

ASX / MEDIA ANNOUNCEMENT

21 July 2020

June 2020 Quarterly 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 and activities for the 3-month period ended 30 June 2020.

Operating Highlights

The Company remains on track to launch wheezo[®] by the end of this calendar year. Other than medical trials with Swinburne University (that has been delayed due to the COVID-19 restrictions) the Company continued to make good progress in all other areas. Costs have been kept below budget while product development and further commercial partnerships were executed.

Manufacturing- The balance of initial batch of 500 units was delivered by Respiri’s manufacturing partner, SRX, .Following the completion of the first batch of 500 units the Company has been able to identify a number of opportunities to improve the overall manufacturing process including device design modifications and reduced labour component – both of which will lead to significant savings in manufacturing costs. Management remain focused on the gross margins and further reductions in Cost of Goods Sold (COGS) are anticipated.

The Patient Experiential Program (PEP) – Several partners, including Phenix and Instant Consult telehealth providers have been working with the Company to assist with the recruitment of patients into this important real-world study. This PEP will validate and support the Company’s product development, with critical user feedback on asthma management from beyond the clinic. Development of the PEP has been finalised and the Company expects to announce its commencement later in the September 2020 quarter. The initial batch of 500 wheezo[®]s will be deployed in the PEP. The objective is to recruit 100 Health Care Professionals and 300 patients.

App development – Respiri’s new IT partner has accepted a seamless handover from the previous provider in this area and good progress is being made on the wheezo[®] app version 2.0. Software development costs are ahead of schedule and well within budget.

Data protection – During the quarter the Company migrated all data management and data storage in house. This addressed key risk identified by the board around data protection and staff are and already reaping the benefits of having this key resource at hand.

Commercial Partnerships The Company continued to explore further commercial partnerships in the key pharmacy channel for wheezo[®] in Australia and overseas. Work done in the June quarter culminated in the execution of an Exclusive International Sales Agreement with Cipla which was announced on 17 July 2020. This was a watershed moment for the Company, an achievement of which the directors were particularly proud and one that is pivotal in the global commercialisation plan.

In June, Respiro executed an agreement to partner with the University of Edinburgh in a new data research centre to help improve the lives of people living with respiratory conditions. Known as BREATHe – Health Data Research Hub for Respiratory Health is led by the University of Edinburgh’s Professor Aziz Sheikh. The centre will use data, such as that collected by the wheezo® ecosystem, for the development of innovations in the delivery of care for people with asthma, chronic obstructive pulmonary disease and respiratory infections.

Also in June, a definitive service agreement with The Pharmacy Guild of Australia, the national body representing over 5,700 community pharmacies across the country was executed. The two year agreement with Guild Learning and Development (GuildEd), the learning destination for all pharmacists, pharmacy assistants and interns Australia wide will see the joint development of a Guild accredited Continuing Professional Development (CPD) online training course for pharmacists on optimising asthma patient management, in particular children, including the role of devices in detecting wheeze. Pharmacists are an important intermediary between an asthmatic patient and their doctor and who already sell a range of asthmatic devices within the pharmacy setting and are therefore critical in building sales momentum within this channel over time.

In April, the Company announced a Joint Development Agreement (JDA) with Phenix Health Pty Ltd (Phenix), an Australian based health workflow designer for virtual healthcare settings (telemedicine). Under the Agreement, the wheezo® eHealth SaaS monitoring platform is integrated into the Phenix proprietary telehealth platform, patient dashboards and asthma management plans. Phenix will be responsible for providing patients already diagnosed with asthma the option of using wheezo® to help monitor their condition and so providing healthcare beyond the clinic setting. The Agreement recognises the growing importance of telemedicine in patient care under COVID-19 conditions, and more importantly the structural tailwinds for such consultations post pandemic, particularly for respiratory patients like asthmatics.

Staff - The Respiro team has been enhanced by the appointment 2 critical hires. Khurshida Ajam joins Respiro as Senior Manager, Commercial & will be based in Sydney. Kush (BA. M. Com) is an executive with commercial experience spanning over 20 years in many well-known Pharmaceuticals, Healthcare and Biotechnology companies. More recently, Kush has been in consulting roles with MSD, Amgen & Novartis Oncology. Elizabeth Davis, a nursing professional who will oversee the patient experiential program (PEP). Elizabeth has worked extensively in program development both in the UK & Australia & her clinical experience includes both paediatrics & primary care.

The balance of legacy staff commitments has also been resolved with the execution of the Deed of Release with former CEO and the resolution of outstanding options matters to former directors at the EGM held 26 May 2020.

Corporate & Financial Highlights

The business continues to preserve cash and remains well capitalised following a successful Placement in March of \$2.0m and a significantly oversubscribed Share Purchase Plan (SPP) in April 2020 which raised approximately \$3.1m. The \$5.1m in total capital raised funds the business through a commercial launch in Australia, which is expected by the end of the current calendar year, and into 2021. Funds raised will be used to progress the key strategic initiatives necessary to achieve this commercial launch, namely product and clinical development; streamlining the manufacturing process & reducing COGS; sales & marketing and additional working capital.

Following the very encouraging response from many shareholders to the SPP the Company has implemented an Unmarketable Parcel share sale facility. This will lead to further savings in registry costs and ensure that all stakeholders are equally supportive of, and committed to, the future of the Company.

The Company closed the quarter with cash and cash equivalents of \$3.5m.

Operating cash outflows for the quarter were \$1.7m compared with budget for the quarter of \$2.2m. A further demonstration of the Company's renewed fiscal responsibility. All activities remain on schedule and on budget. Product manufacturing and operating costs of \$0.5m reflect the transition from R&D activities (current Q: \$0.1m) to commercial production ahead of the planned Australian launch in late 2020. Administration and corporate costs of \$0.6m reflect the additional headcount required to support Respiro's corporate objectives, including manufacturing, quality control, regulatory compliance and product commercialisation.

Net cash inflows for the quarter were \$2.4m – being the balance of proceeds from the Placement plus the full proceeds from the SPP less operating cash outflows of \$1.7m.

Payments to related parties of \$140k, consisted of fees payable to the Executive and Non-Executive Directors.

The Appendix 4C cash flow report is attached below.

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This ASX announcement dated 21 July 2020 has been authorised for release by the Board of Directors of Respiro Limited.

About Respi Limited

Respi 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.

Respi'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. Respi Limited's operations are based in Melbourne, Australia.

For additional information about Respi and its products, please visit www.respi.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 Respi current expectations, estimates and projections about the industry in which Respi 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 Respi, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward looking statements. Respi cautions shareholders and prospective shareholders not to place undue reliance on these forward looking statements, which reflect the view of Respi 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. Respi 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")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(144)	(2,224)
(b) product manufacturing and operating costs	(522)	(1,105)
(c) advertising and marketing	(208)	(543)
(d) leased assets	-	-
(e) staff costs	(237)	(1,165)
(f) administration and corporate costs	(626)	(1,867)
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	50	2,205
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,687)	(4,698)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(12)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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	(8)	(12)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,182	8,532
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	(101)	(425)
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	-	1,259
3.10	Net cash from / (used in) financing activities	4,080	7,870

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,081	309
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,687)	(4,698)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(12)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,080	7,870
4.5	Effect of movement in exchange rates on cash held	(1)	(4)
4.6	Cash and cash equivalents at end of period	3,465	3,465

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	3,465	1,081
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)	3,465	1,081

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Fees of Executive Director and Non-Executive Directors (excluding GST)		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
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.		
The loan facility is expected to be repaid by no later than 30 November 2020 and is secured.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,687)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,465
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,465
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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?	
Answer: N/A	
8.6.2 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?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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:21 July 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.