

ASX RELEASE

3 November 2023

Dear Shareholders

2023 ANNUAL GENERAL MEETING

The Company's annual general meeting is scheduled to be held at the offices of RSM Australia, Floor 21, 55 Collins Street, Melbourne, 3000, and as a virtual meeting on Wednesday, 29 November 2023 at 9:00am (AEDST) (Meeting).

Following the recent Entitlement offer and Placement, the Company has issued an Addendum to the Notice of Meeting.

In accordance with new provisions under the Corporations Act, the Company will not be sending hard copies of the Addendum to the Notice of Meeting to shareholders unless a shareholder has previously requested a hard copy. The Notice of Meeting and the Addendum to the Notice of Meeting can be viewed and downloaded from <https://paradigmbiopharma.com/performance-progress/> Please also refer to the Online Meeting Guide attached to the Notice of Meeting for details on how to participate in the Meeting.

The Company **strongly encourages Shareholders to lodge a directed proxy form prior to the meeting**. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the Meeting, for example by preparing answers in advance to Shareholders questions. However, votes and questions may also be submitted during the Meeting. Further details of how to participate in the Meeting are set out in the Online Meeting Guide.

Please find below links to important Meeting documents:

Notice of Meeting, Addendum to Notice of Meeting and Explanatory Memorandum:
<https://paradigmbiopharma.com/performance-progress/>

Online Meeting platform:
<https://www.automicgroup.com.au/virtual-agms/>

Alternatively, a complete copy of the important Meeting documents has been posted on the Company's ASX market announcements page.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the important Meeting documents.

In order to receive electronic communications from the Company in the future, please update your Shareholder details online at www.investor.automic.com.au/#/home and log in with your unique shareholder identification number and postcode (or country for

overseas residents), where you can find on your enclosed personalised proxy form. Once logged in you can also lodge your proxy vote online by clicking on the “Vote” tab.

If you are unable to access any of the important Meeting documents online, please contact the Company Secretary, Abby Macnish Niven, on +61 8 6382 1805 or via email at amacnish@paradigmbiopharma.com

The Company will notify Shareholders via the Company’s website at <https://paradigmbiopharma.com> and the Company’s ASX Announcement Platform at asx.com.au (ASX:PAR) if changing circumstances impact the planning or arrangements for the Meeting.

This announcement is authorised for market release by the Board of Paradigm Biopharmaceuticals Limited.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Abby Macnish Niven', with a stylized flourish at the end.

Abby Macnish Niven
Company Secretary

PARADIGM BIOPHARMACEUTICALS LIMITED

ACN 086 778 476

ADDENDUM TO NOTICE OF ANNUAL GENERAL MEETING

Paradigm Biopharmaceuticals Limited (ACN 086 778 476) (**Company**) gives notice to Shareholders that in relation to the Notice of Annual General Meeting dated 25 October 2023 (**Notice**) in respect of the Company's annual general meeting of members to be held at 9:00am (AEST) on Wednesday, 29 November 2023 at the offices of RSM Australia, Floor 21, 55 Collins Street, Melbourne, 3000 and via Virtual Meeting Facility (**Meeting**), the Directors have resolved to include new Resolutions 8, 9 and 10 on the terms set out in this Addendum (**Additional Resolutions**), Sections 8 to 11 and Schedule 4 of the Explanatory Statement on the terms set out in this Addendum

Capitalised terms in this Addendum have the same meaning as given in the Notice except as otherwise defined.

This Addendum is supplemental to the Notice and should be read in conjunction with the Notice. Apart from the amendments set out below, all Resolutions and the Explanatory Statement in the original Notice remain unchanged.

Replacement Proxy Form

Annexed to this Addendum is a replacement Proxy Form (**Replacement Proxy Form**). To ensure clarity of voting instructions by Shareholders on the Resolutions to be considered at the Meeting, Shareholders are advised that:

- (a) If you have already completed and returned the Proxy Form annexed with the Notice (**Original Proxy Form**) and you wish to change your original vote for Resolutions 1 to 7 or cast votes for the Additional Resolutions, **you must complete and return the Replacement Proxy Form.**
- (b) If you have already completed and returned the Original Proxy Form and **you do not wish to change your original vote for Resolutions 1 to 7 or vote on the Additional Resolutions, you do not need to take any action** as the earlier submitted Original Proxy Form will be accepted by the Company for Resolutions 1 to 7 unless you submit a Replacement Proxy Form. For the sake of clarity, the Company notes that if you do not lodge a Replacement Proxy Form, **you will not have cast a vote on the Additional Resolutions.**
- (c) If you have not yet completed and returned a Proxy Form and you wish to vote on the Resolutions in the Notice as supplemented by the Addendum, **please complete and return the Replacement Proxy Form.**

Enquiries

Shareholders are requested to contact the Company Secretary, Abby Macnish Niven, on +61 8 6382 1805 or via email at amacnish@paradigmbiopharma.com if they have any queries in respect of the matters set out in these documents.

SUPPLEMENTARY BUSINESS OF THE MEETING

The agenda of the Notice is amended by including the following Resolutions:

1. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 41,860,466 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 9 – APPROVAL TO ISSUE ATTACHING OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue three Options for every four Shares issued under the Placement on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 10 – APPROVAL TO ISSUE SUB-UNDERWRITER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10,012,031 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 8 – Ratification of prior issue of Placement Shares	The Placement Participants or any other person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.
Resolution 9 – Approval to issue Attaching Options	The Placement Participants or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 10 – Approval to issue Sub-Underwriter Options	The Sub-Underwriters or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

SUPPLEMENTARY EXPLANATORY STATEMENT

The Explanatory Statement is supplemented by inserting the following Sections and the following Schedule:

8. BACKGROUND TO CAPITAL RAISING

The Company is currently conducting a placement and accelerated non-renounceable entitlement offer in order to raise up to approximately \$30,100,000 (before costs).

The Company is seeking to raise approximately \$18,000,000 (before costs) by way of a placement to institutional investors (**Placement**) through the issue of up to 41,860,466 Shares (**Placement Shares**) at an issue price of \$0.43 per Placement Share together with three Options exercisable at exercisable at \$0.65 each on or before 30 November 2024 (**Attaching Options**) for every four Placement Shares subscribed for and issued. The Placement Shares will be issued on 8 November 2023 (ratification of which is sought under Resolution 8) and the issue of the Attaching Options is subject to the Company obtaining Shareholder approval (which is being sought under Resolution 8).

In addition, the Company is conducting an accelerated non-renounceable entitlement offer (**Entitlement Offer**) to raise approximately \$12,100,000 (before costs) through the issue of approximately 28,175,662 Shares at an issue price of \$0.43 per Share, on the basis of 1 Share for every 10 Shares held by Eligible Shareholders as at the Record Date, together with three Attaching Options for every four Shares subscribed for and issued.

The funds raised from the Placement and the Entitlement Offer (together, the **Offers**) are intended to be applied towards funding the Company through the next stage of the phase 3 Pivotal OA clinical trial and expenses of the Offers.

The Entitlement Offer and the Placement Offer are fully underwritten by Bell Potter Securities Limited (ACN 006 390 772) (AFSL 243480) (**Underwriter**). Further details in respect of the fees payable to the Underwriter (including fees payable on exercise of the Attaching Options) are set out in the replacement prospectus dated 31 October 2023 (**Prospectus**), which replaced the prospectus dated 30 October 2023.

The Underwriter has entered into sub-underwriting agreements with various third parties (**Sub-Underwriters**) who have agreed to subscribe for any Securities which are not applied for by eligible Shareholders under the Entitlement Offer (**Sub-Underwriting Agreements**). The Underwriter has agreed to pay the Sub-Underwriters a fee which may be satisfied (at the election of the Underwriter) through:

- (a) subject to the Company obtaining Shareholder approval (which is being sought under Resolution 10), the issue of one Option exercisable at \$0.65 each on or before 30 November 2024 (**Sub-Underwriter Options**) for every \$1 sub-underwritten; or
- (b) a cash fee of 1% of the amount sub-underwritten.

The Sub-Underwriting Agreements have otherwise been entered into on standard terms and conditions for agreements of their nature.

Further details in respect of the Offers are set out in the Prospectus.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

9.1 General

Resolution 8 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares, which are expected to be issued on 8 November 2023. Further information in respect of the Placement and the issue of the Placement Shares is set out in Section 8 above and in the Prospectus.

9.2 Listing Rules 7.1, 7.1A and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

The issue of the Placement Shares did not breach Listing Rule 7.1 at the time of the issue.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

9.3 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 8 is not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without

Shareholder approval over the 12 month period following the date of agreement to issue the Placement Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

9.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 8:

- (a) the Placement Shares will be issued to professional and sophisticated investors who will be identified by the Directors and the Underwriter (**Placement Participants**). The Placement Participants will be identified through a bookbuild process, which will involve the Company and the Underwriter seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that the Placement Shares that will be issued to Allianz Global Investors Asia Pacific Ltd (a substantial holder of the Company) (**Allianz**) will represent approximately 1% of the issued capital of the Company. No other related parties of the Company, members of the Company's key management personnel, existing substantial holders of the Company, advisers of the Company or associates of any of these parties (**Material Persons**) will receive Placement Shares which represent more than 1% of the issued capital of the Company;
- (c) 41,860,466 Placement Shares will be issued and the Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares will be issued on 8 November 2023;
- (e) the issue price will be \$0.43 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (f) the purpose of the issue of the Placement Shares is to raise approximately \$18,000,000 (before costs), which will be applied in the manner set out in Section 8; and
- (g) the Placement Shares will not be issued under an agreement.

10. RESOLUTION 9 – APPROVAL TO ISSUE ATTACHING OPTIONS

10.1 General

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Attaching Options. Further information in respect of the Placement and the issue of the Attaching Options is set out in Section 8 above and in the Prospectus.

10.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 9.2 above.

The proposed issue of the Attaching Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

10.3 Technical information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Attaching Options. In addition, the issue of the Attaching Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Attaching Options. In these circumstances, the Company must seek Shareholder approval for the issue of the Attaching Options at each subsequent annual general meeting which occurs until the Attaching Options are issued.

10.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the Attaching Options will be issued to the Placement Participants;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that existing substantial shareholder, Allianz, will receive Attaching Options in respect of their participation in the Placement. No other Placement Participants who are currently Material Persons are expected to be issued more than 1% of the issued capital of the Company;
- (c) the Placement Participants will be issued three Attaching Options for every four Shares subscribed for and issued under the Placement, which will result in approximately 31,395,350 Attaching Options being issued (subject to rounding);
- (d) the terms and conditions of the Attaching Options are set out in Schedule 4;
- (e) the Attaching Options are expected to be issued on 29 November 2023, and in any event will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) there will be no issue price for the Attaching Options and the Company will not receive any other consideration for the issue of the Attaching Options (other than in respect of funds received on exercise of the Options);
- (g) the purpose and use of funds raised from the Placement is set out in Section 8. The Attaching Options are being issued to the Placement Participants on the basis of three Attaching Options for every four Placement Shares subscribed for and issued;
- (h) the Attaching Options are not being issued under an agreement; and
- (i) the Attaching Options are not being issued under, or to fund, a reverse takeover.

11. RESOLUTION 10 – APPROVAL TO ISSUE SUB-UNDERWRITER OPTIONS

11.1 General

Resolution 10 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Sub-Underwriter Options. Further information in respect of the issue of the Sub-Underwriter Options is set out in Section 8 above and in the Prospectus.

11.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 9.2 above.

The proposed issue of the Sub-Underwriter Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

11.3 Technical information required by Listing Rule 14.1A

If Resolution 10 is passed, the Company will be able to proceed with the issue of the Sub-Underwriter Options. In addition, the issue of the Sub-Underwriter Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the Sub-Underwriter Options. In these circumstances, the Company must seek Shareholder approval for the issue of the Sub-Underwriter Options at each subsequent annual general meeting which occurs until the Sub-Underwriter Options are issued.

11.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the Sub-Underwriter Options will be issued to the Sub-Underwriters;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the Sub-Underwriters will be Material Persons and be issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Sub-Underwriter Options to be issued is 10,012,031;
- (d) the terms and conditions of the Sub-Underwriter Options are set out in Schedule 4;
- (e) the Sub-Underwriter Options are expected to be issued on 29 November 2023, and in any event will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) there will be no issue price for the Sub-Underwriter Options and the Company will not receive any other consideration for the issue of the Sub-Underwriter Options (other than in respect of funds received on exercise of the Sub-Underwriter Options);

- (g) the purpose of the issue of the Sub-Underwriter Options is to ensure that the Entitlement Offer is fully underwritten;
- (h) the Sub-Underwriter Options are being issued under the Sub-Underwriting Agreements, a summary of the material terms and conditions of which is set out in Section 8; and
- (i) the Sub-Underwriter Options are not being issued under, or to fund, a reverse takeover.

SCHEDULE 4 – TERMS AND CONDITIONS OF ATTACHING OPTIONS AND SUB-UNDERWRITER OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option is \$0.65 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEDT) on 30 November 2024 (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)I of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PARADIGM BIOPHARMACEUTICALS LTD
ACN 169 346 963
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am AEDST

DATE: Wednesday 29th November 2023

PLACE: RSM Australia, Floor 21, 55 Collins Street, Melbourne VIC 3000
and via a virtual meeting

The business of the Meeting affects your shareholding and your vote is important.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (AEDST) on Monday 27 November 2023.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2023 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2023.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR DONNA SKERRETT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Dr Donna Skerrett, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

5. RESOLUTION 4 – ADOPTION OF EMPLOYEE PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rules 7.1 and 7.2 (Exception 13(b)); Parts 1.2 and 2J.1 and sections 200B, 200C, 200E and 259B(2) of the Corporations Act 2001 and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Paradigm Employee Performance Rights Plan” and for the issue of a maximum of 14,087,832 Performance

Rights under the Plan, in accordance with the Plan Rules laid before the Meeting – a copy of which is available for inspection at the registered office of the Company (during normal business hours) and summarised in the Explanatory Statement accompanying this Notice.”

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

6. RESOLUTION 5 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DR DONNA SKERRETT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,000,000 Performance Rights to Donna Skerrett (or her nominee) under the Paradigm Employee Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

7. RESOLUTION 6 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO MR PAUL RENNIE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,200,000 Performance Rights to Paul Rennie (or his nominee) under the Paradigm Employee Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

8. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its Constitution as detailed in the Explanatory Statement accompanying this Notice.”

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none">(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or(b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or(b) the voter is the Chair and the appointment of the Chair as proxy:<ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and(ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 4 – Adoption of Employee Performance Rights Incentive Plan	<p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none">(a) the proxy is either:<ul style="list-style-type: none">(i) a member of the Key Management Personnel; or(ii) a Closely Related Party of such a member; and(b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none">(a) the proxy is the Chair; and(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel. <p>Further, in accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.</p> <p>However, a vote may be cast by such a person if:</p> <ul style="list-style-type: none">(a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and(b) it is not cast on behalf of the person or an associate of the person.

Resolution 5 – Issue of Incentive Performance Rights to Dr Donna Skerrett	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 6 – Issue of Incentive Performance Rights to Mr Paul Rennie	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 4 – Adoption of Employee Performance Rights Incentive Plan	<p>A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.</p>
Resolution 5 – Issue of Incentive Performance Rights to Dr Donna Skerrett	<p>Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Donna Skerrett) or an associate of that person or those persons.</p>
Resolution 6 – Issue of Incentive Performance Rights to Mr Paul Rennie	<p>Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Paul Rennie) or an associate of that person or those persons.</p>

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

In accordance with the Corporations Act, the Company will not be sending hard copies of this Notice of Meeting to Shareholders, unless a Shareholder has requested a hard copy by 16 October 2023. This Notice of Meeting can be viewed and downloaded from the link set out below. Please also refer to the Online Meeting Guide attached to this Notice of Meeting for details on how to participate in the Meeting.

The Company strongly encourages Shareholder to lodge a directed proxy form prior to the Meeting. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the Meeting, for example, by preparing answers in advance to Shareholder questions. However, votes and questions may also be submitted during the Meeting.

Virtual Meeting

The Company is pleased to provide Shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where Shareholders will be able to watch, listen and vote online.

Shareholders will be able to vote and ask questions at the virtual Meeting. Shareholders are also encouraged to submit questions in advance of the Meeting to the Company. Questions must be submitted in writing to Abby Macnish Company Secretary at ir@neuroscientific.com at least 48 hours before the Meeting.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Attending the Meeting virtually

To access the virtual Meeting:

1. Open your internet browser and go to investor.automic.com.au.
2. Login with your username and password or click "Register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the Meeting to ensure there is no delay in attending the virtual Meeting.
3. After logging in, a banner will display at the bottom of your screen to indicate that the Meeting is open for registration. Click on "Register" when this appears. Alternatively, click on "Meetings" on the left-hand menu bar to access registration.
4. Click on "Register" and follow the steps.
5. Click on the URL to join the webcast where you can view and listen to the virtual Meeting. Note that the webcast will open in a separate window.
6. Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" to be taken to the voting screen.
7. Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted.

For further information on the live voting process please see the “**Registration and Voting Guide**” at <https://www.automicgroup.com.au/virtual-agms/>.

The Company will provide Shareholders with the opportunity to vote and ask questions at the Meeting in respect of the formal items of business as well as general questions in respect to the Company and its business.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

Further information and support on how to use the platform is available on the share registry website – www.automic.com.au. It is recommended that you register to use the registry website well in advance of the Meeting to save time on the day of the Meeting. Should you have any difficulties, you can contact the registry by telephone on 1300 288 664 (within Australia) and +61 2 9698 5414 (overseas).

You may still attend the Meeting and vote even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance at the Meeting will not revoke your proxy appointment unless you actually elect to attend as a voting holder at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment will be deemed to be revoked with respect to voting.

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 6382 1805.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2023 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.paradigmbiopharma.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR DONNA SKERRETT

3.1 General

Listing Rule 14.4 and clause 13.3(a) of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is the longer.

Dr Donna Skerrett who has served as a Director since 3 July 2020 and was elected on 19 November 2020, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Dr Donna Skerrett, has more than 30 years' experience in transfusion and translational medicine. She brings a wealth of experience in clinical development and regulatory affairs. Dr Skerrett served previously as Chief Medical Officer at Mesoblast. She was director of Transfusion Medicine and Cellular Therapy at Weill Cornell Medical Center in New York (2004 – 2011), and prior to that was associate director of Transfusion Medicine and director of Stem Cell Facilities at Columbia University's New York-Presbyterian Hospital. She has previously chaired the New York State Council on Blood and Transfusion Services and served on the board of directors of the Fox Chase Cancer Center in Philadelphia, PA, and is currently a member of the Board of Visitors of Lewis Katz School of Medicine at Temple University.

3.3 Independence

If re-elected the Board does not consider Dr Skerrett will be an independent Director.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, Dr Donna Skerrett will be re-elected to the Board as an Executive Director.

In the event that Resolution 2 is not passed, Dr Skerrett will not join the Board as an Executive Director. The Company may seek nominations or otherwise identify suitably qualified candidates to join the Company. As an additional consequence, this may detract from the Board and Company's ability to execute on its strategic vision.

3.5 Board recommendation

The Board has reviewed Dr Skerrett's performance since her appointment to the Board and considers that their skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board unanimously supports the re-election of Dr Skerrett and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$195,820,854 (based on the number of Shares on issue and the closing price of Shares on the ASX on 18 October 2023).

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

For note, a special resolution is a resolution requiring at least 75% of votes cast by shareholders present and eligible to vote at the meeting in favour of the resolution.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the acquisition of new assets and or other investments, or as cash for general working capital purposes including the Company's clinical trial program.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 18 October 2023.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.348	\$0.695	\$1.04
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	281,756,625 Shares	28,175,662 Shares	\$9,805,130	\$19,582,085	\$29,387,215
50% increase	422,634,938 Shares	42,263,493 Shares	\$14,707,695	\$29,373,127	\$44,080,823
100% increase	563,513,250 Shares	56,351,325 Shares	\$19,610,261	\$39,164,170	\$58,774,431

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 281,756,625 Shares on issue as at the date of this Notice.
2. The issue price set out above is the closing market price of the Shares on the ASX on 18 October 2023 (being \$0.6950).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) **Previous approval under Listing Rule 7.1A**

The Company did not obtain approval under Listing Rule 7.1A at its annual general meeting held on 29 November 2022. Accordingly, the Company has not issued any Equity Securities under Listing Rule 7.1A.2 in the twelve months preceding the date of the Meeting.

4.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

5. RESOLUTION 4 – ADOPTION OF EMPLOYEE PERFORMANCE RIGHT PLAN

5.1 Plan overview

The Paradigm Employee Performance Rights Plan (the **Plan**) is a new long-term incentive (**LTI**) designed to competitively drive key employees' of the Company (**Employees**) behaviour towards business success, and thereby align Employees' and Shareholders' interests.

Based on Shareholder feedback and to align with best practice, the Company engaged an external remuneration consultant and an employee share scheme specialist to design an arrangement aligning the interests of Shareholders and Employee participants (**Participants**).

The Plan prescribes for key Employees a properly benchmarked *LTI* component of their remuneration. The Plan allows for key Employees to be granted Performance Rights that are subject to certain conditions which need to be attained in order to unlock the potential value of the Performance Rights. Each Performance Right converts to one Share if at the end of a vesting period (anticipated to be three (3) years) performance-based vesting conditions are met.

The Plan is considered to be an important tool by which to retain key Employees over the long term and thereby to preserve valuable corporate knowledge and build shareholder value.

At the core of the Plan is the principle of **win / win / win**: success for each of the Shareholders, the Company and the Employees.

Offers under the Plan must involve two elements:

- (a) reward interdependency: every offer must include performance targets so Employees only benefit if over the vesting period:
 - (i) the Company achieves a core business target;
 - (ii) there is a minimum acceptable return for Shareholders; and

- (iii) the Employee's performance has been acceptable according to the Company's performance management system; and
- (b) reward benchmarking: every offer must involve a number of Performance Rights that ensures the Participant's overall remuneration package, including the Performance Rights, is appropriate having regard to:
 - (i) market practice for someone of the Participant's standing within the Company based on available and reliable survey data; and
 - (ii) the level of the Company's performance relative to business goals derived from Paradigm's strategic plan.

The Plan is designed to meet the following 10 criteria:

Criteria	Method
1. Competitive: talent attraction & retention	Rewards <u>benchmarked</u> to market practice and <u>scaled</u> for performance.
2. Less Dilutive	<u>Lower numbers</u> of Performance Rights, compared with traditional market value exercise price options.
3. Alignment	Minimum <u>performance</u> required for Shareholders, from Employee and from the Company.
4. Collaboration	Long-term Company-wide goals promote ' <u>one-in, all-in</u> ' collaboration.
5. Accountability	<u>Employee accountability</u> for: business goals, individual performance and minimum Shareholder return but otherwise not market factors beyond their control.
6. Measurable	Employee rewards linked to <u>objectively measurable</u> business goals.
7. Long-term	<u>Three (3) year</u> performance targets.
8. Simple	Rights to Shares at <u>no cost</u> subject to performance.
9. Attractive	Employees <u>not out-of-pocket</u> , cannot be 'under water' and rewards scaled according to business performance.
10. Consistent	Australian and U.S. Employees <u>treated consistently</u> as much as tax and securities laws permit.

A summary of the Plan is set out at Schedule 1 of this Notice.

5.2 Offers under the Plan

The Board intends to make offers under the Plan to key Employees in August / September each year once annual employee performance appraisals are complete (and in future years this will be around the same time the Board makes its three (3) year vesting determination). Non-Executive Directors are not eligible to participate in the Plan. Executive Directors can only participate in the Plan if and when Shareholders approve their participation in accordance with Listing Rule 10.14. Approval is being sought at this AGM by Resolutions 5 and 6.

5.3 Approval under Listing Rules

The Company seeks Shareholder approval of the Plan for the purposes of Listing Rule 7.2 (Exception 13(b)) to maintain maximum ability to raise capital in accordance with Listing Rule 7.1 without seeking prior Shareholder approval.

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12-month period, the number of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12-month period.

Listing Rule 7.2 (Exception 13(b)) provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1 if the issue of securities is made under an employee incentive scheme approved by shareholders no more than three years before the date of issue of the securities.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 4 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years from the date of the Meeting. The issue of any securities to eligible participants under the Plan (up to the maximum number of securities stated in Section 5.4 below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will be able to proceed with the issue of securities under the Plan to eligible participants, but any issues of securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of those securities.

5.4 Information required for Listing Rule 7.2, Exception 13(b)

Listing Rule 7.2 (Exception 13(b)) requires the information detailed in this Section 5.4 to be provided to Shareholders for approval under this Resolution 4.

(a) Plan summary

From time to time, and in its discretion, the Board may invite Employees and other eligible personnel of the Company (including Executive Directors) to acquire Performance Rights. Each Performance Right can convert to one Share if at the end of the vesting period (anticipated to be three (3) years) performance-based vesting conditions are met. The key terms of the Plan are summarised at Schedule 1 of this Notice .

(b) Securities already issued

To date, no securities have been issued by the Company pursuant to the Plan.

(c) Maximum number of equity securities proposed to be issued under the Plan following approval

The maximum number of Performance Rights proposed to be issued under the Plan in reliance on Listing Rule 7.2 (Exception 13(b)), is 14,087,832 Performance Rights. It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately.

(d) Voting exclusion statement

The voting exclusion statement for Resolution 4, for the purposes of Listing Rule 7.2 (Exception 13), applicable to any person who is eligible to participate in the Plan, is set out on page 3.

5.5 Approval for retirement benefits under the Plan

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with section 200E of the Corporations Act, to access an exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company (that is, key management personnel details of whose remuneration are disclosed in the Company's annual remuneration report).

Scenarios where cessation of employment, and hence retirement, of a senior executive might be seen to attract a benefit under the Plan otherwise prohibited by section 200B (**Employment Retirement Benefit**) might include:

- (a) where the Board exercises its discretion to accelerate the vesting of Performance Rights in 'special circumstances' which conceivably could include retirement; and
- (b) where, upon cessation of employment, a share sale restriction ceases to apply enabling Shares to be sold.

Arguably the latter does not involve conferring a fresh 'benefit' given the Employee has a pre-existing right to this under the Plan Rules. But to remove potential doubt as to whether the Plan can function properly in these ways, Shareholder approval is being sought for the purposes of sections 200B and 200E of the Corporations Act. For this purpose, section 200E of the Corporations requires that the Notice provide Shareholders with either the value of the proposed benefits or, where the value of the proposed benefits cannot currently be ascertained, the manner in which the value of the proposed benefits is calculated, and the matters, events and circumstances that will, or are likely to, affect the calculation of the value.

Value of retirement benefits

Under the Plan, if an Employment Retirement Benefit is to be provided in the future, the value of the benefit to be received by the Participant cannot be determined in advance. In the above two scenarios, the manner in which the value of the proposed benefits could be calculated is as follows:

- (a) where the benefit is accelerated vesting of Performance Rights on retirement - assuming the Performance Rights otherwise would have been forfeited on retirement, the value of the benefit could equal the prevailing market value of a corresponding number of Shares able to be acquired on conversion of the Performance Rights subject to any share sale restriction; and

- (b) where the benefit is the lifting of Shares' sale restriction on retirement - the value of the benefit, if any, could be the prevailing market value of those Shares compared with the market value of the Shares at the time the sale restriction otherwise would have lifted.

Thus, the value of the Employment Retirement Benefits would depend on a number of factors, including the Share price at the relevant time.

In accordance with section 200E(2A) of the Corporations Act, a voting prohibition statement has been included in this Notice. As such, any current Executive Directors and Employees holding a managerial or executive office in the Company will be excluded from voting on Resolution 4.

5.6 Approval for benefits on sale of business

Section 200C of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with section 200E of the Corporations Act, to access an exemption from the prohibition on a company giving a person who holds or has at any previous time held a managerial or executive office in the company or a related body corporate (or an associate), a benefit in connection with the transfer of the whole or any part of the undertaking or property of the company ('sale of business').

Scenarios where a sale of business might be seen to yield a benefit under the Plan otherwise prohibited by section 200C might include where the Board exercises its discretion in 'special circumstances' which conceivably could involve a sale of business:

- (a) to accelerate the vesting of Performance Rights;
- (b) to avoid a forfeiture of Performance Rights on cessation of employment;
or
- (c) to accelerate a lifting of Shares' sale restrictions.

Value of retirement benefits

In the event that a benefit is to be provided in the future under the Plan in connection with a sale of business, the value of the benefit to be received by the Participant cannot be determined in advance. In the above three scenarios, the manner in which the value of the proposed benefits could be calculated is as follows:

- (a) where the benefit is accelerated vesting of Performance Rights on a sale of business - the value of the benefit could equal the prevailing market value of a corresponding number of Shares at the time they could be sold compared with the market value of such Shares at the time they otherwise could have been sold;
- (b) where the benefit is avoiding a forfeiture of Performance Rights on cessation of employment on a sale of business - assuming the Performance Rights otherwise would have been forfeited on cessation of employment, the value of the benefit could equal the prevailing market value of a corresponding number of Shares able to be acquired on conversion of the Performance Rights subject to any share sale restriction; and

- (c) where the benefit is the earlier lifting of Shares' sale restriction on a sale of business - the value of the benefit, if any, could be the prevailing market value of those Shares compared with the market value of the Shares at the time the sale restriction otherwise would have lifted.

Thus, the value of the benefits under the Plan on a sale of business would depend on a number of factors, including the Share price at the relevant time.

5.7 Approval for security over shares

Section 259B(2) permits a company to take security over its own shares issued pursuant to an employee share scheme under certain conditions, including where prior shareholder approval of the employee share scheme has been obtained.

Under the Plan, there is no express provision for the Company having a security interest in its Shares, however Company agents are given a power of attorney to take actions in respect of Shares and so to remove potential doubt as to whether the Plan can function properly in these ways, the Company is seeking Shareholder approval under Resolution 4 in respect of the operation of section 259B(2) of the Corporations Act.

5.8 Financial assistance for the acquisition of shares

Section 260A of the Corporations Act allows only limited circumstances in which a company may provide financial assistance for the acquisition of shares in itself without obtaining prior shareholder approval, including the giving of assistance which *does not materially prejudice (i) the interests of the company or its shareholders, or (ii) the company's ability to pay its creditors*. If ever the Company needs to give financial assistance under the Plan in connection with the acquisition of its Shares, the Board will allow such financial assistance to be given only if this exemption is applicable at the relevant time. Accordingly, the Company is not seeking Shareholder approval under section 260A of the Corporations Act.

5.9 Director recommendation for Resolution 4

The Executive Directors are excluded from voting on this resolution for the reasons explained above. The Non-Executive Directors, who have no self-interest in the outcome of this Resolution on the basis that they cannot participate in the Plan, recommend that Shareholders vote in favour of Resolution 4.

6. RESOLUTIONS 5 AND 6 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTORS – DR DONNA SKERRETT AND MR PAUL RENNIE

6.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Paradigm Employee Performance Rights Plan (refer Resolution 4), to issue an aggregate of 2,200,000 Performance Rights to Donna Skerrett and Paul Rennie (together, the **Related Parties**), comprising:

- (a) 1,000,000 Performance Rights to Donna Skerrett (or her nominee) (the subject of Resolution 5); and
- (b) 1,200,000 Performance Rights to Paul Rennie (or his nominee) (the subject of Resolution 6),

pursuant to the Plan and on the terms and conditions set out below (**Incentive Performance Rights**).

6.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Incentive Performance Rights to the Related Parties (or their respective nominees) constitutes giving a financial benefit the Related Parties are each a related party of the Company by virtue of being Directors.

All non-conflicted Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Incentive Performance Rights to the Related Parties, because the issue of Incentive Performance Rights constitutes reasonable remuneration payable to the Related Parties.

6.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Incentive Performance Rights to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 5 and 6 seek the required Shareholder approval for the issue of the Incentive Performance Rights under and for the purposes of Listing Rule 10.14.

6.4 Technical information required by Listing Rule 14.1A

Subject to the passing of Resolution 4, if Resolutions 5 and 6 are passed, the Company will be able to proceed with the issue of the Incentive Performance Rights to the Related Parties under the Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Performance Rights (because approval is being obtained under

Listing Rule 10.14), the issue of the Incentive Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 5 and 6 are not passed, the Company will not be able to proceed with the issue of the Incentive Performance Rights to the Related Parties under the Plan.

Resolutions 5 and 6 are conditional on Resolution 4 also being passed. Therefore, if Resolution 4 is not passed, the Board will not be able to proceed with the issue of the Incentive Performance Rights to the Related Parties.

6.5 Technical information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolutions 5 and 6:

- (a) the Incentive Performance Rights will be issued to:
 - (i) Donna Skerrett (or her nominee) (pursuant to Resolution 5); and
 - (ii) Paul Rennie (or his nominee) (pursuant to Resolution 6),who each fall within the category set out in Listing Rule 10.14.1, by virtue of being Directors;
- (b) the maximum number of Incentive Performance Rights to be issued to is 2,200,000 Performance Rights, comprising:
 - (i) 1,000,000 Performance Rights to Donna Skerrett (or her nominee) (pursuant to Resolution 5); and
 - (ii) 1,200,000 Performance Rights to Paul Rennie (or his nominee) (pursuant to Resolution 6);
- (c) a summary of the material terms and conditions of the Incentive Performance Rights is set out in Schedule 2;
- (d) the current total remuneration package for Donna Skerrett is \$1,290,246, comprising of executive directors' salary of \$1,090,200, 401k contribution of \$73,033 and short-term incentive cash bonus payments of \$127,013. If the Incentive Performance Rights are issued, the total remuneration package of Donna Skerrett will increase by \$630,000 (being the value of the Incentive Performance Rights (based on the Black Scholes methodology)) to \$1,920,246;
- (e) the current total remuneration package for Paul Rennie is \$1,169,160, comprising of directors' salary of \$1,069,660, a superannuation payment of \$27,500 and short-term incentive cash bonus payment of \$72,000. If the Incentive Performance Rights are issued, the total remuneration package of Paul Rennie will increase by \$756,000 (being the value of the Incentive Performance Rights (based on the Black Scholes, methodology)) to \$1,925,160;
- (f) the Company values the Incentive Performance Rights at \$1,386,000 based on the valuation model and pricing methodology set out in Schedule 3;

- (g) as this is the first time that the Shareholder approval is being sought for the adoption of the Plan, no Performance Rights have been previously issued under the Performance Rights Plan;
- (h) the Incentive Performance Rights are unquoted performance rights. The Company has chosen to grant the Incentive Performance Rights to the Related Parties for the following reasons:
 - (i) the Incentive Performance Rights are unlisted, therefore the grant of the Incentive Performance Rights has no immediate dilutionary impact on Shareholders;
 - (ii) the issue of Incentive Performance Rights to the Related Parties will align the interests of the Related Parties with those of Shareholders;
 - (iii) the issue of the Incentive Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iv) the issue of the Incentive Performance Rights under the Plan offers the Related Parties certain deferred taxation benefits; and
 - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Performance Rights on the terms proposed;
- (i) the Incentive Performance Rights will be issued to the Related Parties (or their respective nominees) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Performance Rights will be issued on one date;
- (j) the issue price of the Incentive Performance Rights will be nil, as such no funds will be raised from the issue of the Incentive Performance Rights;
- (k) a summary of the material terms and conditions of the Performance Rights Plan is set out in Schedule 1;
- (l) no loan is being made to the Related Parties in connection with the acquisition of the Incentive Performance Rights;
- (m) details of any Performance Rights issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (n) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Performance Rights Plan after Resolutions 5 and 6 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

7. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to amend its existing Constitution (**Amended Constitution**) to:

- (a) to permit the Company to hold virtual meetings of members in accordance with the provisions of the Corporations Act, by removing the existing clause 12.23 and replacing it with a new clause 12.23, and
- (b) to replace the existing clause 27, which as amended will contain the provisions required by Listing Rule 15.12 and will allow the Company to comply with the Listing Rules in connection with the issue restricted securities in the future should that be necessary.

Virtual Meetings

In April 2022 a permanent change was made to the Corporations Act allowing companies to hold meetings virtually and distribute meeting documents via electronic means. Under the new provision, a company may hold a meeting physically or physically and using virtual meeting technology. However, if a company wishes to hold a wholly virtual meeting it must be expressly permitted by its constitution.

The Proposed Constitution modifies clause 12.23 to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

If this Resolution 7 is not approved by Shareholders, the Company will not be able to hold wholly virtual meeting of Shareholders and all Shareholder meetings will have to be held as hybrid meetings or entirely 'physical' (in person) meetings.

Restricted Securities

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

A copy of the Amended Constitution is available for review by Shareholders at the office of the Company. A copy of the Amended Constitution can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 4.1.

Amended Constitution has the meaning given in Section 7.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (CAN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (c) a spouse or child of the member;
- (d) a child of the member's spouse;
- (e) a dependent of the member or the member's spouse;
- (f) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (g) a company the member controls; or
- (h) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Paradigm Biopharmaceuticals Ltd (CAN 169 346 963).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Employee means an employee of the Company.

Employment Retirement Benefit has the meaning given in Section 5.5.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or

if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

Notice means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Participants has the meaning given in Section 5.1.

Performance Right means a right to acquire a Share.

Plan or Plan Rules means the Paradigm Employee Performance Rights Plan, a summary of which is set out in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2023.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE PERFORMANCE RIGHTS PLAN

Plan Events

The Plan involves Performance Rights being granted, then 'vested' (if and when vesting conditions are met), then converted to shares, and then shares may be sold.

In chronological order:

- (a) grant of Performance Rights;
- (b) vesting of Performance Rights;
- (c) conversion of Performance Rights to shares;
- (d) sale of Shares.

Each of these is utilized below in turn, first by reference to relevant Plan Rules and then how the Board intends to utilize the Plan Rules to make offers in 2023.

Grant

Plan Rules

Under the Plan Rules, the Board has discretion over which Employees, Executive Directors or individual contractors (for simplicity here referred to collectively as 'Employees') participate in the Plan and the terms of offer.

However, to achieve the commercial goals of the Plan, the rules constrain the Board's discretion in two key ways:

- (a) the vesting conditions; and
- (b) the number of Performance Rights granted.

Vesting conditions: In every offer, the Board must include vesting conditions ensuring rewards can only be delivered if over the vesting period there has been a minimum level of performance for each of the three key stakeholders – that is:

- (a) the Participant's performance must have been acceptable according to the Company's performance management system;
- (b) Shareholders must have derived a minimum total Shareholder return; and
- (c) The Company must have achieved a core business goal derived from its strategic plan.

Number of Performance Rights granted: The Board must select numbers of Performance Rights to be offered to ensure the Participant's *overall remuneration package* will be appropriate having regard to market practice for someone of the Participant's standing within the Company. Within this constraint, the Board must also ensure for Employees where adequate data is available (that is, employees of a classification for which a significant proportion of comparable companies provide substantial long-term incentive rewards according to recent survey data – 'benchmarked employees'), rewards under the Plan are appropriately *benchmarked* against long-term incentive rewards for similar employee positions in comparable companies having regard to the level of the Company's performance relative to business goals derived from its strategic plan.

Offers in 2023

It is proposed that:

- (a) those eligible to be offered Performance Rights will be:
 - (i) Executive Directors (if approved by Shareholders); and
 - (ii) key Employees who are accountable for a significant direct impact on strategic business goals;
- (b) the number of Performance Rights granted to each Participant will be calculated so the dollar value of the Performance Rights at the time of vesting (based on the current share price) would equal the median of LTI rewards in the local Life Sciences sector according to the Radford Global Compensation Survey at the time of grant with reference to the total compensation package as determined by the survey where relevant; and
- (c) Employee rewards are scaled to the level of the Company's business achievement – thus, if over the three (3) year vesting period Shareholders and the Employee have both achieved minimum acceptable performance as defined, and the Company has:
 - (i) target achievement – that is, the 'primary' business goal is met (see 'Vesting' below) – **all** the Performance Rights vest;
 - (ii) acceptable achievement – that is, an 'intermediate' business goal is met in lieu of the primary business goal – **one half** of the Performance Rights vest and the other half are forfeited; and
 - (iii) over-achievement – that is, one or more 'stretch' business goals is met as well as the primary business goal – the participant is granted a number of **additional** fully-vested Performance Rights to lift the total reward above the median level to a pre-defined percentile for benchmarked employees according to the strategic importance of the particular secondary goal achieved.

Vesting

Plan Rules

When the *vesting date* stated in the offer arrives, if the Participant remains employed with the Company the Board will determine whether the vesting conditions have been satisfied and hence whether the Performance Rights vest.

The Board has power to vest Performance Rights early, before the vesting date, in special circumstances, such as death, disability, bona fide redundancy, or a takeover or change in control prior to the vesting date where the Board considers that the Company was on track to achieve its business goals by the vesting date.

Performance Rights will be forfeited if either:

- (a) the Board determines that the vesting conditions have not been satisfied; or
- (b) if the Participant ceases employment before the vesting date,

unless the Board determines otherwise in special circumstances.

Offers in 2023

The vesting conditions proposed for Performance Rights to be offered in 2023 are listed below. Each vesting condition will be measured three (3) years from the grant date – that is, at a vesting date in late 2026.

- (a) Shareholder target: A minimum total shareholder return, based on the change in the Share price and any Shareholder distributions, representing a compound annual growth rate (**CAGR**) achievement of 40% per annum.
- (b) Employee target: The Employee must remain employed on the vesting date and the Employee's performance over the three (3) year period between the grant date and the vesting date must be assessed as acceptable according to the Company's performance management system, so that rewards do not go to under-performing Employees.
- (c) Company target: The Company has successfully completed the Phase 3 trial for iPPS for OA (as per the clinical trial protocol) and has filed a New Drug Application with the U.S. FDA.

If all three targets are met, 100% of the Participant's Performance Rights vest.

There are two alternative scenarios:

- (a) 50% vesting: If the Shareholder and Employee targets are met, only 50% of the Participant's Performance Rights vest if the Company does not achieve the above Company target but does achieve the following:

The Company has successfully completed the Phase 3 trial for iPPS for OA (as per the clinical trial protocol) but has not filed a New Drug Application with the U.S. FDA.

- (b) Additional Performance Rights: If all three targets above are met, additional vested Performance Rights will be granted if any of the following 'stretch' business goals are met:
 - (i) The Company has entered into a binding, exclusive licence and supply agreement with one or more third parties covering iPPS for OA in China or involving an upfront payment to the Company of at least \$30 million.
 - (ii) The Company has entered into a binding, exclusive licence and supply agreement with one or more third parties covering iPPS for MPS.
 - (iii) The Company has received Provisional Approval from the Australian TGA covering iPPS for OA.

Conversion of Performance Rights

Plan Rules

When vested, the Performance Rights will convert to shares as soon as reasonably practicable after whichever of the following is provided for in the offer:

- (a) automatically on vesting;

- (b) automatically on expiry of a Plan Sale Restriction Period (as defined in the Plan); or
- (c) on the Participant exercising the Performance Rights (at a time of the Participant's choosing by lodging the required form).

Offers in 2023

It is proposed Performance Rights will convert to Shares on vesting (using method 1) without any sale restrictions on the Shares.

Offers in future years

In future years, the Board may consider having Performance Rights convert to Shares on expiry of sale restrictions (using method 2) to achieve further equity lock-in as explained below.

Based on current tax laws, methods 1 and 2 (but not method 3) are able to achieve consistent tax and cash flow outcomes for U.S. and Australian-based Participants, so it is proposed method 3 not be used.

Sale Restrictions

Plan Rules

The Employee can sell the Shares any time subject to:

- (a) The Company's prevailing securities dealing and other corporate governance policies (which could also be utilised if needed to minimise the number of Shares sold all at once); and
- (b) any sale restriction if included in the offer (if a sale restriction is applicable, the Shares can be sold on or after a fixed period set in the offer, earlier cessation of employment or an earlier date determined by the Board in the event of special circumstances such as a takeover).

Offers in 2023

It is proposed not to have a sale restriction on the Shares, to avoid undue delay in reward delivery given the delays experienced by prospective participants in receiving long-term incentive rewards to date.

Offers in future years

In future years, the Board may consider including a sale restriction on the Shares, to ensure Participants, as long as they remain employed, keep 'skin in the game' for a further 1-to-2 years (making it a total of 4-to-5 years including the 3-year vesting period), especially as there will come a point in time when, even with a sale restriction, a tranche of shares will become saleable each year. A sale restriction could, for example, be defined as:

- (a) for one third of the Shares – no sale restriction;
- (b) for another third of the Shares – a sale restriction up to the first anniversary of the vesting date; and
- (c) for the final third – a sale restriction up to the second anniversary of the vesting date.

Even with a sale restriction, the Board would have power to lift it early to deal with special circumstances – for example, if a Participant is in financial hardship or in the

Other Features

- (a) The Plan includes an upper limit so that an offer of Performance Rights can only be made if the offer would not result in the total number of Performance Rights and Shares subject to Plan sale restrictions exceeding 5% of the Company's diluted capital. (In practical terms, even if the Plan limit is reached, as Performance Rights convert to shares either without Plan sale restrictions or as Plan sale restrictions expire – that is, every 3-5 years, the Plan limit becomes 'refreshed' so that further Performance Rights can be offered.)
- (b) Shares acquired under the Plan rank equally with other fully-paid ordinary shares from the date of acquisition, and thus holders will be entitled to exercise voting rights and to participate in dividends and other shareholder distributions.
- (c) Each Participant appoints those administering the Plan as their attorney to exercise administrative powers on the Participant's behalf.
- (d) To allow the Plan to have flexibility to deal with unforeseen circumstances, the Board has additional discretions as follows:
 - (i) to convert Performance Rights to shares before the vesting date (eg to simplify the share register) in which case the resulting Shares would be forfeited if Performance Rights would have been forfeited;
 - (ii) if the Participant requests, to have Performance Rights or Shares acquired in the name of the Participant's nominee;
 - (iii) rather than the Participant's Performance Rights converting to Shares, to redeem them for a cash payment based on the prevailing market value of an equivalent number of Shares, or provide a mix of cash and Shares, and potentially to delay payment thereof with interest for up to 2 years (eg to cater for liquidity problems);
 - (iv) rather than issue new Shares, to have existing Shares transferred;
 - (v) to have Shares held by the trustee of an employee share trust, and then potentially to allow the Participant to have dividends reinvested in further Shares and/or for the trustee to redeem the Participant's Shares for a cash payment based on the prevailing market value of an equivalent number of Shares rather than the Shares being sold;
 - (vi) to re-express the number of Performance Rights to take account of a bonus issue, rights issue or other capital reorganisation; and
 - (vii) to grant Options with an upfront price or exercise price.
- (e) The Board has power to terminate or suspend the operation of the Plan or to amend the Plan. (Where the amendment, in net terms, would have a materially adverse effect on a participant's pre-existing rights, the Board must obtain the Participant's consent, unless the amendment is introduced primarily to comply with law, correct a mistake or accommodate adverse tax implications.)

U.S. Rule Variations

To take account of differing tax requirements, some relatively minor variations in the rules for U.S.-based participants are summarised below:

1. where Performance Rights convert to shares upon the Rights vesting, the shares must be acquired by the U.S. participant (or full payment on redemption of the Performance Rights in lieu of conversion to Shares must be made) within 75 days after the later of the end of Paradigm's financial year, or the end of the U.S. participant's taxable year, in which Performance Rights first vest ('75-day period');
2. where the terms of a U.S. offer include a sale restriction and Performance Rights convert to shares upon expiry of a sale restriction period after the 75-day period:
 - (a) the U.S. participant must have made a prior timely deferral election (which will be included in the Plan application form for U.S. offers); and
 - (b) the shares must be acquired (or full payment on redemption of the Performance Rights in lieu of conversion to Shares must be made) as soon as administratively practicable after either: expiry of the fixed sale restriction period specified in the U.S. participant's offer, Separation from Service, or (if so determined by the Board) a Change of Control, Disability or some other time or event permitted under the U.S. tax provisions;
3. Performance Rights may not be converted to shares by the U.S. participant exercising the Rights when the participant chooses;
4. U.S. participants give permission for U.S. tax withholding to be taken from regular wages or other cash compensation, shares or the proceeds of sale of shares; and
5. the Plan's flexibility in the future to grant options with an upfront price or an exercise price does not extend to U.S. participants.

SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE PERFORMANCE RIGHTS

1.	Entitlement	Each Performance Right entitles the holder to subscribe for one Share upon exercise of the Performance Right.
2.	Plan	<p>The Performance Rights are granted under the Company's Employee Incentive Performance Rights Plan (Plan).</p> <p>Defined terms in these terms and conditions have the same meaning as in the Plan. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.</p>
3.	Consideration	Nil consideration is payable for the grant of the Performance Right.
4.	Vesting Conditions / Milestones	<p>The Performance Rights will vest on the Company achieving the following milestones (Milestones):</p> <ul style="list-style-type: none"> a) <u>Shareholder target</u>: A minimum total shareholder return, based on the change in the Share price and any Shareholder distributions, representing a compound annual growth rate (CAGR) achievement of 40% per annum. b) <u>Employee target</u>: The Employee must remain employed on the vesting date and the Employee's performance over the three (3) year period between the grant date and the vesting date must be assessed as acceptable according to the Company's performance management system, so that rewards do not go to under-performing Employees. c) <u>Company target</u>: The Company has successfully completed the Phase 3 trial for iPPS for OA (as per the clinical trial protocol) and has filed a New Drug Application with the U.S. FDA. <p>A Performance Right will vest when a vesting notice is given to the holder.</p>
5.	Expiry Date	<p>Each Performance Right will expire on the earlier to occur of:</p> <ul style="list-style-type: none"> (a) the date that is three years from the date of issue of the Performance Rights; or (b) the Performance Rights lapsing and being forfeited under the Plan or these terms and conditions, <p>(Expiry Date).</p> <p>A Performance Right not exercised before the Expiry Date will automatically lapse on the Expiry Date.</p>
6.	Rights attaching to Performance Rights	<p>Prior to a Performance Right being exercised, the holder:</p> <ul style="list-style-type: none"> (a) does not have any interest (legal, equitable or otherwise) in any Share the subject of the Performance Right other than as expressly set out in the Plan; (b) is not entitled to receive notice of, vote at or attend a meeting of the shareholders of the Company; (c) is not entitled to receive any dividends declared by the Company; and (d) is not entitled to participate in any new issue of Shares (refer to section 14).

7.	Restrictions on dealing with Performance Rights	<p>The Performance Rights cannot be sold, assigned, transferred, have a security interest granted over or otherwise dealt with unless in Special Circumstances under the Plan (including in the case of death or total or permanent disability of the holder) with the consent of the Board in which case the Performance Rights may be exercisable on terms determined by the Board.</p> <p>A holder must not enter into any arrangement for the purpose of hedging their economic exposure to an Option that has been granted to them.</p>
8.	Forfeiture Conditions	<p>Performance Rights will be forfeited in the following circumstances:</p> <ul style="list-style-type: none"> (a) in the case of unvested Performance Rights only, where the holder ceases to be an Eligible Participant (e.g. is no longer employed or their office or engagement is discontinued with the Group); (b) where a Participant acts fraudulently, dishonestly, negligently, in contravention of any Group policy or wilfully breaches their duties to the Group and the Board exercises its discretion to deem some or all of the Performance Rights held by a Participant to have been forfeited; (c) where there is a failure to satisfy the vesting conditions in accordance with the Plan; (d) on the date the holder or their Nominated Party (if applicable) becomes insolvent; or (e) on the Expiry Date, <p>subject to the discretion of the Board.</p>
9.	Exercise	<p>The holder may exercise their Performance Rights by lodging with the Company, on or prior to the Expiry Date:</p> <ul style="list-style-type: none"> (a) in whole or in part; and (b) a written notice of exercise of Performance Rights specifying the number of Performance Rights being exercised (Notice of Exercise).
10.	Timing of issue of Shares and quotation of Shares on exercise	<p>Within five business days after the issue of a Notice of Exercise by the holder, the Company will:</p> <ul style="list-style-type: none"> (a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled; (b) if required, issue a substitute certificate for any remaining unexercised Performance Rights held by the holder; and (c) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the ASX Listing Rules and subject to the expiry of any restriction period that applies to the Shares under the Corporations Act or the ASX Listing Rules.
11.	Restriction period and restrictions on transfer of Shares on exercise	<p>The Performance Rights (including any Shares issued on exercise of the Performance Rights) will not be subject to a restriction period.</p> <p>Additionally, Shares issued on exercise of the Performance Rights are subject to the following restrictions:</p> <ul style="list-style-type: none"> (a) if the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Act;

		<p>(b) all Shares issued on exercise of the Performance Rights are subject to restrictions imposed by applicable law on dealing in Shares by persons who possess material information likely to affect the value of the Shares and which is not generally available; and</p> <p>(c) all Shares issued on exercise of the Performance Rights are subject to the terms of the Company's Securities Trading Policy.</p>
12.	Rights attaching to Shares on exercise	All Shares issued upon exercise of the Performance Right will rank equally in all respects with the then Shares of the Company.
13.	Change of Control	Subject at all times to the Listing Rules, if a Change of Control Event occurs (being an event which results in any person (either alone or together with associates) owning more than 50% of the Company's issued capital), or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the holder's Performance Rights will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event. The Board may specify in the Invitation how the Performance Rights will be treated on a Change of Control Event occurring, or the Board determining that such event is likely to occur, which may vary depending upon circumstances in which the Participant becomes a leaver and preserve some or all of the Board's discretion under this rule.
14.	Participation in entitlements and bonus issues	Subject always to the rights under paragraphs 15 and 16, holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
15.	Adjustment for bonus issue	If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Performance Rights is entitled, upon exercise of the Performance Rights, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Performance Rights are exercised.
16.	Reorganisation	If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Performance Rights will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
17.	Buy Back	Subject to applicable law, the Company may at any time buy back the Performance Rights in accordance with the terms of the Plan.
18.	US Withholding	Shares allocated to a US Participant in accordance to the plan will be subject to U.S. federal and state tax withholdings as required by law.

SCHEDULE 3 – VALUATION OF INCENTIVE PERFORMANCE RIGHTS

The Performance Rights to be issued to the Related Parties pursuant to Resolution 5-6 have been valued by internal management.

Using the Black & Scholes valuation model and based on the assumptions set out below, the Performance Rights were ascribed the following value:

Assumptions:	
Valuation date	16 October 2023
Market price of Shares	\$0.63
Exercise price	Nil
Expiry date (length of time from issue)	3 years
Risk free interest rate	3.95%
Volatility (discount)	62.59%
Indicative value per Performance Right	\$0.63
Total Value of Performance Rights	
- Paul Rennie (Resolution 5)	\$756,000
- Donna Skerrett (Resolution 6)	\$630,000

Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.

Your proxy voting instruction must be received by **09.00am (AEDT) on Monday, 27 November 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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