

ISSUE OF PERFORMANCE RIGHTS UNDER EMPLOYEE PERFORMANCE RIGHTS PLAN

Paradigm Biopharmaceuticals Ltd (ASX:PAR) (“Paradigm” or “the Company”), a late-stage drug development company focused on delivering new therapies to address unmet medical needs, wishes to provide further information regarding the release of the Appendix 3G today.

The issue of Performance Rights is in relation to the Paradigm Employee Performance Rights Plan approved by shareholders at the 2023 Paradigm Annual General Meeting. This is a new long-term incentive plan designed to competitively drive key employees of the Company toward business success, and thereby align employee, Company and shareholder interests.

The Plan is an important tool by which to retain key employees over the long term through non-cash incentives that align with company performance and thereby to preserve valuable corporate knowledge and build shareholder value. The Plan involves employees each year being granted 'Performance Rights'. Each Performance Right converts to one ordinary share if performance-based vesting conditions are met at the end of a 3-year vesting period.

Company Milestones

The vesting conditions proposed for Performance Rights to be offered in relation to the 2023 financial year are listed below. Each vesting condition will be measured three (3) years from the grant date – that is, at a vesting date in early 2027.

- (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 Employees’ 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.

-Ends-

About Paradigm Biopharmaceuticals Ltd.

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

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

Approved for release by the Paradigm Board of Directors.

FOR FURTHER INFORMATION PLEASE CONTACT:

Simon White

Director of Investor Relations

Tel: +61 404 216 467

Paradigm Biopharmaceuticals Ltd

ABN: 94 169 346 963

Level 15, 500 Collins St, Melbourne, VIC, 3000, AUSTRALIA

Email: investorrelations@paradigmbiopharma.com