

Adding primary care specialty practice in New Mexico for wheezo® RPM offering

Respiri has announced another primary care practice win with the wheezo®/Access Telehealth Remote Patient Monitoring (RPM) program being selected by Hand Family Healthcare, located in Clovis, New Mexico, USA. The wheezo® RPM program will be provided to patients with asthma and Chronic Obstructive Pulmonary Disease (COPD). The first patients are expected to join the program imminently, and reimbursement claims will be processed within the next two months through the Centers for Medicare and Medicaid Services (CMS) and private insurers.

This news is consistent with management’s recent commentary indicating that it is in advanced discussions with several other potential wheezo® RPM customers, who are considering wheezo® as part of their standard of care. We expect to see adoption accelerate as Respiri continues to build its customer base.

New Mexico’s rural population is ideal for RPM

New Mexico has a large rural population, making RPM an important clinical primary service given the distances patients would otherwise need to travel to receive treatment. Under the agreement, Respiri’s RPM partner Access Telehealth will provide a full RPM solution that includes the Remotli platform, patient engagement and remote monitoring to these patients under the supervision of Hand Family Healthcare.

wheezo®: now in six US states, multiple settings

Respiri’s wheezo® is now being deployed to treat and manage diverse patient groups across six US states. These include both adult and pediatric patients living with asthma, patients living with COPD, patients living with COPD with underlying cardiovascular disease and primary care patients. We believe Respiri could benefit from a network effect that will be boosted by the adoption and increasing integration of wheezo® across these multiple settings.

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.



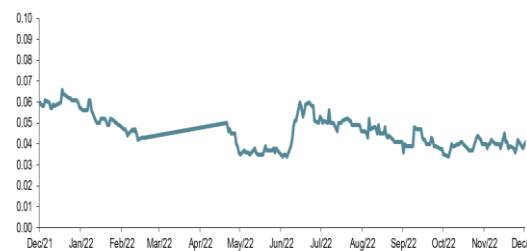
Respiri Limited is a commercial stage health-tech company developing mHealth and SaaS solutions for respiratory health management. It has proprietary technology and mobile health tools that specifically detect wheeze (an indicator of asthma, COPD, and respiratory disease more broadly) to provide an objective 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\$35m
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				
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)
12-MONTH SHARE PRICE PERFORMANCE (AS)						
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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