



ASX Release: 31 July 2017

## **Adherium Advances Global Smartinhaler™ Platform Rollout in Q4**

### **Quarterly business update**

Adherium Limited (ASX:ADR), a digital health company that improves medication adherence, presents its quarterly cash flow (Appendix 4C) for the quarter & fiscal year ended June 30<sup>th</sup>, 2017.

Receipts for the quarter totalled \$564,000, comprising \$213,000 in sales receipts, \$204,000 in R&D grant payments, and \$147,000 in interest. The net cash used in the quarter was \$3,806,000.

Receipts from sales to customers for the quarter totalled \$213,000, which was mostly for the supply of devices, software, and services to AstraZeneca for their global commercial rollout of Adherium's technology and related clinical programmes. Adherium supplied 10,000 new Turbu+ devices and software license updates to AstraZeneca for launches and expansion in key global markets including Australia, Austria, Italy, The Netherlands, and Switzerland. Payment for these products and services will be received in the first quarter of fiscal 2018 in accordance with the terms of the Global Supply Agreement.

Cash at June 30<sup>th</sup>, 2017 was \$22,779,000, compared with \$26,585,000 at March 31<sup>st</sup>, 2017 - a use of \$3,806,000 for the quarter. This included:

- Involvement by global consulting company *Arthur D. Little* in the development of the company's new strategic plan to target new markets for the Smartinhaler™ technology; and
- R&D for the development of a new SmartTurbo (Turbu+) device for AstraZeneca's block-buster drug Symbicort Turbuhaler. This device completed development, was transferred to manufacturing, and launched into multiple new markets by AstraZeneca. The SmartTurbo™ contains new sensor technology that generates more data for enhancing medication adherence and user experience.

Adherium's research and development activities are subsidized by grant income received from a New Zealand Government (*Callaghan Innovation*) Growth Grant, and this quarter \$204,000 was received for activities up to March 31<sup>st</sup> 2017. Another payment is expected this quarter, and an application to extend the grant further is in progress.

Other activities in the quarter to June 30<sup>th</sup>, 2017 included:

- The appointment of Arik Anderson as Adherium's new Group CEO, who is based at Adherium's US headquarters located in Silicon Valley, to further drive the company's commercial growth, <http://adherium.com/news/adherium-appoints-new-ceo-to-drive-global-growth/>; and
- In May Adherium won the *Most Innovative Hi-Tech Hardware Product Award* at New Zealand's High Tech Awards, with the judges noting that "the Adherium platform has enormous potential, not only with asthma and COPD medication, but also many other medication regimes". <http://adherium.com/news/adherium-wins-most-innovative-hi-tech-hardware-product-award-at-the-2017-nz-high-tech-awards/>

**\*\*ENDS\*\***

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

+Rule 4.7B

## 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 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	213	2,363
1.2 Payments for		
(a) research and development	(562)	(1,704)
(b) product manufacturing and operating costs	(324)	(1,469)
(c) advertising and marketing	(437)	(1,433)
(d) leased assets	-	-
(e) staff costs	(1,654)	(6,333)
(f) administration and corporate costs	(1,501)	(4,103)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	147	601
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(9)
1.7 Government grants and tax incentives	204	506
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,915)</b>	<b>(11,581)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(58)	(362)
(b) businesses (see item 10)	-	-
(c) investments	-	-

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(d) intellectual property	-	-
	(e) other non-current assets	(71)	(202)
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	<b>Net cash from / (used in) investing activities</b>	<b>(129)</b>	<b>(564)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	8,023
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	20	46
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(511)
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	<b>Net cash from / (used in) financing activities</b>	<b>20</b>	<b>7,558</b>

<b>4.</b>	<b>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	26,585	27,211
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,915)	(11,581)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(129)	(564)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20	7,558

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	218	155
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>22,779</b>	<b>22,779</b>

<b>5. 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	140	113
5.2 Call deposits	22,639	26,472
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>22,779</b>	<b>26,585</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>
(104)
-

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

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<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	883
9.2 Product manufacturing and operating costs	238
9.3 Advertising and marketing	452
9.4 Leased assets	-
9.5 Staff costs	2,522
9.6 Administration and corporate costs	1,058
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>5,153</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		

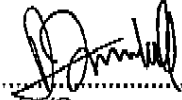
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**Compliance statement**

- 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:

  
.....  
(Director/Company secretary)Date: 31 July 2017  
.....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.