**APPENDIX 4E**
**Preliminary Final Report to the Australian Stock Exchange**

| | |
|---|---|
| **Name of Entity** | Paradigm Biopharmaceuticals Limited |
| **ABN** | (ABN 94 169 346 963) |
| **Year Ended** | 30 June 2022 |
| **Previous Corresponding Reporting Period** | 01 July 2020 to 30 June 2021 |

## 1. Results for Announcement to the Market

| | **$** | **$ and % increase/(decrease) over previous corresponding period** |
|---|---|---|
| **Revenue from continuing activities** | 8,787,830 | (153,817) (1.72)% |
| **(Loss) from continuing activities after tax attributable to members** | (39,249,584) | 4,952,400 14.4% |
| **Net (loss) for the period attributable to members** | (39,249,584) | 4,952,400 14.4% |

| **Dividends (distributions)** | **Amount per security** | **Franked amount per security** |
|---|---|---|
| **Final Dividend** | N/A | N/A |
| **Interim Dividend** | N/A | N/A |

| | |
|---|---|
| **Record date for determining entitlements to the dividends (if any)** | N/A |

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

## 2. Key ratios

| | **Current Period** | **Previous corresponding period** |
|---|---|---|
| **Basic earnings per ordinary security** (cents per share) | (16.87) cents | (14.92) cents |
| **Diluted earnings per ordinary security** (cents per share) | (16.87) cents | (14.92) cents |
| **Net tangible asset backing per ordinary security** (cents per share) | 16.92 cents | 32.76 cents |

## 3. Control Gained Over Entities Having Material Effect

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

## 4. Audit/Review Status

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

## 5. Attachments Forming Part of Appendix 4E

The Annual Report of Paradigm Biopharmaceuticals Limited for the year ended 30 June 2022 is attached.

## 6. Signed

Signed in accordance with a resolution of the Directors.

Signed 

Date: 25 August 2022

Paul Rennie

Chairman

PARADIGM
BIOPHARMA

# Annual Report 2022

Innovative treatments in medicine

# Contents



**Paradigm Biopharmaceuticals is an innovative, late-stage clinical development company. Our approach to market is driven by core competencies and experience at both board and executive levels in clinical and commercial pharmaceutical development.**

## General Information

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

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

The Financial Statements were authorised for issue, in accordance with a resolution of Directors, on 25 August 2022. The Directors have the power to amend and reissue the Financial Statements.

# Highlights

**Regulatory approvals to conduct the PARA_OA_002 study in the USA, Australia, the UK, and Canada**

**58** **Trial sites active and recruiting for the PARA_OA_002 study across Australia and the US**

FDA Fast Track Designation granted for Zilosul®

NFL Alumni Health Partnership on osteoarthritis

## Upcoming News Flow

- PARA_OA_008 top line data and Canine study preliminary data due in Q3 CY2022
- Commencement of PARA_OA_006 extension study Q4 CY2022
- FY22 R&D Tax Rebate due Q4 CY 2022
- MPS and OA clinical updates

# Chairman's Report

**Paul Rennie**
Chairman

Dear Shareholders,

I am pleased to present the 2022 Annual Report for Paradigm Biopharmaceuticals Limited (**Paradigm** or the **Company**).

Paradigm is a global Australia-based pharmaceutical company addressing unmet medical needs from a completely different angle. We are developing new therapies with a known molecule and thereby unlocking its full value.

Paradigm's primary focus to date is its pipeline indications, all covering the use of pharmaceutical compound Pentosan Polysulfate Sodium (**PPS**), supported by patent and IP protection. A key feature of the activity of PPS is its anti-inflammatory and tissue regenerative properties, and our wider focus is exploring its use in the treatment of the myriad conditions that begin with and are sustained by inflammation.

I am pleased to report the achievement of a number of key milestones and continued development of our pipeline assets during fiscal year 2022. This included on 29 October 2021, the successful opening of an Investigational New Drug (**IND**) application with the US FDA for the phase 3 study with our lead asset Zilosul®, a potential blockbuster treatment for osteoarthritis (**OA**). Paradigm has been focused on activating sites to support large patient recruitment numbers for this study, with treatment of subjects underway in Australia and the US.

The Company has two ongoing phase 2 studies open for the rare disease mucopolysaccharidosis (**MPS**), MPS types I and VI, and for which, Paradigm has been granted orphan designation by the US FDA and the European EMA. In September 2021, a phase 2 study in MPS VI commenced in Brazil, evaluating PPS compared to placebo in up to 12 patients in a 2:1 randomisation study. The primary objective of the study is to evaluate the safety and tolerability of PPS in subjects with MPS VI at 6, 12 and 24 weeks.

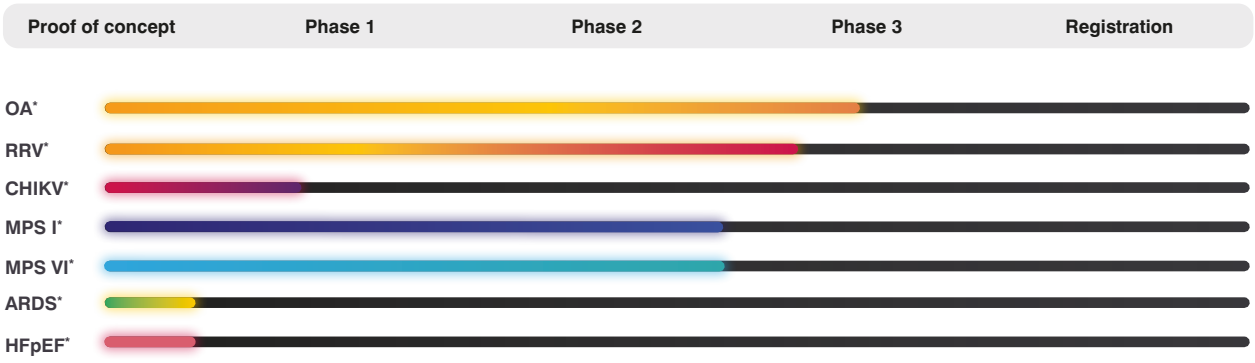
During November 2021, Paradigm presented at the International Congress of Inborn Errors of Metabolism (**ICIEM**), which focused on sharing interim results of the phase 2 study for MPS I that is being conducted at the Women's and Children's Hospital, South Australia. Subjects were dosed with PPS weekly for the first 12 weeks, and then once every two weeks from week 14 to week 48. The interim six-month data showed PPS to be well tolerated out to 24 weeks of continuous dosing, and improvement in a range of assessments involving pain and function.

The Company remains optimistic that these two important studies can help deliver an adjunct therapy for MPS patients who continue to experience pain and arthropathy following haematopoietic stem cell transplantation and enzyme replacement therapy.

Development continues on two early stage assets, acute respiratory distress syndrome (**ARDS**) and heart failure with preserved ejection fraction (**HFpEF**). In a pre-clinical proof of concept model, PPS treatment showed the potential for PPS to be used for the treatment of acute lung inflammation, such as ARDS with ensuing pulmonary fibrosis caused by viral infection. This pre-clinical data shows the potential to expand the PPS pipeline from its use in musculoskeletal indications to acute and chronic respiratory indications with unmet needs.

With respect to HFpEF, the Company completed a pre-clinical study using an industry standard model of heart failure with preserved ejection fraction. The results of the study showed that PPS potentially inhibits accumulation of versican cleavage products in the myocardium of ZSF1 obese rats, suggesting a beneficial effect of PPS on the myocardium. The Company continues to be excited about the development opportunities that lie ahead for ARDS and HFpEF as we consider next steps in their development.

## Paradigm's PPS Development Pipeline




| | | | |
|---|---|---|---|
| OA | Osteoarthritis | RRV | Ross River virus |
| MPS I | Mucopolysaccharidosis Type I | CHIKV | Chikungunya virus |
| MPS VI | Mucopolysaccharidosis Type VI | ARDS | Acute respiratory distress syndrome |

Reflects current plans and may be subject to change.

**The Board are aware of the importance of ESG and the place it holds in our strategy and everyday decision making as an organization. As the company's growth and development progresses, ESG will be at the forefront of our strategic thinking and will form a key pillar in our vendor management activities. The Board looks forward to providing further updates on progress on ESG and related topics into FY23, this will be assisted by a partnership with Socailsuite, a respected leader in ESG reporting and management, where their proprietary software will help Paradigm plan and report on its ESG achievements.**

In November 2021, following announcing the successful IND application, I announced that I would transition to a Non-Executive role as Chair of the Company. With Paradigm transitioning from an early stage research organisation to a phase 3, late-stage clinical development company, the timing is right to appoint a new CEO to take the Company forward over the next few years of our development. Notwithstanding my transition, I continue to be a significant shareholder in Paradigm and, especially in view of all my corporate knowledge of Paradigm, continue to be very engaged at a board and strategic level.

After an extensive global search, the Board was pleased to announce that Mr Marco Polizzi, who is based in the US, has been appointed CEO, effective 1 July 2022. Mr Polizzi brings more than 30 years of commercial and management experience in the pharmaceutical industry to Paradigm. I wish to thank Dr Donna Skerrett for her contribution to the Company in her role as interim CEO. During this time Dr Skerrett has led the organisation through an important period where, in particular, clinical operations activity for PARA_OA_002 has increased significantly, activating 8 sites in Australia and 50 sites in the US, which has led to first patients dosing in these two geographies.

I would like to thank our shareholders for their continued support of Paradigm. I would also like to thank the staff at Paradigm for their tireless efforts and achievements throughout FY22.

On behalf of the Directors,

**Mr Paul Rennie**
Chair
Melbourne, Victoria
25 August 2022

# Chief Executive's Report

**Donna Skerrett**
Interim CEO and Chief Medical Officer

Dear Shareholders,

I'm pleased to report to you the progress Paradigm has made during the 12 months to 30 June 2022.

Our vision as a company is to improve patient's lives by repurposing and pioneering new solutions for unmet clinical needs. By repurposing PPS and delivering PPS via subcutaneous injection (**iPPS**), we are opening a new treatment paradigm for illnesses where inflammation is present.

During FY22 the Company initiated a phase 2 study related to the treatment of the rare disease, MPS VI. This is in addition to the MPS I phase 2 study being conducted at the Women's and Children's Hospital in South Australia, Paradigm has received orphan disease designation in the US and EU for both MPS I and MPS VI. The MPS VI study, which is being run at 2 participating sites, Hospital de Clinicas de Porto Alegre, and Federal University of Campina Grande, both sites are in Brazil, investigates PPS compared to placebo in up to 12 patients. The primary objectives are to evaluate the safety and tolerability of PPS in MPS VI subjects at 6, 12 and 24 weeks. Secondary objectives include reduction in glycosaminoglycan (**GAG**) levels and improved function.

A snapshot of our data from the MPS I phase 2 study was presented in November 2021 at the ICIEM. The data showed that iPPS was well tolerated by the enrolled subjects. Meaningful improvements in pain, function, and activities of daily living and an overall improvement in quality of life were observed in all patients. This is encouraging data to support our belief that iPPS can provide improvements in pain and function for MPS patients who continue to experience pain and arthropathy following haematopoietic stem cell transplantation (HSCT) or enzyme replacement therapy (**ERT**).

During FY22, Paradigm made great progress with the development activities for our lead asset Zilosul®, a potential blockbuster treatment for knee osteoarthritis (OA). On the 29 October 2021, the US FDA approved Paradigm's application for an Investigational New Drug (IND), allowing the Company to proceed with a phase 3 study evaluating Zilosul® as an effective treatment for pain and improved function of the knee associated with osteoarthritis. Once this important milestone was achieved, our attention turned to activating sites in Australia and the US to begin the recruitment process. Our first subject was dosed in the study in Australia in late December 2021, and our first US subject was dosed in late April 2022. Recruitment activities continue to increase in Australia and the US, and in FY23 we will look to begin recruiting subjects in the PARA_OA_002 trial in the UK, Europe and Canada.

Coinciding with our IND approval, the Company announced the results of some market access research that was independently undertaken by global market research firm Clarivate. The research explored three key pricing and uptake questions based on the target product profile for Zilosul®:

1. How is the proposed product profile of Zilosul® perceived by key physicians and public payers?
2. How will Zilosul® fit in the treatment algorithm and how will physicians use it?
3. How much will public payers pay for Zilosul®?

Answers were sought for both a pain and function indication as well as for a disease modifying label. Physicians and payers were positive in their feedback on the product profile. The product profile was referenced to Paradigm's clinical development program, which now includes studies designed to strengthen our label (including duration of effect, re-treatment and a study to include hip OA). Assuming sustained efficacy and robust safety data, physicians and payers consider Zilosul® will provide high value to the treatment of osteoarthritis of the knee by covering a number of important unmet needs by providing an alternative treatment to reduce pain and improve function in these patients. A pain and function label will likely see Zilosul® used as a second line pharmacotherapy. Payers in the US indicated a price for a pain and function label of between US$2,000 and US$3,000 per course of therapy would likely be acceptable. If Zilosul® were to be approved for disease-modifying osteoarthritis drug (**DMOAD**) label, pricing would be substantially higher at US$6,000 per course, with the product positioned as a first line therapy. This research helps build a compelling commercial case for Zilosul® as an effective

**On August 15th 2022 Paradigm announced a capital raise, comprising of a $45.7million institutional placement and a $20.3million fully underwritten non-renounceable rights entitlement offer of 1:15 shares at $1.30 per share, raising $66million.**

**During FY22, the organisation made great progress with the development activities for our lead asset Zilosul®, a potential blockbuster treatment for knee osteoarthritis.**

treatment for managing pain and improving joint function for patients suffering from knee OA.

Highlighting the importance of Zilosul® as a potential treatment for knee OA, in April 2022 the US FDA granted Fast Track Designation for Paradigm's OA program. Fast Track Designation by the FDA acknowledges the agency's view that OA is a serious disease with unmet needs and underscores Zilosul® as a potential treatment for OA. Fast Track Designation allows Paradigm the opportunity to interact and collaborate with the FDA more frequently during the development stage, enabling a stronger overall program in line with the FDA's expectations and provides opportunity for shorter review timelines. With these important achievements made in FY22, in FY23 our efforts will be focused on completing recruitment for our PARA_OA_002 study, where at the end of this phase the Company expects to have its selected dose for the remainder of the clinical program.

While the Company is focused on executing its clinical program for pain and function, we continue to research and explore the potential for Zilosul® as a disease modifying drug. The purpose of the PARA_OA_008 study is to measure the changes in synovial fluid biomarkers associated with inflammation and OA disease progression. The trial will determine changes in biomarker concentrations in the synovial fluid to assess possible disease modifying effects of PPS in patients with knee OA. To provide further complementary data to the PARA_OA_008 study, Paradigm is conducting a trial in dogs with naturally occurring OA at the U-Vet Werribee Animal Hospital. Since the pathophysiology of OA is similar in humans and dogs, it is expected that the canine model of OA will provide relevant translational data that parallel the human clinical scenario. Clinical outcomes of pain and function will be assessed together with structural changes from baseline as determined by global OA scores measured by X-ray and bone marrow lesions and cartilage volume by MRI. In addition, molecular biomarkers associated with inflammation, cartilage degradation and pain will be assessed in the synovial fluid and serum to ascertain correlations with clinical outcome measures of pain and function and structural changes. The study has a 20-week follow-up period (equates on average to a period of three years in human lifespan) from the cessation of treatment, and the study, which will assess the durability of response and structural changes following therapy.

These two studies centred around DMOAD we hope will provide insightful information on how iPPS impacts the disease state in the joint. Many therapies on the market today provide symptomatic relief from OA; however, none provide any disease modifying properties. As a result of Paradigm's research and clinical development program for OA, Zilosul® has the potential to become an effective treatment in reducing pain, improving joint function and impeding the progression of OA for the many millions of sufferers with knee and hip OA.

With our clinical and commercial development plans taking shape, the Company participated in BIO-EUROPE Spring in March and presented at BIO in SanDiego in June 2022. These conferences were a great opportunity to speak with interested parties about the development of Zilosul®. Over the course of the two conferences Paradigm met with 60+ pharma companies and has initiated follow up meetings to continue to progress discussions with interested parties for development opportunities with MPS as well as OA.

As we completed FY22 with much of the heavy lifting around establishing our clinical operations for OA successfully accomplished, we continue to drive our recruitment efforts in FY23 for the PARA_OA_002 study, so that our milestone around dose selection can be achieved on time. We also look forward to obtaining top line data from the PARA_OA_008 study in Q2FY23. I would like to thank the Board for its support during FY22, and the employees of Paradigm who have worked tirelessly this year to continue to progress our development of iPPS.

**Dr Donna Skerrett**
Interim CEO 22nd November 2021 to 30 June 2022 and Chief Medical Officer

# MPS I Trial

## Overview

Mucopolysaccharidosis type I (MPS I), also known as Hurler (severe MPS I), Scheie, and Hurler-Scheie (attenuated / less severe MPS I) syndrome, is part of a group of rare lysosomal storage diseases (LSD) caused by reduced levels, or the complete lack, of an enzyme responsible for the catabolism (breakdown) of glycosaminoglycans (GAGs) resulting in the progressive accumulation of GAGs in the tissue.[1]

GAG accumulation has a direct effect on connective tissue formation and function, causing progressive cellular damage affecting multiple organ systems and can lead to organ failure, cognitive impairment and reduced life expectancy.[1]

People with severe MPS I typically have an earlier onset of symptoms and a decline in intellectual function, and without treatment individuals with severe MPS I typically die before 10 years of age.

Attenuated MPS I typically has a later onset of symptoms, milder symptoms and slower disease progression. While individuals with attenuated MPS I may develop significant disease-related morbidity, they typically show normal intelligence and may survive into adulthood.[1]

Heart disease and airway obstruction are major causes of death in all people with MPS I.[2]

Current standard of care for MPS includes haematopoietic stem cell transplantation (HSCT) and/or disease modifying enzyme replacement therapy (ERT), or supportive (medical and surgical interventions).[3]

People with MPS diseases continue to experience bone and joint manifestations, chronic pain, and physical disability, which generally persist despite treatment with HSCT and ERT. [3]

MPS I occurs in about 1 in every 100,000 live births.[4]

## Drug in Development

Pentosan Polysulfate Sodium for subcutaneous injection.

## Potential

There is an unmet need to help manage bone and joint manifestations, chronic pain, physical disability, and key clinical manifestations of MPS I that remain despite treatment with HSCT and ERT.[3]

PPS has been shown to reduce levels of GAG and inflammatory biomarkers, joint stiffness, and pain in preclinical MPS models and in clinical trials in MPS patients.[6-10]

PPS is thought to moderate these effects via multiple mechanisms of action, including:

- the reduction in accumulated GAGs in multiple tissues;[11]
- its anti-inflammatory effects via the inhibition of NF-kB, resulting in the reduction in pro-inflammatory mediators;[12]
- its ability to reduce the expression of the pain mediator, nerve growth factor (NGF), in osteocytes from degenerating joints; and[13]
- its ability to inhibit the cartilage degrading enzymes that are related to joint dysfunction observed in MPS.[14]

## Expected Lifespan

**10 years**

untreated severe MPS I sufferers typically die before 10 years of age

**50 years**

attenuated MPS I sufferers may survive up to 50 years old[1]

## Development Milestones

In 2018, Paradigm entered into an exclusive license agreement for the use of PPS to treat lysosomal storage diseases (LSDs) including MPS (MPS types I, II, III, IV, VI and VII), Gaucher and Fabry diseases. The licensing agreement is a valuable addition to Paradigm's product pipelines and IP portfolio. Granted patents cover key regions such as the US, LATAM, Europe, Australia and New Zealand.

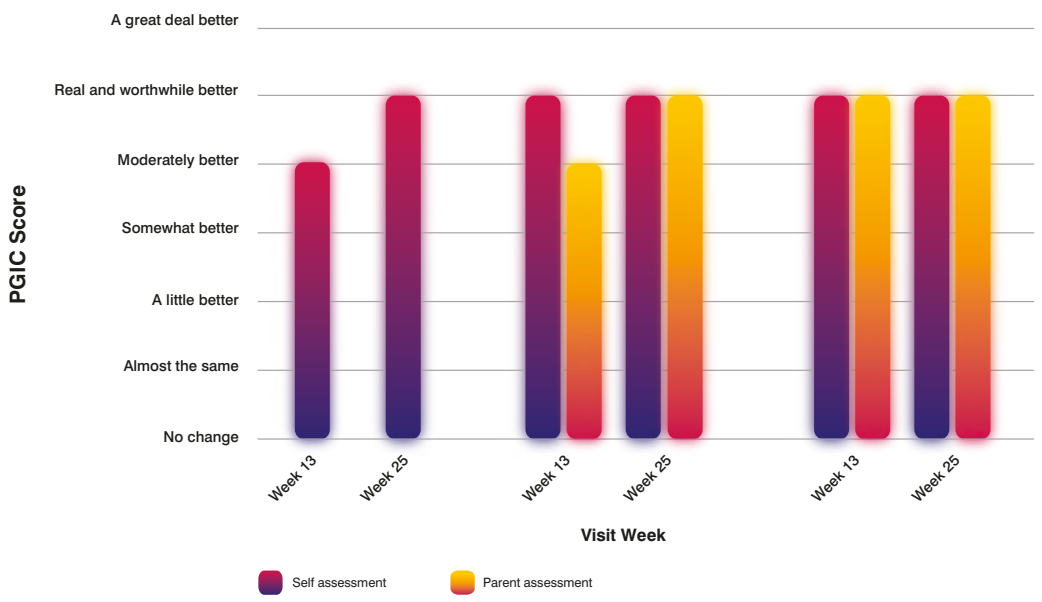
In addition, Paradigm has an exclusive supply and licence agreement with the only FDA-approved PPS supplier, bene pharmaChem, extending for 25 years post registration. Paradigm's current focus is on MPS types I and VI, where there is an unmet medical need to manage residual musculoskeletal and pain symptoms.

Paradigm has received Orphan Designations in both the US and EU for MPS types I and VI. These designations allow for faster processing times for clinical trials in some regions such as Brazil, more regulatory support from the EMA, and longer market exclusivity periods in the US and EU.

People with severe MPS I typically have an earlier onset of symptoms and a decline in intellectual function, and without treatment individuals with severe MPS I typically die before 10 years of age.

# MPS I Trial
## continued

### PGIC




At week 25, all patients and proxies reported improvement, reporting 'A definite improvement that has made a real and worthwhile difference'.

Considering the encouraging results of PPS effect on pain, the improved function and biomarkers seen in animals and clinical studies reported to date, and the support of global leaders in MPS, Paradigm has commenced a clinical program assessing subcutaneous injections of PPS in MPS I.

In 2020 Paradigm commenced an open-label single-centre pilot study in up to 10 patients assessing subcutaneous (SC) injections of PPS in participants with MPS I who have received ERT and/or HSCT (PARA_MPSI_001).

The primary objective of the study is to evaluate safety and tolerability of PPS over a 48-week period.

Secondary and exploratory objectives include pain, function, quality of life, pharmacokinetics, biomarkers and inflammatory processes.

The study is being conducted at the Adelaide Women's and Children's Hospital with Dr David Ketteridge (Principal Investigator) and Dr Drago Bratkovic (Head of Metabolic Clinic). Four patients are currently enrolled, three patients have completed the study.

Preliminary data from the first three patients was presented in a poster at the International Congress of Inborn Errors of Metabolism (ICIEM) 2021. The data showed:

- PPS was well tolerated with no serious adverse events reported over a 24-week period.
- Meaningful improvements in pain, function and activities of daily living and an overall improvement in quality of life were observed in all patients.
- Administration of PPS resulted in improvements in two and six-minute walk tests, range of motion and other standard tests of activities important to daily function of the patients.
- Pharmacokinetic results demonstrated consistency in serum concentrations that were dose dependent.
- Changes in the profile of biomarkers suggested PPS has the potential to modulate the inflammatory and joint degenerating biomarkers associated with arthralgia in MPS I patients.

## Paradigm's current focus is on MPS types I and VI, where there is an unmet medical need to manage residual musculoskeletal and pain symptoms.

### Incidence

# 1/100,00

1 in every 100,000 live births.[4]

# US$434 million

In 2021, the estimated global market size of current standards of care for MPS I was around US$434 million per annum, and is expected to grow to around US$828 million per annum by 2027[5]


1. Beck M, Arn P, Giugliani R, et al. The natural history of MPS I: global perspectives from the MPS I Registry. *Genet Med*. 2014;16(10):759-765. doi:10.1038/gim.2014.25
2. Mucopolysaccharidosis type I: MedlinePlus Genetics. Accessed October 22, 2021. https://medlineplus.gov/genetics/condition/mucopolysaccharidosis-type-i/
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6. Bratkovic D, Charles S, Ketteridge D, Krishnan R, Imperiale M. An open-label single-centre pilot study to evaluate the safety and tolerability of pentosan polysulfate sodium in subjects with mucopolysaccharidosis type I (MPS I). ICIEM 2021 14th International Congress of Inborn Errors of Metabolism. Published November 21, 2021. Accessed November 29, 2021. https://iciem2021-c10000.epresenter.com.au/poster/109832
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12. Sunaga T, Oh N, Hosoya K, Takagi S, Okumura M. Inhibitory Effects of Pentosan Polysulfate Sodium on MAP-Kinase Pathway and NF-ϕB Nuclear Translocation in Canine Chondrocytes In Vitro. *J Vet Med Sci*. 2012;74(6):707-711. doi:10.1292/jvms.11-0511
13. Stapledon CJM, Tsangari H, Solomon LB, et al. Human osteocyte expression of Nerve Growth Factor: The effect of Pentosan Polysulphate Sodium (PPS) and implications for pain associated with knee osteoarthritis. Heymann D, ed. *PLOS ONE*. 2019;14(9):e0222602. doi:10.1371/journal.pone.0222602
14. Troeberg L, Mulloy B, Ghosh P, Lee MH, Murphy G, Nagase H. Pentosan polysulfate increases affinity between ADAMTS-5 and TIMP-3 through formation of an electrostatically driven trimolecular complex. *Biochem J*. 2012;443(1):307-315. doi:10.1042/BJ20112159

# Summary of IP

**Paradigm's PPS has a multi-faceted raft of protection encompassing manufacturing, patents, and exclusive in-licensing and supply providing protection consistent with composition of matter protection for new indications with unmet clinical needs.**

There is only one FDA-approved manufacturer of Pentosan Polysulfate Sodium (PPS), bene pharmaChem GmbH (bene), with whom Paradigm has an exclusive, sub-licensable, global supply agreement for the manufacture and commercial use of PPS for multiple indications extending for 25 years post first marketing approval. In addition, Paradigm has an ongoing collaboration agreement with bene for product-related development support for meeting regulatory milestones and development of PPS for new indications and second-generation molecules.

PPS is a complex molecular platform technology; it's a highly sulphated, semi-synthetic, xylan-based polysaccharide that structurally resembles glycosaminoglycans, which is derived from beechwood hemicellulose.

The manufacture and composition of PPS is a trade secret tightly held by bene for over 60 years.

A generic manufacturer would be required to develop an identical molecular fingerprint of the bene PPS. The complex molecular structure of PPS means generic manufacturers face a task of similar difficulty to that of developing a copy of a biosimilar. Potential generic entrants must provide GPC (gas permeable chromatography) data demonstrating identical structure and purity for each of the multiple moieties. A generic copy is highly unlikely to be identical as described above. Therefore, a full clinical development program to demonstrate equivalent pharmacokinetic, pharmacodynamic, clinical safety and efficacy profiles would be required.

Paradigm has a broad patent portfolio covering multiple indications in all key jurisdictions. Paradigm's primary and foundational patents (US10,610,542, US9,861,657 and US9,101,650), which have been granted in the US and several other jurisdictions, are for the use of PPS to treat bone marrow edema (BME). Since BME is associated with painful knee OA, our patent protection blocks any generic use to treat knee OA in the absence of BME[1].

Paradigm is proactively prosecuting new patents to extend its protection on the use of PPS in disease indications with unmet medical needs. These cases include actions where PPS has been scientifically (in preclinical proof-of concept models) and/or clinically (population of patients) ascertained to be therapeutically effective.

Currently registered oral formulations of PPS are not suitable for conditions requiring systemic distribution for treatment effect. The bioavailability of oral PPS formulations of PPS is 3 to 3.5%.[2]

## In summary, Paradigm's injectable PPS is well protected with:

- a 25-year post-marketing exclusive supply agreement with the only FDA-approved manufacturer of the API;
- trade secret and complex manufacturing processes of the API from the extracted biological starting material;
- method of use patents covering multiple disease indications in key jurisdictions globally; and
- no FDA-approved generics of injectable PPS, the barrier to entry for potential competitors is high.[3]

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Paradigm is proactively prosecuting new patents to extend its protection on the use of PPS in disease indications with unmet medical needs. These cases include actions where PPS has been scientifically and / or clinically ascertained to be therapeutically effective.

# Financial Statements

# Directors' Report

Directors present their report together with the Financial Report of Paradigm and the entities it controlled at the end of, or during, the year ended 30 June 2022 (referred to hereafter as the 'Consolidated Entity').

## Directors

### Information on Directors

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

#### Paul Rennie, Managing and Executive Director (Appointed on 2 May 2014 and resigned from his Executive position on 22 November 2021, becoming Non-Executive Chairman of Paradigm on this date)

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

#### Dr Donna Skerrett, Executive Director and Chief Medical Officer (Appointed on 3 July 2020)

Dr Donna Skerrett has more than 30 years' experience in transfusion medicine, cellular therapy and transplantation. She brings a wealth of experience in medical clinical, and regulatory affairs. Donna 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.

#### John Gaffney, Non-Executive Director (Appointed on 30 September 2014)

John Gaffney LL.M is a lawyer with over 30 years' experience and has undertaken the AICD Company Directors qualification. He brings to the Board a compliance and corporate governance background and is experienced in financial services compliance. John also has corporate and commercial experience having worked with a major national law firm as a senior lawyer and also practised as a Barrister at the Victorian Bar. Previously John has been a Non-Executive Director of a US-based biotechnology company and SelfWealth Ltd (ASX:SWF). John is Chair of the Remuneration and Nomination Committee and is a member of the Audit and Risk Management Committee.

#### Amos Meltzer, Non-Executive Director (Appointed on 9 December 2020)

Amos Meltzer is a scientist and an intellectual property lawyer with over 25 years of experience in international trade and in commercializing technologies, principally in the life sciences sector. He has presided over life science research and product development projects clinical trials as well as the commercialization of life sciences assets through both licensing and the sale and marketing of a pharmaceutical product. Previously Amos served as General Counsel and IP director at two Nasdaq-listed companies Compugen and Gilat, as a non-executive director of a biotechnology company Evogene and as VP of Business Development and then CEO of an ASX-listed biopharmaceutical company Immuron. Amos currently serves as Chief Legal Officer of neuro-medical device company Synchron, chairman of the board of surgeons' education services company Vasculab and as a legal advisor to a number of ASX listed and private life science companies. Amos is a member of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

#### Helen Fisher, Non-Executive Director (Appointed on 23 February 2021)

Helen Fisher, BSc, LLB (Hons), LLM, MCom, is Chief Executive Officer and Managing Director of Bio Capital Impact Fund (BCIF), and Non-Executive Director and Chair of the Audit and Risk Management Committee of Calix Limited (ASX: CXL), a company with a platform technology with applications in climate change, water management, biotech and pharmaceutical areas. Prior to establishing BCIF, Helen was a Partner of Deloitte and led Deloitte's life science practice in Australia for 5 years, having had many years' experience in the life sciences and health-care sector. Helen is Chair of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

# Directors' Report
continued

## Company Secretary

### Kevin Hollingsworth, Company Secretary (Appointed on 02 May 2014)

Kevin Hollingsworth, FCPA, FCMA, CGMA, in addition to his duties at Paradigm, serves as Principal of Hollingsworth Financial Services. Prior to that he served as Chief Financial Officer and Company Secretary of Mesoblast Limited (ASX: MSB). At Alpha Technologies Corporation Limited (ASX: ASU), Kevin served as a Non-Executive Director. He has served as National President of CIMA Australia, State Councillor for CPA Australia and Chairman of the National and Victorian Industry and Commerce Accountants Committees. He is a Chartered Global Management Accountant and Fellow of CPA Australia and Chartered Management Accountants.

## Directorships in Other Listed Entities

Directorships of other listed entities held by Directors of Paradigm during the last 3 years immediately before the end of the financial year are as follows:

| | | Period of Directorship | |
|---|---|---|---|
| Director | Company | From | To |
| John Gaffney | SelfWealth Ltd | 23-Nov-17 | 30-Sep-19 |
| Paul Rennie | NeuroScientific Biopharmaceuticals Ltd | 22-Jun-21 | Current |
| Helen Fisher | Calix Limited | 22-Sep-20 | Current |
| | Sienna Cancer Diagnostics Limited | 28-Mar-18 | 28-Jul-20 |
| | BARD1 Life Sciences Limited | 28-Jul-20 | 25-Nov-20 |

## Directors' Meetings

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

| | Board | | Remuneration & Nomination Committee | | Audit & Risk Management Committee | |
|---|---|---|---|---|---|---|
| Director | Held | Attended | Held | Attended | Held | Attended |
| Paul Rennie | 14 | 14 | – | – | – | – |
| John Gaffney | 14 | 14 | 3 | 3 | 3 | 3 |
| Donna Skerrett | 14 | 14 | – | – | – | – |
| Amos Meltzer | 14 | 14 | 3 | 3 | 3 | 3 |
| Helen Fisher | 14 | 14 | 3 | 3 | 3 | 3 |

In addition to the number of meetings identified in the above table, each of the board members attended numerous additional meetings relating primarily to the extensive search for and ultimately the appointment of the Company's CEO in July 2022, and separately, to progress and update the Company remuneration policy and its implementation.

### Committee Membership

As at the date of the report, Paradigm had a Remuneration and Nomination Committee and an Audit and Risk Management Committee of the Board of Directors. Members acting on the committees of the Board during the financial year were:

| Remuneration & Nomination Committee | Audit & Risk Management Committee |
|---|---|
| John Gaffney (Chair) | Helen Fisher (Chair) |
| Amos Meltzer | John Gaffney |
| Helen Fisher | Amos Meltzer |

## Principal Activities

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

## Operating Review

Paradigm made a loss of $39,249,584 (2021: $34,297,184) for the financial year ending 30 June 2022, an increase of $4,952,400 on the prior year. Given Paradigm is a late-stage clinical development company that is pre revenue, it is likely, that NPAT losses can be expected in future years as the clinical development of Zilosul® continues as the company progresses towards commercialisation.

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Revenue from continuing operations of $79,224 (2021: $20,550) increased compared to prior corresponding period by $58,674. This revenue is related to the TGA approved Special Access Scheme (**SAS**). Under the SAS program, Zilosul® has been made available to selected physicians to treat patients experiencing chronic arthralgia from Ross River Virus (**RRV**) infection, previous SAS patients seeking re-treatment, and other subjects that do not qualify for recruitment in the PARA_OA_002 or PARA_OA_008 clinical studies. The SAS program was launched late in FY21, so the increased revenue in FY22 reflects a full year of subject participation in the program. Cost of sales associated with the SAS program do not reflect the scale in supply due to the limited numbers in the program. Subject monitoring is of a standard consistent with those in the PARA_OA_002 and PARA_OA_008 studies which does add further cost to the SAS program. Paradigm is willing to continue to provide SAS for subjects who meet strict participation criteria into FY23, knowing that this provides a therapy option for those that have participated in SAS previously or are ineligible for participating in the open studies. Moving forward we expect to continue to see modest take up of the SAS program into FY23.

Other income of $8,708,606 (2021: $8,921,097) is lower than the prior corresponding period by $212,491. This is mainly due to lower R&D tax incentive estimated for FY22. The reduced estimate in FY22 reflects an increase in overseas R&D expenditure, associated with the clinical development program for Zilosul® which is not eligible for inclusion in the R&D tax incentive scheme in Australia. Somewhat offsetting this is an increase in unrealised FX gains which are driven by USD cash on hand or USD payables, reflecting a higher USD consumption in FY22, compared to FY21 and a weaker AUD against the USD in FY22. Interest received was lower than FY21 by $157,382 due to reduced cash on term deposits as well as the impact of lower interest rates in FY22.

Expenditure on research and development increased on the prior corresponding period by $5,495,073 to $39,011,991. Most of the increased spend is directly related to the clinical development program for Zilosul®, a phase 3 asset in treating pain and joint function associated with OA of the knee. During FY22 an IND application with the US FDA was approved, enabling the PARA_OA_002 study to commence. During FY22, over 58 sites across the US, Australia, and UK were initiated for the PARA_OA_002 study. Our staff in conjunction with our Clinical Research Organisation (**CRO**), Premier, co-ordinated the set-up of the 58 sites across Australia and the US, including training, system development, co-ordination of lab tests, and start up support as each site commenced screening of subjects. In December 2021 our first subject in the study was randomised.

In addition to the PARA_OA_002 study, expenditure increased in the PARA_OA_008 study, a study examining biomarker data on synovial fluid of the knee to inform the Company of the potential for Zilosul® to be developed as a potential DMOAD for osteoarthritis of the knee. Prior to the end of FY22 the study completed its enrolment, and the Company expects top line data from the study in Q3CY22.

General and administrative costs of $7,934,179 (2021: $8,748,174) were lower than prior corresponding period by $813,995. The reduced costs in FY22 are the result of our targeted cost reduction programs during FY22 and one off set up costs of our US subsidiary in FY21.

Commercial expenses of $918,860 (2021: $836,879) were higher than the prior corresponding period by $81,981. The increase in spend relates primarily to increased public relations and communications targeted to increase the external profile of the Company in the US market and market research relating to market access in key European markets for Zilosul®.

The impairment loss during the period was Nil (2021: Nil).

Basic and diluted net loss per share increased to 16.87cents (2021:14.92 cents as restated) due to the greater loss attributable to the number of shares.

## Environmental Regulation

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

## Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the entities in Paradigm during the year.

## Dividends

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

# Directors' Report
continued

## Matters Subsequent to the End of the Financial Year

On the 15th of August 2022 Paradigm announced a capital raise of approximately $66million at $1.30 per share. The raise comprised a $45.7million institutional placement under Paradigm's existing LR7.1 capacity and a 1:15 pro rata non renounceable entitlement offer of $20.3 million. The use of funds will be focused on:

- Continuation of Phase 3 clinical development and new drug application (**NDA**) related activities for Zilosul®,
- Business development related activities
- Product development related activities (auto injector, for example)
- Working Capital

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The COVID-19 situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Likely Developments and Expected Results of Operations

Paradigm will continue to progress its clinical development program for Zilosul®, a potential blockbuster treatment for OA of the knee. Approximately 50 sites have been activated in the US and in Australia for the PARA_OA_002 study with further sites in Canada, UK and Europe to be opened in FY 2023. The first stage of this trial will end with dose selection in 1HY CY2023. The PARA_OA_006 extension study will commence in Q4 CY2022. Top line data from the PARA_OA_008 study is expected to be available in Q3 CY 2022. These milestones, along with other important NDA activity will progress in FY2023.

## Corporate Governance

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

https://paradigmbiopharma.com/about-paradigm/#corporate-governance

## Directors' Interests

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

| Director | Ordinary shares |
|---|---|
| Paul Rennie | 20,157,389 |
| John Gaffney | 587,555 |
| Donna Skerrett | 1,094,284 |
| Amos Meltzer | – |
| Helen Fisher | – |

## Indemnification and Insurance of Officers

### Indemnification

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

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

### Insurance Premiums

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

# Remuneration Report

## Proceedings on Behalf of Paradigm

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

## Non-audit Services

Paradigm's auditor, RSM Australia, was appointed in July 2014 for audit services and also provided taxation services during FY22.

Details of the amounts paid or payable to the auditor for non-audit services provided during the FY22 by the auditor are outlined in Note 29 to the Financial Statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 29 to the Financial Statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for Paradigm, acting as advocate for Paradigm or jointly sharing economic risks and rewards.

## Officers of Paradigm Who Are Former Partners of RSM Australia

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

## Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23 of the Annual Report.Auditor

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

## Audited Remuneration Report

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

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

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

| Name | Position held | Date appointed | Date ceased |
|---|---|---|---|
| Paul Rennie | Managing & Executive Director | 2 May 2014 | 22 November 2021 |
| Paul Rennie | Non-Executive Chairman | 22 November 2021 | |
| John Gaffney | Non-Executive Director | 30 September 2014 | |
| Donna Skerrett | Executive Director | 3 July 2020 | |
| Amos Meltzer | Non-Executive Director | 9 December 2020 | |
| Helen Fisher | Non-Executive Director | 23 February 2021 | |

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee is comprised of 3 Independent Non-Executive Directors and advises the Board on remuneration policies and practices, consistent with those of a late-stage development, pre-commercial revenue pharma company. The Remuneration and Nomination Committee proposes candidates for Director and senior Company executives appointment for the Board's consideration, reviews the fees payable to senior Company executives and to Non-Executive Directors and reviews and advises the Board in relation to succession planning for the Board. The Remuneration and Nomination Committee has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

During FY 2022, the Remuneration and Nomination Committee undertook a thorough search for a successor to Mr. Paul Rennie, who resigned as CEO on 22nd November 2021. This process led to the successful appointment of Mr. Marco Polizzi as CEO of Paradigm effective 1st July 2022.

# Remuneration Report
## continued

The Remuneration and Nomination Committee is a committee of the Board and is established in accordance with the authority provided in Paradigm's constitution.

The Board is responsible to shareholders for ensuring that Paradigm:

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

## Principles of Remuneration

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

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

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

The form of LTIs are Loan Funded Shares (**LFS**) which are option-like rights and are issued at a 25% premium to the 30-day VWAP share price in Paradigm at the time of grant and will vest in four equal annual tranches over four (4) years. The vesting period has changed from prior years' 3 years to reflect shareholder feedback and to align it with best practice. The LFS are funded by a non-recourse loan. For the LFS holder to receive the benefit of the LFS the share price on exercise must exceed the price at which the LFS are granted. The mechanism of realizing the value of the LFS is for the LFS holder to repay the loan in cash to acquire the vested LFS, otherwise, if the share price is below the "exercise" price at the time of vesting, the LFS has no value and would be forfeited (i.e. unexercised) and does not have to repay the loan. The LFS must be "exercised" within 5 years of the grant date.

## Remuneration Framework Review

The Board undertook to Shareholders at the 2021 Annual General Meeting that it would review the remuneration framework, particularly in regard to STIs and LTIs. The Board has already updated the Company's remuneration framework in response to shareholder feedback and continues to do so. The Board adopted the Remuneration Committee's recommendations that the process of awarding STIs needs to be based on pre-determined KPIs that are objectively measurable and that the award of LTIs needs to be aligned with value created by the team for the Company's shareholders. Based on the principles that the Remuneration Committee has formulated, the board continues to devise remuneration policies that benchmark Paradigm's framework with its peers and is able to effectively attract and retain the best KMP to manage the Company and continue to create value for the Company's shareholders.

## Non-Executive Director Remuneration

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

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

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

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

## Executives Remuneration

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

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

During FY 2022, Paradigm revised down the quantum of incentives available to KMP under both the STI and LTI programs. For the FY 2022, the Remuneration Committee recommended the awarding of STIs and LTIs to only a small cohort of employees whose performance exceeded their KPIs for their respective roles and extended their efforts beyond their respective roles' responsibilities. This level of bonuses recognises the outstanding contribution of these employees.

There was no award of an STI or LTI to the former CEO, Mr Paul Rennie as Mr Rennie transitioned from the role of CEO during FY 2022 to the Non-Executive Chair role. Notwithstanding that even in his non-executive role, he continued to contribute to the Company's management, business development efforts and fund-raising activities to support Dr. Skerrett in her interim CEO role as the appointment of the Company's new CEO was pending.

The award of STI and LTI to Dr. Donna Skerrett, Paradigm's Chief Medical Officer, recognises the extraordinary contribution Dr. Skerrett made to the Company during FY 2022. After Mr Rennie stepped down from the CEO position, Dr. Skerrett assumed the role of Interim CEO, whilst maintaining her existing role as Chief Medical Officer. She performed to a very high standard in both roles.

Based on her performance, Dr. Skerrett was awarded STI in the form of a cash bonus equivalent to 10% of her fixed salary (or 33% of her eligible STI payout). As part of her LTI, Dr. Skerrett was awarded (subject to shareholder approval) 300,000 LFS under the employee share plan (60% of her eligible LTI award). The award of STI and LTI to Dr Skerrett was consistent with the Company-wide approach to reduce the level of STI and LTI and at the same time, reflects the view of the Remuneration Committee and the Board that Dr Skerrett provides immense value to the Company and is pivotal to the continuing appreciation of shareholder value.

### Issue of Shares

Details of shares issued to Directors and other Key Management Personnel as part of the Employee Share Plan (ESP):

| Name | Date | Shares | Issue price | Fair value of issued shares | $ |
|---|---|---|---|---|---|
| Paul Rennie | 29 May 2015 | 600,000 | $0.35 | $0.208 | 124,800 |
| | 30 November 2016 | 140,000 | $0.33 | $0.268 | 37,553 |
| | 13 November 2017 | 210,000 | $0.63 | $0.198 | 41,580 |
| | 26 November 2018 | 300,000 | $1.15 | $0.623 | 186,900 |
| | 7 November 2019 | 197,355 | $2.93 | $1.540 | 303,927 |
| | 19 November 2020 | 600,000 | $3.05 | $1.185 | 711,000 |
| John Gaffney | 29 May 2015 | 600,000 | $0.35 | $0.208 | 124,800 |
| Donna Skerrett | 7 November 2019 | 219,284 | $2.93 | $1.540 | 337,697 |
| | 19 November 2020 | 500,000 | $3.05 | $1.185 | 592,500 |
| | 25 January 2022 | 375,000 | $1.89 | $0.708 | 265,580 |

### Movement in Shares

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

| Directors & Key Management Personel | Held at year opening | Purchases | Disposals | Issued via ESP | Held at year end |
|---|---|---|---|---|---|
| Paul Rennie | 20,109,222 | 48,167 | – | – | 20,157,389 |
| John Gaffney | 587,555 | – | – | – | 587,555 |
| Donna Skerrett | 719,284 | – | – | 375,000 | 1,094,284 |
| Amos Meltzer | – | – | – | – | – |
| Helen Fisher | – | – | – | – | – |

# Remuneration Report
## continued

## Employment Agreements

The Board has reviewed the remuneration package for the Chief Medical Officer on 17th August 2022. The Remuneration and other terms of employment for the Chief Medical Officer and interim CEO from 22 November 2021 to 30 June 2022 are formalised in a service agreement. Details of this agreement are as follows:

| | |
|---|---|
| **Name:** | Donna Skerrett |
| **Title:** | Chief Medical Officer |
| **Agreement commenced:** | 1 September 2019 |
| **Term of agreement:** | Role is ongoing |
| **Details:** | Base annual package *, STI ** and discretionary share-based LTI ***, subject to annual performance review, 3-month termination notice by either party, 3-12-month non-solicitation clause after termination depending on the area. Paradigm may terminate the agreement with cause in certain circumstances such as gross misconduct. |

* Base annual package for financial year 2022/23 - US$670,913 per annum plus 401K contribution of 6%, to be reviewed annually by the Remuneration and Nomination Committee

** STI to be paid in cash up to a maximum of 30% of the Base Salary, provided KPIs agreed with the Board have been met. For FY 2022, Dr. Skerrett has been awarded an STI of 10% of the base salary (US$65,137), which is 33.33% of the maximum available STI.

***LTI via invitation to participate in Paradigm's ESP. For FY2022 performance, Dr. Skerrett has been awarded 300,000 ESP shares, which is 60% of the maximum eligible LTI award. The ESP shares will vest equally over 12, 24, 36 and 48 months. As discussed above, ESP shares are option-like rights funded by a non-recourse loan. For the ESP shares to transfer to the employee, the non-recourse loan will need to be repaid, otherwise, the ESP shares are forfeited.

## Remuneration of Key Management Personnel

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel of Paradigm for the year ended 30 June 2022 are:

| | Short-term | | | Post-employment | Long-term | Share-based payments[1] | | | |
|---|---|---|---|---|---|---|---|---|---|
| Directors & Key Management Personnel | Salary & fees $ | Annual leave $ | Cash bonus $ | Superannuation and benefits $ | Long service leave $ | Options $ | Total $ | Proportion of remuneration performance related % | Value of options as proportion of remuneration % |
| **Non-Executive** | | | | | | | | | |
| Paul Rennie | 116,667 | | – | 11,667 | – | – | 128,334 | 0.0% | 0.00% |
| John Gaffney | 80,000 | | – | 8,000 | – | – | 88,000 | 0.0% | 0.00% |
| Amos Meltzer | 80,000 | | – | 8,000 | – | – | 88,000 | 0.0% | 0.00% |
| Helen Fisher | 80,000 | | – | 8,000 | – | – | 88,000 | 0.0% | 0.00% |
| **Executive** | | | | | | | | | |
| Paul Rennie[1] | 218,875 | 267,689 | – | 51,699 | 30,428 | 440,485 | 1,009,176 | 0.00% | 43.65% |
| Donna Skerrett[1, 2 & 3] | 853,385 | 67,239 | 89,745 | 92,236 | – | 465,000 | 1,567,604 | 5.72% | 29.66% |
| **Total 2022** | **1,428,927** | **334,928** | **89,745** | **179,602** | **30,428** | **905,485** | **2,969,114** | **3.02%** | **30.50%** |

1. Share-based payments represents valuation of shares awarded in November 2020 in line with the Company's accounting policy for accounting for share-based payments.
2. Share Based Payments represents valuation of shares awarded in November 2020 and January 2022 in line with the Company's accounting policy for accounting for share based payments.
3. Dr. Donna Skerrett is paid in USD, remuneration figures have been translated to AUD at a conversion rate of 0.7258.

## Remuneration and Awards for Financial Year Ended 30 June 2022

### Board of Director's Remuneration

The Remuneration and Nomination Committee of the Board is responsible for establishing remuneration of Director's. Non-Executive Director's fees were unchanged in FY22. Non-Executive Chair fees were set at $200,000, plus superannuation.

### KMP Remuneration

Following performance review of both KMP, the Remuneration and Nominations Committee has resolved that there will be an increase of 3% applied to KMP gross salaries in FY22. Performance outcomes for KMP are as follows:

During FY 2022, the Company achieved many milestones, including those which are critical for the commercialization of Zilosul®, opening of the phase 3 IND with the US FDA in October 2021 and randomizing our first subject in December 2021, preliminary results from our Phase 2 study in MPS I, top line results from Heart Failure model, market access research regarding potential reimbursed pricing for a pain and function indication in addition to a disease modification label and achieving Fast Track designation with the FDA for Zilosul®.

Following review of FY22 performance against strategic objectives the Board has decided to award an STI to Dr. Donna Skerrett of 10% of her fixed salary (or 33% of her eligible STI payout). An offer of 300,000 shares (60% of her eligible LTI award) under the employee share plan has been made to Dr. Skerrett, these shares will vest equally over 12, 24 and 36 months. Whilst many of the Board approved strategic objectives were met and, in some cases, exceeded which have created value for the organization, this value creation is not yet been reflected in the Company share price. Therefore, the Board resolved that the reduction in shareholder value over FY22 materialised by a softer share price has resulted in reduced STI awards relating to FY22 performance. The offer of LTI ESP shares is to ensure that KMP remuneration is aligned to increase shareholder value and to retain strategically important employees within the organisation to deliver increased shareholder value.

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel of Paradigm for the year ended 30 June 2021 are:

| | Short-term | | | Post-employment | Long-term | Share-based payments[1] | | | |
|---|---|---|---|---|---|---|---|---|---|
| Directors & KMP | Salary & fees $ | Annual leave $ | Cash bonus $ | Superannuation & benefits $ | Long service leave $ | Options $ | Total $ | Proportion of remuneration performance related % | Value of options as proportion of remuneration % |
| **Non-Executive** | | | | | | | | | |
| Christopher Fullerton | 22,917 | – | – | 2,177 | – | – | 25,094 | 0.0% | 0.00% |
| John Gaffney | 67,500 | – | – | 6,413 | – | – | 73,913 | 0.0% | 0.00% |
| Amos Meltzer | 44,583 | – | – | 4,235 | – | – | 48,818 | 0.0% | 0.00% |
| Helen Fisher | 33,333 | – | – | 3,167 | – | – | 36,500 | 0.0% | 0.00% |
| **Executive** | | | | | | | | | |
| Paul Rennie | 510,000 | 38,784 | 153,000 | 67,628 | 18,089 | 397,114 | 1,184,615 | 12.92% | 33.52% |
| Donna Skerrett[2] | 851,256 | 30,262 | 184,409 | 42,268 | – | 330,929 | 1,439,123 | 12.81% | 23.00% |
| **Total 2021** | **1,529,589** | **69,046** | **337,409** | **125,888** | **18,089** | **728,043** | **2,808,064** | **12.02%** | **25.93%** |

1. Share-based payments represents valuation of shares awarded in November 2020 in line with the Company's accounting policy for accounting for share-based payments.
2. Dr Donna Skerrett is paid in USD, remuneration figures have been translated to AUD at a conversion rate of 0.7716.

# Remuneration Report
## continued

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

| | Fixed remuneration | | At risk – STI | | At risk – LTI | |
|---|---|---|---|---|---|---|
| Name | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Non-Executive** | | | | | | |
| Paul Rennie | 100.00% | – | | | | |
| John Gaffney | 100.00% | 100.00% | – | – | – | – |
| Amos Meltzer | 100.00% | 100.00% | – | – | – | – |
| Helen Fisher | 100.00% | 100.00% | – | – | – | – |
| Christopher Fullerton | – | 100.00% | – | – | – | – |
| **Executive** | | | | | | |
| Paul Rennie | 56.35% | 53.56% | – | 12.92% | 43.65% | 33.52% |
| Donna Skerrett | 64.61% | 64.19% | 5.72% | 12.81% | 29.66% | 23.00% |

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

| | STI paid/payable | | STI forfeited | |
|---|---|---|---|---|
| Name | 2022 | 2021 | 2022 | 2021 |
| **Non-Executive** | | | | |
| John Gaffney | – | – | – | – |
| Amos Meltzer | – | – | – | – |
| Helen Fisher | – | – | – | – |
| **Executive** | | | | |
| Paul Rennie | – | 75.00% | 100.00% | 25.00% |
| Donna Skerrett | 33.33% | 75.00% | 66.67% | 25.00% |

## Additional Information

The earnings of Paradigm for the five years to 30 June 2022 are summarised below:

| | 2022 $ | 2021 $ | 2020 $ | 2019 $ | 2018 $ | 2017 $ |
|---|---|---|---|---|---|---|
| Income | 8,787,830 | 8,941,647 | 4,695,494 | 3,245,628 | 2,736,400 | 1,848,924 |
| Loss after income tax | (39,249,584) | (34,297,184) | (12,298,887) | (15,627,544) | (6,190,232) | (4,275,446) |

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| Share price at financial year end ($) | 0.97 | 2.10 | 3.15 | 1.40 | 0.65 | 0.29 |
| Total dividends declared (cents per share) | – | – | – | – | – | – |
| Basic earnings per share (cents per share) FY21 restated | (16.87) | (14.92) | (6.12) | (10.93) | (5.46) | (4.42) |

## This is the end of the audited Remuneration Report.

Dated at Melbourne, Victoria this 25th day of August 2022.

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

**Paul Rennie**
Chairman

# Auditor's Independence Declaration

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Paradigm Biopharmaceuticals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

**RSM AUSTRALIA PARTNERS**

**R J MORILLO MALDONADO**
Partner

Date: 25 August 2022
Melbourne, Victoria

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## for the year ended 30 June 2022

| | Notes | Period from 1-Jul-21 to Year Ended 30-Jun-22 $ | Period from 1-Jul-20 to Year Ended 30-Jun-21 $ |
|---|---|---|---|
| Revenue from continuing operations | | 79,224 | 20,550 |
| Cost of sales | | (143,751) | (99,138) |
| Other income | 2 | 8,708,606 | 8,921,097 |
| Research and development expenses | | (39,011,991) | (33,516,918) |
| General and administration expenses | | (7,934,179) | (8,748,174) |
| Commercial expenses | | (918,860) | (836,879) |
| Finance costs | | (28,633) | (37,722) |
| **Loss before income tax** | | (39,249,584) | (34,297,184) |
| Income tax expense/(benefit) | 30 | – | – |
| **Loss for the year** | | **(39,249,584)** | **(34,297,184)** |
| **Other comprehensive income** | | – | – |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | (186,416) | 58,034 |
| **Other comprehensive income for the year, net of tax** | | **(186,416)** | **58,034** |
| **Total comprehensive (loss) attributable to members of the Consolidated Entity** | | **(39,436,000)** | **(34,239,150)** |
| **Earnings per share – Loss (cents)** | | | |
| Basic and diluted earnings (Loss) per share | 20 | (16.87) cents | (14.92) cents |

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

# Consolidated Statement of Financial Position

## as at 30 June 2022

| | Notes | 30 June 2022 $ | 30 June 2021 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 39,674,413 | 71,034,983 |
| Trade and other receivables | 5 | 6,718,798 | 8,507,640 |
| Prepaid expenses | 6 | 730,715 | 1,388,748 |
| Financial assets held at amortised cost | | 46,200 | 46,200 |
| **Total current assets** | | **47,170,126** | **80,977,571** |
| **Non-current assets** | | | |
| Intangible assets | 7 | 2,947,588 | 2,947,588 |
| Plant and equipment | 8 | 60,657 | 92,696 |
| Right-of-use assets | 9 | 510,498 | 671,709 |
| Security deposits receivable | | – | 102,616 |
| **Total non-current assets** | | **3,518,743** | **3,814,609** |
| **Total assets** | | **50,688,869** | **84,792,180** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 7,088,279 | 4,986,440 |
| Employee benefits | 11 | 594,955 | 672,404 |
| Lease liabilities | 12 | 147,758 | 134,616 |
| **Total current liabilities** | | **7,830,992** | **5,793,460** |
| **Non current liabilities** | | | |
| Employee benefits | 13 | 76,355 | 108,209 |
| Lease liabilities | 14 | 468,911 | 617,225 |
| **Total non current liabilities** | | **545,266** | **725,434** |
| **Total liabilities** | | **8,376,258** | **6,518,894** |
| **Net assets** | | **42,312,611** | **78,273,286** |
| **EQUITY** | | | |
| Issued capital | 15 | 147,194,772 | 146,989,484 |
| Share-based payments reserve | 16 | 9,261,765 | 6,453,995 |
| Currency translation reserve | | (128,382) | 58,034 |
| Accumulated losses | 17 | (114,015,544) | (75,228,227) |
| **Total equity** | | **42,312,611** | **78,273,286** |

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

# Consolidated Statement of Cash Flows

## for the year ended 30 June 2022

| | Notes | Period from 1-Jul-21 to Year Ended 30-Jun-22 $ | Period from 1-Jul-20 to Year Ended 30-Jun-21 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Research and development and other tax incentive received | | 9,525,710 | 3,370,557 |
| Revenue from continuing operations | | 81,441 | – |
| Payments to suppliers and employees (inclusive of GST) | | (41,831,716) | (38,522,281) |
| Interest received | | 47,932 | 259,961 |
| Interest repayment of lease liabilities | | (28,633) | (37,722) |
| **Net cash outflow from operating activities** | 25 | **(32,205,266)** | **(34,929,485)** |
| **Cash flows from investing activities** | | | |
| Payments for intangible assets | | – | (850) |
| Payments for plant and equipment | | – | (30,782) |
| Proceeds for financial assets held at amortised cost | | – | 700,000 |
| **Net cash inflow from investing activities** | | **–** | **668,368** |
| **Cash flows from financing activities** | | | |
| Proceeds from exercise of share options | | – | 1,020,733 |
| Limited recourse loan repaid under ESP | 15 | 205,288 | 103,675 |
| Principal repayment of lease liabilities | | (135,172) | (121,848) |
| **Net cash inflow from financing activities** | | **70,116** | **1,002,560** |
| **Net (decrease) in cash and cash equivalents** | | **(32,135,150)** | **(33,258,557)** |
| **Cash at the beginning of the financial year** | | **71,034,983** | **103,922,241** |
| **Net effect of cash flows on foreign exchange** | | **774,580** | **371,299** |
| **Cash at the end of the financial year** | | **39,674,413** | **71,034,983** |

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

# Consolidated Statement of Changes in Equity

## for the year ended 30 June 2022

| | Issued capital $ | Share option reserve $ | Accumulated losses $ | Currency translation reserve $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 30 June 2020** | **145,865,076** | **3,585,189** | **(41,268,546)** | **–** | **108,181,719** |
| Loss for the period | – | – | (34,297,184) | – | (34,297,184) |
| Other comprehensive income | – | – | – | 58,034 | 58,034 |
| Total comprehensive income/(loss) for the year | – | – | (34,297,184) | 58,034 | (34,239,150) |
| Transactions with owners in their capacity as owners: | | | | | |
| Fair value of shares issued to eligible employees under the plan (Note 16) | – | 3,206,309 | – | – | 3,206,309 |
| Transfer from share-based payments reserve on exercise of options | – | (337,503) | 337,503 | – | – |
| Shares issued relating to repayment of limited recourse loan for ESP | 103,675 | – | – | – | 103,675 |
| Exercise of options | 1,020,733 | – | – | – | 1,020,733 |
| **Balance at 30 June 2021** | **146,989,484** | **6,453,995** | **(75,228,227)** | **58,034** | **78,273,286** |
| Loss for the period | – | – | (39,249,584) | – | (39,249,584) |
| Other comprehensive (loss) | | | | (186,416) | (186,416) |
| Total comprehensive income/(loss) for the year | | | (39,249,584) | (186,416) | (39,436,000) |
| Transactions with owners in their capacity as owners: | | | | | |
| Fair value of shares issued to eligible employees under the plan (Note 16) | – | 3,270,037 | | – | 3,270,037 |
| ESP lapsed in the period | – | (335,705) | 335,705 | – | – |
| Transfer from share-based payments reserve on exercise of options | – | (126,562) | 126,562 | – | – |
| Shares issued relating to repayment of limited recourse loan for ESP | 205,288 | – | – | – | 205,288 |
| **Balance at 30 June 2022** | **147,194,772** | **9,261,765** | **(114,015,544)** | **(128,382)** | **42,312,611** |

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

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Reporting Entity

Paradigm Biopharmaceuticals Limited (the "Consolidated Entity") is a company incorporated and domiciled in Australia. Paradigm Biopharmaceuticals Limited is a company limited by shares that are publicly traded on the Australian Securities Exchange from 19 August 2015. The Consolidated Financial Report of the Consolidated Entity for the year ended 30 June 2022 comprises the Company and controlled entities (together referred to as the "Consolidated Entity").

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

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

### (b) Basis of Preparation

#### Statement of Compliance

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

#### Basis of Measurement

*Historical Cost Convention*

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

*Critical Accounting Estimates*

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

#### Significant Accounting Policies

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

#### New, Revised or Amending Accounting Standards and Interpretations Adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Consolidated Entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Consolidated Entity's Financial Statements.

#### Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

#### Foreign Currency Translation

The Financial Statements are presented in Australian dollars, which is Paradigm Biopharmaceutical Limited's functional and presentation currency.

*Foreign Currency Transactions*

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

*Foreign Operations*

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

## (c) Significant Accounting Estimates, Assumptions and Judgements

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

### Share-based Payment Transactions

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

### R&D Expenditure

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

### Impairment of Non-financial Assets Other Than Goodwill and Other Indefinite Life Intangible Assets

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

### Other Indefinite Life Intangible Assets

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to Note 6 for further information.

### Employee Benefits Provision

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

### Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the Financial Statements or any significant uncertainties with respect to events or conditions that may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 1. Summary of Significant Accounting Policies continued

### Lease Term

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

### Incremental Borrowing Rate

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

### Lease Make Good Provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

### (i) Basis of Consolidation

*Parent Entity*

In accordance with the *Corporations Act 2001*, these Financial Statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 24.

*Subsidiaries*

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

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

*Transactions Eliminated on Consolidation*

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

### (ii) Cash and Cash Equivalents

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

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

### (iii) Trade and Other Receivables

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

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

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

### (iv) Investments

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

### (v) Intangible Assets

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

#### *(a) Patents and Trademarks*

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

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

#### *(b) Research and Development*

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

### (vi) Impairment

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 1. Summary of Significant Accounting Policies continued

### (vii) Plant and Equipment

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

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

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

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

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

### (viii) Right-of-use Assets

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

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

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

### (ix) Trade and Other Payables

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

### (x) Share Capital

Ordinary and preference shares are classified as equity.

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

### (xi) Provisions

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

### (xii) Revenue

*Interest Income*

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

*Other Revenue*

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

*Government Grants*

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

## (xiii) Employee Benefits

*Wages and Salaries, Cash Bonus, Annual Leave and Long Service Leave*

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

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

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

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

*Share-based Payments*

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

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 1. Summary of Significant Accounting Policies continued

### (xiv) Lease Liabilities

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

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

### (xv) Income Tax

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

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

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

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

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

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

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

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

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

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

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

### (xvi) Current and Non-current Classification

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

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

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

### (xvii) Goods and Services Tax

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

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

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

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

### (xviii) Earnings (Loss) Per Share

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

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

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

### (xix) Fair Value Measurement

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

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

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

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

The Consolidated Entity does not have any assets or liabilities held at fair value on a recurring or non-recurring basis.

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 1. Summary of Significant Accounting Policies continued

### (xx) Operating Segment

*Identification of Reportable Operating Segments*

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

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

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

### New Standards and Interpretations Not Yet Effective or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations most relevant to the Consolidated Entity are set out below:

### Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Consolidated Entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Consolidated Entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Consolidated Entity's Financial Statements.

## 2. Other Income

| | 2022 $ | 2021 $ |
|---|---|---|
| R&D tax incentive | 7,762,597 | 8,348,705 |
| Interest received | 51,744 | 209,126 |
| ATO cash flow boost payment | – | 50,000 |
| Unrealised currency gains | 894,265 | 313,266 |
| | **8,708,606** | **8,921,097** |

## 3. Expenses

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

| | 2022 $ | 2021 $ |
|---|---|---|
| Short term leases | 94,719 | 88,688 |
| Superannuation | 516,107 | 429,031 |
| Share Based Payment Expenses | 3,270,037 | 3,206,309 |
| | **3,880,863** | **3,724,028** |

The Company has elected to show a functional view of its profit and loss. Total wages and salaries for 2022 is $5,271,782 (2021: $5,250,722) including superannuation.

## 4. Cash and Cash Equivalents

| | 2022 $ | 2021 $ |
|---|---|---|
| Cash at bank and in hand | 39,674,413 | 71,034,983 |
| | **39,674,413** | **71,034,983** |

## 5. Trade and Other Receivables

| | 2022 $ | 2021 $ |
|---|---|---|
| GST receivable | 66,965 | 94,290 |
| Interest receivable | 4,491 | 678 |
| R&D tax incentive receivable | 6,629,009 | 8,392,122 |
| Trade receivables | 18,333 | 20,550 |
| | **6,718,798** | **8,507,640** |

## 6. Prepaid Expenses

| | 2022 $ | 2021 $ |
|---|---|---|
| Prepaid insurance | 242,715 | 93,855 |
| Other prepaid expenses | 488,000 | 1,294,893 |
| | **730,715** | **1,388,748** |

## 7. Intangible Assets

| | 2022 $ | 2021 $ |
|---|---|---|
| Patents | 9,926,366 | 9,926,366 |
| Less: Accumulated amortisation | (6,978,778) | (6,978,778) |
| | **2,947,588** | **2,947,588** |
| **Reconciliation** | | |
| Carrying amount at the beginning of the period | 2,947,588 | 2,947,588 |
| Additions during the period | – | 850 |
| Disposals | – | – |
| Amortisation expense | – | (850) |
| Impairment loss | – | – |
| **Balance at the end of the financial year** | **2,947,588** | **2,947,588** |

The Consolidated Entity performed its annual impairment test in June 2022. The Consolidated Entity remains committed to its respiratory intangible asset. Investigating the use of iPPS as a potential therapy for hay fever, asthma or chronic obstructive pulmonary disease (COPD) remains part of the Company's development pipeline. Further consideration is being given around delivery mechanism and developing the formulation to effectively deliver the therapy to treat patients suffering from these illnesses before further development costs are committed.

### Respiratory Patent

The respiratory patent covers the use of PPS for treating allergic rhinitis, allergic asthma and COPD. The respiratory patent is now granted in Australia, New Zealand, China, Canada and Europe.

The recoverable amount of the respiratory patent as at 30 June 2022 has been determined based on a value-in-use calculation using a 5-year cash flow projection approved by senior management. The after-tax discount rate applied to cash flow projections is in the range of 20-25%. It was concluded that the risk adjusted value-in-use exceeds the carrying amount of the cash-generating unit by $10,290,758. As a result of this analysis, management has not recognised an impairment charge.

### Key Assumptions Used in Value-in-use Calculations and Sensitivity to Changes in Assumptions

The calculation of value-in-use for both respiratory and anti-inflammatory/autoimmune patents is most sensitive to the following assumptions:

- projected milestone revenue;
- projected development costs; and
- discount rate.

Projected revenue has been forecast based on projected partnering income associated with the development of the respiratory asset. The milestone income assumptions in the value-in-use calculation are comparable to other global partnering arrangements. The value-in-use calculation does not include royalty from product sales, as this is seen to be outside of the 5-year period of the calculation. In terms of development costs used in the value-in-use calculation, there are broad assumptions made, which, as Paradigm continues to refine its approach to this asset, may see development costs reduce (i.e. once Paradigm determines the delivery mechanism, formulation of therapy and dose regimen, development costs will become clearer and will be reflected in the model).

An after-tax discount rate of between 20-25% has been applied to the projected free cash flow of the cash-generating unit. The discount rate reflects the Consolidated Entity's estimated cost of capital based on the risk-free rate, market risk premium, volatility of the share price relative to market movements, company-specific risk factors and some allowance for probability of success adjustment in the interest rate. In terms of sensitivity in the calculation, if the model reduced revenue by $35million, the DCF are still greater than the carrying value of the asset. Likewise if WACC were to increase to 65%, the DCF result is still above break-even.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

continued

## 8. Plant and Equipment

| | 2022 $ | 2021 $ |
|---|---|---|
| Computer equipment | 104,522 | 104,522 |
| Less: Accumulated depreciation | (88,489) | (70,528) |
| | **16,033** | **33,994** |
| **Reconciliation** | | |
| Carrying amount at the beginning of the period | 33,994 | 30,399 |
| Additions during the period | – | 30,782 |
| Disposals | – | – |
| Depreciation expense | (17,961) | (27,187) |
| **Balance at the end of the financial year** | **16,033** | **33,994** |
| Clinical trial equipment | 9,419 | 9,419 |
| Less: Accumulated depreciation | (8,719) | (8,342) |
| | **700** | **1,077** |
| **Reconciliation** | | |
| Carrying amount at the beginning of the period | 1,077 | 1,669 |
| Additions during the period | – | – |
| Disposals | – | – |
| Depreciation expense | (377) | (592) |
| **Balance at the end of the financial year** | **700** | **1,077** |
| Office equipment | 78,038 | 78,038 |
| Less: Accumulated depreciation | (40,333) | (29,741) |
| | **37,705** | **48,297** |
| **Reconciliation** | | |
| Carrying amount at the beginning of the period | 48,297 | 63,853 |
| Additions during the period | – | – |
| Disposals | – | – |
| Depreciation expense | (10,592) | (15,556) |
| **Balance at the end of the financial year** | **37,705** | **48,297** |
| Leasehold improvements | 20,431 | 20,431 |
| Less: Accumulated amortisation | (14,212) | (11,103) |
| | **6,219** | **9,328** |
| **Reconciliation** | | |
| Carrying amount at the beginning of the period | 9,328 | 13,992 |
| Additions during the period | – | – |
| Disposals | – | – |
| Amortisation expense | (3,109) | (4,664) |
| **Balance at the end of the financial year** | **6,219** | **9,328** |
| | **60,657** | **92,696** |

## 9. Right-of-use Assets

| | 2022 $ | 2021 $ |
|---|---|---|
| Land and buildings – right-of-use | 967,258 | 967,258 |
| Less: Accumulated depreciation | (456,760) | (295,549) |
| | **510,498** | **671,709** |

The Consolidated Entity leases land and buildings for its office under agreement of three years with option to extend (an additional two years). On renewal, the extension will be on the same conditions as this lease subject to the terms applicable to extension.

The Consolidated Entity has a sub-tenancy agreement for one year. This is short term and has been expensed as incurred and not capitalised as the right-of-use asset.

There has been no additions to right-of-use assets in the current financial year.

## 10. Trade and Other Payables

| | 2022 $ | 2021 $ |
|---|---|---|
| Trade and other creditors | 7,088,279 | 4,986,440 |
| | **7,088,279** | **4,986,440** |

## 11. Current Employee Benefits

| | 2022 $ | 2021 $ |
|---|---|---|
| Annual leave and on-costs | 594,955 | 672,404 |
| | **594,955** | **672,404** |

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

## 12. Current Liabilities – Lease Liabilities

| | 2022 $ | 2021 $ |
|---|---|---|
| Lease liabilities | 147,758 | 134,616 |
| | **147,758** | **134,616** |

## 13. Non-current Provisions – Employee Benefits

| | 2022 $ | 2021 $ |
|---|---|---|
| Long service leave provision | 76,355 | 108,209 |
| | **76,355** | **108,209** |

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

continued

## 14. Non-current Liability – Lease Liabilities

| | 2022 $ | 2021 $ |
|---|---|---|
| Lease liabilities | 374,560 | 525,372 |
| Make good provision | 94,351 | 91,853 |
| | **468,911** | **617,225** |

### Make Good Provision

The provision represents the present value of the estimated costs to make good the premises leased by the Consolidated Entity at the end of the respective lease terms.

### Movements in Provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

| | Lease make good 2022 $ | Lease make good 2021 $ |
|---|---|---|
| Consolidated | | |
| Carrying amount at the start of the year | 91,853 | 88,228 |
| Unwinding of discount | 2,498 | 3,625 |
| **Carrying amount at the end of the year** | **94,351** | **91,853** |

## 15. Issued Capital

| | 2022 Number of shares | 2021 Number of shares | 2022 $ | 2021 $ |
|---|---|---|---|---|
| Ordinary shares fully paid | 232,680,798 | 229,905,798 | 147,194,772 | 146,989,484 |

The following movements in issued capital occurred during the year:

| | 2022 Number of shares | 2021 Number of shares | 2022 $ | 2021 $ |
|---|---|---|---|---|
| **Ordinary shares** | | | | |
| Balance as at the beginning of the period | 229,905,798 | 224,747,176 | 146,989,484 | 145,865,076 |
| Shares issued under ESP | 3,075,000 | 3,315,000 | – | – |
| ESP shares lapsed/forfeited in the period | (300,000) | (52,628) | – | – |
| Limited recourse loan repaid under ESP | – | – | 205,288 | 103,675 |
| Exercise of unlisted options | – | 1,896,250 | – | 1,020,733 |
| **Balance as at the end of the period** | **232,680,798** | **229,905,798** | **147,194,772** | **146,989,484** |

### Ordinary Shares

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

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

### Capital Risk Management

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

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

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

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

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

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 16. Share-based Payment Reserve

| | 2022 $ | 2021 $ |
|---|---|---|
| Balance as at the beginning of the period | 6,453,995 | 3,585,189 |
| Fair values of shares issued/to be issued to eligible employees under the ESP | 3,270,037 | 3,206,309 |
| ESP options lapsed in the period | (335,705) | – |
| Transfer from share reserve on exercise of options | (126,562) | (337,503) |
| | **9,261,765** | **6,453,995** |

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

On 10 September 2021, an invitation of ESP shares of 2,700,000 based on financial year 2021 performance was approved and issued at a price of $2.41 per share. On 25 January 2022, a further invitation of ESP shares of 375,000 based on 2021 performance was approved and issued at a price of $1.89 per share. These shares were issued on vesting conditions. Each tranche of shares will vest in 12 months, 24 months and 36 months.

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

The weighted average share price during the financial year was $1.63.

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

| ESP shares | Grant date | Vesting condition | Number |
|---|---|---|---|
| Sep-21 | 10/09/2021 | 900,000 shares are vested on 10 September 2022, 900,000 shares are vested on 10 September 2023 and 900,000 shares are vested on 10 September 2024 | 2,700,000 |
| Jan-22 | 25/01/2022 | 125,000 shares are vested on 25 January 2023, 125,000 shares are vested on 25 January 2024 and 125,000 shares are vested on 25 January 2025 | 375,000 |

**30-Jun-22**

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 7/11/2019 | 7/11/2024 | $2.93 | 2,685,890 | – | (440,000) | – | 2,245,890 |
| 10/07/2020 | 10/07/2025 | $3.24 | 2,215,000 | – | – | (300,000) | 1,915,000 |
| 19/11/2020 | 19/11/2025 | $3.05 | 1,100,000 | – | – | – | 1,100,000 |
| 10/09/2021 | 10/09/2026 | $2.41 | – | 2,700,000 | – | – | 2,700,000 |
| 25/01/2022 | 25/01/2027 | $1.89 | – | 375,000 | – | – | 375,000 |
| | | | **6,000,890** | **3,075,000** | **(440,000)** | **(300,000)** | **8,335,890** |

**30-Jun-21**

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 7/11/2019 | 7/11/2024 | $2.93 | 2,913,518 | – | (175,000) | (52,628) | 2,685,890 |
| 10/07/2020 | 10/07/2025 | $3.24 | – | 2,215,000 | – | – | 2,215,000 |
| 19/11/2020 | 19/11/2025 | $3.05 | – | 1,100,000 | – | – | 1,100,000 |
| | | | **2,913,518** | **3,315,000** | **(175,000)** | **(52,628)** | **6,000,890** |

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

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 10/09/2021 | 10/09/2026 | $1.93 | $2.41 | 75.00% | 0.00% | 0.65% | $0.99 |
| 25/01/2022 | 25/01/2027 | $1.39 | $1.89 | 76.50% | 0.00% | 1.15% | $0.71 |

In addition, the Consolidated Entity has the following unlisted options as at 30 June 2022:

(i) 275,000 unlisted options exercisable at $1.75 each on or before 28 February 2023 in accordance with existing corporate services mandate, the weighted average remaining contractual life of options outstanding at the end of the financial year was 0.67 years; and

(ii) 550,000 unlisted options exercisable at $1.75 each on or before 24 March 2023 in accordance with existing corporate services mandate, the weighted average remaining contractual life of options outstanding at the end of the financial year was 0.73 years.

### Unlisted Options

**30-Jun-22**

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 07/09/2019 | 24/03/2023 | $1.75 | 550,000 | – | – | 550,000 |
| 07/09/2019 | 28/02/2023 | $1.75 | 275,000 | – | – | 275,000 |
| | | | **825,000** | **–** | **–** | **825,000** |

**30-Jun-20**

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 07/09/2019 | 24/03/2023 | $1.75 | 550,000 | – | – | 550,000 |
| 07/09/2019 | 28/02/2023 | $1.75 | 275,000 | – | – | 275,000 |
| 18/05/2018 | 18/05/2021 | $0.65 | 861,250 | – | (861,250) | – |
| 7/05/2018 | 7/05/2021 | $0.45 | 35,000 | – | (35,000) | – |
| | | | **1,721,250** | **–** | **(896,250)** | **825,000** |

## 17. Accumulated Losses

| | 2022 $ | 2021 $ |
|---|---|---|
| Balance as at the beginning of the period | (75,228,227) | (41,268,546) |
| Loss for the accounting period | (39,249,584) | (34,297,184) |
| ESP options lapsed in the period | 335,705 | – |
| Transfer from share reserve on exercise of options | 126,562 | 337,503 |
| | **(114,015,544)** | **(75,228,227)** |

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 18. Commitments

The Consolidated Entity had no capital commitments as at 30 June 2022 and 30 June 2021.

## 19. Contingencies

The Consolidated Entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

## 20. Loss Per Share

| | 2022 $ | 2021 $ |
|---|---|---|
| **Net loss for the year attributable to ordinary shareholders** | (39,249,584) | (34,297,184) |

| | Number | Number |
|---|---|---|
| Number of ordinary shares used in calculating basic loss per share | 232,680,798 | 229,905,798 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options over ordinary shares | 825,000 | 825,000 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 233,505,798 | 230,730,798 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | (0.1687) | (0.1492) |
| Diluted earnings per share | (0.1687) | (0.1492) |

## 21. Financial Instruments Disclosure

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

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

| | 2022 $ | 2021 $ |
|---|---|---|
| **Financial assets** | | |
| **Current** | | |
| Cash and cash equivalents | 39,674,413 | 71,034,983 |
| Trade and other receivables | 6,718,798 | 8,507,640 |
| Term deposits | 46,200 | 46,200 |
| | **46,439,411** | **79,588,823** |
| **Financial liabilities** | | |
| **Current** | | |
| Trade and other payables at amortised cost | 7,088,279 | 3,770,534 |
| Lease liabilities | 147,758 | 134,616 |
| | **7,236,037** | **3,905,150** |
| **Non-current** | | |
| Lease liabilities | 468,911 | 617,225 |
| | **468,911** | **617,225** |

## Financial Risk Management Objectives

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

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

## Market Risk

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

### Equity Price Risk

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

### Interest Rate Risk

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

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

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

## Credit Risk

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

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

## Liquidity Risk

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

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

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 21. Financial Instruments Disclosure continued

### Remaining Contractual Maturities

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

| Consolidated – 2022 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| Non-derivatives | | | | | | |
| Non-interest bearing | | | | | | |
| Trade payables | – | 7,088,279 | – | – | – | 7,088,279 |
| Other payables | – | – | – | – | – | – |
| *Interest-bearing – fixed rate* | | | | | | |
| Lease liability | 4.70% | 147,758 | 161,763 | 307,148 | – | 616,669 |
| **Total non-derivatives** | | **7,236,037** | **161,763** | **307,148** | **–** | **7,704,948** |

| Consolidated – 2021 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| Non-derivatives | | | | | | |
| Non-interest bearing | | | | | | |
| Trade payables | – | 4,986,440 | – | – | – | 4,986,440 |
| Other payables | – | – | – | – | – | – |
| *Interest-bearing – fixed rate* | | | | | | |
| Lease liability | 4.70% | 134,616 | 147,732 | 469,448 | – | 751,796 |
| **Total non-derivatives** | | **5,121,056** | **147,732** | **469,448** | **–** | **5,738,236** |

### Fair Value of Financial Assets and Liabilities

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

### Foreign Currency Risk

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

| Consolidated | Assets | | Liabilities | |
|---|---|---|---|---|
| | 2022 $ | 2021 $ | 2022 $ | 2021 $ |
| US dollars | 343,015 | 5,327,662 | 609,350 | 929,761 |
| | **343,015** | **5,327,662** | **609,350** | **929,761** |

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

The consolidated entity had net liabilities denominated in foreign currencies of US$266K as at 30 June 2022 (2021: US$4.3m net assets). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% against these foreign currencies with all other variables held constant, the Consolidated Entity's profit before tax for the year would have been $43k lower/$35K higher (2021: $430K lower / higher). The percentage change is illustrative of overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual unrealised foreign exchange gain for the year ended 30 June 2022 was $894K (2021: gain of $313K).

### Commodity Price Risk

The Consolidated Entity's exposure to price risk is minimal at this stage of the operations.

# 22. Related Parties

## Receivable From and Payable To Related Parties

The following transactions occurred with related parties:

| | Consolidated | |
|---|---|---|
| | 2022 $ | 2021 $ |
| Payments for legal services provided by BioMeltzer, which Amos Meltzer is also a Director of | 31,284 | 20,998 |

Current payables:

| | Consolidated | |
|---|---|---|
| | 2022 $ | 2021 $ |
| Trade payables – BioMeltzer | 3,564 | 3,762 |

Loans to or from related parties:

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

Terms and conditions:

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

## Parent Entity

The parent entity is Paradigm Biopharmaceuticals Limited.

## Controlled Entities

Interests in controlled entities are outlined in Note 22.

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

The Consolidated Financial Statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

# 23. Controlled Entities

| | | Ownership interest | |
|---|---|---|---|
| Name | Principal place of business | 2022 % | 2021 % |
| Paradigm Health Sciences Pty Ltd | Australia | 100.00% | 100.00% |
| Xosoma Pty Ltd | Australia | 100.00% | 100.00% |
| C4M Pharmaceuticals Pty Ltd | Australia | 100.00% | 100.00% |
| Paradigm Biopharmaceuticals (Ireland) Limited | Ireland | 100.00% | 100.00% |
| Paradigm Biopharmaceuticals (USA) Inc. | USA | 100.00% | 100.00% |

## Subsidiaries

An inter-company loan exists between Paradigm Biopharmaceuticals Limited (Parent) and Paradigm Health Sciences (Subsidiary) of amounts owing to Paradigm Biopharmaceuticals Limited of $334,061 (2021: $334,061).

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 24. Parent Entity Disclosures

In accordance with the *Corporations Act 2001*, these Financial Statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in Note 22.

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

| | 2022 $ | 2021 $ |
|---|---|---|
| Statement of profit or loss and other comprehensive income | | |
| Loss after income tax | **(18,902,012)** | **(23,516,376)** |
| Statement of financial position | | |
| Total current assets | 45,947,940 | 77,519,751 |
| **Total assets** | **79,360,014** | **94,702,604** |
| Total current liabilities | 4,978,762 | 4,734,618 |
| **Total liabilities** | **5,524,028** | **5,460,052** |
| **Total equity** | **73,835,986** | **89,242,552** |

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

### Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

### Capital Commitments

The parent entity had no capital commitments as at 30 June 2022 and 30 June 2021.

### Significant Accounting Policies

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

## 25. Reconciliation of Cash Flows Provided by Operating Activities

| | 2022 $ | 2021 $ |
|---|---|---|
| **Loss for the year** | **(39,249,584)** | **(34,297,184)** |
| Depreciation and amortisation | 193,250 | 210,059 |
| Foreign exchange unrealised losses | (858,379) | (313,266) |
| Share-based payment | 3,270,037 | 3,206,309 |
| Change in operating assets and liabilities | | |
| (Increase)/decrease in trade receivables | 1,792,655 | (5,048,698) |
| (Increase)/decrease in other receivables | (3,812) | 50,835 |
| (Increase)/decrease in other assets | 658,033 | (1,196,368) |
| Decrease in payables | 2,101,836 | 2,202,116 |
| (Increase)/decrease in provisions | (109,302) | 256,712 |
| **Net cash used in operating activities** | **(32,205,266)** | **(34,929,485)** |

## 26. Non-cash Investing And Financing Activities

| | 2022 $ | 2021 $ |
|---|---|---|
| Leasehold improvements – lease make good | 2,498 | 3,625 |
| Shares issued/to be issued under Employee Share Plan | 3,270,037 | 3,206,309 |
| | **3,272,535** | **3,209,934** |

## 27. Events Subsequent to Reporting Date

On the 15th of August Paradigm announced a capital raising of approximately $66million at $1.30 per share. The raise comprises of a $45.7million institutional placement under Paradigm's existing LR7.1 capacity and a 1:15 pro rata non renounceable entitlement offer of $20.3 million. The use of funds will be focused on:

- Continuation of Phase 3 clinical development and new drug application (NDA) related activities for Zilosul®,
- Business development related activities
- Product development related activities (auto injector, for example)
- Working Capital

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## 28. Key Management Personnel Remuneration Disclosures

The aggregate remuneration made to Directors and other members of Key Management Personnel of the Consolidated Entity is set out below:

| | 2022 $ | 2021 $ |
|---|---|---|
| Short-term employee benefits | 1,518,672 | 1,936,044 |
| Post-employment benefits | 179,602 | 125,888 |
| Long-term employee benefits | 30,428 | 18,089 |
| Share-based payments | 905,485 | 728,043 |
| | **2,634,187** | **2,808,064** |

In FY22 & FY21 KMP included Mr Paul Rennie and Dr Donna Skerrett. KMP for FY21 included Mr Rennie only.

# Notes to the Consolidated Financial Statements

## for the year ended 30 June 2022

## continued

## 29. Auditor's Remuneration Note

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

| | 2022 $ | 2021 $ |
|---|---|---|
| *Audit services – RSM Australia Partners* | | |
| Audit or review of the Financial Statements | 78,000 | 67,500 |
| | **78,000** | **67,500** |
| *Other services – RSM Australia Partners* | | |
| Preparation of the tax return and other tax matters | 25,520 | 14,350 |
| R&D tax incentive claim | 93,012 | 164,608 |
| | **118,532** | **178,958** |
| | **196,532** | **246,458** |

The non-audit services to RSM, generally relates to tax and related services. In terms of FY22 expenditure, the Income tax return was prepared by RSM, a review on VAT charged to Paradigm by European based vendors was undertaken (resulting In Identifying some VAT charged Incorrectly, which has subsequently been refunded to the Company), In addition to these activities RSM Ireland provided services tax and secretarial services for Paradigm. Moving forward, PWC has been engaged to prepare Income tax returns for Paradigm.

RSM prepared the FY21 R&D Tax Incentive claim which resulted in a $8.2M refund under the ATO R&D tax incentive scheme. Moving forward, PWC has been engaged to prepare the R&D tax incentive claim.

## 30. Income Tax Expenses

| | 2022 $ | 2021 $ |
|---|---|---|
| Numerical reconciliation of income tax expense and tax at the statutory rate | | |
| Loss before income tax expense | (39,249,584) | (34,297,184) |
| Tax at the statutory tax rate of 25% | (9,969,921) | (8,917,268) |
| Tax effect amounts that are not deductible/(taxable) in calculating taxable income: | | |
| Depreciation and amortisation | 48,312 | 54,615 |
| Entertainment expenses | 1,491 | 1,638 |
| Share-based payment | 817,509 | 833,640 |
| Employee benefits | (27,326) | 66,745 |
| Foreign exchange gains | 26,037 | (24,013) |
| Loss from US subsidiary | (825,089) | (540,870) |
| Current year tax losses not recognised | (9,771,462) | (8,525,513) |
| Income tax expense | – | – |
| Tax losses not recognised | | |
| Unused tax losses for which no deferred tax asset has been recognised | 35,536,137 | 25,764,675 |

# Directors' Declaration

In the Directors' opinion

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

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

(c) the attached Financial Statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

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

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended on 30 June 2022.

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

On behalf of the Directors

**Paul Rennie**
Chairman

Dated at Melbourne, Victoria this 25th day of August 2022

# Independent Audit Report

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

**Opinion**
We have audited the financial report of Paradigm Biopharmaceuticals Limited ('the Company'), and its subsidiaries (together 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

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

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

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

**Key Audit Matters (continued)**

| Key Audit Matter | How our audit addressed this matter |
|---|---|
| ***Research and development expenses***<br>Refer to Note 1 (v) *(b)* in the financial statements | |
| The Group incurred in expenditure amounting to $39.4m in relation to Research and development expenses of ongoing projects, primarily for the phase 3 clinical trials of the osteoarthritis project.<br><br>These activities are the primary business of Paradigm and deemed to be still in 'research phase'. Accordingly, these expenses have been recognised in the profit or loss as incurred in line with AASB 138 *Intangible Assets*.<br><br>We considered this to be a key audit matter because it is Paradigms most significant business activity and expense category. Also, management is required to exercise significant judgment to determine whether particular projects are categorised to be in 'research' or 'development' phase and their presentation in the financial statements. | Our audit procedures in relation to this matter included:<br>• Holding discussions with management regarding the current status of each project to gather an understanding of management's conclusion that the projects are still being in the 'research phase' as defined by AASB 138;<br>• Understanding the overall Paradigm level of controls (in particular obtaining an understanding of control activities relevant to the payables and payments). This procedure included an evaluation of the effectiveness of the design of the controls in place.<br>• Performing substantive detail testing by agreeing a sample of expenses to supporting documentation to understand the nature of the expenditure incurred and to verify the accuracy and existence of the recorded expenses;<br>• Checking a sample of bank confirmations; and<br>• Reviewing the receivables amount estimated for R&D claim for the current financial year, including assessing the overall reasonableness of the estimated claim, including whether the expenditure is eligible to be reclaimed. |

# Independent Audit Report
## continued

**Key Audit Matters (continued)**

| Key Audit Matter | How our audit addressed this matter |
|---|---|
| ***Impairment of Intangible Assets***<br>Refer to Note 7 in the financial statements | |
| The Group has intangible assets amounting to $2.9m, which relates to Patent costs for ongoing respiratory projects in the development of numerous biopharmaceutical drugs.<br><br>These are subject to an annual impairment test, as they are not yet available for use.<br><br>We identified this area as a key audit matter due to the size of the intangible assets balance and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them.<br><br>For the year ended 30 June 2022, management has performed an impairment assessment over the intangible assets balance by:<br>• Assessing for each related project the success to date in line with agreed milestones including any clinical trial data; and other statistical test results;<br>• Estimating the additional funding required on the projects and the plan going forward including the use of the Patent for other purposes;<br>• Calculating the value in use for the respiratory project using a discounted cash flow model. The model included estimated cash flows for the project for 5 years. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC); and<br>• Comparing the determined value in use against the carrying value of the Intangible assets. | Our audit procedures in relation to this matter included:<br><br>• Assessing management's determination that the respiratory asset should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported;<br>• Assessing the overall valuation methodology used to determine the value in use;<br>• Challenging the reasonableness of key assumptions, including the cash flow projections, revenue growth rates, discount rates, and sensitives used;<br>• Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence and considering the reasonableness the supporting documentation;<br>• Reviewing the appropriateness and accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies; and<br>• Reviewing announcements to date in relation to the details of current developments and results of the respiratory projects. |

***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022; but does not include the financial report and the auditor's report thereon.

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

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

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

***Responsibilities of the Directors for the Financial Report***
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Paradigm Biopharmaceuticals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

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

**RSM AUSTRALIA PARTNERS**

**R J MORILLO MALDONADO**
Partner

Dated: 25 August 2022
Melbourne, Victoria

# Shareholder Information

**Details of shares and options as at 12 August 2022:**

## Top Holders

The 20 largest holders of each class of equity security as at 12 August 2022 were:

### Fully Paid Ordinary Shares

| Name | Number of shares | % |
|---|---|---|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 12,939,607 | 5.52% |
| CITICORP NOMINEES PTY LIMITED | 12,405,562 | 5.30% |
| KZEE PTY LTD <KZEE SUPERANNUATION FUND A/C> | 10,781,467 | 4.60% |
| PAUL JOHN RENNIE | 8,278,567 | 3.53% |
| NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 6,766,326 | 2.89% |
| WACC PTY LTD <PROGESSIVE GLOBAL FUND A/C> | 4,385,184 | 1.87% |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 4,275,524 | 1.83% |
| NANCY EDITH WILSON-GHOSH <GHOSH FAMILY A/C> | 3,625,835 | 1.55% |
| BNP PARIBAS NOMS PTY LTD <DRP> | 2,710,272 | 1.16% |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 2,692,660 | 1.15% |
| MR EVAN PHILIP CLUCAS + MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C> | 2,627,913 | 1.12% |
| V REDFORD PTY LTD <REDFORD S/F A/C> | 2,328,500 | 0.99% |
| MR BRETT LANGAN | 2,303,432 | 0.98% |
| MARCO POLIZZI | 2,000,000 | 0.85% |
| BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C> | 1,647,123 | 0.70% |
| AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT> | 1,618,501 | 0.69% |
| MS LENNA YU LING TYE | 1,521,631 | 0.65% |
| TEN LUXTON PTY LTD <ABOTOMEY S/F A/C> | 1,200,000 | 0.51% |
| MR ROBERT LEASK DELANEY + MISS JENNIFER JANE SALMON <RL DELANEY SUPER FUND A/C> | 1,138,000 | 0.49% |
| JGM INVESTMENT GROUP PTY LTD <MUCHNICKI FAMILY A/C> | 1,128,266 | 0.48% |
| **Totals: Top 20 holders of ordinary fully paid shares** | **86,374,370** | **36.87%** |
| **Total Remaining Holders Balance** | **147,874,858** | **63.13%** |

## Distribution Schedules

A distribution of each class of equity security as at 12 August 2022:

### Fully Paid Ordinary Shares

| Range | Total holders | Units | % of issued capital |
|---|---|---|---|
| 1 – 1,000 | 4,973 | 2,653,003 | 1.13 |
| 1,001 – 10,000 | 6,816 | 26,609,974 | 11.36 |
| 10,001 – 100,000 | 2,066 | 60,165,967 | 25.68 |
| 100,001 – 500,000 | 193 | 38,614,772 | 16.48 |
| 500,001 – 1,000,000 | 22 | 16,459,668 | 7.03 |
| 1,000,001 – 20,000,000 | 24 | 89,745,844 | 38.31 |
| 20,000,001 and over | 0 | 0 | 0.00 |
| **Total** | **14,094** | **234,249,228** | **100.00** |

## Substantial Shareholders

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

| Substantial shareholder | Number of shares |
|---|---|
| PAUL RENNIE AND RELATED COMPANIES | 20,157,389 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 12,939,607 |
| CITICORP NOMINEES PTY LIMITED | 12,405,562 |
| NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 6,766,326 |

## Unmarketable Parcels

Holdings less than a marketable parcel of ordinary shares (being 252 shares at 12 August 2022):

| Holders | Units |
|---|---|
| 1,015 | 167,970 |

## Voting Rights

The voting rights attaching to ordinary shares are:

- On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- Options do not carry any voting rights.

## On-market Buy-back

There is no current on-market buy-back.

# Corporate Governance Statement

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

This Corporate Governance Statement is accurate and up to date as at 30 June 2022 and has been approved by the Board on 25 August 2022.

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

**https://paradigmbiopharma.com/about-paradigm/#corporate-governance**

# Corporate Directory

## Directors

**Mr Paul Rennie**
Managing & Executive Director
(Resigned on 22 November 2021)

**Mr Paul Rennie**
Chairman
(Appointed on 22 November 2021)

**Dr Donna Skerrett**
Executive Director

**Mr John Gaffney**
Non-Executive Director

**Mr Amos Meltzer**
Non-Executive Director

**Ms Helen Fisher**
Non-Executive Director

## Company Secretary

Mr Kevin Hollingsworth

## Principal Place of Business

Level 15, 500 Collins Street
Melbourne VIC 3000

## Registered Office

Level 15, 500 Collins Street
Melbourne VIC 3000

## Auditor

RSM Australia Partners
Level 21
55 Collins Street
Melbourne VIC 3000

## Solicitors

K&L Gates
Level 25, South Tower
525 Collins Street
Melbourne VIC 3000

## Share Registry

Computershare Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Telephone: (61-3) 1300 137 328

## Bankers

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

## Stock Exchange

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

ASX Code: **PAR**

## Website

www.paradigmbiopharma.com


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