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Companies Announcements Office
ASX Limited

Dear Sir/Madam

CEO Address to 2021 AGM

In accordance with Listing Rule 3.13.3, Adherium Limited (**ASX: ADR**) provides the prepared address by CEO, Rick Legleiter, to the 2021 AGM.

Yours faithfully

Rob Turnbull
Joint Company Secretary
Adherium Limited

CEO's 2021 AGM Address

Good morning, ladies and gentlemen, I am pleased to welcome you to our virtual Adherium 2021 Annual General Meeting. As an eHealth company with digital health solutions the fact that we are using digital technology to connect with each other today both remotely and globally is a major statement of our world today and your company's future.

Having joined the Company mid-May as Chief Executive Officer and on behalf of the Board and management I am pleased to provide the CEO update for our business outlook as these are very exciting times ahead.

From my viewpoint we are in the midst of a dynamic transition phase for healthcare generally and critically for the respiratory market and consequently even more enthusiastically for the company. Let me begin with my observations about the healthcare landscape and where we fit.

In my opinion healthcare is at a global tipping point for smart medicine and medical IoT. This means the company is in the best position ever for the opportunities ahead. There is a convergence underway in healthcare which has been stimulated and accelerated over the past two years by the SARS-CoV-2 pandemic. This includes a paradigm shift in medical technology and in the way in which patients interact with medical providers including telemedicine and remote monitoring and the methods in which medicine is practiced and patients are managed by their doctors. The technology risk is gone. This is being proven every day. In this respect, COVID-19 is putting wind in our sails as a helpful driver even accelerating our business. The convergence is comprised of advanced technologies, software innovation, and data analytics. Smart technology is leading the way. My vision is to fast forward to when the technology is dirt cheap and adherence and remote monitoring is as ubiquitous as are smart phones, smart TVs and all the other smart devices we have come to rely upon. Think ahead in ten years when every inhaler sold is a smart inhaler. When compliance is integrated into every inhalable and becomes the defined product requirement in the market. All this leading

to lowering healthcare costs bringing billions of dollars in therapeutic benefit with lifesaving clinical outcomes. This is my vision.

As we all know from news reports and from personal experience, the COVID-19 pandemic has put an incredible strain on the healthcare system and has created a respiratory state of emergency for patients with severe respiratory conditions. Digital health, telemedicine and remote monitoring is making it possible to keep these patients safer in their homes by avoiding unnecessary in-person office and emergency room visits, improving engagement and overall health, and providing more direct communication between patients and their providers.

Remote monitoring and telehealth are quickly becoming a new, additive standard of care. Continued expansion of telehealth and remote monitoring services, especially for products in the respiratory diseases category, is essential for reducing health care costs while improving patient management. From my own personal experience, for the first time in my life, during the pandemic I already have had two telemedicine appointments with my doctor. The first time was in Houston, Texas last year during the lockdown when my physician's office was closed. The second time was here in Melbourne after my GP's clinic closed its doors three weeks ago to lower the risk for spreading COVID-19 and reducing infection rates in the community. And, my experiences are not unique. The healthcare industry has reached an inflection point and following the end of the Public Health Emergency, there is no going back to a system that relies entirely on in-person visits.

Furthermore, globally healthcare systems both public and private are increasingly under cost and performance pressures. Payers want to lower risk and reduce the total cost of care and they demand that biotechnology companies demonstrate brand value. Adherium's complementary suite of current respiratory digital devices and our next generation sensors in development builds on and extends our brand value from when the company was first founded twenty years ago this past August. We are stepping up to payer demands and demonstrating value creation. Built on Adherium's existing

software platform, and supporting next generation adherence sensors with physiological measurements, these additional digital devices will provide supplementary data on the underlying disease status. With more than 170,000 sensors sold globally, we are uniquely positioned with the history and experience to benefit from the rapidly developing remote patient monitoring and telehealth trends and positive reimbursement environment. This digital respiratory management ecosystem will broaden Adherium's clinical offering providing a wider data set to physicians, payers and providers for new and recurring revenue streams.

The most convincing evidence of these trends is the new pending U.S.A. reimbursement for Remote Therapeutic Monitoring known as 'RTM'. In the proposed revisions to the 2022 Medicare Physician Fee Schedule, also called the Proposed Rule, the U.S. Centers for Medicare and Medicaid Services (CMS) proposed five new Current Procedural Terminology or as commonly abbreviated CPT® codes, for Remote Therapeutic Monitoring. These CPT codes for remote monitoring of "non-physiologic" patient data such as "respiratory system status, therapy (medication) adherence, and therapy (medication) response."

CMS solicited public input to the Proposed Rules and carefully considers these comments prior to publishing the Final Rules and Adherium was there stating and advocating for the company's position with our comments and views submitted to CMS.

This is a potentially important development for our business as the CMS fee schedule is critical to driving market adoption of technological innovation in digital health. This is what I call our 'one-two punch' as RTM would be complementary to our existing route to enabling reimbursement under Remote Physiologic Monitoring or RPM codes through incorporating physiological measures into our Hailie® sensors. We expect the RTM Final Rule to be published between mid-November and early-December at which time we will know the specific policy criteria and reimbursement rates to understand and assess the market opportunity. The policy is then expected to go into effect on 1 January 2022

The reason this is driving our future opportunity is because providers require reimbursement for their services and workflow productivity improvement to lower their costs. Reimbursement criteria is one and the same with Adherium's product design criteria. Even further our key commercial pilot programs and partner engagement in the U.S.A. and the United Kingdom are focused on real-world patient-treatment workflow design improvements and empowering provider telemedicine for improved patient care. For example, recent and continuing evolution to the U.S.A. health payment structure functions to our advantage by reimbursing providers approximately \$1,400 per year for each patient utilizing remote physiological monitoring devices such as ours. Our next phase proof-of-concept pilots and commercial demonstrations are to show that automated physiological data capture and reporting provide the services and workflow improvements to improve adherence, patient management, provider productivity and lower medical costs. Adherium's current product portfolio and our next generation sensors with physiological measurement capture, and data generation applied to respiratory disease is being designed to do just that, lower healthcare costs and improve clinical outcomes.

At this time some epidemiologists are forecasting the COVID-19 pandemic becomes endemic. This further supports my thesis that we are riding the trend. As new variants emerge and even more people who are infected and recover from COVID-19 with lingering health problems following the acute phase of the illness, which are sometimes known as 'long haulers' or 'long COVID', will require continuous care and treatment. Going forward, remote monitoring and telehealth are essential and indispensable tools for our healthcare system to survive in the future.

To diversify our respiratory product portfolio we are creating multiple pathways to revenue by developing offerings to meet customer needs across different market segments. These pathways consist of devices, Software as a Service (SaaS), and software licensing; three elements within our eHealth platform. Our SaaS offering includes integration services, enhanced data security, and clinical and provider portals interoperating with our Android and iOS Apps.

Over the past year Adherium made important progress on our digital health strategy that underpins our \$18 million placement, updating the product roadmap of physiologically enabled inhalation sensors and third-partner product integration, and applying lessons learned from commercial pilots. All this was achieved despite the challenges of the pandemic. Adherium's strategy is consistent and continues to be providing the key building blocks in the digital ecosystem for respiratory disease management through the extension of our technology offering beyond adherence and by establishing a complimentary physiological, multi-sensor digital product offering and software platform.

To deliver on the strategy outlined above we must first and foremost execute on our product roadmap. We see that time to market is time to revenue. Bridging our execution results from 2020 to 2021 is when we received U.S. Food and Drug Administration (FDA) 510(k) clearance to market for our first, next generation Hailie® Sensor with physiological measures for monitoring Asthma and Chronic Obstructive Pulmonary Disease (COPD) medication use for Symbicort. This is a very important milestone for us from a development, a regulatory, and commercial standpoints.

It is upon this milestone in which over the coming year we will add more sensors and third-party enabled devices to our next generation product portfolio. We will announce each new device as our development progresses through the roadmap stages. Our focus on execution, and time to market is how we aim to generate revenue and top-line growth creating the results and returns expected from our shareholders and investors.

We are taking a two-fold approach to deliver on the product roadmap. First, we are continuing our strategically critical relationship with Planet Innovation (PI). From my firsthand experience, PI is a well-respected Melbourne-based, award winning, innovation company. Our device hardware and software development collaboration with PI has even deepened as they also became an Adherium shareholder in this latest funding round. Second, from an organization design and capabilities standpoint we are recruiting and staffing a Melbourne-based software engineering team. This is important for delivering on the product roadmap as a complement to PI with our own in-house staff to get closer to the user experience, sustaining engineering technical support,

building internal capabilities for further roadmap development, and better manage and control development costs. We have already made good progress recruiting and filling open positions to achieve this objective.

Our commercial strategy is focused initially on the USA and the United Kingdom leveraging Adherium's technology to address the high unmet need of patients with severe and 'difficult- to-treat' asthma and chronic obstructive pulmonary disease. The outcome is to reduce the frequency and severity of exacerbations and the number of emergency room admissions, which represent a very high-cost burden to healthcare systems worldwide and may even incur provider and insurance penalties due to poor performance. These are patients who represent that estimated preventable healthcare cost of US\$34 billion.

The typical business models in this disease management approach include customers who are charged, for example, a per-patient, per-sensor, per-month fee and for payors to possibly participate in a proportion of any risk-share savings realized. In addition, once doctors gain access to reimbursement with our physiological data capture technology, we will levy a charge for services providing that access. Through our distributor channel we gain revenue from both sensor sales and the licensing of software and data access. As the ecosystem develops for respiratory disease management, we will pivot and adapt to follow the optimum revenue generating approaches which are most advantageous for our investors and shareholders. In addition to new partners and customers, we are continuing to work closely with our long-term pharma partner AstraZeneca by supporting their clinical trials work.

From a clinical perspective, our primary focus is on solving the persistent medical problem of prescription non-adherence and patient inhaler and treatment challenges. Adherium's Hailie® sensor technology and cloud-based data platform have been shown in clinical studies to improve patient outcomes and reduce acute respiratory attacks by transforming the way in which patients with Asthma and COPD follow their prescribed inhaled medication dosage and schedule and even use their inhalers. By using Adherium's systems, doctors also collect and understand using longitudinal medical data to help them better diagnose, manage, advise and treat patients.

Finally on a personal note, I am thrilled to be back in Melbourne as Adherium's CEO. It is very important to be here on the ground in Australia driving the business forward. Before relocating from the USA, I was actively using the time to be leading from the front with more pandemic travel freedoms to business meetings with partners in the US including Monaghan Medical Corporation, the wholly owned subsidiary of Trudell Medical, and HGE Health. In addition, I am developing further partner and customer opportunities in line with our go-to-market strategy.

All types of respiratory disease are on the rise globally and nothing could be more of an indicator than the SARS-CoV-2 pandemic as the greatest respiratory infection in over 100 years. Being situated in the right place at the right time is very compelling and this is Adherium's position. We believe we have technological superiority and we are developing and launching solutions with our development of next generation sensors, physiological measurement, and data analytics to answer the demands of the providers, payers and partners to deliver every step in the value chain. This is how we aim generate revenue and top-line growth. I am convinced Adherium has a bright outlook.

To close I would like to thank all of our dedicated employees for their support in my transition over the past few months and, on behalf of the Management, for their contribution to the Company over the past year. I wish to also thank the Board of Directors for your engagement, determination and hard work to guide the company to this point. Finally, I wish to thank our investor community for your support during 2021 including the fund raising as we undertake our journey into an exciting 2022.

Rick Legleiter

Chief Executive Officer