Paradigm Biopharmaceuticals Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Paradigm Biopharmaceuticals Limited
ABN:	94 169 346 963
Reporting period:	31 December 2025
Previous reporting period:	31 December 2024

2. Results for announcement to the market

	$	**$ and % increase/(decrease) over previous corresponding period**
Revenue from continuing activities	284,055	(149,603) (34.5%)
(Loss) from continuing activities after tax attributable to members	(23,244,389)	17,320,337 292.37%
Net (loss) for the period attributable to members	(23,244,389)	17,320,337 292.37%
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	

2. Results for announcement to the market continued

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Paradigm Biopharmaceuticals Ltd. is a late-stage clinical development company without commercial revenue, Paradigm expects to continue incurring operating losses as it advances iPPS through pivotal clinical and regulatory milestones.

Paradigm recorded a loss before tax of A$23,244,389 for the half-year ended 31 December 2025, an increase of A$17,320,337 on the prior corresponding period loss before tax of A$5,924,052, reflecting continued investment in late-stage clinical development activities. Expenditure during the period was primarily directed toward Phase 3 trial execution, including clinical research organisation services, site activation costs, patient recruitment initiatives, manufacturing and regulatory operations. As a late-stage clinical development company without commercial revenue, Paradigm expects to continue incurring operating losses as it advances iPPS through pivotal clinical and regulatory milestones.

Paradigm Biopharmaceuticals Limited
Appendix 4D
Half-year report

3. Net tangible assets

	Current Period	Previous corresponding period (Restated)
Basic loss per ordinary security (cents per share)	(5.62) cents	(1.67) cents
Diluted loss per ordinary security (cents per share)	(5.62) cents	(1.67) cents
Net tangible asset backing per ordinary security (cents per share)	1.19 cents	7.99 cents

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Audit qualification or review

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

7. Attachments

The report of half year ended 31 December 2025 is attached.

8. Signed

Signed _____

Mr. Paul Rennie
Managing Director
26th February 2026

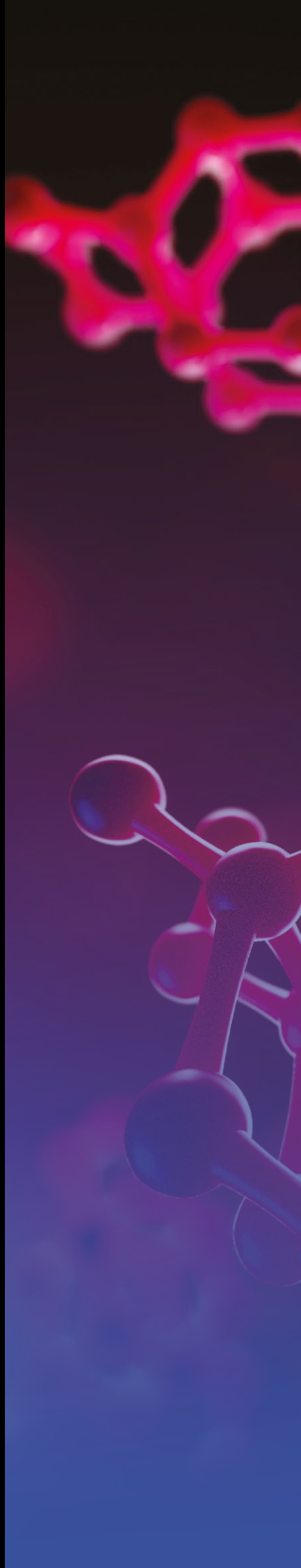
PARADIGM BIOPHARMA

ADVANCING TOWARD A MAJOR VALUE AND DE-RISKING MILESTONE

Half-Year Report
31 December 2025

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

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



HIGHLIGHTS

500M+

People affected by osteoarthritis worldwide

US$27m Facility

Convertible note facility in place

PPS x Cox-2 Inhibitor

Oral combination therapy IP acquired for treatment of OA in Animals and Humans

Multiple Regions

Australia, United States, Hong Kong, Moldova

Mid-2026 Target

Planned interim analysis timing

Late-Stage Asset

Pivotal Phase 3 program underway

Biotech Sector

Sector Recovery

Biotech entering renewed growth phase (UBS, Jan 2026)

Data-Driven Re-Rating

Markets rewarding meaningful clinical catalysts

Scientific Validation

New Peer-Review iPPS Publications

PARA_OA_008 Phase 2 Biomarker Data Published

Canine Naturally Occurring OA Study Published

Ongoing Publications

Additional manuscripts in preparation

Commercial & Regulatory Readiness

Global IP Position

Injectable and oral PPS platforms

Regulatory Alignment

FDA-cleared and Fast Tracked Phase 3 protocol

During the half-year ended 31 December 2025, Paradigm Biopharmaceuticals Ltd continued to advance its lead osteoarthritis program toward a critical development milestone, being the planned interim analysis of its global Phase 3 PARA_OA_012 clinical trial targeted for mid-calendar year 2026.

The Company's strategic focus remains the successful delivery of this interim analysis, a key inflection point in the development pathway of injectable pentosan polysulfate sodium (iPPS). The interim analysis is designed to provide an early, statistically robust assessment of safety and efficacy outcomes once approximately 50% of participants have reached the Day 112 assessment point[1].

Successful completion of this milestone has the potential to materially reduce development risk and strengthen the foundation for subsequent regulatory, commercial and partnering activities.

Operating in a Strengthening Sector Environment

Paradigm's progression toward interim analysis is occurring against a backdrop of improving global biotechnology market conditions.

Independent sector research published by UBS Securities LLC in January 2026 highlighted a renewed period of investor engagement, improved access to capital, increasing merger and acquisition activity, and a market environment that is again rewarding companies delivering meaningful clinical data[2].

The UBS Securities report noted that, following several years of sector underperformance, late-stage biotechnology assets with clearly defined clinical catalysts and adequate funding are increasingly attracting institutional interest and strategic attention.

In this context, Paradigm's focus on disciplined clinical execution, robust data generation and progression toward a defined value inflection point positions the Company favourably within the current sector cycle.

Osteoarthritis: A Large and Unmet Global Market

Osteoarthritis remains one of the most prevalent chronic diseases worldwide, affecting more than 500 million people and representing a major cause of pain, disability and reduced quality of life[3].

Current treatment options are largely focused on symptom management, including analgesics, non-steroidal anti-inflammatory drugs, corticosteroid injections and, in advanced cases, joint replacement surgery. These approaches do not address underlying disease processes and are often associated with limited long-term effectiveness or safety concerns[4].

As a result, there remains a significant unmet need for therapies that can provide sustained pain relief, improve function and potentially influence disease progression.

The global scale of the osteoarthritis market, combined with limited disease-modifying options, continues to underpin long-term commercial interest in differentiated late-stage development programs.

Interim Analysis as a De-Risking and Commercial Catalyst

The planned interim analysis of PARA_OA_012 represents more than a procedural checkpoint within the Phase 3 program. It is intended to serve as a major de-risking event and a transition point from development execution toward broader regulatory and commercial engagement.

In the current market environment, late-stage interim data is increasingly viewed by pharmaceutical companies, regional partners and institutional investors as a meaningful indicator of development risk and commercial potential[2].

A favourable interim outcome would provide:

- Independent confirmation of treatment performance at Phase 3 scale
- Increased confidence in trial design and endpoint selection
- Greater regulatory visibility
- Enhanced credibility in commercial and partnering discussions
- Increased confidence that the primary endpoint of the Pivotal Phase 3 clinical trial can be attained.

Consistent with industry practice, positive interim Phase 3 data is increasingly considered sufficient to support advanced licensing, distribution and co-development negotiations, ahead of final study readout[2].

Industry Precedent: Transition Following Interim Data

Recent Australian biotechnology experience demonstrates the importance of interim data as a strategic inflection point.

Dimerix Limited (ASX:DXB) provides a relevant comparator, having progressed its late-stage renal disease program through interim Phase 3 assessment and subsequently increased its focus on regulatory engagement, international partnering and commercial positioning[5].

Following positive interim outcomes, Dimerix accelerated discussions with potential partners and positioned its lead asset as registration-ready, despite final trial readout remaining pending[5].

This precedent illustrates how interim Phase 3 data can enable companies to transition from primarily development-focused organisations into commercially oriented late-stage biopharmaceutical companies.

Paradigm's strategy reflects similar principles, with a focus on building the operational, scientific and financial foundations required to capitalise on a favourable interim outcome.

Funding Through Interim Analysis

Paradigm has prioritised maintaining a funding position that supports uninterrupted progression toward the interim analysis milestone.

During the period, the Company strengthened its balance sheet through the utilisation of its US$27 million convertible note facility, whilst maintaining optionality on future funding requirements and continued access to non-dilutive funding sources, including the R&D Tax Incentive[6].

This funding position is intended to provide flexibility and reduce financing risk as the Company advances through this critical stage of development.

Independent sector research, including the UBS report, has highlighted the importance of adequate funding in removing valuation overhangs and supporting investor confidence in late-stage development companies[2].

Positioning for Regulatory and Commercial Engagement

In parallel with clinical execution, Paradigm continues to strengthen the scientific and regulatory foundations of its development programs through peer-reviewed publications, biomarker validation and advanced imaging analysis[7].

These activities support constructive engagement with regulatory authorities and enhance the quality of data packages available for ongoing commercial discussions.

Subject to interim analysis outcomes, the Company expects to continue advancing:

- Regulatory engagement strategies,
- Manufacturing and supply planning,
- Market access preparation,
- Regional and global partnering discussions.

These activities are intended to support long-term commercialisation objectives and maximise shareholder value.

Outlook

Paradigm's near-term focus remains on delivering a high-quality interim data package based on rigorous trial execution, consistent methodology and strong operational oversight.

The Company is funded to progress through this milestone and continues to operate in an environment that is increasingly supportive of late-stage, catalyst-driven biotechnology companies[2].

Subject to favourable interim outcomes, the Company expects this milestone to represent a significant step toward further de-risking, enhanced commercial engagement and progression toward potential registration.

As Paradigm advances toward this critical phase, it remains focused on disciplined execution, regulatory alignment and long-term value creation in the global osteoarthritis market.

References

1 Paradigm Biopharmaceuticals Ltd ASX Announcements and Clinical Trial Protocol, PARA_OA_012 Phase 3 Study Design and Interim Analysis Plan.

2 UBS Securities LLC, 2026 SMID Biotech Playbook, January 2026.

3 Hunter DJ, Bierma-Zeinstra S. Osteoarthritis. Lancet. 2019;393: 1745–1759.

4 Bannuru RR et al. OARSI Guidelines for the Non-Surgical Management of Knee Osteoarthritis. Osteoarthritis and Cartilage. 2019.

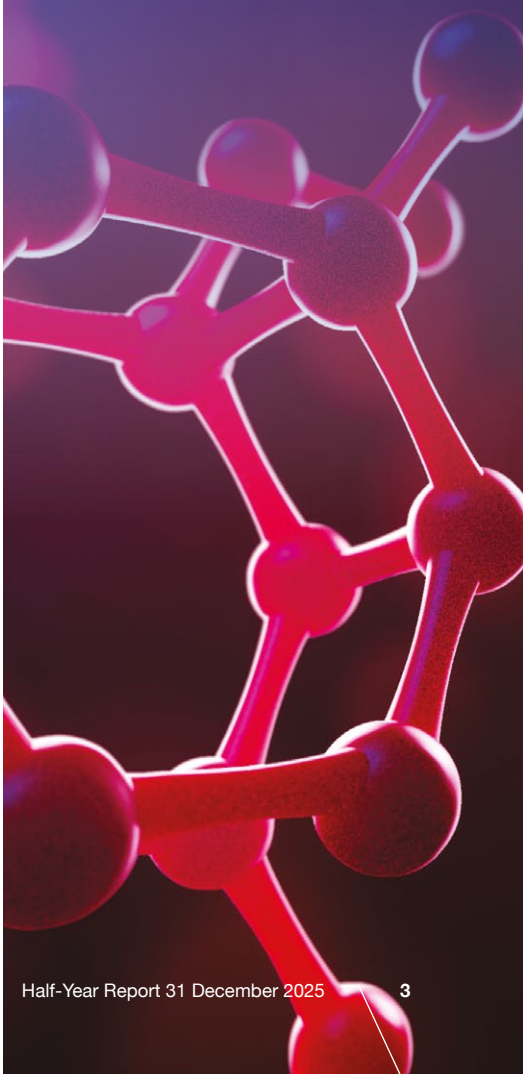
5 Dimerix Limited ASX Announcements and Investor Presentations, 2023–2025.

6 Paradigm Biopharmaceuticals Ltd ASX Announcements, Convertible Note Facility and R&D Tax Incentive Disclosures.

7 Paradigm Biopharmaceuticals Ltd ASX Announcement, "PARA_OA_008 Biomarker Manuscript Publication", 2026

50%
Completion Trigger

Interim analysis at Day 112 for 50% of participants



DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the "Consolidated Entity") consisting of Paradigm Biopharmaceuticals Limited (Paradigm or the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

Directors

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Paul Rennie

Amos Meltzer

Matthew Fry

Principal activities

The principal activities of the Consolidated Entity are researching and developing therapeutic products for human use.

Results

The Consolidated Entity made a loss for the six-month period ended 31 December 2025 of $23,244,389 (31 December 2024: Loss of $5,924,052).

Review of Operations

During the half-year ended 31 December 2025, Paradigm Biopharmaceuticals Ltd progressed from clinical trial start-up activities into active execution of its pivotal Phase 3 clinical program for knee osteoarthritis, while continuing to expand its osteoarthritis pipeline and maintain a funding position that provides flexibility to support ongoing clinical execution.

The Company's primary operational focus during the period was the global Phase 3 PARA_OA_012 clinical trial evaluating injectable pentosan polysulfate sodium (iPPS) for the treatment of pain associated with knee osteoarthritis. Following regulatory clearances achieved in the prior financial year, Paradigm concentrated on site initiation, investigator training, MRI quality certification and the establishment of centralised trial infrastructure across Australia and the United States. By the commencement of the reporting period, 11 Australian clinical sites had been selected and were progressing through activation processes, with 48 sites in the United States in advanced stages of preparation under a centralised ethics framework.

During the half-year, site activation and screening activities increased across core geographies. The Company placed emphasis on protocol consistency, investigator engagement and data quality to support reliable and reproducible clinical outcomes as recruitment activity scaled. Recruitment and screening volumes increased progressively through the period, with improving conversion of screened participants into enrolled and dosed patients as sites reached full operational readiness. Recruitment remains aligned with the Company's previously communicated schedule of 50% of participants reach Day 112 in mid-calendar year 2026. An interim analysis can then be generated.

To enhance operational capacity and recruitment efficiency, Paradigm engaged Nordic Bioscience Clinical Development (NBCD) as a complementary clinical research organisation, working alongside Advanced Clinical and the Company's internal clinical team. NBCD provides specialist expertise in osteoarthritis trials and access to established investigator networks. As part of this expanded clinical framework, Paradigm progressed preparations for additional international clinical sites in Hong Kong and Moldova. These locations were selected based on investigator experience, established clinical infrastructure and their ability to contribute to recruitment efficiency and geographic diversity, while maintaining high standards of clinical and imaging data quality. The inclusion of these sites is expected to support enrolment momentum as the Phase 3 program advances.

Paradigm also continued to strengthen the scientific foundation supporting its clinical programs. Subsequent to the end of the reporting period, the Company announced the publication of a peer-reviewed manuscript reporting synovial fluid biomarker outcomes from the PARA_OA_008 Phase 2 study. The manuscript underwent a rigorous peer-review process and provides independent validation of the biological activity of iPPS within the osteoarthritic joint. In addition, MRI outcomes from the PARA_OA_008 study demonstrated clinically meaningful structural findings. A separate manuscript focused on these imaging-based results is currently in preparation and, once complete, will be submitted to an appropriate scientific journal for peer review.

In parallel, Paradigm previously completed a translational canine osteoarthritis study conducted in collaboration with the University of Melbourne. The study evaluated clinical, functional, structural and biomarker outcomes following treatment with pentosan polysulfate sodium in companion dogs with naturally-occurring osteoarthritis. During the reporting period, a manuscript reporting the results of this completed study was prepared and advanced toward publication, reflecting the Company's ongoing scientific publication strategy and supporting the translational relevance of PPS across both human and veterinary osteoarthritis settings. The manuscript was published in February 2026.

466
Patients

Phase 3 Program Scale
Global Phase 3 PARA_OA_012 trial

Pivotal Study

Designed to support
regulatory submission

Peer-Reviewed Publication

Phase 2 biomarker outcomes (PARA_OA_008)

During the half-year, Paradigm expanded its osteoarthritis pipeline through the acquisition of Proteobioactives Pty Ltd, securing global intellectual property rights to an oral pentosan polysulfate and COX-2 inhibitor combination therapy (Pentacoxib™). This acquisition broadens the Company's osteoarthritis development strategy beyond injectable PPS and provides optionality to address earlier-stage disease with a wider patient cohort and veterinary indications. Consistent with the Company's capital allocation strategy, initial development activities for this program are expected to focus on the veterinary market.

Paradigm recorded a loss before tax of A$23,244,389 for the half-year ended 31 December 2025, an increase of A$17,320,337 on the prior corresponding period loss before tax of A$5,924,052, reflecting continued investment and an increase in late-stage clinical development activities. Expenditure during the period was primarily directed toward Phase 3 trial execution, including clinical research organisation services, site activation costs, patient recruitment initiatives, manufacturing and regulatory operations. As a late-stage clinical development company without commercial revenue, Paradigm expects to continue incurring operating losses as it advances iPPS through pivotal clinical and regulatory milestones.

To support these activities, Paradigm maintained a funding position that provides flexibility to support ongoing clinical execution. During the half-year ended 31 December 2025, the Company drew down US$12 million under its US$27 million convertible note facility with Obsidian Global Partners, with US$15 million (A$22.4 million) remaining undrawn at period end. Subsequent to the reporting period, Paradigm initiated a further US$5m drawdown through the Company's convertible note facility with Obsidian Global Partners.

Other income is lower for the 6 months to December 2025 mainly due to the reinstated R&D tax incentive income for the half year ended 31 December 2024. Finance costs are increased compared to the prior corresponding period due to the amortisation of the financial liability, arising from the Convertible Notes funding facility.

Paradigm is focused on maintaining recruitment momentum across its global Phase 3 program, activating remaining international sites, and progressing toward planned enrolment milestones ahead of the interim analysis targeted for mid-calendar year 2026. The Company's strategic plans include advancing its scientific publication strategy and progressing veterinary development activities associated with a broader osteoarthritis portfolio.

The Board thanks shareholders for their continued support as Paradigm advances through this critical phase of development.

Significant changes in the state of affairs

Draw down of US$12 million under the Company's US$27 million convertible note facility with Obsidian Global Partners and a subsequent further US$5m drawn post period end on February 2026, there has been no matter or significant changes in the state of affairs of the Consolidated Entity.

Events subsequent to reporting date

No matters or circumstance has arisen since 31 December 2025 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 periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) (a) of the Corporations Act 2001.

On behalf of the directors

Mr Paul Rennie
Managing Director

26th February 2026

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Paradigm Biopharmaceuticals Limited for the half year ended 31 December 2025, 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 review; and

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

RSM AUSTRALIA PARTNERS

A L WHITTINGHAM
Partner

Dated: 26 February 2026
Melbourne, Victoria

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents

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 half-year ended 31 December 2025. 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. Its registered office and principal place of business is:

Level 15, 500 Collins Street
Melbourne VIC 3000

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26th February 2026.

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2025

	Notes	31 December 2025 $	31 December 2024 $
Revenue		25,150	16,700
Cost of sales		(4,501)	(18,715)
Other income	2	258,905	416,958
Other currency exchange gains and (losses)		26,345	10,889
(Losses)/gains on disposal of assets		(10,764)	–
Research and development expenses		(19,022,099)	(3,987,852)
General and administration expenses		(2,827,213)	(2,191,775)
Commercial expenses		–	(166,018)
Finance costs		(1,312,567)	(4,239)
Financial Derivative Fair Value movements		(377,645)	–
Loss before income tax expense/(benefit)		**(23,244,389)**	**(5,924,052)**
Income tax expense/(benefit)		–	–
Loss after income tax expense/(benefit) attributable to the members of the Consolidated Entity		**(23,244,389)**	**(5,924,052)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(25,278)	2,410
Other comprehensive (loss)/income for the half-year, net of tax		**(25,278)**	**2,410**
Total comprehensive loss attributable to members of the Consolidated Entity		**(23,269,667)**	**(5,921,642)**
Loss per share (cents)			
Basic and diluted loss per share	8	(5.62) cents	(1.67) cents

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	31 December 2025 $	30 June 2025 $
ASSETS			
Current assets			
Cash and cash equivalents		14,663,339	16,818,129
Trade and other receivables	3	6,311,152	6,373,827
Prepaid expenses		622,154	935,013
Financial assets held at amortised cost		71,832	–
Total current assets		**21,668,477**	**24,126,969**
Non-current assets			
Intangible assets		905,854	414,735
Plant and equipment		7,497	24,179
Right-of-use assets		570,949	5,649
Total non-current assets		**1,484,300**	**444,563**
Total assets		**23,152,777**	**24,571,532**
LIABILITIES			
Current liabilities			
Trade and other payables		4,436,993	2,734,861
Employee benefits		580,473	493,049
Lease liabilities		137,948	5,484
Financial Derivative Liability	4	2,644,000	–
Financial Liability	5	8,803,707	–
Total current liabilities		**16,603,121**	**3,233,394**
Non-current liabilities			
Employee benefits		115,154	154,101
Lease liabilities		436,809	–
Total non-current liabilities		**551,963**	**154,101**
Total liabilities		**17,155,084**	**3,387,495**
Net assets		**5,997,693**	**21,184,037**
EQUITY			
Issued capital	6	260,874,596	253,232,077
Share based payments reserve	7	4,973,179	5,082,258
Currency translation reserve		(1,206,599)	(1,181,321)
Accumulated losses		(258,643,483)	(235,948,977)
Total equity		**5,997,693**	**21,184,037**

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2025

	Issued Capital $	Share–based Payments Reserve $	Accumulated Losses $	Currency Translation Reserve $	Total $
Balance at 1 July 2024	**238,113,171**	**7,549,821**	**(219,746,663)**	**(1,126,757)**	**24,789,572**
Loss after Income tax expense/(benefit) for the half-year	–	–	(5,924,052)	–	(5,924,052)
Other comprehensive loss for the half-year, net of tax	–	–	–	2,410	2,410
Total comprehensive loss for the half-year	–	–	(5,924,052)	2,410	(5,921,642)
Transactions with owners in their capacity as owners:					
Share-based payments expense	–	65,280	–	–	65,280
ESP lapsed in the period	–	(1,641,178)	1,641,178	–	–
Shares issued under placement	16,000,000	–	–	–	16,000,000
Options exercised in the period	1,027	–	–	–	1,027
Payment of share issue costs	(879,057)	–	–	–	(879,057)
Options lapsed in the period	–	(637,841)	637,841	–	–
Performance rights lapsed in the period	–	(174,817)	174,817	–	–
Rounding	–	–	(2)	–	(2)
Balance at 31 December 2024	**253,235,141**	**5,161,265**	**(223,216,881)**	**(1,124,347)**	**34,055,178**
Balance at 1 July 2025	**253,232,077**	**5,082,258**	**(235,948,977)**	**(1,181,321)**	**21,184,037**
Loss after Income tax expense/(benefit) for the half-year	–	–	(23,244,389)	–	(23,244,389)
Other comprehensive loss for the half-year, net of tax	–	–	–	(25,278)	(25,278)
Total comprehensive loss for the half-year	–	–	(23,244,389)	(25,278)	(23,269,667)
Transactions with owners in their capacity as owners:					
Share-based payments expense	–	208,294	–	–	208,294
Shares issued under Convertible Notes conversions	7,632,512	–	–	–	7,632,512
Options exercised in the period	1,110	–	–	–	1,110
Unlisted options issued for services	–	232,510	–	–	232,510
Payment of share issue costs	(71,663)	–	–	–	(71,663)
Repayment of limited recourse loan for ESP	80,560	–	–	–	80,560
Transfer from share-based payments reserve on repayment of ESP	–	(549,883)	549,883	–	–
Balance at 31 December 2025	**260,874,596**	**4,973,179**	**(258,643,483)**	**(1,206,599)**	**5,997,693**

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2025

	Notes	31 December 2025 $	31 December 2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		33,070	40,550
Payments to suppliers and employees (inclusive of GST)		(19,950,890)	(8,344,244)
Interest received		278,696	88,271
Interest repayment of lease liabilities		(9,618)	(4,239)
Net cash outflow from operating activities	9	**(19,648,742)**	**(8,219,662)**
Cash flows from investing activities			
(Payment to) / Proceeds for financial assets held at amortised cost		(71,832)	46,200
Payment to acquire intangible assets / intellectual property		(500,000)	–
Proceeds from disposal of plant and equipment		4,630	–
Net cash outflow from investing activities		**(567,202)**	**46,200**
Cash flows from financing activities			
Proceeds from issue of shares		–	16,000,000
Proceeds from options exercised		1,110	1,027
Proceeds from issue of convertible notes		18,352,003	–
Payment of share issue costs		(71,663)	(825,423)
Limited recourse loan repaid under ESP		80,560	–
Principal repayment of lease liabilities		(66,557)	(57,927)
Net cash inflow from financing activities		**18,295,453**	**15,117,677**
Net increase/(decrease) in cash and cash equivalents		**(1,920,491)**	**6,944,215**
Cash and cash equivalents at the beginning of the financial half-year		**16,818,129**	**17,820,827**
Effects of exchange rate changes on cash and cash equivalents		**(234,299)**	**13,299**
Cash and cash equivalents at the end of the financial half-year		**14,663,339**	**24,778,341**

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

1. Material Accounting Policy Information

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

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

2. Other Income

	31-Dec-25 $	31-Dec-24 $
Interest received	258,905	85,974
R&D tax incentive	–	330,984
	258,905	**416,958**

3. Trade and Other Receivables

	31-Dec-25 $	30-Jun-25 $
GST receivable	68,030	40,247
Interest receivable	13,512	33,304
R&D tax incentive receivable	6,202,110	6,202,110
Other receivables	27,500	98,166
	6,311,152	**6,373,827**

4. Financial Derivative Liability

	31-Dec-25 $	30-Jun-25 $
Convertible Notes financial derivative liability	2,644,000	–
	2,644,000	**–**

5. Financial Liability

	31-Dec-25 $	30-Jun-25 $
Convertible Notes financial liability	8,803,707	–
	8,803,707	**–**

On 01 July 2025, the Consolidated Entity 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. In connection with the agreement, Obsidian was granted conditional rights in respect of up to 8,000,000 ordinary shares ("Placement Shares"). The Placement Shares were not unconditionally issued and do not represent equity unless and until Obsidian elects to acquire them. Accordingly, the arrangement is accounted for as a derivative liability measured at fair value through profit or loss.

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

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

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

(a) In respect of:

  (i) Convertible Securities issued at the First Purchase: A$0.75;

  (ii) Convertible Securities issued at a Subsequent Purchase): 150% of the 5-day VWAP for the 5 Actual Trading Days immediately prior to the relevant Purchase Date,

  ("**Fixed Conversion Price**");

(b) subject to the Limitations on Conversions specified below, at the "**Variable Conversion Price**", being the lesser of:

  (i) 94% of the average of the lowest 5 daily VWAPs during the 20 actual trading days prior to the Conversion Notice date rounded down to the lowest A$0.01; and

  (ii) the Fixed Conversion Price; or

(c) in the event of an unremedied event of default and the Noteholder issuing the 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.

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

During the half-year ended 31 December 2025, a loss of $377,645 was recognised in Financial derivative fair value movements relating to the remeasurement of the embedded derivative.

The remaining host debt component is recognised as a financial liability at amortised cost and accreted using the effective interest method. Finance costs of $585,937 were recognised during the period in respect of the amortisation of the host liability.

As at 31 December 2025, the Group had drawn US$12 million (A$18.3 million) under the US$27 million (A$41.2 million) convertible securities facility. The remaining undrawn balance of US$15 million (A$22.4 million) remained available to the Group at the reporting date, subject to satisfaction of the facility conditions.

6. Issued Capital

	31-Dec-25 Number of Shares	30-Jun-25 Number of Shares	31-Dec-25 $	30-Jun-25 $
Ordinary shares – fully paid	**428,519,176**	**389,428,823**	**260,874,596**	**253,232,077**

Movements in ordinary share capital

Reconciliation and movement	**Shares**	**$**
Balance as at 1 July 2025	389,428,823	253,232,077
Shares issued under Placement	39,088,645	7,632,512
Shares issued under Rights Issue	1,708	1,110
Payment of share issue costs	–	(71,663)
Repayment of limited recourse loan for ESP	–	80,560
Balance as at 31 December 2025	**428,519,176**	**260,874,596**

7. Share based payment reserve

	31-Dec-25 $
Balance as at 01 July 2025	5,082,258
Share based payment expenses in the period	208,294
Transfer from share-based payments reserve on repayment of ESP	(549,883)
Unlisted options issued for services	232,510
Balance as at 31 December 2025	**4,973,179**

Once an offer of shares under the Employee Share Plan (**ESP**) is approved by the Board, monies are loaned by the Consolidated Entity interest free and on a non-recourse basis to employee's to finance the purchase of shares in the Company. The **ESP** shares are registered in the name of participants. Shares offered under the **ESP** are subject to a 3 year vesting period where the shares will vest in 3 equal amounts. Once the shares vest, the shares remain under the Company's Loan Funding agreement as set out in the ESP. The loan becomes payable (unless extended by the company in its absolute discretion) on the first to occur of the following:

1. The repayment date (5 years from the date on which the Company advances the loan to the participant);
2. 90 days after the participant ceases for any reason to be employed or engaged by the Company; or
3. By the legal personal representative of the participant, six months after the participant ceases to be an employee or consultant of the company due to their death.

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.

7. Share based payment reserve continued

31-Dec-25

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
10/7/2020	10/7/2025	$3.24	795,000	–	(287,714)	–	507,286
19/11/2020	19/11/2025	$3.05	1,100,000	–	–	–	1,100,000
10/9/2021	10/9/2026	$2.41	1,210,000	–	–	–	1,210,000
25/1/2022	25/1/2027	$1.89	375,000	–	–	–	375,000
			3,480,000	–	**(287,714)**	–	**3,192,286**

Listed Options

31-Dec-25

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
11/2/2025	11/2/2026	$0.65	97,359,923	–	(1,708)		97,358,215
			97,359,923	**–**	**(1,708)**	**–**	**97,358,215**

Unlisted Performance Rights

31-Dec-25

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised/ Lapsed	Balance at the end of the year
20/12/2024	20/12/2027	6,558,600	–	–	6,558,600
		6,558,600	–	–	**6,558,600**

Unlisted Options

During the period, the Consolidated Entity issued unlisted options to corporate advisers in connection with a convertible note financing arrangement.

The fair value of these options has been recognised within equity, with the corresponding expense recognised as finance costs.

31-Dec-25

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
7/11/2025	30/6/2027	$0.65	–	3,000,000	–		3,000,000
			–	**3,000,000**	**–**	**–**	**3,000,000**

8. Loss Per Share

	31-Dec-25 $	31-Dec-24 $
Net loss for the period attributable to ordinary shareholders	(23,244,389)	(5,924,052)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	413,828,767	354,046,163
Weighted average number of ordinary shares used in calculation diluted loss per share	**413,828,767**	**354,046,163**
	Cents	**Cents**
Basic loss per share	(5.62)	(1.67)
Diluted loss per share	(5.62)	(1.67)

9 Reconciliation of Cash Flows Provided by Operating Activities

	31-Dec-25 $	31-Dec-24 $
Loss for the half-year	**(23,244,389)**	**(5,924,052)**
Depreciation and amortisation	71,818	71,472
Foreign exchange unrealised gains	(26,345)	(10,889)
Losses/(gains) on disposal of assets	10,764	–
Share-based payment	208,294	65,280
Financial Derivative Fair Value movements	377,645	–
Finance costs	818,448	–
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	42,883	(310,521)
(Increase)/decrease in other receivables	19,792	2,298
(Increase)/decrease in other assets	321,739	165,168
Increase/(decrease) in payables	1,702,132	(2,293,957)
Increase/(decrease) in provisions	48,477	15,539
Net cash used in operating activities	**(19,648,742)**	**(8,219,662)**

10. Commitments

The Consolidated Entity has no expenditure contracted for at the reporting date but not recognised as liabilities.

11. Contingent Liabilities

The Consolidated Entity had no contingent liabilities as at reporting date.

12. Events Subsequent to Reporting Date

No matter or circumstance has arisen since balance date which have impacted or are likely to impact the Consolidated Entity's operations, results and state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) (a) of the Corporations Act 2001.

On behalf of the directors

Mr Paul Rennie
Managing Director

26th February 2026

RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Paradigm Biopharmaceuticals Limited

Conclusion

We have reviewed the accompanying half-year financial report of Paradigm Biopharmaceuticals Limited ('the Company') and the entities it controlled during the period (together 'the Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, notes comprising a summary of material accounting policy information and other explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Paradigm Biopharmaceuticals Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Consolidated entity 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 Paradigm Biopharmaceuticals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of Paradigm Biopharmaceuticals Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM AUSTRALIA PARTNERS

A L WHITTINGHAM
Partner

Dated: 26 February 2026
Melbourne, Victoria

CORPORATE DIRECTORY

Directors

Mr Paul Rennie
Managing & Executive Director

Mr Amos Meltzer
Non-Executive Director

Mr Matthew Fry
Non-Executive Director

Company Secretary

Ms Abby Macnish Niven

Principal Place of Business

Level 15, 500 Collins Street
Melbourne, VIC 3000

Registered Office

Level 15, 500 Collins Street
Melbourne, VIC 3000

Auditor

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

Solicitors

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

Share Registry

Automic Group
Level 5
191 St Georges Terrace
Perth WA 6000

Bankers

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

Stock Exchange

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

ASX Code: PAR

Website

https://paradigmbiopharma.com/

PARADIGM
BIOPHARMA