

Appendix 4C Quarterly Cash Flow Report to 30 September 2024

All figures are stated in Australian dollars and are unaudited

Summary:

- Adherium is on track to onboard over 600 patients by next quarter
- Strong sales pipeline of over 50 healthcare organisations
- Pursuing opportunities in new revenue segment – Pharmacy Benefit Management
- Strategic investment in customer and patient journey process to facilitate continued growth
- CEO Dr Paul Mastoridis will depart on 7 January 2025, CEO search now underway

Melbourne, Australia – 31 October 2024: Leading digital health company Adherium Limited (ASX:ADR), a provider of integrated digital health solutions and a world-leader in connected respiratory medical devices, presents its Appendix 4C cash flow report for the quarter ended 30 September 2024.

Adherium VP Product, Stephen Mordue, said: *“Our strategic partnerships and ongoing investments in patient onboarding and remote monitoring are positioning Adherium at the forefront of respiratory health management. The Company’s strong sales pipeline, alongside opportunities in new market segments like Pharmacy Benefit Management, are strong markers of sustainable revenue generation and growth. I am excited about the progress we’ve made and our readiness to scale up operations, delivering impactful solutions to both healthcare providers and patients.”*

Growth

Adherium has a number of key commercial opportunities in the United States that are seeding growth, including a number of highly influential healthcare practices, health systems and payers. The sales pipeline has over 50 health care organisations at varying levels of progress and a vast majority are organic leads.

An opportunity has also arisen in a new market segment of Pharmacy Benefit Management (PBM). The PBM market size is estimated to be USD \$589M in 2024 and is growing at a compound annual growth rate (CAGR) of 5.64%¹.

PBMs play a crucial role in negotiating drug prices, managing formularies, and facilitating the distribution of prescription medications through insurance plans. The market is largely driven by rising healthcare costs, an increasing prevalence of

¹ <https://www.mordorintelligence.com/industry-reports/pharmacy-benefit-management>

chronic diseases, and growing adoption of insurance plans. Major players in this market include CVS Health, Cigna, and OptumRx.

Contract discussions are underway and the program is expected to be launched in January 2025 to at least 2,000 patients, and then subsequently marketed to a further 100,000 to 250,000 eligible patients.

These growth opportunities will provide key learnings for other priority Adherium growth markets, including Australia, where Asthma is a significant public health issue. Recent data released by the National Asthma Council² showed there were 474 asthma-related deaths recorded in Australia in 2023, which remains unchanged to the prior year due to persistent problems with asthma management. This is a concerning number of deaths linked to a manageable disease. With 2.8 million (11%) Australians estimated to be living with asthma³ Adherium's Hailie® devices and platform solution offer a pathway to better care through improved adherence.

Patient Onboarding

The US team is onboarding key accounts and patients to demonstrate growth primarily in allergy practices. To support the Company's growth, strategic decisions are being actioned to strengthen Adherium's core operational capabilities, including account management, sales operations, patient on-boarding, remote patient monitoring (RPM) and billing.

Focus has centered on building out anew full-service RPM program with Allergy Partners and Senta Partners, representing two of the three largest asthma and allergy groups in the United States.

Investment is also being made into customer and patient journey mapping, customer relationship (CRM) systems and processes that will allow the Company to scale in 2024 and beyond in partnership with key medical groups.

In addition to medical groups, Adherium has developed partnerships with RPM companies that have experience with on-boarding patients using digital inhalers. VRI, a ModivCare company, onboarded its first Hailie® patients this quarter.

The Company continues to increase its active patients. Intermountain Health expects there will be 665 patients using Hailie® by December 2024 and 2,500 by December 2025.

Patient enrolments are also increasing towards Allergy Partners' own target of 1,000 to 3,000 patients by the end of December 2025, which would deliver annualised revenues in the range of \$1.0m - \$3.0m.

SENTA Partners has a target of 3,000 patients by the end of December 2025 which would deliver annualised revenues of approximately \$3.0m.

It is expected that over 600 active patients will be using the Hailie® platform by

² <https://www.nationalasthma.org.au/news/2024/35-years-later-asthma-deaths-halved-but-experts-say-asthma-deaths-are-preventable>

³ Chronic respiratory conditions, About - Australian Institute of Health and Welfare

December 2024 validating the financial economics of this device and platform in an already clinically-proven environment.

The Company is expanding into more existing partner practices while also pursuing new partnership opportunities. Several potential partners are looking to transition their existing managed patients onto the Hailie® platform within the next few months.

These opportunities have emerged as the current provider technology will no longer be supported and these partners are looking to Adherium to transition this established level of care.

Marketing

The Company is completing testing of core infrastructure for patient acquisition and communication. The team is taking a multi-channel approach across direct mail, email, SMS, phone and in-office materials. This approach allows the Company to reach thousands of customers per week and is tailored to patient requirements based on qualified leads.

Management Changes

On Wednesday 30 October 2024, it was announced the Company and Dr Paul Mastoridis have not been able to agree terms to enable him to continue in his role beyond the initial 12 month contract period and therefore his employment with the company will end on 7 January 2025. A formal search will commence for our next CEO. In the interim, the business will be managed by the Adherium Executive Committee, which is comprised of members of the executive management team and Board.

Other components of cash flow

- Cash on hand at the end of the quarter to 30 September 2024 was \$3,282,000 compared to \$6,198,000 in the preceding quarter
- Receipts from customers for sensor sales including the remote patient monitoring sales, engineering services and contract project fees were \$122,000 compared to \$97,000 in the preceding quarter
- Payment for R&D activities were \$98,000 compared to \$116,000 in the preceding quarter
- Advertising, platform integration, sales and marketing costs were \$182,000 in the September 2024 quarter compared to last quarter of \$169,000
- Staff and contractor payments were \$1,927,000 in the September quarter compared to \$2,117,000 in the preceding quarter
- Administration and corporate costs were \$629,000 in the September 2024 quarter compared to \$549,000 in the preceding quarter due to corporate services and legal costs associated with US expansion
- Related party payments of \$42,000 in the quarter to 30 September 2024 were for payment of Directors' fees



ASX Release

For more information about Adherium and its revolutionary respiratory solutions, please visit adherium.com.

- ENDS -

This ASX announcement was approved and authorised for release by the Board of Adherium.

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About Adherium (ASX: ADR)

Adherium is a provider of integrated digital health solutions and a worldwide leader in connected respiratory medical devices, with more than 180,000 sold globally. Adherium's Hailie® platform solution provides clinicians, healthcare providers and patients access to remotely monitor medication usage parameters and adherence, supporting reimbursement for qualifying patient management.

The Hailie® solution includes a suite of integration tools to enable the capture and sharing of health data via mobile and desktop apps, Software Development Kit (SDK) and Application Programming Interface (API) integration tools, and Adherium's own broad range of sensors connected to respiratory medications. Adherium's Hailie® solution is designed to provide visibility to healthcare providers of medication use history to better understand patterns in patient respiratory disease.

Learn more at adherium.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Adherium Limited

ABN

24 605 352 510

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	122	122
1.2 Payments for		
(a) research and development	(98)	(98)
(b) product manufacturing and operating costs	(581)	(581)
(c) advertising and marketing	(182)	(182)
(d) staff costs	(1,927)	(1,927)
(e) administration and corporate costs	(629)	(629)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	38
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	352	352
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,907)	(2,907)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(15)	(15)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) 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	(15)	(15)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,198	6,198
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,907)	(2,907)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	6	6
4.6	Cash and cash equivalents at end of period	3,282	3,282

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	810	767
5.2	Call deposits	2,472	5,431
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)	3,282	6,198

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Nil		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,907)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,282
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,282
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Yes	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
The Company anticipates increasing sales as it collaborates with strategic partners as previously announced and is confident it can raise sufficient capital as and when required to fund its operations based on an ongoing review of potential funding arrangements. Further the Company notes it expects to receive R&D tax refunds for Australia in December.	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Yes, refer to 8.6.2	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

31 October 2024

Date:

By the board

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.