

Appendix 4C

Quarterly Cash Flow Report to 31 December 2023

All figures are in Australian dollars and unaudited.

Melbourne, Australia – 31 January 2024: 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 31 December 2023.

Summary

- Demonstrated clinicians are deploying the Hailie® Smartinhaler® sensors for the improved care of patients, and are paid for doing so through the Remote Physiological Monitoring (RPM) and Remote Therapeutic Monitoring (RTM) reimbursement schemes
- Delivery of the first purchase order of 1,750 next generation Hailie® Smartinhaler® sensors to Intermountain Health, a major US hospital system
- Patients enrolled, monitored and managed on Hailie platform at Allergy Partners and SENTA Partners, major asthma and allergy medical groups in the USA
- New partnership with NuvoAir Medical, value-based specialty management platform focused on cardiopulmonary conditions to purchase a minimum of 1,000 next generation Hailie® Smartinhaler® sensors
- Production and market release of the advanced Teva pMDI compatible Hailie® Smartinhaler®
- Further growth of the US commercialisation team focussed on clinical applications, technical support and customer service
- Australian and New Zealand R&D tax applications will be submitted next quarter with estimated refunds of \$1.6m

The Company has now successfully entered the US market as planned and is positioned stronger than ever before with completion of the RPM and RTM revenues cycles, and the recent release of the Teva pMDI compatible Hailie® Smartinhaler®.

These successes have resulted in new approaches from potential customers to use our devices, with Adherium being seen as a preferred provider over alternative competitor products. The Company is now ideally placed to enter the next phase of its strategy to leverage the successes to date, deepen our market penetration and grow market share and revenue.

To elaborate further on the Company's successes, in December 2023, Adherium delivered the initial purchase order of 1,750 next-generation Hailie® Smartinhaler® sensors to Intermountain Health, a prominent U.S. hospital system. Reflecting Adherium's business strategy to form large-scale, long-term, collaborative partnerships with major U.S. healthcare providers and insurers, Rick Legleiter, Adherium CEO, stated, "We are pleased with this first substantial purchase from Intermountain Health, further extending our reach and establishing a new strategic ally in the U.S. market."

Adherium has forged a new partnership with NuvoAir Medical, a Boston-based specialty management platform focusing on cardiopulmonary conditions. This includes the procurement of a minimum of 1,000 next-generation Hailie® Smartinhaler® sensors. Mr Legleiter noted, "This marks another stride in Adherium's accelerated rollout of our commercial strategy with yet another significant U.S. partner."

The Company has initiated production and market release of the advanced Hailie® Smartinhaler® compatible with Teva Pharmaceutical Industries Ltd. (Teva). Francis White, Adherium Vice President of Global Business Development, commented, "We are pleased to progress our strategy of being drug agnostic providing access to Hailie Smartinhalers to tens of thousands of patients through our expanding partnerships with U.S. respiratory healthcare systems."

In November 2023, the first patients were enrolled, and remote patient monitoring commenced at SENTA (Southern Ear, Nose, Throat, and Allergy) clinics in Atlanta, Georgia. Adherium's collaboration with SENTA, one of the largest specialty allergy and asthma medical groups in the U.S., underscores the growing support for the benefits of Adherium's respiratory health technology. This follows enrolment of the

first Allergy Partner patients in September. Mr Legleiter commented, "It's gratifying to witness the increasing recognition and trust in the value of Adherium's respiratory health technology for patients, clinicians and across health systems."

Summary of recent announcements up to this date:

- Accelerating commercialisation with Allergy Partners, the largest US Allergy & Asthma group
- First patients enrolled at SENTA Partners
- New partnership with US-based NuvoAir Medical
- Production and market release of new advanced Teva pMDI sensors

Other components of cash flow

- Receipts from customers including sensor sales, engineering and clinical trial services were \$259,000 for the quarter bringing customer receipt of \$858,000 year to date
- Payment for R&D activities were \$107,000 compared to \$156,000 in the preceding quarter
- Manufacturing costs \$343,000 up from \$299,000 in the preceding quarter as production increases to support sales pipeline in the US
- Advertising, platform integration, sales and marketing costs were \$104,000 in the December 2023 quarter compared to \$156,000 in the September quarter
- Channel partner expenditure of \$402,000, compared to \$311,000 in the previous quarter reflecting new business opportunities in the US and UK market
- Staff payments of \$1,810,000 in the December quarter were lower compared to \$2,146,000 as the preceding quarter including some one-off costs and incentive payments
- Administration and corporate costs declined to \$381,000 in the December 2023 quarter, due to realised insurance costs savings compared to \$744,000 in the preceding September quarter which also included a number of one-off and annual staff related costs. Related party payments of \$41,000 in the quarter to 31 December 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.

Enquiries:

Rick Legleiter CEO

Adherium Limited

investors@adherium.com

Rudi Michelson

Monsoon Communications

rudim@monsoon.com.au

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 2023

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	259	858
1.2 Payments for		
(a) research and development	(107)	(263)
(b) product manufacturing and operating costs	(343)	(642)
(c) advertising and marketing	(104)	(260)
(d) channel partner expenditure	(402)	(713)
(e) staff costs	(1,810)	(3,957)
(f) administration and corporate costs	(381)	(1,125)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	55	181
1.5 Interest and other costs of finance paid	(1)	(2)
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	(2,835)	(5,924)
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 (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	-	-
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	5,987	9,077
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,835)	(5,924)
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 (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	(8)	(9)
4.6	Cash and cash equivalents at end of period	3,144	3,144

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	556	1,431
5.2	Call deposits	2,558	4,556
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)	3,144	5,987

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	-
<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.</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.	<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)	(2,835)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,144
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,144
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.11
<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 refunds for Australia and New Zealand in the next quarter of approximately \$1.6m.	
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 January 2024

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.