

ASX Release: 29 October 2021

Appendix 4C Quarterly Cash Flow Report to 30 September 2021

All figures are stated in Australian dollars and are unaudited.

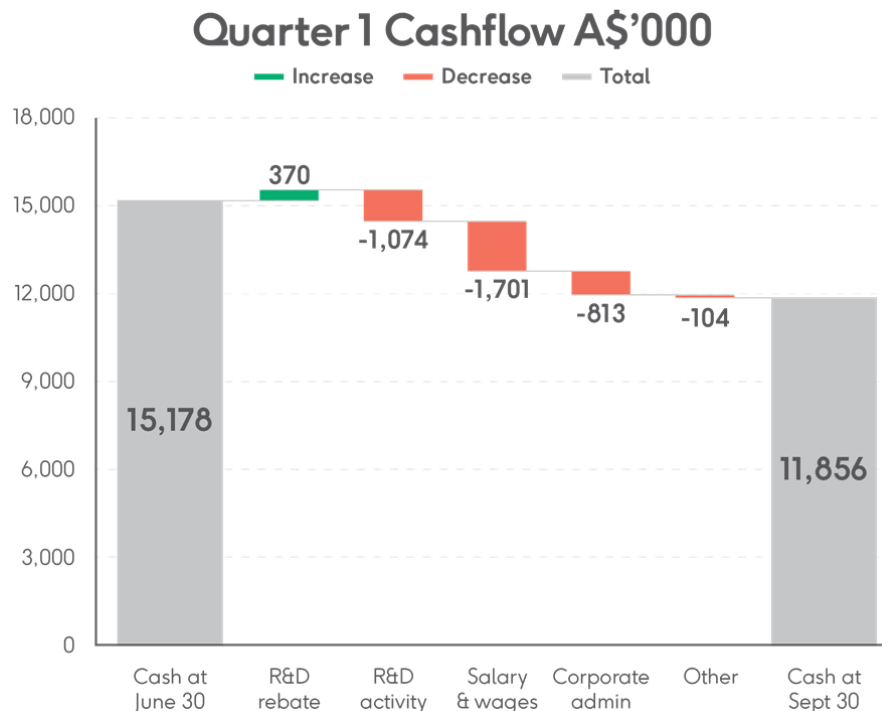
Melbourne, Australia – 29 October 2021: Adherium Limited (ASX: ADR), a leader in respiratory eHealth, remote monitoring and data management solutions, presents its Appendix 4C cash flow report for the quarter ended 30 September 2021.

Summary

- Cash at the end of the quarter to 30 September 2021 was \$11,856,000.
- Receipts from customers for sensor sales, engineering services and clinical trial services were \$12,000 in the September quarter compared to \$134,000 for the preceding quarter. The decrease is related to customer clinical trial activity which is not consistent quarter to quarter as the company continues business development for new sensors with physiological measures and F.D.A. 510(k) clearance into 2022.
- Payments for Research and Development activities were \$1,074,000 in the September quarter compared to \$591,000 in the preceding quarter. The higher payments reflect the increase in research and development intensity by the company with our partner, Planet Innovation, with the scope of the program covering sensor development for both Asthma and COPD inhalers, as well as, software including the Hailie® platform as follows:
 - Work on manufacturing readiness for market release before the end of the calendar year of the new sensor for AstraZeneca's Symbicort® pMDI which this quarter received the U.S. Food and Drug Administration (FDA) 510(k) clearance to market as the first, next generation Hailie® Sensor with physiological measures;
 - Build out of the ecosystem through adding digitalised third-party respiratory devices and information which will increase relevant data available to

- treating physicians with the first third-party device expected to be integrated before calendar year end;
- Building physiological measures into the new GSK, Ellipta and Proair sensors with 510(k) submissions during 2021 and 2022;
 - Extending Adherium's ecosystem integration layer through the release of our SDK and 2nd generation interface REST API before calendar year end.
- Research and Development costs were offset by the receipt of \$370,000 relating to the Australian Research & Development Tax Incentive rebate from tax year 2020.
 - Advertising and Marketing costs were \$35,000 in the September quarter compared to \$55,000 in the preceding quarter. These costs represent marketing activity in the United States, and in the United Kingdom targeting Asthma industry groups and the NHS.
 - Staff payments of \$1,701,000 were paid in the September quarter compared with \$1,534,000 paid in the quarter to 30 June 2021. The increase reflected a combination of:
 - Recruitment of Australian domiciled Research & Development personnel expanding the company's capability to deliver the Adherium's technology roadmap with additional internal development resources;
 - Payment of deferred salaries;
 - Annual short-term incentive outgoings;
 - Executive transition payment.
 - Administration and Corporate costs were \$813,000 in the September quarter compared to \$705,000 in the preceding quarter. The increase included:
 - Legal and related costs of \$135,000 paid in relation to the Respiro takeover offer
 - Return to cash-based Directors fees, representing the \$31,000 paid to related parties.

Cashflow Waterfall



This ASX announcement was approved and authorised for release by the Board of Adherium.

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, pharmaceutical companies, healthcare providers and contract research organisations. Adherium's Hailie® solution is designed to help patients achieve better adherence and provide visibility to parents and caregivers. It does this by tracking medication use and reminding the user with helpful nudges when it is time to take doses, and by providing access to usage history to better understand patterns in their asthma and COPD.

Learn more at www.adherium.com

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Adherium Limited

ABN

24 605 352 510

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12	12
1.2 Payments for		
(a) research and development	(1,074)	(1,074)
(b) product manufacturing and operating costs	(48)	(48)
(c) advertising and marketing	(35)	(35)
(d) leased assets	-	-
(e) staff costs	(1,701)	(1,701)
(f) administration and corporate costs	(813)	(813)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	370	370
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,283)	(3,283)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(44)	(44)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(44)	(44)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,178	15,178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,283)	(3,283)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(44)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	Cash and cash equivalents at end of period	11,856	11,856

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	150	162
5.2	Call deposits	11,706	15,016
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,856	15,178

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	31
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> Nil </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,283)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,856
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,856
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	<div style="border: 1px solid black; padding: 5px; min-height: 20px;"> N/A </div>
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	<div style="border: 1px solid black; padding: 5px; min-height: 20px;"> N/A </div>
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	<div style="border: 1px solid black; padding: 5px; min-height: 20px;"> N/A </div>
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021
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Authorised by: The Board of Directors
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(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.