



Biotech Daily

Friday June 13, 2025

Daily news on ASX-listed biotechnology companies

Dr Boreham's Crucible: Adherium

By TIM BOREHAM

ASX code: ADR

Share price: 0.7 cents; **Shares on issue:** 758,185,209; **Market cap:** \$5.3 million

Financials (March quarter 2025): customer receipts \$771,000, cash outflows \$2.21 million, cash on hand \$684,000 (ahead of \$900,000 convertible note raising in May)

Chief executive: Jeremy Curnock Cook (interim)

Board: Lou Panaccio (chair), Mr Curnock Cook, Kevin Gessner, Bruce McHarrie, George Baran

Identifiable major shareholders: Regal Funds Management 24%, Trudell Medical 18%, Phillips Asset Management (Bioscience Medical Translation Fund) 16%

When it comes to medication adherence, humans are strange beasts in that they will go out of their way not to take crucial therapies in the manner intended.

In the case of asthma and chronic obstructive pulmonary disease (COPD), 'puffer' compliance is notoriously low: a staggering 92 percent of asthma users either deploy a poor technique or don't use their inhalers at all.

Children might spray the treatment like a perfume and not inhale it into the lungs. Or the medicine can end up in the back of the throat rather than the bellows.

On the evidence to date, Adherium claims its wrap-around connected Haile monitoring device has improved asthma compliance by 180 percent for kids and reduced "severe exacerbations" in adults by 61 percent.

“Not being able to do one of the most fundamental things in life – breathing – is one of the worst things imaginable,” Adherium director Keven Gessner says.

Avoiding the ‘frog in boiling water’ syndrome

Mr Gessner likens asthma episodes to a frog in boiling water, which doesn’t feel the rising heat until it’s too late and has croaked it.

“Sometimes asthma and COPD is like sitting in that boiling water, because you get so used to not feeling well that you slowly get sicker and sicker and you don’t realize it’s boiling until it’s too late,” he says.

Mr Gessner says most asthma episodes are preventable, while COPD patients could lead much better lives with correct compliance.

A fresh board appointee, the US-based Mr Gessner has a day job at Pfizer, where he is vice president in areas related to digital and remote patient monitoring.

Moulded by his own experience with family and friends, he was drawn to Adherium and its mission of improving monitoring for some of the world’s 300 million asthma and 384 million COPD sufferers.

Asthma self-help spurns new company

Originally known as Nexus6, Adherium was founded in New Zealand 2001 by former Microsoft software engineer Garth Sutherland, with the remit of managing his own asthma.

The initial product, the Smartinhaler, was used widely in clinical trials. In 2009, it won US Food and Drug Administration (FDA) clearance under the 510(k)-device pathway.

Adherium debuted on the ASX on August 26, 2015, having raised \$35 million at 50 cents apiece in the initial public offer.

A foundation client, pharma company Astrazeneca, invested \$3 million.

In mid-2021 fellow ASX-listed respiratory diagnostics counterpart Respiro made a conditional takeover for Adherium, but the entreaty ran out of breath.

The updated device, Hailie, won FDA 510(k) clearance in April 2024 and is approved for use with 15 different puffers.

Initially, Adherium expected Astrazeneca would take the running on Hailie - but that was not to be. Instead, Adherium operates through key US partner channels. These include hospital groups, payors and hybrid care/payor organizations.

Payment depends on whether Adherium or the partner oversees the ongoing monitoring.

CE-Oh - they've gone

Mr Sutherland led the company until June 2017, after which he was succeeded by Arik Anderson, Mike Motion and Rick Legleiter.

Mr Legleiter stepped down in mid-January 2024 and on February 1 he was replaced with another US candidate, Dr Paul Mastoridis.

In October 2024, the company said the board and Dr Mastoridis had been unable to agree on his employment terms and that Dr Mastoridis would leave in January 2025.

Since then, the company has been in “ongoing dialogue with Dr Mastoridis and his lawyers regarding his cessation of employment”.

Mr Curnock Cook is the interim CEO and the managing partner of long-term shareholder, Bioscience Managers

US focus

Adherium's Hailie device wraps around conventional puffers and sends digital information about actual flow rates into the lungs.

This enables the device to predict medical episodes earlier and avoid hospitalizations.

In 2022, Clinical evidence suggested Hailie had improved asthma compliance by 180 percent for kids and reduced "severe exacerbations" in adults by 61 percent.

But to gain traction, physicians must be paid for their time and the company needs to get a decent cut as well.

Adherium is focused on the US market, where a reimbursement breakthrough three years ago enables just that, with the company signing up partnerships covering one million asthma and COPD patients.

All hail Hailie

Hailie can be used with about 90 percent of the inhalers on the market, including Glaxosmithkline's Ellipta and Astrazeneca's Symbicort.

The Bluetooth-enabled Hailies capture physiological data like inhalation flow rates and provide real-time feedback through a software application to both the patient and their doctor.

It also knows whether the device has been shaken (primed).

“You can’t fake our meds,” Mr Gessner says. “If you push it and it shoots out into the air, it senses there has been no inspiration.”

“We make sure the patient it is using the medication correctly and getting the clinical benefit of the drug.”

Crucially, Hailie can also detect whether the patient is losing their ability to inhale properly.

With physician intervention, the device can rescue the ‘frog’ before hospitalization stage.

The company cites 50 peer review studies validating Hailie’s efficacy.

Partnering up

The company operates by two structures, whereby it either oversees the monitoring itself or via a partner.

The company has signed up Allergy Partners, the biggest US asthma medical group with 140 locations in 20 states, servicing 300,000 asthmatics.

“We recruit the patients and monitor them,” Mr Gessner says.

“If needs be, we will call up the patient with permission from their GP.”

The second example is a partnership with Intermountain Health, an ‘integrated delivery network’ with 33 hospitals and 85 clinics servicing 250,000 patients.

“They are also payors, so benefit from the fewer hospitalizations.”

Intermountain currently has 730 patients on its program.

The third is AMC Health, the biggest private US remote patient monitoring company with 100,000 patients on its books.

To date, AMC Health has ordered 750 Hailies.

Sizing up the opportunity

From its modest base of 1,200 patients at the end of March, Adherium has targeted coverage of 9,000 by the end of 2025.

Allergy Group is expected to sign-up 5,000 patients, with Intermountain and AMC contributing 2,000 each.

Under a 2022 reimbursement breakthrough, Hailie was classed under a Centers for Medicare and Medicaid code, with private payors extending coverage in 2023.

The code provides for a \$US55 initial payment and \$US50 for every 20 minutes of care time.

This averages out around \$US160 per patient per month

Currently the physicians are pocketing \$US109 per patient: “revenue that didn’t exist until we came along,” Mr Curnock Cook says.

The company believes this number can increase to \$US120-130 per month.

As for Adherium, it expects to pocket \$US50-75 per month per patient when it does the onboarding and monitoring and \$US30-35 per month when it doesn’t.

Mr Curnock Cook says that with growing interest from payors, the company should have access to two million patients, but will take a conservative approach to growth.

Propeller stops turning

Resmed’s experience with its acquired Propeller Health business highlights the difficulty of navigating the complex US health and reimbursement channels.

Even sleep apnoea giant Resmed has mis-stepped, having acquired the Wisconsin-based digital therapeutics company Propeller for \$US225 million in early 2019.

Resmed has quietly absorbed Propeller into its software-as-a-service business and its website no longer refers to Propeller puffer compliance devices in its suite of products.

Adherium contends that Resmed overlooked the importance of winning physicians’ advocacy of the device.

The Bluetooth-connected Propellers measured the number of times the puffer had been pumped, but not flow rates into the lung.

“It measured whether the button had been pressed, but the spray could go anywhere,” Mr Gessner says.

Finances and performance

Adherium reported customer receipts of \$771,000 in the March 2025 quarter, compared with \$148,000 in the December 2024 stanza, with net operating cash outflows of \$2.21 million, taking the deficit for the first nine months of the financial year to \$8.68 million, and end-of-quarter cash of \$684,000, compared with \$387,000 at the end of December.

The increase is explained by a \$2.6 million convertible note issue, announced in mid-March. The raising was contributed to equally by Bioscience Managers and Trudell Medical, which is associated with director George Baran.

In May, Adherium issued a further \$900,000 convertible note, mainly to the same parties. The notes have a nine-month maturity with a 10 percent a year interest rate.

In mid-March, the company said it was planning a capital raising and “it is comfortable that it is able to do”.

The Hailie devices are made in Thailand with components from Singapore, but management expects little impact from the Trump administration’s tariff plans.

Adherium shares have ranged between two cents (at various times, most recently late January) and the current lows.

In late 2023, the company consolidated its shares on a one-for-15 basis, from a tad under five billion shares to around 333 million.

Allowing for this, Adherium shares hit a five-year peak of 64 cents in August 2021.

Wot about us?

The lack of reimbursement means Hailie is not available in Australia, but Mr Curnock Cook has urged the Federal Government to add Hailie to its Medicare urgent care clinics.

The company is seeking Federal funding for a program to deliver the Hailie technology to about 5,000 people with severe asthma over three years, at 10 of the urgent care clinics.

“\$10 million should do it,” Mr Curnock Cook says.

“Why not use this Australian-based tech to do something serious?”

Adherium says in the 2020-’21-year, asthma patients present 56,600 times to emergency departments, with half of the subsequent hospitalizations relating to asthma.

Dr Boreham’s diagnosis:

Mr Gessner says that given the complexity of the US healthcare maze, Adherium’s network would take decades to replicate.

He adds that no party loses with Hailie.

“Not only are we being paid, but the physicians are getting paid, and the payors can see they can save a ton of money by keeping patients out of hospital.”

So, the big picture is robust.

But investors could be excused for thinking the company has run out of breath, with the shares declining 65 percent over the last year.

Or has Adherium gone beyond the speculative 'pimping the puffer' to deliver the goods, having spent \$150 million to get to this point?

"We have been around for 13 years, but we are no longer the company we were even a year ago," Mr Curnock Cook says.

"By the middle of next year there will be no question as to whether we are a real business or not."

"The question is how big and how we manage the growth."

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. He still inhales and exhales, but finds watching biotech stocks can be an exercise in holding one's breath.