Appendix 4C
Quarterly Cash Flow Report to 30 June 2022

All figures are stated in Australian dollars and are unaudited.

Melbourne, Australia – 28 July 2022: Adherium Limited ("Adherium" or "the Company"; ASX: ADR), a provider of integrated digital health solutions and a world leader in connected respiratory medical devices, presents its Appendix 4C cash flow report for the quarter ended 30 June 2022.

Summary

- Adherium awarded contract for the supply of the Hailie® solution to Avillion LLP, sponsor of a US-based clinical study in mild Asthma.
- Signed first UK distribution agreement with Helicon Health Ltd ("Helicon") to sell the Hailie sensor range and cloud data services.
- Signed distribution agreement for US patient monitoring with Perigon Health 360 ("Perigon") to incorporate the Hailie platform, including its new, next generation sensors, into Perigon's own proprietary platform, Medesto.
- US Food and Drug Administration ("FDA") 510(k) clearance received for Adherium's new sensor, Hailie for Ellipta®.

Commenting on the results, Adherium Chief Executive Officer, Mr Rick Legleiter said: "With a clearly articulated strategy to establish an industry leading position in the development and commercialisation of an integrated digital respiratory management ecosystem, Adherium continues to make progress as well as pursuing digital health opportunities in large global markets.

The US remains our target market, representing a unique opportunity as physicians and relevant healthcare professionals are reimbursed directly for providing medical devices and remote patient monitoring ("RPM") services to patients. The Company is also executing on its product roadmap to expand US medication market coverage and FDA clearances."

During the quarter, Adherium announced that it has been awarded the contract for the supply of the Hailie solution to Avillion LLP, sponsor of a US-based clinical study in mild Asthma in partnership with AstraZeneca. With the contract revenue guidance of approximately US$650,000, the upcoming clinical study is an expansion of the clinical co-development agreement with AstraZeneca for PT027. By supporting this partnership through the collection of objective clinical trial data using the Hailie technology, Adherium remains focused on its key sales approach and go-to-market channel strategy with major US remote monitoring companies.

As part of its market expansion, Adherium announced in June 2022 that it signed its first UK distribution agreement with Helicon to sell the Hailie sensor range and cloud data services. The combination of Adherium's Hailie sensors and Helicon's comprehensive remote patient monitoring platform creates, for the first time, the most advanced quality care for respiratory patients that are on virtual wards, at home or in any other remote setting. This collaboration is significant as it has the potential to transform Adherium's market access in the UK and accelerate adoption.

In addition, in July 2022 Adherium signed a distribution agreement for US patient monitoring with Perigon to sell the Hailie platform, including its new, next generation sensors. Adherium's Hailie digital product portfolio has been incorporated into Perigon's world-class proprietary platform, Medesto, facilitating patient management and treatment by automatically transmitting data directly to the patient's healthcare provider, while improving medication adherence and reducing health system costs. Following Helicon's UK distribution agreement, the Perigon relationship for an initial three-year term represents the continuation of Adherium's commercial growth strategy.

Alongside the development of next generation sensors, earlier this year Adherium released the latest Hailie platform integration tools comprised of an advanced REST application programming interface (API) and a new, updated software development kit (SDK) to improve connection with partner and customer patient management systems. Both tools enhance the usability of Adherium's integrated digital platform

and strengthen the commercial attractiveness of the Company's respiratory product portfolio with improved, adaptable service offerings.

During the period, Adherium exhibited at the 2022 American Thoracic Society International Conference (ATS) with Perigon Health 360, its conference co-sponsor. ATS, one of the most innovative respiratory health meetings globally, showcases the latest advances and discoveries in respiratory science, patient care, and global public health. This prestigious conference is attended by renowned doctors and allied medical professionals providing widespread exposure and significant potential future commercial collaborations for the Company's innovative products.

The Adherium senior management team has continued to evolve with the appointment in April 2022 of Mr Francis White as Vice President of Global Business Development based in the UK. Mr White brings over 20 years of healthcare leadership experience, including key account management, sales and marketing expertise. Most recently serving as Managing Director of Olympus Medical UKIE, a leading healthtech solutions company where he led commercial operations, Mr White's appointment represents a key staffing milestone as it aligns with Adherium's refreshed strategic sales approach to acquiring new customers while supporting current customers to grow revenue in this market segment.

Subsequent to Francis White's appointment, Adherium welcomed Tara Creaven-Capasso as its Vice President of Quality, Regulatory and Clinical Affairs. With over two decades of experience in the medical device, pharmaceutical, bioscience, and vaccine sectors, Mrs Creaven-Capasso joins Adherium from COVID19 Vaccine Corporation Ltd. (CVC), which she co-founded in 2020 and held quality and regulatory responsibilities of a COVID-19 vaccine.

"These appointments have significantly strengthened Adherium's leadership team and ensure it remains poised to capitalise on all upcoming commercial opportunities as it progresses through the development of its Hailie sensors and integrated digital platform", said Mr Legleiter.

Most recently, Adherium announced the US FDA 510(k) clearance to market of the Hailie sensor for Ellipta, connecting GlaxoSmithKline's (GSK) Ellipta inhaler users with Adherium's new, next generation sensor with physiological parameters for monitoring Asthma and COPD medication use. This clearance increases Adherium's coverage in the US of the top 20 branded inhalers for adherence usage parameters from 71% to 91% and continues its global expansion strategy to extend its digital technological innovations supporting reimbursement.

Other components of cash flow

- Cash on hand at the end of the quarter to 30 June 2022 was $5,283,000 compared to $7,966,000 in the preceding quarter.
- Receipts from customers for sensor sales, engineering services and clinical trial services were $308,000 in the June 2022 quarter compared to $397,000 in the preceding quarter. The decrease is attributable to clinical trial activity which varies from quarter to quarter.
- In the year to date to 30 June 2022, the Company received annual Australian R&D Tax Incentives of $370,000 and $1,627,000 for the 2020 and 2021 financial years respectively, and the Company expects to receive a similar level of R&D Tax Incentive for the 2022 financial year before the end of calendar 2022.
- Payment for third party R&D activities were $515,000 compared to $629,000 in the preceding quarter. The change reflects the continuing shift in R&D intensity from external third parties to an internal R&D team. The focus in the quarter was on the development of further new sensors incorporating physiological parameters, applications for clearance to market for new sensors with the U.S. Food & Drug Administration (FDA), and ongoing development of features in the Hailie® apps, portal and SDK/API.
- Product manufacturing and operating costs were $53,000 in the June 2022 quarter compared to $79,000 in the preceding quarter. The decrease reflects the variability of orders from clinical trials as well as ongoing preparation to manufacture Adherium's new range of sensors.

- Advertising and marketing costs were $262,000 in the June 2022 quarter compared to $117,000 in the March quarter. The increase reflects an expansion of activity in the US and UK associated with bringing to market Adherium's new generation of adherence physiological parameters technology for Asthma and COPD patients.
- Staff payments of $1,477,000 were paid during the June quarter compared to $1,329,000 in the preceding quarter. The increase predominantly relates to new roles hired in the US and UK.
- Administration and corporate costs were $634,000 in the June 2022 quarter compared to $752,000 in the preceding March quarter, the decrease due largely to annual insurance premiums paid in the previous quarter. The June 2022 quarter Administration and corporate costs include related party payments of $146,000 for Directors' fees accrued in the last year.

-ENDS-

About Adherium (ASX: ADR)

Adherium is a provider of integrated digital health solutions and a worldwide leader in connected respiratory medical devices, with more than 180,000 sold globally. Adherium's Hailie platform solution provides clinicians, healthcare providers and patients access to remotely monitor medication usage parameters and adherence, supporting reimbursement for qualifying patient management.

The Hailie solution includes a suite of integration tools to enable the capture and sharing of health data via mobile and desktop apps, Software Development Kit (SDK) and Application Programming Interface (API) integration tools, and Adherium's own broad range of sensors connected to respiratory medications. Adherium's Hailie® solution is designed to provide visibility to healthcare providers of medication use history to better understand patterns in patient respiratory disease.

Learn more at www.adherium.com

This ASX announcement was approved and authorised for release by the Board of Adherium.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Adherium Limited	
ABN	**Quarter ended ("current quarter")**
24 605 352 510	30 June 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	308	809
1.2	Payments for		
	(a) research and development	(515)	(2,893)
	(b) product manufacturing and operating costs	(53)	(264)
	(c) advertising and marketing	(262)	(598)
	(d) leased assets	-	-
	(e) staff costs	(1,477)	(5,918)
	(f) administration and corporate costs	(634)	(2,766)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	24
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,997
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,625)**	**(9,610)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(65)	(279)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(65)**	**(279)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,966	15,178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,625)	(9,610)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(279)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	7	(6)
4.6	**Cash and cash equivalents at end of period**	**5,283**	**5,283**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	315	303
5.2	Call deposits	4,968	7,663
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,283**	**7,966**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	146
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Nil

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,625)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,283
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,283
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.0

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022 .....

Authorised by: By the board .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.