

Date: 6 March 18

Recommendation: Speculative Buy

Company Information

ASX Code	PAR
Last Price (\$)	\$0.31
12 month share low	\$0.22
12 month share high	\$0.73
Shares on Issue (m)	120.6m
Market Capitalisation (\$m)	39m
Daily Volume (90 Day Avg)	120K

CapIQ

Business Description

Paradigm Biopharmaceuticals Ltd. is a biopharmaceutical company, which focuses on repurposing the drug pentosan polysulphate sodium for the treatment of bone marrow edema, allergic rhinitis, chronic obstructive pulmonary disease and the alpha virus series of disease such as Ross River Virus.

DJC Research

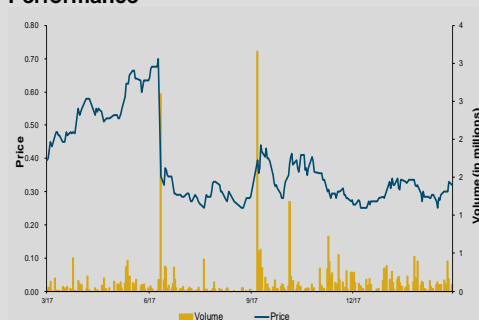
Directors

Graeme Roy Kaufman	Non-Executive Chairman
Paul John Rennie	CEO, MD & Director
Kevin Hollingsworth	CFO and Co Sec
Ravi Krishnan	CSO
Christopher M Fullerton	Non Exec. Director
John Gaffney	Non Exec. Director

Major Shareholders

Paul Rennie	18.7%
Kzee Pty Ltd	8.5%
Nancy Wilson-Gosh	3.2%
Brett Langan	3.1%

Performance



Source: CapIQ

Analyst Details

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Paradigm Biopharmaceuticals Ltd: Update on OA

PAR has released the latest set of results from its current trial using injectable pentosan polysulfate sodium (iPPS) for patients suffering from painful osteoarthritis. Patients experienced a dramatic reduction in pain after taking PPS. The results bode well for the Phase 2 clinical trial of PPS for the treatment of OA later in the year.

Key Highlights of the Company Announcement:

- Paradigm reports a 50% reduction in pain (on average), from 45 patients with osteoarthritis after treatment with the injectable Pentosan Polysulfate Sodium (PPS).
- In the 45 patients treated, 84.4% responded with both a reduction in joint pain and an improvement in knee function.
- 50% reduction in pain scores observed with PPS is considered superior than the typical 15% pain reduction scores reported for opioid treatments for chronic pain in OA of the knee and hip.
- These patients were treated under a similar dosing regimen as Paradigm's current Phase 2b Osteoarthritis randomised double-blind, placebo-controlled, clinical trial, which is expected to release results in Q4 CY 2018.
- PAR describe OA as a blockbuster indication, a condition with a significant unmet medical need: therapeutic market size is US\$5bn p.a., whilst the total economic burden in the US alone, is estimated to be US\$128bn.

Our view

The results from the treatment program, under the Therapeutic Goods Administration's (TGA) Special Access Scheme (SAS), involved patients self-reporting changes in pain after using PPS on painful knee osteoarthritis (OA) conditions.

The 50% reduction in pain experienced compares to just a 15% average pain reduction score using a current opioid treatment. The testing program therefore indicates a significant improvement in pain relief for this condition over treatments currently available. PAR is on schedule to complete their Phase 2b trial in late 2018. The company commented that:

These patient-reported outcomes from 45 patients precedes the read-out from Paradigm's Phase 2b randomised, double-blind, placebo-controlled, multicentre, clinical trial, which is expected in Q4 CY 2018. By Q4 CY2018 the Phase 2b clinical trial data (n=100) will be supplemented with an additional 150 RWE (Real World Evidence) patients.

We continue to believe that 2018 will be a pivotal year for PAR given the number of Phase 2 trials being carried out and the early positive signs from the current testing programs. In comparison to other ASX-listed biopharmaceutical companies also in Phase 2 trials, PAR looks cheap but the failure of the Allergic Rhinitis trial last year, related to the delivery system of PPS, dented confidence.

We reiterate our Speculative Buy recommendation on PAR with a price target in a range between \$0.35 and \$0.45 per share. A positive Phase 2 trial result will likely see the stock trade well beyond this range towards our LT risked valuation of \$1.32 per share.

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The analyst owns an insignificant number of shares in **Paradigm BioPharmaceuticals Ltd**.

The Author of this Research Report did not make contact with **Paradigm BioPharmaceuticals Ltd** for assistance with verification of facts, admittance to business sites, access to industry/company information. No inducements have been offered or accepted by the company.

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Recommendation Definitions

SPECULATIVE BUY – Potential 10% or more outperformance, high risk

BUY – Potential 10% or more outperformance

HOLD – Potential 10% underperformance to 10% over performance

SELL – Potential 10% or more underperformance

Period: During the forthcoming 12 months, at any time during that period and not necessarily just at the end of those 12 months.

Stocks included in this report have their expected performance measured relative to the ASX All Ordinaries Index. DJ Carmichael Pty Limited's recommendation is made on the basis of absolute performance. Recommendations are adjusted accordingly as and when the index changes.

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