

Minnesota Lung Center wheezo® pilot up and running with first patients enrolled

Respiri has announced that patient onboarding has begun in the pilot wheezo® remote patient monitoring (RPM) program at Minnesota Lung Center (MLC). This pilot, being run by RPM partner Access Telehealth and Respiri under the supervision of MLC, is aimed at respiratory patients with asthma and/or chronic obstructive pulmonary disease (COPD). The commencement of this pilot by the first major US respiratory healthcare organisation to choose wheezo® for RPM is a positive step, and Respiri has indicated that it is in advanced discussions for similar partnerships with other customers.

Key details on the MLC pilot

Scope: Respiri’s RPM partner, Access Telehealth, will provide its full-service RPM program including its Remotli platform, patient engagement and remote monitoring.

Status: The first patients have been selected and enrolled. The pilot has been reduced to 2 months (from the originally announced 3). Respiri expects to roll out wheezo® RPM to MLC patients more broadly as part of the standard of care once the pilot is successfully completed, with the program integrated into MLC systems and workflow.

Respiri previously announced that the pilot would involve 20 patients and work to achieve clinical benchmarks (including fewer hospitalisations and better patient medical outcomes); integrating the RPM program with MLC’s systems; and achieving reimbursement from the Centers for Medicare and Medicaid Services (CMS).

Reimbursement: RPM (CPT) codes will be processed by CMS. Chronic Care Management (CCM) CPT codes may potentially also be used. Respiri expects CPT reimbursement claims to be processed within 2 months.

Revenues: Revenues will come from device sales, as well as recurring monthly RPM revenues per patient for the above reimbursed services claimed by MLC.

More news on this front to come

Respiri has reiterated that it is in advanced discussions with several other potential wheezo® RPM customers, who are considering wheezo® as part of their standard of 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 provide 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.



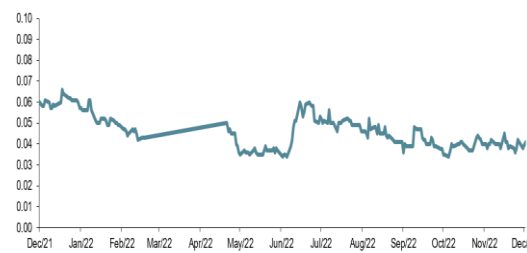
Respiri Limited is a commercial stage health-tech company developing mHealth and SaaS solutions for respiratory health management. It has proprietary technology and mobile health tools that specifically detect wheeze (an indicator of asthma, COPD, and respiratory disease more broadly) to provide an objective 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
1HCY23	More US RPM client wins

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	\$	0.04				
52 week high / low	\$	0.03-0.07				
Valuation	\$	0.15				
Market capitalisation	\$m	32.9				
Shares on issue (basic)	m	801.2				
Options / rights	m	3.0				
Other equity	m	0.0				
Shares on issue (diluted)	m	804.2				
12-MONTH SHARE PRICE PERFORMANCE (AS)						
INVESTMENT FUNDAMENTALS						
		FY19A	FY20A	FY21A	FY22A	FY23E
Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)
Underlying NPAT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)
Reported EPS (diluted)	c	(169.0)	(127.0)	(158.0)	(90.9)	(42.8)
Underlying EPS (diluted)	c	(169.0)	(127.0)	(158.0)	(90.9)	(42.8)
Growth	%		-24.9%	24.4%	-42.5%	-52.9%
Underlying PER	x	nm	nm	nm	nm	nm
Operating cash flow per share	c	(1.3)	(0.8)	(1.0)	(1.2)	(0.7)
Free cash flow per share	c	(1.3)	(0.8)	(1.1)	(1.2)	(0.7)
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	33.4	30.0	24.9	31.6	32.0
EV/EBITDA	x	(3.9)	(4.1)	(2.3)	(4.8)	(9.4)
EV/EBIT	x	(3.9)	(4.1)	(2.3)	(4.8)	(9.3)
Price to book (NAV)	x	(13.8)	11.8	3.9	10.4	7.2
Price to NTA	x	(13.8)	11.8	3.9	10.4	7.2
KEY RATIOS						
		FY19A	FY20A	FY21A	FY22A	FY23E
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)	(1.2)	(0.9)
Interest cover/ (EBIT/net interest)	x	nm	nm	nm	nm	nm
Gearing (net debt/EBITDA)	x	(0.1)	nm	nm	nm	nm
Leverage (net debt/(net debt + equity))	x	(0.5)	nm	nm	nm	nm
DUPONT ANALYSIS						
		FY19A	FY20A	FY21A	FY22A	FY23E
Net Profit Margin	%	nm	nm	nm	nm	nm
Asset Turnover	x	0.0	0.0	0.0	0.1	0.6
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						
		FY19A	FY20A	FY21A	FY22A	FY23E
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						
		2H20	1H21	2H21	1H22	2H22
Total Revenue	\$m	0.1	1.2	0.0	0.7	0.1
Operating expenses	\$m	(5.9)	(6.0)	(3.8)	(3.5)	(3.8)
EBITDA	\$m	(5.8)	(6.4)	(4.8)	(2.8)	(3.7)
EBIT	\$m	(5.8)	(6.4)	(4.8)	(2.9)	(3.8)
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)
PROFIT AND LOSS						
		FY19A	FY20A	FY21A	FY22A	FY23E
Revenue	\$m	0.0	0.0	0.3	0.3	3.1
Other income	\$m	1.0	2.2	1.2	0.5	0.6
Total Revenue	\$m	1.0	2.2	1.4	0.8	3.7
Operating expenses	\$m	(12.4)	(6.6)	(5.9)	(6.7)	(5.9)
EBITDA	\$m	(8.5)	(7.3)	(11.0)	(6.5)	(3.4)
Depreciation & Amortisation	\$m	0.0	0.0	0.1	0.1	0.0
EBIT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)
Net interest	\$m	0.0	0.0	0.0	0.0	0.0
Pretax Profit	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)
Tax expense	\$m	0.0	0.0	0.0	0.0	0.0
Reported NPAT	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)
Weighted average diluted shares	m	499.1	570.1	699.1	728.6	801.2
GROWTH PROFILE						
		FY19A	FY20A	FY21A	FY22A	FY23E
Revenue	%	17.3	114.0	(34.9)	(46.3)	383.5
EBITDA	%	173.6	(14.4)	51.2	(40.3)	(48.0)
EBIT	%	163.1	(14.4)	52.0	(39.9)	(48.2)
Reported NPAT	%	164.2	(14.3)	52.1	(40.0)	(48.2)
DPS	%	nm	nm	nm	nm	nm
BALANCE SHEET						
		FY19A	FY20A	FY21A	FY22A	FY23E
Cash	\$m	0.3	3.6	8.0	1.2	0.9
Receivables	\$m	0.2	0.0	0.1	0.1	1.3
Other	\$m	0.5	0.9	0.8	2.9	2.9
Current assets	\$m	1.0	4.4	8.9	4.1	5.0
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	4.2	5.1
Trade and other payables	\$m	1.8	1.1	1.3	0.8	0.2
Borrowings	\$m	0.8	0.7	0.0	0.0	0.0
Other	\$m	0.0	0.1	0.2	0.4	0.4
Current liabilities	\$m	2.6	2.0	1.5	1.2	0.6
Other financial liability	\$m	0.0	0.1	0.1	0.0	0.0
Other liability	\$m	0.0	0.0	0.0	0.0	0.0
Non current liabilities	\$m	0.0	0.1	0.1	0.0	0.0
Total liabilities	\$m	2.6	2.1	1.5	1.2	0.6
Net assets	\$m	(1.6)	2.5	7.6	3.0	4.6
Share capital	\$m	106.0	113.7	127.1	128.8	133.8
Retained earnings	\$m	(109.2)	(115.3)	(126.3)	(133.3)	(136.7)
Other	\$m	1.6	4.1	6.8	7.5	7.5
Total equity	\$m	(1.6)	2.5	7.6	3.0	4.6
CASH FLOW						
		FY19A	FY20A	FY21A	FY22A	FY23E
Net loss for period	\$m	(8.5)	(7.3)	(11.0)	(6.6)	(3.4)
Depreciation & Amortization	\$m	0.0	0.0	0.1	0.1	0.0
Changes in working capital	\$m	0.3	(0.8)	0.1	0.0	0.0
Other	\$m	1.8	3.4	3.5	(1.9)	(1.9)
Operating cash flow	\$m	(6.4)	(4.7)	(7.3)	(8.5)	(5.3)
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	1.7	5.0
Other	\$m	0.6	(0.6)	(0.6)	(0.0)	0.0
Financing cash flow	\$m	4.3	8.0	11.8	1.6	5.0
Cash year end	\$m	0.3	3.6	8.0	1.2	0.9
Free cash flow	\$m	(6.4)	(4.7)	(7.4)	(8.5)	(5.3)

Source: Company reports, MST Access estimates.

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