105,400
Other currency exchange gains and (losses)	3	(923,167)	5,413
(Losses)/gains on disposal of assets		(5,533)	-
Research and development expenses		(53,916,502)	(17,741,222)
General and administration expenses		(7,258,214)	(5,276,512)
Commercial expenses		(4,851)	(303,298)
Finance costs		(2,460,883)	(7,082)
Impairment expenses		–	(2,532,853)
Financial Derivative Fair Value movements		122,221	–
Loss before income tax		**(56,331,246)**	**(18,770,745)**
Income tax expense / (benefit)		–	–
Loss for the year		**(56,331,246)**	**(18,770,745)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(30,908)	(54,564)
Other comprehensive loss for the year, net of tax		**(30,908)**	**(54,564)**
Total comprehensive loss attributable to members of the Consolidated Entity		**(56,362,154)**	**(18,825,309)**
Earnings per share - loss (cents)			
Basic and diluted loss per share	23	(17.91) cents	(5.97) cents

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2026

	Notes	2026 $	2025 $
ASSETS			
Current assets			
Cash and cash equivalents	5	15,372,933	16,818,129
Trade and other receivables	6	13,063,270	6,373,827
Prepaid expenses	7	641,829	935,013
Financial assets held at amortised cost		71,832	–
Total current assets		**29,149,864**	**24,126,969**
Non-current assets			
Intangible assets	8	905,854	414,735
Plant and equipment	9	6,010	24,179
Right-of-use assets	10	493,093	5,649
Total non-current assets		**1,404,957**	**444,563**
Total assets		**30,554,821**	**24,571,532**
LIABILITIES			
Current liabilities			
Trade and other payables	11	17,152,824	2,734,861
Employee benefits	12	635,850	493,049
Lease liabilities	13	147,855	5,484
Financial Derivative Liability	14	1,646,000	–
Convertible notes financial liability	15	7,000,257	–
Total current liabilities		**26,582,786**	**3,233,394**
Non-current liabilities			
Employee benefits	16	139,602	154,101
Lease liabilities	17	361,688	–
Total non-current liabilities		**501,290**	**154,101**
Total liabilities		**27,084,076**	**3,387,495**
Net assets		**3,470,745**	**21,184,037**
EQUITY			
Issued capital	18	289,964,423	253,232,077
Share based payment reserve	19	3,243,229	5,082,258
Currency translation reserve		(1,212,229)	(1,181,321)
Accumulated losses	20	(288,524,678)	(235,948,977)
Total equity		**3,470,745**	**21,184,037**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2026

		Year Ended 30-Jun-26 $	Year Ended 30-Jun-25 $
Cash flows from operating activities			
Research and development and other tax incentive received		842,235	6,300,439
Receipts from customers (inclusive of GST)		66,470	40,550
Payments to suppliers and employees (Inclusive of GST)		(45,031,700)	(22,668,990)
Interest received		444,078	341,868
Interest repayment of lease liabilities		(19,684)	(7,082)
Rent received		12,000	–
Net cash outflow from operating activities	28	**(43,686,601)**	**(15,993,215)**
Cash flows from investing activities			
(Payment to)/Proceeds for financial assets held at amortised cost		(71,832)	46,200
Payment to acquire intangible assets/intellectual property		(491,119)	–
Proceeds from disposal of plant and equipment		10,634	–
Net cash (outflow) / inflow from investing activities		**(552,317)**	**46,200**
Cash flows from financing activities			
Proceeds from issue of shares		21,375,485	16,001,169
Proceeds from options exercised		196,511	–
Proceeds from issue of convertible notes		25,423,101	–
Redemption of convertible notes		(2,250,030)	–
Payment of share issue costs		(999,262)	(882,263)
Limited recourse loan repaid under ESP		80,560	–
Principal repayment of lease liabilities		(131,771)	(125,438)
Net cash inflow from financing activities		**43,694,594**	**14,993,468**
Net decrease in cash and cash equivalents		**(544,324)**	**(953,547)**
Cash at the beginning of the financial year		**16,818,129**	**17,820,827**
Net effect of cash flows on foreign exchange		**(900,872)**	**(49,151)**
Cash at the end of the financial year		**15,372,933**	**16,818,129**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2026

	Notes	Issued Capital $	Share Option Reserve $	Accumulated Losses $	Currency Translation Reserve $	Total $
Balance at 1 July 2024 – restated		**238,113,171**	**7,549,821**	**(219,746,663)**	**(1,126,757)**	**24,789,572**
Loss for the period		–	–	(18,770,745)	–	(18,770,745)
Other comprehensive (loss)		–	–	–	(54,564)	(54,564)
Total Comprehensive (loss) for the year ended 30 June 2025		–	–	(18,770,745)	(54,564)	(18,825,309)
Transactions with owners in their capacity as owners:						
Shares issued	18	16,000,000	–	–	–	16,000,000
Costs in relation to shares issued	18	(882,263)	–	–	–	(882,263)
Options exercised in the period	18	1,169	–	–	–	1,169
Share based payment expenses	19	–	100,868	–	–	100,868
ESP lapsed in the period	19	–	(1,930,590)	1,930,590	–	–
Options lapsed in the period	19	–	(637,841)	637,841	–	–
Balance at 30 June 2025		**253,232,077**	**5,082,258**	**(235,948,977)**	**(1,181,321)**	**21,184,037**
Balance at 1 July 2025		**253,232,077**	**5,082,258**	**(235,948,977)**	**(1,181,321)**	**21,184,037**
Loss for the period		–	–	(56,331,246)	–	(56,331,246)
Other comprehensive (loss)		–	–	–	(30,908)	(30,908)
Total Comprehensive (loss) for the year ended 30 June 2026		–	–	(56,331,246)	(30,908)	(56,362,154)
Transactions with owners in their capacity as owners:						
Shares issued	18	21,375,485	–	–	–	21,375,485
Shares issued under convertible notes conversions	18	16,181,981	–	–	–	16,181,981
Costs in relation to shares issued	18	(1,102,191)	–	–	–	(1,102,191)
Options exercised in the period	18	196,511	–	–	–	196,511
Share based payment expenses	19	–	416,684	–	–	416,684
ESP lapsed in the period	19	–	(3,024,056)	3,024,056	–	–
Unlisted options issued for services	19	–	232,510	–	–	232,510
Options issued in the period	19	–	1,267,322	–	–	1,267,322
Options lapsed in the period	19	–	(181,606)	181,606	–	–
Repayment of limited recourse loan for ESP	18	80,560	–	–	–	80,560
Transfer from share-based payments reserve on repayment of ESP	19	–	(549,883)	549,883	–	–
Balance at 30 June 2026		**289,964,423**	**3,243,229**	**(288,524,678)**	**(1,212,229)**	**3,470,745**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

1. Material Accounting Policy Information

The accounting policies that are material to the Consolidated Entity are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting entity

Paradigm Biopharmaceuticals Limited (the 'Consolidated Entity') is a company incorporated and domiciled in Australia. Paradigm Biopharmaceuticals Limited is a company limited by shares which are publicly traded on the Australian Securities Exchange from 19 August 2015. The consolidated financial report of the Consolidated Entity for the year ended 30 June 2026 comprises the Company and controlled entities (together referred to as the 'Consolidated Entity').

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

For the purposes of preparing the Financial Statements the Consolidated Entity is a for-profit entity.

(b) Basis of preparation

Statement of Compliance

This financial report is a general-purpose financial report prepared in accordance with the Australian Accounting Standards ('**AAS**s') (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. This Consolidated Financial Report complies with the International Financial Reporting Standards ('**IFRS**s') and interpretations adopted by the International Accounting Standards Board (**IASB**).

Basis of measurement

Historical cost convention

The Financial Statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of plant and equipment and derivative financial instruments.

Going Concern

The 30 June 2026 consolidated financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

For the year ended 30 June 2026, the Consolidated Entity incurred a net loss after tax of $56,331,246 (2025: $18,770,745) and recorded net cash outflows from operating activities of $43,686,601 (2025: $15,993,215).

In assessing the appropriateness of the going concern basis of preparation, the Directors have considered the Consolidated Entity's financial position, cash flow forecasts, planned operating expenditure and available funding arrangements. The Directors believe that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern and that it is appropriate to adopt the going concern basis in preparing the financial report after consideration of the following factors:

- As at 30 June 2026, the Consolidated Entity held cash and cash equivalents of $15,372,933 (2025: $16,818,129).
- As at 30 June 2026, the Consolidated Entity had recognised an R&D tax incentive receivable of $12,980,403 (2025: $6,202,110). This balance includes amounts relating to the current and prior financial years. Subsequent to year end, the Consolidated Entity received $4,817,677 inclusive of interest relating to the FY2025 R&D tax incentive. The remaining receivable is expected to be received following the completion and processing of the relevant claims and is expected to support the ongoing activities of the Consolidated Entity.
- The Consolidated Entity has an existing US$27 million convertible note facility with Obsidian Global Partners. Subsequent to year end, on 13 July 2026, the Consolidated Entity drew a further US$3 million under the facility. Following this drawdown, US$7 million of undrawn capacity remained available under the facility. Access to further funding remains subject to the timing, minimum cash balance and other conditions contained in the facility agreement.
- The Consolidated Entity retains the ability, subject to prevailing market conditions and the receipt of any necessary approvals, to seek additional funding through further capital raisings if required.
- A significant portion of the forecast expenditure relates to research and development and clinical trial activities. The Directors note that the timing and progression of certain development activities can be managed having regard to the Consolidated Entity's funding position and operational priorities, providing a degree of flexibility in managing forecast cash outflows.

Critical accounting estimates

The preparation of the Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 1 (c).

1. Material Accounting Policy Information continued

(b) Basis of preparation (cont'd)

Material accounting policies

The accounting policies set out below have been applied consistently by the Consolidated Entity to all periods presented in these Financial Statements.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Foreign currency translation

The financial statements are Australian dollars (unless indicated otherwise), which is Paradigm Biopharmaceutical Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

(c) Material accounting estimates, assumptions and judgements

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Convertible notes

The Consolidated Entity's Convertible Securities Agreement with Obsidian Global Partners contains derivative features, including conversion rights embedded within the convertible notes and rights relating to Placement Shares, that do not meet the requirements for equity classification under AASB 132. Accordingly, these features are recognised as derivative liabilities and measured at fair value through profit or loss. Determining the fair value of these derivative liabilities requires management to make significant estimates and assumptions, including expected share price volatility, future share price performance, conversion behaviour, expected timing of future drawdowns and conversions, and other market-based inputs. As the valuations incorporate significant unobservable inputs, the derivative liabilities are classified within Level 3 of the fair value hierarchy. Changes in these assumptions could have a material impact on the carrying amount of the derivative liabilities and the gain or loss recognised in profit or loss.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

R&D Expenditure

The Consolidated Entity research and development activities are eligible under the Australian R&D Tax Incentive. The Company has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. The Company has assessed that all research and development expenditure to date does not meet the requirements for capitalisation as an intangible asset because it is not yet probable that the expected future economic benefits that are attributable to the asset will flow.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Other indefinite life intangible assets

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 8 for further information.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been considered.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(d) Summary of Material Accounting Policies

(i) Basis of consolidation

Parent entity

In accordance with the *Corporations Act 2001*, these Financial Statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 27.

Subsidiaries

The consolidated Financial Statements comprise those of the Consolidated Entity, and the entities it controlled at the end of, or during, the financial year. The balances and effects of transactions between entities in the Consolidated Entity included in the Financial Statements have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Subsidiaries are entities controlled by the Consolidated Entity. Control exists when the Consolidated Entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date control is transferred to the Consolidated Entity until the date that control ceases.

Transactions eliminated on consolidation

Intra-company balances and all gains and losses or income and expenses arising from intra-company transactions are eliminated in preparing the consolidated Financial Statements.

1. Material Accounting Policy Information continued

(d) Summary of Material Accounting Policies (cont'd)

(ii) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined

above but also include as a component of cash and cash equivalents bank overdrafts (if any), which are included as borrowings on the statement of financial position.

(iii) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any provision for impairment.

(iv) Investments

Investments are initially measured at cost. Transaction costs are included as part of the initial measurement. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

(v) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(a) Patents and trademarks

Patents have a finite useful life and are carried at cost less accumulated amortisation and impairment losses once the patents are considered held ready for use. Intellectual property and licences are amortised on a systematic basis matched to the future economic benefits over the useful life of the project once the patents are considered held ready for use.

Significant costs associated with trademarks are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(b) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(vi) Impairment

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Consolidated Entity bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Consolidated Entity's projects to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

(vii) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives of 2-15 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(viii) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ix) Convertible notes and embedded derivative liabilities

The Consolidated Entity assesses the terms of convertible note arrangements on initial recognition to determine whether the instrument contains components that should be classified as a financial liability, equity instrument, or derivative financial liability in accordance with AASB 9 Financial Instruments and AASB 132 Financial Instruments: Presentation.

Where the terms of a convertible note contain conversion features or other rights that do not meet the requirements for equity classification, those features are separated from the host debt instrument and recognised as derivative financial liabilities. Derivative financial liabilities are initially recognised at fair value and subsequently remeasured to fair value at each reporting date, with any resulting gains or losses recognised in profit or loss.

The host debt component is initially recognised at fair value, being the residual amount after allocating fair value to any derivative components. Subsequent to initial recognition, the host liability is measured at amortised cost using the effective interest method. Finance costs are recognised in profit or loss over the term of the instrument using the effective interest rate.

Transaction costs directly attributable to the issue of the convertible notes are allocated between the host debt component and derivative liability based on their relative fair values and are accounted for in accordance with the measurement basis applicable to each component.

The fair value of derivative liabilities is determined using valuation techniques that incorporate market-observable and unobservable inputs. Valuation assumptions are reviewed at each reporting date and changes in fair value are recognised immediately in profit or loss.

1. Material Accounting Policy Information continued

(d) Summary of Material Accounting Policies (cont'd)

(x) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within the requisite terms specified by the supplier.

(xi) Share capital

Ordinary and preference shares are classified as equity.

Any incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(xii) Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(xiii) Revenue

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Grants that compensate the Consolidated Entity for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised. R&D tax offset receivables will be recognised in profit before tax (in EBIT) over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred.

(xiv) Employee benefits

Wages and salaries, cash bonus, annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured based on an assessment of the existing benefits to determine the appropriate classification under the definition of short-term and long-term benefits, placing emphasis on when the benefit is expected to be settled.

Short-term benefits provisions that are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long term benefits provisions that are not expected to be settled within 12 months and are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date to estimate the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave are classified as a current liability where the employee has a present entitlement to the benefit. Provisions for conditional long service are classified as a non-current liability.

Share-based payments

The Consolidated Entity operates an incentive scheme to provide these benefits, known as the Paradigm Biopharmaceuticals Limited Employee Share Plan ('**ESP**') approved on 22 October 2014. Issues of shares to employees with limited recourse loans under the ESP are share based payments in the form of options.

The fair value of options granted under the ESP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a binomial pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the limited recourse loan. In valuing share-based payment transactions, no account is taken of any non-market performance conditions.

The Consolidated Entity provides benefits to employees (including Directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares.

The cost of share-based payment transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(xvi) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(xv) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

1. Material Accounting Policy Information continued

(d) Summary of Material Accounting Policies (cont'd)

(xvi) Lease liabilities continued

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The Consolidated Entity and its wholly-owned Australian resident entities are part of a tax-consolidated entity. As a consequence, all members of the tax-consolidated entity are taxed as a single entity. The head entity within the tax-consolidated entity is Paradigm Biopharmaceuticals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated entity are recognised in the separate Financial Statements of the members of the tax-consolidated entity using the 'separate taxpayer within Consolidated Entity' approach by reference to the carrying amount of assets and liabilities in the separate Financial Statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated entity. Any difference between these amounts is recognised by the Consolidated Entity as an equity contribution or distribution.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(xvii) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(xviii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows at their nominal value inclusive of GST.

(xix) Earnings (Loss) per share

The Consolidated Entity presents basic and, when applicable, diluted earnings per share ('EPS') data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Consolidated Entity by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic earnings for the impact of the after-tax effect of costs associated with dilutive ordinary shares and the weighted average number of additional ordinary shares that would be outstanding assuming the conversion of all dilutive potential ordinary shares. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(xx) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data. There are no assets held at fair value on a recurring or non-recurring basis.

(xxi) Operating segment

Identification of reportable operating segments

The Consolidated Entity is organised into one operating segment based on the research and development of pharmaceutical drugs. The operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('**CODM**') in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2026. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

2. Other Income

	2026 $	2025 $
R&D tax incentive	7,620,528	6,533,094
Interest received	419,133	357,440
Reversal of make good provision	–	100,000
Revenue from continuing operations	80,150	52,120
Return of credits	–	62,746
Rent from sublease	8,000	–
	8,127,811	**7,105,400**

3. Other Gains and Losses

	2026 $	2025 $
Realised currency gains/(losses)	173,168	–
Unrealised currency gains/(losses)	(1,043,132)	5,413
Unrealised currency gains/(losses) from convertible notes	(53,203)	–
	(923,167)	**5,413**

4. Expenses

Loss before income tax from continuing operations includes the following specific expenses:

	2026 $	2025 $
Short term leases	89,330	76,600
Superannuation	458,130	445,072
Share-based payment expenses	1,684,006	100,868
	2,231,466	**622,540**

The Company has elected to show a functional view of its profit and loss. Total wages and salaries for 2026 is $6,464,309 (2025: $6,218,233) including superannuation.

5. Cash and Cash Equivalents

	2026 $	2025 $
Cash at bank and in hand	15,372,933	16,818,129
	15,372,933	**16,818,129**

6. Trade and Other Receivables

	2026 $	2025 $
GST receivable	29,408	40,247
Interest receivable	5,032	33,304
R&D tax incentive receivable	12,980,403	6,202,110
Other receivables	48,427	98,166
	13,063,270	**6,373,827**

7. Prepaid Expenses

	2026 $	2025 $
Prepaid insurance	271,889	333,940
Other prepaid expenses	369,940	601,073
	641,829	**935,013**

8. Intangible Assets

	2026 $	2025 $
Patents	10,417,485	9,926,366
Less: Accumulated amortisation	(6,978,778)	(6,978,778)
Less: Provision for impairment	(2,532,853)	(2,532,853)
	905,854	**414,735**
Reconciliation		
Carrying amount at the beginning of the period	414,735	2,947,588
Additions during the period	491,119	–
Disposals	–	–
Amortisation expense	–	–
Provision for impairment	–	(2,532,853)
Balance at the end of the financial year	**905,854**	**414,735**

The acquisition of Proteobioactives Pty Ltd was completed and paid $500,000 in cash on completion and agreed contingent milestone payments of up to $16 million, payable in cash upon the achievement of the following milestones: (i) $1 million upon successful completion of a human Phase 2 clinical trial that meets its primary endpoints; (ii) $5 million upon successful completion of a human Phase 3 clinical trial that meets its primary endpoints; (iii) $5 million upon FDA registration of the product; and (iv) $5 million upon first commercial sale of the FDA-registered product. These payments are subject to the satisfaction of the respective milestones and evidenced through standard regulatory and commercial documentation. The agreement contains terms considered customary for a transaction of this nature. There are no assumed liabilities or ongoing obligations arising from the acquisition, other than the agreed milestone payments. As Paradigm's near-term development focus for the acquired product is on the veterinary application pathway, the FDA-based milestone payments are not expected to become payable in the near or medium term.

In January 2026, Proteobioactives Pty Ltd transferred the cash surplus of $8,881 back to Paradigm which resulted in a net cash payment of $491,119.

The patent remains under development and is not yet available for use, as further research and development activities are required before the asset can be commercialised or otherwise utilised as intended by management. Accordingly, amortisation has not commenced, as the asset has not yet reached the point at which it is available for use.

9. Plant and Equipment

	2026 $	2025 $
Computer equipment	27,213	104,522
Less: Accumulated depreciation	(26,874)	(102,601)
	339	**1,921**
Reconciliation		
Carrying amount at the beginning of the period	1,921	3,876
Additions during the period	–	–
Disposals	(772)	–
Depreciation expense	(810)	(1,955)
Balance at the end of the financial year	**339**	**1,921**
Clinical trial equipment	9,419	9,419
Less: Accumulated depreciation	(9,289)	(9,221)
	131	**198**
Reconciliation		
Carrying amount at the beginning of the period	198	300
Additions during the period	–	–
Disposals	–	–
Depreciation expense	(67)	(102)
Balance at the end of the financial year	**131**	**198**
Office equipment	16,978	78,038
Less: Accumulated depreciation	(11,438)	(57,821)
	5,540	**20,217**
Reconciliation		
Carrying amount at the beginning of the period	20,217	24,522
Additions during the period	–	–
Disposals	(13,628)	–
Depreciation expense	(1,049)	(4,305)
Balance at the end of the financial year	**5,540**	**20,217**
Leasehold improvements	–	20,431
Less: Accumulated amortisation	–	(18,588)
	–	**1,843**
Reconciliation		
Carrying amount at the beginning of the period	1,843	2,764
Additions during the period	–	–
Disposals	(1,767)	–
Amortisation expense	(76)	(921)
Balance at the end of the financial year	–	1,843
	6,010	**24,179**

10. Right-of-use Assets

	2026 $	2025 $
Land and buildings – right-of-use	813,579	813,579
Less: Accumulated depreciation	(813,579)	(807,930)
Land and buildings – right-of-use – new lease	635,830	–
Less: Accumulated depreciation – new lease	(142,737)	–
	493,093	**5,649**

Additions represent right-of-use assets recognised on commencement of new lease agreements during the financial year.

11. Trade and Other Payables

	2026 $	2025 $
Trade and other creditors	17,152,824	2,734,861
	17,152,824	**2,734,861**

12. Employee Benefits

	2026 $	2025 $
Annual leave and on-costs	563,086	493,049
Long service leave provision	72,764	–
	635,850	**493,049**

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rate payments in certain circumstances. The entire amount is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement.

13. Current Liabilities – Lease Liabilities

	2026 $	2025 $
Lease liabilities	147,855	5,484
	147,855	**5,484**

14. Financial Derivative Liability

	2026 $	2025 $
Convertible notes financial derivative liability	1,646,000	–
	1,646,000	**–**

15. Convertible notes financial liability

	2026 $	2025 $
Convertible notes financial liability	7,000,257	–
	7,000,257	**–**

On 1 July 2025, the Consolidated Entity secured a US $27 million (A $41.2 million) convertible note facility from Obsidian Global Partners to support the ongoing execution of its global phase 3 clinical trial (PARA_OA_012) evaluating injectable pentosan polysulfate sodium ('iPPS') for the treatment of knee osteoarthritis. In connection with the agreement, Obsidian was granted conditional rights in respect of up to 8,000,000 ordinary shares ('Placement Shares'). The Placement Shares were not unconditionally issued and do not represent equity unless and until Obsidian elects to acquire them. Accordingly, the arrangement is accounted for as a derivative liability measured at fair value through profit or loss. The derivative financial liability recognised in relation to the Convertible Notes Agreement comprises both the embedded conversion features within the convertible notes and the conditional rights granted to Obsidian in respect of Placement Shares. As neither component meets the requirements for equity classification under AASB 132, both components are measured at fair value through profit or loss, with fair value movements recognised in profit or loss.

The financial derivative liability represents the fair value of the embedded conversion features within the Convertible Securities Agreement the Consolidated Entity entered into on 01 July 2025, while the remaining host debt component is recognised as a financial liability measured at amortised cost. The Consolidated Entity issued 12,000,000 Convertible Notes, with a face value of US$1.09 per Convertible Note.

No interest is payable except if an event of default occurs. In this case, interest will be payable on the Amount Outstanding and any other amounts payable under the Convertible Securities Agreement, at a rate of 10% per annum accruing daily and compounded monthly.

Obsidian can convert one or more Convertible Notes on issue to them at any time at:

(a) In respect of:
  (i) Convertible Securities issued at the First Purchase: A$0.75;
  (ii) Convertible Securities issued at a Subsequent Purchase): 150% of the 5-day VWAP for the 5 Actual Trading Days immediately prior to the relevant Purchase Date, ('Fixed Conversion Price');

(b) subject to the Limitations on Conversions specified below, at the 'Variable Conversion Price', being the lesser of:
  (i) 94% of the average of the lowest 5 daily VWAPs during the 20 actual trading days prior to the Conversion Notice date rounded down to the lowest A$0.01; and
  (ii) the Fixed Conversion Price; or

(c) in the event of an unremedied event of default and the Noteholder issuing the Consolidated Entity a conversion notice, the lesser of:
  (i) 85% of the lowest daily VWAP during the 10 trading days prior to the date of the Conversion Notice date; and
  (ii) the Fixed Conversion Price.

The derivative liability is initially recognised at fair value and then subsequently remeasured at each reporting period with the corresponding gain or loss recognised through the consolidated statement of profit or loss. The remaining value is initially recognised as a financial liability and amortised over the life of the loan, using at effective interest rate of 16.38% for an initial drawdown of US $7m and 17.11% for subsequent drawdown of US $5m.

During the year, a number of convertible notes were converted into ordinary shares. Upon conversion, the portion of the derivative liability relating to the converted notes was derecognised and transferred to equity together with the corresponding host liability balance. Any difference between the carrying amount of the liabilities extinguished and the equity instruments issued was recognised in accordance with AASB 9 and AASB 132.

During the full-year ended 30 June 2026, a gain of $122,221 was recognised in Financial derivative fair value movements relating to the remeasurement of the embedded derivative.

The movement of Derivative Liability are below:

Derivative Liability movement	$
Initial recognition on drawdowns – Tranche 1,2 & 3	5,176,000
Fair value remeasurement gain/(loss)	(122,221)
Fair value derecognised on conversion of notes	(3,407,779)
Closing balance	**1,646,000**

The remaining host debt component is recognised as a financial liability at amortised cost and accreted using the effective interest method. Finance costs of $1,724,187 were recognised during the period in respect of the amortisation of the host liability.

As at 30 June 2026, the Consolidated Entity had drawn US$17 million (A$25.4 million) under the US$27 million (A$41.2 million) convertible securities facility. The remaining undrawn balance of US$10 million (A$14.56 million) remained available to the Consolidated Entity at the reporting date, subject to satisfaction of the facility conditions.

16. Non-current Liability – Employee Benefits

	2026 $	2025 $
Long service leave provision	139,602	154,101
	139,602	**154,101**

17. Non-current Liability – Lease Liabilities

	2026 $	2025 $
Lease liabilities	361,688	–
	361,688	**–**

18. Issued Capital

	2026 Number of Shares	2025 Number of Shares	2026 $	2025 $
Ordinary shares Fully paid	**584,843,595**	**389,428,823**	**289,964,423**	**253,232,077**

The following movements in issued capital occurred during the year:

Ordinary Shares	Number of Shares	Number of Shares	$	$
Balance as at the beginning of the period	389,428,823	350,364,346	253,232,077	238,113,171
Ordinary shares issued	117,069,101	40,000,000	21,375,485	16,000,000
Ordinary shares issued under convertible notes conversion	79,838,346	–	16,181,981	–
Ordinary shares issue costs (Net of GST)	–	–	(1,102,191)	(882,263)
Repayment of limited recourse loan for ESP	–	–	80,560	–
ESP shares lapsed/buy-back in the period	(1,795,000)	(937,323)	–	–
Options exercised in the period	302,325	1,800	196,511	1,169
Balance as at the end of the period	**584,843,595**	**389,428,823**	**289,964,423**	**253,232,077**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Consolidated Entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Consolidated Entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Consolidated Entity's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2025 Annual Report.

19. Share Based Payment Reserve

	2026 $	2025 $
Balance as at the beginning of the period	5,082,258	7,549,821
Share based payment expenses in the period	416,684	100,868
ESP options lapsed in the period	(3,024,056)	(1,930,590)
Unlisted options issued for services	232,510	–
Options issued in the period	1,267,322	–
Options lapsed in the period	(181,606)	(637,841)
Transfer from share-based payments reserve on repayment of ESP	(549,883)	–
	3,243,229	**5,082,258**

Once approved by the Board, monies are loaned by the Consolidated Entity interest free and on a non-recourse basis to participants to finance the purchase of shares in the company. The ESP shares are registered in the name of participants but are subject to a restriction on disposal for a period of five years (from date of issue) and for further periods whilst they remain financed. On cessation of employment, the entitlement to any shares held for less than three years is pro-rated.

Fair values at loan date are determined using a Binomial Hedley pricing model that takes into account the issue price, the term of the loan, the share price at loan date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan.

The weighted average share price during the financial year was $0.286 (30 June 2025: $0.3318).

Set out below are summaries of options granted under the Employee Share plan:

30-Jun-26

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ cancelled	Balance at the end of the year
10/07/2020	10/07/2025	$3.24	795,000	–	(200,000)	(595,000)	–
19/11/2020	19/11/2025	$3.05	1,100,000	–	–	(1,100,000)	–
10/09/2021	10/09/2026	$2.41	1,210,000	–	–	(100,000)	1,110,000
25/01/2022	25/01/2027	$1.89	375,000	–	–	–	375,000
			3,480,000	**–**	**(200,000)**	**(1,795,000)**	**1,485,000**

30-Jun-25

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
7/11/2019	7/11/2024	$2.93	697,323	–	–	(697,323)	–
10/07/2020	10/07/2025	$3.24	915,000	–	–	(120,000)	795,000
19/11/2020	19/11/2025	$3.05	1,100,000	–	–	–	1,100,000
10/09/2021	10/09/2026	$2.41	1,330,000	–	–	(120,000)	1,210,000
25/01/2022	25/01/2027	$1.89	375,000	–	–	–	375,000
			4,417,323	**–**	**–**	**(937,323)**	**3,480,000**

19. Share Based Payment Reserve continued

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follow:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free rate	Fair value at grant date
15/06/2026	1/12/2026	$0.16	$0.2375	70.00%	0.00%	4.66%	$0.01
19/02/2026	11/02/2028	$0.29	$1.00	70.00%	0.00%	4.01%	$0.03

In addition, the Consolidated Entity has the following unlisted options as at 30 June 2026:

(i) 3,000,000 unlisted options exercisable at $0.65 each on or before 30 June 2027 in accordance with existing corporate services mandate, the weighted average remaining contractual life of options outstanding at the end of the financial year was 1 year.

(ii) 151,293 unlisted Piggyback options exercisable at $1.00 each on or before 11 February 2028 issued upon the exercise of Loyalty Options, the weighted average remaining contractual life of options outstanding at the end of the financial year was 1.62 years.

Listed Options

30-Jun-26

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
15/06/2026	1/12/2026	$0.2375	–	117,069,101	–	–	117,069,101
11/02/2025	11/02/2026	$0.65	97,359,923	–	(302,325)	(97,057,598)	–
			97,359,923	**117,069,101**	**(302,325)**	**(97,057,598)**	**117,069,101**

30-Jun-25

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
11/02/2025	11/02/2026	$0.65	–	97,360,143	(220)	–	97,359,923
30/11/2023	30/11/2024	$0.65	51,800,629	–		(51,800,629)	–
27/11/2023	30/11/2024	$0.65	10,100,560	–	(1,580)	(10,098,980)	–
			61,901,189	**97,360,143**	**(1,800)**	**(61,899,609)**	**97,359,923**

Unlisted Options

30-Jun-26

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
19/02/2026	11/02/2028	$1.00	–	151,293	–	–	151,293
7/11/2025	30/06/2027	$0.65	–	3,000,000	–	–	3,000,000
12/02/2024	9/02/2026	$0.65	2,500,000	–	–	(2,500,000)	–
			2,500,000	**3,151,293**	**–**	**(2,500,000)**	**3,151,293**

30-Jun-25

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
12/02/2024	9/02/2026	$0.65	2,500,000	–	–	–	2,500,000
			2,500,000	**–**	**–**	**–**	**2,500,000**

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follow:

Grant date	Expiry date	Share price at grant date	Expected volatility	Risk free rate	Fair value at grant date
17/02/2026	17/02/2029	$0.33	70%	4.10%	$0.153
20/12/2024	20/12/2027	$0.38	80%	3.91%	$0.252
29/02/2024	29/02/2027	$0.40	90%	4.01%	$0.235

Unlisted performance rights

30-Jun-26

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
17/02/2026	17/02/2029	–	5,508,000	–	(45,000)	5,463,000
20/12/2024	20/12/2027	6,558,600	–	–	(894,500)	5,664,100
		6,558,600	**5,508,000**	**–**	**(939,500)**	**11,127,100**

30-Jun-25

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
20/12/2024	20/12/2027	–	6,558,600	–	–	6,558,600
29/02/2024	29/02/2027	3,968,639	–	–	(3,968,639)	–
		3,968,639	**6,558,600**	**–**	**(3,968,639)**	**6,558,600**

20. Accumulated Losses

	2026 $	2025 $
Balance as at the beginning of the period	(235,948,977)	(219,746,663)
Loss for the accounting period	(56,331,246)	(18,770,745)
ESP options lapsed in the period	3,024,056	1,930,590
Options lapsed in the period	181,606	637,841
Transfer from share-based payments reserve on repayment of ESP	549,883	–
	(288,524,678)	**(235,948,977)**

21. Commitments

The Consolidated Entity had no material capital or operational commitments as at 30 June 2026 and 30 June 2025.

22. Contingencies

The Consolidated Entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

23. Loss Per Share

	2026 $	2025 $
Net loss for the year attributable to ordinary shareholders	**(56,331,246)**	**(18,770,745)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	370,033,486	314,501,124
Weighted average number of ordinary shares used in calculating diluted loss per share	370,033,486	314,501,124

	Cents	Cents
Basic loss per share	(17,91)	(5.97)
Diluted loss per share	(17.91)	(5.97)

At 30 June 2026, the Consolidated Entity had 117,069,101 listed options, 3,151,293 unlisted options, 11,127,100 performance rights and 5,447,185 convertible securities outstanding that could potentially dilute basic earnings per share in future periods. These instruments were excluded from the calculation of diluted loss per share for the year ended 30 June 2026 because their inclusion would have reduced the loss per share and therefore would have been anti-dilutive. Accordingly, diluted loss per share is equal to basic loss per share.

24. Financial Instruments Disclosure

The Consolidated Entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies of these Financial Statements, are as follows:

	2026 $	2025 $
Financial assets		
Current		
Cash and cash equivalents	15,372,933	16,818,129
Other receivables	82,867	171,717
Term deposits	71,832	–
	15,527,632	**16,989,846**
Financial liabilities		
Current		
Trade and other payables at amortised cost	17,152,824	2,734,861
Financial Derivative Liability	1,646,000	–
Convertible notes financial liability	7,000,257	–
Lease liabilities	147,855	5,484
	25,946,936	**2,740,345**
Non-current		
Lease liabilities	361,688	–
	361,688	**–**

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance team') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. The finance team identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units and reports to the Board on a monthly basis.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency fluctuations, interest rates and equity prices will affect the Consolidated Entity's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Equity price risk

The Consolidated Entity is currently not subject to equity price risk movement.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Consolidated Entity uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy.

During the year, the Consolidated Entity had no variable rate interest bearing liability.

It is the Consolidated Entity's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Foreign currency risk

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	2026 $	2025 $	2026 $	2025 $
US dollars	3,056,030	37,411	11,010,290	29,575
	3,056,030	**37,411**	**11,010,290**	**29,575**

The Consolidated Entity's main currency exposure is the AUD:USD pair, with much of the Company's clinical development costs being denominated in USD. The Company review's its currency needs and uses a combination of sourcing currency at spot or via forward contracts to manage USD flows.

The Consolidated Entity had net liabilities denominated in foreign currencies of US$8M as at 30 June 2026 (2025: US$7.8K net liabilities). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% against these foreign currencies with all other variables held constant, the Consolidated Entity's profit before tax for the year would have been $883.8K higher/$723.1k lower (2025: $0.8K higher/$0.7k lower). The percentage change is illustrative of overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual unrealised foreign exchange losses for the year ended 30 June 2026 was $1.1M (2025: gains of $5.4K).

Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers and investment securities.

The Consolidated Entity does not actively sell any products and consequently does not have credit exposure to outstanding receivables. Trade and other receivables represent GST refundable from the Australian Taxation Office and R&D Tax incentive claims. Trade and other receivables are neither past due nor impaired.

Credit risk of the Consolidated Entity is low because the majority financial instruments are cash in bank.

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility. The Consolidated Entity's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year.

24. Financial Instruments Disclosure continued

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2026	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	–	17,152,824	–	–	–	17,152,824
Other payables	–	–	–	–	–	–
Convertible notes financial liability	–	7,000,257	–	–	–	7,000,257
Derivatives						
Non-interest bearing						
Convertible notes financial derivative liability	–	1,646,000	–	–	–	1,646,000
Interest-bearing - fixed rate						
Lease liability	3.75%	163,943	170,090	206,059	–	540,092
Total non-derivatives		**24,317,024**	**170,090**	**206,059**	**–**	**24,693,173**

Consolidated – 2025	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	–	2,734,861	–	–	–	2,734,861
Other payables	–	–	–	–	–	–
Interest-bearing – fixed rate						
Lease liability	4.70%	5,505	–	–	–	5,505
Total non-derivatives		**2,740,366**	**–**	**–**	**–**	**2,740,366**

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest-bearing financial assets and financial liabilities of the Consolidated Entity is equal to their carrying value.

Fair Value Hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest of input that is significant to the entire fair value measurement, being:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2026	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative financial instruments	–	–	1,646,000	1,646,000
Total liabilities	–	–	1,646,000	1,646,000

There were no transfers between levels of the fair value hierarchy during the financial year. The derivative financial liability, comprising the embedded conversion features and Placement Share rights under the Convertible Securities Agreement, is classified as Level 3 as its valuation using the Monte Carlo simulation model incorporates significant unobservable inputs, including expected share price volatility, the expected term and assumptions regarding conversion and exercise. The liability is remeasured at each reporting date, with fair value movements recognised in profit or loss. At 30 June 2026, the derivative financial liability was $1,646,000, and a fair value gain of $122,221 was recognised during the year.

Consolidated	Derivative financial liabilities $
Balance at 30 June 2025	–
Initial recognition on drawdowns – Tranche 1,2 & 3	(5,176,000)
Fair value remeasurement gain/(loss)	122,221
Fair value derecognised on conversion of notes	3,407,779
Balance at 30 June 2026	(1,646,000)

Financing facility and undrawn limit

At 30 June 2026, the Consolidated Entity had drawn US$17.0 m (A$25.4m) under the US$27.0m convertible securities facility with Obsidian Global Partners. The undrawn facility at the reporting date was US$10.0m (A$14.6m), subject to satisfaction of the applicable drawdown conditions under the Convertible Securities Agreement.

Changes in liabilities arising from financing activities

During the year ended 30 June 2026, the Consolidated Entity's liabilities arising from financing activities changed principally as a result of drawdowns under the Convertible Securities Agreement, payments of lease liabilities and non-cash movements relating to the convertible securities. Non-cash movements included the initial allocation of the convertible security proceeds between the host debt and derivative components, effective-interest accretion of **$1,724,187**, a fair-value gain on the derivative liability of **$122,221**, the derecognition of liabilities upon conversion of convertible notes into ordinary shares, and foreign-exchange movements. At 30 June 2026, the host debt liability was **$7,000,257**, the derivative financial liability was **$1,646,000**, and lease liabilities were **$509,543**.

25. Related Parties

Receivable from and payable to related parties

The following transactions occurred with related parties:

	Consolidated	
	2026 $	2025 $
Payments for legal services provided by Biomeltzer, which Amos Meltzer is also a director of	17,090	14,100

	Consolidated	
Current payables	2026 $	2025 $
Trade Payables – BioMeltzer	**2,178**	**–**

Terms and conditions:

All transactions were made on normal commercial terms and conditions and at market rates.

Loans to or from related parties:

There were no loans to or from related parties at the time of current and previous reporting dates.

Parent entity

The Parent Entity is Paradigm Biopharmaceuticals Limited.

Controlled entities

Interests in controlled entities are outlined in note 26.

In the Financial Statements of the Consolidated Entity, investments in subsidiaries are measured at cost. All entity interests held are fully paid ordinary shares or units.

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

26. Controlled Entities

		Ownership interest	
Name	Principal place of business	2026 %	2025 %
Paradigm Health Sciences Pty Ltd	Australia	100.00%	100.00%
Xosoma Pty Ltd	Australia	100.00%	100.00%
C4M Pharmaceuticals Pty Ltd	Australia	100.00%	100.00%
Paradigm Biopharmaceuticals (Ireland) Limited	Ireland	100.00%	100.00%
Paradigm Biopharmaceuticals (USA) Inc.	USA	100.00%	100.00%
Proteobioactives Pty Ltd	Australia	100.00%	–

Subsidiaries

An inter-company loan exists between Paradigm Biopharmaceuticals Limited (Parent) and Paradigm Health Sciences (Subsidiary) of amounts owing to Paradigm Biopharmaceuticals Limited $334,061 (2025: $334,061).

27. Parent Entity Disclosures

Set out below is the supplementary information about the parent entity:

	2026 $	2025 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	(53,193,842)	(15,864,078)
Statement of financial position		
Total current assets	28,872,792	24,218,140
Total Assets	**148,512,563**	**139,650,621**
Total current liabilities	26,297,903	3,238,169
Total Liabilities	**26,799,193**	**3,392,270**
Total Equity	**121,713,370**	**136,258,351**

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Commitments

The parent entity had no material capital or operational commitments as at 30 June 2026 and 30 June 2025.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity.

28. Reconciliation of Cash Flows Provided by Operating Activities

	2026 $	2025 $
Loss for the year	**(56,331,246)**	**(18,770,745)**
Reversal of make good provision	–	(100,000)
Depreciation and amortisation	150,388	151,421
Foreign exchange unrealised (gains)/losses	1,096,335	(5,413)
Impairment expenses	–	2,532,853
Share based payment expense	1,684,006	100,868
Losses/(gains) on disposal of assets	5,533	–
Finance costs	1,680,599	–
Financial Derivative Fair Value movements	(122,221)	–
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(6,717,716)	(292,274)
(Increase)/decrease in other receivables	28,272	(15,572)
(Increase)/decrease in other assets	293,184	368,649
Increase/(decrease) in payables	14,417,963	(86,296)
Increase/(decrease) in provisions	128,302	123,294
Net cash used in operating activities	**(43,686,601)**	**(15,993,215)**

29. Events Subsequent to Reporting Date

On 13 July 2026, Paradigm drew a further US$3 million from the Convertible Note facility with Obsidian. Following this drawdown, the facility now has US$7 million capacity available. On 22 July 2026, Paradigm received $4.82 million in cash in relation to the FY2025 Research & Development Tax Incentive Refund Scheme.

Other than the above, no matters or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

30. Key Management Personnel Remuneration Disclosures

The aggregate remuneration made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	2026 $	2025 $
Short-term employee benefits	1,367,516	1,593,714
Post-employment benefits	39,868	63,872
Share-based payments	(947,684)	(24,775)
	459,700	**1,632,811**

31. Auditor's Remuneration Note

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company

	2026 $	2025 $
Audit services		
Audit or review of the financial statements	111,506	89,800
	111,506	**89,800**
Other services network firms		
Preparation of the Ireland tax return and other tax matters	12,806	11,936
	12,806	**11,936**
	124,312	**101,736**

In addition, RSM Ireland provided services tax and secretarial services for Paradigm.

32. Income Tax Expenses

	2026 $	2025 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(56,331,246)	(18,770,745)
Tax at the statutory tax rate of 25%	(14,082,811)	(4,692,686)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	37,597	37,855
Entertainment expenses	263	196
Share-based payment	421,002	25,217
Employee benefits	13,884	30,824
Foreign exchange losses	230,792	(1,353)
Differences in tax rate from different jurisdictions	(125,450)	(116,223)
Financial Derivative Fair Value movements	30,555	–
Finance costs on convertible notes	431,046	–
Current year tax benefit not recognised	13,043,122	4,716,170
Income tax expense	–	–
Unrecognised deferred tax assets in relation to tax losses	63,904,204	50,861,082

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
for the year ended 30 June 2026

Entity name	Entity type	Place formed/ Country of incorporation	Ownership interest %	Tax residency
Paradigm Biopharmaceuticals Limited	Body corporate	Australia	NA	Australia*
Paradigm Health Sciences Pty Ltd	Body corporate	Australia	100.00%	Australia*
Xosoma Pty Ltd	Body corporate	Australia	100.00%	Australia*
C4M Pharmaceuticals Pty Ltd	Body corporate	Australia	100.00%	Australia*
Paradigm Biopharmaceuticals (Ireland) Limited	Body corporate	Ireland	100.00%	Ireland
Paradigm Biopharmaceuticals (USA) Inc.	Body corporate	USA	100.00%	USA
Proteobioactives Pty Ltd	Body corporate	Australia	100.00%	Australia*

* Paradigm Biopharmaceuticals Limited (the 'Consolidated Entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

DIRECTORS' DECLARATION

In the Directors opinion:

(a) the Financial Statements and notes thereto and the Remuneration Report contained in the Directors' Report are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements;

(b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(b) to the financial statements;

(c) the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

(d) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

(e) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended on 30 June 2026.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Paul Rennie
Managing Director

Dated at Melbourne, Victoria this 28th day of August 2026.

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Paradigm Biopharmaceuticals Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Paradigm Biopharmaceuticals Limited ('the Company') and its controlled entities (together referred to as 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition and measurement of convertible notes Refer to notes 14 and 15 in the financial statements	
During the year, the Group entered into a US$27m ($41.2m AUD) secured convertible note facility to support the funding of its Phase 3 clinical trial program. The facility includes variable conversion pricing mechanisms, collateral share arrangements and redemption features. The Group recognised a financial liability and a derivative financial liability in accordance with AASB 9 *Financial Instruments* ('AASB 9'). The accounting for the facility required significant judgement in assessing the contractual terms and determining the appropriate classification, initial recognition and subsequent measurement of the financial instruments. The fair value of the derivative financial liability was determined using a valuation model that incorporated significant assumptions, including the Group's share price, expected conversion outcomes, share price volatility and discount rates. The valuation was sensitive to changes in these assumptions. The facility has had multiple drawdowns, conversions and redemption activity during the year, increasing the complexity of accounting for the associated financial liabilities and related gains and losses. We considered this to be a key audit matter due to the complexity of the financing arrangements, the significant judgement involved in assessing the accounting treatment of the facility and the estimation uncertainty associated with valuing the derivative liability.	Our audit procedures in relation to the recognition and measurement of convertible notes included: • reading the convertible note agreements and assessing the accounting treatment against the requirements of AASB 9; • evaluating whether the significant contractual terms had been appropriately reflected in the accounting and valuation models; • assessing the classification of the instruments between the financial liability and derivative financial liability; • with the assistance of RSM Corporate Finance specialists, assessing the valuation methodology and significant assumptions used to determine the fair value of the derivative financial liability; • testing the mathematical accuracy of the valuation model and agreeing significant inputs to supporting evidence; • testing drawdowns, conversions, redemptions and remeasurements recorded during the year, including the related journal entries; • assessing the recognition of gains and losses arising from conversions, redemptions and fair value movements; and • assessing the adequacy of the related disclosures in the financial statements against the requirements of AASB 7 *Financial Instruments: Disclosures* and AASB 9.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf.

This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Paradigm Biopharmaceuticals Limited, for the year ended 30 June 2026, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

A L WHITTINGHAM
Partner

Dated: 28 August 2026
Melbourne, Victoria

SHAREHOLDER INFORMATION

Details of shares and options as at 14 August 2026:

Top holders

The 20 largest holders of each class of equity security as at 14 August 2026 were:

Fully paid ordinary shares

Name	No. of Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,905,712	5.16%
CITICORP NOMINEES PTY LIMITED	20,339,163	3.39%
MR ANTHONY MARK VAN DER STEEG	17,130,667	2.86%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	12,674,432	2.12%
KZEE PTY LTD <KZEE SUPERANNUATION FUND A/C>	11,887,107	1.98%
MR EVAN PHILIP CLUCAS & MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	10,344,598	1.73%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	8,322,318	1.65%
MR PAUL JOHN RENNIE	8,322,318	1.39%
BNP PARIBAS NOMS PTY LTD	6,932,047	1.16%
OBSIDIAN GLOBAL GP LLC	5,949,080	0.99%
MR TERRANCE JACOB MITCHELL	4,579,647	0.76%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,462,130	0.74%
MR ADAM WILLIAM HUTS	4,350,932	0.73%
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	3,565,305	0.60%
NANCY EDITH WILSON-GHOSH <GHOSH FAMILY A/C>	3,475,835	0.58%
CAPP SMSF PTY LIMITED <CAPP SUPERANNUATION FUND A/C>	3,416,470	0.57%
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,339,717	0.56%
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	3,221,729	0.54%
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	3,087,717	0.52%
MR SOTERA SUENG	3,000,000	0.50%
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES	**170,866,564**	**28.52%**
Total Remaining Holders Balance	**428,323,340**	**71.48%**

Distribution schedules

A distribution of each class of equity security as at 14 August 2026:

Fully paid ordinary shares

Range	Total holders	Units	% of Issued Capital
1 - 1,000	308	146,745	0.02%
1,001 - 5,000	4,144	11,340,351	1.89%
5,001 - 10,000	1,683	12,898,874	2.15%
10,001 - 100,000	3,337	112,304,778	18.74%
100,001 Over	850	462,499,156	77.19%
Total	**10,322**	**599,189,904**	**100.00**

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Consolidated Entity, are set out below:

Substantial shareholder	Number of Shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,905,712
PAUL RENNIE AND RELATED COMPANIES	20,809,425
CITICORP NOMINEES PTY LIMITED	20,339,163

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 2,777 shares at 14 August 2026):

Holders	Units
2,643	4,518,067

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

CORPORATE GOVERNANCE STATEMENT

The Board and management of Paradigm Biopharmaceuticals Limited (Consolidated Entity) are committed to conducting the business of the Consolidated Entity in an ethical manner and in accordance with the highest standards of corporate governance. The Consolidated Entity has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) to the extent appropriate to the size and nature of the Consolidated Entity's operations.

This Corporate Governance Statement is accurate and up to date as at 28th August 2026 and has been approved by the Board.

The Corporate Governance Statement is available on the Consolidated Entity's website at:

https://investors.paradigmbiopharma.com/corporate-governance

GENERAL INFORMATION

The Financial Statements cover Paradigm Biopharmaceuticals Limited as a Consolidated Entity consisting of Paradigm Biopharmaceuticals Limited and the entities it controlled at the end of, or during the year. The Financial Statements are presented in Australian dollars, which is Paradigm Biopharmaceuticals Limited's functional and presentation currency.

Paradigm Biopharmaceuticals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. A description of the nature of the Consolidated Entity's operations and its principal activities are included as part of the Financial Statements.

The Financial Statements were authorised for issue, in accordance with a resolution of Directors, on 28th August 2026. The Directors have the power to amend and reissue the Financial Statements.

CORPORATE DIRECTORY

Directors

Mr Paul Rennie
Managing & Executive Director

Mr Amos Meltzer
Non-Executive Director

Mr Matthew Fry
Non-Executive Director

Company Secretary and Chief Financial Officer

Ms Abby Macnish Niven

Principal Place of Business

Level 15, 500 Collins Street
Melbourne, VIC 3000

Registered Office

Level 15, 500 Collins Street
Melbourne, VIC 3000

Auditor

RSM Australia Partners
Level 27
120 Collins Street
Melbourne, VIC 3000

Solicitors

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
Perth WA 6000

Share Registry

Automic Group
Level 5
191 St Georges Terrace
Perth WA 6000

Bankers

Commonwealth Bank
Level 20, Tower One, Collins Square
727 Collins Street
Melbourne, VIC 3008

Stock Exchange

ASX Limited
Level 4, North Tower, 525 Collins Street
Melbourne, VIC 3000

ASX Code: PAR

Website

https://paradigmbiopharma.com/

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