

Adherium secures A\$18 million commitment in share placement

Melbourne, Australia – 18 March 2021: Adherium Limited (ASX: ADR), a leader in respiratory eHealth, remote monitoring & data management solutions, has secured subscription commitments totalling \$18 million, including cornerstone investments from existing shareholders Trudell Medical and BioScience Managers Translation Fund 1 (BMTF1) for \$5 million each. In addition, Viburnum Funds has agreed terms under which its Secured Convertible Notes will convert into ordinary shares in conjunction with completion of the \$18 million placement.

MST Financial was the sole Lead Manager for the placement.

The funding supports Adherium’s target of completing commercial evaluations in North America with its existing partners HGE Health and Monaghan Medical (part of the Trudell group) in 2021, the completion and further development of its digital respiratory device portfolio and the establishment of a series of new commercial partnering agreements.

The capital raise is taking place in two tranches. The first tranche of 169,899,002 shares is expected to be issued 24 March 2021 under ASX Listing Rules 7.1 and 7.1A, at \$0.015 per share for a total of \$2.5 million. Adherium will call an Extraordinary General Meeting of shareholders seeking approval for the issue of the second tranche of 1,030,100,998 shares, also at \$0.015 per share, together with the amendment of the Viburnum Secured Convertible Note terms and conditions to enable conversion on completion of the placement (further details below).

Adherium’s goal is to take a leadership position in the digital management of respiratory disease through the extension of its technology offering beyond adherence and establish a complimentary multi-sensor digital respiratory management ecosystem. Built on Adherium’s existing software platform, and supporting next generation adherence sensors with physiological measurement, these additional digital devices will provide supplementary data on the underlying disease status. This digital respiratory management ecosystem will broaden Adherium’s clinical offering providing a more complete data set to physicians, payers and providers and securing additional recurring revenue streams. Adherium is uniquely placed to benefit from the rapidly developing telehealth trends and positive reimbursement environment in the US. A significant emerging opportunity involves the diagnosis, assessment and management of the chronic respiratory impact of post-COVID-19 syndrome, or “long COVID”, relevant for remote digital sensor management.

In April 2020 nearly half (43.5%) of Medicare primary care visits were provided through telehealth compared with less than one percent (0.1%) in February 2019 prior to the Public Health Emergency [COVID-19]. With the evolution and acceptance of telehealth and remote patient monitoring over the last 12 months there has been a step change in the behaviours of patients and physicians leading to a strong “market pull” for Adherium’s technology. This is evidenced by the increasing number of US health systems and commercial carriers making unsolicited approaches to Adherium looking to evaluate the Hallie® solution as part of their coverage for patients with respiratory illnesses, and other inbound interest from pharmaceutical and med-tech companies to collaborate commercially or on an M&A basis.

“This is an exciting time for Adherium with a clear pathway to revenue generation” said Mike Motion, CEO of Adherium. “Over the last 12 months we have refocused the strategy on patients where adherence matters most, progressed, and upgraded our next generation adherence sensors with physiological measurement, identified a complementary suite of respiratory digital devices, established key commercial pilot programs in the US and are engaged with multiple new potential partners in the US, Europe and Australia. The funds being raised will allow the business to move beyond proof of principle toward the transformational outcome planned for the Company.”

Amendment of the Viburnum Secured Convertible Note

As announced on 26 October 2020, Adherium entered into a \$3 million Secured Convertible Note with Viburnum Funds. The Secured Convertible Note had a maturity or repayment date of 25 October 2022. Adherium and Viburnum have entered into an amendment deed conditional on Adherium shareholder approval under which Viburnum has agreed:

- to automatically convert the Secured Convertible Note at the same issue price (being \$0.015) and the same time as the capital raise of at least \$15 million (as referred to above) is completed; and
- in consideration of the variation of the Secured Convertible Note to provide for the automatic conversion mechanism above, Adherium (subject to Adherium shareholder approval) would at closing issue to Viburnum (in addition to the Adherium shares issued on conversion) -
 - (a) 25,000,000 options with an exercise price of \$0.02 and an expiry date being the second anniversary of the grant date;
 - (b) 25,000,000 options with an exercise price of \$0.03 and an expiry date being the second anniversary of the grant date;
 - (c) 25,000,000 options with an exercise price of \$0.04 and an expiry date being the second anniversary of the grant date; and
 - (d) that number of options equal to the Secured Convertible Note principal of \$3 million plus accrued interest up to the date of the automatic conversion, divided by \$0.03 (subject to a maximum of 106,239,418 options if automatic conversion were to occur at 30 June 2021), with an exercise price of \$0.03 and an expiry date of 25 October 2022,

and otherwise on terms and conditions consistent with the ASX listing rules. Full details will be included in the upcoming notice of meeting to seek Adherium shareholder approval.

About Adherium (ASX: ADR)

Adherium is a provider of digital health solutions and a global leader in connected respiratory medical devices, with more than 170,000 sold globally. The company develops, manufactures, and supplies a broad range of connected medical devices for respiratory medications for patients, healthcare providers, pharmaceutical companies, and contract research organisations. Adherium's Hailie® solution is designed to help patients achieve better adherence and provide visibility to parents, caregivers, and healthcare professionals. It does this by tracking medication use and providing access to usage history to better understand patterns in their asthma and COPD and reminding the user with helpful nudges when it is time to take doses when alerts are activated. These tools ultimately enable people who live with asthma or COPD to manage their condition more easily alongside their physician. Learn more at www.adherium.com.

The release of this announcement was authorised by the Adherium Board of Directors.

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