

**PARADIGM SECURES USD \$27 MILLION CONVERTIBLE NOTE FACILITY
TO ADVANCE PHASE 3 KNEE OA STUDY**

Key Highlights

- USD \$27 million (AUD \$41.2 million) funding facility secured to support ongoing execution of the global Phase 3 program.
- Initial USD \$7 million tranche drawn to fund patient recruitment, trial operations and regulatory milestones.
- Paradigm fully funded through site activations, 100% recruitment, and mid-2026 interim analysis.
- Paradigm will hold a webinar today at 11:30am (AEST), to discuss the PARA_OA_012 and recent news including today's announcement. See details below.

Paradigm Biopharmaceuticals Ltd (ASX:PAR) ("Paradigm" or "the Company"), a late-stage drug development company focused on delivering new therapies to address unmet medical needs, is pleased to announce that it has secured a USD \$27 million (AUD \$41.2 million) funding facility from Obsidian Global Partners to support the ongoing execution of its global phase 3 clinical trial (PARA_OA_012) evaluating injectable pentosan polysulfate sodium ("iPPS") for the treatment of knee osteoarthritis.

The facility has been structured as a convertible note with an initial drawdown of USD \$7 million, providing immediate working capital to support site activation and clinical trial operations. The balance of the facility is available at Paradigm's discretion, offering operational flexibility and strategic control over future funding needs.

This capital injection ensures that Paradigm is fully funded with runway through several key clinical milestones, including:

- Activation of all planned clinical trial sites across Australia and the United States;
- Completion of 100% patient recruitment, anticipated in 1H calendar year 2026;
- Delivery of the interim analysis on the first 50% of participants, anticipated mid calendar year 2026.

The interim analysis is expected to serve as a major program milestone and a potential de-risking event. Should the interim data support the primary efficacy and safety objectives, it would provide greater confidence in the final outcome of the trial and validate the ongoing investment in the program, and thereby represent an inflection point in the value of the program. On the other hand, should the interim data fall short of supporting the primary efficacy and safety objectives, attaining the study's primary efficacy and safety objectives would still be very possible.

Paradigm's Managing Director, Paul Rennie stated: "This funding facility represents a valuable instrument to ensure continued clinical execution while maintaining strategic flexibility. Importantly, it allows Paradigm to pursue key milestones in the phase 3 program with confidence, while preserving optionality around future capital needs."

The phase 3 start-up phase is now largely complete, and we are moving forward with the clinical trial site initiation visits with recruitment to begin later this month. Paradigm and our Clinical Research Organisation (“CRO”) are on schedule to recruit the 466 subjects into the phase 3 clinical trial within the next 12 months. Our CRO has a data management system that will allow them and Paradigm to monitor recruitment numbers frequently. With the phase 3 start-up now fully underway and a protocol specifically designed for ease of recruitment and patient retention, we are focused on executing effectively and building back shareholder value through clinical delivery. Having secured the funding to the interim analysis is very important to Paradigm and our shareholders. The interim analysis is a major milestone and value inflection point for our Company.

As outlined at the 2024 Annual General Meeting, Paradigm’s Board and Executive Management undertook a competitive funding process to secure capital with runway through the interim analysis of our phase 3 clinical trial. After evaluating a range of funding options, the convertible note facility was selected due to its flexibility and relatively low cost of capital. This facility not only provides funding certainty through the interim analysis but also preserves the ability to pursue alternative forms of capital, such as commercial licensing agreements or equity capital market opportunities, should these be deemed more advantageous for shareholders. Furthermore, if all outstanding loyalty options are exercised by their expiry on 26 February 2026, we expect to have sufficient capital to complete the entire Phase 3 program.”

Obsidian Global Partners, LLC is a New York-based alternative investment firm with a strong track record of funding growth-stage biotech companies listed on Nasdaq and ASX. Their structured investments are designed to align with a company’s capital requirements and long-term vision, offering operational flexibility with minimal dilution. Obsidian’s expertise lies in partnering with undervalued public issuers and applying rigorous fundamental and technical analysis to unlock shareholder value. Their investment in Paradigm follows a competitive funding process and reflects confidence in the company’s late-stage development strategy, with terms structured to support Paradigm through key clinical milestones while maintaining balance sheet strength.

Ari Morris, Managing Partner of Obsidian Global Partners: “We are thrilled to partner with Paradigm Biopharmaceuticals at this pivotal stage in its development. Paradigm’s late-stage clinical program, combined with a clear regulatory and commercial strategy, represents the kind of opportunity we look for, where our capital can help accelerate value creation. We’ve seen the potential of PPS in osteoarthritis and broader chronic pain indications, and we believe Paradigm is uniquely positioned to deliver a much-needed therapeutic solution to a large and underserved market. Obsidian is proud to support Paradigm’s mission and to back a team with a proven track record of execution.”

The PARA_OA_012 study is a multi-national, multi-centered, randomised, double-blind, placebo-controlled phase 3 clinical trial evaluating the safety and efficacy of iPPS in 466 participants with moderate-to-severe knee osteoarthritis. The study’s primary endpoint is the change from baseline in average daily pain at Day 112. Secondary endpoints include validated pain and function scores (WOMAC), patient global impression of change, rescue medication use, and joint structural assessments by MRI and X-ray.

Paradigm will continue to provide updates on its clinical progress, with further Australian and US site activations and patient enrolments expected in the near term.

Webinar

Paradigm Senior Management will be hosting a webinar at 11:30 AM (AEST) to discuss today's funding announcement along with the recent Proteobioactives Pty Ltd acquisition and phase 3 PARA_OA_012 study.

When: 1 July 2025 11:30 AM Canberra, Melbourne, Sydney (AEST) time.

Topic: Paradigm Biopharma's Investor Webinar.

Register for this webinar via:

https://us02web.zoom.us/webinar/register/WN_ep8GDnogRpu6EKYIXbQhpw

For personal use only

Terms and conditions of Convertible Note Facility

Issue of Convertible Notes	The Company may create and issue convertible notes convertible into fully paid ordinary shares in the Company (Shares) (Convertible Notes). Obsidian agrees to subscribe for the Convertible Notes in accordance with the Convertible Securities Agreement.
Commitment Limit	US\$27,000,000 (Commitment Value).
Face Value	US\$1.09 per Convertible Note (Face Value).
Maturity Date	24 months after each Purchase (defined below) (each, a Maturity Date).
Purchases	On each Purchase Date (set out below) Obsidian must pay the Company the relevant Purchase Price (set out below) and the Company must issue the relevant number of Convertible Notes, on the following Purchases: (a) First Purchase: US\$7,000,000, within 5 business days after the execution date of the Convertible Securities Agreement (Execution Date); and (b) Subsequent Purchases: US\$5,000,000 each or such other amount as agreed between Obsidian and the Company, subject to an overall limit of the Commitment Limit, at times agreed between the Company and Obsidian. The Company will issue the number of Convertible Notes that is equivalent to the actual amount paid in US\$ by Obsidian.
Placement Shares	(a) In consideration for Obsidian entering into the Convertible Securities Agreement, the Company has agreed to issue Obsidian a total of 8,000,000 Shares ("Placement Shares"). (b) During the term of the Convertible Securities Agreement, Obsidian may elect to: (i) purchase the Placement Shares at a price of 94% of the average of the 5 lowest daily VWAPs during the 20 trading days prior to Obsidian notifying the Company its intention to purchase Placement Shares, rounded down to the lowest A\$0.01 (Purchase Price); or (ii) at any time, the Company is required to issue Shares to Obsidian under the Convertible Securities Agreement, use the Placement Shares to wholly or partially offset the Company's obligation to issue those Shares. (c) If any Placement Shares remain outstanding following full repayment of the Convertible Notes and termination of the Convertible Securities Agreement, Obsidian must either (at its election): (i) sell the Placement Shares on market and pay the Company 100% of the net sale proceeds to the Company; or (ii) transfer the Placement Shares to the Company's nominee for no consideration.
Conditions to Contemplated Transactions	The conditions to the First Purchase are customary for an agreement of its nature. Each Subsequent Purchase is condition on the Company obtaining Shareholder Approval for the issue of the Convertible Securities and other conditions precedent which are considered customary for a facility of this nature.
Maximum Share Number	Notwithstanding any other provision of the Agreement but subject to the Company's ability to issue Conversion Shars, the aggregate maximum number of new Securities (excluding any Securities Shares the past issue

	of which has been ratified by the Company's shareholders in a manner permitted under Listing Rule 7.4) that the Company may or is required to issue as the Placement Shares, or on one or more Conversions of the Convertible Securities issued at the First Purchase, without the Company first obtaining Shareholder Approval is 58,414,323 Shares.
Interest	No interest is payable on the Convertible Notes except if an event of default occurs, interest will be payable on the Amount Outstanding and any other amounts payable under the Convertible Securities Agreement, at a rate of 10% per annum accruing daily and compounded monthly.
Conversion Prices	Obsidian can convert one or more Convertible Notes on issue to them at any time at: (a) In respect of: (i) Convertible Securities issued at the First Purchase: A\$0.75; (ii) Convertible Securities issued at a Subsequent Purchase): 150% of the 5-day VWAP for the 5 Actual Trading Days immediately prior to the relevant Purchase Date, ("Fixed Conversion Price"); (b) subject to the Limitations on Conversions specified below, at the "Variable Conversion Price", being the lesser of: (i) 94% of the average of the lowest 5 daily VWAPs during the 20 actual trading days prior to the Conversion Notice date rounded down to the lowest A\$0.01; and (ii) the Fixed Conversion Price; or (c) in the event of an unremedied event of default and the Noteholder issuing the Company a conversion notice, the lesser of: (i) 85% of the lowest daily VWAP during the 10 trading days prior to the date of the Conversion Notice date; and (ii) the Fixed Conversion Price.
Limitations on Conversions	Unless an event of default occurs: (a) The Investor may only give Conversion Notices specifying that a Conversion is to occur at the Variable Conversion Price: (i) after the day which is 30 days after the Execution Date; and (ii) where the 10-day VWAP for the 10 Trading Days immediately prior to the relevant Conversion Notice Date is less than the Fixed Conversion Price. (b) The Investor may not give a Conversion Notice where the number of Conversion Shares will exceed 9.99% of the total number of Shares on issue on the Conversion Notice Date.
Redemption Amount	The Convertible Notes are redeemable at 110% of the amount outstanding being the Face Value plus any other amounts payable by the Company to Obsidian in respect of the relevant Convertible Notes (Redemption Amount).
Early Redemption on raise	Obsidian may at any time, subsequent to the date of the execution of the Convertible Securities Agreement, provide written notice to the Company: (a) where the Company raises funds in aggregate of less than US\$20,000,000 from any source (other than from the Investor), require the Company to apply up to 10% of the proceeds of the funds raised (from the first US\$20,000,000 raised); and (b) where the Company raises funds in aggregate of more than US\$20,000,000 from any source (other than from the Investor),

	require the Company to apply up to 15% of the proceeds of the funds raised (from the funds raised in excess of US\$20,000,000), to the redemption of outstanding Convertible Notes at the Redemption Amount.
Early Redemption by Company	The Company may, at any time prior to the Maturity Date, redeem some or all of the Convertible Notes at any time by giving notice to Obsidian and paying the Redemption Amount (Early Redemption Notice). The Company may not give an Early Redemption Notice in respect of any Convertible Notes the subject of an existing conversion notice, if an event of default has occurred.
Redemption on Maturity	On each Maturity Date, the Company must redeem all outstanding Convertible Notes that mature on that Maturity Date by paying Obsidian the Redemption Amount in respect of the relevant Convertible Notes.
Share Restrictions	(a) No Shares will be issued under the Convertible Securities Agreement if it would result in Obsidian or any person holding a relevant interest in more than 19.99% of the Shares on issue. (b) If Obsidian sells any Shares issued to it under the Convertible Securities Agreement, Obsidian must not sell Shares on any trading day in excess of the greater of: (i) 20% of the daily trading volume on that trading day on ASX and Chi-X (as reported by IRESS); and (ii) A\$150,000, which will cease to apply in an event of default under the Convertible Securities Agreement.
Events of default	Events of default are customary for an agreement of this nature and include, amongst others, the following: (a) failure to pay an amount owed to Obsidian; or (b) a material breach or failure to comply with any material obligation under the transaction documents (subsisting for 5 business days following notice to rectify such breach or failure).
Termination	The Convertible Securities Agreement may be terminated by agreement of the Parties at any time and otherwise: (a) by either party by notice to the other, effective immediately, if the First Purchase has not occurred within three business days of the Purchase Date or such later date as the parties agree in writing, however this right is not available to any party that is in material breach of or default under the Convertible Securities Agreement; or (b) by Obsidian in the case of an unremedied event of default or change of law.
Ranking on Conversion	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.
No Voting Rights	Except as required by law, the Convertible Notes will not carry any right to attend or vote at general meetings of the Company.
Security	The Convertible Securities Agreement is secured by a general security agreement over the Company's assets.

Compliance statement

The Company provides the following information for the purposes of section 4 of ASX Compliance Update No 05/20, and ASX Compliance Update No 05/23:

- the Company has negotiated the Convertible Securities Agreement at arm's length with a sophisticated and professional investor who is an independent third party to the Company;
- the Company considers that the issue of the Convertible Notes is an appropriate and commercial solution to provide working capital to ensure the Company is fully funded through several key clinical milestones noted above;
- prior to entering into the Convertible Securities Agreement, the Company considered other available fund-raising options, such as a traditional equity raising and other types of equity linked debt instruments, to meet the Company's funding requirements. The Company was of the view that the other options available were not in the best interests of Shareholders of the Company taking into account the flexibility and low cost of capital offered by the Convertible Securities Agreement relative to the other options; and
- the Company has agreed to both enter into a general security agreement and to issue the Placement Shares as 'collateral shares' to Obsidian. The reason why the Placement Shares are being issued in addition to the grant of security under the general security agreement is that the Placement Shares are intended to be used to offset any future Shares issued to Obsidian at its discretion.

The Company confirms that it sought legal advice from Steinepreis Paganin regarding the suitability of the terms of the Convertible Notes and was advised that the Convertible Notes were market standard and do not contain any of the features noted in section 5.9 of ASX Guidance Note 21, based on the reasons set out below:

- conversion of the Convertible Notes is at a price based on the market price for Shares and not some other variable;
- the Convertible Notes convert into ordinary shares in the Company and not into other convertible securities; and
- there are other convertible notes on similar terms in the marketplace.

-Ends-

About Paradigm Biopharmaceuticals

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

Forward Looking Statements

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

expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements.

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

Approved for release by the Paradigm Board of Directors.

FOR FURTHER INFORMATION PLEASE CONTACT:

Simon White

Director of Investor Relations

Tel: +61 404 216 467

Paradigm Biopharmaceuticals Ltd

ABN: 94 169 346 963

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

Email: investorrelations@paradigmbiopharma.com

For personal use only