RESPIRI

Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.2A)

Company Name:	Respiri Limited (the 'Company')
ABN:	98 009 234 173
Reporting Period:	Financial year ended 30 June 2023
Previous Reporting Period:	Financial year ended 30 June 2022

Results for Announcement to the market

The results of Respiri Limited for the year ended 30 June 2023 are as follows:

Revenue	Down	15.01%	to	$662,103
Loss after tax attributable to members	Down	12.82%	to	($5,775,290)
Net loss for the period attributable to members	Down	12.82%	to	($5,775,290)
Net cash used in operating activities	Down	47.03%	to	($4,490,186)

Brief explanation of figures reported above

The loss for the Group after income tax for the reporting period was $5,775,290 (2022: $6,624,313) and an operating cash outflow of $4,490,186 (2022: $8,477,582). This result has been achieved after fully expensing all research and development costs.

The Company recorded revenue of $64,189 representing sales of wheezo® devices to its US and UK Partners. Product manufacturing cost of sales of $65,602 reflects further improvements in the COGS for manufacturing of wheezo® model 4.0. Advertising and Marketing costs for the year of $216,403 include costs associated with the launch of wheezo® in the US. Employee, consulting and corporate costs of $3,639,567 reflect the additional hire of key management personnel in the US and other key business roles required to support Respiri's corporate objectives.

At year end the company held $2,621,644 in inventories and prepaid materials and $146,162 cash on hand.

Dividends

The Company did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2023 financial year.

Net Tangible Assets

	30 June 2023	30 June 2022
Net Tangible Assets/(Liabilities)	$826,890	$3,007,787
Shares (No.)	843,236,346	761,846,346
Net Tangible Assets (cents)	0.10	0.39

Loss per Share

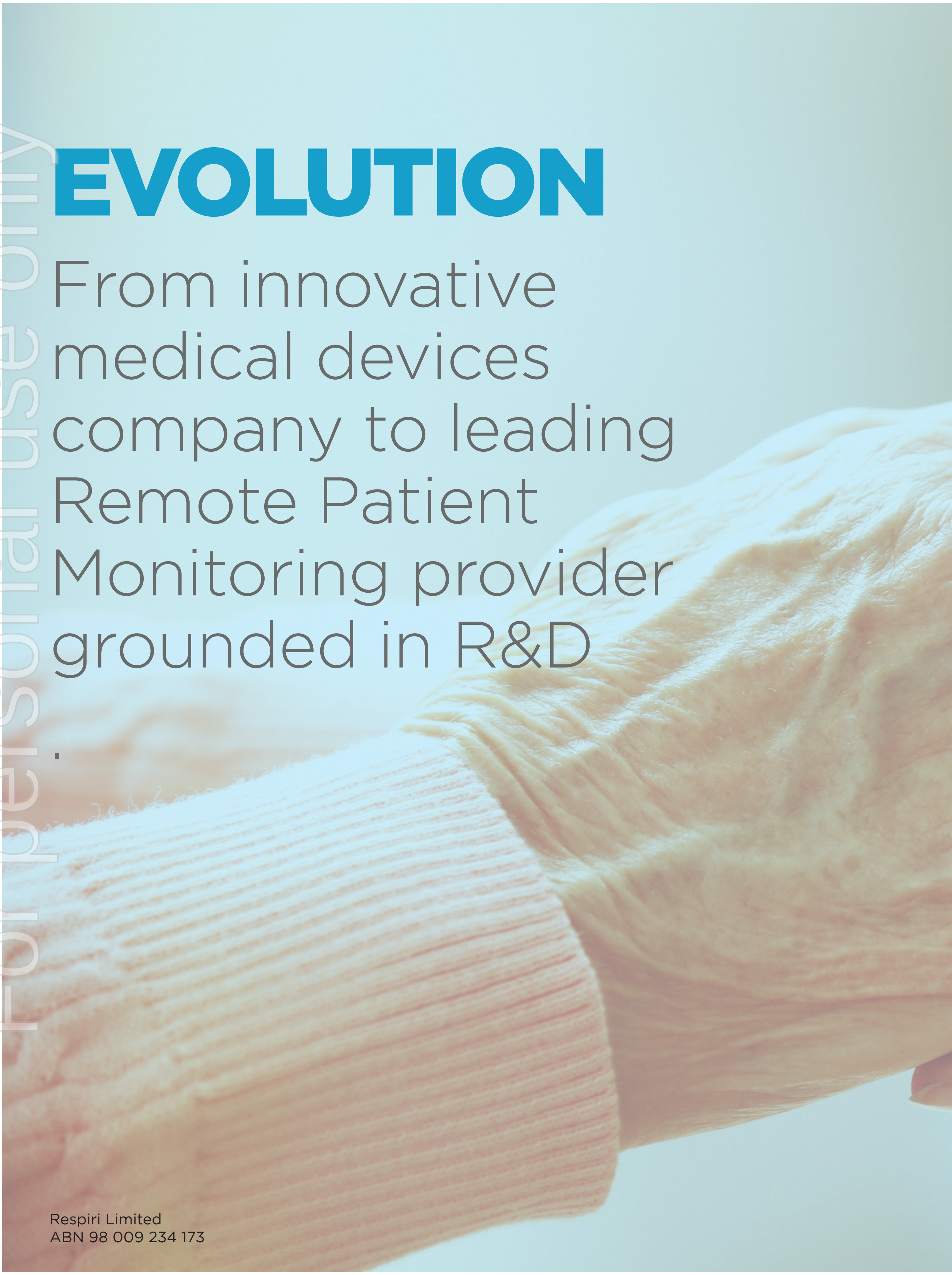
	30 June 2023	30 June 2022
Basic/Diluted loss per share (cents)	0.72	0.91

Status of Audit of Accounts

This Preliminary Financial Report is based upon financial statements for the Company for the year ended 30 June 2023 that have been audited. The financial statements are lodged with the ASX with this Appendix 4E statement; and the independent audit report which is included in the financial statements contains a material uncertainty related to going concern paragraph.

RESPIRI

ANNUAL REPORT 2023



EVOLUTION

From innovative medical devices company to leading Remote Patient Monitoring provider grounded in R&D

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Respiri Limited
ABN 98 009 234 173

BUILDING ON A FOUNDATION OF STRATEGIC FIRSTS

Respiri Limited is the 1st and only known Australian company to:

- **Gain** FDA clearance for its unique WheezeRate Detector, Class II medical device - wheezo®
- **Deliver** end-to-end Remote Patient Monitoring (RPM) services to US health providers
- **Be successfully** reimbursed for RPM by Centers of Medicare and Medicaid (CMS) in the USA

Chairman & CEO Update

Dear Fellow Shareholders,

On behalf of the Board of Directors of Respiri Limited we are proud to present the company's Annual Report for the year ended 30 June 2023.

This year has seen Respiri accelerate from US market entry to revenue generating in under 12 months. With a strong push to consolidate the early wins, the Company is building on a solid foundation of strategic 'Firsts'. Respiri Limited is the first and only known Australian company to:

- gain FDA clearance for its unique WheezeRate Detector, Class II medical device - wheezo®
- be successfully reimbursed for Remote Patient Monitoring (RPM) by Centers of Medicare and Medicaid (CMS) in the USA
- deliver end-to-end RPM services to US health providers through newly acquired Access Managed Services LLC (Access)

Through the recent acquisition of Access, Respiri now has control of an established and scalable end-to-end RPM offering that provides beyond the clinic solutions across all major disease states including Respiratory, Cardiovascular, Diabetes and Obesity critical competencies that Healthcare Organisations want and need. Further Respiri is the only RPM provider with services underpinned with its own IP protected medical device, wheezo, that allows for differentiated full suite programs including , clinical patient capability, integrated platform, and systems to streamline healthcare provider workflows and training and distribution.

Moreover, the acquisition marked a significant step for Respiri as it fast-tracks its Access business development into the broader Remote Patient Monitoring (RPM) health market in the United States. The US RPM market is projected to almost double and reach about US$25 billion by 2028, a CAGR of 11% during the forecast period[1] and Respiri is poised to leverage this growth opportunity with a complete and differentiated RPM offering.

Approximately 80% of Americans ≥ 55 years of age live with at least one chronic condition with almost 60% of those living with at least two chronic conditions[2]. Currently, there are few FDA-cleared Medical Devices that provide easy to use and scalable respiratory RPM services, which is a major reason why wheezo® RPM programs have been so well received by Access customers. Healthcare Organisation (HCO) customers typically contract Access to provide all their RPM requirements and not just wheezo®, making each potential client revenue opportunity greater. Respiri's IP-protected medical device, wheezo®, is used as a key differentiator to help secure contracts.

The acquisition also significantly increases the monthly recurring patient revenues for Respiri from US$10-$20 to US$70-$100, reducing the projected monthly breakeven number of patients from 30,000 to 9,000 which the company forecasts to achieve in CY2024. With an addressable US market now more than 3 times larger than the original respiratory market (approximately 150 million patients) and a significant advanced sales pipeline, Respiri is well placed to meet this target. With a growing established customer base and pipeline of opportunities, there is currently a contracted potential reach of 20,000+ patient lives.

1. https://www.arizton.com/market-reports/us-remote-patient-monitoring-market#:~:text=The%20U.S.%20remote%20patient%20monitoring%20market%20size%20was%20valued%20at (Accessed 7 July 2023)
2. https://www.cdc.gov/nchs/health_policy/adult_chronic_conditions.htm

The Acquisition of Access includes key employees, Ms Lisa Dye, Chief Revenue Officer and Mr Chas Cota, Director Strategy and Business Development committing to the business long term. Ms Myra Ameigh, President and CEO of Access will continue to support the business in a strategic advisory capacity and help manage a number of significant private insurer organisations in advanced RPM contract negotiations.

To support the US Expansion, Respiri ceased Australian operations with a strategic exit from the Australian Market. To ensure a strong presence on the ground from day one, Respiri appointed Mr William Sigsbee as Head of US Operations and Chief Commercial Officer for the US market. Mr Sigsbee has more than 30 years of healthcare experience in medical devices, services and software solutions, including previous roles as CEO. Mr. Sigsbee brings a wealth of knowledge around the US healthcare market, partnership strategy and distribution of leading-edge patient engagement technologies.

We also welcomed Brian Leedman to the Board as an independent Non-executive Director. Brian is a healthcare company entrepreneur and experienced company director having co-founded six healthcare/biotechnology companies on the ASX including Oncosil Medical, Biolife Sciences (acquired by Imugene Limited in 2014) and ResApp Health (acquired by Pfizer in September 2022). He is the former director of Alcidion Limited and Chairman of Neurotech International, Nutritional Growth Solutions, NeuroScientific Biopharmaceuticals, Ausbiotech (WA) and holds a Bachelor of Economics and a Master of Business Administration from The University of Western Australia.

Respiri together with Access Telehealth, secured three more RPM agreements, taking the number of RPM contracted healthcare organisations to 13. Respiri has now secured healthcare customers located in twelve different states in the USA that treat and manage diverse patient groups, including both adult and paediatric patients living with asthma, patients living with COPD, patients living with COPD with underlying cardiovascular disease and primary care patients demonstrating the broad clinical appeal of the wheezo® RPM program.

Respiri continued to expand its partnerships to unlock new healthcare organisation opportunities. On 10th July 2023, Respiri entered into a non-exclusive distribution / marketing wheezo® remote patient monitoring (RPM) agreement with Fi-Med Management LLC for an initial 3-year term significantly expanding the wheezo® distribution footprint with Fi-Med existing clients. Fi-Med customers include CommonSpirit Health, one of the largest nonprofit health systems in the USA with 142 hospitals, 2,200+ care sites and over 25,000 physician and advanced practice clinicians across 21 states, representing a significant growth opportunity for Respiri. Other notable customers include Mount Sinai, an integrated health service with 400 ambulatory practice locations throughout the five boroughs of New York City, Westchester, and Long Island; and Essentia Health comprised of 14 hospitals and a further 120 health facilities across Minnesota, Wisconsin, and North Dakota. An initial review of Fi-Med's customers has identified 29 customers whose patient demographics directly align with a wheezo® RPM program, representing an initial immediate patient pool of approximately 5000. Teams from both companies have been established to maximise these opportunities with more announcements pertaining to these to be shared throughout FY24.

Operational achievements

Key achievements during the year are outlined below.

Product Development – During the year the Company has continued to iterate and improve its wheezo® USA supporting software technology and utilising Artificial Intelligence (AI) driven capabilities to improve productivity and develop predictive clinical capabilities. The mobile application and Health Portal were enhanced with the addition of the CAT, (COPD Assessment Test), a clinically validated tool to assess the impact of disease on a patient's life. This important feature provides additional clinically objective metrics to the treating physician.

The major product advancement in the last year was the establishment of the Health Portal, the SaaS platform, allowing partners and healthcare providers alike to sign up, manage and review patient level health data. The delivery of the Health Portal provides a true end-to-end vertical, enabling US based partners to sell the RPM solution as a total package. The Access platform, Remotli, provides Respiri with a compliant RPM patient management tool that provides for patient management and reimbursement claiming documentation, allowing providers and healthcare organisations to make reimbursement claims.

Chairman & CEO Update continued

On 28 September 2022 Respiri established a cost-effective, Philippine based, Company Centre of Digital Innovation Excellence enabling greater flexibility and agility to meet ongoing USA market opportunities. By in housing key technology competencies and processes; Respiri has focused on improving all aspects of Research and Development; Accessing Tier 1 Filippino software engineering resources; and partnering with technology vendors and service providers to drive cost reductions and increase productivity. Resources have focus on mobile and web apps, web portals, SaaS, and in future will incorporate Machine Learning, system integration and API, as well as full platform and IT ecosystem solutions.

AI is central to Respiri's pathway moving forward. AI is already inherent in Respiri's current wheeze-identification algorithm and continues to shape the Company's R&D pipeline, notably Respiri's improved version of the wheezo solution under development. Respiri also implemented an AI driven capability seeking to improve productivity. Early signs pointed to a +50% improvement in development output with projections for further improvement once rolled out to all facets of product development, communications, and overall operational improvements during and throughout FY24. Respiri expects AI models to play a greater role in delivering best in-class RPM programs for healthcare organisations and more importantly, improved outcomes for patients. One example already underway, is the analysis of multi-year, deidentified large and complex data sets to better assess at-risk, high healthcare cost complex patients. AI model will help Respiri to better understand patients most at risk and help target RPM programs where they will have the most impact and value. Such approaches will form the basis of unlocking new business opportunities, especially with US based health insurers and Accountable Care Organisations (ACO) whose business models are based on healthcare cost reduction. Respiri/Access are currently engaged in advanced risk-share business contracts discussions with organisations like these.

National Institute for Health Research (NIHR) – First patients were recruited in the last quarter of 2022 to the previously announced the £2 million National Institute of Health Research (NIHR) Funded UK paediatric asthma clinical trial which was awarded to King's College, London to assess the impact of the wheezo® when combined with a standard integrated care approach for Asthma (the control arm), for their effectiveness and cost-utility. The Technology Enhanced integrAted asthMa care (TEAM-care) trial is a three arm, randomised, 30-month, 1,464 patient clinical trial that aims to assess outcomes for children with Asthma using a technologically enhanced integrated care pathway to address an unmet clinical need by building the clinical and health economic evidence base for NHS adoption of new technologies for asthma self-management, treatment optimisation, and monitoring.

Strategic exit from Australian market - In light of Respiri's focus on the US market, the Board determined to voluntarily withdraw its wheezo® device from the Australian market and simultaneously cancel its registration on the Therapeutic Goods Administration (TGA) to remove any remaining overheads and resources related to the Australia market and continue its focus on scaling US operations. Respiri worked with its Australian distributors and resellers to cease the distribution and sale of the wheezo® to customers.

Research and Development – The Company continued work on the wearable prototype during the year and established its first US-based Medical Advisory Board (MAB) to support product and clinical development and further advance wheezo® and the wearable Remote Patient Monitoring as part of standard of care. The founding MAB members comprise a wealth of experience and knowledge and a diverse skill set spanning clinical pulmonology, scientific & clinical expertise and commercial medical device development and commercialisation. William S. Krimsky, FCCP, DAABIP has been serving as the MAB's first Chair, and the first meeting was held in April 2023 with Professor Gerard J. Criner, MD, FACP, FACCP, Ass. Professor Stephen Selinger, MD and Dr. Jonathan Hovda, M.D., M.B.A rounding out the Key Opinion Leaders (KOL) and have begun forging the Company's respiratory clinical and product development strategies.

Respiri looks forward to sharing news on the clinical development of the wearable medical device which will grow the respiratory device offering, allowing Respiri to cater to a broader base of patients and support US healthcare organisations with new patient programs which are currently underserviced. As noted previously, wheezo® will continue to be Respiri's core medical device offering moving forward. Almost all major existing customers and existing sales pipeline opportunities are underpinned by Respiri's wheezo® existing innovation.

Manufacturing – Respiri has substantial inventory on hand and is well placed to meet US demand. The recent announcement regarding Respiri's exit from the Australian market further strengthened Respiri's wheezo® stock on hand position. Respiri expects no major issues moving forward, both on delivering wheezo® devices for US customers and prototypes to support the wearable clinical program.

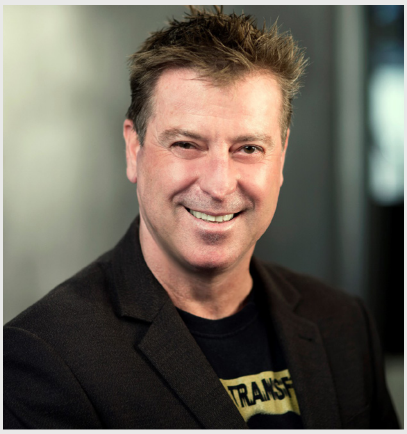
Market exposure

Post financial year, the company presented at the Techknow Invest conferences in the Gold Coast and Melbourne and at the highly respected Bioshares Conference in Hobart. Consequently, Respiri was added to the Bioshares Model Portfolio, the only company to be added following the annual conference.

Shareholders

We would like to thank all shareholders for their continued support of the company, especially the recent Access acquisition. The board and senior management expect the next twelve months to deliver rapid and sustainable growth as the Company approaches cash-positive status in CY2024. Respiri has achieved many business firsts in 2023 and significant revenue milestones that will be achieved in the coming year. We will continue to keep you, the shareholder, well informed and with your continued support of the Board and Executive team we will continue to have a marked impact on the lives of patients living with chronic diseases.

Nicholas Smedley
Executive Chairman



Marjan Mikel
CEO and
Managing Director

FINANCIAL STATEMENTS 2023

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For the Year Ended 30 June 2023

Directors' Report
30 June 2023

The Directors of Respiri Limited ("RSH", "Respiri", "Company" or "the Group") submit herewith the annual financial report of the Group for the financial year ended 30 June 2023. In order to comply with the *Corporations Act 2001*, the Directors' Report are as follows:

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Nicholas Smedley	Executive Chairman
Appointed to the Board	30 October 2019
Last elected by Shareholders	16 December 2020
Experience	Nicholas is an experienced Investment Banker and M&A Advisor, with 14 years' experience at UBS and KPMG. He has worked on M&A transactions in the UK, Hong Kong, China, and Australia with transactions ranging from the A$9bn defence of WMC Resources through to the investment of $65m into Catch.com.au. Nicholas currently oversees investments in the Property, Aged care, Technology and Medical Technology space. Key areas of expertise include M&A, Debt structuring, Corporate governance and innovation.
Qualifications	B.Com
Interest in shares and options	15,459,668 Ordinary Shares and 30,000,000 Unlisted Options
Directorships held in other listed entities	AD1 Holdings Limited Findi Limited

Mr Marjan Mikel	CEO and Executive Director
Appointed to the Board	25 November 2019
Last elected by Shareholders	16 December 2020
Experience	Marjan is a highly experienced managing director and board member with a career spanning Australia, Europe and Japan, Marjan's focus has been in the healthcare industry; from pharmaceuticals and information services and technology to medical devices and sleep disorder solutions. He founded and subsequently sold Healthy Sleep Solutions after developing it into a successful business, with Resmed Ltd as a joint venture/shareholder partner. He is an industry research fellow at University of New South Wales Faculty of Engineering.
Qualifications	BSc(Hons), Grad Dip Ed, MCom; MAICD
Interest in shares and options	4,558,687 Ordinary Shares and 30,000,000 Unlisted Options
Directorships held in other listed entities	N/A

Directors' Report
30 June 2023

Directors (continued)

Mr Brad Snow	Non-Executive Director
Appointed to the Board	20 June 2022
Experience	Brad Snow has 25 years of extensive commercial, operations and business development experience gained within the med-tech, biotech and HIT industries primarily focused in the United States. Brad is currently Chief Executive Officer and Board of Director of Angel-Medical Systems Inc (AngelMed). AngelMed's novel device, The Guardian System, is the world's first and only FDA approved real-time implantable cardiac device to detect acute coronary syndrome events, including silent heart attacks. Previously, he was Chief Executive Officer and Board of Director of SonaCare Medical LLC (now Sonablate Corp) a global company with cutting edge (HIFU) ultrasound imaging, assessment and ablation system. Brad provided Med Tech Consulting which provided advisory services to medical technology clients in relation to commercial strategy, operational improvements, business development and funding. He co founded DisruptRxtech.com, an artificial intelligence healthcare IT company. Earlier in his career, he held executive leadership roles in sales, marketing, and commercial operations for numerous start-up and emerging growth companies in the med-tech space.
Interest in shares and options	Nil
Directorships held in other listed entities	Angel-Medical Systems Inc (Listed in the United States)

Mr Brian Leedman	Non-Executive Director
Appointed to the Board	22 May 2023
Experience	Brian Leedman is a healthcare company entrepreneur and experienced company director having co-founded six healthcare/biotechnology companies on the ASX including Oncosil Medical, Biolife Sciences (acquired by Imugene Limited on 2014) and ResApp Health (acquired by Pfizer in September 2022). He is the former director of Alcidion Limited and Chairman of Neurotech International, Nutritional Growth Solutions, NeuroScientific Biopharmaceuticals, Ausbiotech (WA).
Qualifications	Bachelor of Economics and a Master of Business Administration from the University of Western Australia
Directorships held in other listed entities	Oncosil Medical Limited
Interest in shares and options	620,068 Ordinary Shares and 20,000,000 Unlisted Options

Directors' Report
30 June 2023

Company secretary

Mr Alastair Beard was appointed as Company Secretary on 13th March 2019 and resigned on the 15th August 2022.

Andrew Metcalfe was appointed as Company Secretary on 15th August 2022.

Andrew Metcalfe (CPA, FGIA, GAICD) is an experienced Chartered Secretary and Governance Adviser with more than 25 years' experience across a broad industry base, having worked with a variety of Board and senior management teams of ASX listed companies.

Principal Activities

The Company's principal activities in the course of the financial year have been the research, development and commercialisation of medical devices, and the development of mobile health applications.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Operating and Financial review

The loss of the Company after income tax for the financial year was $5,775,290 (2022: $6,624,313). This result has been achieved after fully expensing all research and development costs.

During the year the Company has continued to iterate and improve its wheezo® USA supporting software technology and utilising Artificial Intelligence (AI) driven capabilities to improve productivity and develop predictive clinical capabilities. The mobile application and Health Portal were enhanced with the addition of the CAT, (**C**OPD **A**ssessment **T**est), a clinically validated tool to assess the impact of disease on a patient's life. This important feature provides additional clinically objective metrics to the treating physician.

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Directors' Report

30 June 2023

Operating and Financial review (continued)

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In light of Respiri's focus on the US market, the Board determined to voluntarily withdraw its wheezo® device from the Australian market and simultaneously cancel its registration on the Therapeutic Goods Administration (TGA) to remove any remaining overheads and resources related to the Australia market and continue its focus on scaling US operations. Respiri worked with its Australian distributors and resellers to cease the distribution and sale of the wheezo® to customers.

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Corporate and Financial Highlights

The Company recorded revenue of $64,189 representing sales of wheezo® devices to its US and UK Partners. Product manufacturing cost of sales of $65,602 reflects further improvements in the COGS for manufacturing of wheezo® model 4.0. Advertising and Marketing costs for the year of $216,403 include costs associated with the launch of wheezo® in the US. Employee, consulting and corporate costs of $3,639,567 reflect the additional hire of key management personnel in the US and other key business roles required to support Respiri's corporate objectives.

At year end the company held $1,231,692 in inventories and $146,162 cash on hand.

Dividends

The Company did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2023 financial year.(PY2022: Nil).

Significant Changes in State of Affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of entities in the Group during the financial year under review not otherwise disclosed in the Annual Report. The board decided to focus 100% of its commercialisation efforts on the US market and for that reason decided to exit the Australian market.

Directors' Report

30 June 2023

Matters Subsequent to Reporting Period

Subsequent to year end the company completed a $3.9 million capital raise by way of a successful Share Purchase Plan and private placement. In addition to providing working capital the funds were used to complete on the acquisition of Access Managed Services LLC (Access). On 14th August 2023 the group entered into a binding Member Interest Purchase Agreement to acquire Access for up to US$3.0 million with the first tranche paid of US$1.25 million.

Likely Developments and Expected Results

Please refer to the 'Operating and Financial Review' section at the start of the Directors' Report for information in relation to Company's future Developments and Events.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulations under either Commonwealth or State legislation.

Risk Management

The Board is responsible for overseeing the establishment and implementation of the risk management system, and for the reviewing and assessing the effectiveness of the Company's implementation of that system on a regular basis.

The Board and senior management continue to identify the general areas of risk and their impact on the activities of the Company. The Board has established a formal process in relation to the maintenance of an internal risk register which is updated and reviewed by the Board at its monthly meetings. The potential risk areas for the Company include:

> reliance on key personnel

> efficacy, safety and regulatory risk of medical devices

> financial position of the Company and the financial outlook;

> domestic and global economic outlook and share market activity;

> changing government policy (Australian and overseas);

> competitors' products and research and development programs;

> market demand and market prices for medical device technologies;

> environmental regulations;

> ethical issues relating to medical device research and development;

> the status of partnership and contractor relationships;

> other government regulations including those specifically relating to the biomedical and health industries; and

> occupational health and safety and equal opportunity law.

The above list of risk areas ought not to be taken as an exhaustive one of the risks faced by the Company or by investors in

Directors' Report
30 June 2023

Risk Management (continued)
the Company. The above areas, and others not specifically referred to above, may in the future materially affect the financial performance of the Company.

The Board and Management will continue to perform a regular review of the following:

> the major risks that occur within the business;

> the degree of risk involved;

> the current approach to managing the risk; and

> where appropriate, determine:

- any inadequacies of the current approach; and
- possible new approaches that more efficiently and effectively address the risk.

Healthcare Technology Companies – Inherent Risks

Some of the risks inherent in the development of medical device products to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, the obtaining of the necessary regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Also a particular medical device may fail the clinical development process through lack of efficacy or safety. Companies such as Respiri Limited are dependent on the success of their medical devices and on the ability to attract funding to support these activities.

Investment in healthcare technology including medical devices cannot be assessed on the same fundamentals as trading and manufacturing enterprises and thus investment in these areas must be regarded as speculative taking into account these considerations.

Meetings of Directors

A number of formal meetings and circular resolutions were held during the year as tabled below:

	Directors' Meetings		Audit, Risk and Compliance Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Nicholas Smedley	11	10	-	-	-	-
Mr Marjan Mikel	11	11	-	-	-	-
Mr Brad Snow	11	8	-	-	-	-
Mr Brian Leedman	1	1	-	-	-	-

For the date of appointment and resignation of each Director and Executive, please refer to the Remuneration Report section of the Directors' Report.

Directors' Report
30 June 2023

Indemnification of Officers and Auditors

During the financial year, the Company maintained an insurance policy to indemnify Directors and Officers against certain liabilities incurred as such a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year ended 30 June 2023 the Company did not engage the external auditor to provide non-audit services.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2023 has been received and can be found on page 20 of the financial report.

Directors' Report
30 June 2023

Share Options on Issue as at the Date of this Report

The unissued ordinary shares of Respiri Limited under option as at the date of this report were:

Unlisted options

Class	ASX Code	Date of Expiry	Exercise Price $	No. under Option	
01	RSHAF	31 Dec 2023	0.03	6,000,000	
02	RSHAG	31 Dec 2024	0.03	6,000,000	
08	RSHAB	12 Jun 2024	0.10	65,000,000	(a)
09	RSHACi	30 Sep 2024	0.20	30,000,000	(a)
14	RSHAE	1 July 2024	0.10	10,000,000	
16	RSHAC	2 Nov 2023	0.20	4,800,000	(b)
17	RSHAC	15 Jun 2026	0.30	8,000,000	(b)
18	RSHAA	17 Dec 2025	0.30	65,000,000	
19	RSHAA	17 Dec 2025	0.30	10,000,000	
20	RSHAAB	31 Jan 2027	0.20	3,200,000	
21	RSH ESOP	09 Jun 2027	0.10	2,000,000	
22	RSHAI	01 Mar 2025	0.10	5,000,000	
23	RSHAJ	01 Mar 2025	0.20	10,000,000	
24	RSHAAD	31 Dec 2024	0.10	2,500,000	
24	RSHAADI	30 Jun 2025	0.10	5,000,000	
24	RSHAAD	31 Dec 2025	0.10	2,500,000	
24	RSHAAD	30 Nov 2025	010	1,000,000	
24	RSHAAD	30 Nov 2025	0.10	1,500,000	
24	RSHAAD	31 Jan 2026	0.10	1,000,000	

a) Issued in 5 tranches with different vesting conditions. See Note 21.

b) Options granted at EGM held in May 2020. Issued in 3 tranches with different vesting conditions. Of the 3 tranches, 1 has not yet been allotted to members. See Note 21.

Please refer to Note 21 for further details regarding the above unlisted options on issue as at 30 June 2023.

There were no listed options outstanding at the reporting date,

Corporate Governance

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors of Respiri support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is available on the Company's website at www.Respiri.co.

Directors' Report
30 June 2023

Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the *Corporations Act 2001* and its Regulations.

This report details the nature and amount of remuneration of each Director of Respiri Limited and all other Key Management Personnel.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

For the purposes of this report, the term 'executive' encompasses the Executive Chairman.

Names	Position	Appointment/Resignation
Directors		
Mr Marjan Mikel	CEO	Appointed on 2nd December 2019
	Executive Director	Appointed on 25th November 2019
Mr Nicholas Smedley	Executive Chairman	Appointed on 30th October 2019
Mr Brad Snow	Non-Executive Director	Appointed on 20th June 2022
Mr Brian Leedman	Non-Executive Director	Appointed on 22nd May 2023
Other KMP		
Mr George Vlachodimitropoulos	Chief Technology Officer	Appointed on 23rd August 2021
Dr Samaneh Sarraf Shirazi	Chief Research Officer	Appointed on 4th February 2019
Mr Peter Hildebrandt	Chief Operating Officer	Appointed on 1st November 2020
Mr Theo Antonopoulos	Chief Commercial Officer	Appointed on 7th June 2021

Remuneration Policy

Remuneration of all Non-Executive Directors and Officers of the Company is determined by the Board following recommendation by the Remuneration and Nomination Committee.

The Company is committed to remunerating Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount limit approved by shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Voting and comments made at the Company's Annual General Meeting

The Company did not receive any specific feedback at the AGM or throughout 2023 on its remuneration practices. The Remuneration Report was adopted at the 2022 AGM by more than 98% of eligible votes received.

Remuneration Policy Versus Company Financial Performance

Directors have been compensated for work undertaken and the responsibilities assumed in being Directors of this publicly listed company based on industry practice. Consistently with good corporate governance practices, compensation of Non-Executive Directors is not linked to specific performance hurdles or objectives.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

Remuneration Policy Versus Company Financial Performance (continued)

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the development and commercialisation phase. Shareholder value reflects the speculative and volatile biotechnology market sector.

This pattern is indicative of the Company's performance over the past five years. Accordingly, no dividends have been paid during the year, or in respect of the 2023 financial year.

	Net (Loss)/ Profit	Share Price at Balance Sheet Date	Loss per Share (cents)
	$	$	$
Financial Year			
2023	(5,775,290)	0.04	(0.72)
2022	(6,624,313)	0.06	(0.91)
2021	(11,040,347)	0.07	(1.58)
2020	(7,260,935)	0.09	(1.27)
2019	(8,474,586)	0.09	(1.69)

Performance Based Remuneration

The purpose of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of short-term and long-term KPI's to determine achievement, depending on the role of the executive or director being assessed and the particular KPI being targeted.

These include:

- successful contract negotiations;
- company share price consistently reaching a targeted rate on the ASX or applicable market over a period of time; and
- completion of set milestones.

The Non-Executive Directors do not receive performance-based remuneration.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

Details of Remuneration for the Year Ended 30 June 2023

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year was as follows:

	Short-term Employee Benefits			Post-employment Benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Consulting fees	Superannuation contribution	Shares/ Options	
2023	**$**	**$**	**$**	**$**	**$**	**$**
Directors						
Mr Marjan Mikel	428,306	-	-	25,292	116,321	569,919
Mr Nicholas Smedley	245,455	-	-	-	64,766	310,221
Mr Brad Snow	95,269	-	-	-	-	95,269
Mr Brian Leedman	13,914	-	-	1,530	-	15,444
Other KMP						
Mr George Vlachodimitropoulos	250,000	-	-	25,292	7,304	282,596
Mr Theo Antonopoulos	275,000	-	-	25,292	21,848	322,140
Mr Peter Hildebrandt	235,000	-	-	24,675	34,297	293,972
Dr Samaneh Sarraf Shirazi	176,458	-	-	18,528	-	194,986
	1,719,402	**-**	**-**	**120,609**	**244,536**	**2,084,547**

Note: For the date of appointment and resignation of each Director and Executive please refer to the Directors' Report pages 1-2.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

Details of Remuneration for the Year (continued) Ended 30 June 2023

	Short-term Employee Benefits			Post-employment Benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Consulting fees	Superannuation contribution	Shares/ Options	
2022	**$**	**$**	**$**	**$**	**$**	**$**
Directors						
Mr Marjan Mikel	428,306	-	-	23,568	155,422	607,296
Mr Nicholas Smedley	245,455	-	-	-	110,070	355,525
Dr Thomas Duthy (resigned 19 Apr 2022)	50,000	-	-	-	(193,578)	(143,578)
Other Key Management Personnel						
Mr George Vlachodimitropoulos	214,382	-	-	20,364	1,730	236,476
Mr Theo Antonopoulos	275,000	-	-	23,568	14,483	313,051
Mr Peter Hildebrandt	235,000	-	-	23,500	34,297	292,797
Dr Samaneh Sarraf Shirazi	176,458	-	-	17,646	-	194,104
	1,624,601	-	-	108,646	122,424	1,855,671

a) 15,000,000 options granted to Thomas Duthy were forfeited following his resignation on 19th April 2022.

b) 20,000,000 unlisted options were granted to senior management personnel at the May 2020 EGM. As at 30 June 2022, of the total granted, 8,000,000 options with a fair value of $159,573 have not yet been formally allotted

At Risk Income as a Proportion of Total Remuneration

All Executive Directors and other key management personnel are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore, there is no fixed proportion between incentive and non-incentive remuneration. Entitlement to these payments does not depend on the future performance of the Company.

Non-Executive Directors are not entitled to receive bonuses and/or incentives.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

At Risk Income as a Proportion of Total Remuneration (continued)

The relative proportions of remuneration income that are at risk, and those that are fixed, are as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Directors						
Mr Marjan Mikel (appointed on 25 November 2019)	**80**	74	**-**	-	**20**	26
Mr Nicholas Smedley (appointed on 30 October 2019)	**79**	69	**-**	-	**21**	31
Mr Brad Snow (appointed on 20 June 2022)	**100**	-	**-**	-	**-**	-
Dr Thomas Duthy (appointed on 11 February 2020, resigned on 19 April 2022)	**-**	100	**-**	-	**-**	-
Mr Brian Leedman (appointed on 22nd May 2023)	**100**	-	**-**	-	**-**	-
Other Key Management Personnel						
Mr George Vlachodimitropoulos (appointed on 23 August 2021)	**97**	99	**-**	-	**3**	1
Mr Theo Antonopoulos (appointed 7 June 2021)	**93**	95	**-**	-	**7**	5
Mr Peter Hildebrandt (appointed 1 November 2020)	**88**	88	**-**	-	**12**	12
Dr Samaneh Sarraf Shirazi (appointed 4 February 2019)	**100**	100	**-**	-	**-**	-

At risk long-term incentive (LTI) relates to remuneration in the form of share based payments, which are subject to vesting conditions based on length of service. At risk short-term incentive (STI) relates to discretionary bonuses approved by the board in respect of performance during the relevant year.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

Share-based Compensation

At the General Meeting held on 31 October 2013, Shareholders approved the establishment of the 2013 Employees', Directors' and Consultants' Share and Option Plan (ESOP). The ESOP is intended to reward Directors, employees and/or consultants for their contributions to the Group. The Plan is to be used as a method of retaining key personnel for the growth and development of the Group. Due to the Group's presence in USA, the Plan has been established to benefit personnel in Australia and USA.

The terms and conditions of each grant of options affecting Director and other Key Management Personnel remuneration in the current or future reporting periods are as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price $	Share Price Hurdle	Fully Vested	Value per Option at Grant Date $
14 Dec 2017	1 Jul 2020	31 Dec 2023	0.03	0.10	Yes	0.048
14 Dec 2017	1 Jul 2020	31 Dec 2024	0.03	0.15	Yes	0.092
26 May 2020	30 Sep 2020	30 Sep 2024	0.10	N/A	Yes	0.036
26 May 2020	30 Sep 2020	30 Sep 2024	0.30	N/A	No	0.020
16 Jun 2020	12 Jun 2020	12 Jun 2024	0.10	N/A	Yes	0.041
16 Jun 2020	30 Sep 2020	30 Sep 2024	0.20	N/A	No	0.031
22 Oct 2020	1 Nov 2021	1 Nov 2023	0.20	N/A	No	0.074
21 Dec 2020	21 Dec 2020	17 Dec 2025	0.30	N/A	Yes	0.022
7 Jun 2021	7 Jun 2022	7 Jun 2024	0.20	N/A	No	0.015
27 Nov 2021	23 Aug 2023	2 Nov 2023	0.20	N/A	No	0.003
22 Feb 2022	31 Jan 2023	31 Jan 2027	0.20	N/A	No	0.002
9 Jun 2022	9 Jun 2023	9 Jun 2027	0.10	N/A	No	0.008
14 Jun 2022	14 Jun 2022	1 Mar 2025	0.10	N/A	Yes	0.003
14 Jun 2022	14 Jun 2022	1 Mar 2025	0.10	N/A	Yes	0.001
1 Oct 2022	1 Dec 2022	31 Dec 2024	0.10	N/A	Yes	0.010
1 Nov 2022	1 Jun 2023	30 Jun 2025	0.10	N/A	Yes	0.008
15 Nov 2022	30 Nov 2023	30 Nov 2025	0.10	N/A	No	0.008
7 Nov 2022	30 Nov 2023	30 Nov 2025	0.10	N/A	No	0.011
1 Jun 2023	31 Jan 2024	31 Jan 2026	0.10	N/A	No	0.012

Options granted under the plan carry no dividend or voting rights until exercised into ordinary fully paid shares.

When exercisable, each option is convertible into one ordinary share as soon as practical after the receipt by the Company of the completed exercise form and full payment of the exercise price.

The exercise price of options granted under this plan shall be determined by the Committee in its sole discretion.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

Share-based Compensation (continued)

Details of options over ordinary shares in the Company provided as remuneration to each Director of the Company and each of the other Key Management Personnel are set out below:

	Number of Options Granted During the Year		Number of Options Forfeited/ Lapsed/ Cancelled/ Exercised During the Year		Number of Options Vested During the Year
	2023	**2022**	**2023**	**2022**	**2023**
Directors					
Mr Marjan Mikel	-	-	**15,000,000**	-	-
Mr Nicholas Smedley	-	-	**7,500,000**	-	-
Dr Thomas Duthy	-	-	-	15,000,000	-
Other Key Management Personnel					
Mr George Vlachodimitropoulos	-	2,500,000	-	-	**2,500,000**
Mr Theo Antonopoulos	-	1,000,000	-	-	**3,000,000**
Mr Peter Hildebrandt	-	-	-	-	**2,000,000**
Dr Samaneh Sarraf Shirazi	-	-	**2,000,000**	-	-
	-	3,500,000	**24,500,000**	15,000,000	**7,500,000**

Refer to Page 16 for closing balance of options held by each Director and other Key Management Personnel of Respiri Limited, including their personally related parties, as at 30 June 2023.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

(a) Shareholdings

The number of fully paid ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel of Respiri Limited, including shares held indirectly by them personally, are set out below:

	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
30 June 2023					
Directors					
Mr Marjan Mikel	3,308,687	-	-	1,250,000 (a)	4,558,687
Mr Nicholas Smedley	14,209,668	-	-	1,250,000 (b)	15,459,668
Mr Brad Snow	-	-	-	-	-
Mr Brian Leedman	-	-	-	620,068 (c)	620,068
Other Key Management Personnel					
Mr George Vlachodimitropoulos	-	-	-	-	-
Mr Theo Antonopoulos	-	-	-	-	-
Mr Peter Hildebrandt	-	-	-	-	-
Dr Samaneh Sarraf Shirazi	-	-	-	-	-
	17,518,355	**-**	**-**	**3,120,068**	**20,638,423**

a) At year end, 2,740,506 shares are held directly, 1,818,181 held indirectly.

b) At year end, nil shares are held directly and 15,459,668 held indirectly.

c) At year end, nil shares are held directly and 620,068 held indirectly.

	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
30 June 2022					
Directors					
Mr Marjan Mikel	3,308,687	-	-	-	3,308,687
Mr Nicholas Smedley	14,209,668	-	-	-	14,209,668
Mr Brad Snow	-	-	-	-	-
Dr Thomas Duthy	745,454	-	-	-	745,454
Other Key Management Personnel					
Mr Philippe Ludekens	-	-	-	-	-
Mr Peter Hildebrandt	-	-	-	-	-
Mr Theo Antonopoulos	-	-	-	-	-
Dr Samaneh Sarraf Shirazi	-	-	-	-	-
	18,263,809	-	-	-	18,263,809

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

(b) Options and Rights

The number of options over ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel of Respiri Limited, including their personally related parties, are set out below:

	Balance at Start of the Year	Granted as Compensation	Options Exercised	Net Change Other		Balance at End of the Year	Vested and Exercisable	Unvested
30 June 2023								
Directors								
Mr Nicholas Smedley	77,500,000	-	-	(7,500,000)	(a)	70,000,000	60,000,000	10,000,000
Mr Marjan Mikel	90,000,000	-	-	(15,000,000)	(a)	75,000,000	60,000,000	15,000,000
Mr Brad Snow	-	-	-	-		-	-	-
Mr Brian Leedman	-	-	-	-		-	-	-
Other Key Management Personnel								
Mr George Vlachodimitropoulos	2,500,000	-	-	-	(b)	2,500,000	2,500,000	-
Mr Theo Antonopoulos	3,000,000	-	-	-	(b)	3,000,000	3,000,000	-
Mr Peter Hildebrandt	2,000,000	-	-	-	(b)	2,000,000	2,000,000	-
Dr Samaneh Sarraf Shirazi	2,000,000	-	-	(2,000,000)	(b)	-	-	-
	177,000,000	-	-	**(24,500,000)**		**152,500,000**	**127,500,000**	**25,000,000**

a) 15,000,000 options granted to Marjan Mikel and 7,500,000 granted to Nicholas Smedley were cancelled via mutual agreement with the company on 13th October 2022.

b) 20,000,000 unlisted options were granted to senior management personnel at the May 2020 EGM. As at 30 June 2023, of the total granted, 8,000,000 options with a fair value of $159,573 have not yet been formally allotted.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

(b) Options and Rights (continued)

	Balance at Start of the Year	Granted as Compensation	Options Exercised	Net Change Other		Balance at End of the Year	Vested and Exercisable	Unvested
30 June 2022								
Directors								
Mr Nicholas Smedley	77,500,000	-	-	-		77,500,000	60,000,000	17,500,000
Mr Marjan Mikel	90,000,000	-	-	-		90,000,000	60,000,000	30,000,000
Dr Thomas Duthy	30,000,000	-	-	(15,000,000)	(a)	15,000,000	15,000,000	-
	-	-	-	-		-	-	-
Other Key Management Personnel								
Mr George Vlachodimitropoulos	-	2,500,000	-	-	(b)	2,500,000	-	2,500,000
Mr Theo Antonopoulos	2,000,000	1,000,000	-	-	(b)	3,000,000	-	3,000,000
Mr Peter Hildebrandt	2,000,000	-	-	-	(b)	2,000,000	-	2,000,000
Dr Samaneh Sarraf Shirazi	2,000,000	-	-	-	(b)	2,000,000	2,000,000	-
	203,500,000	3,500,000	-	(15,000,000)		192,000,000	137,000,000	55,000,000

a) 15,000,000 options granted to Thomas Duthy were forfeited following his resignation on 19th April 2022.

b) 20,000,000 unlisted options were granted to senior management personnel at the May 2020 EGM. As at 30 June 2022, of the total granted, 8,000,000 options with a fair value of $159,573 have not yet been formally allotted.

Directors' Report
30 June 2023

Remuneration Report (Audited) (continued)

The Directors and other Key Management Personnel are subject to service agreements with normal commercial terms and conditions. The key terms of these agreements are set out below:

Duration	**On-going term**
Periods of Notice Required to Terminate	In the case of: - Marjan Mikel, four weeks' notice of termination by the employee and the Company; - George Vlachodimitropoulos, four weeks' notice of termination by the employee and the Company; - Theo Antonopoulos, four weeks' notice of termination by the employee and the company; - Peter Hildebrandt, four weeks' notice of termination by the employee and the Company; and - Samaneh Shirazi, four weeks' notice of termination by the employee and the Company.

Mr. Nicholas Smedley and Mr. Marjan Mikel have provided director loans to the company at year end of $100,000 each, interest to be charged at a commerical rate.

This is the end of the Audited Remuneration Report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Mr Nicholas Smedley
Executive-Chairman

Dated this 31st day of August 2023

Melbourne, Australia

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Respiri Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 31 August 2023
Melbourne, Victoria

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

	Note	2023 $	2022 $
Revenue			
Operating revenue	3	**70,533**	253,688
Non-operating revenue		**4,240**	6,875
Other income	3	**587,330**	518,508
Total revenue		**662,103**	779,071
Cost of sales		**(65,603)**	(259,292)
		596,500	519,779
Expenses			
Consulting, employee and director	4	**(3,639,567)**	(2,970,954)
Equity-based payment	4,21	**(335,675)**	(311,035)
Corporate administration		**(1,375,868)**	(1,193,459)
Depreciation		**(77,293)**	(81,954)
Marketing and promotion		**(216,402)**	(916,587)
Research and development		**(377,725)**	(1,463,343)
Travel		**(334,260)**	(206,760)
Finance expenses		**(15,000)**	-
Loss before income tax expense from continuing operations		**(5,775,290)**	(6,624,313)
Income tax expense	5	**-**	-
Loss after income tax for the year		**(5,775,290)**	(6,624,313)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(554)**	973
Total comprehensive loss for the year		**(5,775,844)**	(6,623,340)
Loss attributable to:			
Members of the parent entity		**(5,775,290)**	(6,624,313)
Total comprehensive loss attributable to:			
Members of the parent entity		**(5,775,844)**	(6,623,340)
Basic loss per share (cents)		**(0.72)**	(0.91)
Diluted loss per share (cents)		**(0.72)**	(0.91)

Statement of Financial Position

As At 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**146,162**	1,217,271
Trade and other receivables	10	**47,244**	50,305
Inventories	14	**1,231,692**	1,261,166
Other assets	13	**1,579,892**	1,593,921
TOTAL CURRENT ASSETS		**3,004,990**	4,122,663
NON-CURRENT ASSETS			
Property, plant and equipment	12	**176,326**	82,686
TOTAL NON-CURRENT ASSETS		**176,326**	82,686
TOTAL ASSETS		**3,181,316**	4,205,349
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**1,845,960**	789,629
Other financial liabilities	16	**327,415**	404,771
Deferred revenue		**64,653**	3,162
TOTAL CURRENT LIABILITIES		**2,238,028**	1,197,562
NON-CURRENT LIABILITIES			
Other financial liabilities	16	**116,398**	-
TOTAL NON-CURRENT LIABILITIES		**116,398**	-
TOTAL LIABILITIES		**2,354,426**	1,197,562
NET ASSETS		**826,890**	3,007,787
EQUITY			
Issued capital	17	**132,099,603**	128,840,331
Reserves	18	**6,779,822**	7,480,008
Accumulated losses		**(138,052,535)**	(133,312,552)
TOTAL EQUITY		**826,890**	3,007,787

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023	Issued Capital $	Option Reserve $	Foreign Translation Currency Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2022	**128,840,331**	**7,480,008**	**-**	**(133,312,552)**	**3,007,787**
Loss after income tax expense for the year	-	-	-	(5,775,290)	(5,775,290)
Other comprehensive income for the year, net of tax	-	-	(554)	-	(554)
Total comprehensive income for the year	**-**	**-**	**(554)**	**(5,775,290)**	**(5,775,844)**
Transactions with Equity holders in their capacity as Equity holders					
Shares issued	3,650,600	-	-	-	3,650,600
Capital raising costs	(391,328)	-	-	-	(391,328)
Options exercised	-	-	-	-	-
Options issued	-	-	-	-	-
Options cancelled	-	(634,964)	-	634,964	-
Options forfeited/lapsed	-	(400,343)	-	400,343	-
Share-based payment expense	-	335,675	-	-	335,675
Balance at 30 June 2023	**132,099,603**	**6,780,376**	**(554)**	**(138,052,535)**	**826,890**

Statement of Changes in Equity

For the Year Ended 30 June 2023

2022

	Issued Capital $	Option Reserve $	Foreign Translation Currency Reserve $	Accumulated Losses $	Total $
Balance at July 1, 2021	127,090,401	7,168,973	(342,930)	(126,346,282)	7,570,162
Loss after income tax expense for the year	-	-	-	(6,624,313)	(6,624,313)
Disposal of investments in foreign subsidiaries	-	-	341,957	(341,957)	-
Other comprehensive income for the year, net of tax	-	-	973	-	973
Total comprehensive income for the year	-	-	342,930	(6,966,270)	(6,623,340)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued	1,783,000	-	-	-	1,783,000
Capital raising costs	(33,070)	-	-	-	(33,070)
Options exercised	-	-	-	-	-
Options issued	-	20,808	-	-	20,808
Options cancelled	-	(149)	-	-	(149)
Options forfeited/lapsed	-	(195,095)	-	-	(195,095)
Share-based payment expense	-	485,471	-	-	485,471
Balance at 30 June 2022	128,840,331	7,480,008	-	(133,312,552)	3,007,787

Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**135,086**	255,992
Payments to suppliers and employees (inclusive of GST)		**(5,216,842)**	(9,258,957)
Interest received		**4,240**	6,875
Grant income		**36,600**	21,813
R&D tax refund		**550,730**	496,695
Net cash used in operating activities	20	**(4,490,186)**	(8,477,582)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of plant and equipment		**(21,801)**	(2,265)
Net cash used in investing activities		**(21,801)**	(2,265)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issues of securities		**3,650,600**	1,672,000
Capital raising costs		**(391,328)**	(33,070)
Borrowings		**200,000**	-
Net cash provided by financing activities		**3,459,272**	1,638,930
Net increase in cash and cash equivalents held		**(1,052,715)**	(6,840,917)
Cash and cash equivalents at beginning of year		**1,217,271**	7,973,188
Effects of exchange rate changes on cash and cash equivalents		**(18,394)**	85,000
Cash and cash equivalents at end of financial year	9	**146,162**	1,217,271

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

Corporate Information

Respiri Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The addresses of its registered office and principal place of business are disclosed in company details.

The principal activities of the Company are the research, development and commercialisation of medical devices, and the production of mobile health applications. The Company is a for-profit company.

The financial report of Respiri Limited (the Company) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 31st August 2022.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Australian Accounting Interpretations, and complies with other authoritative pronouncements from the Australian Accounting Standards Board, as appropriate for for-profit orientated entities.

The financial report covers Respiri Limited as a consolidated entity consisting of Respiri Limited and the entities it controlled during the year.

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards and with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted and amounts rounded to the nearest dollar.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 2.

Going Concern Basis

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $5,775,290 and had net cash outflows from operating activities of $4,490,186 for the year ended 30 June 2023.

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

Going Concern Basis (continued)

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors.

- The Group has prepared budgets and cash flow forecast for the next 12 months from the date of this report which indicate the Group will have a positive cash balance during this period. The cash flow forecasts include further capital raising over the next 12 months.
- As described in Note 23 the Group successfully raised $3,900,000 post period end through a placement offering.
- The Directors believe that there are reasonable ground to expect that the Group has the capacity to raise capital. The Group has a strong track record of accessing capital when it is required to advance its portfolio.

In the event that capital raising be unsuccessful and insufficient funds are available to extinguish the debts, there would be a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report..

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Accounting Policies

(a) Basis for consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as "the Company" in these financial statements). Control is achieved where the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have 30 June 2023 financial year-end.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. Subsidiaries are accounted for at cost in the parent entity.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

(b) Income Tax

The income tax expense is based on the taxable income for the year. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (excluding a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled. Current and deferred tax is recognised as an expense or income in Profit or Loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Respiri Limited (head entity) and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Where the Company is entitled to a tax rebate under the R&D Tax Concession during a particular financial year, the rebate is recorded as revenue for the year when received, rather than when expenditure was incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average' basis. The cost of inventories comprises cost of purchase and costs incurred in bringing inventories to their present location and condition. Cost of purchased inventories is determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated selling costs.

The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

If in a particular period production is not at normal capacity, the costs of inventories does not include additional fixed overheads in excess of those allocated based on normal capacity. Such unallocated overheads are recognised as an expense in Profit or Loss in the period in which they are incurred. Furthermore, cost of inventories does not include abnormal amounts of materials, labour or other costs resulting from inefficiency.

(e) Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and impairment.

Cost includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Profit or Loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis commencing from the time the asset is held ready for use.

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 **Summary of Significant Accounting Policies (continued)**

(e) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture and Fittings	6 - 15%
Computer Equipment	15 - 33%
Medical Equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(f) Leases

Lease assessment at contract inception

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Adoption of short-term leases or low value asset exception

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Financial assets and liabilities

Recognition

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires. Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments, amortisation and impairment.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 **Summary of Significant Accounting Policies (continued)**

(h) Intangibles

Intellectual property

The amortisation period and the amortisation method for an intangible asset is reviewed at least at the end of each reporting period. If the expected useful life of the asset is different from the previous estimates, the amortisation shall be changed accordingly. Such changes are accounted for as changes in accounting estimates.

(i) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in Profit or Loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

(i) Foreign currency transactions and balances (continued)

Group companies (continued)

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Profit or Loss in the period in which the operation is disposed.

(j) Employee benefits

Annual leave and long service leave

A liability is recognised for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Short-term benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions (Israel only) and are recognised as expenses as the services are rendered.

Post employment benefits include superannuation and payments to insurance companies (Israel only) and are defined contribution plans. Such payments are made in accordance with the relevant legislation for country and/or state where an employee normally performs their duties as an employee. Payments are recognised as expenses as the services are rendered.

Shared-based payments

Shared-based compensation benefits are provided to employees via the Respiri Limited Employee Option Plan and an employee share scheme.

The fair value of options granted under Respiri Limited Option Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date was determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably measured. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 **Summary of Significant Accounting Policies (continued)**

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(m) Revenue and other income

The revenue recognition policies for the principal revenue streams of the Group are:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit or Loss over the expected useful life of the related asset on a straight-line basis.

Government grants received in Israel as support for research and development projects, include an obligation to pay royalties (ranging from 3.5% to 5%) conditional on future sales arising from the project. These grants are recognised upon receipt as a liability if future economic benefits are expected from the project (i.e. sales). If no economic benefits are expected, the grants are recognised as a reduction of the related research and development expenses and the royalty obligation treated as a contingent liability.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

(m) Revenue and other income (continued)

At the end of each reporting date, the Company evaluates if there is reasonable assurance that the liability recognised, in whole or part, will not be repaid. If there are indications the liability will not be repaid, the appropriate amount of the liability is derecognised and recorded in Profit or Loss as a reduction of research and development expenses. Otherwise, the appropriate amount of the liability that reflects expected future royalty payments is recognised with a corresponding adjustment to research and development expenses.

Royalty payments are treated as a reduction of the liability.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

R&D Tax Concession Refunds

R&D Tax concession refunds are recorded as revenue for the year when received, rather than when expenditure was incurred.

(n) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Share capital

Ordinary share capital is recognised as the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Earnings per share

Basic earnings per share

Basics earnings per share is calculated by dividing the profit attributed to the owners of Respiri Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the year ended 30 June 2023.

(r) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the Directors and Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Segment Reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The operating segments of the Group are determined to be Australia. For more information, refer to Note 19.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Parent entity

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the accounting standards.

	2023 $	2022 $
Statement of Financial Position		
Assets		
Current assets	**2,984,889**	4,118,835
Non-current assets	**270,360**	82,686
Total Assets	**3,255,249**	4,201,521
Liabilities		
Current liabilities	**2,228,205**	1,197,562
Non-current liabilities	**116,398**	-
Total Liabilities	**2,344,603**	1,197,562
Equity		
Issued capital	**132,099,603**	128,840,331
Accumulated losses	**(137,969,333)**	(133,316,380)
Reserves	**6,780,376**	7,480,008
Total Equity	**910,646**	3,003,959
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	**(5,688,260)**	(6,661,042)
Total comprehensive loss	**(5,688,260)**	(6,661,042)

Parent Entity Contingencies and Commitments

The parent entity does not have any contingent liabilities and commitments.

Parent Entity Guarantees in Respect of the Debts of its Subsidiaries

The parent entity has no guarantees in respect of its subsidiaries.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Operating Revenue and Other Income

	2023 $	2022 $
Operating revenue		
- Wheezo Device Sales	**64,189**	113,396
- Subscriptions Sales	**5,721**	2,642
- Revenue - RPM Fees	**623**	-
- License Fees	**-**	137,650
Total Operating Revenue	**70,533**	253,688

The group derives its sales revenue from the sale of Wheezo devices, from the sale of subscriptions for its Wheezo app, and from license fees for use of the Wheezo platform and App.

Revenue from the sale of Wheezo devices is based on the contracted sales price. Revenue is recognised at the point in time when control passes to the customer with the exact timing dependent on the agreed sales terms for each contract.

	2023 $	2022 $
Other Income		
- R&D concession (a)	**550,730**	496,695
- Grant Income	**36,600**	21,813
	587,330	518,508

a) The value of any claimable R&D tax concession refund with respect to eligible R&D expenditures incurred during the financial year 2023 has not yet been determined and have therefore not been included within the financial statements for financial year 2023.

Notes to the Financial Statements
For the Year Ended 30 June 2023

4 Expenses

	2023 $	2022 $
Consulting, employee and director		
Consulting expenses	**523,187**	487,134
Employee expenses	**2,306,615**	1,741,492
Director expenses	**809,765**	742,328
	3,639,567	2,970,954
Equity-based payment	**335,675**	311,035
Corporate administration		
Audit and accounting fees	**237,143**	145,132
Foreign exchange loss/(gain)	**6,501**	76,839
Corporate administration expenses	**1,096,140**	926,192
Office rentals	**36,084**	45,296
	1,375,868	1,193,459
Depreciation	**77,293**	81,954
Marketing and promotion	**216,402**	916,587
Research and development	**377,725**	1,463,343
Travel	**334,260**	206,760
Total expenses	**6,356,790**	7,144,092

Notes to the Financial Statements

For the Year Ended 30 June 2023

5 Income Tax Expense

(a) The prima facie tax on loss from ordinary activities before the loss is reconciled to the income tax as follows:

	2023 $	2022 $
Loss before income tax	(5,775,290)	(6,624,313)
Tax	25.00 %	25.00 %
Income tax benefit calculated	(1,443,823)	(1,656,078)
Add:		
Tax effect of amounts which are not deductible in calculating income tax:		
- share-based payments expenses	83,919	34,909
- other expenses not deductible	383,864	224,323
Other non-assessable income	(137,682)	(124,174)
Other deductible items	(115,256)	(98,860)
Deferred tax assets relating to tax losses and temporary differences not recognised	1,228,978	1,619,880
Income tax expense	-	-

(b) Unrecognised deferred tax assets and liabilities

	2023 $	2022 $
Deferred tax assets and liabilities are attributable to the following:		
- tax losses	28,317,452	27,110,841
- prepayments	(38,938)	(43,270)
- provision	57,416	47,934
- accrual	26,903	18,351
	28,362,833	27,133,856

(c) Components of tax expense

The components of tax expense comprise:

	2023 $	2022 $
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2023

5 Income Tax Expense (continued)

Included in the total of deferred tax assets attributable to tax losses not recognised are tax losses in relation to operations in United States of America, and Australia. Tax losses in Australian entities alone of $40,660,793 (2022: $35,744,881) relate to losses generated from 22 November 2006 to 30 June 2023. The ongoing availability of these tax losses are subject to further review by the Company to ensure compliance with the relevant provisions of Australia Income Tax laws.

6 Key Management Personnel Remuneration

The aggregate compensation made to Directors and other Key Management Personnel of the Consolidated entity is set out below:

	2023 $	2022 $
Short-term employee benefits	**1,719,402**	1,624,601
Post-employment benefits	**120,610**	108,646
Share-based payments (Note 21)	**244,536**	122,424
	2,084,548	1,855,671

7 Auditors' Remuneration

	2023 $	2022 $
Remuneration of Company's auditor, RSM, for:		
- auditing or reviewing the financial report of the Group	**63,336**	57,000
Total	**63,336**	57,000

8 Loss per Share

	2023 $	2022 $
Basic loss per share (cents)	**(0.72)**	(0.91)
Diluted loss per share (cents)	**(0.72)**	(0.91)
(a) Net loss used in the calculation of basic and diluted loss per share	**(5,775,290)**	(6,624,313)
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	**806,455,278**	728,627,533

Potential ordinary shares, including options, are excluded from the weighted average number of shares used in the calculations of basic loss per share as they are considered non-dilutive.

Notes to the Financial Statements
For the Year Ended 30 June 2023

9 Cash and Cash Equivalents

	2023	2022
	$	$
Cash at bank	**146,162**	1,217,271
	146,162	1,217,271

The interest rates on cash at bank on 30 June 2023 was 4.14% (2022: 0.01%). The Group's exposure to interest rate risk is discussed in Note 24(b). The maximum exposure to credit risk at the end of the financial year is the carrying amount of each class of cash and cash equivalents mentioned above.

10 Trade and Other Receivables

	2023	2022
	$	$
CURRENT		
Trade receivables	**2,860**	2,250
Other receivables (a)	**44,384**	48,055
	47,244	50,305

a) Other receivables include GST/V.A.T receivable.

Refer to Note 24(c) for more information on the Group's credit risk management policy.

11 Controlled Entities

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2023	Percentage Owned (%)* 2022
Parent Entity			
Respiri Limited	Australia	**100**	-
Subsidiaries of Respiri Limited			
KarmelSonix Australia Pty Ltd	Australia	**100**	100
Respiri UK Limited	United Kingdom	**100**	-
Respiri USA Inc	United States of America	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Notes to the Financial Statements
For the Year Ended 30 June 2023

12 Property, plant and equipment

	2023 $	2022 $
Office equipment		
At cost	**8,610**	8,610
Accumulated depreciation	**(1,695)**	(1,025)
Total office equipment	**6,915**	7,585
Computer equipment and software		
At cost	**66,804**	45,003
Accumulated depreciation	**(42,381)**	(30,987)
	24,423	14,016
Right-of-Use asset		
At cost	**149,130**	199,916
Accumulated depreciation	**(4,142)**	(138,831)
Total Right-of-Use asset	**144,988**	61,085
Total property, plant and equipment	**176,326**	82,686

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment $	Computer Equipment $	Right-of-Use Asset $	Total $
Year ended 30 June 2023				
Balance at the beginning of year	7,586	14,014	61,086	82,686
Additions	-	21,803	149,130	170,933
Disposals	-	-	-	-
Depreciation expense	(671)	(11,394)	(65,228)	(77,293)
Balance at the end of the year	6,915	24,423	144,988	176,326

Notes to the Financial Statements

For the Year Ended 30 June 2023

12 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment (continued)

	Office Equipment $	Computer Equipment $	Right-of-Use Asset $	Total $
Year ended 30 June 2022				
Balance at the beginning of year	8,256	26,394	127,724	162,374
Additions	-	2,265	-	2,265
Disposals	-	-	-	-
Depreciation expense	(670)	(14,645)	(66,638)	(81,953)
Balance at the end of the year	7,586	14,014	61,086	82,686

13 Other assets

	2023 $	2022 $
CURRENT		
Prepaid Materials	**1,389,952**	1,389,952
Prepayments	**155,750**	173,080
Deposits	**28,486**	28,486
Unexpired interest	**5,704**	2,403
	1,579,892	1,593,921

14 Inventories

	2023 $	2022 $
CURRENT		
Inventories	**1,231,692**	1,261,166
	1,231,692	1,261,166

The current year and comparative period Prepaid materials has been reclassified from Inventory to Other Assets (Note 13).

Notes to the Financial Statements
For the Year Ended 30 June 2023

15 Trade and Other Payables

	2023 $	2022 $
CURRENT		
Trade payables	**1,508,683**	524,490
Accrued expenses	**337,277**	265,139
	1,845,960	789,629

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on between 30 - 45 day terms
- Accrued expenses are non-interest bearing

Refer to Note 24(a) for more information on the Group's foreign currency risk management policy.

16 Other Financial Liabilities

	2023 $	2022 $
CURRENT		
Lease liabilities	**32,732**	70,664
Other financial liability unsecured	**294,683**	334,107
	327,415	404,771

	2023 $	2022 $
NON-CURRENT		
Lease liabilities	**116,398**	-
Total	**116,398**	-

17 Issued Capital

The Company has an unlimited authorised share capital of no par value ordinary shares.

	2023 No.	2023 $	2022 No.	2022 $
Fully paid ordinary shares				
Balance at beginning of the year	761,846,346	128,840,331	722,840,790	127,090,401
Shares issued during the year	81,390,000	3,650,600	39,005,556	1,783,000
Transaction costs relating to share issues	-	(391,328)	-	(33,070)
Total issued capital	843,236,346	132,099,603	761,846,346	128,840,331

Notes to the Financial Statements
For the Year Ended 30 June 2023

17 Issued Capital (continued)

During the year-ended 30 June 2023, the Company issued the following securities:

Date	Details	No. of Shares	Issue Price $	Total Value $
10 Oct 2022	Issue of shares to certain professional and sophisticated investors as announced to the market on 10 Oct 2022	39,390,000	0.0400	1,575,600
15 Dec 2022	Issue of shares in lieu of cash payment for services rendered as announced to the market on 15 Dec 2022	2,500,000	0.0400	100,000
14 Feb 2023	Issue of shares to certain professional and sophisticated investors as announced to the market on 14 Feb 2023	38,700,000	0.0500	1,935,000
15 Mar 2023	Issue of shares to certain professional and sophisticated investors as announced to the market on 15 Mar 2023	800,000	0.0500	40,000
		81,390,000		3,650,600

Terms and Conditions of Issued Capital

Ordinary Shares:

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of the Company.

Options:

Option holders do not have the right to receive dividends and are not entitled to vote at the meeting of the Company until options are exercised into ordinary shares by payment of the exercise price. Options may be exercised at any time from the date they vest to their expiry date. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

Capital Risk Management:

The consolidated entity's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as a value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investment in the short-term as it continues to develop its technologies.

Notes to the Financial Statements
For the Year Ended 30 June 2023

18 Reserves

	2023 No.	2023 $	2022 No.	2022 $
Options				
Balance at beginning of the year	264,000,000	7,480,008	259,000,000	7,168,973
Unlisted options issued during the year (a)	13,500,000	83,923	20,200,000	20,808
Adjustment for options issued in prior year	-	-	-	-
Expense recorded over vesting period	-	251,753	-	485,471
Options exercised	-	-	-	-
Options expired/lapsed (b)	(11,500,000)	(400,343)	(15,000,000)	(195,095)
Cancellation of options (c)	(27,500,000)	(634,965)	(200,000)	(149)
Balance at end of the year	238,500,000	6,780,376	264,000,000	7,480,008
FX Reserve				
Balance at beginning of the year	-	-	-	(342,930)
Other comprehensive income for the year, net of tax	-	(554)	-	973
Disposal of investments in foreign subsidiaries	-	-	-	341,957
Total Reserves	238,500,000	6,779,822	264,000,000	7,480,008

a) 13,500,000 Unlisted Options were granted to consultants.

b) 4,500,000 Unlisted Options granted to Consultants on 3 June 2020 and 7,000,000 unlisted options granted to Consultants on 16 June 2020 expired during the year.

c) 1,000,000 Unlisted Options issued to former employee on 22 October 2020 at an exercise price of $0.20 were cancelled. 7,500,000 Unlisted Options issued to Directors on 16 June 2020 at an exercise price of $0.30, 7,500,000 Unlisted Options issued to Directors on 16 June 2020 at an exercise price of $0.40, and 7,500,000 Unlisted Options issued to Directors on 16 June 2020 at an exercise price of $0.60 were cancelled via mutual agreement. 4,000,000 Unlisted Options issued to former employee on 26 May 2020 at an exercise price of $0.10 were cancelled via mutual agreement.

Notes to the Financial Statements

For the Year Ended 30 June 2023

18 Reserves (continued)

During the year-ended 30 June 2023, the Company issued the following options:

Date	Details	No. of options	Option fair value $	Total value $
01 Oct 2022	Issue to Consultants for Medical Advisory Services rendered - Class 24	2,500,000	0.0098	24,480
01 Nov 2022	Issue to Consultants for Medical Advisory Services rendered - Class 24	5,000,000	0.0080	39,845
01 Nov 2022	Issue to Consultants for Medical Advisory Services rendered - Class 24	2,500,000	0.0080	19,923
07 Nov 2022	Issue to Consultants for Medical Advisory Services rendered - Class 24	1,500,000	0.0111	16,611
15 Nov 2022	Issue to Consultants for Medical Advisory Services rendered - Class 24	1,000,000	0.0084	8,359
01 Jan 2023	Issue to Consultants for Medical Advisory Services rendered - Class 24	1,000,000	0.0120	11,968
		13,500,000		121,187

Option Reserve:

The option reserve recognises the proceeds from the issue of options over ordinary shares and the expense recognised in respect of share based payments.

19 Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group’s Chief Operating Decision Makers for the purposes of resource allocation and assessment of performance is more specifically focused on the geographical locations of the Group’s operations.

The Group’s reportable segments under AASB 8 are therefore as follows:

- Australia
- USA

The Australia reportable segment activities include research, development and commercialisation of medical devices, and the production of mobile health applications in Australia.

In prior years, the Group has had operations in Israel; however, these operations have ceased and therefore are no longer reported as a reportable segment.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

Notes to the Financial Statements
For the Year Ended 30 June 2023

19 Segment Reporting (continued)

	Medical Devices Segment Australia $	Medical Devices Segment USA $	Segment Total $	Corporate $	Total $
30 June 2023					
Segment Revenue					
External Sales	70,533	-	70,533	-	70,533
Other income	587,330	-	587,330	-	587,330
Total Segment Revenue	657,863	-	657,863	-	657,863
Interest revenue	-	-	-	4,240	4,240
Total Revenue	657,863	-	657,863	4,240	662,103
Segment Expenses	(443,328)	-	(443,328)	(5,901,773)	(6,345,100)
EBITDA	214,535	-	214,535	(5,901,773)	(5,687,237)
Segment depreciation expenses	-	-	-	(77,292)	(77,292)
Interest revenue	-	-	-	4,240	4,240
Finance costs	-	-	-	(15,000)	(15,000)
Profit/(loss) before income tax	214,535	-	214,535	(5,989,825)	(5,775,289)
Income tax expense	-	-	-	-	-
Profit/(loss) after income tax	214,535	-	214,535	(5,989,825)	(5,775,289)
Assets					
Segment assets	1,968,932	652,713	2,621,644	559,671	3,181,315
Total Assets	1,968,932	652,713	2,621,644	559,671	3,181,315
Liabilities					
Segment liabilities	64,652	-	-	2,289,773	2,354,425
Total Liabilities	64,652	-	-	2,289,773	2,354,425

Notes to the Financial Statements

For the Year Ended 30 June 2023

19 Segment Reporting (continued)

	Medical Devices Segment Australia $	Medical Devices Segment Israel $	Segment Total $	Corporate $	Total $
30 June 2022					
Segment Revenue					
External sales	253,688	-	253,688	-	253,688
Other income	518,508	-	518,508	-	518,508
Total Segment Revenue	772,196	-	772,196	-	772,196
Interest Revenue	-	-	-	6,875	6,875
Total Revenue	772,196	-	772,196	6,875	779,071
Segment Expenses	(1,722,997)	-	(1,722,997)	(5,591,656)	(7,314,653)
EBITDA	(950,801)	-	(950,801)	(5,591,656)	(6,542,457)
Segment depreciation expenses	-	-	-	(81,954)	(81,954)
Interest revenue	-	-	-	6,875	6,875
Finance costs	-	-	-	(6,777)	(6,777)
Profit/(loss) before income tax	(950,801)	-	(950,801)	(5,673,512)	(6,624,313)
Income tax expense	-	-	-	-	-
Profit/(loss) after income tax	(950,801)	-	(950,801)	(5,673,512)	(6,624,313)
Assets					
Segment assets	2,654,947	-	2,654,947	1,550,403	4,205,350
Total Assets	2,654,947	-	2,654,947	1,550,403	4,205,350
Liabilities					
Segment liabilities	-	-	-	1,197,562	1,197,562
Total Liabilities	-	-	-	1,197,562	1,197,562

Notes to the Financial Statements
For the Year Ended 30 June 2023

20 Cash Flow Information

(a) Reconciliation of cash flow from operations with loss after income tax

	2023	2022
	$	$
Net loss for the year	**(5,775,290)**	(6,624,313)
Non-cash flows in profit:		
- depreciation	**77,293**	81,954
- share-based payments	**335,675**	422,035
- foreign exchange adjustments	**17,838**	(84,027)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**3,062**	85,680
- (increase)/decrease in other assets	**14,029**	95,009
- (increase)/decrease in inventories	**29,474**	(2,114,073)
- increase/(decrease) in trade and other payables	**1,056,331**	(505,003)
- (decrease)/increase in deferred revenue	**61,490**	2,304
- (decrease)/increase in other financial liabilities	**(310,088)**	162,852
Cashflows from operations	**(4,490,186)**	(8,477,582)

(b) Non-cash financing and investing activities

Please refer to Note 17 and 18 for further details regarding equity issued for nil cash consideration.

21 Share-based Payments

(a) Employee share and option plan

Nil options were issued during the current year under ESOP.

(b) Fair value of share options granted in the year outside of the ESOP

For the options granted during the financial year, the Black Scholes Option valuation model inputs used to determine the fair value at the grant date are as follows:

No. of Options		Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	FV at grant date
2,500,000	(a)	01/10/2022	31/12/2024	0.040	0.100	68.81%	-	3.26%	24,480
5,000,000	(b)	01/11/2022	30/06/2025	0.037	0.100	67.11%	-	3.25%	39,845
2,500,000	(c)	01/11/2022	31/12/2025	0.037	0.100	67.11%	-	3.25%	19,923
1,500,000	(d)	07/11/2022	30/11/2025	0.043	0.100	68.37%	-	3.37%	16,611
1,000,000	(e)	15/11/2022	30/11/2025	0.038	0.100	67.36%	-	3.29%	8,359
1,000,000	(f)	01/01/2023	31/01/2026	0.046	0.100	66.10%	-	3.49%	11,968

Notes to the Financial Statements
For the Year Ended 30 June 2023

21 Share-based Payments (continued)

(b) Fair value of share options granted in the year outside of the ESOP (continued)

Expected volatility is determined by historical performance of the share price.

The weighted average fair value of options granted during the financial year is $0.007 (2022:$0.002)

a) Options have vested.

b) Options have vested.

c) Options will vest after 1 December 2023.

d) Options will vest after 30 November 2023.

e) Options will vest after 30 November 2023.

f) Options will vest after 31 January 2024.

(c) Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2023 No. of Options	2023 Weighted Average Exercise Price $	2022 No. of Options	2022 Weighted Average Exercise Price $
Outstanding at the beginning of the year	264,000,000	0.22	259,000,000	0.22
Granted	13,500,000	0.13	20,200,000	0.17
Expired/lapsed	(11,500,000)	0.10	(15,000,000)	0.10
Cancelled	(27,500,000)	0.35	(200,000)	0.10
Outstanding at year-end	**238,500,000**	**0.18**	**264,000,000**	**0.21**
Exercisable at year-end	199,500,000	0.18	197,500,000	0.18

(d) Share options exercised during the year

There were no options exercised during the year.

(e) Share options outstanding at the end of the year

The options outstanding at 30 June 2023 had a weighted average exercise price of $0.18 (2022:$0.21) and a weighted average remaining contractual life between 0.5 to 5.5 years.

Exercise price range from $0.03 (2022: $0.03) to $ (2022: $0.6) in respect of options outstanding at 30 June 2023.

Notes to the Financial Statements

For the Year Ended 30 June 2023

21 Share-based Payments (continued)

(f) Share-based payments expense

	2023 $	2022 $
Share-based payments		
- options issued to directors	**181,087**	267,009
- options issued to suppliers (a)	**87,245**	171,399
- options issued to other key management personnel	**63,448**	50,510
- options issued to employees	**3,895**	17,361
- options to former employees cancelled	**-**	(149)
- options to former director forfeited	**-**	(195,095)
	335,675	311,035

a) The Company issued 13,500,000 options to US consultants for medical advisory board services.

22 Related Party Transactions

The Group's related parties comprise of subsidiaries and key management personnel.

Disclosures relating to key management personnel are set out in the remuneration report. Transactions between the parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

Mr Nicholas Smedley and Mr Marjan Mikel have provided director loans to the company at year end of $100,000 each, interest to be charged at a commerical rate.

23 Events Occurring After the Reporting Date

Subsequent Events

Subsequent to year end the company completed a $3.9 million capital raise by way of a successful Share Purchase Plan and Private Placement. In addition to providing working capital the funds were used to complete on the acquisition of Access Managed Services LLC (Access). On 14th August 2023, the group entered into a binding Member Interest Purchase Agreement to acquire Access for up to US$3.0 million with the first tranche paid of US$1.25 million.

The acquisition has established a scalable end-to-end Remote Patient Monitoring (RPM) offering that provides beyond the clinic solutions across all major disease states and provided a significant step for the Group as it fast-tracks its Access business development into the broader RPM health market in the United States. The initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

Notes to the Financial Statements

For the Year Ended 30 June 2023

24 Financial Risk Management

The Group holds the following financial instruments:

	2023 $	2022 $
Financial assets		
Cash and cash equivalents	**146,162**	1,217,271
Trade and other receivables	**47,243**	50,305
Total financial assets	**193,405**	1,267,576
Financial liabilities		
Trade and other payables	**1,845,960**	789,630
Other financial liabilities	**327,415**	404,771
Total financial liabilities	**2,173,375**	1,194,401

(a) Foreign exchange risk

The Group engages in international purchase transactions and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar (USD). The parent has minimal exposure to foreign exchange risk as it does not hold any foreign currency cash reserves and only makes minor foreign currency payments. The Group does not make use of derivative financial instruments to hedge foreign exchange risk.

The carrying amount of the foreign currency denominated monetary assets and liabilities at the reporting date is as follows, all amounts in the table below are displayed in $AUD at year-end spot rates:

	2023 $	2022 $
Cash and trade and other receivables		
- USD	**4,361**	86,021
	4,361	86,021
Trade and other payables		
- CAD	**(13,889)**	(8,382)
- GBP	**(3,557)**	(2,990)
- USD	**(222,223)**	(50,898)
	(239,669)	(62,270)

Notes to the Financial Statements

For the Year Ended 30 June 2023

24 Financial Risk Management (continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, CAD, and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	2023		2022	
	+5%	-5%	+5%	-5%
CAD				
Effect on profit before tax	**694**	**(694)**	419	(419)
GBP				
Effect on profit before tax	**178**	**(178)**	149	(149)
USD				
Effect on profit before tax	**10,893**	**(10,893)**	(1,756)	1,756

(b) Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk (against the implied 30 day bank bill rate). The table also represents the quantitative impact on the financial statements should the variation occur.

	Carrying amount	Weighted average interest rate	(4.14%) effect on profit before tax	4.14% effect on profit before tax
	$	%	$	$
30 June 2023				
Financial assets				
Cash and cash equivalents	146,162	4.14	(6,051)	6,051
Total (decrease)/increase	146,162	-	(6,051)	6,051
30 June 2022				
Financial assets				
Cash and cash equivalents	1,217,271	0.01	(12,173)	12,173
Total (decrease)/increase	1,217,271	-	(12,173)	12,173

Notes to the Financial Statements

For the Year Ended 30 June 2023

24 Financial Risk Management (continued)

(c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has no significant concentration of credit risk in the current or prior year.

The Group ensures that surplus cash is invested with financial institutions of appropriate credit worthiness and limits the amount of credit exposure to any one counter party.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not pay its debtors when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by maintaining sufficient bank balances to fund its operations and the availability of funding through committed credit facilities.

Management manages this risk by monitoring rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The table below analyses the Group's financial liabilities.

	0-12 months $	Maturing 1 to 3 years $	Total $
30 June 2023			
Trade and other payables	1,809,736	-	1,809,736
Other borrowings	-	-	-
Lease liabilities	32,732	116,398	149,130
	1,842,468	116,398	1,958,866
30 June 2022			
Trade and other payables	789,629	-	789,629
Lease liabilities	70,664	-	70,664
	860,293	-	860,293

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a capital structure that maximises shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution.

The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity and reserves disclosed in Notes 17 and 18. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management the Board monitors the need to raise additional equity from the equity markets.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 21 to 55, and the remuneration disclosures that are contained within the Remuneration Report within the Directors' report, set out on pages 9 to 19, are in with the *Corporations Act 2001* and:
    a. In the directors' opinion there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;
    b. In the directors' opinion the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1;
    c. In the directors' opinion the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
    d. The directors have been given the declaration required by s295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of the directors made pursuant to s.295(5) *Corporations Act 2001*.

On behalf of the Directors

Mr Nicholas Smedley

Executive-Chairman

Dated this 31st day of August 2023
Melbourne, Australia

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
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INDEPENDENT AUDITOR'S REPORT
To the Members of Respiri Limited

Opinion

We have audited the financial report of Respiri Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $5,775,290 and had net operating cash outflows from operating activities of $4,490,186 during the year ended 30 June 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Share based payments Refer to Note 21 in the financial statements	
The Group has an Employee's, Directors' and Consultants' Share and Option Plan (ESOP). The ESOP is intended to reward directors, employees and/or consultants for their contributions to the Group. We identified share-based payments as a key risk due the complexity in the valuation of the options issued, and the estimates made by management in relation to the achievement of vesting conditions.	Our audit procedures in relation to share based payments included: • Assessing the reasonableness of option valuation inputs into the Black Scholes Option Valuation Model including assessment of the share volatility rates applied in comparison to entities in the similar industry; • Performing a recalculation using the Black Scholes Option Valuation Model for a sample of options issued; • Testing a sample of options issued to signed ESOP agreements; • Reviewing the accounting for the share-based payments in accordance with AASB 2 *Share-based Payments*; and • Reviewing the reasonableness of management's estimates of the likelihood of the achievement of vesting conditions for the options issued.

RSM

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Inventory valuation Refer to Note 14 in the financial statements	
The Group has inventory with a carrying value of \$1,231,692 as at 30 June 2023. We identified the following areas as key risks in respect of inventory: • The existence and valuation of inventory is considered a key audit matter due to the materiality of the balance; • Assessing the net realisable value of inventories; and • The determination of a provision for obsolescence.	Our audit procedures included: • Testing inventory costing by verifying costs against supporting documentation; • Verifying that inventory is being held at the lower of cost and net realisable value; and • Assessing the reasonableness of the Group's inventory methodology for determining the provision for obsolescence.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

RSM

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Respiri Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001.*

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 31 August 2023
Melbourne, Victoria

Additional Information for Listed Public Companies

30 June 2023

SHAREHOLDERS INFORMATION as at 23 August 2023

Equity security holders

Twenty largest quoted equity holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holder	Ordinary shares held	% of total shares issued
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	46,404,629	4.77%
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	37,234,965	3.82%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	36,870,324	3.79%
CITICORP NOMINEES PTY LTIMITED	20,950,208	2.15%
MALLAMANDA PTY LTD <MALLAMANDA A/C>	18,032,352	1.85%
MR PETER KARL BRAUN	18,026,140	1.85%
MRS TARA MARJORIE HILL	15,191,689	1.56%
OBSIDIAN GLOBAL GP LLC	14,314,150	1.47%
MR SIMON DUMARESQ + DR BELINDA JACKSON <DUMASON A/C>	12,265,193	1.26%
MR JOHN ANTHONY DELL	10,500,000	1.08%
ROSHERVILLE PTY LTD <AYTON SUPER FUND A/C>	9,800,000	1.01%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,276,059	0.95%
CRAFT LAW PTY LTD <FORSTER SUPER FUND A/C>	8,329,712	0.86%
MR ANDRE SZARUKAN + MS ROSE BRANISKA <THE A & R SUPER FUND A/C>	8,042,199	0.83%
P & A MIHAILOU PTY LTS <MIHAILOU FAMILY A/C>	7,989,056	0.82%
MR PAUL ARGENTINO <AP INVESTMENT FUND A/C>	7,761,141	0.80%
MR GARY RONALD HEATH + MRS MELISSA LOUISSE HEATH <G & M HEATH SUPERFUND A/C>	7,586,260	0.78%
TORRES INVESTMENTS PTY LTD	7,424,070	0.76%
CLEMWELL PTY LTD <THE WELLS FAMILY A/C>	7,135,678	0.73%
DL MARSHALL SUPER PTY LTD <MARSHALL SUPER FUND A/C>	7,000,000	0.72%

Unquoted equity securities

No unquoted shares

Unquoted equity securities	Number on issue	Number of holders
Options over ordinary shares issued	271,000,000	21

Additional Information for Listed Public Companies

30 June 2023

Voting Rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares
On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market Buy-backs

There is no current on-market buy-back in relation to the Company's securities.

Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of Holders of ordinary shares
1 to 1,000	139
1,001 to 5,000	264
5,001 to 10,000	475
10,001 to 100,000	1,426
100,001 and above	824

Unmarketable Parcels

As at 23rd August 2023 there were 1,236 unmarketable parcels on register.

Additional Information for Listed Public Companies

30 June 2023

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholdings should contact the Share Register:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnson Street
Abbostsford, Victoria, 3067

Telephone: +61 (0)3 9415 4000
Facsimile: +61 (0)3 9473 2500
Email: www.investorcentre.com/contact

CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDINGS

Shareholders should contact the Share Registry via your *Investor Centre* portal.

REMOVAL FROM THE ANNUAL REPORT MAILING LIST

Shareholders who no longer wish to receive the Annual Report should notify the Share Registry via the shareholder's respective *Investor Centre* portal. These shareholders will continue to receive all other shareholder information.

TAX FILE NUMBERS

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHESS (Clearing House Electronic Sub-register System)

Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange (CHESS) system should contact their stockbroker.

UNCERTIFIED SHARE REGISTER

Shareholding statements are issued at the end of each month in which there is a transaction that alters the balance of your holding.

Corporate Directory

AUSTRALIAN COMPANY NUMBER (ACN)
009 234 173

Respiri Limited is a Public Company Limited by shares and is domiciled in Australia.

DIRECTORS

Mr Marjan Mikel	Appointed on 25th November 2019
Mr Nicholas Smedley	Appointed on 30th October 2019
Mr Brad Snow	Appointed on 11th June 2022
Mr Brian Leedman	Appointed on 22nd May 2023

COMPANY SECRETARY
Mr Andrew Metcalfe

PRINCIPAL PLACE OF BUSINESS
Level 9, 432 St Kilda Road
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SHARE REGISTRY
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Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067
Australia
Telephone: +61 (0)3 9415 4000
Facsimile: +61 (0)3 9473 2500

AUDITORS
RSM Australia Partners Ltd
Level 21, 55 Collins Street
Melbourne, Victoria, 3000
Australia
Telephone: +61 (0) 3 9286 8000

WEBSITE
www.respiri.co

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (Code: RSH)

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Collins Arch
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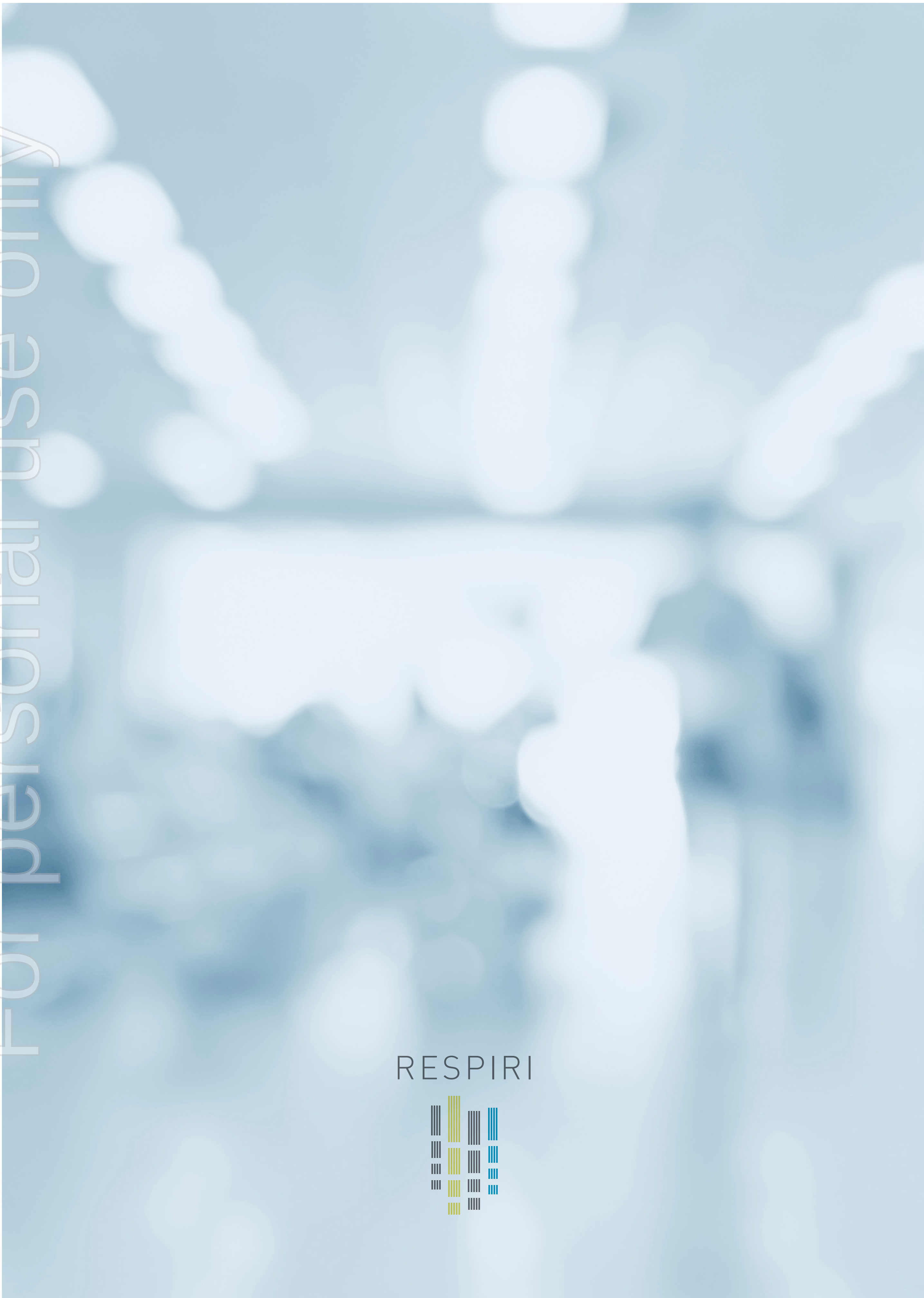
Melbourne, Victoria, 3000
AUSTRALIA
Telephone: +61 (0)3 9252 2555
Fax: +61 (0)3 9252 2500

BANKERS
National Australia Bank (NAB)
330 Collins Street,
Melbourne, Victoria, 3000
Australia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