ASX ANNOUNCEMENT

ASX:RSH OTCQB:RSHUF



31 January 2024

December 2023 Quarterly Cash Flow and Quarterly Activities Report

Respiri Limited (ASX:RSH) ("Respiri" or the "Company"), an eHealth SaaS Company supporting respiratory healthcare management and remote patient monitoring, provides the Appendix 4C quarterly cash flow and activities report for the 3-month period ended 31 December 2023.

Operating Highlights

- Continued expansion and growth of US operations
- The role of AI in expanding Respiri's footprint
- \$6.5m capital raise for US Expansion
- \$20 million commitment facility to fund acquisitions
- Appointment of a sitting US State Senator as Non-Executive Director

Continued expansion and growth of US operations

Following the acquisition of Access Telehealth in August 2023 the Company continues to integrate and streamline platforms to further integrate the efficient and scalable Remotli platform capable to onboard and manage thousands of patients. The Company rationalised focus and resource allocation on higher potential existing clients to accelerate RPM patient onboarding. 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) and Obesity. Respiri, through the recent acquisition of Access, offers a full suite of Remote Patient Monitoring (RPM) solutions. The Access RPM is seen as a solution to providing better cost-effective, at-home care that will improve patient health outcomes.

Throughout the December quarter, Respiri has placed heightened emphasis in the following three areas;

- 1. Existing Customer Growth
- 2. Finalising new customer acquisition focusing on Accountable Care Organisations (ACOs) and payors
- 3. RPM Program and Model and building supporting Organisational structure

Existing Customer Growth

With a footprint across 15 US states, Respiri worked collaboratively with existing Healthcare Organisation (HCO) customers to develop onboarding tactics to accelerate the identification and onboarding of suitable patients into Respiri's Remote Patient Monitoring (RPM) programs. Since acquiring Access in mid-August and assuming management control, there remains strong support for Respiri RPM services from existing HCO customers but competing internal client "business-as-usual" priorities make it challenging to keep the new RPM programs top of mind. As such, Respiri has committed to embed patient recruitment and program onboarding staff within the HCO customer's clinics. These Respiri employees will work in concert with customers to actively triage in-clinic patients for eligibility. With each HCO customers consulting with at least 30 patients per day, it is projected that at least 30% of in-clinic patients would be eligible and present to Respiri's staff to recruit and

onboard into RPM programs. A complete workflow has been developed in conjunction with the clients to ensure Respiri assumes control of the workflow to accelerate RPM patient acquisition whilst minimising client workflow disruption.

New Customer Acquisition

Respiri continues to engage with Accountable Care Organisations (ACOs) and payors. There are currently 6 significant clients in advanced stages of contract and operational roll out plan finalisation with commercial terms focussed on risk-share/capitated and fee-for-service. These contracts are significant and the Company anticipates finalising and rolling out patient RPM enrolment with a number of these opportunities in the March 2024 Quarter.

RPM Program Model and Building Supporting Organisational Structure

Throughout the December quarter, Respiri continues to execute the operational plan and employ the identified capabilities and additional clinical resources to drive customer and patient acquisition critical to driving revenue growth. As planned, these required capabilities are:

- a) Existing Customer Success Management
- b) Clinical Services Leadership and Patient Interaction and Monitoring, including growing the RPM patient clinical engagement staff (Care Specialists) to cater for the forecast increase in new RPM patient recruitment
- a) Ability to implement and bring to life contracted HCOs in a quick and optimised fashion is critical to Respiri's short and long-term success. Project management and partnership with contracted customers will allow RPM programs to be mutually contracted with clients and hence patient recruitment goals to be met. Furthermore, ongoing HCO customer management, Upsell, Cross-Sell, opportunity analysis, RPM Program reporting and performance and ongoing HCO customer engagement are all required to deliver success. As such, Respiri has initiated recruitment for a high calibre Customer Success Manager who will lead RPM program implementation, ongoing HCO customer engagement and continue to develop Respiri's Customer Success best practice approach as client numbers continue to grow. The successful candidate will be onboarded in the March quarter.
- b) Respiri's existing clinical services capability approach will continue to be a key differentiator in the market. Expected significant RPM patient growth over the next six to twelve months requires the augmentation of current clinical leadership capability to grow the Care Specialist team and continue to drive best practice patient clinical engagement that sets the market standard for patient persistence, driving world class health outcomes and founding our differentiation. With risk-share contracts imminent, the need for enhanced patient engagement, persistence and compliance continue to be imperative for continued success. To that end, Respiri has finalised recruitment of two new permanent staff, who have extensive clinical, RPM and operational experience. Start date will be in January, 2024.

As previously announced, Respiri continues to pursue and finalise business development activities with insurers, Accountable Care Organisations (ACOs), Independent Physician Associations (IPAs) and large health systems and are confident of launching new customer programs in Q3 FY24.

Aligned with Respiri's focus to improve HCO Customer Success, Respiri continues to develop a broader offering intended to streamline the RPM service even further for clients. One such issue is the Company's reliance on HCO customers to submit and process RPM claims to insurers and Centres of Medicare and Medicaid (CMS). This requires the Respiri team to work with HCO client billing teams to submit such claims which is cumbersome and results in slow payment to Respiri. Whilst Respiri will continue to work with existing HCO customers in this way, Respiri has further

modernised its RPM offering to mitigate this issue and streamline payment processing, with the introduction of Respiri's own RPM Clinic in the Cloud. This allows Respiri to directly submit claims to CMS and other insurers for services rendered and receive insurer remittance payments directly, improving payment time and making the RPM program even easier for clients. Respiri will announce more around this model in due course once relevant credentials and identification are finalised in the coming weeks.

Role of Artificial Intelligence (AI)

Respiri continues to develop unique Evidence-Based, Data Driven client engagement models using Aldriven cost saving models to forecast potential impact of Respiri/Access RPM solutions for future payer/insurer/ACO client RPM risk share contracts. A risk share contract between client and Respiri sets a new RPM business precedent which is more attractive to the client and Respiri. This scenario sees Respiri paid per-member-per-month (pmpm) as opposed to per patient services delivered per month ensuring a more consistent revenue stream. Al 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 and key in demonstrating to the clients through key account management that value is being generated with the Respiri RPM program. Respiri will use these Al-driven insights target high risk patients with RPM to reduce events and associated costs which result in increased HCO revenues.

Corporate & Financial Highlights

\$6.5m capital raise for US Expansion

During the December Quarter, Respiri has undertaken a \$6.5 million placement at \$0.03 (3 cents) per share to support operations in the US and enable the Company to execute its commercialisation strategy with the intention of achieving cashflow breakeven by the second half of CY 2024. The Company received \$1.4 million pursuant to the placement prior to 31 December 2023. The placement includes a significant \$5m investment from a Cornerstone Investor who has a thorough understanding of Respiri's business model, operational track record and the potential to innovate and expand its USA RPM business in a large and growing market that is populated by numerous smaller competitors. Receipt of the \$5M placement proceeds has been committed for February 2024 at \$0.03 (3 cents) per share.

\$20 million commitment facility to fund acquisitions

Respiri successfully obtained a binding commitment facility for an additional A\$20M from Principal Wealth Group Pty Ltd (PWG). This facility is intended to be used to fund potential acquisition of RPM organisations in the US to augment the forecast organic expansion of the Company's business and to build on the success of the recently completed and integrated acquisition of RPM provider, Access. Key terms for the issue of securities under the \$20M facility are: (i) acceptance of an RPM acquisition opportunity presented by the Company to PWG; (ii) all investments will be by way of shares at a minimum 5% discount to the 5-day VWAP of the Company's share price immediately prior to the date on which the Company announces a proposed transaction, and (iii) a 1% management fee and a 2% placement fee of all amounts invested in shares under the facility. The issue of shares under the \$20m facility is subject to shareholder approval.

Appointment of Director

United States State Senator and Pulmonologist, Dr Tomejiro (Tom) Takubo, was appointed a nonexecutive director in December 2023. Dr Takubo was first elected West Virginia State Senator in January 2015. In this legislative role he sits on a number of committees including as Vice Chair of Senate Health and Human Resources and Senate Finance amongst others and has sponsored a number of Bills in his role as a legislator. Dr Takubo was re-elected to the Senate in November 2022. Dr Takubo also holds the position of Executive Vice President of Provider Relations at West Virginia University (WVU) Health System where his clinical experience as a community-based Pulmonologist and Critical Care specialist provides strategic and practical insights into WVUHS clinical development direction and investments. He is responsible for helping build and manage new relationships and partnerships with external healthcare organizations and other businesses.

Financial performance

During the quarter, the Company completed a \$6.5 million capital raise to support its expansion into the US market. \$1.4m of the raise was received in the current quarter with the balance of \$5.1m is expected in February 2024. In addition, the Company received \$0.5m in government grants and incentives including R&D incentives from the prior financial year.

Receipts from customers were \$0.01 million against revenues for the period of \$0.08 million.

Operating cash outflows of \$1.0 million for the quarter saw a decrease of \$0.08 million compared to the previous quarter.

Research and development expenditures of \$0.05 million decreased by \$0.26 million reflecting the move towards a new software development services provider. Product and manufacturing costs of \$0.09 million (\$0.09 million June 22 quarter) were consistent with the previous quarter.

Staff costs of \$0.59 million increased by \$0.05 million compared to the prior quarter due to additional headcount in the US. Administration and corporate costs of \$0.9 million were down compared to the prior quarter due to one off compliance costs last quarter.

The Company closed the quarter with cash and cash equivalents of \$0.9 million and \$2.8m of finished goods inventory and prepaid materials.

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 -

For further information, investors and media please contact:

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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	Quarter ended ("current quarter")
98 009 234 173	31 December 2023

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	11	30	
1.2	Payments for			
	(a) research and development	(53)	(312)	
	 (b) product manufacturing and operating costs 	(64)	(131)	
	(c) advertising and marketing	(15)	(42)	
	(d) leased assets	-	-	
	(e) staff costs	(597)	(1,145)	
	(f) administration and corporate costs	(868)	(1,872)	
1.3	Dividends received (see note 3)	-	-	
1.4	Interest received	1	2	
1.5	Interest and other costs of finance paid	-	-	
1.6	Income taxes paid	-	-	
1.7	Government grants and tax incentives	582	582	
1.8	Other (provide details if material)	-	-	
1.9	Net cash from / (used in) operating activities	(1,003)	(2,887)	

2.	Cash flows from investing activities		
2.1	.1 Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(11)
	(d) investments	-	(2,071)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

ASX Listing Rules Appendix 4C (17/07/20) + See chapter 19 of the ASX Listing Rules for defined terms.

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	-	(2,082)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,401	6,185
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	(45)	(220)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(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	1,355	5,745

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	564	146
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,003)	(2,887)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,082)

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)	1,355	5,745
4.5	Effect of movement in exchange rates on cash held	(6)	(12)
4.6	Cash and cash equivalents at end of period	910	910

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	910	564
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)	910	564

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	205
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 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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 qu	arter 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.		

Estimated cash available for future operating activities \$A'000		
Net cash	from / (used in) operating activities (item 1.9)	(1,003)
Cash an	d cash equivalents at quarter end (item 4.6)	910
Unused	finance facilities available at quarter end (item 7.5)	-
Total ava	ailable funding (item 8.2 + item 8.3)	910
		0
lf item 8.	5 is less than 2 quarters, please provide answers to the follow	ving 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. Respiri 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. Respiri has completed a \$6.5m capital raise of which \$1.4m was received prior to 31 December 2023 with the balance of \$5.1m to be received 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.		
	Net cash Cash an Unused Total ava Estimate item 8.1 If item 8. 8.6.1 [Answer: 8.6.2] Answer: 8.6.3 [Answer:	 Net cash from / (used in) operating activities (item 1.9) Cash and cash equivalents at quarter end (item 4.6) Unused finance facilities available at quarter end (item 7.5) Total available funding (item 8.2 + item 8.3) Estimated quarters of funding available (item 8.4 divided by item 8.1) If item 8.5 is less than 2 quarters, please provide answers to the follow 8.6.1 Does the entity expect that it will continue to have the current cash flows for the time being and, if not, why not? Answer: YES. Respiri continues to collaborate with US medical institut business and future revenue opportunities via its wheezo RPN 8.6.2 Has the entity taken any steps, or does it propose to take any cash to fund its operations and, if so, what are those steps and believe that they will be successful? Answer: YES. Respiri has completed a \$6.5m capital raise of which \$ prior to 31 December 2023 with the balance of \$5.1m to be re end. 8.6.3 Does the entity expect to be able to continue its operations an objectives and, if so, on what basis? Answer: YES. The company expects to continue operating and meet i using equity raised and an increase in revenues following the

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: 31 January 2024

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.