Appendix 4C
Quarterly Cash Flow Report to 30 September 2022

All figures are stated in Australian dollars and are unaudited.

Melbourne, Australia – 28 October 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 September 2022.

Summary

- Sales receipts of $578,000 for sensors including the first remote patient monitoring revenue, and engineering services and clinical trial services which vary from quarter to quarter
- Secured A$13.5 million in share and option placement subscription commitments
- Expenditures in Australian dollar increased outright and further in relation to exchange rate movements
- Partnered with CareCentra Inc. for an Artificial Intelligence (AI) Driven Behaviour Shaping platform integration to improve chronic obstructive pulmonary disease (COPD) and asthma care by creating a truly transformative disease management suite
- Signed strategic partnership agreements with Perigon Health 360 ("Perigon") to sell the Hailie® platform, including its next generation sensors, and Dulcian Health ("Dulcian") to deploy the Hailie® platform enabling medical groups in the US to access reimbursement
- Received US Food and Drug Administration (FDA) 510(k) clearance for GlaxoSmithKline Ellipta® inhaler users to connect with its next generation Hailie® sensor
- Announced a two-part clinical study at Washington University School of Medicine in St. Louis in the US

Commenting on the results, Adherium Chief Executive Officer, Mr Rick Legleiter said: “As a leader in respiratory eHealth, remote patient monitoring and data management solutions, Adherium continues to drive a strong development program of its innovative Hailie sensors and integrated software platform. Our commercial strategy remains focused on the US to address the high unmet need of patients with severe and ‘difficult- to-treat’ asthma and COPD.”

Adherium has a broad range of digital sensors which generate and transmit physiological and usage parameters enabling the US Medicare reimbursement framework. The Company’s immediate goal is to expand US medication market coverage, currently at 91% of the top 20 US branded medications by sales volume, as well as US (FDA) 510(k) clearances.

As part of its market expansion, Adherium announced in July 2022 that it signed a distribution agreement for US patient monitoring with Perigon Health 360 to sell the Hailie® platform, including its new, next generation sensors.

Adherium’s Hailie digital product portfolio has been incorporated into Perigon’s proprietary platform, Medesto, enabling optimum patient management and treatment by automatically transmitting data directly to the patient’s healthcare provider, while improving medication adherence and reducing costs to healthcare systems. “This collaboration will expand our portfolio and enable Adherium to continue to achieve commercial success accelerating momentum in the digital healthcare industry”, added Mr Legleiter.

In addition, in September 2022 Adherium announced a partnership agreement with Dulcian Health to deploy the Hailie® platform enabling doctors and medical groups in the US to access reimbursement for remote monitoring of patients prescribed asthma and COPD medications.

Dulcian is a leader in Chronic Care Management (CCM) for physician practices in the US and has been focusing on developing software that adds functionality to electronic health record (EHR) systems for over 20 years. This agreement marks

another significant step in the execution of the US commercial strategy with remote patient monitoring companies as a key channel in Adherium's go-to-market strategy.

Most recently, Adherium partnered with CareCentra Inc. to improve COPD and asthma care by creating a truly transformative disease management suite. CareCentra will integrate Adherium's Hailie® platform, including the next generation US FDA cleared digital sensors capturing physiological data and technique parameters into their Artificial Intelligence (AI) Driven Behaviour Shaping platform, MyMoBeMap™.

CareCentra's AI platform uses a range of data points to sense rising health risks to nudge the patient and respiratory care teams to control exacerbations and improve outcomes. This collaboration will leverage previously unavailable data for patients that need assistance before they have exacerbations and potentially resulting in emergency hospital admissions.

In the United Kingdom, Adherium is partnered with Helicon Health which is a medical technology development company, an NHS-focused contract research partner and specialised medical device accelerator for a comprehensive remote patient monitoring platform. The combination creates the most advanced quality care for respiratory patients that are on Virtual Wards, at home and in any other remote setting for the clinical team to make timely decisions on patient care.

From a regulatory perspective, Adherium continued to make progress and announced, in July 2022, the clearance to market by the FDA to connect GlaxoSmithKline (GSK) Ellipta® inhaler users with its Hailie® sensor with physiological parameters, for monitoring asthma and COPD medication use. This is a major step forward in the Company's drug agnostic strategy and it further broadens the pathway for doctors and hospital groups in the US to access reimbursement for remote monitoring.

As an extension, in August 2022, Adherium submitted to the FDA two 510(k) applications to connect GSK's Ventolin®, Advair®, and Flovent® pressurized

metered-dose inhaler (pMDI) and Teva ProAir® and Teva Albuterol Sulphate HFA metered dose inhalers with its next-generation Hailie® sensor with physiological parameters.

“Submitting both 510(k) applications to the FDA represents a key achievement for the Company as we continue to execute on our commercial expansion strategy as well as extending our product offerings. We recognise the importance of integrating technology into patient care and we’re focused on delivering more comprehensive patient data, better care coordination and improved health outcomes”, added Mr Legleiter.

During the quarter, Adherium secured A$13.5 million in share and option placement subscription commitments from the Company’s Chairman, new and existing institutional and sophisticated investors, including cornerstone investments from existing shareholders Trudell Medical and BioScience Managers Translation Fund 1. The Company will continue to invest in development, updates and enhancements of its integrated digital respiratory management ecosystem, and the funds raised will allow Adherium to accelerate revenue growth improving the value proposition to not only patients, but also shareholders.

Subsequent to the quarter end, the Company announced the appointment of Mr Daniel Kaplon as Chief Financial Officer. Mr Kaplon is a Chartered Accountant and brings more than 25 years of experience, including finance, operations and commercial expertise. Having worked in ASX-listed and private entities in healthcare, health technology and manufacturing, his appointment has significantly strengthened Adherium’s senior management team.

During the period, progress was made in our clinical trial services business, notably the two-part clinical study at Washington University School of Medicine in St. Louis in the United States to monitor the adherence of asthma patients using Adherium’s FDA 510(k) cleared current and next generation Hailie® digital sensors for AstraZeneca’s Symbicort® medication.

With funding from the National Institutes of Health (NIH), The Hailie data generation and transmission will play a critical role in the study by measuring the use and adherence to maintenance medications while the patients are at home.

Other components of cash flow

- Cash on hand at the end of the quarter to 30 September 2022 was $3,715,000 compared to $5,283,000 in the preceding quarter
- Receipts from customers for sensor sales including the first remote patient monitoring sales, engineering services and clinical trial services were $578,000 in the September 2022 quarter compared to $308,000 in the preceding quarter. The increase is attributable to clinical trial activity which varies from quarter to quarter
- Payment for third party R&D activities were $260,000 compared to $515,000 in the preceding quarter. The change reflects the continuing shift in R&D intensity from external third parties to an insourced development team
- Product manufacturing and operating costs were $229,000 in the September 2022 quarter compared to $53,000 in the preceding quarter. The increase reflects the variability of orders from clinical trials
- Advertising, platform integration, sales and marketing costs were $868,000 in the September 2022 quarter compared to $262,000 in the June quarter. The increase reflects investment in the CareCentra platform integration, expansion of activity in the United States and the United Kingdom associated with bringing to market Adherium's new generation of physiological parameters technology
- The recent volatility in the foreign exchange markets have unfavourably impacted the Australian-dollar equivalent for payments in the cash flows from operating activities
- Staff payments of $1,617,000 were paid during the September quarter compared to $1,477,000 in the preceding quarter. The increase predominantly relates to new roles hired as part of insourcing development from third party providers

- Administration and corporate costs were $707,000 in the September 2022 quarter compared to $634,000 in the preceding June quarter. The September 2022 quarter Administration and corporate costs include related party payments of $42,000 for Directors' fees.

-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 September 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	578	578
1.2	Payments for		
	(a) research and development	(260)	(260)
	(b) product manufacturing and operating costs	(229)	(229)
	(c) advertising and marketing	(868)	(868)
	(d) leased assets	-	-
	(e) staff costs	(1,617)	(1,617)
	(f) administration and corporate costs	(707)	(707)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	17
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(3,088)**	**(3,088)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(30)	(30)
	(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**	**(30)**	**(30)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,671	1,671
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	(140)	(140)
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**	**1,531**	**1,531**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,283	5,583
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,088)	(3,088)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	(30)

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)	1,531	1,531
4.5	Effect of movement in exchange rates on cash held	19	19
4.6	**Cash and cash equivalents at end of period**	**3,715**	**3,715**

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	505	505
5.2	Call deposits	3,210	3,210
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,715**	**3,715**

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	42
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)	(3,088)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,715
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,715
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.2

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?

Yes

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

The Company received shareholder approval on 21 October to proceed with share placements amounting to $11.1 million which were completed on 28 October 2022.

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

Yes, on the basis of funding obtained through the above noted commitments.

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 October 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.