

ASX ANNOUNCEMENT

9 December 2020

Respiri Company Update Post Commercial Launch of wheezo™ in Australia

Key Points:

- Cipla to increase initial wheezo™ order by 250% from 2,000 to 7,000 units to meet expected demand
- Device pricing adjustment to drive increased volume with higher Software as a Service (SaaS) monthly fee
- New Supply Agreement with Pharmacy Platform group, advanced discussions with additional key pharmacy banner groups ongoing
- Strong media coverage following media launch in early December
- Maintain guidance of \$6-8 million in wheezo™ product revenues for CY2021
- Average customer gross margin increases 9% over 24 months and by 18% over the forecast life of a customer

Respiri Limited (ASX:RSH) (“Respiri” or the “Company”), an eHealth SaaS Company supporting respiratory health management, today provides an update to the market following the commercial launch of wheezo™ in Australia, including a new volume-based commitment from Cipla, a new banner partnership with Pharmacy Platform and a successful media launch in Sydney in early December.

Cipla Commits to Increasing Minimum Order Quantities by 250% to 7,000 Units

Following the commencement of direct pharmacy sales by Cipla on 21 October 2020, the Company and Cipla have received valuable feedback from pharmacists and pharmacies since launch. The Company has considered this feedback and has elected to flex its sales model by lowering the unit pricing of the wheezo™ device from \$299 to \$99.50 to accommodate a higher number of patients able to afford the upfront or buy now pay later cost of device acquisition. Accordingly, Cipla has agreed to increase the minimum initial purchase under the Exclusive Sales/Marketing, Distribution & Logistics Agreement signed in July 2020 by 250% to 7,000 units.

Although this will result in a significantly lower product gross margins for Respiri in the short term, as volumes are expected to increase at the lower price point, the manufacturing supply price to Respiri from its exclusive contract manufacturer, Entech Electronics, will decline with the targeted reduction in costs of goods sold (COGS) in CY2021 of 85% from Respiri’s current CY2020 COGS remaining on track.

Importantly, the monthly SaaS fee has been increased by 24% to \$9.95 per month as customers are prepared to pay a higher price for the convenience of a monthly subscription, based on feedback to date. Additionally, the Company is bundling device/SaaS into a single 12 month (upfront) commitment by patients electing to purchase online. Based on experience to date, although patient non-renewals (churn) is estimated by the Company at 11% per annum, Respiri believes this may be conservative as patient stickiness is expected to increase over time as the valuable monitoring data for wheeze is progressively reported to a patient’s treating clinician and integrated into their asthma management plan. SaaS gross margins are expected to be in the range of 85-100%. As a result, the expected customer average gross margin is expected to increase by 9% over 24 months and by 18% over the forecast life of a customer.

Despite the lower unit pricing, the Company maintains CY2021 wheezo™ product revenues (device + SaaS) to be in the range of \$6-8 million as previously announced, noting the benefit to volumes of lower unit pricing and to revenues through a higher SaaS component and an increased subscriber base.

New Supply Agreement with Pharmacy Platform Pty Ltd

The Company has reached a supply agreement with Pharmacy Platform Pty Ltd (PP). This leading pharmacy group is a recently merged group of pharmacies with more than 350 pharmacy members across Australia with an additional 800 pharmacy clients serviced through the new entity's specialised business units. These pharmacies will initially just stock wheezo™ devices. Respi continues to work alongside PP to develop an in-pharmacy asthma clinical program. This program will be run by pharmacists to help their asthma patients better understand how they can better manage their asthma and how wheezo™ fits into this regime. Every month approximately 2,000 patients with asthma visit a pharmacy and of these about 400 will have a discussion with their pharmacists about their asthma.

In addition, Respi continues to progress discussions for supply of wheezo devices with additional key pharmacy banner groups. The Company expects to update the market following the agreement of additional contracts. Respi is pleased to confirm that a number of independent pharmacy groups are now stocking the device.

Commencing Q1 CY2021, Respi will provide investors a quarterly snapshot of unaudited wheezo™ unit sales and SaaS revenues with statutory quarterly cash flow reporting requirements.

- ENDS -

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This ASX announcement dated 9 December 2020 has been authorised for release by the Board of Directors of Respi Limited.

About Respi Limited

Respi is an e-Health SaaS company supporting respiratory health management. Its world-first technology detects wheeze, a typical symptom of asthma, COPD and respiratory disease to provide an objective measure of airway limitation. The only platform of its kind, the flagship wheezo product employs machine learning to provide personalised feedback and education based on the user's personal health data correlated with environmental factors, and enables the sharing of that data, anytime, anywhere with caregivers, physicians and other health care professionals.

Respi's mission is to improve asthma management by extending care beyond the clinic. Respi Limited's operations are based in Melbourne, Australia.

For additional information about Respi and its products, please visit www.respi.co

About wheezo™

Developed in Australia, with the support of respiratory specialists and other healthcare professionals, the innovative wheezo™ device records wheeze, and the eHealth App assists patients with managing their asthma by tracking symptoms, triggers, medication use and geo-specific weather conditions. The platform has been designed to extend asthma management beyond the clinic and make it easy to share information with doctors and make appropriate adjustments to asthma action plans. Better active management may lead to better outcomes and improved quality of life for the asthma patient.

™ wheezo is a trademark of Respi Limited

Forward Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward looking statements are not historical facts but rather are based on Respi current expectations, estimates and projections about the industry in which Respi operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the endeavour of building a business around such products and services. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Respi, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward looking statements. Respi cautions shareholders and prospective shareholders not to place undue reliance on these forward looking statements, which reflect the view of Respi only as of the date of this release. The forward looking statements made in this announcement relate only to events as of the date on which the statements are made. Respi will not undertake any obligation to release publicly any revisions or updates to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.