



Adherium Limited
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20 September 2021

Companies Announcements Office
ASX Limited

Dear Sir/Madam

Summary of terms of Stock Appreciation Rights

Adherium Limited (**ASX: ADR**) (**Adherium** or the **Company**) today agreed to issue Stock Appreciation Rights to its CEO, Rick Legleiter.

Further to the Appendix 3G lodged with ASX today, attached is a summary of the terms of the Stock Appreciation Rights.

Yours faithfully

A handwritten signature in black ink, appearing to read "Rob Turnbull". The signature is stylized and cursive.

Rob Turnbull
Joint Company Secretary
Adherium Limited

Summary of terms of Stock Appreciation Rights

The Company and Mr Rick Legleiter (Adherium's Chief Executive Officer) have entered into an agreement to provide an equity incentive to Mr Legleiter in the nature of an award of two tranches of Stock Appreciation Rights ("SARs") to Mr Legleiter having the following rights:

- **Tranche One:** 69,168,049 SARs vesting immediately;
- **Tranche Two:**
 - 26,603,096 SARs vesting on the first anniversary of the date of the SARs Agreement subject to Mr Legleiter being employed by Adherium and the Adherium share VWAP in that 12 months equalling or exceeding \$0.032;
 - 26,603,096 SARs vesting on the on the second anniversary of the date of the SARs Agreement subject to Mr Legleiter being employed by Adherium and the Adherium share VWAP in that 24 months equalling or exceeding \$0.064;
 - 26,603,096 SARs vesting on the on the third anniversary of the date of the SARs Agreement subject to Mr Legleiter being employed by Adherium and the Adherium share VWAP in that 36 months equalling or exceeding \$0.096.
- **Vesting conditions** (subject to acceleration for a Triggering Event (outlined below):
 - Tranche 1 vest immediately
 - Tranche 2, the tenure and the VWAP hurdle for the relevant vesting date is achieved.
- On the occurrence of a '**Triggering Event**' all unvested SARs will automatically vest - where (a) a person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the Shares in the Company, (b) an order of the Court made for the purposes of section 411(4)(b) of the Corporations Act, in connection with a members' scheme of arrangement to effect a change of Control of the Company, is lodged with ASIC under section 411(10) of the Corporations Act, (c) a binding agreement with a third party is entered by the Company to sell substantially all of the Company's assets and all pre-conditions under that agreement and all regulatory and shareholder approvals for that sale are satisfied or obtained.
- **Exercise:** Upon exercise of the SARs, in whole or in part, Mr Legleiter shall be entitled to receive from the Company that number of Adherium Shares equal to (i) the Fair Market Value, (on the date of exercise) minus the Base Price, (ii) divided by the Fair Market Value and then multiplied by the number of SARs being exercised, where -
 - **Fair Market Value** means the volume weighted average market price for the Shares calculated over the 20 consecutive trading days on which trades in the Shares were recorded (on the ASX) immediately prior to the relevant date of service of the notice of exercise of the SARs
 - **Base Price** is \$0.016.
- **Restrictions on Disposals:** Other than in respect of a 'Triggering Event', the Shares acquired by Mr Legleiter on exercise of the SARs cannot be sold by Mr Legleiter until at least 18 months from Grant Date for Tranche One, and six months elapses from the Exercise Date for Tranche Two, except in case of death or disability.
- **Expiry Date:** SARs shall not be exercisable in any event after the expiration of 10 years from the Date of Grant.

Reconstruction: The number of SARs shall be proportionally adjusted for any increase or decrease in the number of issued shares resulting from a share split, reverse share split, share dividend, or reclassification of the shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by the Company.