

RESPIRI LIMITED

ACN 009 234 173

SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read together with the prospectus dated 9 April 2020 (**Prospectus**) issued by Respiro Limited ACN 009 234 173 (**Company**) which was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

This Supplementary Prospectus is dated 5 May 2020 and was lodged with ASIC on that date under section 719 of the Corporations Act. ASIC and ASX, and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meanings in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus prevails.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

Purpose

The Company has issued this Supplementary Prospectus for the purpose of updating investors that the Company intends to accept applications under the Share Purchase Plan Offer (**SPP Offer**) up to a total amount of \$3,140,000, as a result of the Company exercising its discretion as set out in Section 5.1(j) of the Prospectus to raise more funds under the SPP Offer. SPP Shares subscribed for under the SPP Offer will be issued under the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Increase to SPP Offer limit

The Company is pleased to announce that it has received strong support from its shareholders under the SPP Offer. As at the date of this Supplementary Prospectus, the Company has received applications above the initial amount of \$2 million under the SPP Offer (including the Oversubscription). This is an outstanding result for the Company and reflects the positive outlook for the Company's future.

Due to this strong demand, the Board has resolved to exercise its discretion (as set out in Section 5.1(j) of the Prospectus) to increase the amount of funds to be raised under the SPP Offer from \$2 million to up to a maximum of \$3,140,000. The increase of the SPP Offer amount is subject to the Company's available placement capacity at the time of issuing securities under the SPP. The Company reserves its discretion to undertake a scale-back to the extent and in the manner it sees fit, such as where total applications exceed \$3,140,000.

The Board considers that the increase of the size of the SPP Offer to \$3,140,000 to be a more equitable approach to Shareholders as opposed to scaling back applications to \$2 million.

The SPP Offer closed on 1 May 2020 and all other terms of the SPP Offer remain unchanged.

Key Information

Updated effect of the Offer

The Company now seeks to raise up to \$3,140,000 under the SPP Offer. Upon completion of the SPP Offer, the principal effect of the SPP Offer will be to increase the number of Shares on issue by approximately 57,090,909 and to increase the Company's cash reserves by up to \$3,140,000 (before costs).

Capital structure

The table below sets out the effect on the share capital structure of the Company upon completion of the Offers and \$3,140,000 (before costs) being raised:

Shares	SPP Offer
Shares on issue as at the date of Prospectus ^{1, 2}	586,309,326
New Shares to be issued under SPP	57,090,909
Total	643,400,235³

Notes:

- This includes 29,421,460 Placement Investor Shares and 629,768 Consultant Shares issued on 3 April 2020 and as announced to the ASX on 3 April 2020.*
- This assumes no existing Options are exercised prior to the Record Date.*
- In addition to these Shares, subject to obtaining Shareholder approval at the EGM, the Company intends to issue an additional 7,697,271 Director Placement Shares to its Directors and the Company Secretary.*

Fully diluted capital structure

The table below sets out the fully-diluted capital structure of the Company upon completion of the Offers assuming:

- \$3,140,000 (before costs) is successfully raised under the Offers;
- all Options are exercised; and
- Shareholder approval is obtained for the issue of the Director Placement Shares.

	SPP Offer
Shares on issue as at the date of Prospectus ¹	586,309,326
New Shares to be issued under SPP	57,090,909
Other Options on issue ^{2, 3}	19,000,000
Director Placement Shares ⁴	7,697,271
KMP Options ⁵	152,500,000
Total Shares (on a fully diluted basis)	822,597,506

Notes:

- This includes 29,421,460 Placement Investor Shares and 629,768 Consultant Shares issued on 3 April 2020 and as announced to the ASX on 3 April 2020.*
- Upon the exercise of such Options, the Company will receive additional capital of \$1,020,000 from the exercise price payable by the respective holders of the Options in order to exercise the relevant Options.*
- This figure includes 14 million Options held by the Company's former directors, for which the Company has obtained legal advice, were not validly issued in accordance with section 200E of the Corporations Act. Accordingly, the Company will be seeking Shareholder approval at the EGM for the 14 million options in accordance with Part 2D.2 of the Corporations Act.*
- The issue of these Shares is subject to the Company obtaining Shareholder approval at the EGM.*
- These represent Options which the Company is seeking Shareholder approval for at the EGM to issue to the Company's directors and senior management. Upon the exercise of such Options, the Company will receive additional capital of approximately \$32.95 million from the exercise price payable by the respective holders of the*

Options in order to exercise the relevant Options.

Updated Pro-forma Balance Sheet

The pro-forma balance sheet in Section 6.6 of the Prospectus and accompanying commentary is deleted and replaced with the following:

6.6 Pro-forma Balance Sheet

The reviewed balance sheet for the Company as at 31 December 2019, as per the half yearly report for the part financial year (1 July 2019 to 31 December 2019), and the unaudited and unreviewed pro-forma balance sheet shown below, has been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis of the following key assumptions (as if they had occurred as at the balance date of 31 December 2019):

- (a) an amount of \$2 million (before costs) is raised under the Placement;
- (b) an amount of \$3,140,000 (before costs) is successfully raised under the Offers;
- (c) no existing Options are exercised prior to the Record Date; and
- (d) the Company incurs the costs of the Offers referred to in Section 9.11.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	REVIEWED 31 DEC 2019	PRO-FORMA¹ 31 DEC 2019
ASSETS		
Current Assets		
Cash and cash equivalents	1,091,381	6,040,323
Trade and other receivables	118,843	118,843
Other	84,819	84,819
TOTAL CURRENT ASSETS	1,295,043	6,243,985
Non-Current Assets		
Property, plant and equipment	9,558	9,558
Other assets	1,216	1,216
TOTAL NON-CURRENT ASSETS	10,774	10,774
TOTAL ASSETS	1,305,817	6,254,759
LIABILITIES		
Current Liabilities		
Trade and other payables	1,225,237	1,225,237
Other financial liabilities	12,912	12,912
Other borrowings	482,314	482,314
TOTAL CURRENT LIABILITIES	1,720,463	1,720,463
TOTAL LIABILITIES	1,720,463	1,720,463
NET ASSETS	(414,646)	4,534,296
EQUITY		
Issued capital ²	108,819,290	113,768,232
Reserves	1,167,398	1,167,398
Accumulated losses	(110,401,334)	(110,401,334)
TOTAL EQUITY	(414,646)	4,534,296

Notes:

- 1 *These figures reflect an amount of \$2 million (before costs) being raised under the Placement.*
- 2 *Included in pro forma amounts of issued capital is \$110,000 of transactions costs associated with the Placement as well as the costs of the Offers set out in section 9.11 of this Prospectus.*

Updated use of Funds

The proceeds from the additional \$1,140,000 to be raised under the SPP Offer will be used in the same manner as the initial SPP Offer raise amount of \$2 million (including the Oversubscription), being invested in strategic initiatives such as product and clinical development, manufacturing, sales and marketing of the Company's proprietary wheezo® respiratory eHealth SaaS platform and medical device, a unique asthma management care that extends beyond physician care in the clinic and empowers the patient. The additional working capital will enable the continued growth of the Company's current products alongside its future products.

Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has authorised and consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and behalf of the Company by:

5 May 2020



MARJAN MIKEL

Mr Marjan Mikel
Executive Director and CEO
Respiri Limited