

ASX ANNOUNCEMENT

4 November 2020

Respiri Secures Further Major Reductions in Manufacturing Costs and Payment Terms

Respiri Limited (ASX:RSH) (“Respiri” or the “Company”), an eHealth SaaS Company supporting respiratory health management, today announces that as a result of significant gains in accelerated design and manufacturing efficiencies and a reduction in componentry that comprise cost of goods sold (COGS), the Company anticipates a material improvement in product gross margins for wheezo™ version 3.0 approximately 30% lower than previously forecast for 2021. The Company has stated that mission critical competencies and IP will now be developed in-house eliminating reliance on external providers where conflicts of commercial interests and priorities may cause executional issues. These product development and manufacturing management are examples of this approach in action.

As indicated previously, Cipla pharmacy channel-directed wheezo product gross margins of approximately 40% were anticipated for the 2021 calendar year under the Exclusive International Pharmacy Sales/Marketing, Distribution & Logistics Agreement with Cipla Australia signed in July. This represented an 85% reduction in manufacturing cost per unit from earlier wheezo batches primarily due to improved products costs through design and bill of material optimisation as well as reductions in labour rates and assembly & test procedures¹.

Further to the Entech global manufacturing agreement announced on 22 September 2020, the Respiri commercial team has worked closely with Entech to generate further efficiencies in manufacturing to lower overall input costs for wheezo manufacture at higher scale. As a result, product gross margins through the pharmacy channel will improve from an estimated 40% currently to approximately 55% which is in line with other major medical device manufacturers. Additionally, the Company has negotiated changes to payment terms that will materially improve the Company’s working capital requirements in 2021 and beyond, whereby payment will now be made on delivery of manufactured units as opposed to upfront payment terms with Entech.

Mr Marjan Mikel, CEO and Managing Director of Respiri said “What the Respiri and Entech teams have achieved in such a short period of time has been exceptional. These improvements have been detailed and agreed approximately 12 months ahead of plan, which is testament to our culture of continuous improvement and innovation as a Company. Our lower COGS and improved product gross margins, not only improves the financial performance of the business as volumes increase over time, it also affords Respiri the flexibility to adjust pricing models, if required, across different jurisdictions to reflect different demographics and capability to pay. This will be particularly important in Asian territories over time. Having a world class team capable of achieving these remarkable cost savings is a huge asset for Respiri now and moving into the future.”

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For further information, investors and media please contact:

Mr Marjan Mikel
 CEO & Managing Director
 Respiri Limited
 P: +61 408 462 873
 E: marjan@respiri.co

Mr Nicholas Smedley
 Executive Chairman
 Respiri Limited
 P: +61 447 074 160
 E: nicholas@respiri.co

¹ ASX Announcements 22 September 2020 and 20 October 2020

This ASX announcement dated 4 November 2020 has been authorised for release by the Board of Directors of Respire Limited.

About Respire Limited

Respire 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. The only platform of its kind, the flagship wheezo product employs machine learning to provide personalised feedback and education based on the user's personal health data correlated with environmental factors, and enables the sharing of that data, anytime, anywhere with caregivers, physicians and other health care professionals.

Respire's mission is to improve asthma management by extending care beyond the clinic. Respire Limited's operations are based in Melbourne, Australia.

For additional information about Respire and its products, please visit www.respire.co

About wheezo

Developed in Australia, with the support of respiratory specialists and other healthcare professionals, the innovative wheezo device records 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.

™ wheezo is a trademark of Respire 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 Respire current expectations, estimates and projections about the industry in which Respire 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 Respire, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward looking statements. Respire cautions shareholders and prospective shareholders not to place undue reliance on these forward looking statements, which reflect the view of Respire 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. Respire 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.