

22 July 2024

June 2024 Quarterly Cash Flow and Quarterly Activities Report

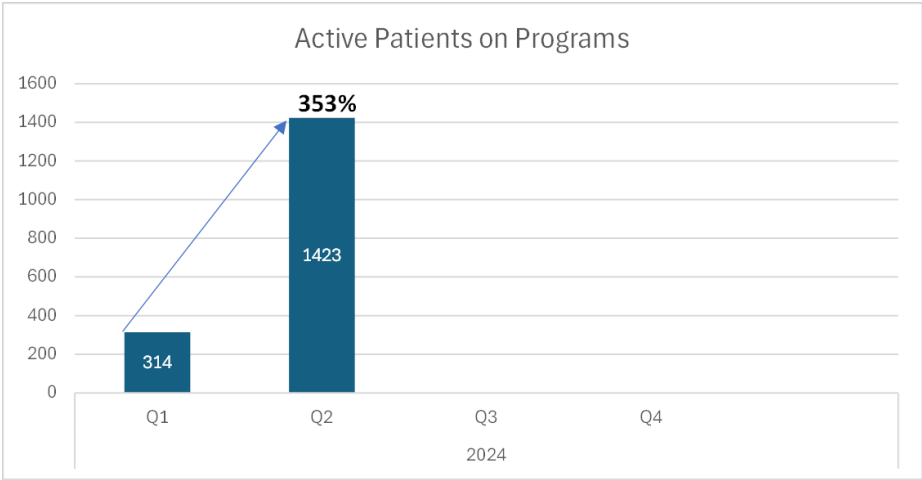
Respiri Limited (ASX:RSH; OTCQB:RSHUF) (“Respiri”), an eHealth SaaS Company supporting respiratory healthcare management and remote patient monitoring (RPM) in the USA, provides the Appendix 4C quarterly cash flow and activities report for the 3-month period ended 30 June, 2024.

Operating Highlights

- Record enrolment of 1,423 active patients on programs, representing a 4+ fold increase in patient numbers from the previous quarter.
  - This equates to an expected~AUD\$1.5M (US\$1M+) in annualised revenues.
- Doubled healthcare organisation customers from 15 to 26.
- Record Quarter invoiced recurring revenues of AUD\$195K, with AUD\$99K in June.
- Clinic in Cloud (CiC) wheezo program exceeds expectations, generating US\$190 per patient per month (pppm) revenues versus original ppm target range of US\$70 - US\$100 ppm.
- Contracts 1<sup>st</sup> Independent Physician Association (IPA) in Hawaii, the state’s largest association of independent physicians.
- Continue to scale US operations to manage current increased patient volume and forecast growth.
- New wearable device USA clinical study contract and protocol finalised. First patient enrolment expected in August 2024.

Key Performance Indices & Commercial Highlights

The June 2024 quarter saw Respiri significantly grow both patient numbers on Remote Patient Monitoring (RPM) and other programs and the number of healthcare organisation clients being serviced by the Company.



The quarter is a significant inflection milestone for active patient numbers, increasing 353% from 314 to 1,423 on RPM and other programs as restructuring, partnerships, redesigned processes and client portfolio rationalisation begin to significantly impact performance. This has seen marked improvements in patient recruitment and onboarding whilst increased healthcare organisation customer numbers have also driven the pleasing results. The Company also rationalised its client portfolio by discarding some of the underperforming Access Telehealth legacy clients.

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The average **Per Patient Per Month (pppm) revenue** is US\$45, which represents Respire's invoiced service fee, typically 60% of the submitted reimbursement claim total. This figure is understated because patient services qualification is based on a 30-day period from the start of each patient's program, not a calendar month. The US\$45 reflects partial monthly service delivery for most new patients under various Remote Patient Monitoring reimbursement (RPM) CPT codes, such as the 16-day data claim (CPT code 9945) and 20-minute engagements with Respire clinical staff (CPT code 99458). Adjusting for these factors brings the average ppm into the targeted range of US\$70 to US\$100, which will be reflected in future reported revenue.

Further increases in ppm revenue will be driven by expanding the range of services provided to individual patients. These include RPM code 99458, Chronic Care Management (CCM), and other completed services. Additionally, the Company's Clinic in Cloud (CiC) RPM business solution offers significantly higher ppm (~US\$190 currently). Although CiC currently contributes less than 5% to total patient volume since its launch three months ago, it is expected to grow as a proportion of the overall services offered. Patient growth will continue to be fuelled by successful recruitment and onboarding of healthcare organization customers, both existing and newly acquired.

This significant growth in patient numbers is forecast to continue with the Company still anticipating breaking even in late 2024 by achieving the target of 9,000 patients, or patient-revenue equivalents from other revenue generating programs such as risk-share/capitated contracts which the Company is in advance-stage negotiations with **Payer/Insurer** and other **Accountable Care Organisations (ACOs)**.

Respire's differentiated service model has been extremely well received by new partners and healthcare organisation clients. Even accounting for the client rationalisation of some legacy clients, the Company saw client numbers increase from 15 to 26 in the quarter, including CiC model with both Hawaii's largest Independent Physician Association (Hawaii IPA) with some 1,000 provider members and Kahuku Medical Center, a major provider of healthcare in the north of Oahu Hawaii; and a fee-for-service model with Fox Valley Pulmonology Medicine in Wisconsin whose provider team manage and care for approximately 500 high risk respiratory patients every week.

As previously announced, Respire continues to actively evaluate possible acquisition target businesses in this highly fragmented sector. Target companies have similar or complementary businesses presenting both restructuring procurement/efficiency cost savings and also growth opportunities arising from cross-selling prospects across the respective existing client portfolios; the revenue synergies that exist with Respire's Clinic in Cloud model and progress in securing future risk-share/capitated contracts all of which are unique to Respire.

Further during the quarter, Respire continues to finalise a number of new contracts in Hawaii and across the mainland, focusing on contracting major clients such as Payor/health insurers and IPAs/ ACOs. Respire will provide further information regarding these and other Business Development activities in due course and as appropriate.

## **US operations update**

Significant patient growth in recent months has seen Respire continue to build and resource its US team. Growing the clinical team that supports patients with RPM, CCM, Transition Care Management (TCM) services has remained a priority. The team, including management, has now grown to approximately 16 staff to cater for the rapid growth in patient numbers, driven by both existing and new healthcare organisation customers. Each Clinical Patient Advocate can manage up to 250 patients, costs approximately US\$60K per annum and should generate US\$250K in annual revenues when at capacity. This headcount will continue to grow to cater for the forecast increases in patient numbers.

The Company's continued strategic push into the value based/risk share contracted space has seen executive leadership experience from this sector employed and is already making a significant impact on the Company's progress in this area; an area of continued strong focus for Respire.

Further, the success Respire has enjoyed in Hawaii has necessitated the establishment of a Hawaiian-based team to ensure successful local program delivery. This includes Customer Success Management and scaling clinical staffing capabilities. The Company is currently searching for a State General Manager for Hawaii. The team will be supported by the established team in mainland USA and Australia.

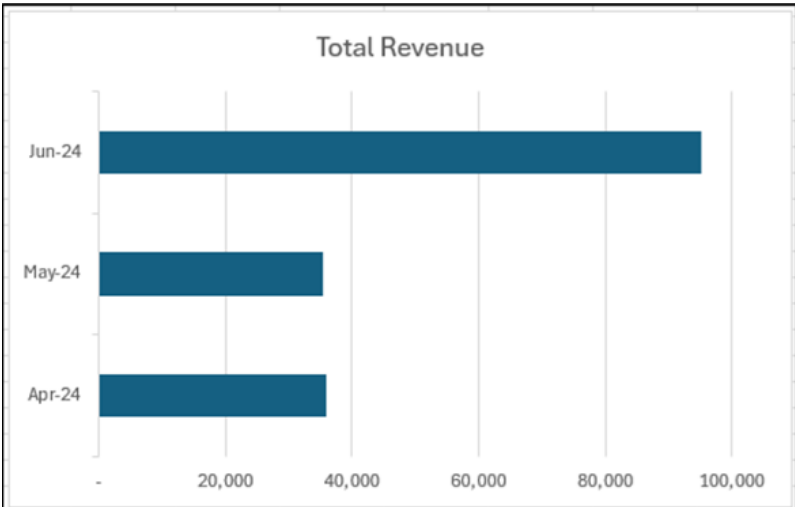
The differentiating Clinic in Cloud expanded services are currently being used to deliver services to clients and continue to be developed, with Respire and partner providers requiring state-specific reimbursement credentialing with insurers which has happened and continues. Currently this expanded service is generating very attractive ppm revenues of US\$190. Although not all clients require these expanded services, CiC demand is forecast to grow significantly for Respire in the coming months. These CiC services help mitigate many of the operational bottlenecks that can exist with clients and have hampered program roll out with some of the Company's earlier clients.

Moving forward the Company's client service mix will continue to include both the original Fee-For-Service model and CiC. Respire continues to pursue risk-share/capitated contracts with ACOs and insurers/payors as it sees these value-based contracts as the future of healthcare delivery and opportunity in the USA.

### Corporate & Financial Highlights

#### Financial performance

Receipts from customers were A\$0.04 million against revenues for the quarter of **A\$0.19** million and annualised revenue of **A\$0.45** million. The newly enhanced patient recruitment and onboarding procedures and the increased healthcare organisation client portfolio have driven significant recurring revenues increases for the quarter, peaking in June. Respire USA monthly patient numbers increased by more than 1,100, or 353%, versus previous quarter. These existing monthly patient numbers equate to annualised revenues of approximately **A\$1.5M+ (US\$1M+)** and patient volume and associated revenue growth are expected to continue to grow rapidly in the coming months.



The group has debtors owing of \$0.26 million at year end expected to be collected post quarter end.

Operating cash outflows of \$1.72 million for the quarter have decreased of \$0.06 million compared to the previous quarter.

Research and development expenditures of \$0.15 million decreased by \$0.09 million compared to the previous quarter. Product and manufacturing costs of \$0.06 million (\$0.08 million on March 2024 quarter) were consistent with the previous quarter.

Staff costs of \$1.02 million increased by \$0.3 million compared to the prior quarter due to additional clinical headcount in the US that is required to deliver the increased remote patient monitoring services to existing, new and anticipated clients. Administration and corporate costs of \$0.5 million were down compared to the prior quarter.

The Company closed the quarter with cash and cash equivalents of \$0.77 million and \$2.8m of finished goods inventory and prepaid materials.

Payments included at Section 6.1 of the accompanying Appendix 4C to related parties of \$0.15 million, consisting of fees payable to the Executive and Non-Executive Directors of the Company.

During the quarter, the Company received \$1.0 million of additional funding from an unsolicited offer of the back of recent USA business progress. Subsequent to the end of the quarter the Company has received firm commitments to raise \$A3 million (before costs) (the "Placement") from sophisticated and professional investors. The Placement was organised by the investor pursuant to the Share Subscription Agreement (as summarised in the Company's prospectus dated 18 June 2024). The \$3 million raised under the Placement satisfies the remaining commitment to subscribe and pay for Respi shares under the Share Subscription Agreement, and the Company confirms that such agreement is now concluded.

#### **Wearable clinical study update.**

The new wearable device clinical study contract and protocol have been finalised and executed with Fox Valley Pulmonology Medicine Clinic, in Wisconsin, with first patient to be enrolled in August 2024. The protocols for the wearable study were developed with Dr Bill Krimsky, Chairman of the Respi Medical Advisory Board, Dr Scott Parrish, study lead investigator, pulmonologist and principal at Fox Valley Pulmonology Medicine and the Respi's Head of Research and Development. The study plans to enrol 30-40 patients who will be given devices and monitored for one month. The study is expected to be completed in 6 months.

Study objective is to capture patient device data linked to diarised patient clinical events that will allow Artificial Intelligence (AI) predictive algorithms to be validated and tuned. These data will be used in the FDA regulatory submission which is anticipated to be submitted by mid-2025 and approval granted by Q1 2026. The wearable device will provide significant utility in monitoring respiratory patients during transition care from hospital discharge to the home, a market that is currently underserved but a significant healthcare requirement given the hefty fines imposed by Centers of Medicare and Medicaid (CMS) for unnecessary early patient hospital readmissions due to poor patient management. The wearable will not replace wheezo but add to the unique proprietary device portfolio that will continue to differentiate the Respi remote patient monitoring value proposition.

The Appendix 4C cash flow report is attached below.

- ENDS -

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*This ASX announcement has been authorised for release by the Board of Directors of Respiri Limited.*

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#### About Respiri Limited

Respiri Limited (ASX:RSH, OTCQB:RSHUF) is an international e-Health SaaS company supporting respiratory health management focusing primarily on supporting the US remote patient monitoring market. Its world-first technology detects wheeze, a typical symptom of Asthma, COPD and respiratory disease to provide an objective measure of airway limitation. Respiri created technology optimises how patients in partnership with their physicians manage chronic respiratory conditions. These solutions can help transform the way physicians interact with respiratory patients while they are away from the clinic. wheezo®, is an FDA cleared Class II Medical Device, the respiri™ app (patient-user-interface) and the secure health portal can help different health organisations and providers connect with patients to improve collaboration and help improve respiratory condition management. In the USA, wheezo® can be integrated into Remote Patient Monitoring (RPM) programs and qualifies for RPM Current Procedural Terminology (CPT) reimbursement.

Respiri's mission is to help improve quality of life for hundreds of millions of children and adults around the world with respiratory disorders and dramatically reduce hospital admissions and the economic burden of Asthma and COPD. Respiri Limited's operations are based in Melbourne, Australia with offices in New York City, USA.

For additional information about Respiri Limited please visit our corporate website [www.respiri.co/au](http://www.respiri.co/au)

#### About wheezo®

Developed in Australia, with the support of an international panel of leading respiratory specialists and other healthcare professionals, the innovative wheezo® device analyses breath sounds for wheeze, and the intuitive mobile application engages patients to log symptoms and triggers to build a personal profile to share data with healthcare providers so patients and physicians can have more informed discussions in relation to symptoms. The platform has been designed to extend care beyond the clinic which may lead to better health outcomes and improved quality of life for patients.

For information about our product offering in the US including wheezo® please visit [www.respiri.co/us](http://www.respiri.co/us)

wheezo® is a registered trademark of Respiri Limited.

#### Forward Looking Statements

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

## Appendix 4C

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

#### Name of entity

Respiri Limited (ASX: RSH)

#### ABN

98 009 234 173

#### Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	37	134
1.2 Payments for		
(a) research and development	(148)	(694)
(b) product manufacturing and operating costs	(60)	(270)
(c) advertising and marketing	(30)	(99)
(d) leased assets	-	-
(e) staff costs	(1,024)	(2,897)
(f) administration and corporate costs	(501)	(3,155)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	582
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,725)</b>	<b>(6,395)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(11)
(d) investments	-	(2,071)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>(2,082)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,150	8,810
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(55)	(572)
3.5	Proceeds from borrowings	1,100	1,100
3.6	Repayment of borrowings	-	(220)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,195</b>	<b>9,118</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	305	146
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,725)	(6,395)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,082)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,195	9,118
4.5	Effect of movement in exchange rates on cash held	(8)	(19)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>767</b>	<b>767</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	767	305
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>767</b>	<b>305</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	155
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Fees of Executive Director and Non-Executive Directors (excluding GST)		



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,725)
8.2 Cash and cash equivalents at quarter end (item 4.6)	767
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	767
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes. Resperi continues to collaborate with US medical institutions on advancing business and future revenue opportunities via its wheezo RPM program.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: YES. Subsequent to the end of the quarter, the Company announced that it had received commitments for a Placement of \$3 million from professional and sophisticated investors.	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: YES. The company expects to continue operating and meet its business objectives using equity raised from its planned US listing and an increase in revenues following the acquisition of Access Telehealth.	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

**Compliance statement**

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

22 July 2024

Date: .....

Authorised by: By the Board of Respire Limited

**Notes**

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

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