

RESPIRI



ANNUAL REPORT 2022



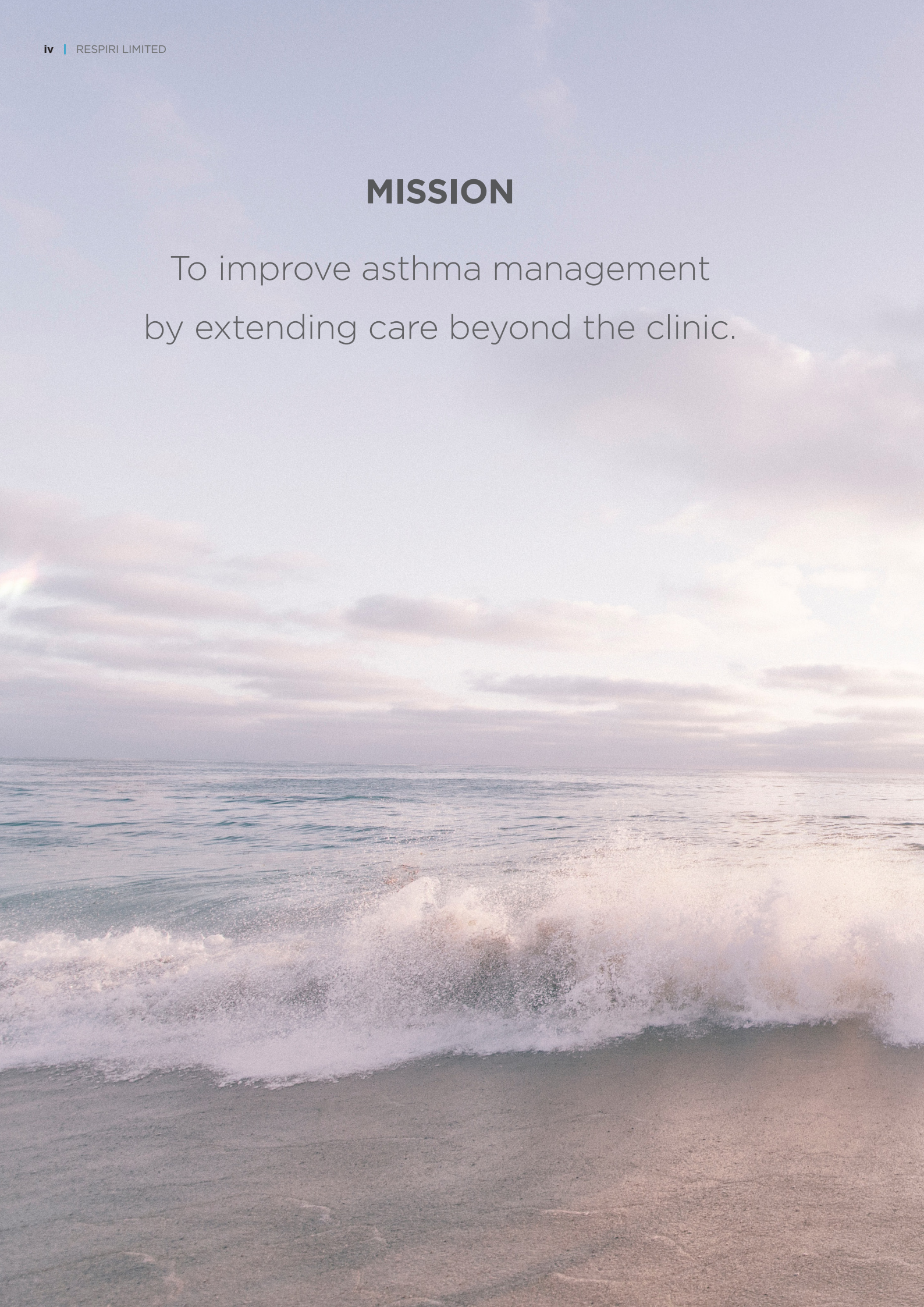
Our Vision

A world without the
challenges of asthma.



MISSION

To improve asthma management
by extending care beyond the clinic.



OUR VALUES

We act with **Integrity**

We are **Respectful**

We are **Accountable**

We are **One Team**

We are **Innovative**



Chairman & CEO Update

Dear Fellow Shareholders,

On behalf of the Board of Directors of Respiro Limited we are proud to present the company's Annual Report for the year ended 30 June 2022.

This year has been one of continued progression against strategic objectives for Respiro (the Company), as we maintain our business push into the United States Remote Patient Monitoring (RPM) reimbursed physician led market. The accelerated strategic pivot undertaken in late 2021 was nine months ahead of the Company's original plans and progress has been pleasing and in line with Company reported milestones and budgets. Needless to say, significant investment has been required to get the wheezo® RPM portal/App/platform solution US-market ready to fully qualify for the Centers of Medicare and Medicaid Services (CMS) RPM Current Procedural Terminology (CPT) reimbursement codes. Despite the various nuances of the local market, this has been completed within budgets allowing Respiro and our RPM partners to be match ready which recent customer acquisition and interest confirms.

The US RPM market has an expected annual growth rate of 30%+ until 2026 to US\$85 billion. This is driven by an aging population and increases in the occurrence of chronic diseases, including Asthma and Chronic Obstructive Pulmonary Disease (COPD), demand for wireless and portable systems, the presence of sophisticated reimbursement structures, and a move to more cost-effective medical expenditure.

Respiro has entered into strategic partnerships with two best in class RPM provider organisations in Access Telehealth and mTelehealth both of whom have a strong pedigree in healthcare provision in the US, established relationships and existing human and other resources providing the necessary resources required by Respiro to commercialise wheezo® RPM solutions.

The Board decided to maintain a tight partnership network to maintain the premium nature of wheezo®, which is a source of differentiation for our partners, and to ensure we only deal with the highest quality partners in a market where there is a significant spectrum of partner value proposition quality.

Access Telehealth, a provider of RPM and telehealth services utilising their unique Remotli platform, simplifies the provision of remote care with patient engagement and productivity driven dashboard tools to support effective patient care and compliance.

In partnership with Access Telehealth, the Company has secured two contracted deals in the US, one with Michigan Children's Hospital (part of a much larger NYSE listed healthcare provider) and a Health System based in North Carolina, focussing on patients living with COPD, with a number of other customer contracts close to being finalised. The Company is planning to launch these RPM programs with Access Telehealth in the very near future. mTelehealth LLC, a premier provider of RPM services based in Florida using its strong established partnerships to engage customers in the RPM space and also in the Federal Communication Commission (FCC) and US Department of Agriculture (USDA) regional/rural healthcare grants.

Further, Medicare (CMS) RPM Total Services grew by 588% (CY20/19). CMS covers approx. 60% of insured patients in the USA) with private payors covering the remaining 40% of insured patients and reimburse services 20%-30% above Medicare scheduled fees. Furthermore, over a rolling 12-month period, the average RPM claimable months (patient monthly engagement) was only ~36%. The Access Telehealth premium services are delivering an ~80% engagement/RPM claim, a more than 2-fold improvement and best in class performance. Access Telehealth's RPM model delivers proven results; longer RPM program patient persistence; monthly CPT code billables, resulting in greater life-time value (LTV) per patient compared to Medicare (CMS).

We also welcomed Mr Brad Snow to the Board as a USA based, Non-Executive Director. He brings over 25 years of extensive commercial, operations and business development experience, gained within the med-tech, biotech and Health Information Technology (HIT) industries primarily focused on the United States. His experience with healthcare stakeholders including providers, payors and physicians, working knowledge in reimbursement system, including RPM, will accelerate our activities in the short to medium term. Brad has already used this background to help the Company continue to accelerate the commercialisation plan.

The September 2022 quarter is critically important to the Company as the two contracted RPM programs remain on track to commence patient recruitment and onboarding. Respiro anticipates the first processed RPM CPT reimbursement codes claims resulting from wheezo® RPM programs in the December quarter which the Company believes will make it the first Australian based MedTech whose device has achieved this.

The Company is also in latter-stage discussions to close more major deals, which represent tens of thousands of patient lives. With over 120 qualified customer leads in the RPM partner/Respiro sales funnel, the Company is well placed to show consistent patient and revenue growth during the next 12 months.

Operational achievements

Key achievements during the year are outlined below.

Product Development – During the year the Company has continued to iterate and improve its wheezo® USA supporting software technology. The mobile application was improved with the addition of the Asthma Control Test (ACT), a clinically validated tool to assess Asthma control over the last 4-week period. This important feature further provides objective metrics to the treating physician whilst reducing the subjectivity that currently exists when patients are in the community. Introducing gamification, through the use of task completion, to drive utilisation and engagement have been delivered, a highly desired capability and well received by existing and pending US customers.

The major product advancement in the last year was the establishment of the Health Portal, the SaaS platform, allowing partners and healthcare providers alike to sign up, manage and review patient level health data. The delivery of the Health Portal provides a true end-to-end vertical, enabling US based partners to sell the RPM solution as a total package. Respi continues to develop features to further enhance the core product offerings with positive feedback already received from US customers.

In July 2022 the Company announced the delivery of Application Programming Interface (API) functionality allowing the Respi Health Portal to integrate seamlessly with Access Telehealth's Remotli Platform. A one-off investment, the API facilitates the capture of key data required for RPM reimbursement codes to be processed by payors. Data included is wheeze rate which is determined from the recorded breathing (the physiological parameter required to qualify for the relevant RPM CPT code reimbursement). This integration also allows for Respi data collected through customer interfaces to be sent across to Access Telehealth systems, which provides the correct reporting of RPM patient data points, to facilitate reimbursement processes in the US.

National Institute for Health Research (NIHR) – The Company announced the £2 million National Institute of Health Research (NIHR) Funded UK paediatric asthma clinical trial awarded to King's College, London that will assess the impact of the wheezo® when combined with a standard integrated care approach for Asthma (the control arm), for their effectiveness and cost-utility.

The Technology Enhanced integrAted asthMa care (TEAM-care) trial is a three arm, randomised, 30-month, 1,464 patient clinical trial that aims to assess outcomes for children with Asthma using a technologically enhanced integrated care pathway to address an unmet clinical need by building the clinical and health economic evidence base for NHS adoption of new technologies for asthma self-management, treatment optimisation, and monitoring.

The potential benefits of improving Asthma control are substantial, with the annual cost of Asthma in the UK of £2.3 billion. The costs of an Asthma attack in children with well controlled Asthma is 3.5 times lower than those with uncontrolled Asthma; and the cost of caring for a child with asthma is higher than cost of an adult². The trial is expected to commence in Q4 2022, with results expected by mid-2024 and interim data available for analysis as the trial progresses.

The selection of wheezo® as one of only two MedTech solutions chosen by Kings, and the NIHR's decision to fund this study, are a further endorsement of the health outcomes and benefits wheezo® has the potential to deliver. A successful outcome will provide clinical and economic information with global utility, USA included further demonstrating the healthcare benefits wheezo® delivers and the costs burden this can relieve for payors.

wheezo® was also chosen by the Queen Mary University of London for the ACACIA (Achieving Control of Asthma in Children In Africa) study "Use of an Electronic Wheeze Detection Tool (wheezo®) to detect wheeze in children. Previous ACACIA data indicate that the proportion of children with severe asthma symptoms without a doctor diagnosis of asthma is high. Only a low percentage of children in this cohort have objective markers of asthma. The aim of the study is to verify the wheeze in this group using wheezo®, increasing the likelihood of children having probable undiagnosed asthma. The Company is providing devices for the study and is pleased to be able to support healthcare provision in less affluent countries. Should results be positive this could see wheezo® become a possible mobile, easy, cost-effective diagnostic tool for asthma, which is particularly important in developing countries, and could open up a new global market for Respi.

The asthma Telehealth/Remote Asthma Monitoring Program (RAMP) – developed together with respiratory specialist Dr Kevin Chan (a leading Respiratory Physician working at Campbelltown Hospital & Sydney Adventist Hospital, Wahroonga) continued during the year with >60 patients onboarded onto the program. RAMP is an important activity for the Company as the protocol and overall program deliverables align with what is considered best practice in the US market. A Physician-led, in-community Nurse-supported program mirrors exactly what the RPM CPT codes are designed to foster, seeking to improve health outcomes based on a similar program design.

Throughout the year Respi continued to iterate and improve the program, with a particular focus on improved wheezo® device utilisation and mobile app engagement. These improvements delivered a 3x improvement in the number of wheeze recordings taken over a 2-month period, this higher level of device utilisation has been sustained. Interim analysis of the program results are currently underway and preliminary analyses are providing very promising results.

Chairman & CEO Update continued

Research and Development – The Company continued work on the wearable prototype during the year. The potential for a stable, scalable and clinically meaningful medical device, capable of providing multiple physiological parameters has significant potential for the Company. Utilisation during patient transitions of care; Monitoring at risk patients whilst in the community – post discharge; Reducing re-admission rates post-discharge, all of which create a significant burden on the US Health system. Expanding the Company's Medical Device product range will continue drive the Company's Respiratory leadership position and ensure Respiro is seen as an innovator in Medical Device development. Work has commenced on draft documentation required for medical device regulatory submission, FDA 510(k) in particular. There is no shortage of interest from Key Opinion Leaders and the Company anticipates starting preliminary validation clinical studies later in the December quarter.

The device will not replace wheezo® but bolster the Respiro portfolio by providing a solution to monitor nocturnal asthma, hospital transition care (remotely monitoring patients discharged from hospital and sent home) and others.

Manufacturing – Inventory built to meet US uptake in demand in the short to medium term. Australian inventory to be redirected. The Company has ~20K wheezo® on hand. The operations team successfully mitigated the semi-conductor/chip issue impacting all sectors by securing an alternative superior chip and componentry which has been purchased and is in inventory ready for future manufacturing batch runs (12,500 chips in inventory).

Shareholders

We would like to thank all shareholders for their continued support of the company. The foundations have been set with a world-class team ready to execute across all fronts and a very clear strategic focus on US operations and success. Members of the Respiro team will continue to spend time in the US with a primary focus on accompanying US partners to important C-suite meetings to help accelerate and close deals whilst continuing to collect insights relating to US local market dynamics to further inform Products and R&D development.

The Board would like to thank shareholders for the \$1.6m raised as part of a share placement.

The next 12 months are company defining. We have the right team, the right US partners, and most importantly, a well-received and innovative Medical Device in wheezo® and supporting software platform solution. We remain steadfast and focussed on onboarding patients and “wowing” them and other healthcare stakeholders with the RPM service, whilst continuing to support our partners in growing the sales funnel and demonstrating sustainable growth over the coming 12 months. The NIHR studies will be underway, and the innovative wearable prototype will be well progressed with updates to be shared over the coming year.

Thank you for the continued support and trust that you have placed in us as a Board and Executive team and the commitment you continue to show the Company.



Nicholas Smedley
Executive Chairman



Marjan Mikel
CEO and
Managing Director

RESPIRI



FINANCIAL STATEMENTS 2022

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Directors' Report

30 June 2022

The Directors of Respi Limited ("RSH", "Respi", "Company" or "the Group") submit herewith the annual financial report of the Group for the financial year ended 30 June 2022. In order to comply with the *Corporations Act 2001*, the Directors' Report are as follows:

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Nicholas Smedley
Appointed to the Board
Last elected by Shareholders

Executive Chairman

30 October 2019

16 December 2020

Nicholas is an experienced Investment Banker and M&A Advisor, with 14 years' experience at UBS and KPMG. He has worked on M&A transactions in the UK, Hong Kong, China, and Australia with transactions ranging from the A\$9bn defence of WMC Resources through to the investment of \$65m into Catch.com.au. Nicholas currently oversees investments in the Property, Aged care, Technology and Medical Technology space. Key areas of expertise include M&A, Debt structuring, Corporate governance and innovation.

Experience

Qualifications

Interest in shares and options

Directorships held in other listed entities

B.Com

14,209,668 Ordinary Shares and 77,500,000 Unlisted Options

AD1 Holdings Limited

Vortiv Limited

Mr Marjan Mikel
Appointed to the Board
Last elected by Shareholders

CEO and Executive Director

25 November 2019

16 December 2020

Marjan is a highly experienced managing director and board member with a career spanning Australia, Europe and Japan, Marjan's focus has been in the healthcare industry; from pharmaceuticals and information services and technology to medical devices and sleep disorder solutions. He founded and subsequently sold Healthy Sleep Solutions after developing it into a successful business, with Resmed Ltd as a joint venture/shareholder partner.

Experience

Qualifications

Interest in shares and options

Directorships held in other listed entities

He is an industry research fellow at University of New South Wales Faculty of Engineering.

BSc(Hons), Grad Dip Ed, MCom; MAICD

3,308,687 Ordinary Shares and 90,000,000 Unlisted Options

N/A

Directors' Report

30 June 2022

Directors (continued)

Dr Thomas Duthy
Appointed to the Board
Resigned from the Board

Non-Executive Director
 11 February 2020
 19th April 2022

Dr Duthy has over 15 years of direct financial markets experience having worked in sell-side equity research, and senior executive roles across investor relations and corporate development. Dr Duthy is the Founder and CEO of Nemean Group Pty Ltd, a boutique corporate advisory and investor relations firm specialising in delivering value-added services across the life sciences, medical devices, healthcare, technology and emerging companies sectors. Prior to establishing Nemean in October 2018, Tom was the Global Head of Investor Relations & Corporate Development at Sirtex Medical Limited (ASX:SRX), which was sold to CDH Investments in September 2018 for A\$1.9 billion, which remains the largest medical device transaction in Australian corporate history. Prior to Sirtex, Tom spent ten years as a leading sell-side Healthcare & Biotechnology analyst at Taylor Collison Limited, focused mainly on small cap companies. During this time, approximately \$200 million in equity capital was raised for selected portfolio companies. He is a Member of the Australian Institute of Company Directors (MAICD) and the Australasian Investor Relations Association (AIRA).

Experience
Qualifications
Interest in shares and options
Directorships held in other listed entities

B.Sc. (Hons.), Ph.D, MBA
 745,454 Ordinary Shares and 30,000,000 Unlisted Options

Invex Therapeutics Limited

Mr Brad Snow
Appointed to the Board

Non-Executive Director
 20 June 2022

Brad Snow has 25 years of extensive commercial, operations and business development experience gained within the med-tech, biotech and HIT industries primarily focused in the United States. Brad is currently Chief Executive Officer and Board of Director of Angel-Medical Systems Inc (AngelMed). AngelMed's novel device, The Guardian System, is the world's first and only FDA approved real-time implantable cardiac device to detect acute coronary syndrome events, including silent heart attacks.

Previously, he was Chief Executive Officer and Board of Director of SonaCare Medical LLC (now Sonablate Corp) a global company with cutting edge (HIFU) ultrasound imaging, assessment and ablation system.

Brad provided Med Tech Consulting which provided advisory services to medical technology clients in relation to commercial strategy, operational improvements, business development and funding. He co founded DisruptRxtech.com, an artificial intelligence healthcare IT company.

Earlier in his career, he held executive leadership roles in sales, marketing, and commercial operations for numerous start-up and emerging growth companies in the med-tech space.

Experience
Interest in shares and options
Directorships held in other listed entities

Nil

Angel-Medical Systems Inc (Listed in the United States)

Directors' Report

30 June 2022

Company secretary

Mr Alastair Beard was appointed as Company Secretary on 13th March 2019 and resigned on the 15th August 2022.

Andrew Metcalfe was appointed as Company Secretary on 15th August 2022.

Andrew Metcalfe (CPA, FGIA, GAICD) is an experienced Chartered Secretary and Governance Adviser with more than 25 years' experience across a broad industry base, having worked with a variety of Board and senior management teams of ASX listed companies.

Principal Activities

The Company's principal activities in the course of the financial year have been the research, development and commercialisation of medical devices, and the development of mobile health applications.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Operating and Financial review

The loss of the Company after income tax for the financial year was \$6,624,313 (2021: \$11,040,347). This result has been achieved after fully expensing all research and development costs.

During the year the Company expanded its Business into the United States with a focus on the Remote Patient Monitoring (RPM) reimbursed physician led market. Significant investment was required to get the wheezo® RPM portal/app/platform ready for the market and qualified for the Centres of Medicare and Medicaid Services (CMS) RPM Current Procedural Terminology (CPT) reimbursement codes.

The Company entered strategic Partnerships with two major RPM providers – Access Telehealth and mTelehealth both of whom have a solid track record for the provision of healthcare services in the US and maintain a strong network of healthcare providers. In Partnership with Access Telehealth, The Company was able to secure deals with two major US healthcare providers including Michigan Children's Hospital and a health system based in North Carolina with a focus on COPD.

The Company has announced a £2 million National Institute of Health Research (NIHR) Funded UK paediatric asthma clinical trial awarded to King's College, London that will assess the impact of the wheezo® when combined with a standard integrated care approach for Asthma for their effectiveness and cost-utility. The selection of wheezo® as one of only two MedTech solutions chosen by Kings, and the NIHR's decision to fund this study, reflect endorsement of the wheezo® device and its potential to deliver healthcare benefits.

The asthma Telehealth/Remote Asthma Monitoring Program (RAMP) – developed together with respiratory specialist Dr Kevin Chan (a leading Respiratory Physician working at Campbelltown Hospital & Sydney Adventist Hospital, Wahroonga) continued during the year with >60 patients onboarded onto the program. RAMP is an important activity for the Company as the protocol and overall program deliverables align with what is considered best practice in the US market. A Physician-led, in-community Nurse-supported program mirrors exactly what the RPM CPT codes are designed to foster, seeking to improve health outcomes based on a similar program design.

Corporate and Financial Highlights

The Company recorded revenue of \$253,668 representing sales of wheezo® devices to its US Partners in addition to online orders, and license fees from mTelehealth.

Product manufacturing cost of sales of \$259,292 reflects further improvements in the COGS for manufacturing of wheezo® model 4.0 and the progress made towards the Company set target price of US\$35.

Advertising and Marketing costs for the year of \$1,463,343 include costs associated with the launch of wheezo® in the US, including the costs of its distribution agreement with mTelehealth.

Directors' Report

30 June 2022

Operating and Financial review (continued)

Employee, consulting and corporate costs of \$2,970,954 reflect the additional hire of key management personnel that included the CTO and CCO and other key business roles required to support Respiro's corporate objectives.

The Company completed a \$1,783,000 share placement to institutional, professional and sophisticated investors reflecting the strong support from existing and new investors alike. The funding allowed Respiro to meet its corporate objectives which included the commercial launch of wheezo® in the US market.

At year end the company held \$2,651,118 in inventories and \$1,217,271 cash on hand.

Dividends

The Company did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2022 financial year.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of entities in the Group during the financial year under review not otherwise disclosed in the Annual Report.

Matters Subsequent to Reporting Period

On 15th August 2022, Alastair Beard resigned as company secretary. Andrew Metcalfe was appointed as the new company secretary on the same date.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

Please refer to the 'Operating and Financial Review' section at the start of the Directors' Report for information in relation to Company's future Developments and Events.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulations under either Commonwealth or State legislation.

Risk Management

The Board is responsible for overseeing the establishment and implementation of the risk management system, and for the reviewing and assessing the effectiveness of the Company's implementation of that system on a regular basis.

The Board and senior management continue to identify the general areas of risk and their impact on the activities of the Company. The Board has established a formal process in relation to the maintenance of an internal risk register which is updated and reviewed by the Board at its monthly meetings. The potential risk areas for the Company include:

- > reliance on key personnel
- > efficacy, safety and regulatory risk of medical devices

Directors' Report

30 June 2022

Risk Management (continued)

- > financial position of the Company and the financial outlook;
- > domestic and global economic outlook and share market activity;
- > changing government policy (Australian and overseas);
- > competitors' products and research and development programs;
- > market demand and market prices for medical device technologies;
- > environmental regulations;
- > ethical issues relating to medical device research and development;
- > the status of partnership and contractor relationships;
- > other government regulations including those specifically relating to the biomedical and health industries; and
- > occupational health and safety and equal opportunity law.

The above list of risk areas ought not to be taken as an exhaustive one of the risks faced by the Company or by investors in the Company. The above areas, and others not specifically referred to above, may in the future materially affect the financial performance of the Company.

The Board and Management will continue to perform a regular review of the following:

- > the major risks that occur within the business;
- > the degree of risk involved;
- > the current approach to managing the risk; and
- > where appropriate, determine:
 - any inadequacies of the current approach; and
 - possible new approaches that more efficiently and effectively address the risk.

Healthcare Technology Companies – Inherent Risks

Some of the risks inherent in the development of medical device products to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, the obtaining of the necessary regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Also a particular medical device may fail the clinical development process through lack of efficacy or safety. Companies such as Respire Limited are dependent on the success of their medical devices and on the ability to attract funding to support these activities.

Directors' Report

30 June 2022

Healthcare Technology Companies – Inherent Risks (continued)

Investment in healthcare technology including medical devices cannot be assessed on the same fundamentals as trading and manufacturing enterprises and thus investment in these areas must be regarded as speculative taking into account these considerations.

Meetings of Directors

A number of formal meetings and circular resolutions were held during the year as tabled below:

	Directors' Meetings		Audit, Risk and Compliance Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Nicholas Smedley	12	12	-	-	-	-
Mr Marjan Mikel	12	12	-	-	-	-
Dr Thomas Duthy	9	9	-	-	-	-
Mr Brad Snow	1	1	-	-	-	-

For the date of appointment and resignation of each Director and Executive, please refer to the Remuneration Report section of the Directors' Report.

Indemnification of Officers and Auditors

During the financial year, the Company maintained an insurance policy to indemnify Directors and Officers against certain liabilities incurred as such a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year ended 30 June 2022 the Company did not engage the external auditor to provide non-audit services.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2022 has been received and can be found on page 19 of the financial report.

Directors' Report

30 June 2022

Share Options on Issue as at the Date of this Report

The unissued ordinary shares of Respire Limited under option as at the date of this report were:

Unlisted options

Class	ASX Code	Date of Expiry	Exercise Price \$	No. under Option
01	RSHAF	31 December 2023	0.03	6,000,000
02	RSHAG	31 December 2024	0.03	6,000,000
07	RSHAA	28 May 2023	0.10	4,500,000
08	RSHAB	12 June 2024	0.10	65,000,000 (a)
09	RSHACi	30 Sep 2024	0.20	30,000,000 (a)
10	RSHACii	31 Mar 2025	0.30	7,500,000 (a)
11	RSHACiii	30 Sep 2025	0.40	7,500,000 (a)
12	RSHACiv	31 Mar 2026	0.60	7,500,000 (a)
13	RSHAD	1 July 2022	0.10	7,000,000
14	RSHAE	1 July 2024	0.10	10,000,000
15	RSHAH	30 Sep 2024	0.10	4,000,000 (b)
16	RSHAC	2 Nov 2023	0.20	5,800,000 (b)
17	RSHAC	15 Jun 2026	0.30	8,000,000 (b)
18	RSHAA	17 Dec 2025	0.30	65,000,000
19	RSHAA	17 Dec 2025	0.30	10,000,000
20	RSHAAB	31 Jan 2027	0.20	3,200,000
21	RSH ESOP	9 Jun 2027	0.10	2,000,000
22	RSH	1 Mar 2025	0.10	5,000,000
23	RSH	1 Mar 2025	0.20	10,000,000

a) Issued in 5 tranches with different vesting conditions. See Note 21.

b) Options granted at EGM held in May 2020. Issued in 3 tranches with different vesting conditions. Of the 3 tranches, 1 has not yet been allotted to members. See Note 21.

Please refer to Note 21 for further details regarding the above unlisted options on issue as at 30 June 2022.

There were no listed options outstanding at the reporting date.

Corporate Governance

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors of Respire support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is available on the Company's website at www.Respire.co.

Directors' Report

30 June 2022

Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the *Corporations Act 2001* and its Regulations.

This report details the nature and amount of remuneration of each Director of Respiro Limited and all other Key Management Personnel.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

For the purposes of this report, the term 'executive' encompasses the Executive Chairman.

Names Directors	Position	Appointment/Resignation
Mr Marjan Mikel	CEO	Appointed on 2nd December 2019
Mr Nicholas Smedley	Executive Director	Appointed on 25th November 2019
	Non-Executive Director	Appointed on 30th October 2019
Mr Brad Snow	Executive Chairman	Appointed on 15th November 2019
Dr Thomas Duthy	Non-Executive Director	Appointed on 20th June 2022
	Non-Executive Director	Resigned on 19th April 2022
Other KMP		
Mr George Vlachodimitropoulos	Chief Technology Officer	Appointed on 23rd August 2021
Dr Samaneh Sarraf Shirazi	Chief Research Officer	Appointed on 4th February 2019
Mr Peter Hildebrandt	Chief Operating Officer	Appointed on 1st November 2020
Mr Theo Antonopoulos	Chief Commercial Officer	Appointed on 7th June 2021

Remuneration Policy

Remuneration of all Non-Executive Directors and Officers of the Company is determined by the Board following recommendation by the Remuneration and Nomination Committee.

The Company is committed to remunerating Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount limit approved by shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Voting and comments made at the Company's Annual General Meeting

The Company did not receive any specific feedback at the AGM or throughout 2022 on its remuneration practices. The Remuneration Report was adopted at the 2021 AGM by more than 96% of eligible votes received.

Remuneration Policy Versus Company Financial Performance

Directors have been compensated for work undertaken and the responsibilities assumed in being Directors of this publicly listed company based on industry practice. Consistently with good corporate governance practices, compensation of Non-Executive Directors is not linked to specific performance hurdles or objectives.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

Remuneration Policy Versus Company Financial Performance (continued)

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the development and commercialisation phase. Shareholder value reflects the speculative and volatile biotechnology market sector.

This pattern is indicative of the Company's performance over the past five years. Accordingly, no dividends have been paid during the year, or in respect of the 2022 financial year.

Financial Year	Net (Loss)/ Profit \$	Share Price at Balance Sheet Date \$	Loss per Share (cents) \$
2022	(6,624,313)	0.06	(0.91)
2021	(11,040,347)	0.07	(1.58)
2020	(7,260,935)	0.09	(1.27)
2019	(8,474,586)	0.09	(1.69)
2018	(3,207,220)	0.10	(0.73)

Performance Based Remuneration

The purpose of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of short-term and long-term KPI's to determine achievement, depending on the role of the executive or director being assessed and the particular KPI being targeted.

These include:

- successful contract negotiations;
- company share price consistently reaching a targeted rate on the ASX or applicable market over a period of time; and
- completion of set milestones.

The Non-Executive Directors do not receive performance-based remuneration.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

Details of Remuneration for the Year Ended 30 June 2022

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year was as follows:

	Short-term Employee Benefits			Post-employment Benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Consulting fees	Superannuation contribution	Shares/Options	
2022	\$	\$	\$	\$	\$	\$
Directors						
Mr Marjan Mikel	428,306	-	-	23,568	155,422	607,296
Mr Nicholas Smedley	245,455	-	-	-	110,070	355,525
Mr Brad Snow (appointed 20 Jun 2022)	-	-	-	-	-	-
Dr Thomas Duthy (resigned 19 Apr 2022)	50,000	-	-	-	(193,578)	(143,578)
Other KMP						
Mr George Vlachodimitropoulos	214,382	-	-	20,364	1,730	236,476
Mr Theo Antonopoulos	275,000	-	-	23,568	14,483	313,051
Mr Peter Hildebrandt	235,000	-	-	23,500	34,297	292,797
Dr Samaneh Sarraf Shirazi	176,458	-	-	17,646	-	194,104
	1,624,601	-	-	108,646	122,424	1,855,671

Note: For the date of appointment and resignation of each Director and Executive please refer to the Directors' Report pages 1-2.

- a) 15,000,000 options granted to Thomas Duthy were forfeited following his resignation on 19th April 2022.
- b) 20,000,000 unlisted options were granted to senior management personnel at the May 2020 EGM. As at 30 June 2022, of the total granted, 8,000,000 options with a fair value of \$159,573 have not yet been formally allotted.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

Details of Remuneration for the Year (continued) Ended 30 June 2022

	Short-term Employee Benefits			Post-employment Benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Consulting fees	Superannuation contribution	Shares/Options	
2021	\$	\$	\$	\$	\$	\$
Directors						
Mr Marjan Mikel	428,306	-	-	21,694	1,106,111	1,556,111
Dr Thomas Duthy	60,000	-	-	-	345,734	405,734
Mr Nicholas Smedley	203,636	-	-	-	929,581	1,133,217
Professor Bruce Thompson	1,344	-	-	128	-	1,472
Other Key Management Personnel						
Mr Philippe Ludekens	214,659	-	-	18,597	56,523	289,779
Mr Peter Hildebrandt	156,667	-	-	14,883	79,067	250,617
Mr Theo Antonopoulos	18,333	-	-	1,742	1,493	21,568
Dr Samaneh Sarraf Shirazi	167,458	-	-	15,909	56,523	239,890
	1,250,403	-	-	72,953	2,575,032	3,898,388

At Risk Income as a Proportion of Total Remuneration

All Executive Directors and other key management personnel are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore, there is no fixed proportion between incentive and non-incentive remuneration. Entitlement to these payments does not depend on the future performance of the Company.

Non-Executive Directors are not entitled to receive bonuses and/or incentives.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

At Risk Income as a Proportion of Total Remuneration (continued)

The relative proportions of remuneration income that are at risk, and those that are fixed, are as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Directors						
Mr Marjan Mikel (appointed on 25 November 2019)	74	29	-	-	26	71
Mr Nicholas Smedley (appointed on 30 October 2019)	69	18	-	-	31	82
Mr Brad Snow (appointed on 20 June 2022)	-	-	-	-	-	-
Dr Thomas Duthy (appointed on 11 February 2020, resigned on 19 April 2022)	100	15	-	-	-	85
Other Key Management Personnel						
Mr George Vlachodimitropoulos (appointed on 23 August 2021)	99	-	-	-	1	-
Mr Theo Antonopoulos (appointed 7 June 2021)	95	93	-	-	5	7
Mr Peter Hildebrandt (appointed 1 November 2020)	88	68	-	-	12	32
Dr Samaneh Sarraf Shirazi (appointed 4 February 2019)	100	76	-	-	-	24

At risk long-term incentive (LTI) relates to remuneration in the form of share based payments, which are subject to vesting conditions based on length of service. At risk short-term incentive (STI) relates to discretionary bonuses approved by the board in respect of performance during the relevant year.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

Share-based Compensation

At the General Meeting held on 31 October 2013, Shareholders approved the establishment of the 2013 Employees', Directors' and Consultants' Share and Option Plan (ESOP). The ESOP is intended to reward Directors, employees and/or consultants for their contributions to the Group. The Plan is to be used as a method of retaining key personnel for the growth and development of the Group. Due to the Group's presence in USA, the Plan has been established to benefit personnel in Australia and USA. As at 30 June 2022 equity had been issued to 2 directors & 6 employees in Australia.

The terms and conditions of each grant of options affecting Director and other Key Management Personnel remuneration in the current or future reporting periods are as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Share Price Hurdle	Fully Vested	Value per Option at Grant Date
			\$			\$
14 Dec 2017	1 Jul 2020	31 Dec 2023	0.03	0.10	Yes	0.048
14 Dec 2017	1 Jul 2020	31 Dec 2024	0.03	0.15	Yes	0.092
26 May 2020	30 Sep 2020	30 Sep 2024	0.10	N/A	Yes	0.036
26 May 2020	30 Sep 2020	30 Sep 2024	0.30	N/A	No	0.020
16 Jun 2020	12 Jun 2020	12 Jun 2024	0.10	N/A	Yes	0.041
16 Jun 2020	30 Sep 2020	30 Sep 2024	0.20	N/A	No	0.031
16 Jun 2020	31 Mar 2021	31 Mar 2025	0.30	N/A	No	0.027
16 Jun 2020	30 Sep 2021	30 Sep 2025	0.40	N/A	No	0.026
16 Jun 2020	31 Mar 2022	31 Mar 2026	0.60	N/A	No	0.023
22 Oct 2020	1 Nov 2021	1 Nov 2023	0.20	N/A	No	0.074
21 Dec 2020	21 Dec 2020	17 Dec 2025	0.30	N/A	Yes	0.022
7 Jun 2021	7 Jun 2022	7 Jun 2024	0.20	N/A	No	0.015
27 Nov 2021	23 Aug 2023	2 Nov 2023	0.20	N/A	No	0.003
22 Feb 2022	31 Jan 2023	31 Jan 2027	0.20	N/A	No	0.002
9 Jun 2022	9 Jun 2023	9 Jun 2027	0.10	N/A	No	0.008

Options granted under the plan carry no dividend or voting rights until exercised into ordinary fully paid shares.

When exercisable, each option is convertible into one ordinary share as soon as practical after the receipt by the Company of the completed exercise form and full payment of the exercise price.

The exercise price of options granted under this plan shall be determined by the Committee in its sole discretion.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

Share-based Compensation (continued)

Details of options over ordinary shares in the Company provided as remuneration to each Director of the Company and each of the other Key Management Personnel are set out below:

	Number of Options Granted During the Year		Number of Options Forfeited/ Lapsed/ Exercised During the Year		Number of Options Vested During the Year	
	2022	2021	2022	2021	2022	2021
Directors						
Mr Marjan Mikel	-	30,000,000	-	-	-	30,000,000
Mr Nicholas Smedley	-	30,000,000	-	-	-	30,000,000
Dr Thomas Duthy	-	5,000,000	15,000,000	-	-	10,000,000
Other Key Management Personnel						
Mr George Vlachodimitropoulos	2,500,000	-	-	-	-	-
Mr Theo Antonopoulos	1,000,000	2,000,000	-	-	-	-
Mr Peter Hildebrandt	-	2,000,000	-	-	-	-
Mr Ross Blair-Holt	-	-	-	-	-	-
	3,500,000	69,000,000	15,000,000	-	-	70,000,000

Refer to Page 15 for closing balance of options held by each Director and other Key Management Personnel of Respiro Limited, including their personally related parties, as at 30 June 2022.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

(a) Shareholdings

The number of fully paid ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel of Respiro Limited, including shares held indirectly by them personally, are set out below:

	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
30 June 2022					
Directors					
Mr Marjan Mikel	3,308,687	-	-	- (a)	3,308,687
Mr Nicholas Smedley	14,209,668	-	-	- (b)	14,209,668
Mr Brad Snow	-	-	-	-	-
Dr Thomas Duthy	745,454	-	-	- (c)	745,454
Other Key Management Personnel					
Mr George Vlachodimitropoulos	-	-	-	-	-
Mr Theo Antonopoulos	-	-	-	-	-
Mr Peter Hildebrandt	-	-	-	-	-
Dr Samaneh Sarraf Shirazi	-	-	-	-	-
	18,263,809	-	-	-	18,263,809

a) At year end, 1,490,506 shares are held directly, 1,818,181 held indirectly.

b) At year end, nil shares are held directly and 14,209,668 held indirectly.

c) At year end, nil shares are held directly and 745,454 held indirectly.

	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
30 June 2021					
Directors					
Mr Nicholas Smedley	14,059,668	-	-	150,000	14,209,668
Mr Marjan Mikel	2,643,119	-	-	665,568	3,308,687
Dr Thomas Duthy	745,454	-	-	-	745,454
Other Key Management Personnel					
Mr Philippe Ludekens	-	-	-	-	-
Mr Peter Hildebrandt	-	-	-	-	-
Mr Theo Antonopoulos	-	-	-	-	-
Dr Samaneh Sarraf Shirazi	-	-	-	-	-
	17,448,241	-	-	815,568	18,263,809

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

(b) Options and Rights

The number of options over ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel of Respiri Limited, including their personally related parties, are set out below:

30 June 2022

Directors

Mr Nicholas Smedley	77,500,000	-	-	-	77,500,000	60,000,000	17,500,000
Mr Marjan Mikel	90,000,000	-	-	-	90,000,000	60,000,000	30,000,000
Dr Thomas Duthy	30,000,000	-	-	(15,000,000) (a)	15,000,000	15,000,000	-

Other Key Management Personnel

Mr George Vlachodimitropoulos	-	2,500,000	-	-	(b)	2,500,000	-	2,500,000
Mr Theo Antonopoulos	2,000,000	1,000,000	-	-	(b)	3,000,000	-	3,000,000
Mr Peter Hildebrandt	2,000,000	-	-	-	(b)	2,000,000	-	2,000,000
Dr Samaneh Sarraf Shirazi	2,000,000	-	-	-	(b)	2,000,000	2,000,000	-
	203,500,000	3,500,000	-	(15,000,000)		192,000,000	137,000,000	55,000,000

a) 15,000,000 options granted to Thomas Duthy were forfeited following his resignation on 19th April 2022.

b) 20,000,000 unlisted options were granted to senior management personnel at the May 2020 EGM. As at 30 June 2022, of the total granted, 8,000,000 options with a fair value of \$159,573 have not yet been formally allotted.

Directors' Report

30 June 2022

Remuneration Report (Audited) (continued)

(b) Options and Rights (continued)

30 June 2021

Directors

Mr Nicholas Smedley

Mr Marjan Mikel

Dr Thomas Duthy

	Balance at Start of the Year	Granted as Compensation	Options Exercised	Net Change Other	Balance at End of the Year	Vested and Exercisable	Unvested
Mr Nicholas Smedley	47,500,000	30,000,000	-	-	77,500,000	60,000,000	17,500,000
Mr Marjan Mikel	60,000,000	30,000,000	-	-	90,000,000	60,000,000	30,000,000
Dr Thomas Duthy	25,000,000	5,000,000	-	-	30,000,000	10,000,000	20,000,000
	-	-	-	-	-	-	-
Other Key Management Personnel							
Mr Philippe Ludekens	2,000,000	-	-	- (a)	2,000,000	2,000,000	-
Mr Peter Hildebrandt	-	2,000,000	-	- (a)	2,000,000	-	2,000,000
Mr Theo Antonopoulos	-	2,000,000	-	- (a)	2,000,000	-	2,000,000
Dr Samaneh Sarraf Shirazi	2,000,000	-	-	- (a)	2,000,000	2,000,000	-
	136,500,000	69,000,000	-	-	205,500,000	134,000,000	71,500,000

- a) 20,000,000 unlisted options were granted to senior management personnel at the May 2020 EGM. As at 30 June 2021, of the total granted, 8,800,000 options with a fair value of \$180,119 have not yet been formally allotted.

Directors' Report

30 June 2022

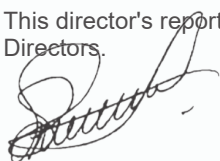
Remuneration Report (Audited) (continued)

The Directors and other Key Management Personnel are subject to service agreements with normal commercial terms and conditions. The key terms of these agreements are set out below:

Duration	On-going term
Periods of Notice Required to Terminate	In the case of: - Marjan Mikel, one months' notice of termination by the employee and the Company; - George Vlachodimitropoulos, one months' notice of termination by the employee and the Company; - Theo Antonopoulos, one months' notice of termination by the employee and the company; - Peter Hildebrandt, one months' notice of termination by the employee and the Company; and - Samaneh Shirazi, one months' notice of termination by the employee and the Company.

This is the end of the Audited Remuneration Report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Mr Nicholas Smedley
Executive-Chairman

Dated this 30th day of August 2022

Melbourne, Australia


RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Respire Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 30 August 2022
Melbourne, Victoria

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Operating revenue	3	253,688	270,074
Non-operating revenue		6,875	1,352
Other income	3	518,508	1,165,921
Total revenue		779,071	1,437,347
Cost of sales		(259,292)	(1,263,452)
		519,779	173,895
Expenses	4		
Consulting, employee and director		(2,970,954)	(3,330,901)
Equity-based payment	21	(311,035)	(2,530,169)
Corporate administration		(1,193,459)	(1,633,895)
Depreciation		(81,954)	(79,601)
Marketing and promotion		(916,587)	(2,185,086)
Research and development		(1,463,343)	(1,387,084)
Travel		(206,760)	(67,506)
Loss before income tax expense from continuing operations		(6,624,313)	(11,040,347)
Income tax expense	5	-	-
Loss after income tax for the year		(6,624,313)	(11,040,347)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		973	(19,833)
Total comprehensive loss for the year		(6,623,340)	(11,060,180)
Loss attributable to:			
Members of the parent entity		(6,624,313)	(11,040,347)
Total comprehensive loss attributable to:			
Members of the parent entity		(6,623,340)	(11,060,180)
Basic loss per share (cents)		(0.91)	(1.58)
Diluted loss per share (cents)		(0.91)	(1.58)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,217,271	7,973,188
Trade and other receivables	10	50,305	135,986
Inventories	14	2,651,118	537,046
Other assets	13	203,969	298,978
TOTAL CURRENT ASSETS		<u>4,122,663</u>	<u>8,945,198</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	82,686	162,374
TOTAL NON-CURRENT ASSETS		<u>82,686</u>	<u>162,374</u>
TOTAL ASSETS		<u>4,205,349</u>	<u>9,107,572</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	789,629	1,294,633
Other financial liabilities	16	404,771	171,255
Deferred revenue		3,162	857
TOTAL CURRENT LIABILITIES		<u>1,197,562</u>	<u>1,466,745</u>
NON-CURRENT LIABILITIES			
Other financial liabilities	16	-	70,665
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>70,665</u>
TOTAL LIABILITIES		<u>1,197,562</u>	<u>1,537,410</u>
NET ASSETS		<u>3,007,787</u>	<u>7,570,162</u>
EQUITY			
Issued capital	17	128,840,331	127,090,401
Reserves	18	7,480,008	6,826,043
Accumulated losses		(133,312,552)	(126,346,282)
TOTAL EQUITY		<u>3,007,787</u>	<u>7,570,162</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

Balance at 1 July 2021

Loss after income tax expense for the year
 Disposal of investments in foreign subsidiaries
 Other comprehensive income for the year, net of tax

Total comprehensive income for the year

Transactions with Equity holders in their capacity as Equity holders

Shares issued
 Capital raising costs
 Options exercised
 Options issued
 Options cancelled
 Options forfeited/lapsed
 Share-based payment expense

Balance at 30 June 2022

	Issued Capital \$	Option Reserve \$	Foreign Translation Currency Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	127,090,401	7,168,973	(342,930)	(126,346,282)	7,570,162
Loss after income tax expense for the year	-	-	-	(6,624,313)	(6,624,313)
Disposal of investments in foreign subsidiaries	-	-	341,957	(341,957)	-
Other comprehensive income for the year, net of tax	-	-	973	-	973
Total comprehensive income for the year	-	-	342,930	(6,966,270)	(6,623,340)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued	1,783,000	-	-	-	1,783,000
Capital raising costs	(33,070)	-	-	-	(33,070)
Options exercised	-	-	-	-	-
Options issued	-	20,808	-	-	20,808
Options cancelled	-	(149)	-	-	(149)
Options forfeited/lapsed	-	(195,095)	-	-	(195,095)
Share-based payment expense	-	485,471	-	-	485,471
Balance at 30 June 2022	128,840,331	7,480,008	-	(133,312,552)	3,007,787

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2022

2021

Balance at 1 July 2020

Loss after income tax expense for the year
Other comprehensive income for the year, net of tax

Total comprehensive income for the year

Transactions with Equity holders in their capacity as Equity holders

Shares issued
Capital raising costs
Options exercised
Options issued
Options cancelled
Options forfeited/lapsed
Share-based payment expense

Balance at 30 June 2021

	Issued Capital \$	Option Reserve \$	Foreign Translation Currency Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2020	113,694,614	4,429,194	(323,097)	(115,305,935)	2,494,776
Loss after income tax expense for the year	-	-	-	(11,040,347)	(11,040,347)
Other comprehensive income for the year, net of tax	-	-	(19,833)	-	(19,833)
Total comprehensive income for the year	-	-	(19,833)	(11,040,347)	(11,060,180)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued	13,000,200	-	-	-	13,000,200
Capital raising costs	(547,350)	-	-	-	(547,350)
Options exercised	942,937	(292,937)	-	-	650,000
Options issued	-	1,617,742	-	-	1,617,742
Options cancelled	-	(72,509)	-	-	(72,509)
Options forfeited/lapsed	-	(2,756)	-	-	(2,756)
Share-based payment expense	-	1,490,239	-	-	1,490,239
Balance at 30 June 2021	127,090,401	7,168,973	(342,930)	(126,346,282)	7,570,162

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		255,992	270,931
Payments to suppliers and employees (inclusive of GST)		(9,258,957)	(8,777,301)
Interest received		6,875	1,352
Grant income		21,813	129,211
R&D tax refund		496,695	986,710
ATO cashflow boost		-	50,000
Net cash used in operating activities	20	(8,477,582)	(7,339,097)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of plant and equipment		(2,265)	(54,252)
Net cash used in investing activities		(2,265)	(54,252)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issues of securities		1,672,000	12,430,200
Proceeds from exercise of options		-	650,000
Capital raising costs		(33,070)	(547,350)
Repayment of from borrowings		-	(744,515)
Net cash provided by financing activities		1,638,930	11,788,335
Net increase in cash and cash equivalents held		(6,840,917)	4,394,986
Cash and cash equivalents at beginning of year		7,973,188	3,552,334
Effects of exchange rate changes on cash and cash equivalents		85,000	25,868
Cash and cash equivalents at end of financial year	9	1,217,271	7,973,188

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

Corporate Information

Respiri Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The addresses of its registered office and principal place of business are disclosed in company details.

The principal activities of the Company are the research, development and commercialisation of medical devices, and the production of mobile health applications. The Company is a for-profit company.

The financial report of Respiri Limited (the Company) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on *(To update)*.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Australian Accounting Interpretations, and complies with other authoritative pronouncements from the Australian Accounting Standards Board, as appropriate for for-profit orientated entities.

The financial report covers Respiri Limited as a consolidated entity consisting of Respiri Limited and the entities it controlled during the year.

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted and amounts rounded to the nearest dollar.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 2.

Going Concern Basis

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$6,624,313 and had net cash outflows from operating activities of \$8,477,582 for the year ended 30 June 2022.

In the event that capital raising be unsuccessful and insufficient funds are available to extinguish the debts, there would be a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

Going Concern Basis (continued)

The Directors believe there the Group will continue as a going concern, and have adopted the going concern basis in the preparation of the financial report. The Group has a strong track record of accessing capital when required, and the directors believe it would be able to do so in future, if necessary.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Accounting Policies

(a) Basis for consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as "the Company" in these financial statements). Control is achieved where the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have 30 June 2022 financial year-end.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. Subsidiaries are accounted for at cost in the parent entity.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(b) Income Tax

The income tax expense is based on the taxable income for the year. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (excluding a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(b) Income Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled. Current and deferred tax is recognised as an expense or income in Profit or Loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Respiri Limited (head entity) and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Where the Company is entitled to a tax rebate under the R&D Tax Concession during a particular financial year, the rebate is recorded as revenue for the year when received, rather than when expenditure was incurred.

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average' basis. The cost of inventories comprises cost of purchase and costs incurred in bringing inventories to their present location and condition. Cost of purchased inventories is determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated selling costs.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(d) Inventories (continued)

The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

If in a particular period production is not at normal capacity, the costs of inventories does not include additional fixed overheads in excess of those allocated based on normal capacity. Such unallocated overheads are recognised as an expense in Profit or Loss in the period in which they are incurred. Furthermore, cost of inventories does not include abnormal amounts of materials, labour or other costs resulting from inefficiency.

(e) Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and impairment.

Cost includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Profit or Loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture and Fittings	6 - 15%
Computer Equipment	15 - 33%
Medical Equipment	15%

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(f) Leases

Lease assessment at contract inception

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

Lease liability (continued)

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Adoption of short-term leases or low value asset exception

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Financial assets and liabilities

Recognition

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires. Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments, amortisation and impairment.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(h) Intangibles

Intellectual property

Intellectual property relates to technology assets, know-how and patents related to assets acquired on acquisition of Respiro (Israel) Limited (previously KarmelSonix (Israel) Limited) and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the expected life, being 10 years. Amortisation commences when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset is reviewed at least at the end of each reporting period. If the expected useful life of the asset is different from the previous estimates, the amortisation shall be changed accordingly. Such changes are accounted for as changes in accounting estimates.

(i) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in Profit or Loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(i) Foreign currency transactions and balances (continued)

Group companies (continued)

- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Profit or Loss in the period in which the operation is disposed.

(j) Employee benefits

Annual leave and long service leave

A liability is recognised for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Short-term benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions (Israel only) and are recognised as expenses as the services are rendered.

Post employment benefits include superannuation and payments to insurance companies (Israel only) and are defined contribution plans. Such payments are made in accordance with the relevant legislation for country and/or state where an employee normally performs their duties as an employee. Payments are recognised as expenses as the services are rendered.

Shared-based payments

Shared-based compensation benefits are provided to employees via the Respi Limited Employee Option Plan and an employee share scheme.

The fair value of options granted under Respi Limited Option Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date was determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably measured. Provisions are not recognised for future operating losses.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(k) Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(m) Revenue and other income

The revenue recognition policies for the principal revenue streams of the Group are:

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit or Loss over the expected useful life of the related asset on a straight-line basis.

Government grants received in Israel as support for research and development projects, include an obligation to pay royalties (ranging from 3.5% to 5%) conditional on future sales arising from the project. These grants are recognised upon receipt as a liability if future economic benefits are expected from the project (i.e. sales). If no economic benefits are expected, the grants are recognised as a reduction of the related research and development expenses and the royalty obligation treated as a contingent liability.

At the end of each reporting date, the Company evaluates if there is reasonable assurance that the liability recognised, in whole or part, will not be repaid. If there are indications the liability will not be repaid, the appropriate amount of the liability is derecognised and recorded in Profit or Loss as a reduction of research and development expenses. Otherwise, the appropriate amount of the liability that reflects expected future royalty payments is recognised with a corresponding adjustment to research and development expenses.

Royalty payments are treated as a reduction of the liability.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(m) Revenue and other income (continued)

R&D Tax Concession Refunds

R&D Tax concession refunds are recorded as revenue for the year when received, rather than when expenditure was incurred.

(n) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Share capital

Ordinary share capital is recognised as the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributed to the owners of Respiri Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the year ended 30 June 2022.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies (continued)

(r) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the Directors and Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Segment Reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The operating segments of the Group are determined to be Australia. For more information, refer to Note 19.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Parent entity

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the accounting standards.

	2022	2021
	\$	\$
Statement of Financial Position		
Assets		
Current assets	4,118,835	8,927,189
Non-current assets	82,686	165,130
Total Assets	4,201,521	9,092,319
Liabilities		
Current liabilities	1,197,562	1,417,618
Non-current liabilities	-	70,665
Total Liabilities	1,197,562	1,488,283
Equity		
Issued capital	128,840,331	127,090,401
Accumulated losses	(133,316,380)	(126,655,338)
Reserves	7,480,008	7,168,973
Total Equity	3,003,959	7,604,036
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(6,661,042)	(11,031,250)
Total comprehensive loss	(6,661,042)	(11,031,250)

Parent Entity Contingencies and Commitments

The parent entity does not have any contingent liabilities and commitments.

Parent Entity Guarantees in Respect of the Debts of its Subsidiaries

The parent entity has no guarantees in respect of its subsidiaries.

3 Revenue and Other Income

	2022	2021
	\$	\$
Operating revenue		
- Wheezo Device Sales	113,396	269,342
- Subscriptions Sales	2,642	732
- License Fees	137,650	-
Total Revenue	253,688	270,074

The group derives its sales revenue from the sale of Wheezo devices, from the sale of subscriptions for its Wheezo app, and from license fees for use of the Wheezo platform and App.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Revenue and Other Income (continued)

Revenue from the sale of Wheezo devices is based on the contracted sales price. Revenue is recognised at the point in time when control passes to the customer with the exact timing dependent on the agreed sales terms for each contract.

	2022	2021
	\$	\$
Other Income		
- R&D concession (a)	496,695	986,710
- Grant Income	21,813	129,211
- ATO cashflow boost	-	50,000
	518,508	1,165,921

a) The value of any claimable R&D tax concession refund with respect to eligible R&D expenditures incurred during the financial year 2022 has not yet been determined and have therefore not been included within the financial statements for financial year 2022.

4 Expenses

	2022	2021
	\$	\$
Consulting, employee and director		
Consulting expenses	487,134	1,430,493
Employee expenses	1,741,492	1,186,772
Director expenses	742,328	713,636
	2,970,954	3,330,901
Equity-based payment	311,035	2,530,169
Corporate administration		
Audit and accounting fees	145,132	180,016
Foreign exchange loss/(gain)	76,839	45,700
Corporate administration expenses	926,192	1,357,596
Office rentals	45,296	50,583
	1,193,459	1,633,895
Depreciation	81,954	79,602
Marketing and promotion	916,587	2,185,087
Research and development	1,463,343	1,387,084
Travel	206,760	67,506
Total expenses	7,144,092	11,214,244

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Income Tax Expense

(a) The prima facie tax on loss from ordinary activities before the loss is reconciled to the income tax as follows:

	2022	2021
	\$	\$
Loss before income tax	(6,624,313)	(11,040,347)
Tax	25.00 %	27.50 %
Income tax benefit calculated	(1,656,078)	(3,036,095)
Add:		
Tax effect of amounts which are not deductible in calculating income tax:		
- share-based payments expenses	34,909	695,796
- other expenses not deductible	224,323	42,547
Other non-assessable income	(124,174)	(285,095)
Other deductible items	(98,860)	(93,306)
Deferred tax assets relating to tax losses and temporary differences not recognised	1,619,880	2,676,153
Income tax expense	-	-

(b) Unrecognised deferred tax assets and liabilities

	2022	2021
	\$	\$
Deferred tax assets and liabilities are attributable to the following:		
- tax losses	27,110,841	25,511,746
- prepayments	(43,270)	(56,663)
- provision	47,934	35,894
- accrual	18,351	22,999
	27,133,856	25,513,976

(c) Components of tax expense

The components of tax expense comprise:

	2022	2021
	\$	\$
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Income Tax Expense (continued)

Included in the total of deferred tax assets attributable to tax losses not recognised are tax losses in relation to operations in United States of America, and Australia. Tax losses in Australian entities alone of \$36,310,926 (2021: \$29,870,098) relate to losses generated from 22 November 2006 to 30 June 2022. The ongoing availability of these tax losses are subject to further review by the Company to ensure compliance with the relevant provisions of Australia Income Tax laws.

6 Key Management Personnel Remuneration

The aggregate compensation made to Directors and other Key Management Personnel of the Consolidated entity is set out below:

	2022	2021
	\$	\$
Short-term employee benefits	1,624,601	1,250,403
Post-employment benefits	108,646	72,953
Share-based payments (Note 21)	122,424	2,575,032
	1,855,671	3,898,388

7 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of Company's auditor, RSM, for:		
- auditing or reviewing the financial report of the Group	57,000	45,000
	57,000	45,000
Remuneration of Subsidiary Company's auditor, Ernst & Young Israel, for:		
- auditing or reviewing the financial report of the subsidiary (a)	-	9,334
Total	57,000	54,334

a) Audit fees paid to Ernst & Young Israel for the auditing and/or review of the financial report of Respire (Israel) Ltd.

8 Loss per Share

	2022	2021
	\$	\$
Basic loss per share (cents)	(0.91)	(1.58)
Diluted loss per share (cents)	(0.91)	(1.58)
(a) Net loss used in the calculation of basic and diluted loss per share	(6,624,313)	(11,040,347)
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	728,627,533	699,081,480

Potential ordinary shares, including options, are excluded from the weighted average number of shares used in the calculations of basic loss per share as they are considered non-dilutive.

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank	1,217,271	7,973,188
	1,217,271	7,973,188

The interest rates on cash at bank on 30 June 2022 was 0.01% (2021: 0.01%). The Group's exposure to interest rate risk is discussed in Note 24(b). The maximum exposure to credit risk at the end of the financial year is the carrying amount of each class of cash and cash equivalents mentioned above.

10 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	-	96,000
Other receivables (a)	50,305	39,986
	50,305	135,986

a) Other receivables include GST/V.A.T receivable.

Refer to Note 24(c) for more information on the Group's credit risk management policy.

11 Controlled Entities

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2022	Percentage Owned (%) [*] 2021
<u>Parent Entity</u>			
Respiri Limited	Australia	-	-
<u>Subsidiaries of Respiri Limited</u>			
KarmelSonix Australia Pty Ltd	Australia	100	100
iSonea (Israel) Limited	Israel	-	100
iSonea USA Inc.	United States of America	-	100
Respiri USA Inc	United States of America	100	-

^{*}The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Property, plant and equipment

	2022 \$	2021 \$
Office equipment		
At cost	8,610	8,610
Accumulated depreciation	(1,025)	(354)
Total office equipment	7,585	8,256
Computer equipment and software		
At cost	45,003	42,738
Accumulated depreciation	(30,987)	(16,344)
	14,016	26,394
Right-of-Use asset		
At cost	199,916	199,916
Accumulated depreciation	(138,831)	(72,192)
Total Right-of-Use asset	61,085	127,724
Total property, plant and equipment	82,686	162,374

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment \$	Computer Equipment \$	Right-of- Use Asset \$	Total \$
Year ended 30 June 2022				
Balance at the beginning of year	8,256	26,394	127,724	162,374
Additions	-	2,265	-	2,265
Disposals	-	-	-	-
Depreciation expense	(670)	(14,645)	(66,638)	(81,953)
Balance at the end of the year	7,586	14,014	61,086	82,686

	Office Equipment \$	Computer Equipment \$	Right-of- Use Asset \$	Total \$
Year ended 30 June 2021				
Balance at the beginning of year	4,139	12,728	170,858	187,725
Additions	4,465	25,665	24,176	54,306
Disposals	-	(55)	-	(55)
Depreciation expense	(348)	(11,944)	(67,310)	(79,602)
Balance at the end of the year	8,256	26,394	127,724	162,374

Notes to the Financial Statements

For the Year Ended 30 June 2022

13 Other assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	173,080	192,775
Deposits	28,486	36,203
Provision for unpaid share capital	-	70,000
Unexpired interest	2,403	-
	203,969	298,978

14 Inventories

	2022	2021
	\$	\$
CURRENT		
Inventories	2,651,118	537,046
	2,651,118	537,046

15 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	524,490	1,080,478
Accrued expenses	265,139	214,155
	789,629	1,294,633

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on between 30 - 45 day terms
- Accrued expenses are non-interest bearing

Refer to Note 24(a) for more information on the Group's foreign currency risk management policy.

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Other Financial Liabilities

	2022 \$	2021 \$
CURRENT		
Lease liabilities	70,664	71,805
Other financial liability	-	12,912
Other financial liability unsecured	334,107	86,538
	404,771	171,255
	2022 \$	2021 \$
NON-CURRENT		
Lease liabilities	-	70,665
Total	-	70,665

17 Issued Capital

The Company has an unlimited authorised share capital of no par value ordinary shares.

	2022 No.	2022 \$	2021 No.	2021 \$
Fully paid ordinary shares				
Balance at beginning of the year	722,840,790	127,090,401	651,714,790	113,694,614
Shares issued during the year	39,005,556	1,783,000	71,126,000	13,650,200
Options exercised during the year	-	-	-	292,937
Transaction costs relating to share issues	-	(33,070)	-	(547,350)
Total issued capital	761,846,346	128,840,331	722,840,790	127,090,401

During the year-ended 30 June 2022, the Company issued the following securities:

Date	Details	No. of Shares	Issue Price \$	Total Value \$
6 May 2022	Issue of shares to certain professional and sophisticated investors as announced to the market on 9 May 2022	37,155,556	0.0450	1,672,000
14 Jun 2022	Issue of shares in lieu of cash payment for services rendered as announced to the market on 20 June 2022	1,850,000	0.0600	111,000
		39,005,556		1,783,000

Notes to the Financial Statements

For the Year Ended 30 June 2022

17 Issued Capital (continued)

Terms and Conditions of Issued Capital

Ordinary Shares:

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of the Company.

Options:

Option holders do not have the right to receive dividends and are not entitled to vote at the meeting of the Company until options are exercised into ordinary shares by payment of the exercise price. Options may be exercised at any time from the date they vest to their expiry date. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

Capital Risk Management:

The consolidated entity's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as a value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investment in the short-term as it continues to develop its technologies.

Notes to the Financial Statements

For the Year Ended 30 June 2022

18 Reserves

	2022 No.	2022 \$	2021 No.	2021 \$
Options				
Balance at beginning of the year	259,000,000	7,168,973	191,500,000	4,429,195
Unlisted options issued during the year (a)	20,200,000	20,808	75,000,000	1,494,743
Adjustment for options issued in prior year	-	-	-	-
Expense recorded over vesting period	-	-	-	1,613,237
Options exercised	-	-	(5,500,000)	(292,937)
Options expired/forfeited (b)	(15,000,000)	(195,095)	-	(2,756)
Cancellation of options (c)	(200,000)	(149)	(2,000,000)	(72,509)
Share-based payment expense	-	485,471	-	-
Balance at end of the year	264,000,000	7,480,008	259,000,000	7,168,973
FX Reserve				
Balance at beginning of the year	-	(342,930)	-	(323,097)
Other comprehensive income for the year, net of tax	-	973	-	(19,833)
Disposal of investments in foreign subsidiaries	-	341,957	-	-
Balance at end of the year	-	-	-	(342,930)
Total Reserves	264,000,000	7,480,008	259,000,000	6,826,043

- a) 3,200,000 unlisted options were granted to employees and 17,000,000 were granted to consultants.
- b) 15,000,000 unlisted options granted to former Director on 16 June 2020 were forfeited following resignation on 19 April 2022.
- c) 200,000 Unlisted Options issued to former employee on 7 June 2021 at an exercise price of \$0.20 were cancelled following resignation.

During the year-ended 30 June 2022, the Company issued the following options:

Date	Details	No. of options	Option fair value \$	Total value \$
22 Feb 2022	Issue to Senior Management Personnel - Class 20	1,200,000	0.0021	2,568
22 Feb 2022	Issue to Consultant for Advisory Services rendered - Class 20	2,000,000	0.0021	4,280
9 Jun 2022	Issue to Senior Management Personnel - Class 21	2,000,000	0.0082	16,431
14 Jun 2022	Issue to Consultants for Corporate Advisory Services rendered - Class 22	5,000,000	0.0026	13,121
14 Jun 2022	Issued to Consultants for Corporate Advisory Services rendered - Class 23	10,000,000	0.0005	5,303
		20,200,000		41,703

Notes to the Financial Statements

For the Year Ended 30 June 2022

18 Reserves (continued)

Option Reserve:

The option reserve recognises the proceeds from the issue of options over ordinary shares and the expense recognised in respect of share based payments.

19 Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Operating Decision Makers for the purposes of resource allocation and assessment of performance is more specifically focused on the geographical locations of the Group's operations.

The Group's reportable segments under AASB 8 are therefore as follows:

- Australia

The Australia reportable segment activities include research, development and commercialisation of medical devices, and the production of mobile health applications in Australia.

In prior years, the Group has had operations in Israel; however, these operations have ceased and therefore are no longer reported as a reportable segment.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Notes to the Financial Statements

For the Year Ended 30 June 2022

19 Segment Reporting (continued)

30 June 2022

Segment Revenue

External Sales	253,688	-	253,688	-	253,688
Other income	518,508	-	518,508	-	518,508

Total Segment Revenue

Interest revenue	-	-	-	6,875	6,875
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Total Revenue

	772,196	-	772,196	6,875	779,071
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Segment Expenses

	(1,722,997)	-	(1,722,997)	(5,591,656)	(7,314,653)
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EBITDA

	(950,801)	-	(950,801)	(5,591,656)	(6,542,457)
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Segment depreciation expenses	-	-	-	(81,954)	(81,954)
Interest revenue	-	-	-	6,875	6,875
Finance costs	-	-	-	(6,777)	(6,777)

Profit/(loss) before income tax

	(950,801)	-	(950,801)	(5,673,512)	(6,624,313)
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Income tax expense

	-	-	-	-	-
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Profit/(loss) after income tax

	(950,801)	-	(950,801)	(5,673,512)	(6,624,313)
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Assets

Segment assets	2,654,947	-	2,654,947	1,550,403	4,205,350
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Total Assets

	2,654,947	-	2,654,947	1,550,403	4,205,350
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Liabilities

Segment liabilities	-	-	-	1,197,562	1,197,562
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Total Liabilities

	-	-	-	1,197,562	1,197,562
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Notes to the Financial Statements

For the Year Ended 30 June 2022

19 Segment Reporting (continued)

	Medical Devices Segment Australia \$	Medical Devices Segment Israel \$	Segment Total \$	Corporate \$	Total \$
30 June 2021					
Segment Revenue					
External sales	270,074	-	270,074	-	270,074
Other income	1,165,921	-	1,165,921	-	1,165,921
Total Segment Revenue	1,435,995	-	1,435,995	-	1,435,995
Interest Revenue	-	-	-	1,352	1,352
Total Revenue	1,435,995	-	1,435,995	1,352	1,437,347
Segment Expenses	(2,650,993)	(109,166)	(2,760,158)	(9,610,047)	(12,370,205)
EBITDA	(1,214,998)	(109,166)	(1,324,163)	(9,610,047)	(10,934,210)
Segment depreciation expenses	-	-	-	(79,601)	(79,601)
Interest revenue	-	-	-	1,352	1,352
Finance costs	-	-	-	(27,888)	(27,888)
Profit/(loss) before income tax	(1,214,998)	(109,166)	(1,324,163)	(9,716,184)	(11,040,347)
Income tax expense	-	-	-	-	-
Profit/(loss) after income tax	(1,214,998)	(109,166)	(1,324,163)	(9,716,184)	(11,040,347)
Assets					
Segment assets	540,963	14,814	555,777	8,551,795	9,107,572
Total Assets	540,963	14,814	555,777	8,551,795	9,107,572
Liabilities					
Segment liabilities	-	49,127	49,127	1,488,282	1,537,410
Total Liabilities	-	49,127	49,127	1,488,282	1,537,410

Notes to the Financial Statements

For the Year Ended 30 June 2022

20 Cash Flow Information

(a) Reconciliation of cash flow from operations with loss after income tax

	2022	2021
	\$	\$
Net loss for the year	(6,624,313)	(11,040,347)
Non-cash flows in profit:		
- depreciation	81,954	79,602
- share-based payments	422,035	3,432,716
- capitalised interest on loan	-	27,370
- foreign exchange adjustments	(84,027)	(45,700)
- lawsuit settlement - shares issued	-	100,000
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	85,680	(57,787)
- (increase)/decrease in other assets	95,009	262,449
- (increase)/decrease in inventories	(2,114,073)	(227,826)
- increase/(decrease) in trade and other payables	(505,003)	163,350
- (decrease)/increase in deferred revenue	2,304	857
- (decrease)/increase in other financial liabilities	162,852	(33,781)
Cashflows from operations	<u>(8,477,582)</u>	<u>(7,339,097)</u>

(b) Non-cash financing and investing activities

Please refer to Note 17 and 18 for further details regarding equity issued for nil cash consideration.

21 Share-based Payments

(a) Employee share and option plan

The following options were issued during the current year under ESOP:

No. of Options		Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
				\$	\$				\$
3,200,000	(a)	22 Feb 2022	31 Jan 2027	0.046	0.200	40.98%	-	1.56%	6,848
2,000,000	(b)	9 Jun 2022	9 Jun 2027	0.038	0.100	50.70%	-	3.12%	16,431

a) Options will vest after 31 March 2023.

b) Options will vest after 9 June 2023.

The weighted average fair value of the share options granted during the financial year is \$0.002 (2021: \$0.022).

Notes to the Financial Statements

For the Year Ended 30 June 2022

21 Share-based Payments (continued)

(b) Fair value of share options granted in the year outside of the ESOP

For the options granted during the financial year, the Black Scholes Option valuation model inputs used to determine the fair value at the grant date are as follows:

No. of Options		Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	FV at grant date
5,000,000	(a)	14 Jun 2022	1 Mar 2025	0.034	0.100	51.02 %	-	3.48 %	13,121
10,000,000	(a)	14 Jun 2022	1 Mar 2025	0.034	0.200	51.02 %	-	3.48 %	5,303

a) Options have vested.

(c) Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2022 No. of Options	2022 Weighted Average Exercise Price \$	2021 No. of Options	2021 Weighted Average Exercise Price \$
Outstanding at the beginning of the year	259,000,000	0.22	191,500,000	0.21
Granted	20,200,000	0.17	75,000,000	0.30
Exercised	-	-	(5,500,000)	-
Expired/lapsed	(15,000,000)	-	-	-
Cancelled	(200,000)	-	(2,000,000)	-
Outstanding at year-end	264,000,000	0.21	259,000,000	0.22
Exercisable at year-end	197,500,000	0.18	172,500,000	0.17

(d) Share options exercised during the year

There were no options exercised during the year.

(e) Share options outstanding at the end of the year

The options outstanding at 30 June 2022 had a weighted average exercise price of \$0.21 (2021:\$0.22) and a weighted average remaining contractual life between 0.5 to 5.5 years.

Exercise price range from \$0.03 (2021: \$0.03) to \$0.6 (2021: \$0.6) in respect of options outstanding at 30 June 2022.

Notes to the Financial Statements

For the Year Ended 30 June 2022

21 Share-based Payments (continued)

(f) Share-based payments expense

	2022	2021
	\$	\$
Share-based payments		
- options issued to directors	267,009	2,381,425
- options issued to suppliers (a)	171,399	502,548
- options issued to other key management personnel	50,510	193,605
- options issued to employees	17,361	30,403
- options to former employees cancelled (b)	(149)	(72,509)
- options to former director forfeited (c)	(195,095)	(2,756)
- shares issued to suppliers	-	400,000
	311,035	3,432,716

a) The Company issued 17,000,000 options to consultants for corporate advisory services.

b) The Company cancelled 200,000 options issued to former employee following resignation in February 2022.

c) The Company forfeited 15,000,000 options issued to former director following resignation in April 2022.

22 Related Party Transactions

The Group's related parties comprise of subsidiaries and key management personnel.

Disclosures relating to key management personnel are set out in the remuneration report. Transactions between the parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

23 Events Occurring After the Reporting Date

The Victorian Government extended a Declaration of a State of Emergency from the 29 July 2021 and "Stage 4" restrictions continued to apply to Metro Melbourne. This event does not affect amounts recognised in the 2021/22 financial statements.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Financial Statements

For the Year Ended 30 June 2022

24 Financial Risk Management

The Group holds the following financial instruments:

	2022 \$	2021 \$
Financial assets		
Cash and cash equivalents	1,217,271	7,973,188
Trade and other receivables	50,305	135,986
Total financial assets	1,267,576	8,109,174
Financial liabilities		
Trade and other payables	789,630	1,294,633
Other financial liabilities	404,771	171,255
Other financial liabilities - Non-current	-	70,665
Total financial liabilities	1,194,401	1,536,553

(a) Foreign exchange risk

The Group engages in international purchase transactions and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar (USD). The parent has minimal exposure to foreign exchange risk as it does not hold any foreign currency cash reserves and only makes minor foreign currency payments. The Group does not make use of derivative financial instruments to hedge foreign exchange risk.

The carrying amount of the foreign currency denominated monetary assets and liabilities at the reporting date is as follows, all amounts in the table below are displayed in \$AUD at year-end spot rates:

	2022 \$	2021 \$
Cash and trade and other receivables		
- ILS	-	6,167
- USD	86,021	-
	86,021	6,167
Trade and other payables		
- CAD	(8,382)	-
- GBP	(2,990)	-
- ILS	-	(36,215)
- USD	(50,898)	-
	(62,270)	(36,215)

Notes to the Financial Statements

For the Year Ended 30 June 2022

24 Financial Risk Management (continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, CAD, GBP and ILS exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	2022		2021	
	+5%	-5%	+5%	-5%
CAD				
Effect on profit before tax	419	(419)	-	-
GBP				
Effect on profit before tax	149	(149)	-	-
ILS				
Effect on profit before tax	-	-	1,502	(1,502)
USD				
Effect on profit before tax	(1,756)	1,756	-	-

(b) Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk (against the implied 30 day bank bill rate). The table also represents the quantitative impact on the financial statements should the variation occur.

	Carrying amount \$	Weighted average interest rate %	(1%) effect on profit before tax \$	1% effect on profit before tax \$
30 June 2022				
Financial assets				
Cash and cash equivalents	1,217,271	0.01	(12,173)	12,173
Total (decrease)/increase	1,217,271	-	(12,173)	12,173
30 June 2021				
Financial assets				
Cash and cash equivalents	7,973,188	0.01	(79,732)	79,732
Total (decrease)/increase	7,973,188	-	(79,732)	79,732

Notes to the Financial Statements

For the Year Ended 30 June 2022

24 Financial Risk Management (continued)

(c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has no significant concentration of credit risk in the current or prior year.

The Group ensures that surplus cash is invested with financial institutions of appropriate credit worthiness and limits the amount of credit exposure to any one counter party.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not pay its debtors when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by maintaining sufficient bank balances to fund its operations and the availability of funding through committed credit facilities.

Management manages this risk by monitoring rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The table below analyses the Group's financial liabilities.

	0-12 months \$	Maturing 1 to 3 years \$	Total \$
30 June 2022			
Trade and other payables	789,629	-	789,629
Other borrowings	-	-	-
Lease liabilities	70,664	-	70,664
	<u>860,293</u>	<u>-</u>	<u>860,293</u>
30 June 2021			
Trade and other payables	1,294,633	-	1,294,633
Lease liabilities	71,805	70,664	142,469
	<u>1,366,438</u>	<u>70,664</u>	<u>1,437,102</u>

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a capital structure that maximises shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution.

The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity and reserves disclosed in Notes 17 and 18. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management the Board monitors the need to raise additional equity from the equity markets.

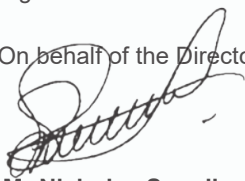
Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 54, and the remuneration disclosures that are contained within the Remuneration Report within the Directors' report, set out on pages 8 to 18, are in with the *Corporations Act 2001* and:
 - a. In the directors' opinion there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;
 - b. In the directors' opinion the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1;
 - c. In the directors' opinion the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
 - d. The directors have been given the declaration required by s295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) *Corporations Act 2001*.

On behalf of the Directors



Mr Nicholas Smedley

Executive-Chairman

Dated this 30th day of August 2022
Melbourne, Australia



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INDEPENDENT AUDITOR'S REPORT To the Members of Respiro Limited

Opinion

We have audited the financial report of Respiro Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$6,624,313 and had net operating cash outflows from operating activities of \$8,477,582 during the year ended 30 June 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Share based payments Refer to Note 21 in the financial statements	
Respire Limited have an Employee's, Directors' and Consultants' Share and Option Plan (ESOP). The ESOP is intended to reward directors, employees and/or consultants for their contributions to the Group. We identified share-based payments as a key risk due the complexity in the valuation of the options issued, and the estimates made by management in relation to the achievement of vesting conditions.	Our audit procedures in relation to share based payments included: • Assessing the reasonableness of option valuation inputs into the Black Scholes Option Valuation Model including assessment of the share volatility rates applied in comparison to entities in the similar industry; • Performing a recalculation the Black Scholes Option Valuation Model for a sample of options issued; • Testing a sample of options issued to signed ESOP agreements; • Reviewing the accounting for the share-based payments in accordance with AASB 2 <i>Share-based Payments</i>; and • Reviewing the reasonableness of management's estimates of the likelihood of the achievement of vesting conditions for the options issued.



Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Revenue recognition Refer to Note 3 in the financial statements	
Revenue recognition was considered a key audit matter as it is complex and involves significant management judgements. The Group's revenue is primarily derived from the provision of device and licenses to customers.	Our audit procedures in relation to the recognition of revenue included: - Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 <i>Revenue from Contracts with Customers</i>; - Evaluating the operating effectiveness of management's controls related to revenue recognition; - Performing detailed testing on a sample of revenue transactions by agreeing to supporting documents, including contracts with customers; and - Reviewing sales transactions before and after year end to ensure that revenue was recognised in the correct period.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Respi Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 31 August 2022
Melbourne, Victoria

Additional Information for Listed Public Companies

30 June 2022

SHAREHOLDERS INFORMATION as at 25 August 2022

Equity security holders

Twenty largest quoted equity holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holder	Ordinary shares held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	28,477,823	3.74%
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	20,178,550	2.65%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	16,820,956	2.21%
MR PETER KARL BRAUN	16,702,611	2.19%
MALLAMANDA PTY LTD <MALLAMANDA A/C>	15,724,981	2.06%
MRS TARA MARJORIE HILL	15,191,689	1.99%
MR SIMON DUMARESQ + DR BELINDA JACKSON <DUMASON A/C>	12,265,193	1.61%
ROSHERVILLE PTY LTD <AYTON SUPER FUND A/C>	9,250,000	1.21%
P & A MIHAILOU PTY LTD <MIHAILOU FAMILY A/C>	8,000,000	1.05%
MR PAUL ARGENTINO <AP INVESTMENT FUND A/C>	7,761,141	1.02%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,643,707	1.00%
TORRES INVESTMENTS PTY LTD	7,424,070	0.97%
CLEMWELL PTY LTD <THE WELLS FAMILY A/C>	7,235,678	0.95%
DIXSON TRUST PTY LIMITED	6,850,000	0.90%
COONAN FAMILY SUPERANNUATION FUND PTY LTD <COONAN FAMILY S/F A/C>	6,750,000	0.89%
BENVER INTERNATIONAL PTY LTD <EXECUTIVE SF NO1 A/C>	6,642,499	0.87%
ENDEAVOUR RIVER PTY LTD	6,500,000	0.85%
CRAFT LAW PTY LTD <FORSTER SUPER FUND A/C>	6,322,712	0.83%
ATLANTIS INVESTIGATIONS PTY LIMITED <LARAYNE PORTER S/FUND A/C>	6,225,078	0.82%
MR GARY RONALD HEATH + MRS MELISSA LOUISE HEATH <G & M HEATH SUPERFUND A/C>	6,213,260	0.82%

Unquoted equity securities

No unquoted shares

Unquoted equity securities	Number on issue	Number of holders
Options over ordinary shares issued	264,000,000	24

Additional Information for Listed Public Companies

30 June 2022

Substantial Holders

Holder	Designation	Ordinary shares held	% of total shares issued
CITICORP NOMINEES PTY LIMITED		28,477,823	3.74%

Voting Rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market Buy-backs

There is no current on-market buy-back in relation to the Company's securities.

Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of Holders of ordinary shares
1 to 1,000	139
1,001 to 5,000	287
5,001 to 10,000	528
10,001 to 100,000	1,551
100,001 and above	777

Unmarketable Parcels

As at 25th August 2022 there were 529 unmarketable parcels on register.

Additional Information for Listed Public Companies

30 June 2022

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholdings should contact the Share Register:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnson Street
Abbotsford, Victoria, 3067

Telephone: +61 (0)3 9415 4000
Facsimile: +61 (0)3 9473 2500
Email: www.investorcentre.com/contact

CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDINGS

Shareholders should contact the Share Registry via your *Investor Centre* portal.

REMOVAL FROM THE ANNUAL REPORT MAILING LIST

Shareholders who no longer wish to receive the Annual Report should notify the Share Registry via the shareholder's respective *Investor Centre* portal. These shareholders will continue to receive all other shareholder information.

TAX FILE NUMBERS

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHESS (Clearing House Electronic Sub-register System)

Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange (CHESS) system should contact their stockbroker.

UNCERTIFIED SHARE REGISTER

Shareholding statements are issued at the end of each month in which there is a transaction that alters the balance of your holding.

Corporate Directory

AUSTRALIAN COMPANY NUMBER (ACN)
009 234 173

DIRECTORS

Mr Marjan Mikel
Mr Nicholas Smedley
Dr Thomas Duthy
Mr Brad Snow

COMPANY SECRETARY

Mr Andrew Metcalfe

PRINCIPAL PLACE OF BUSINESS

Level 9, 432 St Kilda Road
Melbourne, Victoria
AUSTRALIA 3004
Telephone: +61 (0)3 9653 9160

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067
Australia
Telephone: +61 (0)3 9415 4000
Facsimile: +61 (0)3 9473 2500

AUDITORS

RSM Australia Partners Ltd
Level 21, 55 Collins Street
Melbourne, Victoria, 3000
Australia
Telephone: +61 (0) 3 9286 8000

WEBSITE

www.respiri.co

SECURITIES QUOTED

Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: RSH)

Respiri Limited is a Public Company Limited by shares and is domiciled in Australia.

Appointed on 25th November 2019
Appointed on 30th October 2019
Appointed on 11th February 2020; Resigned 19th April 2022
Appointed on 11th June 2022

REGISTERED OFFICE

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AUSTRALIA
Telephone: +61 (0)3 9252 2555
Fax: +61 (0)3 9252 2500

BANKERS

National Australia Bank (NAB)
330 Collins Street,
Melbourne, Victoria, 3000
Australia

RESPIRI

