

Appendix 4C

Quarterly Cash Flow Report to 31 December 2021

All figures are stated in Australian dollars and are unaudited.

Melbourne, Australia – 28 January 2022: Adherium Limited (“Adherium” or “the Company”; ASX: ADR), a provider of integrated digital health solutions and a world leader in connected respiratory medical devices, presents its Appendix 4C cash flow report for the quarter ended 31 December 2021.

Summary

- Cash on hand at the end of the quarter to 31 December 2021 was \$10,651,000 compared to \$11,856,000 in the preceding quarter.
- Receipts from customers for sensor sales, engineering services, and clinical trial services were \$92,000 in the December quarter compared to \$12,000 for the preceding quarter. The increase relates to customer clinical trial activity, which varies quarter to quarter.
- An annual Australian R&D Tax Incentive of \$1,627,000 related to financial year 2021 was received in the December quarter.
- Payments for third-party R&D activities were \$675,000 compared to \$1,074,000 in the preceding quarter. The change largely reflects the rebalancing of the Company’s R&D activities from external providers to internal development resources, which are included in payments for staff costs.

Commenting on the results, Adherium Chief Executive Officer, Mr. Rick Legleiter said: “The Adherium team is driving a strong development program of its Hailie® sensors and software platform for both Asthma and COPD medication inhalers, which supports our product strategy as we continue to pursue digital health opportunities in large global markets.

Working with our supporting partner Planet Innovation, we continue to make good progress in manufacturing readiness for the full production and market release of our next-generation Hailie® sensor with advanced data measurements for the



AstraZeneca’s Symbicort® pMDI, following the U.S. Food and Drug Administration (FDA) 510(k) clearance to market that was announced in September 2021.”

The Company remains focussed on evolving the Hailie® sensors and software platform. This includes an integration layer through the release of an updated software development kit (SDK) and a second-generation REST API, which is an application program interface. This functionality is significant as it allows for easier integration into existing healthcare systems, facilitating faster, seamless uptake as remote physiological monitoring and remote therapeutic monitoring technologies increase demand, especially as communities continue to manage COVID-related challenges.

Adherium’s next generation products and integration of third-party devices follows the Company’s path toward revenue generation by enabling superior, advanced data measures for better value-based care for patients prescribed inhaled medications for their respiratory disease. The new products provide enhanced support of medication adherence and effective patient inhaler usage technique, thereby reducing the risk of costly exacerbations and hospitalisations. The addition of advanced data measurements allows individuals and their doctors to monitor inhalation technique in real-time, such as duration of inhalation following inhaler actuation, as well as strength/volume of breath inhalation flow. These data insights support more accurate, responsive, and tailored treatment to patients struggling with chronic and severe respiratory disease.

“Healthcare is constantly evolving as more reliable and insightful data becomes available, and with our sophisticated physiological measures Adherium is well positioned to lead the development of next generation healthcare technology to support better health outcomes for chronic respiratory disease patients” added Mr. Legleiter.

Other components of cash flow

- Product manufacturing and operating costs were \$79,000 in the December quarter compared to \$48,000 in the September quarter. The increase is largely the result of the Company preparing to manufacture the new sensor for AstraZeneca's Symbicort® pMDI.
- Advertising and Marketing costs were \$184,000 in the December quarter compared to \$35,000 in the September quarter. These costs represent activity in the United States and the United Kingdom targeting Asthma industry groups and the NHS.
- Staff payments of \$1,412,000 were paid in the December quarter compared with \$1,701,000 in the September quarter the quarter. The difference relates predominately to several one-off costs that were incurred in the September quarter including:
 - Payment of deferred salaries
 - Annual short-term incentive outgoings
 - An Executive transition payment
- Administration and Corporate costs were \$537,000 in the December quarter compared to \$813,000 in the September quarter. The difference relates predominately to one-off costs incurred in the September quarter including:
 - Legal fees relating to the Respiri Limited unsolicited takeover offer (\$135,000)
 - Monthly instalment payments for the Company's annual insurance programme (\$127,000)
- Payments to related parties consist of Directors fees of \$53,000 inclusive of deferred Directors fees (September quarter: \$31,000).

-ENDS-



About Adherium (ASX: ADR)

Adherium is a provider of integrated digital health solutions and a worldwide leader in connected respiratory medical devices, with more than 180,000 sold globally. Adherium's Hailie® platform solution provides clinicians, healthcare providers and patients access to remotely monitor medication usage parameters and adherence, supporting reimbursement for qualifying patient management.

The Hailie® solution includes a suite of integration tools to enable the capture and sharing of health data via mobile and desktop apps, Software Development Kit (SDK) and Application Programming Interface (API) integration tools, and Adherium's own broad range of sensors connected to respiratory medications. Adherium's Hailie® solution is designed to provide visibility to healthcare providers of medication use history to better understand patterns in patient respiratory disease.

Learn more at www.adherium.com

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

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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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	92	104
1.2 Payments for		
(a) research and development	(675)	(1,749)
(b) product manufacturing and operating costs	(79)	(127)
(c) advertising and marketing	(184)	(219)
(d) leased assets	-	-
(e) staff costs	(1,412)	(3,113)
(f) administration and corporate costs	(537)	(1,350)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	12
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,627	1,997
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,163)	(4,446)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(45)	(89)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(45)	(89)

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	11,856	15,178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,163)	(4,446)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(45)	(89)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	3	8
4.6	Cash and cash equivalents at end of period	10,651	10,651

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	367	150
5.2	Call deposits	10,284	11,706
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)	10,651	11,856

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	53
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.</i>		
<i>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.		
Nil		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,163)
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,651
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,651
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.2
<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?	
N/A	
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?	
N/A	
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?	
N/A	
<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.

28 January 2022

Date:

By the Board

Authorised by:
 (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.