

wheezo® adoption momentum grows

Respiri has announced that Arkansas Heart Hospital (AHH) has chosen the wheezo® remote patient monitoring (RPM) program as an addition to the standard of care to help better manage cardiovascular disease (CVD) patients that also have chronic obstructive pulmonary disease (COPD). COPD is a co-morbidity experienced by up to 39% of CVD patients. It further complicates the management of these very high-risk patients and is a key contributor to hospital re-admissions. AHH believes the program will reduce avoidable re-admissions, which place a huge healthcare resource and economic burden on institutions such as AHH.

Another win, starting immediately – not a pilot

This represents the fourth major win for wheezo® and bodes well for accelerating adoption of the device in multi-disciplinary models of high-risk patient care.

The program is not a pilot and will commence immediately with patient selection and recruitment for the full program.

Full-service premium contract signed

The contract, which was secured and will be delivered by Respiri’s RPM partner, Access Telehealth, is for the full-service premium model. This will include the cloud-based Remotli platform, software, patient engagement and education, device logistics and remote clinical monitoring. RPM CPT reimbursement codes will be processed through the Center for Medicare & Medicaid Services (CMS) and private insurers.

The wheezo® health portal, which records data such as wheeze rates, breath recordings and other triggering factors (eg pollution, pollen, medication usage), is already integrated with the Remotli platform.

Arkansas Heart Hospital – CMS rates 5 stars

AHH is a 112-bed facility staffed with 9 cardiologists and other specialist physicians, employing ~875 staff with a respiratory/sleep laboratory. With an extensive referral network, AHH is one of the largest private cardiovascular healthcare organisations in the USA, and services tens of thousands of patients in the southern USA. The hospital has a 5-star rating from the CMS and is one of the country’s largest private providers of CVD care.

Valuation: fair value unchanged at A\$0.15/share

Our valuation uses DCF and incorporates shares on issue of 801.2m. We expect further announcements of RPM wins to represent share price catalysts, and note that Respiri has indicated that the company is in advanced discussions with a number of other potential wheezo® RPM customers. Key risks: adoption of wheezo® by clinicians, supply chain disruptions to components in manufacturing, integration of wheezo® into hospital electronic medical record systems.



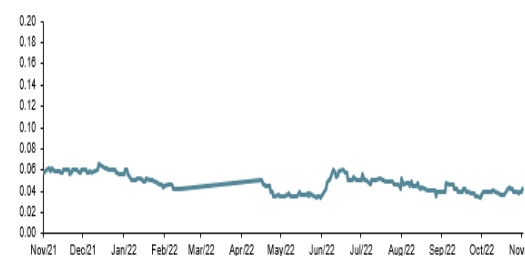
Respiri Limited is a commercial stage health-tech company developing mHealth and SaaS solutions for respiratory health management. It has proprietary technology and mobile health tools that specifically detect wheeze (an indicator of asthma, COPD, and respiratory disease more broadly) to provide an objective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

Stock	RSH.ASX
Price	A\$0.04
Market cap	A\$34m
Valuation	A\$0.15 (unchanged)

Company data	
Net cash	A\$0.7m (30 Sept 2022)
Shares on issue	801.2m

Next steps	
December 2022	First reimbursements
1H CY23	More US RPM client wins

RSH.ASX share price (A\$)



Source: FactSet.

Chris Kallos, CFA
chris.kallos@mstaccess.com.au

Financials

Exhibit 1: Financial summary

Respiri						RSH-AU											
Year end 30 June, AUD unless otherwise noted																	
MARKET DATA						12-MONTH SHARE PRICE PERFORMANCE (A\$)											
Price	\$	0.04															
52 week high / low	\$	0.03-0.07															
Valuation	\$	0.15															
Market capitalisation	\$m	33.7															
Shares on issue (basic)	m	801.2															
Options / rights	m	3.0															
Other equity	m	0.0															
Shares on issue (diluted)	m	804.2															
INVESTMENT FUNDAMENTALS						PROFIT AND LOSS											
		FY19A	FY20A	FY21A	FY22A	FY23E								FY19A	FY20A	FY21A	FY22A
Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)	Revenue	\$m	0.0	0.0	0.3	0.3	3.1				
Underlying NPAT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)	Other income	\$m	1.0	2.2	1.2	0.5	0.6				
Reported EPS (diluted)	¢	(169.0)	(127.0)	(158.0)	(90.9)	(42.8)	Total Revenue	\$m	1.0	2.2	1.4	0.8	3.7				
Underlying EPS (diluted)	¢	(169.0)	(127.0)	(158.0)	(90.9)	(42.8)	Operating expenses	\$m	(12.4)	(6.6)	(5.9)	(6.7)	(5.9)				
Growth	%		-24.9%	24.4%	-42.5%	-52.9%	EBITDA	\$m	(8.5)	(7.3)	(11.0)	(6.5)	(3.4)				
Underlying PER	x	nm	nm	nm	nm	nm	Depreciation & Amortisation	\$m	0.0	0.0	0.1	0.1	0.0				
Operating cash flow per share	¢	(1.3)	(0.8)	(1.0)	(1.2)	(0.7)	EBIT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)				
Free cash flow per share	¢	(1.3)	(0.8)	(1.1)	(1.2)	(0.7)	Net interest	\$m	0.0	0.0	0.0	0.0	0.0				
Price to free cash flow per share	x	nm	nm	nm	nm	nm	Pretax Profit	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)				
FCF Yield	%	nm	nm	nm	nm	nm	Tax expense	\$m	0.0	0.0	0.0	0.0	0.0				
Dividend	¢	0.0	0.0	0.0	0.0	0.0	Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)				
Payout	%	0.0%	0.0%	0.0%	0.0%	0.0%	Weighted average diluted shares	m	499.1	570.1	699.1	728.6	801.2				
Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%	GROWTH PROFILE										
Franking	%	0.0%	0.0%	0.0%	0.0%	0.0%		FY19A	FY20A	FY21A	FY22A	FY23E					
Enterprise value	\$m	34.2	30.8	25.7	32.4	32.8	Revenue	%	17.3	114.0	(34.9)	(46.3)	383.5				
EV/EBITDA	x	(4.0)	(4.2)	(2.3)	(5.0)	(9.6)	EBITDA	%	173.6	(14.4)	51.2	(40.3)	(48.0)				
EV/EBIT	x	(4.0)	(4.2)	(2.3)	(4.9)	(9.5)	EBIT	%	163.1	(14.4)	52.0	(39.9)	(48.2)				
Price to book (NAV)	x	(14.1)	12.1	4.0	10.6	7.4	Reported NPAT	%	164.2	(14.3)	52.1	(40.0)	(48.2)				
Price to NTA	x	(14.1)	12.1	4.0	10.6	7.4	DPS	%	nm	nm	nm	nm	nm				
KEY RATIOS						BALANCE SHEET											
		FY19A	FY20A	FY21A	FY22A	FY23E		FY19A	FY20A	FY21A	FY22A	FY23E					
EBITDA margin	%	nm	nm	nm	nm	nm	Cash	\$m	0.3	3.6	8.0	1.2	0.9				
EBIT margin	%	nm	nm	nm	nm	nm	Receivables	\$m	0.2	0.0	0.1	0.1	1.3				
NPAT margin	%	nm	nm	nm	nm	nm	Other	\$m	0.5	0.9	0.8	2.9	2.9				
ROE	%	nm	nm	nm	nm	nm	Current assets	\$m	1.0	4.4	8.9	4.1	5.0				
ROA	%	nm	nm	nm	nm	nm	PPE	\$m	0.0	0.2	0.2	0.1	0.1				
Net tangible assets per share	\$	(0.0)	0.0	0.0	0.0	0.0	Intangible assets	\$m	0.0	0.0	0.0	0.0	0.0				
Book value per share	\$	(0.0)	0.0	0.0	0.0	0.0	Other	\$m	0.0	0.0	0.0	0.0	0.0				
Net debt/(cash)	\$m	0.5	(2.8)	(8.0)	(1.2)	(0.9)	Non current assets	\$m	0.0	0.2	0.2	0.1	0.1				
Interest cover/ (EBIT /net interest)	x	nm	nm	nm	nm	nm	Total assets	\$m	1.0	4.6	9.1	4.2	5.1				
Gearing (net debt/EBITDA)	x	(0.1)	nm	nm	nm	nm	Trade and other payables	\$m	1.8	1.1	1.3	0.8	0.2				
Leverage (net debt/(net debt + equity))	x	(0.5)	nm	nm	nm	nm	Borrowings	\$m	0.8	0.7	0.0	0.0	0.0				
DUPONT ANALYSIS						CASH FLOW											
		FY19A	FY20A	FY21A	FY22A	FY23E		FY19A	FY20A	FY21A	FY22A	FY23E					
Net Profit Margin	%	nm	nm	nm	nm	nm	Net loss for period	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)				
Asset Turnover	x	0.0	0.0	0.0	0.1	0.6	Depreciation & Amortization	\$m	0.0	0.0	0.1	0.1	0.0				
Return on Assets	%	nm	nm	nm	nm	nm	Changes in working capital	\$m	0.3	(0.8)	0.1	0.0	0.0				
Financial Leverage	x	(516.1)	287.5	0.0	0.0	0.0	Other	\$m	1.8	3.4	3.5	(1.9)	(1.9)				
Return on Equity	%	nm	nm	nm	nm	nm	Operating cash flow	\$m	(6.4)	(4.7)	(7.3)	(8.5)	(5.3)				
KEY PERFORMANCE INDICATORS						FINANCING CASH FLOW											
		FY19A	FY20A	FY21A	FY22A	FY23E		FY19A	FY20A	FY21A	FY22A	FY23E					
Wheezo	Key metrics						Payments for PPE	\$m	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)				
Australia	Under review						Other	\$m	0.0	0.0	0.0	0.0	0.0				
United States	Partnering deals, clinical adoption and CMS reimbursement claims						Investing cash flow	\$m	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)				
United Kingdom	Clinical trials and rendered data						Equity	\$m	3.7	8.5	12.4	1.7	5.0				
Europe	Partnering and access to reimbursed markets						Other	\$m	0.6	(0.6)	(0.6)	(0.0)	0.0				
HALF YEARLY DATA						FINANCING CASH FLOW											
		2H20	1H21	2H21	1H22	2H22		FY19A	FY20A	FY21A	FY22A	FY23E					
Total Revenue	\$m	0.1	1.2	0.0	0.7	0.1	Equity	\$m	4.3	8.0	11.8	1.6	5.0				
Operating expenses	\$m	(5.9)	(6.0)	(3.8)	(3.5)	(3.8)	Other	\$m	0.3	3.6	8.0	1.2	0.9				
EBITDA	\$m	(5.8)	(6.4)	(4.8)	(2.8)	(3.7)	Cash year end	\$m	0.3	3.6	8.0	1.2	0.9				
EBIT	\$m	(5.8)	(6.4)	(4.8)	(2.9)	(3.8)	Free cash flow	\$m	(6.4)	(4.7)	(7.4)	(8.5)	(5.3)				
PBT	\$m	(5.8)	(6.4)	(4.8)	(2.8)	(3.8)											
Reported NPAT	\$m	(5.8)	(6.4)	(4.8)	(2.8)	(3.8)											

Source: Company reports, MST Access estimates.

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Level 13, 14 Martin Place, Sydney, NSW 2000
Main +61 2 8999 9988
www.mstfinancial.com.au

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