

ASX / MEDIA ANNOUNCEMENT

29 April 2020

March 2020 Cash Flow and Quarterly Activities Report

Respiri Limited (ASX:RSH) (“Respiri” or the “Company”), an eHealth SaaS Company supporting respiratory health management, today announces the Appendix 4C quarterly cash flow results and management commentary for the 3-month period ended 31 March 2020.

Operating Highlights

The Company continued to make solid progress during the quarter. Respiri received the first batch of the initial order of 500 wheezo® units which will be used to conduct the real world patient/physician experience program that will collect both hard and soft data that will help all stakeholders appreciate the role of wheezo eHealth SaaS platform in the management of asthma beyond the clinic.

Further significant progress has been made with contract manufacturing partner SRX and the Company is now confident that manufacturing at the scale required to meet launch demand will target 675 units per manufacturing shift (5 days or 40 hours) or almost 3,000 units/month. SRX have capacity to scale further by adding additional shifts. The Company has already ordered longer lead time componentry for the wheezo build to ensure there are no backorder delays.

The COVID-19 pandemic has acutely focussed medical professionals and patients around the world on respiratory disease prevention, management and monitoring. In March, three hospitals under the supervision of the Chongqing Municipal Health Commission within China requested Respiri’s wheezo® device to help monitor lung function of patients admitted with the COVID19 virus. Wheezo is not registered with the China National Medical Products Administration (NMPA, formerly known as the China FDA) so the Company continues to progress discussions with these hospitals to ensure that all regulatory hurdles are met prior to supplying the sample devices.

The Company anticipates the execution of additional binding agreements during the current quarter.

In early April, Respiri signed a Joint Development Agreement (JDA) with Phenix Health. Under the terms of the JDA, Respiri will work to ensure that the wheezo eHealth SaaS monitoring platform is integrated into the Phenix proprietary telehealth platform, patient dashboards and asthma management plans.

Financial Highlights

Net cash outflows for the quarter were \$1,195,000 In line with Company expectations. Stronger financial discipline across the whole organisation is now being reflected in the Company’s quarterly results, with operating cash burn declining 45% versus the prior corresponding period (pcp) and 38% versus the December 2019 quarter (adjusted for receipt of the refund for the 2019 financial year R&D tax credit of \$2.2 million).

Research & Development costs for the quarter were \$465,000, including a significant payment of \$272,000 made to former technology partner to settle all outstanding debts with this supplier for work done over the prior six months. Respiri continues to make excellent progress with its new technology partners.

Staff costs of \$322,000 included one off items of \$135,000. These were the result of PAYG withholding tax and superannuation contributions paid in the March 2020 quarter associated with termination payments made to former employees in the December 2019 quarter. The Company recorded administration and corporate costs of \$294,000. During the quarter fees for the Executive Director and Non-Executive Directors (excluding GST) were \$134,000.

Inflows from financing activities included receipts from the Company's successful \$2.0 million Placement offer- \$1.0 million of which had already been banked by the end of the quarter. The balance of \$0.6 million from ordinary subscribers was received shortly after the end of the quarter and the final \$0.4 million will be received from members of the board in early June 2020 (subject to shareholder approval at the EGM on 26 May 2020).

With the completion of the Placement during the quarter (in a very difficult period for equity markets) and announcement of a Share Purchase Plan for retail shareholders in the current quarter the Company has sufficient cash to meet its strategic objectives for the remainder of the 2020 calendar year, up until the commercial launch of wheezo® in December where plans and budgets will be reviewed in light of the final launch plans and inventory requirements. Further efficiencies will be pursued across the Company's operations in the June quarter whilst additional investment is made in the SaaS platform and the Company's partnerships.

The new team is looking to build on progress made in the March 2020 quarter and looks forward to meeting many shareholders at the Extraordinary General Meeting (EGM) to be held on 26 May 2020 utilising a fully virtual platform. As a reminder, investors can access the EGM at <https://web.lumiagm.com> (meeting ID 385 292 319) and following the instructions provided.

The Appendix 4C report is attached below.

For further information, investors and media please contact:

Mr Marjan Mikel
CEO & Managing Director
Respiri Limited
P: +61 408 462 873
E: marjan@respiri.co

Mr Nicholas Smedley
Executive Chairman
Respiri Limited
P: +61 447 074 160
E: nicholas@respiri.co

This ASX announcement dated 29 April 2020 has been authorised for release by the Board of Directors of Respiri Limited.

About Respiri Limited

Respiri is an e-Health SaaS company supporting respiratory health management. Its world-first technology detects wheeze, a typical symptom of asthma, COPD and respiratory disease to provide an objective measure of airway limitation. The only platform of its kind, the flagship wheezo® product employs machine learning to provide personalised feedback and education based on the user's personal health data correlated with environmental factors, and enables the sharing of that data, anytime, anywhere with caregivers, physicians and other health care professionals.

Respiri's mission is to help improve quality of life for hundreds of millions of children and adults around the world and dramatically reduce hospital admissions and the economic burden of asthma. Respiri Limited's operations are based in Melbourne, Australia.

For additional information about Respiri and its products, please visit www.respiri.co

Forward Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward looking statements are not historical facts but rather are based on Respiro current expectations, estimates and projections about the industry in which Respiro operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates", "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the endeavour of building a business around such products and services. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Respiro, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward looking statements. Respiro cautions shareholders and prospective shareholders not to place undue reliance on these forward looking statements, which reflect the view of Respiro only as of the date of this release. The forward looking statements made in this announcement relate only to events as of the date on which the statements are made. Respiro will not undertake any obligation to release publicly any revisions or updates to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Respiri Limited (ASX: RSH)

ABN

98 009 234 173

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(465)	(2,080)
(b) product manufacturing and operating costs	(114)	(583)
(c) advertising and marketing	-	(335)
(d) leased assets	-	-
(e) staff costs	(322)	(928)
(f) administration and corporate costs	(294)	(1,241)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,155
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,195)	(3,011)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(4)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,000	4,350
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(324)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings - Fundsquire	-	(1,477)
3.7	Transaction costs related to loans and borrowings	-	(18)
3.8	Dividends paid	-	-
3.9	Other - Fundsquire	179	1,259
3.10	Net cash from / (used in) financing activities	1,179	3,790

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,091	309
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,195)	(3,011)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,179	3,790
4.5	Effect of movement in exchange rates on cash held	8	(3)
4.6	Cash and cash equivalents at end of period	1,081	1,081

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,081	1,091
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,081	1,091

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
134
-

Fees of Executive Director and Non-Executive Directors (excluding GST)

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	666	666
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	666	666

7.5 Unused financing facilities available at quarter end

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Total short-term R&D tax credit loan facility of \$666k provided by Fundsquire based on 80% of expected YTD FY2020 R&D tax refund with interest rate at 1.75% per month.

A drawdown of \$186K (before fees) was made in March 2020 in accordance with the agreement.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,195)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,081
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,081
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.90

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

The Company is budgeting a 50% increase in expenditure for the June Quarter as it continues to prepare for the Q4 Australian commercial launch. Additional fund use ensures adequate wheezo inventory is manufactured and available, patient experience program is developed and launched, Medical Advisory Board is put in place, other marketing activities and for ongoing clinical trial activity.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company has undertaken a successful \$2.0m placement as announced to the market on 26 March 2020, of which \$1.0m was received in the Mar 20 quarter. The Company has also announced a Share Purchase Plan on 9 Apr 20 to raise an additional \$1.0m, with capacity to raise up to an additional \$1m pursuant to the Oversubscription as outlined in the prospectus.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. Adequate capital is in place following the completion of the March 2020 Placement. The Company is expecting an additional capital inflow from the April 2020 Share Purchase Plan closing on 1 May 2020.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2020

Authorised by: By the Board of Respiri Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.