

ASX Release: April 30th, 2018

Appendix 4C

Quarterly cash flow report to March 31st, 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 nine months ended March 31st, 2018.

Receipts for the quarter totalled \$2,366,000, comprising \$1,974,000 in sales receipts, \$73,000 in interest and \$319,000 in government grants. The net cash used in the quarter was \$762,000 compared with a net use of \$3,620,000 in the previous quarter.

Receipts from sales to customers for the quarter totalled \$1,974,000 compared with \$552,000 in the quarter to December 31st, 2017. These were largely from the Company's principal customer, AstraZeneca and included the receipt of approximately \$1.6 million for the innovative product design and engineering services noted in the Interim Report to December 31st, together with sales associated with the continuing global commercial rollout of Adherium's technology by AstraZeneca. Device sale volumes continued to grow, with over 19,000 delivered across all customers in the nine months to March 31st, 2018 (six months to December 31st, 2017: 14,700).

Receipts from grant income for the quarter were \$319,000. These were received under the Company's New Zealand Government Growth Grant which gained a two-year extension in January 2018 and represent claims including the first two quarters of the 2018 financial year.

Cash at March 31st, 2018 was \$14,173,000, compared with \$14,935,000 at December 31st, 2017- a use of \$762,000 for the quarter. This included:

- Finalising Adherium's application to the U.S. Food and Drug Administration's (FDA) which saw it receive 510(K) clearance of its SmartTouch for Symbicort[®] inhaler monitoring device to include over-the-counter (OTC) sales in the United States;
- Further feature development in the Company's next-generation mobile apps and cloud platform software to support the Company's online direct-to-consumer strategy which will launch in the United States in the next quarter; and
- Continued expansion of the US based commercial team with the appointment of Tim Houchin as Vice President of Sales, focussed on the Company's US payer and provider initiatives.

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.

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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")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,974	3,148
1.2 Payments for		
(a) research and development	(461)	(1,315)
(b) product manufacturing and operating costs	(179)	(811)
(c) advertising and marketing	(304)	(810)
(d) leased assets	-	-
(e) staff costs	(1,635)	(6,046)
(f) administration and corporate costs	(771)	(3,387)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	73	232
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded (paid)	(3)	18
1.7 Government grants and tax incentives	319	479
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(987)	(8,492)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(50)	(168)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(76)	(153)
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)	-	-
2.6 Net cash from / (used in) investing activities	(126)	(321)

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	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	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	14,935	22,779
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(987)	(8,492)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(126)	(321)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	71	71

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	280	136
4.6	Cash and cash equivalents at end of quarter	14,173	14,173

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	305	65
5.2	Call deposits	13,868	14,870
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)	14,173	14,935

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
(119)
-

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	794
9.2 Product manufacturing and operating costs	389
9.3 Advertising and marketing	692
9.4 Leased assets	-
9.5 Staff costs	1,850
9.6 Administration and corporate costs	673
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,398

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: April 30th, 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.