



26 July 2023

June 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 June 2023.

Operating Highlights

- Acquisition of Access Telehealth
- Convertible note funding arrangement with Obsidian
- Share Purchase Plan
- Appointment of Brian Leedman as independent non-executive director
- Appointment of Chief Commercial Officer (“CCO”) of US operations and expansion of US personnel
- Continued expansion and growth of US operations and onboarding of patients

Acquisition of Access Telehealth

Respiri entered into a binding Member Interest Purchase Agreement to acquire Access Managed Services LLC 2023 (**Access**) for up to US\$3.0 Million (~A\$4.5 million).

The Access acquisition increases:

- Respiri Remote Patient Monitoring (RPM) per patient monthly recurring revenues from US\$10-\$20 to US\$70-\$100 per user.
- The total addressable US market for Respiri from 50 Million respiratory patients to approximately 150 Million respiratory, cardiovascular, diabetes and obesity patients and introduces significant customer synergies and increased customer revenue opportunities.
- RPM monthly revenues resulting in patient numbers required to achieve breakeven going from 30K to 9K, which the company forecasts to achieve in late CY2024.

This creates immediate growth opportunities for Respiri, working closely with the Access team since Respiri announced its partnership on 7 February 2022. The Respiri/Access collaboration has secured numerous RPM clients and also identified and progressed a number of significant potential payer contracts using wheezo® as a differentiated respiratory RPM device, expanding the Access RPM service offering across all major diseases including cardiovascular, diabetes and obesity using other freely available medical devices.

Prospectus offer

On 29 June 2023, Respiri announced a prospectus for the following:

- An offer to Eligible Shareholders of up to 88,235,294 SPP Shares at an offer price of \$0.034 per SPP Share and one (1) free attaching SPP Option for every two (2) SPP Shares subscribed for, each exercisable at \$0.065 and expiring 30 June 2025 to raise up to a maximum of \$3,000,000 (before costs) (SPP Offer). The SPP Offer is conditional on Shareholder approval at the Company’s Extraordinary General Meeting of Shareholders to be held on 8 August 2023,

for the purposes of issuing the SPP Shares and SPP Options outside of the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

- A separate offer, to remain open up to the SPP Shortfall Closing Date, to subscribe for any SPP Shares and free attaching SPP Options not taken up pursuant to the SPP Offer (Shortfall Shares) to be issued at an offer price of \$0.034 per Shortfall Share, being the price at which SPP Shares have been offered under the SPP Offer, along with one (1) free-attaching Option for every two (2) Shortfall Shares issued (Shortfall Options), being on the same terms on which SPP Options have been offered under the SPP Offer (Shortfall Offer).
- An offer of Convertible Notes and Convertible Note Options to Obsidian Global GP, LLC pursuant to the Convertible Note Agreement (Convertible Note Offer) to raise \$1.35 million. The Notes are convertible into RSH fully paid ordinary shares (Shares), with one free-attaching option (Option) for every four Shares that would be issued on conversion of the Convertible Notes (at a fixed conversion price). The funds raised will be used towards the Access Acquisition and the Company's expansion plans, as well as to meet general working capital requirements

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Brian Leedman

Brian Leedman agreed to join the Board as an independent Non-executive Director. Brian is a healthcare company entrepreneur and experienced company director having co-founded six healthcare/biotechnology companies on the ASX including Oncosil Medical, Biolife Sciences (acquired by Imugene Limited in 2014) and ResApp Health (acquired by Pfizer in September 2022)

Expansion of US personnel

Respiri appointed Mr William Sigsbee as Head of US Operations and Chief Commercial Officer for the US market. Mr Sigsbee has more than 30 years of healthcare experience in medical devices, services and software solutions, including previous roles as CEO. Mr. Sigsbee brings a wealth of knowledge around the US healthcare market, partnership strategy and distribution of leading-edge patient engagement technologies.

The Acquisition of Access includes key employees, Ms Lisa Dye, Chief Revenue Officer and Mr Chas Cota, Director Strategy and Business Development committing to the business long term. Ms Myra Ameigh, President and CEO of Access Telehealth will continue to support the business in a strategic advisory capacity and help manage significant key clients currently contracted with Access who are currently engaged with private payer organisations in advanced RPM contract negotiations.

Expansion of US Operations

Respiri's operational and investment strategies continue to be focussed on commercialisation of the Company's respiratory device, wheezo®, recommended by physicians for remote patient monitoring (RPM) patient services in the US market that are reimbursed and delivered by our RPM partner, Access Telehealth. Throughout the June quarter, Respiri together with Access Telehealth, secured 3 more RPM agreements, taking the number of RPM contracted healthcare organisations to 13.

Respiri has now secured healthcare customers located in 8 different states in the USA that treat and manage diverse patient groups, including both adult and paediatric patients living with asthma, patients

living with COPD, patients living with COPD with underlying cardiovascular disease and primary care patients demonstrating the broad clinical appeal of the wheezo® RPM program.

Respiri is receiving fee for service recurring revenues of US\$10-20 per patient per month whose managing physicians are reimbursed by Centers of Medicare and Medicaid (CMS) and other private health insurers; and US\$58 from wheezo® device sales.

In order to support Respiri's client base in the US, a logistics partner has been appointed who providing comprehensive transportation, warehousing, and fulfillment solutions across the country. Their Warehouse Management System allows integration into Respiri's IT infrastructure and thus enables future automation of ordering and distribution processes.

Business Development Activities

During the quarter, Respiri continued to expand its partnerships to unlock new healthcare organization opportunities. On 10th July 2023, Respiri entered into a non-exclusive distribution / marketing wheezo® remote patient monitoring (RPM) agreement with Fi-Med Management LLC for an initial 3-year term significantly expanding the wheezo® distribution footprint with Fi-Med existing clients.

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

- two large insurers, whereby Respiri support the insurance industry overarching objective of reducing high-cost services such as, but not limited to, unplanned hospital visits. These are advanced discussions that are hoped to be finalised in the September Quarter.
- a large nationwide one hundred plus site healthcare provider servicing over half a million patients per annum living with respiratory illness.
- an Accountable Care Organisation (ACO) located in California seeking a solution to support their patients living with respiratory disease with intent to reduce re-admissions and overall reductions in healthcare expenditure.

Role of Artificial Intelligence (AI)

The rapid growing nature of AI is central to Respiri's pathway moving forward. AI is already inherent in Respiri's current wheeze-identification algorithm and continues to shape the Company's R&D pipeline, notably Respiri's improved version of the wheezo medical device under development.

During the quarter, Respiri implemented an AI driven capability seeking to improve productivity. Early signs point to a +50% improvement in development output with projections for further improvement once rolled out to all facets of product development, communications, and overall operational improvements during Q1FY24.

Beyond internal operational improvements, Respiri will amplify the use of AI to deliver best in-class RPM programs for healthcare organisations and more importantly, improved outcomes for patients. One example already underway, via its partner Access Telehealth, is the analysis of multi-year, de-identified large and complex data sets to uncover at-risk, high healthcare cost patient cohorts. AI model will help Respiri and its partner to better understand patients most at risk and put forward best practice RPM programs to deliver improved outcomes for all stakeholders. Such approaches will form the basis of unlocking new business opportunities whilst also providing better RPM program healthcare outcomes to Respiri's growing healthcare organisation customers.

Corporate & Financial Highlights

Financial performance

During the quarter, the Company recorded cash receipts of \$0.02 million from Access Managed Services, LLC for the provision of wheezo® devices and Remote Patient Monitoring (RPM) services.

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 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 reimburse Respi's US RPM Partners (i.e. Access Telehealth) who then pay Respi.

Research and development expenditures of \$0.28 million increased by \$0.1 million compared to the March 2023 quarter due to recognition of staff time spent on research and development activities related to the improvement and design of the wheezo® device and software.

Product and manufacturing costs of \$0.053 million remained consistent with the previous quarter.

Advertising and marketing costs of \$0.024 million decreased by \$0.04 million compared to the March 2023 quarter due to spend on environmental insights intelligence platform and clinical outcome assessment service incurred in the previous quarter. The current quarter costs related to the promotion of Wheezo devices and RPM capabilities in the US markets.

Staff costs of \$0.408 million decreased by \$0.03 million compared to the March 2023 quarter due to the recognition and allocation of staff time spent on research and development activities. The incremental decrease has been offset by increased wages regarding the appointment of the Chief Commercial Officer (CCO) for the US market as announced to the market on 12th April 2023. 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 \$0.249 million were down 53% compared to the March 2023 quarter due to once off US OTC listing fees, and higher travel costs incurred in the prior period, and the timing of payments.

Loans of \$0.2 million were received from directors and used as working capital until the Company's Convertible Note and Share Purchase Plan equity raising has been completed. The loans were provided on arm's length terms.

The Company closed the June 2023 quarter with cash and cash equivalents of \$0.146 million and \$2.6 million of finished goods inventory and prepaid materials.

Payments to related parties of \$0.134 million, consisted of fees payable to the Executive and Non-Executive Directors of the Company.

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

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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 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	20	131
1.2 Payments for		
(a) research and development	(279)	(1,085)
(b) product manufacturing and operating costs	(53)	(297)
(c) advertising and marketing	(24)	(187)
(d) leased assets	-	-
(e) staff costs	(408)	(1,850)
(f) administration and corporate costs	(249)	(1,944)
1.3 Dividends received	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	587
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(992)	(4,641)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	1	(12)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1	(12)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,590
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	-	(194)
3.5	Proceeds from borrowings	200	200
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	1
3.10	Net cash from / (used in) financing activities	200	3,597

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	938	1,220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(992)	(4,641)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	(12)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	3,597
4.5	Effect of movement in exchange rates on cash held	(1)	(18)
4.6	Cash and cash equivalents at end of period	146	146

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	146	938
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)	146	938

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	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Fees for 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	200	200
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	200	200
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.		
<p>Loans have been received from directors to be used as working capital until the company's Convertible Note and Share Purchase Plan equity raising has been completed. The loans were provided on arms length terms.</p> <p>The terms of the loans are as follows: interest 8% p.a., repayable on completion of equity raising</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(992)
8.2 Cash and cash equivalents at quarter end (item 4.6)	146
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	146
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?	
<p>Answer: Yes. The acquisition of Access Telehealth (announced on 23 May 2023) will result in the payment of up to US\$3m in the September 2023 quarter to be funded by way of a convertible note and SPP equity raising (announced on 30 June 2023) to be completed in August 2023. Respiro continues to collaborate with US medical institutions on advancing business and future revenue opportunities via its wheezo RPM program.</p>	

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. On 30 June 2023, Respiro announced that it had entered into a Convertible Note Agreement for A\$1.35 million funding by way of an issue of convertible notes to Obsidian Global GP, LLC (an independent, sophisticated, professional investor). On 10 July 2023, Obsidian advanced A\$350,000 under the convertible note agreement.

On 30 June 2023, Respiro announced a SPP equity offer to raise up to A\$3 million to eligible shareholders. This SPP is to close on 4 August 2023.

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 under the Convertible Note and SPP 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: 26 July 2023

Authorised by: By the Board of Respiro 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.