

KOLs select wheezo® for major UK RPM clinical study in child asthma

Respiri's wheezo® platform has been selected by study investigators as one of two preferred interventions for remote asthma monitoring (RPM) in a 1,464-patient clinical study conducted at King's Hospital College, London. A £2m grant from the UK's National Institute for Health Research (NIHR) will fund the trial which will assess the impact of RPM in improving health outcomes for children (under 16 years of age) with asthma, a condition which costs the UK £2.3bn annually. Respiri will provide wheezo® units, data management and associated support for the study.

Benefits to Respiri: data, research licence, and a potential new SOC in UK

We see several benefits of this study for the company:

- a highly cost effective and rigorous clinical trial
- a perpetual, royalty-free, exclusive worldwide research licence granted for internal research development with sublicensing rights associated with research data and outcomes
- subject to clinical and health economic evidence, the potential to establish a new standard of care using wheezo®, with National Health Service (NHS) reimbursement
- elevated profile for wheezo® in UK/Europe/US
- the use of wheezo® in subsequent clinical trials.

TEAM-care trial details

The **T**echnology **E**nhanced **I**ntegrated **A**sthma **c**are (TEAM-care) trial will start in 4Q2022 with final readouts expected by end-2023 (with interim data released). It will be a three-arm, randomised, 30-month, 1,464-patient trial. The primary endpoint will be unscheduled health service use versus control (the standard integrated care approach for asthma), with secondary endpoints including child health-related quality of life, asthma control, medicine use and primary/secondary healthcare services use. Co-principal investigators are **Dr Ingrid Wolfe** (Director, Institute for Women and Children's Health) and **Professor Jonathan Grigg** (Centre for Genomics and Child Health, Queen Mary University of London).

Valuation

We have revised our earnings to reflect Respiri's recent RPM partnerships established in the US and CMS reimbursement levels for RPM service providers cited by management. Our fair value estimate of A\$0.15 per share (previously A\$0.17 per share) uses DCF methodology and incorporates shares on issue of 761.8m (previously 722.8m). Key risks to our valuation relate to adoption of wheezo® by clinicians, supply chain disruptions to components in manufacturing, and integration of wheezo® into hospital electronic medical record (EMR) systems.



Respiri Limited is a commercial stage health-tech company developing mHealth and SaaS solutions for respiratory health management. It has proprietary technology and mobile health tools that specifically detect wheeze (an indicator of asthma, COPD, and respiratory disease more broadly) to provide an objective measure of airflow limitation. The company's flagship wheezo® device and platform analyses breathing objectively, allowing for environmental factors; record, monitor and schedule medication including reminders; and share data with healthcare providers. Both CE (Conformité Européene) mark and Therapeutic Goods Administration approval have been received.

Stock	RSH.ASX
Price	A\$0.05
Market cap	A\$39m
Valuation	A\$0.15

Company data

Net cash A\$2.6m* (2 May 2022)

Shares on issue 761.8m

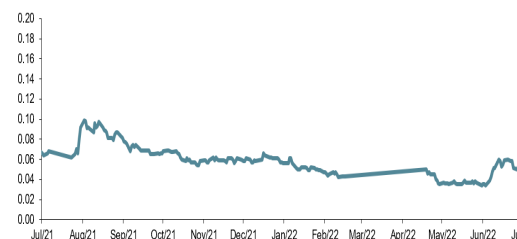
*Includes A\$1.6m raised on 2 May 2022

Next steps

3QCY22 First patient in UK study

2HCY22 Wearable device progress

RSH.ASX share price (A\$)



Source: FactSet.

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Financials

Exhibit 1: Financial summary

Respiri						RSH-AU
Year end 30 June, AUD unless otherwise noted						
MARKET DATA						
Price	\$	0.05				
52 week high / low	\$	0.06-0.24				
Valuation	\$	0.15				
Market capitalisation	\$m	38.9				
Shares on issue (basic)	m	761.8				
Options / rights	m	174.5				
Other equity	m	0.0				
Shares on issue (diluted)	m	936.3				
12-MONTH SHARE PRICE PERFORMANCE (AS)						
INVESTMENT FUNDAMENTALS						
Reported NPAT	\$m	FY19A (8.5)	FY20A (7.3)	FY21A (11.0)	FY22E (7.0)	FY23E (4.6)
Underlying NPAT	\$m	(8.5)	(7.3)	(11.0)	(7.0)	(4.6)
Reported EPS (diluted)	¢	(169.0)	(127.0)	(158.0)	(94.0)	(62.4)
Underlying EPS (diluted)	¢	(169.0)	(127.0)	(158.0)	(94.0)	(62.4)
Growth	%	-24.9%	24.4%	-40.5%	-33.6%	
Underlying PER	x	nm	nm	nm	nm	nm
Operating cash flow per share	¢	(1.3)	(0.8)	(1.0)	(1.1)	(0.8)
Free cash flow per share	¢	(1.3)	(0.8)	(1.1)	(1.1)	(0.8)
Price to free cash flow per share	x	nm	nm	nm	nm	nm
FCF Yield	%	nm	nm	nm	nm	nm
Dividend	¢	0.0	0.0	0.0	0.0	0.0
Payout	%	0.0%	0.0%	0.0%	0.0%	0.0%
Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Franking	%	0.0%	0.0%	0.0%	0.0%	0.0%
Enterprise value	\$m	39.4	36.0	30.9	37.5	38.2
EV/EBIT DA	x	(4.6)	(5.0)	(2.8)	(5.4)	(8.3)
EV/EBIT	x	(4.6)	(5.0)	(2.8)	(5.4)	(8.2)
Price to book (NAV)	x	(17.2)	14.7	4.9	17.7	15.2
Price to NTA		(17.2)	14.7	4.9	17.7	15.2
KEY RATIOS						
EBITDA margin	%	nm	nm	nm	nm	nm
EBIT margin	%	nm	nm	nm	nm	nm
NPAT margin	%	nm	nm	nm	nm	nm
ROE	%	nm	nm	nm	nm	nm
ROA	%	nm	nm	nm	nm	nm
Net tangible assets per share	\$	(0.0)	0.0	0.0	0.0	0.0
Book value per share	\$	(0.0)	0.0	0.0	0.0	0.0
Net debt/(cash)	\$m	0.5	(2.8)	(8.0)	(1.4)	(0.7)
Interest cover/ (EBIT/net interest)	x	nm	nm	nm	nm	nm
Gearing (net debt/EBIT DA)	x	(0.1)	nm	nm	nm	nm
Leverage (net debt/(net debt + equity))	x	(0.5)	nm	nm	nm	nm
DUPONT ANALYSIS						
Net Profit Margin	%	nm	nm	nm	nm	nm
Asset Turnover	x	0.0	0.0	0.0	0.1	1.1
Return on Assets	%	nm	nm	nm	nm	nm
Financial Leverage	x	(516.1)	287.5	0.0	0.0	0.0
Return on Equity	%	nm	nm	nm	nm	nm
KEY PERFORMANCE INDICATORS						
Wheezo	Key metrics					
Australia	Under review					
United States	Partnering deals, clinical adoption and CMS reimbursement claims					
United Kingdom	Clinical trials and rendered data					
Europe	Partnering and access to reimbursed markets					
HALF YEARLY DATA						
Total Revenue	\$m	2H20 0.1	1H21 1.2	2H21 0.0	1H22 0.7	2H22 0.1
Operating expenses	\$m	(5.9)	(6.0)	(3.8)	(3.3)	(4.4)
EBITDA	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(4.3)
EBIT	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(4.3)
PBT	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(4.3)
Reported NPAT	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(4.3)
PROFIT AND LOSS						
Revenue	\$m	0.0	0.0	0.3	0.2	3.1
Other income	\$m	1.0	2.2	1.2	0.6	0.4
Total Revenue	\$m	1.0	2.2	1.4	0.8	3.5
Operating expenses	\$m	(12.4)	(6.6)	(5.9)	(6.7)	(5.9)
EBITDA	\$m	(8.5)	(7.3)	(11.0)	(6.9)	(4.6)
Depreciation & Amortisation	\$m	0.0	0.0	0.1	0.1	0.0
EBIT	\$m	(8.5)	(7.3)	(11.0)	(7.0)	(4.6)
Net interest	\$m	0.0	0.0	0.0	0.0	0.0
Pretax Profit	\$m	(8.5)	(7.3)	(11.0)	(7.0)	(4.6)
Tax expense	\$m	0.0	0.0	0.0	0.0	0.0
Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(7.0)	(4.6)
Weighted average diluted shares	m	499.1	570.1	699.1	742.3	742.3
GROWTH PROFILE						
Revenue	%	FY19A 17.3	FY20A 114.0	FY21A (34.9)	FY22E (45.2)	FY23E 340.5
EBITDA	%	173.6	(14.4)	51.2	(36.9)	(33.5)
EBIT	%	163.1	(14.4)	52.0	(36.8)	(33.7)
Reported NPAT	%	164.2	(14.3)	52.1	(36.8)	(33.6)
DPS	%	nm	nm	nm	nm	nm
BALANCE SHEET						
Cash	\$m	FY19A 0.3	FY20A 3.6	FY21A 8.0	FY22E 1.4	FY23E 0.7
Receivables	\$m	0.2	0.0	0.1	0.1	1.3
Other	\$m	0.5	0.9	0.8	0.8	0.8
Current assets	\$m	1.0	4.4	8.9	2.3	2.8
PPE	\$m	0.0	0.2	0.2	0.1	0.1
Intangible assets	\$m	0.0	0.0	0.0	0.0	0.0
Other	\$m	0.0	0.0	0.0	0.0	0.0
Non current assets	\$m	0.0	0.2	0.2	0.1	0.1
Total assets	\$m	1.0	4.6	9.1	2.4	2.9
Trade and other payables	\$m	1.8	1.1	1.3	0.0	0.2
Borrowings	\$m	0.8	0.7	0.0	0.0	0.0
Other	\$m	0.0	0.1	0.2	0.2	0.2
Current liabilities	\$m	2.6	2.0	1.5	0.2	0.3
Other financial liability	\$m	0.0	0.1	0.1	0.1	0.1
Other liability	\$m	0.0	0.0	0.0	0.0	0.0
Non current liabilities	\$m	0.0	0.1	0.1	0.1	0.1
Total liabilities	\$m	2.6	2.1	1.5	0.3	0.4
Net assets	\$m	(1.6)	2.5	7.6	2.2	2.6
Share capital	\$m	106.0	113.7	127.1	128.7	133.7
Retained earnings	\$m	(109.2)	(115.3)	(126.3)	(133.3)	(138.0)
Other	\$m	1.6	4.1	6.8	6.8	6.8
Total equity	\$m	(1.6)	2.5	7.6	2.2	2.6
CASH FLOW						
Net loss for period	\$m	(8.5)	(7.3)	(11.0)	(7.0)	(4.6)
Depreciation & Amortization	\$m	0.0	0.0	0.1	0.1	0.0
Changes in working capital	\$m	0.3	(0.8)	0.0	0.0	0.0
Other	\$m	1.8	3.4	3.6	(1.2)	(1.0)
Operating cash flow	\$m	(6.4)	(4.7)	(7.3)	(8.1)	(5.6)
Payments for PPE	\$m	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Other	\$m	0.0	0.0	0.0	0.0	0.0
Investing cash flow	\$m	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Equity	\$m	3.7	8.5	12.4	1.6	5.0
Other	\$m	0.6	(0.6)	(0.6)	(0.1)	0.0
Financing cash flow	\$m	4.3	8.0	11.8	1.5	5.0
Cash year end	\$m	0.3	3.6	8.0	1.4	0.7
Free cash flow	\$m	(6.4)	(4.7)	(7.4)	(8.1)	(5.7)

Source: Company reports, MST Access estimates.

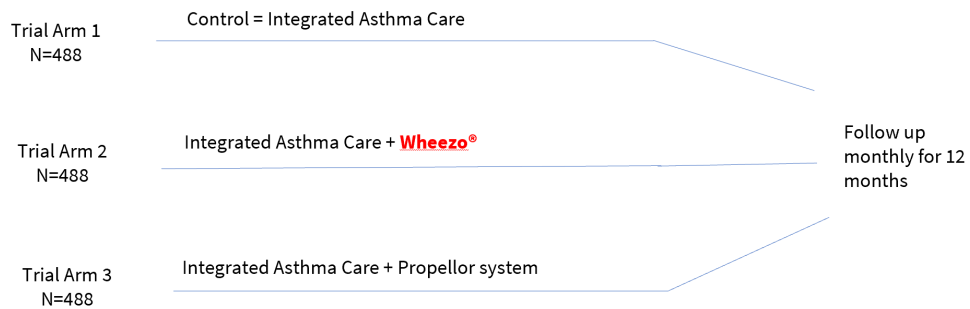
Trial Design: TEAM-care Clinical Trial

Exhibit 2: TEAM-care clinical trial summary

Title Technology Enhanced Integrated Asthma Care (TEAM-care)

Investigated devices wheezo®, Propeller Health smart inhalers

Study design



- Study Objectives**
- To assess the outcomes for children (under the age of 16 years) with asthma using a technology enhanced integrated care pathway.
 - To assess the effectiveness and cost-utility of integrated care for asthma (control) augmented with remote wheeze monitoring (trial arm 1).
 - To assess the effectiveness and cost-utility of integrated care for asthma (control) augmented with remote treatment monitoring (trial arm 2)
 - To model the long-term cost-utility
 - To assess acceptability of the technologically enhanced care pathway
 - To assess implementation processes
 - To assess behavioural change associated with the use of the intervention.

Primary Endpoints Change in unscheduled health services use (consultation in primary, secondary, or out of hours care where a participant presented with symptoms or signs consistent with acute asthma).

- Secondary Endpoints**
1. Child health: Health-related quality of life (PedsQL, CHU-9D) & Asthma Control Test (ACT)
 2. Rates of primary and secondary care health service use, and medicine use
 3. Parental wellbeing (Warwick Edinburgh Mental Wellbeing Score)
 4. Child wellbeing and mental health (Strengths and difficulties Questionnaire)
 5. Missed days of school and parental missed days of work.

Number of Subjects 1,464 children under the age of 16 years equally randomised across three trial arms in the United Kingdom.

Condition/criteria Children with confirmed asthma diagnosis.

Source: Respiri.

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