

28 January 2022

December 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 31 December 2021.

Operating Highlights

The United States of America market remains the Company’s major focus given the size and nature of the opportunity and resources have been channelled into ensuring the successful launch of wheezo®. The US market opportunity is unique in that physicians and relevant healthcare professionals are reimbursed directly for providing medical devices to patients allowing them to provide Remote Patient Monitoring (RPM) services, which are reimbursed by Health Maintenance Organisations (HMOs) and Medicare. RPM providers have established relationships with physicians and relevant medical and reimbursement institutions to deliver devices and remote and ongoing health services that enable the physician to extend in-clinic care whilst their patients are in the community. RPM providers enable these institutions to claim against certain fee schedules. RPM providers charge their customers an ongoing monthly fee for enabling these health services. It is important to note the go-to-market strategy in the USA will be based around physicians and other approved healthcare professionals “prescribing” wheezo® to their patients, a very different model to the current Australian pharmacy model.

Respiri has developed a US commercialisation strategy around strategic partnerships with such RPM service providers with existing relationships where devices will be sold to RPM customers and monthly per patient Product as a Services fees charged by wheezo® partners will be shared with Respiri. The current US RPM market is highly fragmented with no single RPM provider offering national coverage, hence Respiri’s strategy is to execute further agreements to gain broader and rapid coverage in the market. The overall US RPM market is expected to show annual growth exceeding 30% to 2026 to US\$85 billion, driven by the increase in the occurrence of chronic diseases (including asthma), demand for wireless and portable systems, the presence of sophisticated reimbursement structures, and a move to more cost-effective medical expenditure.¹

To this end, as announced to the market on the 23rd December 2021, Respiri entered its first partnership with Remote Patient Monitoring (RPM) Provider mTelehealth. Active promotion of wheezo® device and services commenced in December and has been well received. mTelehealth has received numerous requests for demonstrations and to also develop roll out plans to clients’ patients to pilot the wheezo® device and services. mTelehealth’s US footprint is broad and includes the Departments of Health and their County affiliates, payor HMOs, hospitals, Universities, Medical Centres, along with other RPM corporations and institutions. Under the terms of the Agreement, mTelehealth placed a significant initial order for wheezo® devices and services, totalling USD\$150,000 in December 2021, devices to be delivered in February 2022. In addition, mTelehealth has forecast a minimum of US\$1 million in wheezo® device and services sales over the five years of the Agreement. mTelehealth is a well-respected and known provider of complete turnkey RPM and associated services with over 11 years in market expertise and is domiciled in Florida, US.

¹ <https://www.businesswire.com/news/home/20210720005704/en/85-Bn-Remote-Patient-Monitoring-Market---Global-Forecasts-from-2021-to-2026---ResearchAndMarkets.com>

The Company is in advanced discussion with a number of other RPM providers and hopes to finalise agreements over the coming months. Although the RPM market in the USA is a behemoth, it is a fragmented market with no one national RPM provider therefore Respi continues to successfully pursue its stated USA commercialisation strategy by establishing and pursuing numerous RPM partnerships with premier organisations.

The Respiratory Specialist led wheezo® Remote Asthma Monitoring Programme (RAMP) rolled out in Australia continues to be key in demonstrating to payors and employers of the health merits of wheezo® patient engagement and is already a model of interest to potential partners in the US where the model will allow partners to generate greater reimbursement income for provider physician customers. Further, the outcomes data will allow Respi to potentially tap into other revenue streams, further strengthening our value to stakeholders, both in the US and also in the Australian market.

Progress continues in the United Kingdom. The clinical study announced with the University of Birmingham to investigate the correlation between wheeze and lung function is now awaiting ethics approval which is expected towards the end of March, 2022. Data will be available in late 2022 and if successfully peer reviewed, published results should be available in early 2023. The Company is also planning a major partnership with a world-renowned institution to deliver a large real world health outcomes-based study with wheezo® and this study will be funded by a third party. Protocol details should be finalised in late Q1CY2022 with the first patient enrolled in mid-2022. Respi is in advanced discussions with another 3 premier clinical institutions to further grow our evidence base and our potential involvement in the development and roll out of virtual respiratory telehealth clinics in the UK. Further, the Company is in discussions with 2 major multinational pharmaceutical companies with interests in respiratory medicine with the view of developing a clinical study partnership and testing a new model of asthma care with one and exploring a patient value add asthma management health programme with the other.

The Company continues to be on track with the development of its wearable medical device, Sorfe, and international Key Opinion Leader (KOL) interest in the project remains high. A tested device ready for clinical validation will be available in late March/early April. This device is designed to monitor nocturnal asthma and also a completely new vertical in exercise induced asthma in the lucrative sports industry, which is a large untapped opportunity. Simple effective solutions do not exist for these conditions today. This technology will complement wheezo® which is designed for ambulatory “daytime” monitoring.

In Australia, Covid 19 and the recent omicron strain continue to disrupt local plans. Respi is actively working to mitigate this situation and to redeploy resources to the highly lucrative physician-led US market until the local situation stabilises.

Corporate & Financial Highlights

During the quarter, the Company recorded operating cash outflows of \$0.75million, a decrease of 63% versus the previous quarter, however this quarter included \$0.49m research and development grant and \$0.2m receipts from customers a 112% increase on the previous quarter. Total operating payments for the quarter were \$1.45 million a decrease of 33% from the previous quarter.

Research and development expenditures of \$0.17 million (\$0.17 million Sept 21 quarter) and staff costs \$0.49 million (\$0.5 million Sept 21 quarter) were consistent with the previous quarter.

Product and manufacturing costs of \$0.38 million increased by 143% reflecting the timing of inventory manufacturing for the quarter ahead of expected demand.

Advertising and marketing costs of \$0.14 million decreased by 76% versus the September quarter as expenditure committed to the commercial roll-out of wheezo® in Australia were completed.

Administration and corporate costs of \$0.25 million were down 65% versus the September quarter reflecting year end compliance costs and annual listing fees incurred in the prior period.

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

The Company closed the quarter with cash and cash equivalents of \$5.1 million (\$5.9m Sept 21).

Payments to related parties of \$0.1 million, consisted of fees payable to the Executive and Non-Executive Directors of the Company.

The Appendix 4C cash flow report is attached below.

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This ASX announcement dated 28 January 2022 has been authorised for release by the Board of Directors of Respiri 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

About wheezo[®]

Developed in Australia, with the support of healthcare professionals, the innovative wheezo[®] device analyses breath sounds for wheeze, and the mobile 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 clinical decisions. Better active management may lead to better outcomes and improved quality of life for end users.

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

® 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.

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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	208	306
1.2 Payments for		
(a) research and development	(176)	(351)
(b) product manufacturing and operating costs	(384)	(542)
(c) advertising and marketing	(147)	(758)
(d) leased assets	-	-
(e) staff costs	(492)	(995)
(f) administration and corporate costs	(258)	(983)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	497	519
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(752)	(2,804)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(2)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(1)	(2)

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 - Fundsquire	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
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	5,893	7,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(752)	(2,804)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(2)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(31)	(42)
4.6	Cash and cash equivalents at end of period	5,109	5,109

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	5,109	5,893
5.2	Call deposits	-	-
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)	5,109	5,893

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	133
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)		

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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(752)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,109
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,109
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7
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: 28 January 2022

Authorised by: By the Board of Respire 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.