

29 April 2021

March 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 March 2021.

Operating Highlights

During the quarter, Respiri secured US FDA regulatory clearance for wheezo™, made several important advisory appointments and shored up its global manufacturing capability, despite significant industry headwinds.

In January, the Company announced the commencement of sales through the Superchem Pharmacy Network. In the quarter ending in, March 2021, Respiri onboarded three pharmacy banner groups, with a total of 8 banner groups onboarded, covering approximately 1,000 stores.

The Company continued to progress discussions with a number of other very large pharmacy banner groups representing approximately 1,000 stores across Australia, covering 22% of the total number of pharmacies in Australia. The Company expects to finalise agreements with these banner groups in June which will see wheezo stocked by over 2,000 pharmacies across the country and in line with guidance provided.

The Company continued to build out its clinical and commercial expertise, with two key advisory appointments made during the quarter. Dr Andrew Weekes was appointed a strategic advisor to the Respiri Board. Dr Weekes is currently the Country Medical Director, Australia for GlaxoSmithKline having led a number of major initiatives at GSK, including being the first pharmaceutical company in Australia to introduce a new framework for its medical education program and interactions with healthcare professionals. In addition, the Company appointed Dr Mark Levy as an advisor for the UK. Dr Levy has been a member of GINA (Global Initiative for Asthma) Executive Board or Directors since 2009. GINA is the preeminent body responsible for setting global treatment and management guidelines for asthma.

On 23 March 2021, the Company announced the receipt of 510(k) clearance from the US Food and Drug Administration (FDA) for wheezo, thereby permitting Respiri to market and sell wheezo in the United States as a class II medical device, along with the wheezo App. The Company was able to secure a very broad Indication for Use (IFU) for wheezo, which is intended to detect and record abnormal breath sounds (continuous adventitious breath sounds/CABS) at the windpipe (trachea), reported as Wheeze Rate in adults and children (2 years and older).

This clearance by one of the most stringent health regulators globally represents a step-change in technology for patients with respiratory wheeze seeking an effective, replicable and rapid device measurement and associated App that monitors this important measurement of lung function. The Company plans to launch into the US market in Q3 2022, with Cipla retaining a first right of refusal to distribute wheezo™ in the US under the Sales/Marketing, Distribution & Logistics Agreement signed in July 2020.

In conjunction with Dr Kevin Chan (a leading Respiratory Physician working at Campbelltown Hospital & Sydney Adventist Hospital, Wahroonga) the Company has developed a telehealth/remote patient monitoring program that brings together the treating respiratory specialist, primary care provider, wheezo™ and Respi's Connected Care Nurse team, to provide a world-class ambulatory care service for patients with moderate to severe persistent asthma. Patients will be charged a premium monthly Product as a Service (PaaS) fee to access the programme. It is planned that this programme will be scaled to other Respiratory physicians and also create a potential corporate health respiratory offering for employers/companies. The programme will also provide a template for the possible United States reimbursement business model.

As a result of the COVID-19 pandemic and surging demand for electronics and electronic devices, there is currently a global shortage of semiconductors and Integrated Circuits (ICs), or chips, with lead-times of 40 weeks becoming the norm. This has affected the procurement of components used in the wheezo device and delayed some commercial activities in the March quarter as both Respi and its manufacturing partner Entech Electronics worked through several bottlenecks. As those challenges were overcome, the Company received a first volume production shipment of wheezos in April with additional forecast quantities to be delivered in May and June respectively.

Despite an expectation that before mentioned supply bottlenecks will persist throughout 2021 or until early 2022, the Company has secured sufficient chip volumes to meet the anticipated production capacity of 12,500 devices per month from mid-2021.

An order of 1,000 wheezo units was placed by Cipla in April and further orders are expected in May to meet growing pharmacy demand.

Additionally, the Company formalised service arrangements with both a global freight forwarding company and a local 3PL to further streamline its distribution and logistics processes.

Corporate & Financial Highlights

During the quarter, the Company recorded operating cash outflows of \$1.6m, an improvement of 36% versus the December quarter and up 35% over the prior corresponding period (pcp).

The Company recorded \$1,000 in cash receipts during the quarter. A delay in the planned March manufacturing and shipments were the primary drivers for the decline in receipts from customers.

The initial sales objective is to ensure wheezo is available through the pharmacy channel in approximately 2,000 stores, which the Company is on target to achieve before June 30, 2021. In May, the jointly developed in-pharmacy programme with Pharmacy Platform will be rolled out across their network and later to other banner groups that have an agreement with Pharmacy Platform to provide these white-labelled professional services. The programme will better equip the pharmacist and staff to engage with asthma patients that frequent their stores every month.

Research and Development expenditures of \$0.15m was down 67% versus the December quarter and reflected the completion of Specialist report required to satisfy questions asked by the FDA assessment committee and major developments in the Patient Experiential Programme in the previous quarter. The Company continues to invest into the wheezo algorithm and software development, device design to further reduce Cost of Goods (COGS).

Product manufacturing and operating costs of \$0.23m were down 76% versus the December quarter, reflecting Product manufacturing and operating costs of \$0.94m reflect the costs associated with initial scale up manufacturing and inventory build including long lead time componentry for 25,000 devices to support expected future demand.

Advertising and marketing costs of \$0.42 million were down 18% versus the December quarter. The Company continues to direct expenditure towards education and awareness programs and supporting the progressive commercial roll-out of wheezo in Australia.

Staff costs of \$0.3m were flat versus the December quarter. The Company's headcount stood at 10 as at 31 March 2021. The Company anticipates modest headcount increases throughout the remainder of 2021 with Respi's global expansion in the UK, the wheezo fan-out continues and additional staff are required to support Respi's manufacturing, quality, regulatory and commercial initiatives. These increases will be prudently managed in line with budgets.

Administration and corporate costs of \$0.5m were down 26% versus the December quarter in which various once off items were incurred in relation to the \$12.5m October 2020 capital raise.

There were no major investing or financing cash flows recorded for the quarter. The Company closed the quarter with cash and cash equivalents of \$9.9m.

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

Post Quarter Events

On 28 April 2021, the Company announced an agreement with well-respected brand Terry White Chemmart (TWC), which is Australia's largest pharmacy network with over 450 community pharmacies and with a commitment to providing expert health advice. TWC started ranging wheezo in April and will progressively roll out the ranging in May and June.

The Appendix 4C cash flow report is attached below.

- ENDS -

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This ASX announcement dated 29 April 2021 has been authorised for release by the Board of Directors of Respi Limited.

About Respi Limited

Respi is an e-Health SaaS company supporting respiratory health management. Its world-first technology detects wheeze, a typical symptom of asthma, COPD and respiratory disease to provide an objective measure of airway limitation. wheezo, Respi's innovative technology, comprises an eHealth app combined with a simple, easy to use, handheld device. wheezo is the first smart device to help improve asthma management by monitoring wheeze and documenting symptoms, signs, triggers, weather conditions and medication use. The asthma management platform also facilitates the sharing of data with caregivers, physicians and other health care professionals.

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

For additional information about Respi and its products, please visit www.respi.co

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 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 March 2021

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	1	174
1.2 Payments for		
(a) research and development	(153)	(794)
(b) product manufacturing and operating costs	(230)	(1,677)
(c) advertising and marketing	(423)	(1,234)
(d) leased assets	-	-
(e) staff costs	(304)	(955)
(f) administration and corporate costs	(503)	(1,879)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,037
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,612)	(5,327)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(22)
(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	(6)	(22)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,430
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	50	650
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(547)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings - Fundsquire	-	(745)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	50	11,788

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,436	3,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,612)	(5,327)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(22)

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)	50	11,788
4.5	Effect of movement in exchange rates on cash held	(6)	(42)
4.6	Cash and cash equivalents at end of period	9,862	9,862

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	9,862	11,436
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)	9,862	11,436

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	199
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.</i>		
<i>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)	(1,612)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,862
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	9,862
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
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:29 April 2021.....

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.