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ASX / MEDIA ANNOUNCEMENT

22 October 2020

September 2020 Appendix 4C Quarterly Cash Flow and Quarterly Activities Report

Respiri Limited (ASX:RSH)("Respiri" or the "Company"), an eHealth SaaS Company supporting respiratory health management, today announces the Appendix 4C quarterly cash flow and activities for the 3-month period ended 30 September 2020.

Operating Highlights

The Company remains on track to launch wheezo™ by the end of this calendar year. The Company continues to make good progress in manufacturing and clinical trials and signed several new partnerships during the quarter. Costs control remains a focus in both general operations and manufacturing.

Manufacturing: Despite the COVID-19 lockdown restrictions, manufacturing commenced during the quarter for the first batch of 2,000 wheezos deliverable under the Exclusive, International Pharmacy Sales/Marketing, Distribution and Logistics Agreement with Cipla Australia, which are on track with the 1st delivery of 500 completed in early October and the balance 1000 for delivery later in October with a further delivery in early January. Sufficient inventory is held by Respiri to ensure demand generated by the Cipla sales force can be met in the interim.

First invoices for Cipla orders have been raised and Respiri expects payment for goods to be received in November delivering the company's first significant financial revenue milestone as planned.

On 22 September 2020, the Company entered a binding Electronic Manufacturing Services (EMS) agreement for Respiri's worldwide wheezo requirements Entech Electronics for the global supply wheezo in the future. Entech Electronics are an Australian, privately owned contract electronics manufacturer established in 1986. Headquartered in Devon Park, South Australia, the company has operated offshore production facilities in Shenzhen China since 2006.

First orders for the wheezo have been placed and Entech Electronics commenced production preparation activities at their Shenzhen facility, an operation with more than 200 staff. 12,000 additional devices have been commissioned for delivery from February 2021 and this partnership will enable Respiri to scale production significantly and quickly so as to meet forecast global demand. Owing to a range of design optimisation measures, relating to the device, its assembly, testing parameters and the cost reductions associated with moving to a low cost location, wheezo will enjoy a significantly improved product cost position and have reduced Cost of Goods Sold by approximately 85% and these costs are forecast to fall further on the back of volume over time.

Commercial Partnerships: In August, the Company signed two agreements with the Australian Patients Association (APA). The first agreement comprised a partnership between Respiri and the APA to support patients living with asthma through Respiri's wheezo Experiential Program, a real-world asthma management study designed to support patients living with asthma. Recruitment for this program has been particularly pleasing with more than 310 patients enrolled in the program despite the COVID19 pandemic and the Victorian lockdown. Over 50% of patients enrolled in the program are from Victoria where the demand has been particularly high in this difficult high-risk respiratory environment. Important to note that the demographics of the patients enrolled spans across the full spectrum from

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young children to older Australians, which demonstrates the broad appeal of wheezo to all patients with asthma.

APA is an independent not for profit organisation dedicated to supporting patients and championing and protecting the rights and interest of all Australian patients and are connected with 1,100,000 Australian patients and 15,000 Health Care Practitioners. Asthma afflicts approximately 11% of the Australian population.

The second agreement was that of a definitive Product Referral Agreement (PRA) with the APA. Under the terms of the PRA, the APA was appointed by Respiri on a non-exclusive basis to provide patient referrals to Respiri, harnessing the APA customer network, database and referral codes following the launch of wheezo. In exchange for referrals directly attributable to APA, Respiri will pay APA a small commission on device sales

During the quarter, the Company also signed a partnership with the Carlton Football Club AFLW for 2021 season. The partnership announcement will see wheezo supported by the Carlton Football Club AFLW team and bring awareness of the importance of asthma management to the forefront of the community. The AFLW has grown to be one of the largest female supported sports in Australia, with over 4.1M fans nationwide. The Carlton AFLW team is a foundation club in the growing AFLW competition and in 2019, set a record for domestic women's sport in Australia, with over 53,000 in attendance.

Cipla Pharmacy Plan Execution: Respiri and Cipla have been jointly developing a go to market plan. Execution of the plan is well advanced and progress has been made in many areas. Both organisations have undertaken joint discussions with many of the major pharmacy banner groups to introduce wheezo and the response has been positive and in line with independent market research commissioned by Respiri.

Involving 150 pharmacists, the research indicated a very positive response to the wheezo value proposition with 3 out of 4 pharmacists indicating that children would really benefit by introducing wheezo in their asthma management program and 4 out of 5 suggesting that wheezo would be an easy product to sell. The same market research also quizzed 100 patients/parents and the overwhelming response (4 out of 5 respondents) was that introducing wheezo would provide benefits to both children suffering from asthma and their parents/carers.

Clinical Studies: Whilst the study with Swinburne University of Technology has been delayed due to the lockdown in Victoria, the Company was pleased to announce the preliminary results of the Box Hill Hospital Study. This study compared wheezo to the gold standard clinician-based stethoscope measurement of wheeze in asthma and chronic obstructive pulmonary disease (COPD) patients in a stable condition in the emergency department or admitted to hospital with an exacerbation of airway disease. A total of 56 patients participated in the study (55 eligible for data analysis), with 114 recordings taken. A total of 11 physicians participated in the study, which was unblinded and non-randomised by design.

The Principal Investigators were Professor Frank Thien, Director of the Department of Respiratory Medicine at Eastern Health, Box Hill Hospital, Monash University and Professor Bruce Thompson of Swinburne University, Melbourne. The aim of the study was to use wheezo to assess wheeze severity in patients admitted with an exacerbation of airway disease with clinically detectable wheeze and correlate it with physician's assessment of wheeze severity using a stethoscope. The device calculated the duration of wheeze in 30 seconds of breath sound recording while a clinician scored the severity of wheeze on a scale of 0 through 10.

The study results show that the wheeze rate measured by wheezo (previous algorithm) at the trachea (windpipe) had a true positive (sensitivity) of 74% and correctly detected no wheeze (a true negative) of 83% (specificity). The Cohen's kappa coefficient was calculated as 0.46, which means "moderate agreement" between wheezo and physicians in detecting wheeze.

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The study data was reanalysed by the Company in this report and a new and improved proprietary algorithm was developed. The wheezo device when compared to the physician assessment of the chest and trachea was able to correctly detect a true positive (sensitivity) in 81% of cases and correctly detect no wheeze (a true negative) in 79% of cases (specificity). It is recognised that Physician assessment of wheeze is subjective and when adjusted for two physicians that showed significant disagreement to retrospective breathing recordings wheeze assessment, the sensitivity of the device increased to 89%. Further, Cohen's kappa coefficient also improved from 0.51 (moderate agreement) to 0.64 in the latter population of physicians demonstrating substantial agreement. This new algorithm will be used to test the device performance in a new clinical study.

Buy Now Pay Later (BNPL) facilities: Following the announcement of the ZIP Money agreement the Company also signed a Merchant and Referral Agreement with Openpay Group Limited (Openpay) Respiri and Openpay will partner on online sales but also with an in-store pharmacy offering where patients buying wheezo and other products can get the benefits of a Buy Now Pay Later (BNPL) plan. Openpay's Buy Now Pay Later approach, which provides this service for both online and in-store channels, with flexible repayment terms, supports Respiri's go to market strategy. It will provide patients with the flexibility of paying for wheezo over, two, three or four months.

Under the terms of the Merchant Agreement, the Openpay BNPL option will be available to patients buying wheezo online directly from Respiri. Under the referral agreement, Respiri will offer Openpay in-store to selected pharmacies, which will allow wheezo to be purchased via Openpay. This will be an additional revenue stream for Respiri, receiving referral fees calculated on Openpay collected client fees for those pharmacies signed through Respiri lead initiatives.

Financial Highlights

Preparations for a full-scale commercial launch of wheezo are nearing completion and the planned launch in Q4 of calendar 2020 remains on schedule. Expenditure during the quarter reflected these preparations and the significant ramp up in activity. As a result *gross* operating cash outflows for the quarter of $2.0m were $0.3m higher than Q2 2020 and in-line with the prior corresponding period (pcp).

At an individual category level Product, Manufacturing & Operating costs for the September quarter were $0.5m (compared to $0.2m in the pcp). The Company received its the R&D tax incentive from the ATO in September. After the repayment of the R&D loan from Fundsquire *net* operating cash outflows for the September quarter were $1.0m. Payments to related parties of $238k, consisted of fees payable to the Executive and Non-Executive Directors. This included a payment of $75K to the CEO for salary that was held in escrow during his probationary period.

The Company closed the quarter with cash and cash equivalents of $2.0m.

Post Quarter Events

On 20 October 2020, the Company completed an oversubscribed $12.5 million share placement to institutional, professional and sophisticated Australian investors.

Funds raised under the placement will be deployed in market development activities for the US and European market launches ($1.6 million), sales and marketing initiatives ($2.1 million), product development and research ($1.5 million) and working capital, principally inventory build to meet expected demand for wheezo ($6.5 million).

The Appendix 4C cash flow report is attached below.

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This ASX announcement dated 22 October 2020 has been authorised for release by the Board of Directors of Respiri Limited.

About Respiri Limited

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

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

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

About wheezo

Developed in Australia, with the support of respiratory specialists and other healthcare professionals, the innovative wheezo device records wheeze, and the eHealth App assists patients with managing their asthma by tracking symptoms, triggers, medication use and geo-specific weather conditions. The platform has been designed to extend asthma management beyond the clinic and make it easy to share information with doctors and make appropriate adjustments to asthma action plans. Better active management may lead to better outcomes and improved quality of life for the asthma patient.

™ wheezo is a 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.

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Appendix 4C

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

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Name of entity	
Respiri Limited (ASX: RSH)	
ABN	**Quarter ended ("current quarter")**
98 009 234 173	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(177)	(177)
	(b) product manufacturing and operating costs	(507)	(507)
	(c) advertising and marketing	(292)	(292)
	(d) leased assets	-	-
	(e) staff costs	(339)	(339)
	(f) administration and corporate costs	(696)	(696)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,037	1,037
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(974)**	**(974)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(9)	(9)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	240	240
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings - Fundsquire	(745)	(745)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	**Net cash from / (used in) financing activities**	**(505)**	**(505)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,465	3,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(974)	(974)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(505)	(505)
4.5	Effect of movement in exchange rates on cash held	(12)	(12)
4.6	**Cash and cash equivalents at end of period**	**1,965**	**1,965**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,965	3,465
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,965**	**3,465**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	238
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)		

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

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

Previous facility provided by Fundsquire has been repaid during the quarter following the receipt of the FY20 R&D tax refund of $987k.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(974)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,965
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,965
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ....22 October 2020.....

Authorised by: By the Board of Respiri Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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