

ASX Release: July 31st, 2018

Appendix 4C

Quarterly cash flow report to June 30th, 2018

All figures are stated in Australian dollars and are unaudited.

Adherium Limited (ASX:ADR), a digital health company that improves medication adherence and patient outcomes, presents its Appendix 4C cash flow report for the quarter and year ended June 30th, 2018.

Major Achievements – Execution of Growth Strategies on Track

- U.S. FDA approval granted for over-the-counter sales of Adherium’s Hailie™ sensor for aerosol asthma inhalers using ProAir®, Ventolin® and Flovent® (see ASX Announcement July 27th, 2018)
- Launched new e-Commerce online store in the U.S. at www.hailie.com
- Direct to Payer growth strategy launched in U.S. with Vitalus Health on May 1st, World Asthma Day

Cash Flow

- \$2.37m cash receipts for Q4 (Q3: \$2.37m)
- FY18 full year cash receipts of \$6.23m, up 80% on FY17

Arik Anderson, CEO said, “We are pleased to report a strong fourth quarter performance for FY18. More importantly, we are making very good progress in executing on our Direct to Consumer and Direct to Payer growth strategies to build our new market channels in the U.S. We enter FY19 with confidence and significant momentum”.

Commentary

Receipts for the quarter totalled \$2,373,000, comprising \$2,215,000 in customer receipts, \$67,000 in interest and \$91,000 in government grants. The net cash used in the quarter, excluding investments of cash in term deposits, was \$1,647,000 compared with a net use of \$762,000 in the previous quarter.

Receipts from sales to customers for the quarter totalled \$2,215,000 compared with \$1,974,000 in the quarter to March 31st, 2018. The June quarter included receipts of approximately \$1.9 million for innovative product design and engineering services, together with sales associated with the global commercial rollout of Adherium’s technology by AstraZeneca. Growth in sensor sale volumes continued, with over 27,300 delivered across all customers in the year ended June 30th, 2018 (nine months to March 31st, 2018: 19,000).

Receipts from grant income for the quarter were \$91,000 from the research and development focussed New Zealand Government Growth Grant which gained a two-year extension in January 2018.

Cash at June 30th, 2018 was \$12,118,000, compared with \$14,173,000 at March 31st, 2018. In addition \$408,000 was invested in cash term deposits in the June quarter with a maturity greater than three months resulting in its classification as a short term investment rather than cash under accounting rules.

Major activities for the June quarter included:

- Development of Adherium’s e-Commerce portal in the U.S. at www.hailie.com;
- Submitting Adherium’s application to the U.S. Food and Drug Administration’s (U.S. FDA) for over-the-counter (OTC) sales in the United States of its Hailie™ sensor for aerosol asthma inhalers using

ProAir®, Ventolin® and Flovent®. Adherium was pleased to announce last week that it had received this clearance from the U.S. FDA, paving the way for direct to consumer sales of Hailie sensors for these medications through its online store at www.hailie.com;

- Ongoing development to expand Adherium’s range of monitoring sensors and gain regulatory clearances for these to expand the range of medications Adherium’s sensors cover, and so support the direct to consumer and payor programs; and
- The appointment of David Allinson in May as Chief Financial Officer, based at the Company’s U.S. headquarters.

About Adherium

Adherium is a provider of digital health solutions. The Company develops, manufactures and supplies patients, pharmaceutical companies, healthcare providers and contract research organizations with the broadest range of adherence monitoring sensors for respiratory medications to address sub-optimal medication use and improve health outcomes in chronic disease.

Adherium is headquartered in the USA and operates globally from offices in Europe and Australasia.

Inquiries

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Adherium Limited

ABN

24 605 352 510

Quarter ended ("current quarter")

30 June 2018

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	2,215	5,363
1.2 Payments for		
(a) research and development	(534)	(1,849)
(b) product manufacturing and operating costs	(255)	(1,066)
(c) advertising and marketing	(301)	(1,111)
(d) leased assets	-	-
(e) staff costs	(1,968)	(8,014)
(f) administration and corporate costs	(644)	(4,031)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	67	299
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded (paid)	(3)	15
1.7 Government grants and tax incentives	91	570
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,332)	(9,824)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(157)	(325)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(16)	(169)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)		
- Cash deposits (maturities >3 months)	(408)	(408)
2.6 Net cash from / (used in) investing activities	(581)	(902)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	71
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	71

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	14,173	22,779
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,332)	(9,824)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(581)	(902)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	71

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(142)	(6)
4.6	Cash and cash equivalents at end of quarter	12,118	12,118

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	400	305
5.2	Call deposits	11,718	13,868
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)	12,118	14,173

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
(65)
-

Payment of directors' fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Not applicable

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,011
9.2 Product manufacturing and operating costs	361
9.3 Advertising and marketing	399
9.4 Leased assets	-
9.5 Staff costs	3,309
9.6 Administration and corporate costs	806
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	5,886

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:  Date: 31 July 2018

(Director/Company secretary)

Print name: Rob Turnbull

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.