

1HFY22 results in; US RPM agreements ramp up momentum

Respiri recently announced 1H22 results. Cash was reported at \$5.1m (vs. \$5.9m at end-1Q). Total revenue was \$659k (vs \$1.2m in 1H21), costs of sales ~\$9k (vs \$765k in 1H21) and admin/corporate costs \$699k (down 19% vs 1H21). Respiri has signed remote patient monitoring (RPM) agreements in the US, and continues to progress in the UK, seeking partnerships and study approval. A model of its wearable Sorfe will be ready for clinical validation in late March/early April.

Expanding US market remains the focus

Respiri has indicated the US market remains its major focus, considering its size and opportunity. While its revenues demonstrate that it's still early days in the US for Respiri (\$208k in 2Q vs \$102k in pcp), the company sees huge growth potential. It has stated that the US RPM market is expected to grow 30% pa to 2026 as the medical establishment seeks new ways to provide medical care, reduce costs and address increasing chronic disease. Respiri has drawn attention to two key characteristics of the US RPM market:

- **revenue depends on ongoing product-as-a-service fees:** physicians and healthcare professionals will need to 'prescribe' wheezo® to patients (selling them the device directly) – which has led Respiri to seek strategic partnerships with RPM service providers, in which Respiri will share in monthly PaaS fees
- **fragmented US market means multiple agreements needed fast:** the fragmented US market has led Respiri to rapidly pursue multiple agreements to get good market coverage.

Multiple US RPM agreements confirmed

- **5-year partnership with RPM provider mTelehealth (Dec 2021):** US\$150k initial devices/services order; mTelehealth forecasts minimum US\$1m in wheezo® devices/services sales during term of agreement
- **additional order from mTelehealth (Feb 2022):** US\$24k order for additional devices to be provided to senior medical decision makers, aiming to drive increased adoption of the device as well as additional subscriptions
- **5-year partnership with RPM/telehealth provider Access Telehealth (Feb 2022):** while the company has not provided revenue or device/subscription estimates relating to this agreement, Respiri is positive about the additional market coverage it provides.

Valuation

We derive an A\$17 cents per share valuation for Respiri, using DCF methodology and based on the roll-out of wheezo in Australia and US markets only at this point.

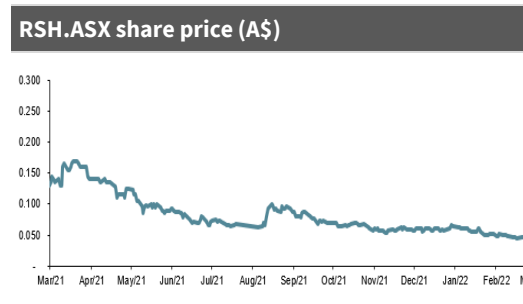


Respiri Limited is a commercial stage health-tech company developing mHealth and SaaS solutions for respiratory health management. It has proprietary technology and mobile health tools that specifically detect wheeze (an indicator of asthma, COPD, and respiratory disease more broadly) to provide an objective measure of airflow limitation. The company's flagship wheezo® device and platform analyse 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\$0.04
Market cap	A\$31.1m
Valuation	A\$0.17

Company data	
Net cash	A\$5.1m (end Dec 2021)
Shares on issue	722.8m

Next steps	
1HCY22	UK soft launch of wheezo
1HCY22	European partnership



Source: FactSet.

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Financials

Exhibit 1: Financial summary

Respiri							RS-AU
Year end 30 June, AUD unless otherwise noted							
MARKET DATA							12-MONTH SHARE PRICE PERFORMANCE (A\$)
Price	\$	0.043					
52 week high / low	\$	0.06-0.24					
Valuation	\$	0.17					
Market capitalisation	\$m	31.1					
Shares on issue (basic)	m	722.8					
Options / rights	m	259.0					
Other equity	m	0.0					
Shares on issue (diluted)	m	981.8					
INVESTMENT FUNDAMENTALS							
Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(5.8)	(1.7)	
Underlying NPAT	\$m	(8.5)	(7.3)	(11.0)	(5.8)	(1.7)	
Reported EPS (diluted)	c	(169.0)	(127.0)	(158.0)	(80.0)	(22.9)	
Underlying EPS (diluted)	c	(169.0)	(127.0)	(158.0)	(80.0)	(22.9)	
Growth	%		-24.9%	24.4%	-49.4%	-71.2%	
Underlying PER	x	nm	nm	nm	nm	nm	
Operating cash flow per share	c	(1.3)	(0.8)	(1.0)	(1.0)	(0.5)	
Free cash flow per share	c	(1.3)	(0.8)	(1.1)	(1.1)	(0.5)	
Price to free cash flow per share	x	nm	nm	nm	nm	nm	
FCF Yield	%	nm	nm	nm	nm	nm	
Dividend	c	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	31.6	28.2	23.1	30.7	47.7	
EV/EBITDA	x	(3.7)	(3.9)	(2.1)	(5.4)	(29.3)	
EV/EBIT	x	(3.7)	(3.9)	(2.1)	(5.3)	(28.9)	
Price to book (NAV)	x	(14.5)	12.4	4.1	17.4	235.4	
Price to NT A		(14.5)	12.4	4.1	17.4	235.4	
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)	(0.3)	3.6	
Interest cover(EBIT/net interest)	x	nm	nm	nm	nm	nm	
Gearing (net debt/EBITDA)	x	(0.1)	nm	nm	nm	(2.2)	
Leverage (net debt/(net debt + equity))	x	(0.5)	nm	nm	nm	1.0	
DUPONT ANALYSIS							
Net Profit Margin	%	nm	nm	nm	nm	nm	
Asset Turnover	x	0.0	0.0	0.0	1.1	6.3	
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					
Australian		Doctors and Pharmacy volumes					
United States		Partnering deals and product reach					
United Kingdom		Clinical trials and reimbursement status					
Europe		Partnering and access to reimbursed markets					
HALF YEARLY DATA							
Total Revenue	\$m	0.1	1.2	0.0	0.7	2.5	
Operating expenses	\$m	(5.9)	(6.0)	(3.8)	(3.3)	(5.5)	
EBITDA	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(3.0)	
EBIT	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(3.1)	
PBT	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(3.1)	
Reported NPAT	\$m	(5.8)	(6.4)	(4.8)	(2.7)	(3.1)	
PROFIT AND LOSS							
Revenue	\$m	0.0	0.0	0.3	2.5	9.4	
Other income	\$m	1.0	2.2	1.2	0.6	0.3	
Total Revenue	\$m	1.0	2.2	1.4	3.1	9.8	
Operating expenses	\$m	(12.4)	(6.6)	(5.9)	(6.7)	(5.9)	
EBITDA	\$m	(8.5)	(7.3)	(11.0)	(5.7)	(1.6)	
Depreciation & Amortisation	\$m	0.0	0.0	0.1	0.1	0.0	
EBIT	\$m	(8.5)	(7.3)	(11.0)	(5.8)	(1.7)	
Net interest	\$m	0.0	0.0	0.0	(0.0)	(0.0)	
Pretax Profit	\$m	(8.5)	(7.3)	(11.0)	(5.8)	(1.7)	
Tax expense	\$m	0.0	0.0	0.0	0.0	0.0	
Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(5.8)	(1.7)	
Weighted average diluted shares	m	499.1	570.1	699.1	722.8	722.8	
GROWTH PROFILE							
Revenue	%	17.3	114.0	(34.9)	118.6	210.7	
EBITDA	%	173.6	(14.4)	51.2	(47.9)	(71.5)	
EBIT	%	163.1	(14.4)	52.0	(47.7)	(71.1)	
Reported NPAT	%	164.2	(14.3)	52.1	(47.6)	(71.2)	
DPS	%	nm	nm	nm	nm	nm	
BALANCE SHEET							
Cash	\$m	0.3	3.6	8.0	0.3	(3.6)	
Receivables	\$m	0.2	0.0	0.1	1.0	3.9	
Other	\$m	0.5	0.9	0.8	0.8	0.8	
Current assets	\$m	1.0	4.4	8.9	2.2	1.2	
PPE	\$m	0.0	0.2	0.2	0.1	0.3	
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	0.3	
Total assets	\$m	1.0	4.6	9.1	2.4	1.5	
Trade and other payables	\$m	1.8	1.1	1.3	0.3	1.1	
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	0.5	1.3	
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	0.6	1.3	
Net assets	\$m	(1.6)	2.5	7.6	1.8	0.2	
Share capital	\$m	106.0	113.7	127.1	127.1	127.1	
Retained earnings	\$m	(109.2)	(115.3)	(126.3)	(132.1)	(133.7)	
Other	\$m	1.6	4.1	6.8	6.8	6.8	
Total equity	\$m	(1.6)	2.5	7.6	1.8	0.2	
CASH FLOW							
Net loss for period	\$m	(8.5)	(7.3)	(11.0)	(5.8)	(1.7)	
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	(1.9)	(2.1)	
Operating cash flow	\$m	(6.4)	(4.7)	(7.3)	(7.6)	(3.7)	
Payments for PPE	\$m	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	
Other	\$m	0.0	0.0	0.0	0.0	0.0	
Investing cash flow	\$m	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	
Equity	\$m	3.7	8.5	12.4	0.0	0.0	
Other	\$m	0.6	(0.6)	(0.6)	0.0	0.0	
Financing cash flow	\$m	4.3	8.0	11.8	0.0	0.0	
Cash year end	\$m	0.3	3.6	8.0	0.3	(3.6)	
Free cash flow	\$m	(6.4)	(4.7)	(7.4)	(7.6)	(3.9)	

Source: Company reports, MST Access estimates

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