

Appendix 4C

Quarterly Cash Flow Report to 30 June 2023

All figures are stated in Australian dollars and are unaudited.

Melbourne, Australia – 28 July 2023: 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 30 June 2023.

Summary

- FY23 operating revenue of \$3.1M compared to \$0.5M last year, representing an increase of 594%
- Cash receipts from customers of \$339,000 during the quarter, with full year cash receipts growing to \$2,356,000 compared to \$809,000 last year
- Closing cash balance of \$9.1M
- New stage of business development roll-out as the business enters a rapid commercialisation phase in reimbursed remote patient monitoring in the globally significant US market
- Reallocation of resources to commercial opportunities accelerating the Company’s drive to become cash flow positive
- Implemented corporate cost reduction measures
- Received \$245,000 New Zealand R&D tax credit for FY22
- Payments to employees decreased \$197,000 compared to the previous quarter as the company realigns its resources towards its commercialisation phase

Mr Rick Legleiter, Adherium Chief Executive Officer, commented: “The sales that were secured from our new US clients formed a major milestone in our US commercialisation phase as we continue our operational execution of this phase of our business strategy. With our strong technological foundation and clinically validated solutions, Adherium is poised to revolutionise healthcare by focusing on outcomes-based models. Our aim is to ensure that the right treatment reaches the right patient at the right time.”

The CareCentra partnership integrating the Adherium's Hailie® platform with their Artificial Intelligence (AI) Driven Behaviour Shaping platform, MyMoBeMap™ for major hospital systems has achieved further development milestones for deploying Hailie digital sensors to patients in the real-world clinical settings. "As we accelerate our drive to become cash flow positive, Adherium's strategic commercial partnerships will enable us to rapidly generate meaningful scale and align benefits for all stakeholders." added Rick Legleiter.

Following four US FDA 510(k) market clearances of the next generation Hailie sensors, Adherium progressed on the regulatory strategy to 79% coverage for sensors capturing physiological data such as inhalation flow rate, and 91% coverage for adherence tracking of US top 20 branded inhaler medications by sales volume. Hailie is the only FDA 510(k) cleared drug agnostic digital sensor available today to offer physiological data insights on inhaler technique.

Adherium continues its partnership agreement with Dulcian Health to integrate and deploy the Hailie platform. The platform integration continues to progress in the quarter as it leads towards a planned soft launch. Dulcian is a leader in Chronic Care Management (CCM) for physician practices in the US and has been focusing on developing software that adds functionality to electronic health record (EHR) systems for over 20 years.

Our UK partner Helicon Health Ltd has progressed well during the quarter with the research team at the University of Leicester having achieved ethics approval to implement the NHS SBRI award for a remote patient monitoring asthma management program for high-risk children aged 5 to 16 years managed in primary care to prevent asthma attacks.

Summary of recent announcements up to this date;

- Adherium enters rapid US commercialisation phase
- Resignation of Joint Company Secretary
- Change of Auditor
- Change of Company Secretary

Other components of cash flow

- Company is well funded as it focuses on key market commercialisation, with cash on hand at 30 June 2023 of \$9,077,000
- Cash receipts from customers for remote patient monitoring sales, clinical trial services, engineering services and contract project fees were \$339,000 and \$2,356,000 for the year. This reflects an increase of 291% over the corresponding 12-month period
- Payment for R&D activities were \$125,000 compared to \$189,000 in the preceding quarter
- Advertising, platform integration, sales and marketing costs were \$475,000 in the June 2023 quarter compared to \$569,000 in the March quarter
- Staff payments of \$1,604,000 in the June quarter compared to \$1,801,000 in the preceding quarter as the Company continues its focus on resource management and positioning for commercial priorities
- Administration and corporate costs were \$355,000 in the June 2023 quarter, which included a number of one-off costs, compared to \$222,000 in the preceding March quarter. Related party payments of \$41,000 in the quarter to 30 June 2023 were for payment of Directors' fees

-ENDS-

About Adherium

Adherium Limited (ASX: ADR) is a digital health company providing solutions for improving patient treatment with remote monitoring and data solutions. Its Hailie® system is transforming management of chronic respiratory conditions, especially asthma and chronic obstructive pulmonary disease. Hailie improves patient health through better adherence and self-management while enabling doctors to be paid for remote work and saving costs across health systems by avoiding hospital admissions. Adherium's clinically proven sensors, app and powerful data platform provide remote, real-time, personalised information to patients and clinicians. Adherium is increasing sales in US and other markets by pursuing partnerships with major hospital systems, medical groups and insurers. For more information, visit <https://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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	339	2,356
1.2 Payments for		
(a) research and development	(125)	(732)
(b) product manufacturing and operating costs	(162)	(860)
(c) advertising and marketing	(475)	(2,480)
(d) leased assets	-	-
(e) staff costs	(1,605)	(6,932)
(f) administration and corporate costs	(355)	(2,465)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	203
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	245	1,638
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,106)	(9,278)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(41)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(2)	(41)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	13,815
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	-	(744)
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	-	13,071

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,186	5,283
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,106)	(9,278)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	13,071
4.5	Effect of movement in exchange rates on cash held	-	43
4.6	Cash and cash equivalents at end of period	9,077	9,077

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	1,251	1,277
5.2	Call deposits	7,826	9,909
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)	9,077	11,186

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	41
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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.		
Nil		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,106)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,077
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	9,077
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.3
<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 July 2023

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.