



25 October 2023

September 2023 Quarterly Cash Flow and Quarterly Activities Report

Respiri Limited (ASX:RSH) (“Respiri” or the “Company”), an eHealth SaaS Company supporting respiratory health management, provides the Appendix 4C quarterly cash flow and activities report for the 3-month period ended 30 September 2023.

Operating Highlights

- Acquisition of Access Telehealth completed
- Completion of major equity raise via Prospectus offer
- Early Redemption of convertible note with \$1.1m raised in an over-subscribed private placement
- Four new Access Remote Patient Monitoring contracts secured totalling more than A\$1.5M in annualised revenues.
- Continued expansion and growth of US operations

Acquisition of Access Telehealth

The acquisition of Access Telehealth was completed in August 2023 following the Company’s general meeting of shareholders and equity raise. During the quarter, work to integrate and streamline platforms continued, with an overarching objective to further integrate the efficient and scalable Remotli platform capable to onboard and manage thousands of patients.

Differentiated on the wheezo device, the Access acquisition provides a broader value proposition and solution for managing all major chronic disease states including, but not limited to, Cardiovascular, Diabetes, Chronic Obstructive Pulmonary Disease (COPD) Obstructive Sleep Apnoea (OSA) and Obesity. Respiri, through the recent acquisition of Access, offers a full suite of Remote Patient Monitoring (RPM) solutions underpinned by Respiri’s IP-protected innovative FDA-cleared medical device wheezo® across all disease states which differentiates it from other RPM providers. This is a critical value proposition that is required by current and future clients who are searching for RPM solutions, not for specific chronic conditions but for all their high-risk patients that have multiple comorbidities and are a significant drain of healthcare resources. The Access RPM is seen as a solution to providing better cost-effective, at-home care that will improve patient health outcomes.

Expansion of US Operations

Throughout the September quarter, Respiri together with Access Telehealth, secured additional healthcare provider contracts for the Company’s end-to-end Access Full Suite Remote Patient Monitoring (RPM) solution in the USA target market. The new customers expand the Company’s footprint into 10 US states.

New customers include:

- RPM contracts with -
 - o Cardiology provider VDO Cardiology (New York)
 - o Progressive Palliative Care Provider Angelic Health (New Jersey)
 - o Taylorville Family (Alabama)

- Kahuka Medical Centers (Hawaii).
- Collectively, they are expected to generate in excess of US\$1.1M in annualised revenues. Patient numbers from these contracts are expected to grow as Access Telehealth successfully executes on the contracts. Initial patient volumes are 1,000 across the new customer contracts with scope for rapid expansion thereafter.
- Expansion of an existing service offering with an existing customer, Minnesota Lung Center, to deliver reimbursed RTM services to patients with OSA who are using a prescribed medical device treatment. More than 6 million patients are treated for OSA in the USA and this RTM program of 150 patients highlights a significant growth opportunity for Respiro.

Unaudited pre-acquisition quarter-on-quarter revenue for Access Telehealth grew by 24% from USD\$0.059m in June 2023 to \$0.074m in September 2023. Given the newly secured contracts, the expanded patient onboarding of existing clients, new client acquisition, and the operational efficiencies introduced by Respiro management to the Access RPM business, December Quarter revenue is forecast to be significantly higher and future quarter-on-quarter growth is anticipated to continue as the company trends towards positive monthly cash flow which is forecast to be achieved in the second half of CY 2024.

As at the date of this report, Respiro/Access had enrolled about 1,000 patients into the RPM program and enrolment numbers are expected to increase given the recently newly announced contracts. Further, the average RPM monthly fee for service has increased to approximately USD\$85, well within the original Access forecast range of USD\$70-\$100 and significantly higher than the original monthly fee of \$10-\$20 per month under the pre-Access acquisition business model. Respiro anticipates maintaining these monthly fee-for-service margins.

Per member-per-month (pmpm) fee structure for future risk share contracts are anticipated to be around USD\$40/month. It is important to note that that these fees apply to all patients managed by the client and not all of these patients will be placed on RPM programs. Current estimates from ongoing contract negotiations and Respiro AI risk modelling see the anticipated number of patients on RPM programs to be around 45% of the total population.

Respiro continues to drive US business development leads, including but not limited to;

- 2+ insurers, whereby Respiro support the insurance industry overarching objective of reducing high-cost services such as, but not limited to, unplanned hospital visits.
- 3 Accountable Care Organisation (ACO) supporting more than 50,000 lives, are seeking a solution to support their patients living with chronic disease with intent to reduce re-admissions and overall reductions in healthcare expenditure.
- 2 Distribution partners that support large clinics and hospitals in the central US were signed; Respiro now has line of site to more than 1000 new RPM patients.
- 10+ healthcare organisations where discussions are advanced, and terms are being negotiated.

To support Respiro's business development efforts, during the quarter Respiro appointed a proven healthcare executive with 30+ years' experience. This new role, VP of Sales, reporting into Mr William Sigsbee Head of US Operations and Chief Commercial Officer for the US market, aligns with Respiro's strategy to drive rapid acquisition and adoption of its growing list of RPM and other program services and solutions. These activities to date have already created significant interest in RPM solutions with clients where he is very well connected and commercial discussions have commenced and progressed. The Company hopes to inform the market of this progress in the coming months.

Furthermore, in order to support Respiro's client base in the US, a logistics partner has been appointed who providing Just-In-Time (JIT) cost effective transportation, warehousing, and fulfillment solutions

across the country. Their Warehouse Management System allows integration into Respi's IT infrastructure and thus enables future automation of ordering and distribution processes.

Role of Artificial Intelligence (AI)

The rapid growing nature of AI is central to Respi's pathway moving forward. AI is already inherent in Respi's current wheeze-identification algorithm and R&D pipeline and has significantly improved workflow productivity.

During the Quarter, Respi developed and used AI-driven cost saving models to forecast potential impact of Access RPM solutions for a future payer/insurer client where negotiations around an RPM risk share contract are ongoing. According to the potential payer/insurer client, this risk share contract with an RPM company is yet another first for the US market and, hence, for Respi. This is particularly exciting for the Company as it sets a new business contracting precedent which is more attractive to the client and Respi. In this potential scenario, Respi will be paid per member- per-month (pmpm) as opposed to per patient services delivered per month ensuring a more consistent revenue stream. AI analysis of the client's patient cohort is critical in determining the highest risk patients likely to be hospitalised or experience significant and expensive events. Respi will use these AI-driven insights target these patients as priorities with RPM to reduce events and associated costs.

Corporate & Financial Highlights

Share Purchase Plan

During the quarter, the Company completed a share purchase plan raising \$4.8 million. Funds have been used to support operations in the US and enable the Company to execute its commercialisation strategy and for the early redemption of the Obsidian convertible note.

Financial performance

Revenues from the provision of wheezo[®] devices and recurring revenues, used for Remote Patient Monitoring (RPM) programs in the USA, were all prepaid in the December 2023 quarter and the ongoing monthly recurring revenues have not yet been received, as reimbursements from Centers of Medicare and Medicaid Services (CMS) and private insurers first pay Respi's US RPM Partners (i.e. Access Telehealth) who then pay Respi.

Research and development expenditures of \$0.26 million decreased by \$0.02 million compared to the June 2023 quarter due to timing of payments for software development work.

Product and manufacturing costs of \$0.067 million increased by \$0.014 million compared with the June 2023 quarter. This was mainly due to freight costs from Melbourne to the US.

Advertising and marketing costs of \$0.026 million remained consistent with the previous quarter.

Staff costs of \$0.548 million increased by \$0.14 million compared to the June 2023 quarter due to the recognition and allocation of staff time spent on research and development activities. The increase is due to the appointment of the Vice President of Sales for the US market and additional salary & wage costs associated with onboarding employees of Access Telehealth following that acquisition in August. This appointment is in line with Respi's plan to build a local US business team to manage the growing US RPM business with existing and new clients.

Administration and corporate costs of \$1 million were up compared to the June 2023 quarter due to the timing of payments in addition to the finance cost incurred on repayment of the convertible note to Obsidian Global LLC.

Loans of \$0.2 million were repaid in full to directors following the equity raise completed in August. The loans were provided on arm's length terms.

The Company closed the September 2023 quarter with cash and cash equivalents of \$0.563 million and \$2.6 million of finished goods inventory and prepaid materials. The company is expecting to receive \$0.545 million in R&D tax incentive post the quarter end.

Payments to related parties of \$0.287 million, consisted of fees payable to the Executive and Non Executive Directors of the Company.

The Company's 2023 Annual General Meeting is to be held on 15th November 2023 as a hybrid meeting of shareholders. The Notice was despatched to shareholders by email and post on 16 October 2023.

The September 2023 Appendix 4C cash flow report is attached.

- ENDS -

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

About Respiri Limited

Respiri Limited (ASX:RSH, OTCQB:RSHUF) is an international e-Health SaaS company supporting respiratory health management focusing primarily on supporting the US remote patient monitoring market. Its world-first technology detects wheeze, a typical symptom of Asthma, COPD and respiratory disease to provide an objective measure of airway limitation. Respiri created technology optimises how patients in partnership with their physicians manage chronic respiratory conditions. These solutions can help transform the way physicians interact with respiratory patients while they are away from the clinic. wheezo®, is an FDA cleared Class II Medical Device, the respiri™ app (patient-user-interface) and the secure health portal can help different health organisations and providers connect with patients to improve collaboration and help improve respiratory condition management. In the USA, wheezo® can be integrated into Remote Patient Monitoring (RPM) programs and qualifies for RPM Current Procedural Terminology (CPT) reimbursement.

Respiri's mission is to help improve quality of life for hundreds of millions of children and adults around the world with respiratory disorders and dramatically reduce hospital admissions and the economic burden of Asthma and COPD. Respiri Limited's operations are based in Melbourne, Australia with offices in New York City, USA.

For additional information about Respiri Limited please visit our corporate website www.respiri.co/au

About wheezo®

Developed in Australia, with the support of an international panel of leading respiratory specialists and other healthcare professionals, the innovative wheezo® device analyses breath sounds for wheeze, and the intuitive mobile application engages patients to log symptoms and triggers to build a personal profile to share data with healthcare providers so patients and physicians can have more informed discussions in relation to symptoms. The platform has been designed to extend care beyond the clinic which may lead to better health outcomes and improved quality of life for patients.

For information about our product offering in the US including wheezo® please visit www.respiri.co/us

wheezo® is a registered 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 Respiri, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Respiri cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Respiri 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. Respiri 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 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	19	19
1.2 Payments for		
(a) research and development	(259)	(259)
(b) product manufacturing and operating costs	(67)	(67)
(c) advertising and marketing	(26)	(26)
(d) leased assets	-	-
(e) staff costs	(548)	(548)
(f) administration and corporate costs	(1,004)	(1,004)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,884)	(1,884)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(11)
(d) investments	(2,071)	(2,071)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(2,082)	(2,082)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,784	4,784
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	(175)	(175)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(220)	(220)
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	4,389	4,389

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	146	692
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,899)	(5,268)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,082)	(2,083)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,389	7,229
4.5	Effect of movement in exchange rates on cash held	(6)	(22)
4.6	Cash and cash equivalents at end of period	563	563

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	563	146
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)	563	146

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	287
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.		
Loans amounting to \$200,000 were repaid in full to directors during the quarter. Loans were used as working capital until the company's Convertible Note and Share Purchase Plan equity raising was completed. The loans were provided on an arm's length terms and repayable on completion of equity raising. The loans were fully repaid during the quarter.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,899)
8.2 Cash and cash equivalents at quarter end (item 4.6)	548
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	548
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: Yes. Respi continues to collaborate with US medical institutions on advancing business and future revenue opportunities via its wheezo RPM program.	
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: Yes. The company will seek to raise new capital from existing and new investors by way of private placement to meet working capital requirements and continue the expansion of its US operation. The company is expecting to receive \$0.545 million in R&D tax incentive post quarter end.	

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: YES. The company expects to continue operating and meet its business objectives using equity raised and an increase in revenues following the acquisition of Access Telehealth .

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.

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: 25 October 2023

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.