

15 June 2021

The Manager  
Market Announcements Office  
ASX Limited

**Takeover bid for Adherium Limited (ASX: ADR)  
Notice that first and last offers have been sent**

Pursuant to section 633(1C)(c) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as inserted by ASIC Class Order [CO 13/521]), Respiri Limited (**Respiri**) confirms that the first replacement bidder's statement dated 27 May 2021 (**Replacement Bidder's Statement**) and offers in relation to its off-market takeover bid for all of the ordinary shares in Adherium Limited (ASX: ADR) (**Adherium**) was sent on 15 June 2021.

Pursuant to item 8 of subsection 633(1) of the Corporations Act, Respiri confirms that the Replacement Bidder's Statement and all offers in relation to its off-market takeover bid for all of the ordinary shares in Adherium have been sent on 15 June 2021 as required by item 6 of subsection 633(1) of the Corporations Act.

The offers are dated 15 June 2021 and have been made on the terms set out in the Replacement Bidder's Statement.

Further, pursuant to section 633(1C) of the Corporations Act, Respiri includes with this notice a copy of the Replacement Bidder's Statement and offer documents as sent to holders.

Yours sincerely



**Alastair Beard**  
Company Secretary, Respiri Limited

Encl

# RESPIRI



This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

## BIDDER'S STATEMENT

containing an Offer by  
**RESPIRI LIMITED**  
ACN 009 234 173

to purchase all your ordinary shares in  
**ADHERIUM LIMITED**  
ACN 605 352 510

You will receive 1 Respiri Limited share for every 7 of your Adherium Limited shares

## ACCEPT THE OFFER

If you have any questions, including in relation to how to accept the Offer, please call the please call the Respiri Limited Offer Information Line on 1300 040 233 (toll-free for callers within Australia) or on +61 3 9415 4877 (for callers from outside Australia).

The Offer closes at 7:00pm (Sydney time) on 16 July 2021, unless extended or withdrawn.

FINANCIAL ADVISER



LEGAL ADVISER





# IMPORTANT NOTICES

## NATURE OF THIS DOCUMENT

This replacement Bidder's Statement is issued by Respire Limited ACN 009 234 173 (**Respire**) under Part 6.5 (as modified by [CO 13/258]) of the *Corporations Act 2001* (Cth) (**Corporations Act**) to acquire all of the ordinary shares in Adherium Limited ACN 605 352 510 (**Adherium**).

This Bidder's Statement is dated 27 May 2021. A copy of this Bidder's Statement was lodged with ASIC and given to ASX on 27 May 2021. Neither ASIC, nor the ASX, nor any of their respective officers, take any responsibility for the content of this Bidder's Statement. This replacement Bidder's Statement replaces the Bidder's Statement dated 29 April 2021 that was lodged with ASIC on that date. The Offer is on the same terms as those set out in the original Bidder Statement lodged with ASIC on 29 April 2021.

This Bidder's Statement is an important document and you should read it in its entirety.

## INVESTMENT ADVICE

In preparing this Bidder's Statement, Respire has not taken into account the individual objectives, financial situation or needs of individual Adherium Shareholders. Accordingly, before deciding whether or not to accept the Offer, you may wish to consult with your financial, tax, legal or other professional adviser.

## DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which members of the Respire Group and Adherium Group operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Respire, its Related Bodies Corporate or any of the officers or employees of any of them, nor any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## DISCLAIMER AS TO ADHERIUM AND COMBINED GROUP INFORMATION

The information on Adherium, Adherium Shares and the Adherium Group contained in this Bidder's Statement has been prepared by Respire using publicly available information. Further, the information in this Bidder's Statement concerning Adherium and the assets and liabilities, financial position and performance, profits and losses and prospects of the Adherium Group has not been independently verified by Respire. Accordingly, subject to the Corporations Act, Respire does not make any representation or warranty (express or implied) as to the accuracy or completeness of any such information.

The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Adherium and the Adherium Group, has also been prepared using publicly available information. Accordingly, such information is subject to the foregoing disclaimer.

Further information relating to Adherium's business may be included in Adherium's Target's Statement, which Adherium must provide to Adherium Shareholders in response to this Bidder's Statement.

## FOREIGN JURISDICTIONS

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Bidder's Statement does not constitute an offer (whether to sell or buy securities) in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Respire or to otherwise permit a public offering of Respire Shares outside Australia. Respire Shares have not been, and will not be, registered under the United States *Securities Act of 1933* (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

None of the US Securities Exchange Commission, any United States securities commission or any other United States regulatory authority has passed comment upon or endorsed the merits of the Offer or the accuracy, adequacy or completeness of this Bidder's Statement.

## WARNING STATEMENT FOR ADHERIUM SHAREHOLDERS IN NEW ZEALAND

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other relevant New Zealand law. The offer of Respire Shares under the Offer is being made to existing Adherium Shareholders with registered addresses in New Zealand in reliance upon an exemption from the relevant New Zealand securities regime, and, accordingly, this Bidder's Statement may not contain all the information that a product disclosure statement under New Zealand law is required to contain.

## WARNING STATEMENT FOR ADHERIUM SHAREHOLDERS IN CANADA

This Bidder's Statement and any related subscription materials are not, and under no circumstances are to be construed as, a prospectus, an advertisement or a public offering of securities in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Bidder's Statement or the merits of the securities described herein, and any representation to the contrary is an offence.

No dealer, salespersons or other individual has been authorised to give any information or to make any representations not contained in this Bidder's Statement and, if given or made, such information or representations must not be relied upon as having been authorised by Respire.

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by any agent of Respire as to the accuracy or completeness of the information contained in this Bidder's Statement or any other information provided by Respire in connection with the offer of Respire Shares in Canada.

Financial information that may be contained in this document has been prepared in accordance with accounting standards which may differ in certain respects from those accounting principles used in Canada. Prospective investors should conduct their own investigation and analysis and consult their own financial advisers.

Unless specifically stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Respiri and its directors and officers are located outside of Canada and, as a result, it may not be possible for Canadian shareholders to effect service of process within Canada upon Respiri or its directors or officers. All or a substantial portion of the assets of Respiri and its directors and officers are located outside of Canada and, as a result, it may not be possible to satisfy a judgment against them in Canada or to enforce a judgment obtained in Canadian courts against them outside of Canada.

## WARNING STATEMENT FOR ADHERIUM SHAREHOLDERS IN THE UNITED KINGDOM

Neither this Bidder's Statement nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Respiri Shares.

The Respiri Shares may not be offered or sold in the United Kingdom by means of this Bidder's Statement or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Bidder's Statement is issued on a confidential basis in the United Kingdom to "qualified investors" (as defined in the UK Prospectus Regulation) and fewer than 150 other persons who are existing shareholders of Adherium. This Bidder's Statement may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Respiri Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Respiri.

In the United Kingdom, this Bidder's Statement is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Bidder's Statement relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Bidder's Statement.

## WARNING STATEMENT FOR ADHERIUM SHAREHOLDERS IN SINGAPORE

The offer of Respiri Shares is made pursuant to the exemption under section 273(1)(b) of the Securities and Futures Act (Cap 289) ("SFA"). This Bidder's Statement and any document or material in connection with the offer or sale, or invitation for subscription or purchase of Respiri Shares are not a prospectus as defined in the SFA, and therefore has not been and will not be lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore ("MAS"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses will not apply. MAS assumes no responsibility for the contents of this document. MAS has not in any way considered the merits of the Respiri Shares being offered pursuant to the Offer as described in this document. You should consider carefully whether this offer is suitable for you.

This Bidder's Statement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Respiri Shares may not be circulated or distributed, whether directly or indirectly, nor may Respiri Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any persons in Singapore except pursuant to and in accordance with the exemption set out in section 273(1)(b) of the SFA or otherwise in accordance with any other relevant exemption under the SFA.

Any offer of Respiri Shares is personal to you, as a current Adherium Shareholder, and is not made to you with a view to the securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

## PRIVACY

Respiri has collected your information from the register of Adherium security-holders for the purpose of making the Offer and, if accepted, administering acceptances of the Offer in respect of your holding of Adherium Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Related Bodies Corporate and external service providers of Respiri, and may be required to be disclosed to regulators such as ASIC.

The registered address of Respiri is Suite 1, Level 9, 432 St Kilda Road, Melbourne VIC 3004.

## DEFINED TERMS

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 13, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless the context otherwise requires, references in this document to "this Bidder's Statement", "the date of this Bidder's Statement" or similar expressions are references to this replacement Bidder's Statement dated 27 May 2021.

## INTERNET SITES

Respiri and Adherium each maintain internet sites. The URL location for Respiri is <https://respiri.co/> and for Adherium is <https://www.adherium.com/>. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in the Bidder's Statement are for information purposes only.

## ESTIMATES AND ASSUMPTIONS

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Respiri's management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

## EFFECT OF ROUNDING

Fractional entitlements of Adherium Shareholders who accept the Offer will be rounded to the nearest whole Respiri Share.

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

## CURRENCIES

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Respiri or Adherium in respect of which different exchange rates may have been, or may be, used.

## FIGURES AND DIAGRAMS

Any diagrams appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in figures, charts, graphs and tables is based on information available at the date of this Bidder's Statement.

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# BENEFITS OF THE OFFER FOR ADHERIUM SHAREHOLDERS



**1** As at 28 April 2021 (being the date immediately prior to the date of the original Bidder's Statement), the implied Offer value of 2.25¢ per Adherium Share represents a:

- 50.2% premium to the price of 1.5¢ per Adherium Share under the Capital Raise and Note Conversion;
- 50.2% premium to the last trading price for Adherium Shares at close of trade on 28 April 2021; and
- 32.3% premium to the 30 day VWAP for Adherium Shares up to and including 28 April 2021.

As at 25 May 2021, the implied Offer value of 1.57¢ per Adherium Share represents a:

- 4.7% premium to the price of 1.5¢ per Adherium Share under the Capital Raise and Note Conversion;
- 7.6% discount to the last trading price for Adherium Shares at close of trade on 25 May 2021; and
- 9.9% discount to the 30 day VWAP for Adherium Shares up to and including 25 May 2021.

**2** Respiro's FDA cleared 'wheezo' product records a physiological measure, which is a precondition for CPT reimbursement. The Respiro Board therefore expects that 'wheezo' will qualify for Remote Patient Monitoring CPT reimbursement when Respiro enters into the US market. Adherium does not currently and may never qualify for Remote Patient Monitoring CPT reimbursement.

**3** Respiro's relative share price performance has exceeded that of both Adherium and the ASX All Ordinaries Index over the 12 month period ending 28 April 2021. During this time, Respiro's share price has increased by 81%, while Adherium's has decreased by 61%. During the 12 month period ending 25 May 2021, Respiro's share price has increased by 38%, while Adherium's has decreased by 32%.

**4** Adherium continues to burn cash at a far faster rate than Respiro, having burned over \$24.9 million in the 30 months to 31 December 2020. Further, no certainty exists as to if or when Adherium will become cash flow positive in the future.

**5** Diversifies your investment in Adherium within a stronger, larger and more diversified Combined Group, with accelerated commercialisation and monetisation opportunities from a combined development pipeline and potential to realise cost synergies and improved share liquidity.

**6** Potential access to scrip for scrip rollover relief, which defers any capital gains otherwise evident on the sale of Adherium Shares.



## Key Dates

Key Dates	
Date of the original Bidder's Statement	29 April 2021
Date of this replacement Bidder's Statement	27 May 2021
Date of Offer	15 June 2021
Offer closes (unless extended)	16 July 2021

## Key Contacts

Key Offer Statistics	
Share register for the Offer:  Computershare Investor Services Pty Limited GPO Box 52 Melbourne VIC 3001 Australia	Respiri Offer Information Line:* <ul style="list-style-type: none"><li>• 1300 040 233 (toll free) for callers within Australia</li><li>• +61 3 9415 4877 for callers outside Australia</li></ul> *Calls to these numbers may be recorded

# CHAIRMAN'S LETTER

27 May 2021

Dear Adherium Shareholder

On behalf of the Directors of Respiro, I am pleased to present you with this Bidder's Statement which details Respiro's Offer to acquire all of your Adherium Shares.

## OFFER PRICE

If you elect to participate in the Offer and the Offer becomes unconditional, you will receive one (1) Respiro Share for every seven (7) Adherium Shares you own (**Offer Price**).

## OFFER STRUCTURE

The proposed share-for-share structure in the Offer allows Adherium Shareholders to diversify their investment in Adherium through the Combined Group.

Where all outstanding Adherium Shares are acquired as part of the Offer, Adherium Shareholders would collectively hold approximately 26% of the Combined Group (on a fully diluted basis of both companies), which would have a cash backing of over \$26 million (inclusive of \$18 million from Adherium's Capital Raise) to accelerate and monetise the best elements of the combined pipeline of the two entities.

## IMPLIED VALUE UNDER THE OFFER

As at 28 April 2021, (being the date immediately prior to the date of the original Bidder's Statement), the implied value of the Offer is approximately 2.25¢ per Adherium Share, based on the 30 day volume weighted average price (**VWAP**) of Respiro Shares as at the close of trade on 28 April 2021. This represents an attractive premium based on a number of recent trading metrics, including the Capital Raise and Note Conversion price of 1.5¢ per Adherium Share. As at 25 May 2021, the implied value of the Offer is approximately 1.57¢ per Adherium Share, based on the 30 day VWAP of Respiro Shares as at the close of trade on 25 May 2021.

For the reasons set out in this Bidder's Statement (and summarised opposite), I strongly encourage all Adherium Shareholders to **ACCEPT** the Offer.

## REASONS TO ACCEPT THE OFFER

1. As at 28 April 2021 (being the date immediately prior to the date of the original Bidder's Statement), the implied Offer value of 2.25¢ per Adherium Share represents a:
  - 50.2% premium to the price of 1.5¢ per Adherium Share under the Capital Raise and Note Conversion;
  - 50.2% premium to the last trading price for Adherium Shares at close of trade on 28 April 2021; and
  - 32.3% premium to the 30 day VWAP for Adherium Shares up to and including 28 April 2021.As at 25 May 2021, the implied Offer value of 1.57¢ per Adherium Share represents a:
  - 4.7% premium to the price of 1.5¢ per Adherium Share under the Capital Raise and Note Conversion;
  - 7.6% discount to the last trading price for Adherium Shares at close of trade on 25 May 2021; and
  - 9.9% discount to the 30 day VWAP for Adherium Shares up to and including 25 May 2021.
2. Respiro's FDA cleared 'wheezo' product records a physiological measure, which is a precondition for CPT reimbursement. The Respiro Board therefore expects that 'wheezo' will qualify for Remote Patient Monitoring CPT reimbursement when Respiro enters into the US market. Adherium does not currently and may never qualify for Remote Patient Monitoring CPT reimbursement.
3. Respiro's relative share price performance exceeded that of both Adherium and the ASX All Ordinaries Index over the 12 month period ending 28 April 2021. During this time, Respiro's share price has increased by 81%, while Adherium's has decreased by 61%. During the 12 month period ending 25 May 2021, Respiro's share price has increased by 38%, while Adherium's has decreased by 32%.
4. Adherium continues to burn cash at a far faster rate than Respiro, having burned over \$24.9 million in the 30 months to 31 December 2020. Further, no certainty exists as to if or when Adherium will become cash flow positive in the future.
5. Diversifies your investment in Adherium within a stronger, larger and more diversified Combined Group, with accelerated commercialisation and monetisation opportunities from a combined development pipeline and potential to realise cost synergies and improved share liquidity.
6. Potential access to scrip for scrip rollover relief, which defers any capital gains otherwise evident on the sale of Adherium Shares.

# CHAIRMAN'S LETTER



There are a number of other reasons why you should choose to participate in the Offer.

## THE OFFER IS SUBJECT TO ONLY A LIMITED NUMBER OF CONDITIONS

The Offer is subject only to a limited number of conditions set out in section 12.9, including that Respiro acquires a Relevant Interest in at least 50.1% of Adherium Shares (on a fully diluted basis), (which equates to 1,224,521,668 Adherium Shares, representing 57.6% of Adherium Shares on issue as at the date of this Bidder's Statement), by the end of the Offer Period.

## ABOUT RESPIRO

Listed on ASX with a market capitalisation of circa \$69 million, Respiro is a commercial stage health-tech company developing mHealth and SaaS solutions for respiratory health management. The company has proprietary technology and mobile health tools that specifically detect wheeze (an indicator of asthma, chronic obstructive pulmonary disease (COPD) and respiratory disease more broadly) to provide an objective measure of airflow limitation.

The company's flagship brand, 'wheezeo', includes a device and app that work together to:

- (a) record and analyse breathing for the presence of wheeze;
- (b) record environmental factors such as pollen counts and air irritants;
- (c) log self-reported medication use and allows users to set reminders;
- (d) digitise a person's Asthma Action Plan and allows sharing;
- (e) upload all of the data to a personalised account in a cloud server; and
- (f) share data with healthcare professionals.

Respiro has received clearance from the US Food and Drug Administration (FDA) and the Australian Therapeutic Goods Administration (TGA) for 'wheezeo'. Respiro has also obtained a CE Mark that permits 'wheezeo' to be sold in Europe.

## CONCLUSION

Details of the Offer, including its terms and Conditions, are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement carefully and in full, and to accept the Offer as soon as possible.

The Offer is open for your acceptance until 7:00 pm (Sydney time) on 16 July 2021, unless otherwise extended.

To accept the Offer, you should follow the instructions in this Bidder's Statement and in the enclosed Acceptance Form.

If you have any questions about the Offer, please call the Offer Information Line on 1300 040 233 (toll-free within Australia) or +61 3 9415 4877 (for callers from outside Australia) between 9:00am and 5:00pm Monday to Friday (Sydney time) during the Offer Period.

Thank you for your consideration of our Offer. We look forward to receiving your acceptance.

Yours faithfully

**Nicholas Smedley**  
Executive Chairman  
Respiro Limited

## 1. Why you should accept the Offer

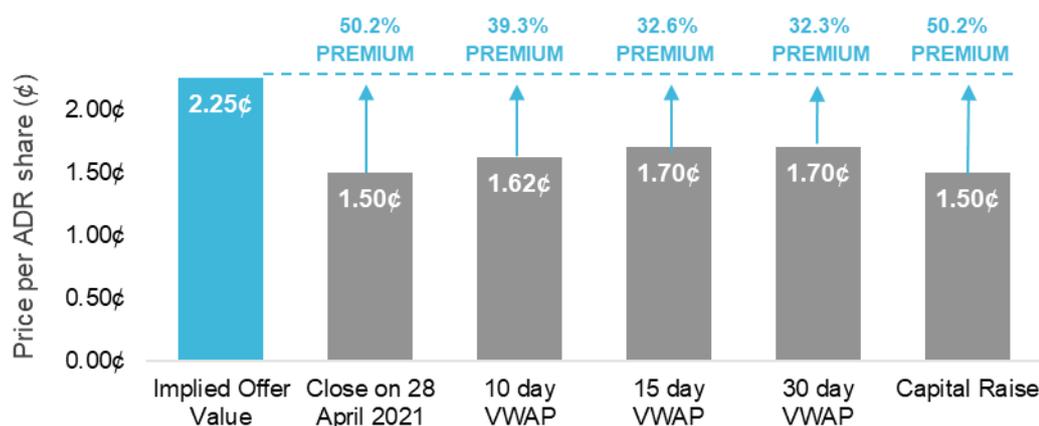
1.1 As at 28 April 2021 (being the date immediately prior to the date of the original Bidder's Statement), the implied Offer value of 2.25¢ per Adherium Share represents a premium of 50.2% at close of trade on 28 April 2021 and 32.3% to the 30 day VWAP up to and including 28 April 2021. As at 25 May 2021, the implied Offer value of 1.57¢ per Adherium Share represents a discount of 7.6% at close of trade on 25 May 2021 and 9.9% to the 30 day VWAP up to and including 25 May 2021. The Offer provides accepting Adherium Shareholders with a way to diversify their investment in Adherium through the Combined Group

The proposed offer ratio of one (1) Respiro Share for every seven (7) Adherium Shares you own implies an offer price of 2.25¢ per Adherium Share as at 28 April 2021,<sup>1</sup> representing a:

- (a) 50.2% premium to Adherium's closing share price of 1.50¢ at close of trade on 28 April 2021;
- (b) 39.3% premium to Adherium's 10 day VWAP of 1.62¢;
- (c) 32.6% premium to Adherium's 15 day VWAP of 1.70¢;
- (d) 32.3% premium to Adherium's 30 day VWAP of 1.70¢; and
- (e) 50.2% premium to the issue price of 1.50¢ per Adherium Share in respect of the Capital Raise of \$18 million announced to ASX on 18 March 2021 and completed on 7 May 2021.<sup>2</sup>

Adherium Shareholders who acquired shares at 1.50¢ through the Capital Raise announced on 18 March 2021 will, if they accept the Offer, realise a premium of 50.2%.<sup>2</sup>

Figure 1: Price comparisons for Adherium Shareholders as at 28 April 2021



Source: Capital IQ

<sup>1</sup> Calculated with reference to 30 day VWAP for Respiro Shares as at close of trade on 28 April 2021 (being the date immediately prior to the date of the original Bidder's Statement), being 15.77¢, divided by the proposed offer ratio of one (1) Respiro Share for every seven (7) Adherium Shares held (ie  $15.77¢ \div 7 = 2.25¢$ ).

<sup>2</sup> Calculated based on implied value for Adherium Shares under the offer of 2.25¢ (as calculated in footnote 1 above) compared to proposed issue price of Adherium Shares under the \$18 million Capital Raising of 1.50¢ per share.

While Respire believes that the implied Offer value and premia set out above are to be preferred, as they are based on market data prior to the Announcement Date, Respire notes that its share price has declined and Adherium's share price has increased.

The proposed offer ratio of one (1) Respire Share for every seven (7) Adherium Shares you own implies an offer price of 1.57¢ per Adherium Share as at 25 May 2021,<sup>3</sup> representing a:

- (a) 7.6% discount to Adherium's closing share price of 1.70¢ at close of trade on 25 May 2021;
- (b) 7.5% discount to Adherium's 10 day VWAP of 1.70¢;
- (c) 8.7% discount to Adherium's 15 day VWAP of 1.72¢;
- (d) 9.9% discount to Adherium's 30 day VWAP of 1.74¢; and
- (e) 4.7% premium to the issue price of 1.50¢ per Adherium Share in respect of the Capital Raise of \$18 million announced to ASX on 18 March 2021 and completed on 7 May 2021.<sup>4</sup>

**Figure 2: Price comparisons for Adherium Shareholders as at 25 May 2021**



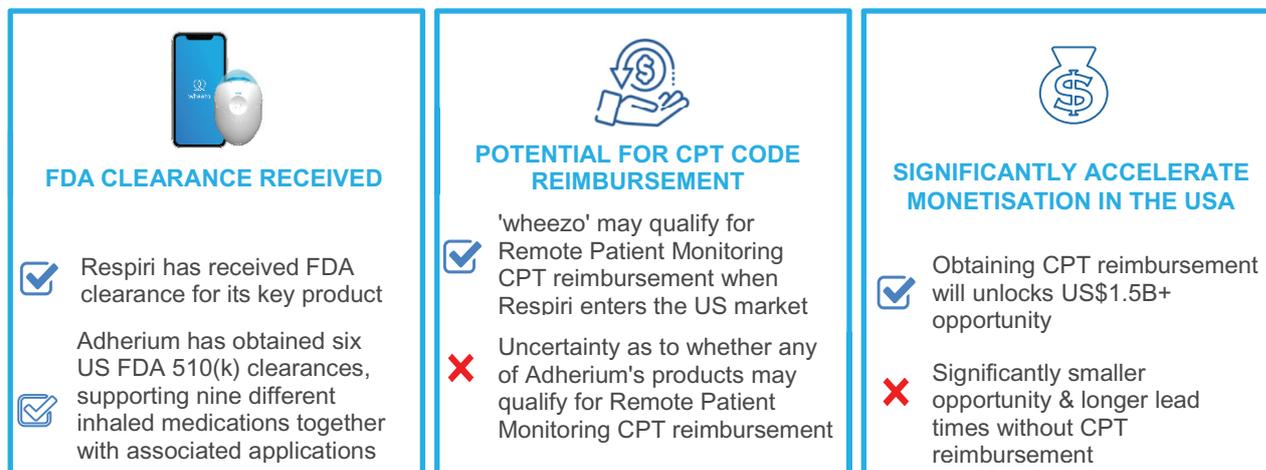
Source: Capital IQ

<sup>3</sup> Calculated with reference to 30 day VWAP for Respire Shares as at close of trade on 25 May 2021, being 10.99¢, divided by the proposed offer ratio of one (1) Respire Share for every seven (7) Adherium Shares held (ie  $10.99¢ \div 7 = 1.57¢$ ).

<sup>4</sup> Calculated based on implied value for Adherium Shares under the offer of 1.57¢ (as calculated in footnote 3 above) compared to issue price of Adherium Shares under the \$18 million Capital Raising of 1.5¢ per share.

**1.2 Respiro's FDA cleared 'wheezo' product records a physiological measure, which is a precondition for CPT reimbursement. The Respiro Board therefore expects that 'wheezo' will qualify for Remote Patient Monitoring CPT reimbursement when Respiro enters into the US market.**

**Figure 3: Comparison of Respiro's and Adherium's marketability in the USA**



Respiro's key product, 'wheezo', has received US FDA 510(K) clearance.

Adherium is developing a portfolio of products, and to date has received six US FDA 510(k) clearances, supporting nine different inhaled medications together with sophisticated applications.

In the United States of America, Current Procedural Terminology (CPT) codes are numbers assigned to every task and service a medical practitioner may provide to a patient including medical, surgical and diagnostic services.

They are used by insurers to determine the amount of reimbursement a practitioner will receive from an insurer for that service.

The reimbursement regime works similarly to the Medicare system in Australia, in that patients receive reimbursement or a subsidy for health care services they consume.

A patient's ability to access Remote Patient Monitoring (RPM) CPT reimbursement for a health service significantly influences their health practitioner's decision on selecting available comparative treatments for that patient.

According to Adherium's own estimates, these diseases affect over 51 million Americans, with an estimated 6.9 million patients suffering from severe uncontrolled or difficult to treat asthma and COPD, giving rise to a total addressable market of US\$1.5 billion.<sup>6</sup>

Access to CPT codes is key to being able to access the total addressable market as without access to reimbursement, patients may not seek the available care due to cost.

Respiro's 'wheezo' (and not Adherium's 'Hailie') records a physiological measure, which is a precondition for CPT reimbursement. As such, once Respiro enters into the US market, it can immediately target the total addressable market, as the Respiro Board expects 'wheezo' to qualify for RPM CPT reimbursement.

An integrated respiratory platform utilising Respiro's 'wheezo' device with the benefit of Adherium's technology is significantly differentiated from potential competition, whose devices do not qualify for RPM CPT reimbursement.

<sup>6</sup> Adherium Investor Presentation – March 2021 (page 3).

**1.3 Respi's relative share price performance has exceeded that of both Adherium and the ASX All Ordinaries Index over the past year. During this time, each company has been under the control of its current management teams.**

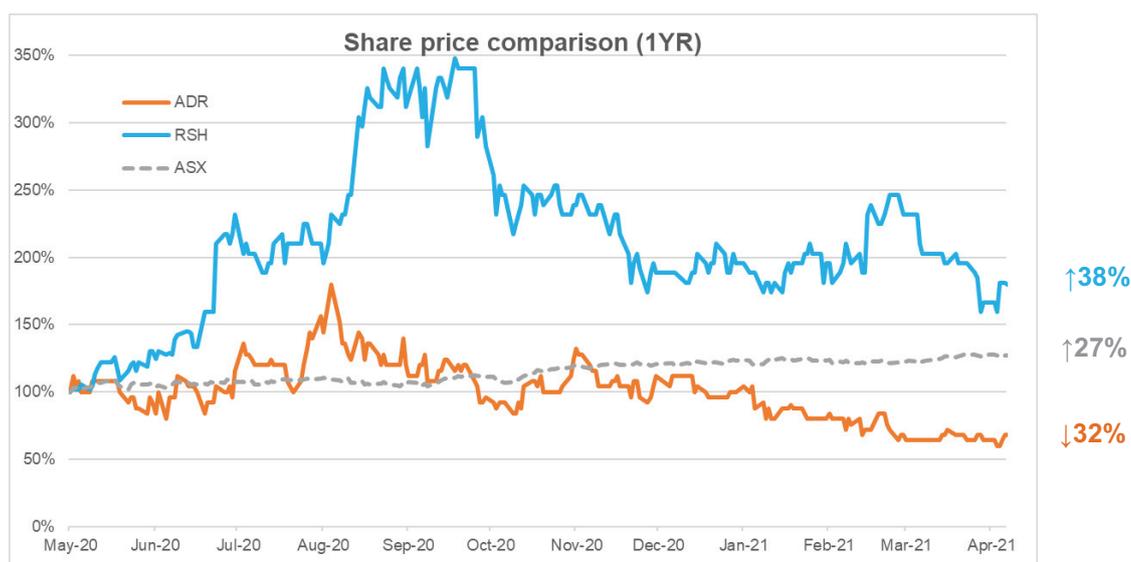
For the 12 month period ending 28 April 2021 (being the date immediately prior to the date of the original Bidder's Statement):

- (a) Respi's share price has appreciated by 81%;
- (b) the ASX All Ordinaries Index has appreciated by 34%; and
- (c) Adherium's share price has declined by 61%.

For the 12 month period ending 25 May 2021:

- (a) Respi's share price has appreciated by 38%;
- (b) the ASX All Ordinaries Index has appreciated by 27%; and
- (c) Adherium's share price has declined by 32%.

**Figure 4: Share price comparison (12 month period ending 25 May 2021)**

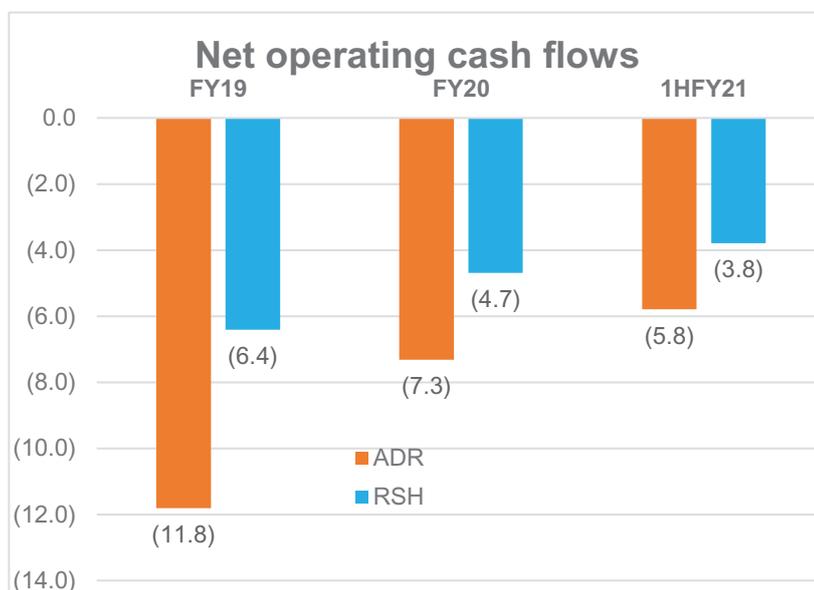


Source: Capital IQ

Respi's share price performance has exceeded that of both Adherium and the ASX All Ordinaries Index over the past year. During this period, the existing senior management teams at each of Respi and Adherium have been relatively stable, with Mike Motion appointed as CEO of Adherium on 24 April 2020 and stepping down on 13 May 2021.

**1.4 Adherium continues to burn cash at a far faster rate than Respiri, having burned over \$24.9 million in the 30 months to 31 December 2020. Further, no certainty exists as to if or when Adherium will become cash flow positive in the future.**

**Figure 5: Net operating cash flow comparison between Adherium and Respiri**



Adherium has burned significantly more cash than Respiri over the past 30 months, while still having no product that qualifies for CPT reimbursement in the USA.

Source: Capital IQ

In each of the recent trading periods above, Adherium has recorded net operating cash outflows (cash burn) far in excess of Respiri, which is also analysed further in the table below.

**Table 1: Cash burn of Adherium**

Period	Cash burn
Year ended 30 June 2019 (FY19)	84% higher cash burn than Respiri
Year ended 30 June 2020 (FY20)	56% higher cash burn than Respiri
Six months ended 31 December 2020 (1HFY21)	53% higher cash burn than Respiri
FY19 to 1HFY21 (30 month period)	67% higher cash burn than Respiri

Respiri believes its comparatively stronger cash flow performance can be attributed to, among other things, its experience in bringing its product development and commercialisation functions in-house. In Respiri’s case, this has delivered substantial costs savings and improved agility. This positive experience could be leveraged by Adherium to control cash burn and accelerate a path towards cash flow positivity.

Between 1 July 2018 and 31 December 2020, Adherium has recorded net operating cash outflows of \$24.9 million. This implies an average cash burn of \$0.83 million per month over that 30 month period.

In the six months ended 31 December 2020, Adherium's average monthly cash burn increased to \$0.97 million. If this burn rate were to continue, the \$18 million raised by Adherium under the Capital Raise would be exhausted in just over 18 months.

**1.5 Diversify your investment in Adherium within a stronger, larger and more diversified Combined Group, with accelerated commercialisation and monetisation opportunities from a combined development pipeline and potential to realise cost synergies and improved share liquidity**

**Table 2: Key highlights relating to the Combined Group**

<b>STRONGER, LARGER, MORE DIVERSIFIED</b>	
<b>\$26M+</b>	The Combined Group would have a total of \$26 million in cash, comprising approximately \$8 million from Respiro and \$18 million from Adherium to complete the development and commercialisation of their joint development pipelines
<b>1</b>	One entity, leveraging best-of-breed management and product pipeline ('wheezo' and Hailie) to create 'Respirium', a diversified group with the potential to be a global leader in respiratory disease monitoring and management
<b>\$100M+</b>	Aggregated market capitalisation based on closing price for Adherium Shares and Respiro Shares respectively on 25 May 2021 of approximately \$104 million. Where Respiro acquires 100% of the existing Adherium Shares under the Offer, and where the Respiro share price trades towards 15.77¢, being the 30 day VWAP immediately prior to the Announcement Date, there is potential for the market capitalisation of the Combined Group to increase to \$160M+, or \$210M on a fully diluted basis of both Respiro and Adherium.
<b>ACCELERATED MONETISATION OPPORTUNITIES</b>	
<b>US\$1.5B+</b>	<ul style="list-style-type: none"> <li>• Over 51 million Americans affected by asthma and COPD</li> <li>• Estimated 6.9 million patients suffering from severe uncontrolled or difficult to treat asthma and COPD</li> <li>• Total addressable market in the USA alone of US\$1.5 billion+</li> <li>• Combination of the two entities will allow accepting Adherium Shareholders (other than Ineligible Foreign Shareholders) to benefit from Respiro's ability (via Respiro's 'wheezo' device leveraging Adherium's technology) to target the total addressable market of US\$1.5 billion in the USA</li> <li>• Further expansion opportunities exist in:               <ul style="list-style-type: none"> <li>○ Australia: where Respiro is comparatively more established than Adherium; and</li> <li>○ the United Kingdom: where Adherium is comparatively more established than Respiro</li> </ul> </li> </ul>

## COST SYNERGIES

**\$1.5M+**

Respiri estimates that cost synergies of well over \$1.5 million per annum would be achievable from the removal of duplicated functions relating to:

- ASX listing related costs (such as board, listing fees (if Adherium is delisted), public officer and shareholder communications);
- finance functions; and
- development teams.

Further savings could be extracted from development pipeline integration and associated rationalisation.

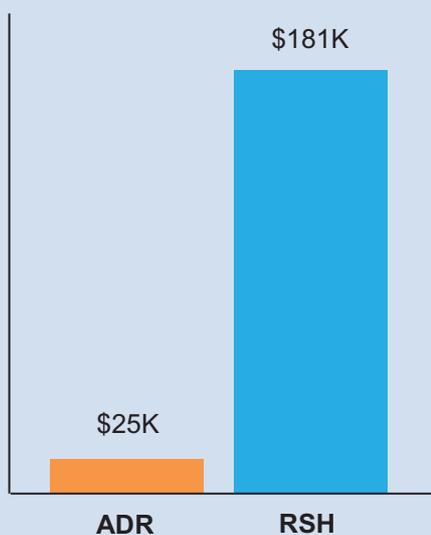
## SHARE IN MERGED ENTITY



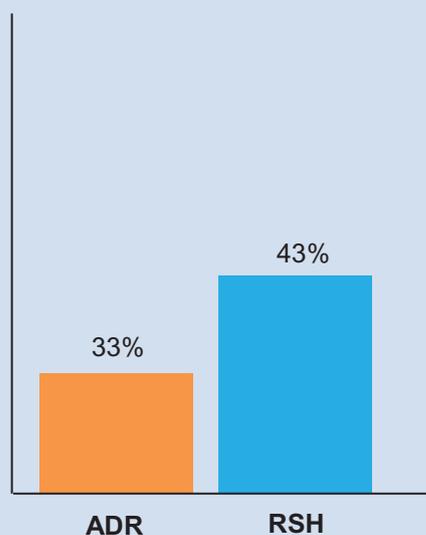
Where all Adherium shareholders accept this Offer and Respiri acquires all outstanding Adherium Shares, this would result in Adherium Shareholders owning a 29.6% shareholding in the Combined Group (prior to the exercise of any Adherium Options or Respiri Options), or a 26.2% shareholding on a fully diluted basis of both Adherium and Respiri.

## IMPROVED LIQUIDITY

Average daily trading (\$)



Shares traded last 12 months



Respiri has exhibited higher levels of share trading liquidity over the last 12 months (to 25 May 2021) compared to Adherium over the same period. An average daily value of circa \$25,000 in Adherium Shares has been evident over this period compared to circa \$181,000 for Respiri Shares. Further, 43% of Respiri's total shares on issue have traded over the 12 months (to 25 May 2021) compared to 33% for Adherium over the same period.

Adherium's overall liquidity may be further impacted by the recent Capital Raise. Adherium's top 5 shareholders presently own an increased proportion of total Adherium Shares on issue following the Capital Raise as compared to the period prior to the completion of the Capital Raise, thereby potentially reducing Adherium's free float and future share liquidity.

**1.6 Potential access to scrip for scrip rollover relief, which defers any capital gains otherwise evident on the sale of Adherium Shares**

Adherium Shareholders may benefit from CGT scrip for scrip rollover relief if they accept the Offer. This benefit however, will not be available if Respiri does not acquire 80% or more of Adherium's shares outstanding.

Please refer to section 10 of this Bidder's Statement for more information.

## 2. Overview of the Offer and frequently asked questions

You may have questions in relation to the Offer. The following set of questions and answers in **Table 3** is intended to assist your understanding of the Offer. They are qualified by, and should be read in conjunction with, the detailed information otherwise contained in this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

**Table 3: Summary of frequently asked questions in relation to the Offer**

Question	Answer	Further Information
What is the Offer?	<p>Respiri is offering to buy all of the following:</p> <ul style="list-style-type: none"> <li>(a) Adherium Shares that exist, or will exist at the Register Date;</li> <li>(b) Adherium Shares that are issued between the Register Date and the end of the Offer Period including as a result of: <ul style="list-style-type: none"> <li>(i) conversion of securities convertible into Adherium Shares; or</li> <li>(ii) the exercise of rights to be issued Adherium Shares, where such rights are conferred by securities (eg Adherium Options),</li> </ul> </li> </ul> <p>that exist or will exist at the Register Date;</p> <ul style="list-style-type: none"> <li>(c) if Adherium Shareholders approve the EGM Securities Issues, but the EGM Securities are issued after the Register Date, then subject to ASIC granting the relief noted in section 11.13(a), the Adherium Shares that will exist during the period from the Register Date to the end of the Offer Period due to: <ul style="list-style-type: none"> <li>(i) the issue of EGM Shares; and</li> <li>(ii) the exercise of Adherium Options granted under the Note Conversion.</li> </ul> </li> </ul> <p>on the terms set out in this Bidder's Statement (including and Conditions in section 12.9).</p> <p>Respiri notes that the EGM Securities (including the Adherium Shares issued upon conversion of the Adherium Secured Convertible Notes) were issued prior to the Register Date. The terms of the Offer set out above reflect those terms under the original Bidder's Statement dated 29 April 2021.</p>	Section 12.1

What will I receive if I accept the Offer?

If you accept the Offer, subject to the fulfilment or waiver of the Conditions, you will be entitled to receive one (1) Respiro Share for every seven (7) Adherium Shares that you own.

As at 28 April 2021 (being the date immediately prior to the date of the original Bidder's Statement), the implied value of the Offer is approximately 2.25¢ per Adherium Share, based on the 30 day VWAP for Respiro Shares up to and including 28 April 2021, and represents a:

- 50.2% premium to the price of 1.5¢ per Adherium Share under the Capital Raise and Note Conversion;
- 50.2% premium to the closing price for Adherium Shares at close of trade on 28 April 2021; and
- 32.3% premium to the 30 day VWAP of Adherium Shares up to and including 28 April 2021

While Respiro believes that the implied Offer value and premia set out above are to be preferred, as they are based on market data prior to the Announcement Date, Respiro notes that its share price has declined and Adherium's share price has increased. As at 25 May 2021, the implied Offer value of 1.57¢ per Adherium Share represents a:

- 4.7% premium to the price of 1.5¢ per Adherium Share under the Capital Raise and Note Conversion;
- 7.6% discount to the last trading price for Adherium Shares at close of trade on 25 May 2021; and
- 9.9% discount to the 30 day VWAP for Adherium Shares up to and including 25 May 2021.

The value of the Offer may change as a consequence of changes in the market price of Respiro Shares.

If you are an Ineligible Foreign Shareholder (being an Adherium Shareholder whose address as shown in the register of members of Adherium is in a jurisdiction other than Australia or its external territories, New Zealand, Canada, United Kingdom and Singapore – see the definition of 'Ineligible Foreign Shareholder' for further information) and elect to participate in the Offer, you will not receive Respiro Shares. Instead you will be paid by the Nominee the net proceeds of the sale of the Respiro Shares you would have otherwise been entitled to.

Sections 12.2 and 12.8

<p>When does the Offer close?</p>	<p>The Offer closes at 7:00pm (Sydney time) on 16 July 2021, unless it is extended or withdrawn under the Corporations Act (<b>End Date</b>).</p> <p>The Offer Period can be extended at the election of Respiro, up to a maximum Offer Period of 12 months. Adherium Shareholders will be sent written notice of any extension, and the extension will be announced to the ASX.</p>	<p><i>Section 12.3</i></p>
<p>When will I receive payment?</p>	<p>Generally, Respiro will issue the Respiro Shares due to you under the Offer on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after this Offer is accepted or one month after all of the Conditions have been freed or fulfilled (whichever is the later); and</li> <li>• 21 days after the end of the Offer Period.</li> </ul> <p>Full details of when Offer Consideration will be provided are set out in section 12.7 of this Bidder's Statement.</p> <p>Ineligible Foreign Shareholders will be provided with the net proceeds of the sale to which they are entitled under the Offer at a different time. See section 12.8 for more information.</p>	<p><i>Sections 12.7 and 12.8</i></p>
<p>What are the conditions to the Offer?</p>	<p>The Offer is subject to a number of Conditions, including:</p> <ul style="list-style-type: none"> <li>• <b>(minimum acceptance)</b> a minimum acceptance condition of 50.1% (on a fully diluted basis), equating to 1,224,521,668 Adherium Shares as at the date of this Bidder's Statement;</li> <li>• <b>(no Prohibited Occurrences)</b> no Prohibited Occurrences occurring;</li> <li>• <b>(no exclusive licence arrangement)</b> no exclusive licence arrangement in relation to intellectual property owned by Adherium or a Related Body Corporate is entered into;</li> <li>• <b>(no acquisitions and disposals)</b> Adherium not acquiring or disposing of any significant assets or entering into any significant transaction;</li> <li>• <b>(no distributions)</b> Adherium not declaring a distribution;</li> <li>• <b>(no exercise of rights)</b> no person exercising or becoming entitled to exercise any right that may result in certain outcomes;</li> <li>• <b>(capital expenditure)</b> Adherium not incurring, or committing to incur,</li> </ul>	<p><i>Section 12.9</i></p>

	<p>significant capital expenditure (subject to certain exceptions);</p> <ul style="list-style-type: none"> <li>• <b>(no litigation on foot or pending)</b> no material litigation being announced, commenced or threatened against Adherium;</li> <li>• <b>(no regulatory restraints)</b> no Public Authority restraining or preventing the Offer; and</li> <li>• <b>(no material adverse change)</b> no material adverse change occurring with respect to Adherium.</li> </ul> <p>Full terms of the Conditions are set out in Section 12.9 of this Bidder's Statement. Respiri strongly advises Adherium Shareholders to read the terms and conditions in full.</p>	
What happens if the Conditions of the Offer are not satisfied or waived?	If the Conditions of the Offer are not satisfied or waived by the End Date (or in the case of the Prohibited Occurrence conditions, at the end of the third Business Day after the End Date), the Offer will lapse and your acceptance will be void.	<i>Section 12.11</i>
Offer only in respect of Adherium Shares	Although Respiri is not making a separate offer to holders of Adherium Options to acquire those securities, Respiri <i>is</i> making an offer to acquire any Adherium Shares issued upon the <i>exercise of Adherium Options</i> .	<i>Section 12.1(b)(ii)</i>
How can I accept the Offer?	<p><b>Issuer sponsored shareholders</b></p> <p>If your Adherium Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your holder number on the enclosed Acceptance Form), to accept this Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.</p> <p><b>CHESS shareholders</b></p> <p>If your Adherium Shares are registered in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the enclosed Acceptance Form), you may accept the Offer by either:</p> <ul style="list-style-type: none"> <li>• completing and signing the Acceptance Form enclosed with this Bidder's Statement and returning it to the address indicated on the form; or</li> <li>• instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf, before the Offer closes.</li> </ul>	<i>Section 12.4</i>

	<p><b>Participants</b></p> <p>If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.</p>	
Can I accept the Offer for part of my holding?	No. You cannot accept for part of your holding. You can only accept the Offer for ALL of your Adherium Shares.	<i>Section 12.4</i>
What if I am an Ineligible Foreign Shareholder?	Ineligible Foreign Shareholders that accept the Offer will not receive Respiro Shares. Rather, the Respiro Shares that Ineligible Foreign Shareholders would have been entitled to receive will be issued to, and sold by, a Nominee and the net proceeds attributable to each Ineligible Foreign Shareholder will be paid to them by cheque in Australian dollars drawn on an Australian bank account. Respiro's determination of whether an Adherium Shareholder is an Ineligible Foreign Shareholder will be final.	<i>Sections 11.8 and 12.8</i>
What happens if I do not accept the Offer?	<p>You will remain an Adherium Shareholder and will not receive the Offer Consideration. If Respiro becomes entitled to compulsorily acquire your Adherium Shares, it intends to proceed with compulsory acquisition.</p> <p>Refer to sections 8.4 and 8.5 for details regarding Respiro's intentions, including if Respiro does not become entitled to compulsorily acquire your Adherium Shares or remove Adherium from the Official List of ASX.</p>	<i>Sections 8.4, 8.5 and 9.2(h)</i>
Are there risks if I accept the Offer?	<p>There are a range of risks which may arise if you decide to accept the Offer. These risks include:</p> <ul style="list-style-type: none"> <li>• Specific risks that may affect Respiro and the Combined Group as set out in 9.2;</li> <li>• Specific risks relevant to Respiro as set out in 9.3;</li> <li>• Specific risks relevant to the medical device and technology sector as set out in 9.4; and</li> <li>• General risks as set out in 9.5.</li> </ul>	<i>Section 9</i>
What are the tax implications of accepting the Offer?	<p>You should consult your tax adviser for personalised advice before deciding whether or not to accept the Offer.</p> <p>Adherium Shareholders who accept the Offer and receive Respiro Shares may, in some circumstances (particularly where Respiro does not obtain 80% or more of the Adherium Shares under the Offer) have a CGT liability but will not be able to claim CGT scrip for scrip rollover</p>	<i>Sections 9.5(d) and 10</i>

	relief in respect of the Respiro Shares received in exchange for the Adherium Shares.	
Will you need to pay brokerage or stamp duty on acceptances?	Brokerage or stamp duty is not payable by you in respect of your acceptance. If your Adherium Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Adherium Shares are registered in the name of a broker, bank custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.	<i>Section 12.16</i>
Where can I obtain further information?	<p>For queries on how to accept the Offer, see the enclosed Acceptance Form or call Computershare Investor Services Pty Limited on:</p> <ul style="list-style-type: none"> <li>• 1300 040 233 (if calling from within Australia); or</li> <li>• +61 3 9415 4877 (if calling from outside Australia).</li> </ul> <p>For queries in relation to your Adherium Shareholding, call Computershare Investor Services Pty Limited on 1300 850 505 (if calling from within Australia) or +61 3 9415 5000 (if calling from outside Australia).</p> <p>Calls to the above numbers may be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of Respiro or its advisers.</p>	<i>Sections 11 and 12</i>
Important notice	<p>The information in this section is a summary only of Respiro's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement.</p> <p>You should read the entire Bidder's Statement and the Target's Statement that Adherium will shortly be sending to you, before deciding whether to accept the Offer.</p>	

### 3. Information on the Respi Group

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#### 3.1 Overview of Respi

This section 3 contains a summary of Respi's activities. Further information on Respi can be obtained from Respi's website: <https://respi.co/>.

Respi is an ASX-listed health-tech company developing mHealth and SaaS solutions for respiratory health management. Its world-first technology detects wheeze, a typical symptom of asthma, COPD and respiratory disease to provide an objective measure of airway limitation. 'wheezo', Respi's innovative technology, comprises an eHealth app combined with a simple, easy to use, handheld device. 'wheezo' is the first smart device to help improve asthma management by monitoring wheeze and documenting symptoms, signs, triggers, weather conditions and medication use. The asthma management platform also facilitates the sharing of data with caregivers, physicians, and other health care professionals.

Through partnerships with product distribution companies and pharmacy channels, Respi has developed an extensive network in Australia through which its core 'wheezo' product is sold.

Respi is also engaged in a number of trials with patients, health care professionals and key opinion leaders to improve the 'wheezo' device and the health care software platform further.

Collectively, the management team have strong backgrounds and experience in business, bio-medical engineering, information technology, the pharmaceutical industry, and medical and technology research. The management team is further supported by reputable external technical consultants and notable respiratory physicians acting as strategic advisors to Respi.

#### 3.2 Corporate Information

Respi was incorporated on 7 May 1987.<sup>7</sup> Respi was listed on the ASX on 12 July 2000 as Q-Vis Limited, which eventually changed its name to Respi on 24 December 2014.

Respi's mission is to help improve quality of life for hundreds of millions of children and adults around the world and dramatically reduce hospital admissions and the economic burden of asthma. Respi's operations are based in Melbourne, Australia.

#### 3.3 Overview of the Respi's core product: 'wheezo'

##### (a) Background

'wheezo' is a hand-held battery-powered device that utilises two microphones to acquire, amplify, filter, record and quantify the presence of wheezing. The first microphone is held in contact with the user's trachea to capture breath sounds. The second microphone captures the ambient noise.

Both breath sounds and background noise data are transferred through a Bluetooth wireless link to the associated 'wheezo' smartphone application for detection and quantification of wheeze which is expressed as wheeze rate. The 'wheezo' smartphone application detects and records abnormal breath sound

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<sup>7</sup> Respi Limited has previously been known as: Isona Limited, Karmelsonix Ltd, Salus Technologies Ltd, Q-Vis Limited, Telco Medical Technologies Limited, Telco Medical Technologies Pty Ltd and The Excimer Laser Company Pty Ltd.

(continues adventitious breath sounds (CABS)) at the windpipe (trachea) in adults and children (2 years and older).

Wheeze results from turbulent airflow in the large and medium airways, indicating airflow obstruction, and is detected clinically by chest auscultation with the use of a stethoscope. The 'wheezo' device, together with a smartphone application is used to make short recordings of breathing sounds. These short, typically 30 second recordings, are analysed for wheeze by the smartphone application and also uploaded to a personalised account in a cloud server.

(b) **Commercialisation**

Respiri commenced commercialisation of 'wheezo' following a review of business plans and priorities in 2020. Commercialisation consideration has taken into account the impact of COVID-19, along with local market access conditions and regulatory requirements. Current commercial targets are as follows:

- (i) commercialisation in Australia and New Zealand: Q4 2020;
- (ii) expansion into the United Kingdom: Q4 2021;
- (iii) expansion into the United States: Q3 2022; and
- (iv) expansion into the European Union: Q4 2022.

### 3.4 **Respiri Financial Information**

(a) **Basis of preparation of historical financial information**

The historical financial information below relates to Respiri on a stand-alone basis and accordingly does not reflect any impacts of the Offer. This information has been taken from the audited financial statements of Respiri for the years ended 30 June 2019 and 30 June 2020 and from the reviewed financial statements for the half year reported 31 December 2020. You should note that past performance is not a guide to future performance.

(b) **Respiri consolidated statement of financial position**

The historical statements of the financial position of Respiri set out below have been derived from the audited consolidated statements of financial position of Respiri as at 30 June 2019 and 30 June 2020 and from the reviewed consolidated statements of financial position for the half year reported 31 December 2020.

**Table 4: Respiro consolidated statement of financial position**

All in \$	31 Dec 2020	30 Jun 2020	30 Jun 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11,446,722	3,552,334	306,655
Trade and other receivables	130,204	8,199	161,566
Inventories	856,524	309,219	-
Other assets	258,660	561,363	534,709
<b>Total current assets</b>	<b>12,692,110</b>	<b>4,431,115</b>	<b>1,002,930</b>
<b>Non-current assets</b>			
Property, plant and equipment	187,270	187,725	9,502
Other assets	-	64	1,173
<b>Total non-current assets</b>	<b>187,270</b>	<b>187,789</b>	<b>10,675</b>
<b>Total assets</b>	<b>12,879,380</b>	<b>4,618,904</b>	<b>1,013,605</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,008,629	1,131,283	1,756,955
Borrowings	-	717,144	806,442
Deferred revenue	48,732	-	-
Other financial liabilities	103,191	147,655	12,912
<b>Total current liabilities</b>	<b>1,160,552</b>	<b>1,996,082</b>	<b>2,576,309</b>
<b>Non-current liabilities</b>			
Other financial liabilities	144,115	128,046	-
<b>Total non-current liabilities</b>	<b>144,115</b>	<b>128,046</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,304,667</b>	<b>2,124,128</b>	<b>2,576,309</b>
<b>Net assets</b>	<b>11,574,713</b>	<b>2,494,776</b>	<b>(1,562,704)</b>
<b>Equity</b>			
Issued capital	127,018,351	113,694,614	106,043,361
Reserves	6,251,061	4,106,097	1,590,476
Accumulated losses	(121,694,699)	(115,305,935)	(109,196,541)
<b>Total equity</b>	<b>11,574,713</b>	<b>2,494,776</b>	<b>(1,562,704)</b>

Source: In the case of 31 December 2020, the consolidated statement of financial position has been sourced from the corresponding Reviewed Half Year Report of Respiro. In the case of 30 June 2019 and 30 June 2020, the columns in the above consolidated statement of financial position have been sourced from the corresponding Audited Annual Reports of Respiro.

### 3.5 Directors of Respire

Brief profiles of the Directors of Respire as at the date of this Bidder's Statement are set out below.

<p><b>Mr Nicholas Smedley – Executive Chairman</b></p> <p>Bachelor of Commerce, Monash University</p>	<p>Mr Smedley is an experienced Investment Banker and M&amp;A Advisor, with 14 years' experience at UBS and KPMG. He has worked on M&amp;A transactions in the UK, Hong Kong, China, and Australia with transactions ranging from the A\$9bn defence of WMC Resources through to the investment of \$65m into Catch.com.au. Nicholas currently oversees investments in the Property, Aged care, Technology and Medical Technology space. Key areas of expertise include M&amp;A, Debt structuring, Corporate governance and innovation.</p>
<p><b>Mr Marjan Mikel – Chief Executive Officer</b></p> <p>Bachelor of Science (Hons), University of Sydney,</p> <p>Graduate Diploma of Education, Secondary Education, University of Sydney,</p> <p>Masters of Commerce, University of New South Wales</p>	<p>Marjan has been at the helm of Respire since November 2019, taking it from R&amp;D to commercialisation. A highly experienced managing director and board member with a career spanning Australia, Europe and Asia, Marjan's focus has been in the healthcare industry; from pharmaceuticals and information services and technology to medical devices and sleep disorder solutions. He founded and subsequently sold Healthy Sleep Solutions after developing it into a successful business, with ResMed Ltd as a joint venture/shareholder partner.</p> <p>Currently, Marjan also acts as commercial advisor to Portt, a SaaS company, and is an industry research fellow at University of New South Wales Faculty of Engineering.</p>
<p><b>Dr Thomas Duthy – Non-Executive Director</b></p> <p>PhD in Molecular Microbiology (with commendation), University of Adelaide,</p> <p>Masters of Business Administration, Deakin University</p>	<p>Dr Duthy has over 15 years of direct financial market and medical device industry experience. Dr Duthy is the Founder and CEO of Nemean Group Pty Ltd, a boutique corporate advisory, investor relations and equity research group based in Adelaide, Australia with a focus on micro to small cap ASX-listed companies. Prior to establishing Nemean Group, he was Global Head of Investor Relations and Corporate Development at Sirtex Medical Limited (ASX:SRX), which was sold for \$1.9 billion in late 2018 and to date is the largest medical device transaction in Australian corporate history. Tom was instrumental in developing corporate strategies designed to maximise shareholder value. This included expansion of the share register targeting US and European institutional investors,</p>

several group-wide restructuring plans, initiation and execution of share buy-backs, an active non-core asset divestment program and the assessment of M&A and other partnering opportunities to drive value. Additionally, he spent 10 years as a leading sector analyst at Taylor Collison Limited, specialising in Healthcare and Biotechnology companies, with approximately \$200 million in equity capital raised during that period for selected companies.

Tom is currently a Director of Invex Therapeutics Limited (ASX:IXC).

### 3.6 Publicly available information about Respiri

Respiri is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Respiri is subject to the ASX Listing Rules which require continuous disclosure of any information Respiri has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. Respiri's file is available for inspection at the ASX during normal business hours.

In addition, Respiri is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Respiri may be obtained from ASIC.

On request to Respiri and free of charge, Adherium Shareholders may obtain a copy of:

- the annual financial report of Respiri for the year ended 30 June 2020 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- the interim financial report of Respiri for the half year ended 31 December 2020 (being the interim financial report most recently lodged with ASIC after the lodgement of the annual financial report for the year ended 30 June 2020 and before lodgement of this Bidder's Statement with ASIC); and
- any continuous disclosure notice given to the ASX by Respiri since the lodgement with ASIC of the 30 June 2020 annual report for Respiri referred to above and before lodgement of this Bidder's Statement with ASIC.

A substantial amount of information about Respiri is available in electronic form from: <https://respiri.co/>. A list of ASX Announcements made by Respiri since 30 June 2020 are set out in Attachment A

## 4. Information on Respi's securities

### 4.1 Respi's capital structure

Respi's current capital structure is summarised below:

**Table 5: Respi current capital structure**

Respi Shares	Number
Listed fully paid ordinary shares on issue	722,840,790
<b>Total shares</b>	<b>722,840,790</b>
Respi options	
Unlisted Options Class 01 (RSHAF)  Exercisable at \$0.030 expiring on 31 December 2023. Options vested on 1 July 2020. Exercise conditions have been satisfied.	6,000,000
Unlisted Options Class 02 (RSHAG)  Exercisable at \$0.030 expiring on 31 December 2024. Options vested on 1 July 2020. Exercise conditions have been satisfied.	6,000,000
Unlisted Options Class 07 (RSHAA)  Exercisable at \$0.100 expiring on 28 May 2023. Options have vested.	4,500,000
Unlisted Options Class 08 (RSHAB)  Exercisable at \$0.100 expiring on 12 June 2024. Options vested on 13 June 2020.	65,000,000
Unlisted Options Class 09 (RSHAC)  Exercisable at \$0.200. Not yet vested.	30,000,000
Unlisted Options Class 10 (RSHAC)  Exercisable at \$0.300. Not yet vested.	12,500,000
Unlisted Options Class 11 (RSHAC)  Exercisable at \$0.400. Not yet vested.	12,500,000
Unlisted Options Class 12 (RSHAC)  Exercisable at \$0.600. Not yet vested.	12,500,000

Unlisted Options Class 13 (RSHAD) Exercisable at \$0.100 expiring on 1 July 2022. Options have vested.	7,000,000
Unlisted Options Class 14 (RSHAE) Exercisable at \$0.100 expiring on 1 July 2024. Options vested on 15 September 2020.	10,000,000
Unlisted Options Class 15 (RSHAH) Exercisable at \$0.100 expiring on 21 September 2022. Options vested on 21 September 2020.	4,000,000
Unlisted Options Class 16 (RSHAC) Exercisable at \$0.200 expire 24 months from the date that they become exercisable.	6,000,000
Unlisted Options Class 17 (RSHAC) Exercisable at \$0.300 expire 24 months from the date that they become exercisable.	8,000,000
Unlisted Options Class 18 (RSHAAA) Exercisable at \$0.300 (or \$0.075 in the event of an acquisition of the Company, or merger, where the Company is valued at not less than \$350 million) expiring on 17 December 2025.	65,000,000
Unlisted Options Class 19 (RSHAAA) Exercisable at \$0.300 (or \$0.075 in the event of an acquisition of the Company, or merger, where the Company is valued at not less than \$350 million) expiring on 17 December 2025.	10,000,000
<b>Total options</b>	<b>259,000,000</b>

## 4.2 Recent trading of Respiro Shares

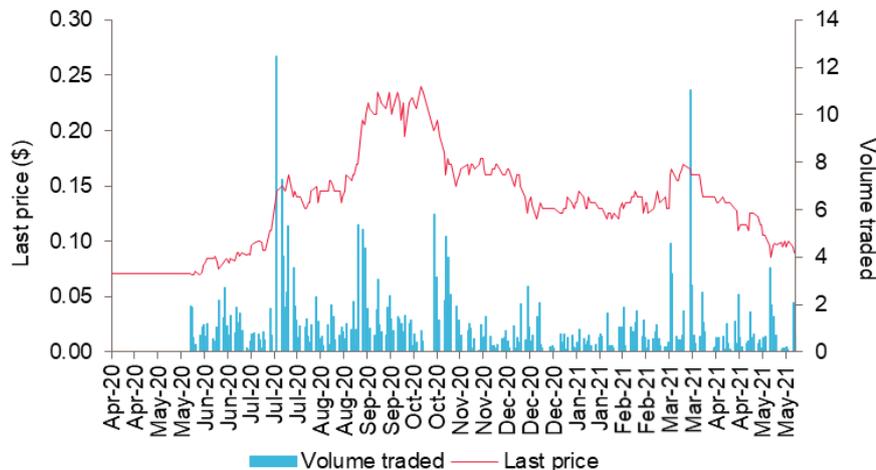
Key metrics in relation to the recent trading performance of Respiro Shares are summarised in **Table 6** below.

**Table 6: Summary of recent trading performance of Respiro Shares**

Comparative Trading Period	Price of Respiro Shares (\$)
Lowest trading price in the four months prior to the date this Bidder's Statement was lodged with ASIC	\$0.085
Highest trading price in the four months prior to the date this Bidder's Statement was lodged with ASIC	\$0.205
Closing trading price on the last practicable day before the Announcement Date	\$0.125
Closing sale price of Respiro Shares on 25 May 2021	\$0.090
30 day VWAP of Respiro Shares before the Announcement Date	\$0.158
Three month VWAP of Respiro Shares before the Announcement Date	\$0.156
Six month VWAP of Respiro Shares before the Announcement Date	\$0.150
30 day VWAP of Respiro Shares as at close of trade on 25 May 2021	\$0.110
Three month VWAP of Respiro Shares as at close of trade on 25 May 2021	\$0.142
Six month VWAP of Respiro Shares as at close of trade on 25 May 2021	\$0.140

Set out below in **Figure 6** is a chart showing trading prices and trading volumes of Respiro Shares for the 12 months to 25 May 2021.

**Figure 6: Trading prices and volumes of Respi Shares**



#### 4.3 Rights and liabilities attaching to Respi Shares

The Respi Shares offered to Adherium Shareholders under the Offer are fully paid ordinary shares in the capital of Respi, and from the date of their issue will rank equally with existing Respi Shares and will have the same rights and liabilities attaching to them. The rights and liabilities attaching to Respi Shares are governed by the constitution of Respi, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

A summary of the key rights attaching to the Shares is set out below. The provisions of the Constitution relating to the rights attaching to the Shares must be read subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules. This summary is not intended to be exhaustive and does not constitute a definitive statement of the rights, liabilities and restrictions attaching to the Shares. You should seek your own advice when trying to establish your rights in specific circumstances. Full details of the rights attaching to Respi Shares are set out in the constitution, a copy of which is available for inspection at Respi's registered office during normal business hours.

The rights, privileges and restrictions attaching to Respi Shares can be summarised as follows:

(a) **General meetings**

Each shareholder has the right to receive notice of and to attend all general meetings of the Company whether or not entitled to vote.

(b) **Voting rights**

At a general meeting, each shareholder in person or by proxy, attorney or representative is entitled to one vote on a show of hands.

On a poll, every member present will, in respect of each fully paid Share held by them, have one vote for the Share.

(c) **Dividend rights and dividend policy**

Subject to the Corporations Act, the Company's constitution and the terms of issue of shares, the Directors may pay any dividend it thinks appropriate and fix the time for payment.

(d) **Rights on winding-up**

In winding up, the liquidator may, with the sanction of a special resolution divide the assets of the Company among the shareholders and decide how the division may be carried out between shareholders and different classes of shareholders.

(e) **Offer of shares**

Subject to the Corporations Act, the ASX Listing Rules and the Company's constitution, the Directors may issue, grant options over or otherwise dispose of unissued shares, to any person on the terms, with the rights, and at the times that the Board decides.

(f) **Variation of rights**

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (subject to the Corporations Act, the terms of issue of shares and the rights attached to a class of shares are not treated as varied by the issue of further shares of that class) may be varied or cancelled with the consent in writing of the holders of a majority of the issued shares of that class, or if authorised by an ordinary resolution passed at a meeting of the holders of the shares of the class.

(g) **Constitution**

A summary of the key provisions of the Constitution is set out below.

(i) **Transfer of Shares**

Subject to the Constitution, a Shareholder may transfer any of the Shareholder's Shares by way of:

- (A) a market transfer whereby the Company may do anything permitted by the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules that the Directors consider necessary for the Company's participation in a computerised or electronic system for the purpose of facilitating dealings in shares; or
- (B) by written document transfer.

The Directors may decline to register a transfer of Shares in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules:

- (A) subject to section 259C of the Corporations Act, if the transfer is to a subsidiary of the Company; and
- (B) if the transfer does not comply with the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

(ii) **Quorum at general meetings**

A quorum at a general meeting consists of two voting Shareholders present.

(iii) **Chairman – meeting of members**

In the case of an equality of votes at a meeting of members:

- (A) if the chairman of the meeting is not (or if the chairman were a member would not be) entitled to vote, the matter is decided in the negative; and
  - (B) otherwise the chairman has a casting vote whether or not the chairman is a member
  - (C) the chairman has discretion both as to the use of the casting vote and as to the way in which it is used.
- (iv) **Directors – appointment and removal**
- Subject to the Constitution, and the number of Directors fixed under the Constitution not being exceeded, the Company may appoint Directors by ordinary resolution.
- (v) **Remuneration of Directors**
- Subject to any contract with the Company and to the ASX Listing Rules, the Board may fix the remuneration paid to each executive Director. Directors, other than executive Directors, are entitled to be paid out of the funds of the Company an amount that does not in any year exceed in aggregate the amount last fixed by ordinary resolution and allocated among them on an equal basis.
- (vi) **Dividends**
- Subject to section 254T the Corporations Act, the Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to Shareholders according to their rights and interests.

#### 4.4 Substantial holders of Respiri

As at the date of this Bidder's Statement, so far as known to Respiri based on publicly available information and from Respiri's share registry, there are no substantial holders of Respiri Shares, except as set out below:

**Table 7: Substantial holders of Respiri**

Holder	Respiri Shares Held	% of total Respiri Shares
Investment Holdings Pty Ltd ATF Investment Holdings Unit Trust ACN 27 467 567 851	66,504,827	9.20%

#### 4.5 Corporate governance of Respiri

The Respiri Directors have adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of Respiri, having considered the principles and best practice recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) (**Principles and Recommendations**). As Respiri's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

## **5. Information on Adherium**

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### **5.1 Disclaimer**

The information on Adherium has been prepared by Respi using publicly available information prior to the announcement of the Offer. The information has not been independently verified and Respi does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

The information on Adherium in this Bidder's Statement should not be considered comprehensive. Further information relating to Adherium may be included in the Target's Statement which Adherium must provide to the Adherium Shareholders in response to this Bidder's Statement.

### **5.2 Overview of Adherium**

Adherium is an ASX listed company which was founded in 2015, officially listing on the ASX on 25 August 2015. Adherium had a market capitalisation of approximately \$36 million as at 25 May 2021, the last Trading Day before the announcement of the Offer.

### **5.3 Adherium's business strategy**

Adherium's long-term strategic objective is to be a leader in the digital management of respiratory disease through the extension of its technology offering beyond adherence, to the establishment a complimentary multi-sensor digital respiratory management ecosystem. Adherium aims to do so by introducing new digital devices, built on its existing software and supporting Hailie® adherence sensors with physiological measurement that will provide supplementary data on a patient's underlying disease status. This digital respiratory management ecosystem will broaden Adherium's clinical offering providing a more complete data set to all healthcare stakeholders, with a view to securing additional recurring revenue streams. Adherium has identified an emerging opportunity in the diagnosis, assessment and management of the chronic respiratory impact of post-COVID-19 syndrome relevant for remote digital sensor management.

Adherium sees the next phase of its evolution being meeting the needs of the US market supported by physician-led adoption of its solution, funded by reimbursement codes and driven by the transformation of remote health care and the digital management of chronic respiratory illnesses. Adherium is progressing its commercialisation plan which is targeting the 1.6 million severe uncontrolled Asthma and COPD patients in the US, an opportunity worth USD\$268 million, which is expected to reach 6.9 million patients and be worth USD\$1.5 billion in the future.

On 18 March 2021, Adherium announced it secured subscriptions to raise \$18 million via a share placement, which ultimately completed on 7 May 2021. It aims to use the funds to support its current target of completing commercial evaluation in North America with its existing partners HGE Health and Monaghan Medical. Further, with the funds raised Adherium will look to further develop its digital respiratory device portfolio and establish a series of new commercial partnering agreements.

#### **5.4 Overview of Adherium's business**

Adherium is an ASX listed company which develops, manufactures and supplies digital health technologies which address sub-optimal medication use and improve health outcomes in chronic disease. Adherium has sold over 170,000 respiratory medical devices globally.

#### **5.5 Adherium's Hailie® Solution sensor range**

Adherium's Hailie® Solution Sensor Range is designed to help patients achieve better adherence and provide visibility to parents, caregivers, and healthcare professionals. It does this by tracking medication use and providing access to usage history to better understand patterns in their asthma and COPD and reminding the user with helpful nudges when it is time to take doses when alerts are activated. These tools ultimately enable people who live with asthma or COPD to manage their condition more easily alongside their physician.

#### **5.6 Adherium's strategic channel partnerships**

Adherium announced an agreement with Monaghan Medical Corporation in November 2020, to support the introduction of the Hailie® platform and technology into specialist respiratory centres (hospitals and clinics) in the United States. Adherium has partnered with HGE Health to support its commercialisation to disease management providers and AstraZeneca is Adherium's channel partner for pharmaceutical channels.

#### **5.7 Directors**

As at the date of this Bidder's Statement, the Adherium Directors are:

- (a) Mr James Ward-Lilley – Independent Non-Executive Chairman;
- (b) Mr George Baran – Non-Executive Director;
- (c) Mr Jeremy Curnock Cook – Non-Executive Director;
- (d) Dr William Hunter – Non-Executive Director;
- (e) Mr Bruce McHarrie – Non-Executive Director; and
- (f) Mr Matthew McNamara – Non-Executive Director.

#### **5.8 Ownership of Adherium**

##### **(a) Ownership**

Adherium substantial holders, based on the substantial holding notices announced on the ASX and the most recent Appendix 3X lodged on behalf of George Baran, are summarised in **Table 8** below.

**Table 8: Adherium substantial holders**

Holder	Adherium Shares Held	% of total Adherium Shares
Phillip Asset Management Limited as trustee of BioScience Managers Translation Fund 1	500,000,000	23.52%
Trudell Medical Ltd	422,697,512	19.88%
Viburnum Funds Pty Ltd	238,989,991	11.24%
Regal Funds Management Pty Ltd	222,226,463	10.46%
FIL Limited	211,645,356	9.96%
HSBC Custody Nominees (Australia) Limited	51,757,132	7.79%
Citicorp Nominees Pty Limited	41,416,995	6.23%

**5.9 Adherium Financial Information****(a) Basis of preparation of historical financial information**

The historical financial information below relates to Adherium on a stand-alone basis and accordingly does not reflect any impacts of the Offer. This information has been taken from the audited financial statements of Adherium for the years ended 30 June 2019 and 30 June 2020, and the half year ended 31 December 2020.

(b) **Adherium consolidated statement of financial position**

The historical statements of financial position of Adherium set out below have been derived from the audited consolidated statements of financial position of Adherium as at 30 June 2019, 30 June 2020 and half year ended 31 December 2020.

**Table 9: Adherium consolidated statement of financial position**

All in \$	31 Dec 2020	30 Jun 2020	30 Jun 2019
<b>Current Assets</b>			
Cash and cash equivalents	3,460	4,584	763
Trade and other receivables	415	624	436
Inventories	1,094	1,120	417
Prepayments	427	150	156
<b>Total current assets</b>	<b>5,396</b>	<b>6,478</b>	<b>1,772</b>
<b>Non-current assets</b>			
Property, plant and equipment	172	235	380
Intangible assets	4	5	92
<b>Total non-current assets</b>	<b>176</b>	<b>240</b>	<b>472</b>
<b>Total assets</b>	<b>5,572</b>	<b>6,718</b>	<b>2,244</b>
<b>Current liabilities</b>			
Trade and other payables	3,497	2,646	1,375
Income received in advance	689	688	39
Secured convertible notes	3,286	-	-
<b>Total current liabilities</b>	<b>7,472</b>	<b>3,334</b>	<b>1,141</b>
<b>Total liabilities</b>	<b>7,472</b>	<b>3,334</b>	<b>1,141</b>
<b>Net Assets</b>	<b>(1,900)</b>	<b>3,384</b>	<b>830</b>
<b>Equity</b>			
Issued capital	88,726	87,682	74,349
Accumulated deficit	(66,928)	(58,349)	(46,952)
Other reserves	(23,698)	(25,949)	(26,567)
<b>Total equity</b>	<b>(1,900)</b>	<b>3,384</b>	<b>830</b>

Source: In the case of 31 December 2020, the consolidated statement of financial position has been sourced from the corresponding Reviewed Half Year Report of Adherium. In the case of 30 June 2019 and 30 June 2020, the columns in the above consolidated statement of financial position have been sourced from the corresponding Audited Annual Reports of Adherium.

## 5.10 Publicly available information about Adherium

Adherium is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Adherium is subject to the ASX Listing Rules which require continuous disclosure of any information Adherium has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. Adherium's file is available for inspection at the ASX during normal business hours.

In addition, Adherium is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Adherium may be obtained from ASIC.

A substantial amount of information about Adherium is available in electronic form from Adherium's website: <https://www.adherium.com/>.

## 6. Information on Adherium's securities

### 6.1 Summary

The information below is current as at the date of this Bidder's Statement.

### 6.2 Adherium's capital structure

#### (a) Adherium's current capital structure

Adherium's current capital structure is summarised below:

**Table 10: Adherium current capital structure**

Adherium Shares	Number
Listed fully paid ordinary shares on issue.	2,125,733,111
<b>Total Shares</b>	<b>2,125,733,111</b>
Adherium Options	
Unlisted Adherium Options with an exercise price of \$0.04, expiring on 7 August 2021.	3,000,000
Unlisted Adherium Options with an exercise price of \$0.06, expiring on 17 February 2022.	83,333,333
Unlisted Adherium Options with an exercise price of \$0.134039, expiring on 31 March 2022.	173,238
Unlisted Adherium Options with an exercise price of \$0.03 on 25 October 2022.	104,855,877
Unlisted Adherium Options with an exercise price of \$0.02 on 7 May 2023.	25,000,000
Unlisted Adherium Options with an exercise price of \$0.03 on 7 May 2023.	25,000,000
Unlisted Adherium Options with an exercise price of \$0.04 on 7 May 2023.	25,000,000
Unlisted Adherium Options with an exercise price of \$0.0219, expiring on 29 January 2027.	27,519,467
Unlisted Adherium Options with an exercise price of \$0.04 expiring on 14 April 2027.	20,000,000
Unlisted Adherium Options with an exercise price of \$0.04, expiring on 22 October 2027.	4,500,000
<b>Total Options</b>	<b>318,381,915</b>
<b>Total Adherium Shares on a fully diluted basis</b>	<b>2,444,155,026</b>

<b>50.1% of Adherium Shares on a fully diluted basis</b>
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<b>1,224,521,668</b>
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### **6.3 Interests in Adherium's securities**

As at the date of this Bidder's Statement and the date of the Offer:

- (a) Respiri has no Voting Power in Adherium; and
- (b) Respiri has no Relevant Interest in Adherium Shares.

### **6.4 Substantial holders of Adherium**

The substantial holders of Adherium are set out in section 5.8.

### **6.5 Disclosure of interests of Respiri Directors in Adherium Shares**

Respiri have confirmed that no Respiri Director has an interest in Adherium Shares.

## 7. Effect of the Offer on Respiro and the profile of the Combined Group

### 7.1 Overview of the Combined Group

Other than as referred to elsewhere in this Bidder's Statement, the acquisition of Adherium is not expected to have a material effect on the existing assets and operations of Respiro.

Respiro is focused on the research, development and commercialisation of medical devices and the development of mobile health applications in the area of respiratory disease treatment and management and it is not anticipated that the strategy in relation to this will be altered as a result of the Offer.

### 7.2 Effect on capital structure of Combined Group

At various acceptance levels and based on the terms of the Offer (one (1) Respiro Share for every seven (7) Adherium Shares), the effect on the capital structure of the Combined Group will be as follows.

**Table 11: Effect on capital structure of Combined Group assuming that no further Adherium Shares are issued (and no Adherium Options are exercised) until the Bid Period closes**

Consideration shares at various acceptance levels						
Acceptance level assumption <sup>1</sup>	50.1%	60.1%	70.1%	80.1%	90.1%	100.0%
Consideration shares to be issued (millions)	152.1	182.5	212.9	243.2	273.6	303.7
Consideration shares as a percentage of current Respiro issued share capital	17.39%	20.16%	22.75%	25.18%	27.46%	29.58%

<sup>1</sup>Note: The table above assumes no options currently granted by Respiro are exercised.

**Table 12: Effect on capital structure of Combined Group assuming that all Adherium Options and Respiro Options are exercised (and no additional Adherium Shares are issued other than in connection with the exercise of the Adherium Options) until the Bid Period closes**

Consideration shares at various acceptance levels						
Acceptance level assumption <sup>1</sup>	50.1%	60.1%	70.1%	80.1%	90.1%	100.0%
Consideration shares to be issued (millions)	174.9	209.8	244.8	279.7	314.6	349.2
Consideration shares as a percentage of current Respiro issued share capital	15.12%	17.61%	19.95%	22.17%	24.27%	26.23%

<sup>1</sup>Note: The table above assumes all options currently granted by both Adherium and Respiro are exercised.

### 7.3 Pro forma historical consolidated statement of financial position for the Combined Group

#### (a) Introduction and basis of preparation

The unaudited pro forma statement of financial position provided in this section 7.3 indicates the financial impact on Respire of Respire acquiring 100% of the Adherium Shares under the Offer. The financial information is provided for illustrative purposes only. In considering the information Adherium Shareholders must take into account the following matters:

- (i) the carrying value of the Adherium assets have not been subject to impairment reviews;
- (ii) the Offer Price is as stated under the terms of the Offer; and
- (iii) it is assumed that 100% ownership of Adherium is achieved under this Offer and hence the accounts of Adherium are fully consolidated on a line-by-line basis.

The unaudited pro forma statement of financial position for the Combined Group has been prepared based on the Respire reviewed consolidated statement of financial position as at 31 December 2020 and the Adherium reviewed statement of financial position as at 31 December 2020. The pro forma statement of financial position is set out in the table below for illustrative purposes as a guide to assist Adherium Shareholders in considering the effect of completion of the Offer by Respire. By its nature, pro forma financial information is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information. The pro forma statement of financial position of the Combined Group has been produced by aggregating the individual statements of financial position of Respire as at 31 December 2020 and of Adherium as at 31 December 2020. It does not illustrate the financial position that may be contained in future financial statements of Respire.

The pro forma information in a manner consistent with the recognition and measurement principles contained in Australian Accounting Standards and comply with the relevant principles of the IFRS and reflects the accounting policies of Respire. The policies have been applied to the historical financial information and the events of transactions to which the pro forma adjustments relate (**Pro Forma Adjustments**), as if those events or transactions had occurred at 31 December 2020. Amounts in the table have been rounded. The pro forma statement of financial information assumes the acquisition of Adherium by Respire had been completed at 31 December 2020. The actual date of the acquisition will be at a later date, at which point in time a purchase price allocation will be performed on the acquisition of Adherium and Respire will assess the fair value of identifiable net assets of Adherium. For the purpose of the pro forma financial information, the uplift in value on acquisition of Adherium has been attributed to goodwill arising from the acquisition.

The pro forma statements of financial positions are unaudited and are for illustrative purposes only and based on assumptions that may or may not reflect the actual financial position of the Combined Group after completion of the Offer. In addition, these pro forma statements of financial position are presented in a summary format and do not contain all the disclosures applicable to the Australian Accounting Standards and related IFRS standards.

Financial information relating to Adherium has been sourced from its reviewed financial statements for the half year ended 31 December 2020. Respire has relied on this publicly available information, and this has not been independently verified by Respire or its Directors, to prepare the pro forma financial information in this

section. Respiri does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information. Risks may exist in relation to Adherium (which may affect the Combined Group) of which Respiri is unaware. If any material risks are known to the Directors of Adherium, they must be disclosed in the target's statement to be issued by Adherium. Accordingly, subject to any applicable laws, Respiri makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

(b) **Unaudited pro forma historical statement of financial position of the Combined Group**

Below is the unaudited pro forma historical statement of financial position of the Combined Group for your consideration. Please see the notes to this statement.

**7.4 Combined Group pro forma historical statement of financial position as at 31 December 2020**

The below statement assumes that that Respiri acquires 100% of Adherium under the terms of the Offer. Please refer to section 7.6 below for an analysis of the impact of Respiri only acquiring 50.1% (on a fully diluted basis) under the terms of the Offer.

**Table 13: Combined Group pro forma historical statement of financial position as at 31 December 2020**

All in A\$000	Historical at 31 December 2020		Pro Forma Adjustments		Combined Group Pro Forma		
	Respiri	Adherium	Subsequent Event Adjustments	Merger Adjustments			
<b>Current assets</b>							
Cash and Cash equivalents	11,447	3,460	17,300	1	-	32,207	
Trade and other receivables	130	415	-	-	-	545	
Inventories	856	1,094	-	-	-	1,950	
Other	259	427	-	-	-	686	
<b>Total current assets</b>	<b>12,692</b>	<b>5,396</b>	<b>17,300</b>		<b>-</b>	<b>35,388</b>	
<b>Non-current assets</b>							
Property, plant and equipment	187	172	-	-	-	359	
Intangible Assets	-	4	-	-	-	4	
Goodwill	-	-	-	14,609	5	14,609	
<b>Total non-current assets</b>	<b>187</b>	<b>176</b>	<b>-</b>	<b>14,609</b>		<b>14,972</b>	
<b>Total assets</b>	<b>12,879</b>	<b>5,572</b>	<b>17,300</b>	<b>14,609</b>		<b>50,360</b>	
<b>Current liabilities</b>							
Trade and other payable	1,009	3,497	(87)	800	6	5,219	
Deferred revenue	49	689	-	-	-	738	
Other Financial Liabilities	103	-	-	-	-	103	
Secured convertible notes	-	3,286	(3,286)	2	-	-	
<b>Total current liabilities</b>	<b>1,161</b>	<b>7,472</b>	<b>(3,373)</b>	<b>800</b>		<b>6,060</b>	
<b>Non-current liabilities</b>							
Other Financial Liabilities	144	-	-	-	-	144	
<b>Total non-current liabilities</b>	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>144</b>	
<b>Total liabilities</b>	<b>1,305</b>	<b>7,472</b>	<b>(3,373)</b>	<b>800</b>		<b>6,204</b>	
<b>Net assets</b>	<b>11,574</b>	<b>(1,900)</b>	<b>20,673</b>	<b>13,809</b>		<b>44,157</b>	
<b>Equity</b>							
Issued capital	127,018	88,726	21,051	3	(77,195)	7	159,601
Reserves	6,251	(23,698)	-	-	23,698	7	6,251
Accumulated losses	(121,695)	(66,928)	(378)	4	67,306	7	(121,695)
<b>Total equity</b>	<b>11,574</b>	<b>(1,900)</b>	<b>20,673</b>	<b>13,809</b>		<b>44,157</b>	

## 7.5 Pro forma adjustments

The following pro forma adjustments (pro Forma Adjustments) have been made for the purposes of preparing the Pro Forma Historical Statement of Financial Position.

### (a) Note 1

The pro forma adjustment increases cash relating to the \$18 million Capital Raise and related to the issue of approximately 1.28 billion Adherium Shares less estimated costs of the Capital Raise.

**Table 14: Overview of Capital Raise**

Per ASX announcement of proposed issue of EGM Securities on 18 March 2021 and Notice of Extraordinary General Meeting on 31 March 2021				
Number of Adherium Shares	Share Price (\$)	Amount raised (\$)	Issue date	
169,899,002	\$ 0.015	\$ 2,548,485	24 March 2021	
1,030,100,998	\$ 0.015	\$ 15,451,515	7 May 2021	
		<b>\$ 18,000,000</b>		
Capital Raise	\$ 18,000,000			
Estimated costs of Capital Raise	\$ (700,000)			
<b>Estimated increase in Cash</b>	<b>\$ 17,300,300</b>			

### (b) Note 2

The reduction in Adherium Secured Convertible Notes relates to the conversion to equity prior to acquisition. Date of determination of convertible note price is 7 May 2021. The resolution relating to the Note Conversion was approved by Adherium Shareholders at the Extraordinary General Meeting on 30 April 2021.

Due to the Note Conversion being realised, the liability was written off within Adherium and capital issued.

(c) **Note 3**

The pro forma adjustment of issued capital relates to the following.

**Table 15: Estimated increase in issued capital of Adherium**

Capital Raise	\$ 18,000,000
Note Conversion	\$ 3,584,642
Estimated costs of Capital Raise	\$ (700,000)
Issue of Adherium Shares in lieu of Directors' fees	\$ 166,500
<b>Estimated increase in issued capital</b>	<b>\$ 21,051,142</b>

Note 3.1: Both the conversion of the Adherium Secured Convertible Note and issue of Adherium Shares in lieu of Directors' fees are non-cash transactions and therefore have been excluded from Note 1.

Note 3.2: The calculation in respect of the issue of Adherium Shares in lieu of Directors' fees is based upon that the number of Adherium Shares being successfully issued under resolutions 4 to 9 (inclusive) of the Notice of Extraordinary General Meeting on 30 April 2021.

(d) **Note 4**

The pro forma adjustment relates to the \$0.299 million difference between the carrying value of Adherium Secured Convertible Notes on the balance sheet at 31 December 2020, being \$3.286 million, and the value of the Adherium Secured Convertible Notes based on the conversion to equity at a pre-agreed price of 1.5¢ per Adherium Share. The difference in value will be recognised in profit and loss and, for the purposes of the pro forma balance sheet, has been recognised in accumulated losses.

Further, \$0.079 million has been recognised against accumulated losses for the portion of the Directors Fees converted to equity not yet accrued at 31 December 2020, being for the months of January to March 2021.

(e) **Note 5**

The goodwill is equal to the consideration less the fair value of net assets.

**Table 16: Goodwill calculations**

Total Adherium Shares on issue as at 25 May 2021	2,125,733,111
Consideration (Adherium Shares at 1.57¢ per share)	\$33,382,609
Net Assets (post subsequent event adjustment) (A)	\$18,773,375
Consideration provided (B)	\$33,382,609
<b>Goodwill ( = A + B )</b>	<b>\$14,609,234</b>

(f) **Note 6**

The \$800,000 relates to estimated costs of the Offer relating to advisory and legal services provided to each of Respiro and Adherium.

(g) **Note 7**

The acquisition of 100% of Adherium by Respiro in accordance with the offer. The fair value of the offer consideration has been calculated at \$33.4 million. Assumptions regarding the capital structure and purchase consideration are set out in the Bidder's Statement. The actual cost of acquisition will be determined after the close of the Offer Period. This adjustment eliminates Adherium's pre-acquisition contributed equity, reserves and retained earnings including the adjustment for the Capital Raise, Note Conversion and issue of new Adherium Shares in lieu of Directors' fees owing, as outlined in Note 3 above.

**7.6 Pro forma adjustments if Respiro controls only 50.1% of Adherium (on a fully diluted basis)**

If Respiro and its Associates have Relevant Interests in 50.1% of Adherium (on a fully diluted basis), the Combined Group pro forma historical statement of financial position as at 31 December 2020 presented in section 7.4 would be amended as follows:

- (a) the pro forma adjustment to contributed equity would reduce by \$19.2 million (reflecting acquisition of a Relevant Interest in only 50.1% of Adherium (on a fully diluted basis) in accordance with the Offer); and
- (b) the pro forma adjustment to non-controlling interest would increase by \$19.2 million (reflecting the remaining 49.9% of Adherium not controlled by Respiro).

## **8. Respiri's intentions in relation to Adherium**

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### **8.1 Introduction**

This section sets out Respiri's intentions in relation to:

- (a) the continuation of the business of Adherium;
- (b) any major changes to the business of Adherium and any redeployment of the fixed assets of Adherium;
- (c) the compulsory acquisition and delisting of Adherium;
- (d) any major changes to the board of Adherium; and
- (e) any impact on employees of Adherium.

Respiri's overall intention is to drive long-term value creation by adopting an active engagement model, commensurate with the size of any shareholding in Adherium that Respiri acquires.

The intentions of Respiri have been formed on the basis of publicly available facts and information known about Adherium and the general business environment that is known to Respiri as at the date of preparation of this Bidder's Statement. Final decisions regarding these matters will only be reached by Respiri in light of material information, facts and circumstances at the relevant time. Accordingly, the statements set out in this section 8 are statements of current intention only and may vary as new information becomes available or circumstances change. The statements in this section should be read in this context.

### **8.2 Rationale for the Offer**

The Offer is consistent with Respiri's objective of becoming a leading, global respiratory disease treatment leader utilising the complementary technologies of Respiri's 'wheezo' device and Adherium's Hailie solution. The acquisition of Adherium would provide Respiri with sole control of the development of the Hailie solution.

If Respiri acquires 100% of Adherium Shares, it intends to leverage Adherium's expertise, product offering and development pipeline to:

- (a) win market share against existing market incumbents in the medical device and medical technology space;
- (b) leverage its existing market position in Australia and New Zealand to include Adherium products such as the Hailie solution; and
- (c) develop a flexible, integrated platform for delivery of a combined product set; and
- (d) accelerate market entry into the United States by leveraging the partnership Adherium has with Trudell and HGE Health.

If Respiri acquires less than 100% of Adherium Shares, it will not fully achieve all of these goals, but it will allow Respiri's nominee Directors (subject to all appropriate protocols for managing any related party issues) to assist with better strategic alignment in the development of the Hailie Solution.

### 8.3 Intentions for Adherium as a wholly-owned controlled entity

This section 8.3 describes Respiro's intentions if Respiro acquires a Relevant Interest in 90% or more of the Adherium Shares, with the result that Respiro becomes entitled to proceed to compulsory acquisition of outstanding Adherium Shares in accordance with Part 6A.1 of the Corporations Act.

#### (a) Corporate actions

Respiro intends to:

- (i) proceed with compulsory acquisition of the outstanding Adherium Shares in accordance with the provisions of Part 6A.1 of the Corporations Act;
- (ii) apply for Adherium to be removed from the official list of the ASX;
- (iii) replace Adherium non-executive Directors with the nominees of Respiro; while terminating the current executive Directors of Adherium. Replacement Adherium non-executive Directors have not yet been identified by Respiro and their identity will depend on the circumstances at the relevant time. Some members could come from the current board of Adherium, although it is expected that the majority of the replacement Adherium non-executive Directors will be members of the Respiro board or management team; and
- (iv) if required to do so under section 663A of the Corporations Act, Respiro intends to give notices to holders of Adherium Options offering to acquire their Options in accordance with section 663C of the Corporations Act.

#### (b) Strategic review

After the end of the Offer Period, Respiro intends to conduct a strategic review of Adherium's operations, assets and corporate structure. The review will use both qualitative and quantitative measures to evaluate Adherium's performance, profitability and prospects. As part of this review, Respiro intends to focus on the following areas (amongst others):

- (i) review of the Hailie device to determine whether there is potential for operational improvement based on Respiro's financial capacity, operational experience and expertise;
- (ii) review of Respiro's commercialisation capabilities to determine whether a combined offering of Hailie and 'wheezo' optimises Respiro's current go-to-market strategy and the cash reserves of the Combined Group; and
- (iii) integration with Respiro's existing operational and corporate structure.

#### (c) Impact on Employees

As a result of the implementation of the above intentions, in addition to the Executive Directors of Adherium it is possible that certain operational functions, for example, those relating to the maintenance of Adherium's listing on the ASX, and some head office functions will become redundant. Some job losses in both Adherium and Respiro may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance.

Where possible, Respiro will seek to minimise job losses through redeployment of the relevant Adherium employees elsewhere in Respiro. If redundancies do occur, in either, or both, of Respiro and Adherium, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

#### 8.4 Intentions for Adherium as a part owned controlled entity

This section 8.4 describes Respiri's intentions if Adherium becomes a controlled entity of Respiri, but Respiri is not entitled to proceed to compulsory acquisition of outstanding Adherium Shares in accordance with Part 6A.1 of the Corporations Act.

(a) **Corporate actions if Relevant Interests are less than 90.0% but more than 75.0% of Adherium**

If Respiri and its Associates have Relevant Interests in less than 90.0% but more than 75.0% of Adherium, then Respiri intends to:

- (i) seek to remove Adherium from the Official List of ASX;
- (ii) seek to appoint a number of nominees of Respiri to the board of Adherium, such that Respiri has a majority of Directors of Adherium. Such nominees have not yet been identified by Respiri and their identity will depend on the circumstances at the relevant time;
- (iii) direct any nominees Respiri appoints to the board of Adherium to utilise Respiri's experience to assist Adherium to drive long-term value;

Respiri may:

- (i) acquire further Adherium Shares at some later time in a manner consistent with the Corporations Act (for example as a result of acquisitions of Adherium Shares in reliance on the '3% creep' exception in item 9, or the "rights issues" exception in item 10 of section 611 of the Corporations Act (including as underwriter or sub-underwriter, if the circumstances surrounding the rights issue is appropriate or it is commercially necessary for Adherium that Respiri acts in such a capacity));
- (ii) even if Respiri is not entitled to proceed to delist Adherium after the end of the Offer Period, it may subsequently be in a position to pass a special resolution to approve the delisting of Adherium. In the event it is in such a position (and on the basis that Respiri considers that it is no longer appropriate to maintain Adherium's listing on ASX, having regard to considerations such as costs associated with maintaining that listing, Respiri's final level of ownership, the number of remaining Adherium Shareholders, level of trading in Adherium Shares and the considerations in ASX Guidance Note 33), Respiri intends to pass such a resolution; and
- (iii) even if Respiri is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period, it may subsequently become entitled to exercise those rights and, in the event such rights of compulsory acquisition arise, Respiri intends to exercise those rights.

The ability of Respiri to implement the intentions set out in this section 8.4 is subject to the legal obligations of the Directors of Adherium in relation to the interests of Adherium and all Adherium Shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Respiri will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

(b) **Corporate actions if Relevant Interests are less than 75.0% but more than 50.1% of Adherium**

If Respiri and its Associates have Relevant Interests in less than 75.0% but more than 50.1% of Adherium, then Respiri intends to:

- (i) subject to continued satisfaction of the ASX Listing Rules, maintain Adherium's listing on the ASX;
- (ii) seek to appoint a number of nominees of Respiri to the board of Adherium, such that Respiri has a majority of Directors of Adherium. Such nominees have not yet been identified by Respiri and their identity will depend on the circumstances at the relevant time;
- (iii) direct any nominees Respiri appoints to the board of Adherium to utilise Respiri's experience to assist Adherium to drive long-term value;

Respiri may

- (i) acquire further Adherium Shares at some later time in a manner consistent with the Corporations Act (for example as a result of acquisitions of Adherium Shares in reliance on the "3% creep" exception in item 9, or the "rights issues" exception in item 10 of section 611 of the Corporations Act (including as underwriter or sub-underwriter, if the circumstances surrounding the rights issue is appropriate or it is commercially necessary for Adherium that Respiri acts in such a capacity));
- (ii) even if Respiri is not entitled to proceed to delist Adherium after the end of the Offer Period, it may in the future find itself in a situation where it has accumulated voting power above 75% in Adherium due to transactions allowed under section 611 of the Corporations Act (such as via acquisitions under entitlement offers or via "creep"). At that time Respiri may be in a position to pass a special resolution to approve the delisting of Adherium and, in the event it is in such a position, Respiri intends to pass such a resolution; and
- (iii) even if Respiri is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period, it may subsequently become entitled to exercise those rights. In the event such rights of compulsory acquisition arise (and on the basis that Respiri considers that it is no longer appropriate to maintain Adherium's listing on ASX, having regard to considerations such as costs associated with maintaining that listing, Respiri's final level of ownership, the number of remaining Adherium Shareholders, level of trading in Adherium Shares and the considerations in ASX Guidance Note 33), Respiri intends to exercise those rights.

The ability of Respiri to implement the intentions set out in this section 8.4 is subject to the legal obligations of the Directors of Adherium in relation to the interests of Adherium and all Adherium Shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Respiri will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

(c) **Operational review**

After the end of the Offer Period, Respiri intends to propose to the Adherium Board that an immediate, broad based review of Adherium's operations be conducted on both a strategic and financial level.

Respiri intends, subject to the approval of the Adherium Board, to participate in this review.

**8.5 Intentions for Adherium if not controlled by Respiri**

Respiri reserves its right to declare the Offer free from the 50.1% (on a fully diluted basis) minimum acceptance condition (or any other condition) to the Offer. However, it has made no decision as to whether it will do so.

This section 8.5 describes Respiri's intentions if Respiri were to declare the Offer free of the 50.1% (on a fully diluted basis) minimum acceptance condition and if Adherium does not become a controlled entity of Respiri.

(a) **Corporate actions**

If Respiri and its Associates have Relevant Interests in less than 50.1% of Adherium, then Respiri:

- (i) does not expect to be in a position to give effect to the intentions set out in sections 8.3 or 8.4 of this Bidder's Statement (other than Respiri's intention to request appointment of Respiri nominees as Adherium Directors, noting that there may continue to be a majority of Directors on the Board of Adherium who are independent of Respiri);
- (ii) currently intends to continue to hold any Adherium Shares acquired with a view to maximising returns for Respiri's Shareholders; and
- (iii) may acquire additional Adherium Shares, to the extent permitted by law (for example as a result of acquisitions of Adherium Shares in reliance on the "3% creep" exception in item 9, or the "rights issues" exception in item 10 of section 611 of the Corporations Act).

Such intentions may result in an impact on Adherium which is materially different from the outcomes discussed in section 8.6 below. Respiri will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

**8.6 Other Intentions**

Subject to the matters described above in this section 8 and elsewhere in this Bidder's Statement (and, in particular, the completion of the strategic review of Adherium's operations), it is the intention of Respiri, on the basis of the facts and information concerning Adherium that are known to it and the existing circumstances affecting the assets and operations of Adherium at the date of this Bidder's Statement, that:

- (a) the business of Adherium will be conducted in the same manner as at the date of this Bidder's Statement;
- (b) there will be no redeployment of the fixed assets of Adherium; and
- (c) the present employees of Adherium will, for the most part, continue to be employed by Adherium or its subsidiaries.

## **8.7 Limitation on Intentions**

The ability of Respiro to implement the intentions set out in this section 8, will be subject to the legal obligations of Directors of Respiro to have regard to the interests of Adherium and all Adherium Shareholders, and the requirements of the Corporations Act, including without limitation, in relation to transactions between related parties.

## 9. Risk factors

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### 9.1 Introduction

If the Offer becomes unconditional, Adherium Shareholders who accept the Offer will become Respiro Shareholders. In that event, Respiro will acquire an interest in Adherium and Respiro Shareholders will continue to be indirectly exposed to the risks associated with having an interest in Adherium's assets and general economic, share market and industry risks. There are also additional risks relating to Respiro and the Combined Group, to which Adherium Shareholders will be exposed through their holding of Respiro Shares.

The value of Respiro Shares is influenced by a range of factors, many of which are beyond the control of the Combined Group. These risk factors are divided into:

- (a) specific risks relating to the Offer that may affect Respiro and the creation of the Combined Group;
- (b) the medical device and technology sector; and
- (c) other general risks.

You should carefully consider the following risk factors, as well as the other information provided by Respiro, and consult your financial and legal advisers before making a decision as to whether to accept the Offer.

The risks and uncertainties described below are not the only ones facing Respiro. Additional risks and uncertainties that Respiro is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Respiro's operating and financial performance.

These risk factors do not take into account the investment objectives, financial and tax situation, or the particular needs, of individual Adherium Shareholders.

### 9.2 Specific risks that may affect Respiro and the Combined Group

#### (a) Issue of Respiro Shares as consideration

Adherium Shareholders are being offered a specified number of Respiro Shares (one (1) Respiro Share for every seven (7) Adherium Shares), rather than a number of Respiro Shares with a specified market value. As a result, the value of the Offer will fluctuate depending upon the market value of the Respiro Shares.

The market value of the Respiro Shares issued under the Offer will depend on the trading price of those shares. There is no guarantee that the trading price of Respiro Shares will increase in the future, or that the trading price in the future will be the same as the current trading prices of Respiro Shares. The market value of Respiro Shares may vary from their market value on the date that Adherium Shareholders accept the Offer.

Respiro Shares issued under the Offer as consideration for the acquisition of Adherium Shares held by Ineligible Foreign Shareholders (who accept the Offer) will be sold on-market by the ASIC approved Nominee in accordance with the procedure set out in section 12.8. As such this process may adversely impact the price of Respiro Shares. Further, in relation to those Ineligible Foreign Shareholders who accept the Offer, there is no guarantee that the value the Nominee obtains for the Respiro Shares under the sale facility will be the same as (or better than) the market price of Respiro Shares as at the date of this Bidder's Statement.

There is also a risk that Adherium Shareholders who elect to participate in the Offer may wish to sell their Respiro Shares shortly after receipt. This may also adversely impact the price of Respiro Shares.

(b) **Integration risks**

There are risks that any integration between the businesses of Respiro and Adherium may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel. Integration cost that are higher than expected could have a material adverse effect on Respiro and the Combined Group.

(c) **Accounting**

Respiro will be required to perform a fair value assessment of all of Adherium's assets and liabilities if the Offer is successful. This assessment may result in increased non-cash depreciation and amortisation charges. There is a risk that these charges may be substantially greater than those that would exist in Respiro and Adherium as separate businesses. This may reduce the future earnings of the Combined Group.

(d) **Change in risk and investment profile**

Adherium Shareholders who accept the Offer will be exposed to risk factors relating to Respiro, and to certain additional risks relating to the Combined Group and the integration of the two companies.

These include risks relating to the research, development and sale of a broader suite of products (both in nature and scale) than Adherium owns.

(e) **Acquisition risk**

Respiro may also review and consider other business opportunities. Consequently, this strategy may result in Respiro making acquisitions of, or investments in, complementary or alternative companies or assets. Any such transactions would be accompanied by the risks inherent in making acquisitions of companies and assets. For example, there may be liabilities in connection with such acquisitions that are not identified in Respiro's due diligence or the acquisitions may not prove to be successful. Further, risks associated with such acquisitions will also arise from Respiro's ability to execute the acquisition and then to correctly manage the business operations and growth strategies moving forward.

(f) **Dependence on patents and regulatory approvals**

The projects in which Respiro has invested generally require patents and governmental licences, permits, authorisations, concessions and other approvals in connection with their activities. Obtaining and complying with the necessary patents and governmental approvals can be particularly complex, costly and time-consuming and is therefore not assured.

The duration, cost and success of patent and regulatory approval applications are contingent on many factors, including those outside the control of the Respiro Group. Delay in obtaining or renewing, or failure to obtain or renew, a patent or regulatory approval could mean that Respiro may be delayed or, in a worst case scenario, unable to proceed with the development or continued sale or use of its products. The patents and regulatory approvals that Respiro needs may not be issued, maintained or renewed either in a timely fashion or at all, which may

constrain the ability of Respiro to conduct its operations, which in turn may impact Respiro's financial results.

(g) **Risks associated with Respiro holding less than 90% of the Adherium Shares**

If, in connection with or following the Offer, Respiro ultimately acquires less than 90% of the Adherium Shares, Respiro and its shareholders will be exposed to a non-wholly owned interest in Adherium. As a result, Respiro's ability to obtain the benefits of its interest in Adherium will necessarily be limited by its ownership exposure. Respiro's ability to effect its intentions with respect to Adherium will also be subject to the legal obligations of nominee Directors to have regard to the interests of all Adherium Shareholders, and the requirements of the Corporations Act, including without limitation, in relation to transactions between related parties.

(h) **Risks associated with retention of a minority stake**

There are some risks associated with the Offer for Adherium Shareholders who do not accept the Offer and remain Adherium Shareholders. If, in connection with or following the Offer, Respiro acquires between 90% and 100% of the Adherium Shares, Respiro may be entitled to compulsorily acquire the remaining shares of the Adherium Shareholders.

If, in connection with the Offer, Respiro acquires more than 50.1% but less than 90% of the Adherium Shares, Respiro will hold a controlling interest in Adherium. The remaining Adherium Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. They could also encounter a lower level of liquidity in Adherium Shares than that exists today, which could result in a lower price for those Adherium Shares should they wish to sell them in future. Trading liquidity could also be reduced in the event Respiro possesses the necessary voting power to pass a special resolution to delist Adherium.

If, following the End Date, Respiro does not acquire a Relevant Interest of at least 50.1% of the Adherium Shares (on a fully diluted basis), it may choose to waive the 50.1% (on a fully diluted basis) condition of its Offer resulting in Respiro holding a non-controlling interest in Adherium. If this occurred, it is possible that Respiro and another person or persons could each hold large minority interests in Adherium. In such a situation, any commercial misalignment between large minority Adherium Shareholders could impact on the efficient and effective governance of Adherium and could adversely affect its ongoing performance.

(i) **Capital requirement risks**

The Combined Group's capital requirements will depend on a number of factors. Respiro expects the Combined Group will have sufficient funding in relation to its existing operations (based on existing estimates of funding requirements). Funding requirements may change in the future depending on multiple factors.

(j) **Potential unavailability of CGT scrip for scrip rollover relief**

Adherium Shareholders who accept the Offer and receive Respiro Shares may, in some circumstances (particularly where Respiro does not obtain 80% or more of the Adherium Shares under the Offer) have a CGT liability but will not be able to claim CGT scrip for scrip rollover relief in respect of the Respiro Shares received in exchange for the Adherium Shares.

### 9.3 Specific risks relevant to Respiro

(a) **COVID-19**

COVID-19 is having a material impact on the value of entities, investments and securities around the world. Respiro is dependent on global economic conditions, particularly those in its key target markets and those which relate to the healthcare technology market generally. Respiro is also dependent on global supply chains to manufacture and distribute its products. Risks relating to COVID-19 have the potential to impact on the future value of Respiro Shares regardless of the extent of success of the Offer.

(b) **Management performance**

The overall performance of management and the ability of the Directors and senior management to manage business operations is critical to Respiro's success. In the event that business operations are not managed adequately, Respiro may fail to meet particular development and commercialisation milestones.

(c) **Key personnel risk**

The loss of one or more of the Company's key managers or executives has the potential to result in a skill gap within Respiro's management structure, which may affect Respiro's ability to develop and commercialise its products.

(d) **Supply chain risk**

Respiro manufactures its products in China using raw materials sourced from third parties in other jurisdictions. A disruption to Respiro's ability to secure raw materials, manufacture its products on schedule and transport those products around the world may adversely affect Respiro's operating and financial performance. Such disruptions may occur due to range factors such as raw material shortages, unavailability of components (or longer lead times for availability), industrial disputes, international trade disputes or shipment delays related to COVID-19 (see section 9.3(a) for further discussion on COVID-19 risks).

(e) **Cyber security and privacy risks**

Respiro seeks to ensure that it has appropriate security measures and risk management systems in place to maintain the confidentiality and privacy of information collected in relation to customers, end-user patents, employees and other sources of personal information.

However those security measures are subject to various risks including computer viruses, electronic theft, physical damage resulting in a loss or corruption of data, operating system failures, third party provider failures or similar disruptions. Respiro's efforts to combat these risks might not be successful and there is a risk that a data breach may occur, or a third party may gain access to confidential information of Respiro's customers, end-user patients or employees. The failure of Respiro to maintain the confidentiality of this information could result in a breach of law and cause significant operational, financial and reputation damage or the imposition of penalties if regulatory action is taken against Respiro.

(f) **CPT reimbursement risk**

Although management of Respiro considers that the 'wheezo' product will qualify for CPT reimbursement once Respiro enters into the US market, should 'wheezo' be unsuccessful in qualifying for CPT reimbursement, the commercialisation of 'wheezo' in the United States may not be as successful as anticipated.

#### 9.4 Risks relevant to the medical device and technology sector

(a) **Scientific uncertainty**

Medical device R&D involves scientific uncertainty and long lead times and there is no certainty that any particular event will occur within a set period or by a certain date.

(b) **Partnership risk**

Due to the significant costs in medical device development it is common for medical device companies to partner with larger medical device or medical equipment manufacturing companies to help progress development of a medical device. Partnering can potentially reduce the development and commercial risk for a small medical device company by involving an experienced or a larger established medical device manufacturer and/or medical device marketing company in the medical device's development and commercialisation, however there is no guarantee that such arrangements will lead to the successful commercialisation of products, as a larger partner may not have the same motivation as the Company to quickly advance the product through clinical trials and commercialisation.

(c) **Competition risk**

Intense competition exists in the medical device and mobile health app industries. The risk exists that one or more of the competitive products in development now or in the future may prove more efficacious, safer, more cost effective or more acceptable to patients than the Company's product.

(d) **Risk that funding does not fully support Respi's development and commercialisation of its products**

Medical device R&D and commercialisation activities generally require a high level of funding over a long period of time. There is no guarantee that substantial additional funding will not be required to complete the development and commercialisation of the Company's medical devices.

(e) **Risk of patent disputes**

Obtaining, securing and maintaining rights to technology and patents are an integral part of securing potential product value in the outcomes of medical device R&D. Competition in retaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes.

(f) **Product liability risks**

The Company's business exposes it to potential product liability risks that are inherent in R&D, preclinical studies, clinical trials, manufacturing, marketing and use of medical device products in and with humans.

#### 9.5 General risks

(a) **The future price of Respi Shares is subject to the uncertainty of equity market conditions**

There are general risks associated with an investment in the share market. Such risks may affect the value of Respi Shares. The value of Respi Shares may rise or fall depending on the financial position, operating performance and dividends of Respi.

Further, broader market factors affecting the price of shares are unpredictable and may be unrelated or disproportionate to the financial performance of Respiro. Such factors may include the rate of inflation, changes in interest rates, the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, changes in laws, global political and economic stability, interest and inflation rates and foreign exchange rates.

(b) **Forward looking statements**

Forward looking statements, opinions, estimates and projections are dependent on various factors, many of which are outside of the control of Respiro. There is a risk that assumptions and contingencies upon which forward statements, opinions, estimates and projections are based may differ from what may actually result. This could impact upon the value of Respiro Shares.

(c) **Economic environment**

Economic conditions in Australia and globally will affect the business and financial condition of Respiro. Any protracted slowdown in, or adverse changes to, economic conditions, such as the level of inflation, interest rates, exchange rates, consumer confidence, government policy (including fiscal, monetary and regulatory policies) and employment rates, among others, are outside the control of Respiro and may result in materially adverse impacts on Respiro.

(d) **Tax risks**

Future changes in taxation law in Australia, including changes in interpretation or application of the law by courts and taxation authorities in Australia, may affect tax treatment of an investment in Respiro Shares, or holding or disposal of those Respiro Shares. Further changes in taxation law, or the way in which Respiro operates, may impact significantly on Respiro's tax liabilities.

## 10. Tax considerations

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This section 10 contains a general description of the Australian income tax (including CGT) and GST consequences for Adherium Shareholders who either accept the Offer and dispose of their Adherium Shares to Respiro, or whose Adherium Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act.

This section 10 deals only with Australian-resident Adherium Shareholders who hold their Adherium Shares on capital account for income tax purposes. It does not deal with Adherium Shareholders who:

- (a) are tax residents of a country other than Australia;
- (b) hold their Adherium Shares for the purpose of speculation or a business of dealing in securities (eg as trading stock or revenue assets);
- (c) acquired their Adherium Shares pursuant to an employee share, option or rights plan;
- (d) are taken for CGT purposes to have acquired their Adherium Shares before 20 September 1985;
- (e) are subject to the taxation of financial arrangement rules in Division 230 of the Tax Act in relation to gains and losses on their Adherium Shares; or

Adherium Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

The information in this section 10 is based upon the Australian law and administrative practice in effect as at the date of this Bidder's Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of an Adherium Shareholder. Adherium Shareholders should seek independent professional advice in relation to their own particular circumstances.

### 10.1 Australian-resident Adherium Shareholders

#### (a) **Adherium Shareholders who accept the Offer**

If the Offer becomes unconditional, acceptance of the Offer by an Adherium Shareholder will involve the disposal of their Adherium Shares to Respiro. This change of ownership of Adherium Shares will constitute a CGT event for Australian income tax purposes. The date of disposal for CGT purposes should be the date the contract to dispose of the Adherium Shares is formed.

#### (b) **Compulsory acquisition**

If an Adherium Shareholder does not dispose of their Adherium Shares under the Offer and their Adherium Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Adherium Shareholders will also be treated as having disposed of their Adherium Shares for CGT purposes.

In this case, the date of the CGT event will be the date when the Adherium Shareholder ceases to be the owner of the Adherium Shares.

(c) **CGT**

(i) *Calculation of capital gain or capital loss (apart from scrip for scrip rollover relief)*

Adherium Shareholders will make a capital gain to the extent that the capital proceeds from the disposal of their Adherium Shares are more than the cost base of those Adherium Shares. Conversely, Adherium Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Adherium Shares.

(ii) *Cost base*

The cost base of the Adherium Shares generally includes the purchase price paid for the shares and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the Adherium Shares is usually determined in a similar but not identical manner.

(iii) *Capital proceeds*

The capital proceeds for the disposal of Adherium Shares should be equal to the Offer consideration receivable by the Adherium Shareholder. The capital proceeds should be equal to the market value of the Respi Shares received by the Adherium Shareholder, determined as at the time of the CGT event.

(iv) *CGT discount*

Individuals, complying superannuation entities or trustees of trusts that have held their Adherium Shares for at least 12 months before the CGT event may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Adherium Shares. The discount is 50% in the case of individuals and trusts or 33 $\frac{1}{3}$ % for complying superannuation entities. For trusts, the ultimate availability of the discount for a beneficiary of the trust will depend on the particular circumstances of the beneficiary. Adherium Shareholders should seek specific advice on the availability of the CGT discount in their own circumstances.

(v) *Net capital gains or losses*

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain or net capital loss. Any net capital gain (after discount) is included in assessable income and therefore is potentially subject to income tax at the taxpayer's relevant marginal tax rate.

Net capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

(vi) *Scrip for scrip rollover*

Scrip for scrip rollover should be available if Respi acquires at least 80% of the Adherium Shares under the Offer. If, and to the extent that scrip for scrip rollover is available and chosen, then the capital gain that would otherwise arise will be deferred until a later CGT event occurs, such as the subsequent disposal of the shares acquired under the Offer.

In order to choose the scrip-for-scrip rollover relief, Adherium Shareholders must make an election prior to lodging their income tax return for the income year in which the CGT event occurs. Respiro will not make a choice under section 124-795(4) of the Tax Act to deny scrip for scrip rollover relief (where it would otherwise be available).

Scrip for scrip rollover relief is not available if a capital loss arises on the exchange of the Adherium Shares.

If Respiro does not obtain 80% or more of the Adherium Shares under the Offer, no Adherium Shareholder will be eligible for scrip for scrip rollover relief.

**(d) Implications of holding Respiro Shares**

As a consequence of accepting the Offer, an Adherium Shareholder will become a shareholder of Respiro. Dividends (and any attached franking credits) received by an Australian-resident Respiro Shareholder would generally be required to be included in the assessable income of such a shareholder. The franking credits attached to the dividend may be available as a benefit to the shareholder under the imputation regime.

**(e) CGT on subsequent disposal of Respiro Shares**

A subsequent disposal of Respiro Shares will generally result in Australian CGT implications as described above. These will differ depending upon whether or not scrip for scrip rollover relief was claimed in relation to the disposal of Adherium Shares pursuant to the Offer.

**(i) *Where scrip for scrip rollover not claimed or available***

Where scrip for scrip rollover relief was not claimed or was not available in relation to the disposal of the Adherium Shares, the cost base of the Respiro Shares (spread equally over those Respiro Shares) would include the market value of the Adherium Shares disposed of in exchange for them. Where the Offer was accepted, this market value should be determined as at the time of the CGT event for disposal of the Adherium Shares (see section 10.1(a) above). Where the Adherium Shares were compulsorily acquired, this market value should be determined as at the date the Respiro Shares were issued.

**(ii) *Where scrip for scrip rollover available***

Where a Adherium Shareholder chooses scrip for scrip rollover, the cost base (and reduced cost base) of the Respiro Shares will reflect proportionally the cost base (and reduced cost base) that the Adherium Shareholder had in their Adherium Shares that are disposed of in exchange for the Respiro Shares.

The cost base and reduced cost base of the Respiro Shares may subsequently change, for example where incidental costs are incurred to sell the Respiro Shares.

An Adherium Shareholder will be taken to have acquired the Respiro Shares at the time the Adherium Shares exchanged for them were originally acquired for CGT purposes.

## **10.2 GST**

Adherium Shareholders should not be liable to GST in respect of the disposal of their Adherium Shares or the acquisition of Respiro Shares under the Offer.

Adherium Shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Offer) that relate to the Offer. Adherium Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, depending on their particular circumstances.

## **10.3 Stamp duty**

Adherium Shareholders should not be liable to stamp duty in respect of the disposal of their Adherium Shares or the acquisition of Respiro Shares under the Offer.

## 11. Additional Information

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### 11.1 Status of defeating conditions

The Offer is subject to a number of conditions set out in section 12.9. Respire will provide updates on any material developments relating to the status of these conditions through announcements to the ASX.

Respire is not aware of any events or circumstances which would result in the non-fulfilment of any of the conditions set out in section 12.9.

### 11.2 Date for determining holders of Adherium Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

The Offer also extends to persons who become registered, or entitled to be registered, as the holder of Adherium Shares during the period from the Register Date to the end of the Offer Period as a result of the exercise of Adherium Options.

### 11.3 Consents

#### (a) Persons giving consents

Each of the parties in the table below:

- (i) has given written consent, and not withdrawn such consent before the lodgement of this Bidder's Statement with ASIC, to being named in this Bidder's Statement in the form and context in which they are named;
- (ii) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based;
- (iii) takes no responsibility for any part of this Bidder's Statement other than any reference to its name; and
- (iv) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Bidder's Statement.

**Table 17: Summary of persons giving consents**

Consenting party	Role
BDO Australia	Financial adviser
Gadens	Legal adviser
Computershare Investor Services Pty Limited	Share register for the Offer

#### (b) Documents lodged with ASIC or given to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not

required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the Bid Period, please contact Computershare Investor Services Pty Limited on the Offer Information Line on 1300 040 233 (toll free for callers within Australia) or on +61 3 9415 4877 (for callers outside Australia). Telephone calls to this number may be recorded.

Neither ASIC, nor the ASX, nor their respective officers, take any responsibility for the content of this Bidder's Statement.

(c) **Official statements**

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Bidder's Statement may include or be accompanied by certain statements:

- (i) which fairly represent what purports to be a statement by an official person; or
- (ii) which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (iii) which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Bidder's Statement contains trading data sourced from S&P Capital IQ provided without their consent.

**11.4 No pre-offer benefit**

During the period of 4 months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Respiro nor any Associate of Respiro gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Adherium Shares,

and which is not offered to all holders of Adherium Shares under the Offer.

**11.5 No escalation agreements**

Neither Respiro nor any of its Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

**11.6 Broker commission**

As at the date of this Bidder's Statement, Respiro has not made a decision as to whether to offer to pay a commission to brokers who solicit acceptances of the Offer by an Adherium Shareholder. However, Respiro reserves the right to introduce such an arrangement.

**11.7 Respiro's financial position**

The information in this Bidder's Statement relating to Respiro's financial position is extracted from:

- (a) Respire's Half Year Accounts for the half year 31 December 2020 (**31 December Half Year Accounts**) and is available to view on: <https://respiri.co/wp-content/uploads/2021/03/2179060.pdf>;
- (b) Respire's Annual Report for the year ended 30 June 2020 (**2020 Annual Report**) and is available to view on: <https://respiri.co/wp-content/uploads/2020/09/2119240.pdf>; and
- (c) Respire's Annual Report for the year ended 30 June 2019 (**2019 Annual Report**) and is available to view on: <https://respiri.co/wp-content/uploads/2019/09/1973295.pdf>.

Respire is not aware of any new information or data that materially affects the information included in Respire's 31 December 2020 Half Year Accounts, its 2020 Annual Report or its 2019 Annual Report.

## 11.8 Ineligible Foreign Shareholders

Ineligible Foreign Shareholders who accept the Offer will not be entitled to receive Respire Shares as consideration for their Adherium Shares, unless Respire otherwise determines.

An Adherium Shareholder is an Ineligible Foreign Shareholder if their address as shown in the register of members of Adherium is in a jurisdiction other than Australia and its external territories, New Zealand, United Kingdom, Singapore and Canada.

However, such a person will not be an Ineligible Foreign Shareholder if Respire is satisfied that it is not legally or practically constrained from making the Offer to an Adherium Shareholder in the relevant jurisdiction and to issue Respire Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Respire is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Respire Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Nominee, who will sell these Respire Shares on the ASX. The net proceeds of the sale of such Respire Shares will then be remitted to the relevant Ineligible Foreign Shareholders. Refer to section 12.8 of this Bidder's Statement for further details.

## 11.9 Social security and superannuation implications of Offer

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

## 11.10 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) Director or proposed Director of Respire;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of Respire;

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- (d) the formation or promotion of Respire;

- (e) property acquired or proposed to be acquired by Respiro in connection with its formation or promotion, or the offer of Respiro Shares under the Offer; or
- (f) the offer of Respiro Shares under the Offer.

#### 11.11 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a Director or proposed Director of Respiro to induce him or her to become, or to qualify as, a Director of Respiro; or
- (b) for services provided by an Interested Person in connection with the formation or promotion of Respiro or the offer of Respiro Shares under the Offer.

The Directors of Respiro are paid fees as described in Respiro's annual report for the year ended 30 June 2020 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC) available at: [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02286937-3A551355?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02286937-3A551355?access_token=83ff96335c2d45a094df02a206a39ff4).

The persons named in this Bidder's Statement as performing a function in a professional or advisory capacity in connection with the Offer and with the preparation of the Bidder's Statement on behalf of Respiro are BDO Australia as financial advisers, Gadens as Australian legal adviser and Computershare Investor Services Pty Limited as share registry provider. The fee for professional services paid or payable to BDO Australia as financial adviser to Respiro is up to \$450,000. The fee for professional services paid or payable to Gadens as Australian legal adviser is up to \$85,000.

Computershare Investor Services Pty Limited is Respiro's share registry and has been engaged by Respiro to assist with certain aspects of the Offer, including facilitating the despatch of this Bidder's Statement. Computershare Investor Services Pty Limited is entitled to receive fees for these services as well as fees for its services as Respiro's share registry.

#### 11.12 Disclosure of interests of Directors

##### (a) Interests in Respiro Shares

As at the date of this Bidder's Statement, the Directors of Respiro hold the following securities in Respiro (either directly or through beneficial interests or entities associated with the Director) as set out in the table below.

**Table 18: Interests of Directors in Respiro Shares**

Director	Class of Security	Number
Nicholas Smedley	Listed ordinary shares	14,209,668
	Unquoted options	77,500,000
Marjan Mikel	Listed ordinary shares	2,791,267

	Unquoted options	90,000,000
Thomas Duthy	Listed ordinary shares	745,454
	Unquoted options	30,000,000

(b) **Interest in Adherium Shares**

As at the date of this Bidder's Statement, no Director of Respiro nor any of their Associates has a Relevant Interest in Adherium Shares or other securities.

**11.13 Regulatory and other approval, consent or waiver requirements**

(a) **Modification of the Corporations Act**

Respiro has received approval from ASIC for relief from the Corporations Act in relation to the extension of the Offer to the EGM Shares, as well as to any Adherium Shares issued upon exercise of Adherium Options granted under the Note Conversion, that may be issued during the period from the Register Date until the end of the Offer Period, subject to Adherium Shareholders having approved the EGM Securities Issues and if the EGM Securities are issued after the Register Date.

At the time of applying for the relief, Respiro could not have known whether Adherium Shareholders would approve the EGM Securities Issues or whether Adherium would issue the EGM Securities before the Register Date in the event that the EGM Securities Issues were approved. Given that Adherium Shareholders approved the EGM Securities Issues and Adherium issued the EGM Securities before the Register Date, Respiro no longer needs to rely on this relief. However, the following details surrounding the relief are provided for completeness of disclosure.

The relief provided by ASIC applies to an offer by Respiro under an off-market takeover bid for all of the ordinary shares in Adherium, where:

- (i) Respiro has lodged a bidder's statement with ASIC dated 29 April 2021 that includes a statement that the Offer extends to EGM Securities, subject to ASIC relief being granted;
- (ii) Respiro does not rely on the relief provided by the instrument other than to extend the offer to EGM Securities; and
- (iii) the Offer is not subject to a defeating condition that will not be satisfied merely because securities come to be in the bid class as a result of the issue of EGM Securities by Adherium during the Offer Period.

The fact that ASIC has granted the relief described above in connection with the Offer should not be taken as a reflection of ASIC's views on any other aspect of the Offer.

(b) **ASX Listing Rule confirmations**

Respiro has received confirmation from the ASX that:

- (i) the issue of Respiro Shares under the Offer is exempt from the placement capacity restrictions in Chapter 7 of the ASX Listing Rules by virtue of exception 6 in ASX Listing Rule 7.2; and
- (ii) the acquisition of Adherium will not constitute a change to the nature or scale of Respiro's activities that would require Respiro to obtain the approval of Respiro Shareholders, or require the Combined Group to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

#### **11.14 Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of the original Bidder's Statement.

#### **11.15 No other material information**

There is no other information that:

- (a) is material to the making of the decision by an Adherium Shareholder whether or not to accept the Offer; and
- (b) which is known to Respiro,

other than:

- (c) as set out or referred to elsewhere in this Bidder's Statement; or
- (d) information which it would be unreasonable to require Respiro to disclose because the information has previously been disclosed to holders of Adherium Shares.

## 12. The terms and conditions of the Offer

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### 12.1 Offer

- (a) Respiri offers to acquire all of your Adherium Shares, together with all rights attaching to them, on and subject to the terms and conditions set out in this section 12.
- (b) This Offer relates to:
  - (i) Adherium Shares that exist or will exist at the Register Date;
  - (ii) Adherium Shares that are issued between the Register Date and the end of the Offer Period including as a result of:
    - (A) conversion of securities convertible into Adherium Shares, where such securities exist or will exist at the Register Date; or
    - (B) exercise of rights to be issued Adherium Shares, where such rights are conferred by securities that exist or will exist at the Register Date (such as Adherium Options);
  - (iii) if Adherium Shareholders approve the EGM Securities Issues but the EGM Securities are issued after the Register Date, then subject to ASIC granting the relief from the Corporations Act as noted in section 11.13(a), the Adherium Shares that will exist during the period from the Register Date to the end of the Offer Period due to:<sup>10</sup>
    - (A) the issue of EGM Shares; and
    - (B) the exercise of Adherium Options granted under the Note Conversion.
- (c) Offers on terms and conditions identical to those contained in this Offer have been or will be dispatched to all holders of Adherium Shares registered in the register on the Register Date, any holders of securities convertible or exercisable into Adherium Shares that exist on the Register Date, and any person who becomes registered as the holder of Adherium Shares during the period commencing on the Register Date and ending at the conclusion of the Offer Period.
- (d) The Respiri Shares to be issued as consideration under the Offer:
  - (i) are ordinary shares in Respiri;
  - (ii) will be credited as fully paid;
  - (iii) will have the rights summarised in section 4 of this Bidder's Statement;
  - (iv) will rank equally in all respects with all existing Respiri Shares; and
  - (v) will be free from any Encumbrance.

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<sup>10</sup> This Bidder's Statement does not change the terms of the Offer under the original Bidder's Statement dated 29 April 2021. At the date of the original Bidder's Statement lodged on 29 April 2021, the Extraordinary General Meeting had yet to occur and the EGM Securities had not yet been issued. As at this date of this Bidder's Statement, Adherium Shareholders have approved the EGM Securities Issues and the EGM Securities were issued prior to the Register Date. As such, ASIC relief is no longer required.

- (e) By accepting this Offer, you undertake to transfer to Respiro not only the Adherium Shares to which the Offer relates, but also all rights attached to those Adherium Shares.
- (f) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Adherium Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Adherium Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other of your Adherium Shares; and
  - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (g) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Adherium Shares as trustee or nominee for, or otherwise on account of, another person, you may accept this Offer as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1300 040 233 (toll free for callers within Australia) or on +61 3 9415 4877 (for callers outside Australia).
- (h) If your Adherium Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (i) The Offer is dated 15 June 2021.

## **12.2 Consideration for the Offer**

- (a) Subject to the terms of this Offer, the consideration offered by Respiro for your Adherium Shares is one (1) Respiro Shares for every seven (7) Adherium Shares that you hold, or you will hold.
- (b) If, at the time this Offer is made, you are an Ineligible Foreign Shareholder, you will not receive Respiro Shares as consideration under the Offer. Instead, you are offered and will receive a cash amount as part of the Nominee sale process determined in accordance with section 12.8.
- (c) If you elect to participate in the Offer, any entitlement that you have to Adherium Shares under this Offer will be calculated by dividing the number of Adherium Shares you hold by seven. If this calculation results in an entitlement to a fraction of a Respiro Share, the number of Respiro Shares you are entitled to pursuant to this Offer will be rounded:
  - (i) up to the nearest whole number of Respiro Shares (if equal to a fraction of 0.5 or greater); or
  - (ii) down to the nearest whole number of Respiro Shares (if equal to a fraction of less than 0.5).

- (d) If Respiri reasonably believes that an Adherium Shareholder's holdings have been manipulated to take advantage of rounding up, then any fractional entitlement will be aggregated or rounded down to the nearest whole number of Respiri Shares.

### 12.3 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm (Sydney time) on the later of:
  - (i) 16 July 2021 (**End Date**); or
  - (ii) any date to which the Offer Period is extended.
- (b) Respiri reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
  - (i) the Offer is varied to improve the consideration offered; or
  - (ii) Respiri's Voting Power in Adherium increases to more than 50%,then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

### 12.4 How to accept this Offer

- (a) **General**
  - (i) Subject to sections 12.1(g) and 12.1(h), you may only accept this Offer for all of your Adherium Shares.
  - (ii) You may accept this Offer at any time during the Offer Period, subject to the terms and conditions of this Offer.
- (b) **Adherium Shares held in your name on Adherium's issuer sponsored register**

To accept this Offer for Adherium Shares held in your name on Adherium's issuer sponsored subregister (in which case your SRN will commence with 'I'), you must:

  - (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (ii) ensure that the Acceptance Form (together with any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period at the address shown on the Acceptance Form.
- (c) **Adherium Shares held in your name in a CHESS Holding**

If your Adherium Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'):

  - (i) and you are not a Participant, you may:
    - (A) instruct your Controlling Participant (this is normally the broker either through whom you bought your Adherium Shares or through

whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or

- (B) sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (together with any documents required by the terms of this Offer or the instructions on the Acceptance Form) is received at the address shown on the Acceptance Form;
  - (ii) and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; and
  - (iii) you must comply with any other applicable ASX Settlement Operating Rules.
- (d) **Adherium Shares of which you are entitled to be registered as holder**

To accept this Offer for Adherium Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (ii) ensure that the Acceptance Form (together with any documents required by the terms of this Offer or the instructions on the Acceptance Form) is received before the end of the Offer Period at the address shown on the Acceptance Form.
- (e) **Acceptance Form and other documents**
- (i) The Acceptance Form forms part of the Offer.
  - (ii) If your Acceptance Form (together any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Respire at the address shown on the Acceptance Form before the end of the Offer Period.
  - (iii) When using the Acceptance Form to accept this Offer in respect of Adherium Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer or the instruction on the Acceptance Form) are received by Respire in time for Respire to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
  - (iv) The postage and transmission of the Acceptance Form and other documents is at your own risk.

## **12.5 Validity of acceptances**

- (a) Subject to this section 12.5, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 12.4.
- (b) Respire will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of

the Offer. Respire is not required to communicate with you prior to or after making this determination. The determination of Respire will be final and binding on all parties.

- (c) Notwithstanding sections 12.4(b) 12.4(c) 12.4(d) and 12.4(e), Respire may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your Adherium Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Respire.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of your Adherium Shares, Respire may, in its sole discretion, regard this Offer to be accepted in respect of those of your Adherium Shares but not the remainder.
- (e) Respire will provide the consideration to you in accordance with section 12.6 in respect of any part of an acceptance determined by Respire to be valid.

## **12.6 The effect of acceptance**

- (a) Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Adherium Shares from the Offer or otherwise dispose of your Adherium Shares, except as follows:
  - (i) if, by the relevant times specified in section 12.6(b), the conditions in section 12.9 have not all been fulfilled or freed, this Offer will automatically terminate and your Adherium Shares will be returned to you; or
  - (ii) if the Offer Period is postponed for more than one month and the obligations of Respire to deliver the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the conditions in section 12.9, you may be able to withdraw your acceptance and your Adherium Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 12.6(a)(i) are:
  - (i) in relation to the condition in section 12.9(a), the end of the third Business Day after the end of the Offer Period; and
  - (ii) in relation to all other conditions in section 12.9, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 12.4, you will be deemed to have:
  - (i) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 12.9 being fulfilled or freed, agreed to transfer to Respire, all your Adherium Shares (even if the number of Adherium Shares specified on the Acceptance Form differs from the number of your Adherium Shares), subject to sections 12.1(h);
  - (ii) represented and warranted to Respire, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Adherium Shares (including any rights) to Respire is registered, that:

- (A) all your Adherium Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise);
  - (B) you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your Adherium Shares (including any rights) to Respiro; and
  - (C) you have paid to Adherium all amounts which at the time of acceptance have fallen due for payment to Adherium in respect of your Adherium Shares;
- (iii) irrevocably authorised Respiro (and any Director, secretary, nominee or agent of Respiro) to alter the Acceptance Form on your behalf by inserting correct details relating to your Adherium Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Respiro to make it an effective acceptance of this Offer or to enable registration of your Adherium Shares in the name of Respiro;
  - (iv) if you signed the Acceptance Form in respect of Adherium Shares which are held in a CHES Holding, irrevocably authorised to Respiro (and any Director, secretary, nominee or agent of Respiro) to:
    - (A) instruct your Controlling Participant to initiate acceptance of this Offer in respect of your Adherium Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules; and
    - (B) give any other instructions in relation to your Adherium Shares to your Controlling Participant, as determined by Respiro acting in its own interests as a beneficial owner and intended registered holder of those Adherium Shares;
  - (v) irrevocably authorised and directed Adherium to pay to Respiro, or to account to Respiro for, all rights in respect of your Adherium Shares, subject, if this Offer is withdrawn, to Respiro accounting to you for any such rights received by Respiro;
  - (vi) irrevocably authorised Respiro to notify Adherium on your behalf that your place of address for the purpose of serving notices upon you in respect of your Adherium Shares is the address specified by Respiro in the notification;
  - (vii) with effect from the time and date on which all the conditions to this Offer in section 12.9 have been fulfilled or freed:
    - (A) irrevocably appointed Respiro (and any Director, secretary or nominee of Respiro) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Adherium Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative at all general meetings and all court- convened meetings of Adherium and to request Adherium to register, in the name of Respiro or its nominee, your Adherium Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable); and
    - (B) agreed not to attend or vote (whether in person or via an electronic meeting platform), by proxy or by body corporate representative at

any general meeting or any court-convened meeting of Adherium or to exercise or purport to exercise any of the powers and rights conferred on Respiro (and its Directors, secretaries and nominees) in section 12.6(c)(vii)(A);

- (viii) agreed that in exercising the powers and rights conferred by section 12.6(c)(vii)(A), the attorney will be entitled to act in the interests of Respiro as the beneficial owner and intended registered holder of your Adherium Shares;
- (ix) agreed to do all such acts, matters and things that Respiro may require to give effect to the matters the subject of this section 12.6(c)(vii)(A) (including the execution of a written form of proxy to the same effect as this section 12.6(c)) which complies in all respects with the requirements of the constitution of Adherium if requested by Respiro;
- (x) agreed to indemnify Respiro in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or SRN or in consequence of the transfer of your Adherium Shares to Respiro being registered by Adherium without production of your Holder Identification Number or your SRN for your Adherium Shares;
- (xi) represented and warranted to Respiro that, unless you have notified it in accordance with section 12.1(g), your Adherium Shares do not consist of separate parcels of Adherium Shares;
- (xii) irrevocably authorised Respiro (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your Adherium Shares to Respiro's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
- (xiii) agreed, subject to the conditions of this Offer in section 12.9 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Respiro may consider necessary or desirable to convey the Adherium Shares registered in your name and rights to Respiro; and
- (xiv) agreed to accept any Respiro Shares to which you have become entitled by acceptance of this Offer subject to the constitution of Respiro and have authorised Respiro to place your name on its register of Respiro Shareholders in respect of those Respiro Shares.

The undertakings and authorities referred to in this section 12.6(c) will remain in force after you receive the consideration for your Adherium Shares and after Respiro becomes registered as the holder of your Adherium Shares.

## **12.7 Provision of consideration**

- (a) Subject to this section 12.7 and sections 12.5(b) and 12.8, and subject to the Corporations Act, Respiro will provide the consideration due to you for your Adherium Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept, within one month after this Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.

- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Acceptance Form, Respiri will provide the consideration in accordance with section 12.7(a);
  - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, Respiri will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Respiri will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; and
  - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Respiri will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Respiri will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, Respiri is entitled to all rights in respect of your Adherium Shares (whether received by you or any previous holder of those Adherium Shares). This includes any Rights which you or a previous holder of your Adherium Shares:
- (i) are entitled to receive; or
  - (ii) would have been entitled to receive had those Adherium Shares been on issue at the record date in respect of the rights (where such record date is on or after the Announcement Date).
- (d) Respiri may require you to provide all documents necessary to vest title to Rights in Respiri, or otherwise to give it the benefit or value of Rights. If:
- (i) you do not give those documents to Respiri;
  - (ii) you have (or any previous holder of your Adherium Shares has) received the benefit of those Rights; or
  - (iii) the benefit of those Rights will not be received because the relevant Adherium Shares did not exist at the record date in respect of such Rights (where such record date is on or after the Announcement Date).
- Respiri may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Respiri) of those Rights, together with the value (as reasonably assessed by Respiri) of the franking credits, if any, attached to the Rights. This may involve a reduction in the number of Respiri Shares due to you under the Offer.
- (e) If you have accepted the Offer and you are an Ineligible Foreign Shareholder, you will receive your share of the net proceeds from the sale of the Respiri Shares in accordance with section 12.8.

- (f) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or, if you have an overseas address, by airmail) to the address as shown on your Acceptance Form.
- (g) The obligation of Respiro to issue and allot any Respiro Shares to which you are entitled will be satisfied by Respiro:
  - (i) entering your name on the register of members of Respiro; and
  - (ii) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Adherium's register of members last notified to Respiro:
    - (A) for CHESS Holdings, an uncertificated holding statement in your name (for Issuer Sponsored Holdings) or a confirmation of issue; and
    - (B) if your Adherium Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Adherium register of members at last notified to Respiro.
- (h) If at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for your Adherium Shares, including (but not limited to) any authority, clearance or approval of:
  - (i) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);
  - (ii) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made thereunder), or otherwise;
  - (iii) the Commissioner of Taxation; or
  - (iv) any other person as required by any other law of Australia that would make it unlawful for Respiro to provide any consideration for your Adherium Shares,

then you will not be entitled to receive any consideration for your Adherium Shares until all requisite authorities, clearances or approvals have been received by Respiro.

- (i) If Respiro determines, acting reasonably and in good faith that it is liable to pay an amount to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (**TAA**) with respect to the acquisition of Adherium Shares from an Adherium Shareholder, Respiro will, for any such Adherium Shareholder:
  - (i) determine the amount required to be paid to the Commissioner of Taxation (**Payment Amount**);
  - (ii) remit the Payment Amount to the Commissioner of Taxation within the time required under the TAA; and
  - (iii) after deduction of the Payment Amount, provide the net proceeds (including, where applicable, the requisite net number of Respiro Shares after an adjustment in respect of deduction on account of the Payment

Amount to reduce the number of Respi Shares provided), to that Adherium Shareholder for the purposes of this Offer.

For the avoidance of doubt, where the conditions in this section 12.7(i) are satisfied, Respi will, for the purposes of this Offer, be deemed to have satisfied its obligations to provide the Offer consideration to an Adherium Shareholder if the amount or value of the net proceeds provided to the Adherium Shareholder are equal to the amount or value of the Offer consideration that would have otherwise been provided to the Adherium Shareholder pursuant to the Offer, less the Payment Amount for that Adherium Shareholder.

## 12.8 Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Respi Shares as the consideration for your Adherium Shares as a result of accepting this Offer. In this event, Respi will:
- (i) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of Respi Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for section 12.2(b) and the equivalent provision in each other offer under this Offer;
  - (ii) cause the Respi Shares so issued to be offered for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee (at the risk of the Ineligible Foreign Shareholder); and
  - (iii) cause the Nominee to pay to you the amount ascertained in accordance with the formula (for the avoidance of doubt, subject to adjustment under section 12.7(i), if applicable):

$$\frac{N \times YS}{TS}$$

where:

'**N**' is the amount which is received by the Nominee upon the sale of all Respi Shares under this section 12.8 less brokerage and sale expenses;

'**YS**' is the number of Respi Shares which would, but for section 12.2(b), otherwise have been allotted to you; and

'**TS**' is the total number of Respi Shares allotted to the Nominee under this section 12.8.

- (b) You will receive your share (if any) of the net proceeds of the sale of Respi Shares by the Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or, if you have an overseas address, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- (d) Under no circumstances will interest be paid on your share of the net proceeds of the sale of Respi Shares by the Nominee, regardless of any delay in remitting these proceeds to you.
- (e) The Nominee may sell the Respi Shares in such manner, at such price or prices and on such terms as the Nominee determines, and at the risk of the Ineligible

Foreign Shareholders. The Nominee will sell the Respiro Shares on ASX following the issue of those shares to it.

- (f) As the market price of Respiro Shares will be subject to change from time to time, the sale price of the Respiro Shares sold by the Nominee and the proceeds of those sales cannot be guaranteed. Neither Respiro nor the Nominee gives any assurance as to the price that will be achieved for the sale of the Respiro Shares by the Nominee.
- (g) The Nominee will be appointed by, and will provide the Nominee services to, Respiro. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Ineligible Foreign Shareholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Foreign Shareholder and does not underwrite the sale of the Respiro Shares

## 12.9 Conditions of this Offer

Subject to this section 12.9, the completion of the Offer and any contract that results from an acceptance of this Offer is subject to the fulfilment of the conditions set out below:

### (a) No Prohibited Occurrences

No Prohibited Occurrence happens in the period between the Announcement Date and the date 3 Business Days after the end of the Offer Period (both inclusive). A Prohibited Occurrence means:

- (i) Adherium issuing or agreeing to issue any shares other than:
  - (A) the issue of shares on the exercise of an Adherium Option presently on issue and disclosed to the ASX;
  - (B) the issue of the EGM Shares; and
  - (C) Adherium Shares issued upon exercise of Adherium Options granted under the EGM Securities Issues;
- (ii) Adherium converting all or any of its shares into a larger or smaller number of shares;
- (iii) Adherium or a Related Body Corporate of Adherium resolving to reduce share capital in any way;
- (iv) a Related Body Corporate of Adherium:
  - (A) entering into a buy-back agreement; or
  - (B) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (v) Adherium or a Related Body Corporate of Adherium issuing securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than any such securities issued or granted under the EGM Securities Issues;
- (vi) Adherium or a Related Body Corporate of Adherium issuing, or agreeing to issue, convertible notes;
- (vii) Adherium or a Related Body Corporate of Adherium disposing, or agreeing to dispose, of a material asset or the whole, or a substantial part, of its business or property;

- (viii) Adherium or a Related Body Corporate of Adherium granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or
- (ix) an Insolvency Event occurs in relation to Adherium or a Related Body Corporate of Adherium,

provided that a Prohibited Occurrence will not include any matter required by law or by an order of a court or Government Agency.

(b) **Minimum acceptance condition**

At the end of the Offer Period, Respiro has a Relevant Interest in at least 50.1% of Adherium Shares (on a fully diluted basis).<sup>11</sup>

(c) **No exclusive licence arrangement**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Adherium or any Related Body Corporate of Adherium enters into any exclusive licence arrangement with respect to intellectual property owned by Adherium or a Related Body Corporate of Adherium.

(d) **Acquisitions and disposals**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Adherium nor any of its subsidiaries acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction (other than the Capital Raise or the Note Conversion) for an amount in aggregate greater than \$2,000,000.

(e) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Adherium does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(f) **No litigation on foot or pending**

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against Adherium or a Related Body Corporate of Adherium which may reasonably result in a judgment of \$2,000,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Respiro (whether or not becoming public) or Adherium, other than that which is in the public domain as at the Announcement Date.

(g) **No persons entitled to exercise or exercising rights under certain agreements or instruments**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which Adherium or any member of the Adherium Group is a party, or by or to which Adherium or any member of the Adherium Group or any of its assets or businesses may be bound

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<sup>11</sup> Which equates to 1,224,521,668 Adherium Shares, representing 57.6% of Adherium Shares on issue as at the date of this Bidder's Statement.

or be subject, which results, or could result, to an extent to which is material in the context of the Adherium Group taken as a whole, in:

- (i) any moneys borrowed by Adherium or any member of the Adherium Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (ii) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder;
- (iii) the assets of Adherium or any member of the Adherium Group being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or
- (iv) the business of Adherium or any member of the Adherium Group with any other person being adversely affected.

(h) **Capital expenditures**

Between the Announcement Date and the end of the Offer Period (each inclusive), Adherium does not:

- (i) incur, commit to incur or announce a requirement to incur an amount of capital expenditure in excess of \$500,000; or
- (ii) announce the happening of an event that would require an amount of capital expenditure in excess of \$500,000 to remedy the effects of such event,

other than:

- (iii) capital expenditure that has been announced by Adherium before the Announcement Date as intended to be incurred or committed; or
- (iv) capital expenditure in the day-to-day operating activities of the business of Adherium and its subsidiaries conducted in the same manner as before the Announcement Date.

(i) **No material adverse change**

- (i) Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:
  - (A) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
  - (B) information is disclosed or announced by Adherium concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
  - (C) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Respiro (whether or not becoming public),

(each of subparagraphs (A), (B) and (C) is a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters or things that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (D) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Adherium Group taken as a whole; or
  - (E) without limiting the generality of clause 12.9(i)(i)(D), the effect of a diminution in the value of the consolidated net assets of the Adherium Group, taken as a whole, by at least \$2,000,000 against what it would reasonably have been expected to have been but for such Specified Event.
- (ii) For the purposes of clause 12.9(i)(i), Respiro shall not be taken to know of information concerning any event, change, condition, matter or thing before the Announcement Date, unless the information has been disclosed by Respiro in its public filings with the ASX before the Announcement Date.

(j) **No restraints**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by Respiro or an Associate),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of the Offer (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in section 8) or which requires the divestiture by Respiro of any Adherium Shares or any material assets of Adherium or any subsidiary of Adherium.

**12.10 Nature and benefit of conditions**

- (a) The conditions in section 12.9 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the Prohibited Occurrence conditions in section 12.9(a) until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell your Adherium Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in clause 12.11(b).
- (b) Subject to the Corporations Act, Respiro alone is entitled to:
  - (i) the benefit of the conditions in section 12.9; and
  - (ii) rely on any non-fulfilment of any of them.
- (c) Each condition in section 12.9 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

**12.11 Freeing the Offer of conditions**

- (a) Respiro may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in section 12.9, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class

thereof), by giving a notice to Adherium and to the ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:

- (i) in the case of the condition in the Prohibited Occurrence conditions in section 12.9(a) not later than 3 Business Days after the end of the Offer Period; and
  - (ii) in the case of all the other conditions in section 12.9, not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the Prohibited Occurrence conditions in section 12.9(a), at the end of the third Business Day after the end of the Offer Period), any of the conditions in section 12.9 have not been fulfilled and Respiro has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

#### **12.12 Notice on status of conditions**

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 8 July 2021 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

#### **12.13 Official quotation of Respiro Shares**

- (a) Respiro is admitted to the official list of the ASX. Shares of the same class as those to be issued as consideration under (and subject to the terms of) this Offer have been granted official quotation by ASX.
- (b) An application will be made within seven days after the start of the Bid Period to ASX for the granting of official quotation of Respiro Shares to be issued in accordance with (and subject to the terms of) this Offer. However, official quotation is not granted automatically on application.
- (c) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the Respiro Shares to be issued pursuant to this Offer being granted no later than seven days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

#### **12.14 Withdrawal of this Offer**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Respiro will give notice of the withdrawal to the ASX and to Adherium and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in section 12.9 have been freed, all contracts arising from acceptance of this Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, it remains subject to one or more of the conditions in section 12.9, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to this section 12.14 will be deemed to take effect:

- (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
- (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied or waived.

**12.15 Variation of this Offer**

Respiri may vary this Offer in accordance with the Corporations Act.

**12.16 No stamp duty or brokerage**

- (a) Respiri will pay any stamp duty on the transfer of your Adherium Shares to it pursuant to this Offer.
- (b) As long as your Adherium Shares are registered in your name and you deliver them directly to Respiri, you will not incur any brokerage in connection with participation in this Offer.

**12.17 Governing laws**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

**12.18 Other terms**

- (a) All costs and expenses of the preparation of this Bidder's Statement and of the preparation and circulation of this Offer will be paid by Respiri.
- (b) Any notices to be given by Respiri to you in connection with the Offer can be given to you by leaving it at or sending it by pre-paid standard mail (or airmail where outside Australia) to you at your address recorded in the register of members maintained by Adherium or the address shown in the Acceptance Form of the address for you last notified to Respiri by Adherium.

## 13. Glossary

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### 13.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise appears, the following terms have the meanings shown below:

**\$** means the lawful currency of the Commonwealth of Australia.

**Acceptance Form** means the form with that title that accompanies the Bidder's Statement and which forms part of the Offer.

**Adherium** means Adherium Limited ACN 605 352 510.

**Adherium Board** means the board of Directors of Adherium.

**Adherium Group** means Adherium and its Related Bodies Corporate.

**Adherium Options** means the options set out in section 6.2.

**Adherium Secured Convertible Notes** means the convertible notes previously held by Viburnum Funds Pty Ltd.

**Adherium Shareholder** means a holder of Adherium Shares.

**Adherium Shares** means fully paid ordinary shares in the capital of Adherium, including all shares on issue as at the end of the Offer Period.

**Announcement Date** means the date on which the Offer was announced by Respire, being 29 April 2021.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the same meaning as set out in section 12 of the Corporations Act.

**ASX Announcement** means an announcement made to the ASX from time-to-time.

**ASX Listing Rules** means the official listing rules of the ASX as amended, varied or waived from time to time.

**ASX** means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement which govern the administration of the CHESS.

**BDO Australia** means BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170, AFSL 247420.

**Bid** means Respire's takeover bid for Adherium.

**Bid Period** has the meaning given to that term in the Corporations Act.

**Bidder's Statement** means this document, being the statement of Respire under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

**Business Day** means a day on which banks are open for business in Melbourne, excluding a Saturday, Sunday or public holiday.

**Capital Expenditure** means funds used to acquire, upgrade, develop, maintain or otherwise use physical assets.

**Capital Raise** means the issue of 1,030,100,998 Adherium Shares contemplated by resolution 2 set out in the Notice of Extraordinary Meeting.

**CGT** means capital gains tax.

**CHESS Holding** means a holding of a Financial Product on the Clearing House Electronic Subregister System, which provides for electronic transfer of listed securities in Australia.

**CHESS** means the Clearing House Electronic Subregister System operated in accordance with the Corporations Act.

**Combined Group** means Respiri, following the successful acquisition of a Relevant Interest in all or a majority of the Adherium Shares.

**Conditions** means the conditions to the Offer as set out in section 12.9 of this Bidder's Statement.

**Controlling Participant** has the meaning given in the ASX Settlement Operating Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Instrument 2016/72** means ASIC Corporations (Consents to Statements) Instrument 2016/72.

**Director** means a director of Respiri or Adherium from time to time.

**Directors Share Issue** means the issue of 7,147,109 Adherium Shares to Adherium's Directors contemplated by resolutions 4 to 9 (inclusive) set out in the Notice of Extraordinary Meeting.

**EGM Securities** means the Adherium Shares and Adherium Options issued:

- (a) under the Capital Raise;
- (b) in connection with the Note Conversion; and
- (c) under the Director Share Issues,

being 1,276,238,098 Adherium Shares and 179,855,877 Adherium Options.

**EGM Securities Issues** means the issues of the EGM Securities.

**EGM Shares** means the Adherium Shares issued under the EGM Securities Issues.

**Encumbrance** means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim or any other security arrangement or any other arrangement having the same effect.

**End Date** means 7:00pm (Sydney time) on 16 July 2021.

**Extraordinary General Meeting** means the general meeting held by Adherium on 30 April 2021.

**GST** means goods and services tax.

**Government Agency** means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

**Ineligible Foreign Shareholder** means an Adherium Shareholder whose address as shown in the register of members of Adherium is in a jurisdiction other than Australia and its external territories, New Zealand, United Kingdom, Singapore or Canada, unless Respiri otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an Adherium Shareholder in the relevant jurisdiction and to issue Adherium Shares to such an Adherium Shareholder on acceptance of the Offer, and that it is not unlawful for such an Adherium Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**Insolvency Event** means, in relation to an entity, any of the following:

- (a) the entity suspends payments of its debts generally or is or becomes unable to pay its debts when they are due;
- (b) the entity enters into, or resolves to enter into, any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class or them; or
- (c) a receiver, receiver and manager, liquidator, provisional liquidator, administrator, trust or similar official is appointed over any of the assets or undertakings of the entity, an application or order is made for the winding up or dissolution of the entity or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the entity.

**Interested Person** has the meaning given in section 11.10 of this Bidder's Statement.

**IFRS** means International Financial Reporting Standards.

**Issuer Sponsored Holdings** means a holding of Adherium Shares on Adherium's issuer sponsored subregister.

**Nominee** has the meaning given in section 12.8 of this Bidder's Statement.

**Note Conversion** means the conversion of the Adherium Secured Convertible Notes and subsequent issue of:

- (a) 238,989,991 Adherium Shares; and
- (b) 179,855,877 Adherium Options,

to Viburnum Funds Pty Ltd.

**Notice of Extraordinary General Meeting** means the notice of general meeting released by Adherium to the ASX on 31 March 2021.

**Offer Consideration** means the consideration which Adherium Shareholders will receive if the Offer becomes or is declared unconditional.

**Offer** means the offer by Respiri for Adherium Shares under the terms and conditions contained in section 12 of this Bidder's Statement.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with section 12.3 of this Bidder's Statement.

**Offer Price** means one (1) Respi Share for every seven (7) of your Adherium Shares offered by Respi, on the terms set out in this Bidder's Statement, for the purchase of Adherium Shares that exist at the Register Date.

**Participant** means an entity admitted to participate in the CHES under the ASX Settlement Operating Rules.

**Prohibited Occurrence** has the same meaning as set out in section 12.9(a) of this Bidder's Statement.

**Public Authority** means any government or any governmental, semi governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

**Register Date** means the time and date set by Respi under section 633(2) of the Corporations Act, being 7:00pm (Sydney time) on 11 May 2021.

**Related Bodies Corporate** has the meaning given to that term in the Corporations Act.

**Relevant Interest** has the meaning given in section 608 and 609 of the Corporations Act.

**Respi Group** means Respi and its Related Bodies Corporate as defined in the Corporations Act.

**Respi** means Respi Limited ACN 009 234 173.

**Respi Board** means the board of Directors of Respi.

**Respi Options** means the options set out in section 4.1.

**Respi Shareholder** means any holder of Respi Shares.

**Respi Shares** means fully paid ordinary shares in the capital of Respi.

**Rights** means all accreditations, rights or benefits of whatever kind attaching or arising from Adherium Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Adherium or any of its subsidiaries).

**Target's Statement** means the document provided by Adherium to Adherium Shareholders in response to this Bidder's Statement.

**Tax Act** means the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) and the *Taxation Administration Act 1953* (Cth), as applicable.

**Trading Day** has the meaning given to it in the ASX Listing Rules.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

**VWAP** means the volume-weighted average price.

## 13.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (b) words importing the singular include the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (e) where a word or phrase is defined its other grammatical forms have a corresponding meaning;
- (f) reference to a person includes any other entity recognised by law and vice versa;
- (g) a reference to a section, attachment or schedule is a reference to a section, attachment or schedule to this Bidder's Statement;
- (h) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it;
- (i) a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (j) a reference to time is a reference to time in Melbourne, Australia;
- (k) a reference to writing includes facsimile transmissions; and
- (l) a reference to dollars, A\$, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

## 14. Approval of Bidder's Statement

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This Bidder's Statement has been approved by a unanimous resolution passed by the Directors of Respiro.

Date 27 May 2021

Signed for and on behalf of

**Respiro Limited**

by

Sign here



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Nicholas Smedley

Executive Chairman

## Attachment A ASX Announcements of Respi

A list of ASX Announcements made by Respi since 29 September 2020 are set out in **Table 19** below.

**Table 19: List of ASX Announcements made by Respi since 29 September 2020**

Date	Announcement
27 May 2021	Major Shareholder Update
10 May 2021	Notice under section 633(4) Corps Act 2001
10 May 2021	Adherium Directors' Statement re Takeover
30 April 2021	Proposed issue of Securities - RSH
30 April 2021	Notice of initial substantial holder from RSH
30 April 2021	Adherium response to Respi announcement
29 April 2021	RSH: Bidder's Statement
29 April 2021	Appendix 4C - quarterly
28 April 2021	Respi Partnership with TerryWhite Chemmart Group
29 March 2021	Respiratory Physician led programme launching in Australia
25 March 2021	Strategic Advisor Appointments and UK Update
23 March 2021	Investor Presentation
23 March 2021	US FDA Clearance received
22 March 2021	Webinar and Q&A to be held tomorrow morning
19 March 2021	Trading Halt
19 March 2021	Investor Presentation - NWR conference
18 March 2021	Appendix 2A - exercise of options
18 March 2021	Proposed issue of Securities - RSH
15 March 2021	Respi to present at NWR Comm.s Virtual Investor Conference
19 February 2021	Half Year Accounts
8 February 2021	Pharmacy Catalyst Members In-Pharmacy Asthma Mgt Program
2 February 2021	Change of Director's Interest Notice - TD
2 February 2021	Change of Director's Interest Notice - MM
2 February 2021	Change of Director's Interest Notice - NS

Date	Announcement
27 January 2021	Appendix 4C - quarterly
18 January 2021	Appendix 2A - exercise of options
14 January 2021	SuperChem to Commence Sales of wheezo
29 December 2020	Appendix 3G
23 December 2020	Proposed issue of Securities - RSH
16 December 2020	Results of Annual General Meeting
16 December 2020	CEO's Update at AGM
16 December 2020	Change of Director's Interest Notice - MM
16 December 2020	Change of Director's Interest Notice - NS
16 December 2020	New Partnership with Pharmacy 4 Less Banner Group
9 December 2020	Company Update Post Commercial Launch
4 December 2020	Michael Clarke Ambassador & Carlton AFLW co-sponsor
25 November 2020	Appendix 2A
12 November 2020	Notice of Annual General Meeting
4 November 2020	Manufacturing update
30 October 2020	wheezo Launch Update
29 October 2020	Patent application filed - Next Generation wheezo algorithm
28 October 2020	Appendix 2A
23 October 2020	Amended - Change in substantial holding
23 October 2020	Change in substantial holding
22 October 2020	Appendix 4C - quarterly
21 October 2020	Cipla launches wheezo sales and marketing activity
20 October 2020	Cleansing Prospectus
20 October 2020	Placement investor presentation
20 October 2020	Proposed issue of Securities - RSH
20 October 2020	\$12.5m Placement Completed
14 October 2020	Trading Halt
2 October 2020	Annual Report - Corporate Governance Statement

Date	Announcement
29 September 2020	Appendix 4G - Corporate Governance Statement

## Corporate Directory

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### DIRECTORS

Mr Nicholas Smedley – Executive Chairman  
Mr Marjan Mikel – Director and Chief Executive Officer  
Dr Thomas Duthy – Non-Executive Director

### RESPIRI LIMITED

Suite 1  
Level 9  
432 St Kilda Road  
Melbourne VIC 3004

### FINANCIAL ADVISER

BDO Corporate Finance (East Coast) Pty Ltd  
Collins Square, Tower Four  
Level 18, 727 Collins Street  
Melbourne VIC 3008

### LEGAL ADVISER

Gadens  
Level 13  
Collins Arch, 447 Collins Street,  
Melbourne VIC 3000

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Offer Information Line (toll free for callers within Australia): 1300 040 233  
Offer Information Line (for callers outside Australia): +61 3 9415 4877

# RESPIRI

ABN 98 009 234 173



ADRTKO  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

## Return your Form:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001  
Australia

## For all enquiries:



### Phone:

(within Australia) 1300 040 233  
(outside Australia) +61 3 9415 4877



## Takeover Acceptance Form

## ISSUER

### Your form must be received by the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Respiri Limited ("Respiri") (ACN 009 234 173) to acquire all of your Shares in Adherium Limited ("Adherium") (ACN 605 352 510) the terms of which are set out in the replacement Bidder's Statement from Respiri dated 27 May 2021 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the shareholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Adherium register, as provided to Respiri. The current address recorded by Respiri is printed above and overleaf. If you have recently bought or sold Adherium Shares, your holding may differ from that shown. If you have already sold all your Adherium Shares, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Adherium Shares.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders must sign.

**Power of Attorney:** Where signing as Power of Attorney ("POA"), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

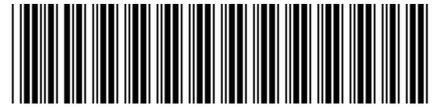
- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form** →



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# Takeover Acceptance Form

For your security keep your SRN/  
HIN confidential.

## STEP 1 Registration Name & Offer Details

**Registration Name:** MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

**Offer Details:** Shareholding as at Register Date:

You are accepting the Offer for ALL the Adherium Shares as recorded by Respiro as being held by you at the date your acceptance is processed (even if different to the number stated above).

## STEP 2 Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Adherium Shares. The consideration applicable is set out in the terms of Respiro's Offer.

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Respiro Shares and will be provided with the net proceeds of sale of the Respiro Shares, to which you would otherwise have become entitled to receive as a result of accepting the Offer (see Sections 11.8 and 12.8 of the Bidder's Statement).

## STEP 3 Signature of Shareholder(s) *This section must be completed.*

I/We accept the Offer made by Respiro for my/our Adherium Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Adherium Shares as per the above instructions.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary  
(cross out titles as applicable)

Contact  
Name

Contact  
Daytime  
Telephone

Date / /

## Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Respiro Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Respiro Limited or to third parties upon direction by Respiro Limited where related to the administration of your shareholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

# RESPIRI

ABN 98 009 234 173



ADRTKO  
MR SAM SAMPLE  
UNIT 321  
SAMPLE STREET  
SAMPLEVILLE UNITED KINGDOM

## Return your Form:



**To Your Controlling Participant:**  
Return this form directly to your stockbroker



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001  
Australia

## For all enquiries:



**Phone:**  
(within Australia) 1300 040 233  
(outside Australia) +61 3 9415 4877

## Takeover Acceptance Form

## CHESS

### **Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Respiri Limited ("Respiri") (ACN 009 234 173) to acquire all of your Adherium Shares in Adherium Limited ("Adherium") (ACN 605 352 510) the terms of which are set out in the replacement Bidder's Statement from Respiri dated 27 May 2021 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined. If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor. Note this form can only be used in relation to the shareholding represented by the details printed above and overleaf.

### **Step 1: Registration Name & Offer Details**

Your consideration will be issued to the name(s) as they appear on the latest copy of the Adherium register, as provided to Respiri. The current address recorded by Respiri is printed above and overleaf. If you have recently bought or sold Adherium Shares, your holding may differ from that shown. If you have already sold all your Adherium Shares in Adherium, do not complete or return this form.

### **Step 2: Accept the Offer**

Only sign and return this form if you wish to accept the Offer for ALL of your Adherium Shares.

As your Adherium Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Respiri to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Respiri and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to Respiri (and authorise Respiri to warrant on your behalf) that you have full legal and beneficial ownership of the Adherium Shares to which this form relates and that Respiri will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

You should allow sufficient time for your Controlling Participant or Respiri to initiate the acceptance of Respiri's Offer on your behalf. Neither Respiri or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

### **Step 3: Signing Instructions**

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders must sign.

**Power of Attorney:** Where signing as Power of Attorney ("POA"), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form** →





X 4444444444

IND

# Takeover Acceptance Form

For your security keep your SRN/  
HIN confidential.

## STEP 1 Registration Name & Offer Details

**Registration Name:** MR SAM SAMPLE  
UNIT 321  
SAMPLE STREET  
SAMPLEVILLE UNITED KINGDOM

Controlling Participant Identifier:

**Offer Details:** Shareholding as at Register Date:

You are accepting the Offer for ALL the Adherium Shares as recorded by Respiro as being held by you at the date your acceptance is processed (even if different to the number stated above).

## STEP 2 Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your Adherium Shares. The consideration applicable is set out in the terms of Respiro's Offer.

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Respiro Shares and will be provided with the net proceeds of sale of the Respiro Shares, to which you would otherwise have become entitled to receive as a result of accepting the Offer (see Sections 11.8 and 12.8 of the Bidder's Statement).

## STEP 3 Signature of Shareholder(s) *This section must be completed.*

I/We accept the Offer made by Respiro for my/our Adherium Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Adherium Shares as per the above instructions.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary  
(cross out titles as applicable)

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /

## Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Respiro Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Respiro Limited or to third parties upon direction by Respiro Limited where related to the administration of your shareholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.