

## ASX / MEDIA ANNOUNCEMENT

30 July 2021

### June 2021 Quarterly Cash Flow and Quarterly Activities Report

**Respiri Limited (ASX:RSH) ("Respiri" or the "Company")**, an eHealth SaaS Company supporting respiratory health management, today announces the Appendix 4C quarterly cash flow and activities for the 3 month period ended 30 June 2021.

#### Operating Highlights

During the quarter, Respiri continued to grow the Company's pharmacy banner group footprint for making wheezo® available for sale to customers in retail settings. Respiri also commenced the rollout of its in-pharmacy education and patient engagement programs that are expected to aid with in-store pharmacist/patient engagement. These programs include the Respiri Connect Care Nurse team and the rollout of the Pharmacy Platform Group's asthma professional service program that was developed in conjunction with Respiri.

In the quarter, wheezo® was distributed to and made available by the Terry White Chemmart (representing approximately 450 pharmacies) and Sigma Healthcare pharmacy banner groups (which includes Amcal, Guardian and others totalling more than 570 pharmacies). These additional blue chip organisations now take the total number of banner groups that sell wheezo® to 14, resulting in a retail footprint of approximately 1,600 pharmacies, which represents approximately 35% of the total number of ex-hospital community pharmacies across Australia.

To supply the additional stocking needs of this expanded pharmacy footprint, Cipla placed 2 orders for 1,000 wheezo® devices (2,000 in total) in the 30 June quarter. The payment from Cipla for the first April order was due in June, however cash was received in the 1<sup>st</sup> week of July and will be recorded in the 30 September Quarterly Report.

To continue to bolster pharmacy sales and educational resources, Respiri engaged Hahn Healthcare to conduct sales force services. Hahn is a respected organisation whose services are used by pharmaceutical and healthcare companies to sell their products. Hahn will aim to get individual pharmacies that are not target clients for the Cipla sales force to purchase wheezo® from their wholesaler. Hahn will also provide additional Connect Care Nurse services to accelerate the educational programs with pharmacies that are stocking wheezo®.

The Company has advanced discussions with potential marketing/distribution partners in the United States. The Company commissioned an independent expert evaluation of its wheezo® device (and associated app) to assess its eligibility to qualify for Remote Patient Monitoring ("RPM") Current Procedural Terminology ("CPT") code reimbursement – a significant insurance reimbursement regime which exists in the US market. The expert, based in the United States, is an experienced advisor to US CPT coding committees and MACRA task forces. The Medicare Access and CHIP Reauthorization Act ("MACRA") is a law that governs how the US federal government pays / reimburses physicians. In summary, the expert concluded that wheezo® analyses breath sounds for the presence of a wheeze and that in the expert's opinion, breath sounds and wheezing are physiologic parameters. As physiological measures are a precondition for CPT reimbursement, the Board therefore expects that wheezo® will qualify for Remote Patient Monitoring CPT code reimbursement when Respiri enters the US market.

Significant progress was also made in both commercialisation and clinical development partnership discussions in the United Kingdom and the Company. As per Medicines and Healthcare products Regulatory Agency ("MHRA") requirements, the Company appointed European Device Solutions (UK) Ltd as the UK Responsible Person ("UK-RP") and has demonstrated that wheezo® will perform safely and achieve the stated performance claims for its intended use.

As a result, the Company can now apply the new UK Conformity Assessed ("UKCA") mark on wheezo®. UKCA marking is a new UK product marking that is used for goods being placed on the market in Great Britain (England, Scotland and Wales). It is a prerequisite for the approval of products following Brexit and indicates conformity with applicable regulatory requirements. UKCA replaced CE marking earlier this year.

Accordingly, this process fulfils a commercial requirement for wheezo®, which is due to be launched in the United Kingdom in Q4 CY 2021.

Significant progress continues to be made with manufacturing and production of wheezo®. Current design Production Quality is excellent with rejection/fall out rates <0.42%. Further, due to improvements in Cost Of Goods ("COGS"), initial quotes for manufacturing wheezo® model 4.0 indicate a COGS of US\$35, which is the target price the Company set. This version of wheezo® will commence manufacturing in mid-2022 once current ordered batches are completed. Significant work has been dedicated to ensuring the Company has successfully secured sufficient chip inventory in a period of ongoing global supply shortfalls. The Company does not see any manufacturing supply issues in the foreseeable future.

The asthma Telehealth/Remote Patient Monitoring Program developed together with respiratory specialist Dr Kevin Chan (a leading Respiratory Physician working at Campbelltown Hospital & Sydney Adventist Hospital, Wahroonga) commenced in June and 22 patients with moderate to severe persistent asthma were enrolled into the program. Patients are given a wheezo® and a smart inhaler providing them and the physician with a more comprehensive respiratory digital platform solution that allows for objective assessments to be made in real time from the real world where asthma problems occur. Program outcomes are being carefully monitored. It is planned that this program will be scaled to other respiratory physicians and also create a potential corporate health respiratory offering for employers/companies. The program will also provide a template for a contemplated United States reimbursement business model.

The Company continued to build out its commercial expertise, appointing Theo Antonopoulos to the newly created role of Chief Commercial Officer and strengthening the Company's capability to execute on its business and corporate expansion plans into the future. Mr Antonopoulos has 20+ years' experience working predominantly within the pharmaceutical industry and more recently as Executive Head of Marketing and Sales at MedAdvisor (ASX:MDR), an innovative MedTech/SaaS business helping patients better manage their medications via a mobile application.

## **Corporate & Financial Highlights**

During the quarter, the Company recorded operating cash outflows of \$1.9 million, an increase of 17% versus the March quarter and up 17% over the prior corresponding period ("pcp"), reflecting increased staff costs associated with the commencement of commercial activities with wheezo® in Australia.

The Company recorded \$1,000 in cash receipts during the quarter. There was a delay in payment by Cipla for an April order of 1,000 (received in the first week of July) and an additional order for 1,000 wheezo® units was placed in June both to be recognised at revenue in the Company profit and loss but cash receipts will be in the September quarter.

Research and Development expenditures of \$0.2 million was up 30% versus the March quarter, reflecting increased activities in relation to software development.

Product manufacturing and operating costs of \$0.3 million were up 23% versus the March quarter, reflecting continued product development and build up of finished goods inventory ahead of planned marketing activities.

Advertising and marketing costs of \$0.3 million were down 33% versus the March quarter as the Company continues to migrate direct expenditure towards education and awareness programs and supporting the progressive commercial rollout of wheezo® in Australia.

Staff costs of \$0.6 million were up 105% versus the March quarter due to due to increased marketing headcount from previous quarter and entitlement payments from departed staff. The Company's headcount stood at 10 as at 30 June 2021. The Company anticipates modest headcount increases throughout the remainder of 2021 with Respi's global expansion in the United Kingdom, the wheezo® rollout continues and additional staff are required to support Respi's manufacturing, quality, regulatory and commercial initiatives. These increases will be prudently managed in line with budgets.

Administration and corporate costs of \$0.6 million were up 16% versus the March quarter reflecting increased costs associated with the takeover bid of Adherium (ASX:ADR) during the quarter.

There were no major investing or financing cash flows recorded for the quarter.

The Company closed the quarter with cash and cash equivalents of \$8.0 million.

Payments to related parties of \$0.2 million, consisted of fees payable to the Executive and Non-Executive Directors of the Company.

#### **Post Quarter Events**

Despite the failed takeover bid of Adherium, Respi is still pursuing strategies that will lead to the development of a broader digital platform that will provide respiratory patients, Healthcare professionals ("HCPs") and carers with a more comprehensive and objective ambulatory monitoring solution that will reduce the need for HCPs to rely on patient recall and self-assessment to determine asthma severity, which almost all epidemiological studies suggest is not ideal.

In July 2021, Cipla Australia Pty Ltd ("Cipla") distributed 220 units of wheezo® to one of Chempro Chemist's distribution warehouses. The units were previously purchased by Cipla from Respi in 2020 under the Exclusive Sales/Marketing, Distribution & Logistics Agreement between Respi and Cipla. Respi understands that wheezo® will be available on retail shelves at 105 Chempro Chemists across Queensland and Northern New South Wales by the end of July.

The Appendix 4C cash flow report is attached below.

**- ENDS -**

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***This ASX announcement dated 30 July 2021 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. wheezo®, Respi's innovative technology, comprises an eHealth app combined with a simple, easy to use, handheld device. wheezo® is the first smart device to help improve asthma management by monitoring wheeze and documenting symptoms, signs, triggers, weather conditions and medication use. The asthma management platform also facilitates the sharing of data with caregivers, physicians and other health care professionals.

Respi's mission is to help improve quality of life for hundreds of millions of children and adults around the world and dramatically reduce hospital admissions and the economic burden of asthma. Respi Limited's operations are based in Melbourne, Australia.

For additional information about Respi and its products, please visit [www.respi.co](http://www.respi.co)

## About wheezo®

Developed in Australia, with the support of respiratory specialists and other healthcare professionals, the innovative wheezo® device analyses breath sounds for 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.

For further information about wheezo, follow the online link <https://wheezo.com>

® wheezo is a registered 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.

## Appendix 4C

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

**Name of entity**

Respiri Limited (ASX: RSH)

**ABN**

98 009 234 173

**Quarter ended ("current quarter")**

30 June 2021

<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	175
1.2 Payments for		
(a) research and development	(199)	(993)
(b) product manufacturing and operating costs	(282)	(1,959)
(c) advertising and marketing	(284)	(1,518)
(d) leased assets	-	-
(e) staff costs	(622)	(1,577)
(f) administration and corporate costs	(581)	(2,460)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	79	1,116
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,888)</b>	<b>(7,215)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(34)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(34)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,430
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	650
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(547)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings - Fundsquire	-	(745)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>11,788</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,862	3,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,888)	(7,215)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(34)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	11,788
4.5	Effect of movement in exchange rates on cash held	(5)	(47)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>7,957</b>	<b>7,957</b>

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	7,957	9,862
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,957</b>	<b>9,862</b>

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	189
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Fees of Executive Director and Non-Executive Directors (excluding GST)		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,888)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,957
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,957
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4
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?	
	Answer: N/A	
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?	
	Answer: N/A	
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?	
	Answer: N/A	
<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.

Date: ....30 July 2021.....

Authorised by: By the Board of Respiri Limited

## 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.