

Appendix 4C

Quarterly Cash Flow Report to 30 September 2023

All figures are in Australian dollars and unaudited.

Melbourne, Australia – 31 October 2023: Adherium Limited (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 September 2023.

Summary

- Receipts from customers of \$599,000 with \$437,000 being the initial order from a major new US customer compared to \$339,000 in the previous quarter
- Launch of major US commercial asthma partnership with Atlanta, Georgia based SENTA Partners to roll out the Hailie® platform across its clinical network, and announced the first patients enrolled
- Progress on the commercial roll-out of the Hailie platform with Allergy Partners, the largest allergy and asthma medical group in the US, with the first patients enrolled in North Carolina
- Investment in US commercialisation team building clinical applications, technical support and customer service staff. In parallel, Australia and New Zealand reorganisation to drive commercialisation and move toward a cash flow positive business
- Production and market release of the new, next generation GSK pMDI sensors with physiological parameters that monitor patient respiratory flow data

This quarter saw the receipt of \$599,000 from customers including \$437,000 from a Q2 order by a new major US client. Successful delivery and payment for Adherium sensors is an important milestone in executing our US commercialisation strategy.

Adherium is advancing its business strategy to build strategic, large-scale healthcare collaborations to accelerate commercialisation and cash flow. In a major milestone, in August Adherium signed a collaboration agreement with Allergy Partners, the largest asthma and allergy practise in the US, to commercialise the Hailie platform. By

September the first group of Allergy Partners' 300,000 patients were enrolled onto the Hailie platform.

Rick Legleiter, CEO of Adherium, stated, "the partnership with Allergy Partners is a testament to our commitment to advancing our commercial goals in the US and it has the potential to make a profound impact on improving patients' lives and healthcare outcomes. The dedication of both Adherium and Allergy Partners to bolstering our teams reflects our unwavering commitment to this endeavour."

The Hailie platform is a game-changer in enabling patients to actively manage their asthma, improve medication adherence and reduce adverse events. It has the potential to generate significant cost savings for patients and across health systems. In addition, the Hailie platform also enables long-term remote patient management billing under established US reimbursement codes.

Dr William McCann, Chief Medical Officer at Allergy Partners, emphasised how the Hailie platform aligns with its mission to improve the lives of allergy and asthma patients. Expansion will commence in three US states with plans for further growth later in the year.

In September, Adherium announced a partnership with SENTA Partners, one of the largest asthma and allergy groups in the US. Rick Legleiter commented, "this is another crucial milestone in our US commercialisation efforts enabled by our investment in on-the-ground business staff. Together, Adherium and SENTA Partners are on a mission to revolutionise respiratory care and bring about tangible improvements in patients' lives."

"The Hailie platform at the heart of these partnerships enables doctors to bill for long-term, remote patient management using established US reimbursement codes. These partnerships will generate revenue for Adherium from sensor sales and monthly per-patient fees, all while expanding the capabilities of our platform," said Mr Legleiter.

During the quarter, Adherium produced and released its new, next generation GSK pMDI sensor which provides additional physiological data to aid adherence and

disease management. Mr Legleiter noted, "with purchase orders in hand and a fast-growing pipeline for our expanded data-capable sensors, we are growing revenue. This new market release marks a critical step forward, benefiting patients, their physicians and carers and our business partners."

With major customer milestones progressing, Adherium is resourcing the organization with the skills and capabilities for scaling up these commercial opportunities to accelerate the company's drive to become cash flow positive through sale of sensors and long-term generation and transmission of respiratory data. In the US, two respiratory therapists and a customer support coordinator were hired. In addition, two clinical applications specialists and a digital health clinical pharmacy subject matter expert are being recruited for the US team. Corporate restructuring includes first, Mr Chris Leigh-Lancaster joined the company in October as Vice President Product and Technology based in Melbourne. Chris comes to Adherium with over 25 years' experience in product development and commercialisation focused on scaling-up world-leading and award-winning hardware and software products. Second corporate change, Mr Geoff Feakes vacated the Chief Technology Officer role with Adherium. The entire Adherium team wishes Geoff all the best and sincerely thanks him for his professionalism and many contributions as CTO over the past three years in leading and directing the company through an important transformational stage toward this focus on commercialisation.

Summary of recent announcements up to this date:

- Accelerating commercialisation with Allergy Partners, the largest US Allergy & Asthma group
- First patients enrolled at Allergy Partners
- New major asthma partnership with US-based SENTA partners
- Production and market release of new next generation GSK pMDI sensors

Other components of cash flow

- Receipts from customers including sensor sales, engineering and clinical trial services were \$599,000, the highest reported quarterly receipt excluding one off project income in over three years
- Payment for R&D activities were \$156,000 compared to \$125,000 in the preceding quarter
- Advertising, platform integration, sales and marketing costs were \$156,000 in the September 2023 quarter compared to \$65,000 in the June quarter
- Channel partner expenditure of \$311,000, compared to \$410,000 in the previous quarter reflecting the investment focus in the US market
- Staff payments of \$2,146,000 in the September quarter were higher compared to \$1,604,000 in the preceding quarter reflecting the payment of annual short-term incentives associated with the prior period and restructuring costs.
- Administration and corporate costs were \$744,000 in the September 2023 quarter, which included a number of one-off and annual costs compared to \$355,000 in the preceding June quarter. Related party payments of \$92,000 in the quarter to 30 September 2023 were for the payment of Directors' fees

-ENDS-

About Adherium (ASX: ADR)

Adherium Limited (ASX: ADR) is a digital health company providing solutions for improved treatment, remote monitoring and data management. 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 September 2023

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	599	599
1.2 Payments for		
(a) research and development	(156)	(156)
(b) product manufacturing and operating costs	(299)	(299)
(c) advertising and marketing	(156)	(156)
(d) channel partner expenditure	(311)	(311)
(e) staff costs	(2,146)	(2,146)
(f) administration and corporate costs	(744)	(744)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	126	126
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(1)	(1)
1.9 Net cash from / (used in) operating activities	(3,089)	(3,089)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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	-	-

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	9,077	9,077
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,089)	(3,089)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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	(1)	(1)
4.6	Cash and cash equivalents at end of period	5,987	5,987

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	1,431	1,251
5.2	Call deposits	4,556	7,826
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)	5,987	9,077

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	92
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>		

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)	(3,089)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,987
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,987
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.94
<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?	
Yes	
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?	
Yes, the Company is confident it can raise sufficient capital as and when required to fund its operations based on an ongoing review of potential funding arrangements. Further the Company notes it expects to receive a R&D tax refund in the next quarter of approximately \$1.9m.	
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?	
Yes. Further to the current cash reserves and an expected R&D tax refund, the Company has good prospects of raising capital in the future as required in order to meet its commercialisation objectives.	
<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.

31 October 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.