

ASX / MEDIA ANNOUNCEMENT

29 April 2022

March 2022 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 March 2022.

Operating Highlights

The March Quarter saw the Company increase its focus on the United States of America market and with resource and investment strategies reflecting this focus. The acceptance that wheezo® has received from physicians, healthcare institutions, payors and Accountable Care Organisations (ACO) has been very positive. 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 Medicare and Medicaid (CMS – Centers for Medicare & Medicaid Services) Health Maintenance Organisations (HMOs). Remote Patient Monitoring reimbursement codes (RPM) are now mandated in 28 states in the USA meaning that payors are obliged to offer reimbursement for such services and CMS covers this reimbursement across the entire country. Our RPM partners continue to leverage their established relationships with physicians and relevant medical and reimbursement institutions promote the merits of wheezo® as an RPM solution for physicians to better monitor their patients in the community and be remunerated accordingly. Further, Global Initiative for Asthma (GINA) highlight in their evidence-based guidelines the importance of Telehealth and remote patient monitoring in supporting guided self-management for patients with asthma. 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.

As travel restrictions eased, a delegation of senior Respiri management, including the Chairman, CEO and Chief Commercial Officer spent the entire month of March in the USA speaking with customers, physicians, payors and partners about wheezo® and RPM. The responses were very pleasing. Respiri together with Access Telehealth attended the American Academy of Allergy, Asthma and Immunology Society conference in late February held in Pheonix Arizona. This is a premier event attended by respiratory Key Opinion Leaders (KOLs) and physicians. The wheezo® stand was very well patronaged and discussions were detailed and novel for the doctors as to date they have not had a device fit for RPM service provision. More than 60 qualified leads were generated as a direct result of this conference and the Company together with Access Telehealth are pursuing those. Further, our other partner, mTelehealth, conducted a successful marketing campaign that again has generated 50+ qualified leads which they have been engaging with. The pipeline of opportunity is very encouraging.

Further, Respiri and Access secured our 1st customer in Michigan Children’s Hospital where wheezo® and Access RPM services will be incorporated into their standard of care for children with asthma. The program to be delivered is similar to the Australian physician lead Remote Asthma Monitoring Program (R.A.M.P.), where children will be “prescribed” a wheezo® device together with telehealth RPM patient support from the experienced Access clinical care specialists providing a customized approach for remote care, while reducing costs related to re-admissions, utilization and overall disease management for patients, a key objective of Michigan Hospital. First phase of the program is an integration phase

where Access and Respiro will work with the hospital to ensure that the RPM billing, EMR (electronic medical records) integration and Access patient engagement services are seamlessly incorporated into the “way Michigan does business”.

Senior management plan another trip to the USA for all of May to continue the business development activities, work with our 1st customer Michigan Children’s, roll out more income generating integration programs with other hospitals and attend the National Association of Accountable Care Organisations (NAACOS). These organisations are a group of doctors, hospitals, and other health care providers that work together to deliver end to end healthcare solutions to patients. There are currently 483 Medicare ACO across the USA with over 11 million beneficiaries and since 2010 more than 1,200 organisations have held ACO contracts with Medicare, Medicaid or the commercial sector serving millions of additional patients. These are a significant customer pool for our partners and like hospital groups, have a very strong vested interest in keeping patients out of high-cost health settings such as hospitals.

Development of the wheezo® US-Application and healthcare portals is complete and fit for purpose, although ongoing development and upgrades are a standard part of business for RPM device companies like Respiro. This allows Respiro to provide a standalone vertical to customers and the ability to integrate with our partners’ platforms that they utilise with their customers.

Respiro appointed New York based EAS Advisors LLC as its US corporate advisor. EAS is a private, New York-based boutique corporate advisory firm providing a unique service to small and mid-cap companies. The foundation of EAS's business is built on industry knowledge, capital markets insights and access to a deep pool of traditional and alternative sources of capital. In addition to exposure to US investors, EAS provides companies with access to local industry contacts to enhance their growth and expansion. Founded in 2008, EAS provides a range of services to clients, including institutional market engagement, equity and debt raising and M&A and capital markets advisory. Since inception, EAS has participated in over US\$6.5 billion of successful transactions. EAS operates under the broker dealer license of Odeon Capital Group LLC - member of FINRA/SIPC/MSRB/NFA.

The predominant purpose of this consulting arrangement is for EAS to facilitate introductions to US banks and institutions with the aim of dual listing RSH securities on a US main market, such as the NYSE or Nasdaq, whilst simultaneously retaining an ASX listing. The scope of work also includes the following:

- Introductions to equity research providers in order to secure analyst coverage
- To generate global investor awareness with potential strategic investors in the USA, Europe, Asia, and Australia
- To assist with financial modelling, presentation preparation and external data room maintenance.

EAS is currently organising an investor roadshow in May in the USA where Respiro Chairman, Nicholas Smedley and CEO, Marjan Mikel will present the Respiro US growth strategies, achievements and plans

The term of the consulting agreement is 12 months and fees include an industry-standard monthly retainer and one tranche of 5 million options exercisable at \$0.10 and one tranche of 10 million options at \$0.20 per security, with expiry date 1 March 2025 and are aligned with management and corporate objectives.

During the quarter the Respiro internal development team delivered the second functioning wearable device Sorfe. The prototype is now only 38mm x 38mm in dimension and will continue to reduce in size as new battery technologies are explored. The electronics/hardware for the device were successfully laboratory tested. Further on human testing with the prototype will be conducted with the device in the coming months and design changes made as needed. There is strong interest from Key Opinion Leaders (KOLs) in the USA and UK to undertake studies with Sorfe which are likely to

commence in Q4 calendar year 2022. The device will not replace wheezo® but add to the Respi portfolio. Sorfe will be worn on the chest and will have Remote patient monitoring utility in monitoring patients in transition care from being discharged from hospital following a serious asthma or Chronic Obstructive Pulmonary Disorder (COPD) exacerbation to home care which is a particularly high-risk period for re-exacerbation and where RPM can help understand whether the patient's treatment regime is working. Other utilities include monitoring nocturnal asthma a large under-served market in the USA and across the globe. Provisional patents were filed for the device.

A raft of clinical studies is in the process of being finalised in the USA and UK and will be the subject of further announcements over the coming months.

Corporate & Financial Highlights

During the quarter, the Company recorded operating cash outflows of \$4.15million, an increase of \$3.4million versus the previous quarter. The increase reflects manufacturing and marketing costs associated with the expansion into the US market.

The Company recorded \$0.04 million in cash receipts during the quarter, a decrease of \$0.16 million versus the previous quarter. The previous quarter included the research and development grant of \$0.49 million.

Cash outflows on business activities were as follows:

- Software engineering costs \$ 324,000
- Product and manufacturing costs \$1,977,000
- Advertising and marketing \$ 354,000
- Staff costs (including payment to related parties) \$ 600,000
- Administration and corporate Costs \$ 896,000
- TOTAL \$4,151,000

Research and development expenditures of \$0.32 million increased by \$0.14 million reflecting software engineering costs required for the development of the health portal and app in the US market.

Product and manufacturing costs of \$1.9 million increased by \$1.5 million due to a large order of inventory placed ahead of expected demand for the year.

Advertising and marketing costs of \$0.35 million increased by \$0.2 million versus the Dec quarter reflecting expenditure on distribution services in the US.

Staff costs \$0.6 million (\$0.49 million Dec 21 quarter) increased by \$0.1 million due to timing of staff entitlements. Administration and corporate costs of \$0.89 million were up \$0.64 million versus the December quarter reflecting once off professional services costs including half year compliance and annual insurance renewals.

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

The Company closed the quarter with cash and cash equivalents of \$1 million (\$5.1m Dec 21).

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

The Appendix 4C cash flow report is attached below.

- ENDS -

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This ASX announcement dated 29 April 2022 has been authorised for release by the Board of Directors of Respiri Limited.

About Respiri Limited

Respiri 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®, Respiri'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.

Respiri'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. Respiri Limited's operations are based in Melbourne, Australia.

For additional information about Respiri and its products, please visit www.respiri.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 trademark of Respiri 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 Respiri current expectations, estimates and projections about the industry in which Respiri 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 Respiro, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Respiro cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Respiro 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. Respiro 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 March 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 44 | 350 |
| 1.2 Payments for | | |
| (a) research and development | (324) | (675) |
| (b) product manufacturing and operating costs | (1,977) | (2,519) |
| (c) advertising and marketing | (354) | (1,112) |
| (d) leased assets | - | - |
| (e) staff costs | (600) | (1,595) |
| (f) administration and corporate costs | (896) | (1,879) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 5 | 5 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | 519 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (4,102) | (6,906) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | (2) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 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 | - | (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 | 5,109 | 7,957 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (4,102) | (6,906) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (2) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 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 | (11) | (53) |
| 4.6 | Cash and cash equivalents at end of period | 996 | 996 |

| 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 | 996 | 996 |
| 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) | 996 | 996 |

| 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 | 234 |
| 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) | | |

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

| 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) | (4,102) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 996 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 996 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 0 |
| 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: The company expects cash flows to return to normal levels for the June 2022 quarter. The current quarter cash outflow included a large one-off purchase of inventory of \$1.89 million. | |
| 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: As announced to the market on 27 April 2022 there is a planned capital raise. | |
| 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: Based on the expected capital raise, the company expects to continue operating and meets its business objectives. | |
| <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: ..29 April 2022.....

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.