



BIOSHARES

Australia's Independent Biotech Investment Resource, est. 1999

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Edition 942

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-35.8%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - May '17)	16.8%
Year 17 (May '17 - May '18)	-7.1%
Year 18 (May '18 - May '19)	-2.3%
Year 19 (May '19 - May '20)	39.5%
Year 20 (May '20 - May '21)	86.8%
Year 21 (May '21 - May '22)	-15.6%
Year 22 (May '22 - Dec '22)	-2.2%
Year 23 (CY2023)	-19.9%
Cumulative Gain	1245%
Av. Annual gain (22 yrs)	18.1%

Extract from Bioshares –

Respiri - Targeting Cashflow Positive in 2024

Respiri (RSH: \$0.034) CEO Marjan Mikel said that for 40 years the healthcare system has been seeking to reduce healthcare costs by moving patients out from expensive treatment settings into cheaper areas such as GP clinics or treatment in the home. However, the same narrative remains unchanged and largely unsuccessful, something Respiri is seeking to change.

For remote patient monitoring to work, you need three things according to Mikel. The first is an easy-to-use device, such as Respiri's wheezo, which is a sophisticated electronic stethoscope (to measure wheezing). The second is a platform to share information. And the third is to work with the patients to provide support and direct actions. And if it isn't working then it needs to be outsourced to Respiri, said Mikel.

Respiri has completed the acquisition of Access Telehealth (Access Managed Services) in the US (14 August 2023), which has been a partner of Respiri's, delivering remote patient monitoring services. The purchase price is around \$4.5 million, including a US\$1.5 million bonus payment should the remote patient monitoring numbers exceed 6,000 per month within the first year. Access has been in operation for four years.

The rationale for the acquisition is that Respiri can now offer not just remote patient monitoring of breathing with its wheezo device, but also the standard existing measurables of glucose levels, blood pressure and weight. Respiri's wheezo device is a service differentiator, with no other device currently available in the US to measure wheezing on a remote basis. The wheezo product was approved by the FDA in 2021.

Respiri is targeting a cashflow positive position by mid next year, which will require 9,000 patients, for which Respiri expects to receive between US\$70 - US\$100 per patient per month (up from US\$10 - US\$20 per patient per month for just the wheezo). Costs are covered by existing reimbursement codes. Mikel believes this is not an unrealistic target to achieve in the next year.

Together with Access Telehealth, Respiri currently has 13 hospitals as customers in the US. One of those customers is Arkansas Heart Hospital, which Mikel said was one of the quickest deals the company has signed. Initially it was to monitor patients with COPD, which is common in patients with cardiovascular disease (39% of patients). It has since been expanded to be offered to monitor other health parameters.

The remote patient monitoring market is heavily fragmented, with many single customer businesses operated by people who previously worked for that hospital, and some larger operators who are not very good at listening to their customer, believes Mikel. However, there is no national provider in the US.

Mikel previously formed Healthy Sleep Solutions in Australia which became ResMed's largest customer in the southern hemisphere and was sold to Air Liquide in 2016. One of

Continued over

Companies covered: **DXB, HIQ, IMU, MSB, MX1, PXS, RSH, TLX**

2023 Top Six Picks: -14.6%

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the key learnings for Mikel was when introducing a new service or product that requires a new skill set to be acquired by the customer, then you need to take control and make it happen for the customer "or your chances of success are greatly diminished. Doctors either need to take control or give it to a third party (to administer)."

Respiri is in a position to provide doctors with something they have never had before, Mikel claims, and it is the only company to offer remote patient monitoring for respiratory conditions. The company now has the infrastructure in place to grow its existing business model that is currently working. And with its acquisition of Access Telehealth, it can provide the full suite of current remote patient monitoring tests.

Respiri is capitalised at \$32 million.

Bioshares recommendation: **Speculative Buy Class B**

Respiri has been added to the Bioshares Model Portfolio

Bioshares

How Bioshares Rates Stocks

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating “Take Some Profits” means that investors may re-weight their holding by selling between 25%-75% of a stock.

Group A

Stocks with existing positive cash flows or close to producing positive cash flows.

- Buy** CMP is 20% < Fair Value
 - Accumulate** CMP is 10% < Fair Value
 - Hold** Value = CMP
 - Lighten** CMP is 10% > Fair Value
 - Sell** CMP is 20% > Fair Value
- (CMP–Current Market Price)

Group B

Stocks without near term positive cash flows, history of losses, or at early stages of commercialisation.

Speculative Buy – Class A

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

Speculative Buy – Class B

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

Speculative Buy – Class C

These stocks generally have one product in development and lack many external validation features.

Speculative Hold – Class A or B or C

Sell

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