

## Appendix 4C

### Quarterly cash flow report to 30 June 2019

*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 30 June 2019.

Receipts for the quarter totalled \$1,350,000, comprising \$1,344,000 in customer receipts, and \$6,000 in interest. The net cash used in the quarter was \$1,188,000 compared with a net use of \$2,142,000 in the previous quarter. The reduction in net cash used quarter on quarter was largely attributable to the non-recurring costs noted in the March quarter as related to the reorganisation undertaken in December 2018.

Receipts from sales to customers for the quarter totalled \$1,344,000 compared with \$405,000 in the quarter to 31 March 2019. The increase quarter on quarter related to:

- an increase in receipts related to sensor sales which increased from 6,700 sensors in the March quarter to 14,600 in the June quarter. As noted in the March update, the Company has been clearing a production back log together with meeting monthly manufacturing commitments. This was completed in the June quarter resulting in the increased sensor sales; and
- the timing of milestone related billings and receipts on product design and engineering services.

Payments for research and development were \$938,000 in the June quarter compared with \$399,000 in the previous quarter, and predominantly related to development of additional commercial features and scalability in the Company's Hailie™ mobile apps and cloud platform which is now substantially complete. This will further support roll outs of the Hailie™ solution in the "direct to payer" channel (payers, providers and large self-insured employers) which are underway in the United States. Sales and marketing costs at \$206,000 were also higher in the June quarter compared with \$77,000 in the previous quarter, representing increased activity in the U.S and Europe on opportunities with the Company's major customer, as well as with disease management organisations. Staff costs reduced to \$687,000 in the quarter to 30 June, as costs of \$1,341,000 in the March quarter included non-recurring expenses related to the reorganisation undertaken in December 2018.

With cash of \$763,000 as at 30 June 2019, the Company is in final negotiations on the terms for a secured funding facility which may involve some major shareholders to cornerstone the funding. The Company has applied for an ASX waiver to enable such funding facility with those major shareholders and will provide a market update as soon as those negotiations are completed. In addition, the Company will continue to receive income from the sale of its Hailie™ solution.

#### **About Adherium**

Adherium is a provider of digital health solutions and a global leader in connected respiratory medical devices, with over 160,000 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 operates globally from bases in the USA and Australasia. Learn more at [adherium.com](http://adherium.com) and [hailie.com](http://hailie.com).

#### **Enquiries**

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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 2019

<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	1,344	3,526
1.2 Payments for		
(a) research and development	(938)	(2,934)
(b) product manufacturing and operating costs	(396)	(1,313)
(c) advertising and marketing	(206)	(1,238)
(d) leased assets	-	-
(e) staff costs	(687)	(7,555)
(f) administration and corporate costs	(285)	(2,716)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	84
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded (paid)	15	2
1.7 Government grants and tax incentives	-	337
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,147)</b>	<b>(11,807)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(41)	(325)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<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	-	-
<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>		
- Cash deposits (maturities <3 months)	-	436
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(41)</b>	<b>111</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	1,951	12,118
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,147)	(11,807)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(41)	111
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 (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	341
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>763</b>	<b>763</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	145	426
5.2	Call deposits	618	1,525
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>763</b>	<b>1,951</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

<b>Current quarter \$A'000</b>
47
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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

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

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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.		

The Company is in final negotiations on the terms for a secured funding facility which may involve some major shareholders to cornerstone the funding.

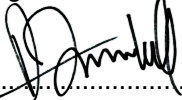
The Company has applied for an ASX waiver to enable such funding facility with those major shareholders and will provide a market update as soon as those negotiations are completed.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	1,135
9.2 Product manufacturing and operating costs	273
9.3 Advertising and marketing	199
9.4 Leased assets	-
9.5 Staff costs	569
9.6 Administration and corporate costs	274
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>2,450</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 July 2019 .....

(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.