

ASX Release: October 31<sup>st</sup>, 2018

## Appendix 4C

### Quarterly cash flow report to September 30<sup>th</sup>, 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 September 30<sup>th</sup>, 2018.

#### Major Achievements

- Shipped over 4,000 new Hailie sensors, bringing total sensors sold to date to over 135,000
- Surpassed our target of acquiring 10 new Halie subscribers per day through our direct to consumer channel and successfully integrated a new U.S.-based warehouse in order to provide our sensors directly to the patient throughout the U.S.
- Finalized the onboarding process with Vitalus Health to roll-out our Hailie™ solution to their healthcare network

Arik Anderson, CEO said, “It’s been an exceptionally busy start to this fiscal year. We are executing concurrently on many of our strategic growth drivers including building new relationships with target Enterprise Partners such as pharmacies, home health agencies, and self-insured employers, and advancing product development to expand our suite of Hailie™ sensors to work with more than 80% of the respiratory inhalers on the market today”.

#### Commentary

Receipts for the quarter totalled \$1,329,000, comprising \$1,147,000 in customer receipts, \$46,000 in interest and \$136,000 in government grants. The net cash used in the quarter was \$4,457,000 compared with a net use of \$1,647,000 in the previous quarter excluding investments of cash in term deposits.

Receipts from sales to customers for the quarter totalled \$1,147,000 compared with \$2,215,000 in the quarter to June 30<sup>th</sup>, 2018. The June quarter included receipts of approximately \$1,900,000 for innovative product design and engineering services, while these amounted to \$743,000 in the September quarter.

Receipts from grant income for the quarter were \$136,000 from the research and development focussed New Zealand Government Growth Grant and were slightly higher as they included the receipt of annual retentions related to the fiscal 2018 year.

Payments for research and development were \$1,012,000 in the quarter to September 30<sup>th</sup>, 2018 compared with \$534,000 in the previous quarter reflecting the activity on advancing product development and regulatory clearances to attain 80% coverage of inhaled asthma and COPD medications. In addition, staff costs were \$2,976,000 compared to \$1,968,000 in the previous quarter due to the inclusion of fiscal 2018 incentive compensation typically paid during the first quarter of the following financial year.

Cash at September 30<sup>th</sup>, 2018 was \$7,661,000, compared with \$12,118,000 at June 30<sup>th</sup>, 2018. Together with \$437,000 currently invested in cash term deposits maturing in the next six months, total cash balances at September 30<sup>th</sup>, 2018 were \$8,098,000.

Arik Anderson, Chief Executive Officer, and David Allinson, Chief Financial Officer will discuss the quarter's activities in more detail on a conference call at 9:30am on Wednesday, October 31st (AEDT). Details of the call are available on the Company's website at:

[http://investors.adherium.com/ADR/corporate\\_document/1905.html](http://investors.adherium.com/ADR/corporate_document/1905.html)

## **About Adherium**

Adherium is a provider of digital health solutions and a global leader in connected respiratory medical devices, with over 135,000 sold globally. The Company develops, manufactures and supplies patients, pharmaceutical companies, healthcare providers and contract research organizations with the broadest range of connected medical devices for respiratory medications. The devices and accompanying technology address sub-optimal medication use and strive to improve health outcomes in chronic disease. Adherium is headquartered in the USA, and operates globally from bases in the USA and Australasia. Learn more at [adherium.com](http://adherium.com) and [hailie.com](http://hailie.com).

## **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 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,147	1,147
1.2 Payments for		
(a) research and development	(1,012)	(1,012)
(b) product manufacturing and operating costs	(456)	(456)
(c) advertising and marketing	(642)	(642)
(d) leased assets	-	-
(e) staff costs	(2,976)	(2,976)
(f) administration and corporate costs	(749)	(749)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	46	46
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded (paid)	(6)	(6)
1.7 Government grants and tax incentives	136	136
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,512)</b>	<b>(4,512)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(99)	(99)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(99)</b>	<b>(99)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	12,118	12,118
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,512)	(4,512)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(99)	(99)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	154	154
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>7,661</b>	<b>7,661</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	181	400
5.2	Call deposits	7,480	11,718
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,661</b>	<b>12,118</b>

**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

<b>Current quarter \$A'000</b>
(90)
-

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

<b>Current quarter \$A'000</b>
-
-

Not applicable

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

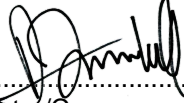
Not applicable

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	701
9.2 Product manufacturing and operating costs	342
9.3 Advertising and marketing	335
9.4 Leased assets	-
9.5 Staff costs	2,352
9.6 Administration and corporate costs	727
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>4,457</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 October, 2018 .....

(Director/Company secretary)

Print name: R M 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.