



ADHERIUM LIMITED

ABN 24 605 352 510

ASX: ADR

APPENDIX 4E

PRELIMINARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2024

Adherium Limited

ABN 24 605 352 510

Adherium Limited provides the following information under listing rule 4.3A:

Details of the reporting period and the previous corresponding period

- Reporting period 12 months ended 30 June 2024
- Previous corresponding period 12 months ended 30 June 2023

Results for announcement to the market

	12 months 30 June 2024 \$	12 months 30 June 2023 \$	Change \$	Change %
Revenue from ordinary activities	840,982	3,195,530	(2,354,548)	(73.7%)
Profit (loss) from ordinary activities after tax attributable to members	(10,224,173)	(9,857,586)	(366,587)	(3.7%)
Net profit (loss) for the period attributable to members	(10,317,331)	(9,851,490)	(465,841)	(4.7%)
Dividends:				
Amount per Ordinary Share	Nil	Nil		
Franked amount per Ordinary Share	Nil	Nil		
Record date for determining entitlements to the dividends	N/A	N/A		
Net tangible asset backing per Ordinary Share	0.9 cents	0.2 cents		

Commentary on results

Transformational Progress and Strategic US Commercialisation Focus

Adherium has significantly advanced its commercial strategy by concentrating on scalable partnerships and customer relationships, aiming to achieve cash flow positivity by growing its remote patient monitoring services in the United States – the largest healthcare market in the world and the only market offering reimbursement for remote patient monitoring.

Adherium has been diligently developing its remote patient monitoring model to ensure its success. The initiative aims to assist patients in mastering proper inhaler techniques while ensuring adherence to their prescribed treatment regimens. In early July 2024, Adherium established a new model with Senta and Allergy Partners, integrating their patient populations into our remote monitoring system—a novel approach not previously attempted.

As pioneers in this field, we are committed to refining our model until it is proven effective before scaling up operations. We have initiated campaigns targeting both patients and physicians; securing commitments from doctors to collaborate with Adherium is crucial for implementing our adherence and technique monitoring program successfully.

Our program is designed not only to help asthma sufferers with proper inhaler technique but also to make sure they take their medications as prescribed. By ensuring regular use of inhalers under proper guidance of our respiratory therapists our goal is for them to experience fewer breathing difficulties and life-threatening exacerbations, supporting significantly improved quality of life.

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Strategic Partnerships and Major Milestones

- **Allergy Partners:** Our collaboration with Allergy Partners, the largest allergy and asthma practice in the US, integrates the Hailie® platform into their care approach, enhancing asthma management for over 300,000 patients.
- **SENTA Partners:** We have established a strategic partnership with SENTA Partners, a premier specialty allergy and asthma group in the US. This collaboration will roll out the Hailie® platform across SENTA's extensive network, improving patient adherence and health outcomes.
- **Intermountain Health:** Our partnership with Intermountain Health has commenced with the delivery of 1,750 next-generation Hailie® Smartinhaler® sensors. Positive data from this program will demonstrate how Hailie® devices can help hospital systems reduce their 30-day readmission rate and create a standard of care model for all hospital systems. Our first patient enrolled in February.
- **NuvoAir Medical:** A new agreement with NuvoAir Medical includes a minimum purchase of 1,000 Hailie® sensors, further expanding our reach in the US market.
- **Valued Relationships Inc. (VRI), a Modivcare service:** Strategic partnership with VRI, a leader in remote patient monitoring solutions. This collaboration will enhance our capabilities by providing comprehensive respiratory care and monitoring, leveraging VRI's extensive network and expertise.
- **Rimidi:** New partnership signed in April 2024 focusing on integrating Adherium's innovative Hailie® Smartinhalers® into Rimidi's comprehensive clinical management platform now used by health systems, capitated health plans and physician practices across 17 states in the US.

Clinical Studies

AstraZeneca has selected Adherium's Smartinhaler technology for its upcoming study. This agreement is supported by a \$1.1M contract with AstraZeneca to test the capabilities of Adherium's Hailie® Smartinhaler® platform.

Recent Regulatory Advancements

The US FDA has granted clearance for Adherium's Hailie® sensor to be used with AstraZeneca's Airsupra® and Breztri® inhalation devices on April 15, 2024. Adherium is now a global leader in the provision of digital health solutions, with 14 US FDA (510K) cleared inhalation sensors now on market.

Financial Performance and Capital Raising

Adherium successfully completed a capital raising of \$8.37 million. This funding is driving strategic research and product development, sales, marketing, business development, and customer onboarding, ensuring we continue to scale and meet growing market demands.

Future Outlook

Our mission is to have Hailie® become part of the 'Standard of Care' for Asthma and COPD management. Currently, our focus is targeted to remote patient monitoring (RPM) and remote therapeutic monitoring (RTM) in the USA. With the strategic partnerships we have in place and the number of patients that we can assist, as we continue to scale will allow the Company to achieve breakeven and beyond. Proving our business model will generate consistent revenue through USA market expansion utilising proven reimbursement vehicles and validate the cost-effectiveness and clinical benefits of the Hailie® solution.

As we achieve success in this market, the Company will explore opportunities in the USA Value-Based Healthcare (VBHC) market using health economic evidence. The Company will leverage validated data to expand market reach and improve financial returns as evidence shows significant cost savings and improved patient outcomes.

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Following this phase, we will look to deploy our proven business model in other attractive markets such as the UK & Australia, replicating the USA success targeting where need is highest and leveraging the proven health economic benefits from the USA implementation. This will involve promoting substantial cost savings to government/payors, patient benefits for asthma and COPD populations and reduced hospital service demand, especially ER visits, through early interventions.

Financial commentary

The loss for the year after tax was \$10,224,173 compared to \$9,857,586 in 2023.

Revenue to 30 June 2024 was \$840,982 compared with \$3,195,530 in the prior year. The decrease occurred due to a decline in clinical trial and project revenue as the Company focuses its commercial strategy in the USA offering remote patient monitoring services.

Research and development activities to 30 June 2024 amounted to \$4,144,960 compared with \$4,725,231 in the prior year, the decreased expenditure reflecting the shift from clinical trials and product development to commercialisation of existing devices and software platform.

Sales and Marketing costs were \$2,138,032 to 30 June 2024, compared with \$4,006,309 in the prior year. This decrease was a result of the completion of investment in partner platform integrations and partner costs in relation to the SBRI NHS project.

Administrative expenses increased to \$5,061,483 in year ended 30 June 2024 from \$4,853,833 in the year ended 30 June 2023. Administrative payroll increased to \$1,407,585 from \$1,318,630 in the prior year reflecting a change of employee department classification. Administrative consulting fees increased \$102,924 to support the US commercial strategy. Non-cash costs included asset depreciation and amortisation expense of \$108,091 compared to \$190,872 in the prior year and unrealised currency gains of \$144,990 compared to an unrealised currency loss of \$4,386 in the prior year relating to intercompany loan balances.

In addition to the changes noted above, the loss for the year after tax was \$10,224,173 compared to \$9,857,586 in 2023. A key component of the increased loss was the year-on-year decrease in revenue of \$2,354,548.

Adherium ended the year to 30 June 2024 with cash of \$6,197,538 compared to \$9,077,258 in the prior year.

Dividends

The board has not declared dividends or made dividend payments in the periods ended 30 June 2023 and 2024. The Company does not have any dividend or distribution reinvestment plans in operation.

Details of entities over which control has been gained or lost

There have been no changes in control over entities in the year ended 30 June 2024.

Details of associates and joint venture

Adherium does not have any associates or joint ventures.

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Trends in Performance

Adherium has pivoted from a clinical trials company to a data driven and remote patient monitoring company that provides adherence and technique monitoring to their customers for a monthly subscription fee. The company will record a net loss of \$10,224,173 for the year, primarily due to reduced sales volume, increased resources to commercialise the technology and delays in patient onboarding due to modifications of the patient onboarding monitoring program to meet the needs of our customers and their patients.

Audit status

This Appendix 4E and the included financial information are based on financial statements which are in the process of being audited, and the audited financial statements will be published in September 2024. As in prior years, the independent auditor's report may contain an emphasis of matter reflecting a material uncertainty in respect of going concern related to the raising of additional capital or alternative funding until the group is supported by cash flows from operations. Despite this, the Directors are of the view that adoption of the going concern basis of preparation of the financial statements continues to be appropriate.

Financial report

The following financial report included in this Appendix 4E does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a complete understanding of the financial performance, financial position and operating, financing and investing activities of the consolidated entity as the full financial report. The financial report should be read in conjunction with any public announcements made by Adherium Limited in accordance with the continuous disclosure obligations of the ASX Listing Rules. The accounting policies applied are the same as those noted in the most recent interim financial report and the previous annual report.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024

		June 2024	June 2023
	<i>Notes</i>		
Continuing Operations			
Sales	1	840,982	3,195,530
Cost of sales		(573,279)	(669,681)
Gross profit		<u>267,703</u>	<u>2,525,849</u>
Other Income - R&D tax credit		1,450,452	1,837,636
Other Income - Gov't grant		71,633	-
Manufacturing support		(908,538)	(833,152)
Research and development costs		(4,144,960)	(4,725,231)
Sales and marketing costs		(2,138,032)	(4,006,309)
Administrative expenses		(5,061,483)	(4,853,833)
Operating loss		<u>(10,463,225)</u>	<u>(10,055,040)</u>
Finance income		241,124	203,527
Finance expense		(2,072)	(6,073)
Finance income (cost) - net		<u>239,052</u>	<u>197,454</u>
Loss before income tax		<u>(10,224,173)</u>	<u>(9,857,586)</u>
Income tax expense		-	-
Loss for the period attributable to equity holders		<u>(10,224,173)</u>	<u>(9,857,586)</u>
Other comprehensive income			
Other comprehensive income for the period , net of tax		<u>(93,157)</u>	<u>6,096</u>
Total comprehensive loss for the period		<u>(93,157)</u>	<u>6,096</u>
Total comprehensive loss attributable to:		<u>(10,317,331)</u>	<u>(9,851,490)</u>
Equity holders of Adherium Limited		<u>(10,317,331)</u>	<u>(9,851,490)</u>
Basic and diluted loss per share	3	(2.8) cents	(0.2) cents

The accompanying notes form part of this financial report.

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Consolidated Statement of Financial Position as at 30 June 2024

		June 2024	June 2023
	<i>Notes</i>		
ASSETS			
Current Assets			
Cash and cash equivalents	4	6,197,538	9,077,258
Trade and other receivables	5	1,797,416	1,968,416
Inventories	6	1,582,298	1,238,401
Prepayments		151,221	228,256
Total Current Assets		9,728,473	12,512,331
Non-Current Assets			
Property plant and equipment		65,092	126,676
Intangible assets		264	459
Right-of-use assets		93,325	41,771
Total Non-Current Assets		158,681	168,906
Total Assets		9,887,154	12,681,237
LIABILITIES			
Current Liabilities			
Trade and other payable		2,746,765	2,767,894
Income received in advance		566,788	655,284
Lease liabilities		46,933	44,149
Total Current Liabilities		3,360,486	3,467,327
Non-Current Liabilities			
Lease liabilities		46,272	-
Total Non-Current Liabilities		46,272	-
Total Liabilities		3,406,758	3,467,327
EQUITY			
Share capital	7	131,003,209	123,617,236
Accumulated deficit		(103,510,857)	(93,286,684)
Other reserves		(21,011,956)	(21,116,642)
Total equity		6,480,396	9,213,910
Total liabilities & equity		9,887,154	12,681,237

The accompanying notes form part of this financial report.

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Consolidated Statement of Changes in Equity for the year ended 30 June 2024

	Share capital	Accumulated deficit	Share & option compensation reserve	Foreign currency translation reserve	Merger reserve	Total Equity
Equity as at 30 June 2022	110,522,702	(83,429,097)	5,314,916	663,268	(27,534,799)	5,536,990
Loss for the period	-	(9,857,586)	-	-	-	(9,857,586)
Other comprehensive income	-	-	-	6,096	-	6,096
Total comprehensive loss	-	(9,857,586)	-	6,096	-	(9,851,490)
<i>Transactions with owners:</i>						
Shares and options issued in placements and SPP	13,815,000	-	-	-	-	13,815,000
Share and option grants for services	23,283	-	433,877	-	-	457,160
Share issue costs	(743,749)	-	-	-	-	(743,749)
Equity as at 30 June 2023	123,617,236	(93,286,683)	5,748,793	669,364	(27,534,799)	9,213,911
Loss for the period	-	(10,224,174)	-	-	-	(10,224,174)
Other comprehensive income	-	-	-	(93,157)	-	(93,157)
Total comprehensive loss	-	(10,224,174)	-	(93,157)	-	(10,317,332)
<i>Transactions with owners:</i>						
Shares and options issued in placements and SPP	7,800,800	-	-	-	-	7,800,800
Share and option grants for services	227,163	-	197,844	-	-	425,007
Share issue costs	(641,990)	-	-	-	-	(641,990)
Equity as at 30 June 2024	131,003,209	(103,510,857)	5,946,637	576,207	(27,534,799)	6,480,396

The accompanying notes form part of this financial report.

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Consolidated Statement of Cash Flows for the year ended 30 June 2024

		June 2024	June 2023
	<i>Notes</i>		
Cash flows from operating activities:			
Receipts from customers		1,101,661	2,355,988
Research and development tax incentive receipts		1,514,258	1,637,939
Interest received		241,124	203,527
Interest paid		(2,072)	(6,073)
Payments to employees		(7,579,374)	(6,921,402)
Payments to suppliers		(5,888,609)	(6,548,564)
Net cash provided from (used in) operating activities		(10,613,012)	(9,278,585)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(37)	(40,999)
Net cash used in investing activities		(37)	(40,999)
Cash flows from financing activities:			
Proceeds from the issue of shares	7	8,370,800	13,815,000
Payment of capital raising costs		(641,990)	(743,749)
Net cash provided from financing activities		7,728,810	13,071,251
Net increase (decrease) in cash		(2,884,239)	3,751,667
Cash at the beginning of the year		9,077,258	5,283,282
Effect of exchange rate changes on cash balances		4,519	42,309
Cash at the end of the year	4	6,197,538	9,077,258

The accompanying notes form part of this financial report.

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Notes to the condensed consolidated financial statements for the year ended 30 June 2024

1. Revenues and expenses

	June 2024	June 2023
(a) Income from continuing operations:		
Sensor sales and monitoring services	354,885	1,881,410
Engineering services and other services	486,097	1,314,120
	<u>840,982</u>	<u>3,195,530</u>
(b) Loss before income tax includes the following specific expenses:		
Depreciation of property, plant and equipment	61,706	145,490
Amortisation of intangible assets	46,385	45,382
Operating lease costs	92,887	98,110
Employee benefits expense		
- Wages and salaries	7,327,376	6,894,419
- Share, option and SARs compensation	197,843	393,221
Total employee benefits expense	<u>7,525,219</u>	<u>7,287,640</u>

2. Segment Information

The Group has considered the requirements for segmental reporting as set out in AASB 8: Operating Segments. The standard requires that operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer. The Group has determined that one segment exists for the Group's Hailie® Smartinhaler®.

3. Earnings per share

	June 2024	June 2023
Profit (loss) after income tax attributable to equity holders	(10,224,173)	(9,857,586)
Weighted average shares outstanding (basic)	371,139,052	4,083,068,279
Weighted average shares outstanding (diluted)	371,139,052	4,083,068,279
Basic and diluted loss per share	<u>(2.8) cents</u>	<u>(0.2) cents</u>

Note: 15:1 share consolidation occurred 7 December 2023

4. Cash and cash equivalents

	June 2024	June 2023
Cash at bank and on hand	686,051	1,041,496
Deposits at call	5,511,487	8,035,762
	<u>6,197,538</u>	<u>9,077,258</u>

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5. Trade and other receivables

	June 2024	June 2023
Trade receivables and accruals	406,435	538,937
R&D tax credit receivable	1,308,640	1,376,832
GST and other taxes receivable	53,968	15,815
Security deposits	28,373	36,832
	<u>1,797,416</u>	<u>1,968,416</u>

6. Inventories

	June 2024	June 2023
Raw materials and components	919,542	834,795
Provision for obsolescence	(104,273)	(69,682)
Finished goods	767,029	473,288
	<u>1,582,298</u>	<u>1,238,401</u>

7. Share capital

	Ordinary Shares	\$
Share capital as at 30 June 2022	2,208,251,092	110,522,702
Shares issued in employee share plans	22,414,483	-
Shares issued in placements	2,700,000,000	13,500,000
Shares issued in share purchase plan	63,000,000	315,000
Shares issued for services	5,742,740	23,283
Shares issue costs	-	(743,749)
Share capital as at 30 June 2023	4,999,408,315	123,617,236
Share consolidation	(4,668,153,845)	-
Cancellation of shares issued in employee share plans	(7,535,769)	-
Shares issued in placements*	50,000,000	1,000,000
Shares issued in non renounceable entitlement offer	340,039,981	6,800,800
Shares issued for services	16,321,280	227,164
Shares issue costs	-	(641,990)
Share capital as at 30 June 2024	730,079,962	131,003,209

Note: FY2024 restated for 15:1 share consolidation that occurred on 7 December 2023.

*Funds totalling \$570,000 for the subscription of 28,500,000 shares by Management and the Board as approved at the EGM held on 21 June 2024 were received before 30 June 2024. However the issue of these shares did not occur until 1 July 2024.

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8. Events occurring after balance date

Subsequent to the balance sheet date, there was a cancellation of 1,773,540 Stock Appreciation Rights (SARs) on 17 August 2024 for nil consideration. The cancellation was due to employment vesting conditions not met due to the departure of the former CEO with a fair value of \$146,317 calculated at the date of grant.

Funds totalling \$570,000 for the subscription of 28,500,000 shares by Management and the Board as approved at the EGM held on 21 June 2024 were received before 30 June 2024. However, the issue of these shares did not occur until 1 July 2024.

There are no other events occurring after the balance sheet date which require disclosure or adjustment in the financial statements.