

24th January 2025

December 2024 Quarterly Cash Flow and Quarterly Activities Report

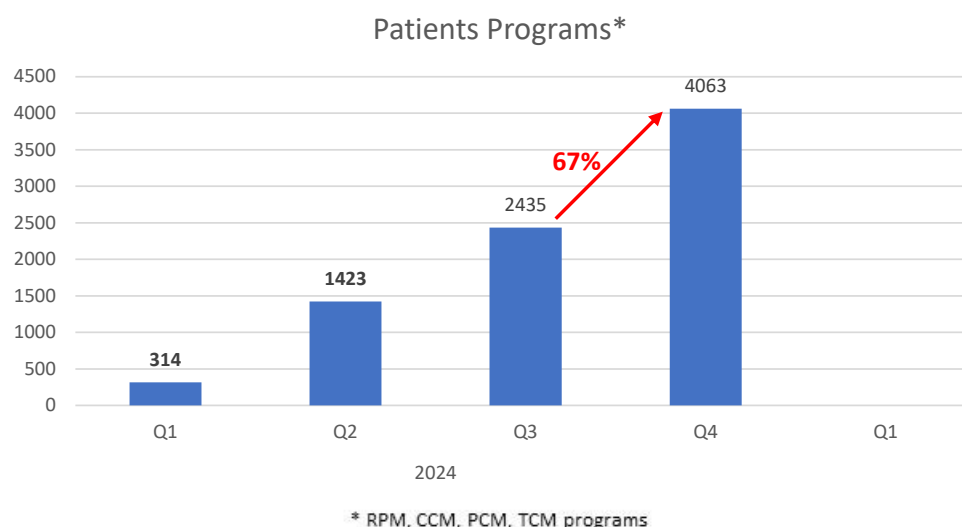
Respiri Limited (ASX:RSH; OTCQB:RSHUF) ("Respiri"), an eHealth Company supporting respiratory healthcare and Connected Care Management in the USA, provides the Appendix 4C quarterly cash flow and activities report for the 3-month period ended 31 December 2024. All financial and key performance metrics in this report are Respiri-only and exclude any future contributions from the recently acquired Orb Health business.

Operating Highlights

- **RECORD PATIENT PROGRAM ENROLMENT:** **4,063** patient programs, a **67%** increase over the September 2024 Quarter.
- **CONTINUED REVENUE GROWTH:** December 2024 quarter invoiced revenues reached **A\$529K**, **+29%** on the September 2024 Quarter with **A\$282K** received in cash receipts.
- **ORB ACQUISITION.** Generated **US\$4.2M/A\$6.7M** CY24 revenues, **~2,500** additional patient programs, new UPEC product line, **US\$2.2M/A\$3.5M** in cost savings and a significant step towards monthly break-even expected in 2025.
- **ACQUISITION COST SAVING SYNERGIES REALISED:** **US\$1.1M/A\$1.67M** in annualised savings with immediate monthly Respiri operating costs reduced by **19%**, from A\$743K to A\$605K.

Key Performance Indices & Commercial Highlights

Patient program enrolment and engagement continues to grow significantly with **4,063** patient program engagements over the quarter representing an increase of **67%** over the September 2024 Quarter. These volumes are Respiri-only and do not include any patient program volumes from the Orb acquisition. **63%** of billable patient services were for Remote Patient Monitoring (RPM) with the balance being Chronic Care Management (CCM), Principal Care Management (PCM) and Transitional Care Management (TCM) all of which are reimbursed by Centers of Medicare and Medicaid (CMS) for the appropriate patients. The acquired Orb patient program pool is almost 100% CCM providing immediate complementary cross/up-selling opportunities to existing patients where both RPM and CCM services can all be delivered to the one patient.



The Ceras IT platform used by Respiro will now enable the cross-selling of RPM services to the Orb patient base whilst Orb's experience in CCM will help newly-merged Respiro deliver these services to the all appropriate existing patients in 2025 and beyond. This represents potential revenue upside of ~\$2M pa on existing combined patient populations. The December 2024 quarter was truncated by a number of significant holidays in the USA, including Christmas/New Year and Thanksgiving which does have an impact on patient engagement over a rather extended "silly" season resulting in an expected reduced per patient per month (pppm) revenue stream that should return to "normal" levels in the coming quarters.

New and existing Clients: Strong patient growth is forecast to continue and accelerate for Respiro in 2025, driven by both organic growth from existing clients' patient pools and from new contracts expected from the rich sales pipeline that the Company currently enjoys.

Respiro anticipates closing significant contracts with 6 major Accountable Care Organisation (ACO), Independent Physician Associations (IPA) and other large healthcare organisations in the coming months. The devastating fires in Los Angeles have, understandably, delayed some of these contract negotiations but the Company remains confident of delivering 3 such fee-for-service and risk-share contracts in the March quarter, which will have significant impacts on patient numbers and ensuing recurring revenues.

CMS moves closer to Accountable Care goals: The universal cost burden of healthcare across the globe is particularly prevalent in the USA where healthcare costs exceed US\$4.1 trillion per annum and are growing¹. Therefore, optimising existing healthcare funding by investing in different models and cost effective, complementary services is the only real strategy available to payors to ensure that these burgeoning costs driven by an increasing aging population can be adequately managed with funding that is growing at a much slower rate.

To this end, Centers for Medicare and Medicaid Services (CMS) has mandated and made substantial progress on its goal for all people with Traditional Medicare (fee-for-service) to be in a care relationship with accountability for quality and total cost of care by 2030. Essentially, this is what Respiro terms, risk-share/value-based healthcare delivery.

As of January 2025, 53.4% of people with Traditional Medicare are in an accountable care relationship with a provider who are typically a member of an ACO or IPA. This represents more than 14.8 million people an increase of 4.3% on January 2024, the largest annual increase since CMS began tracking accountable care relationships². This steadily increased participation in accountable care arrangements demonstrates that CMS are succeeding in connecting people to longitudinal care relationships with healthcare providers.

This welcome and unambiguously positive development is an endorsement of Respiro's strategy in the growing US healthcare market where RPM and CCM care programmes are manifesting as key cost-effective components of the necessary healthcare investment mix that is also strongly endorsed by the peak governing body, American Medical Association (AMA). These services provide meaningful benefits for patients resulting in cost reductions whilst those ACOs' and their providers member that deliver such services that reduce events and ensuing costs are rewarded financially by insurers. Respiro has made risk-share/value-based client alignment a key and unique pillar of the Company's commercialisation strategy.

AMA recommends significant expansion of Remote Care: The American Medical Association (AMA) has announced a significant expansion of remote patient monitoring (RPM). In brief, those are:

- Add a remote patient monitoring device supply CPT code that covers 2 in every 15 calendar days of collected and transmitted data, thus reducing the current requirement of 16 in 30 days.
- Revise CPT 99457 to include 11-20 minutes (currently at least 20 minutes). This reduces the amount of time clinical staff must engage with a patient/caregiver.

¹ <https://ncoa.org/article/get-the-facts-on-chronic-disease-self-management>

² <https://www.cms.gov/newsroom/fact-sheets/cms-moves-closer-accountable-care-goals-2025-aco-initiatives>

- Revise CPT 99458 to cover each additional 10 minutes of interactive communication. This reduces the amount of additional time clinical staff must engage with patients/caregivers from the current requirement of at least an additional 20 minutes.

The US healthcare industry anticipates these changes coming into effect with new reimbursement rates from January 1st 2026. The immediate implications are that the AMA consider RPM as a key component of effective patient management and appear to encourage accessibility for providers to deliver to their patients with chronic conditions.

Respiri welcome these changes as they allow for significant expansion of RPM services to appropriate patients and care givers. Further, these changes represent levers for increased efficiency of Respiri's clinical operations enabling greater productivity and thus deliver better margins and additional revenue.

Strategic acquisition: In December 2024, Respiri announced entering a binding purchase agreement to acquire the assets and business of Orb Health, a leading US-based connected care organisation, for an initial purchase price of US\$9 million, settled with the issue of shares. An additional payment may be payable upon Orb Health meeting financial targets at the completion of CY2025, also satisfied through the issue of shares. As part of the transaction, Orb Health agreed to invest US\$0.7 million (~A\$1.1M).

Orb Health CY24 Annual Recurring Revenues (ARR) are ~US\$4.2 million. The acquisition is expected to generate cost synergies totalling approximately A\$3.5 million and generate cross-selling opportunities in excess of A\$2 million during an initial full twelve months of operations.

The acquisition, which has since been completed, marks another significant step for Respiri as it accelerates its US plans to become the leader in the large and substantially growing connected care health market in the United States. It adds a broad network of existing customers, enables Respiri to expand its service offerings, achieves economies of scale, provides complementary and critical expertise and realises synergies between the businesses. It is a significant contribution to Respiri's achieving profitability in 2025.

US operations update

Post Merger Acquisition (PMI) activities between Respiri and Orb Health commenced post signing of the purchase agreement in November. Various functional teams comprising key staff from both organisations have been established and tasked with identifying and executing cost saving synergies and also defining and deploying best practices across all aspects of the business. The focus has been on Client and Clinical Operations as well as technology consolidation. At year-end, these actions have already delivered more than **A\$1.67 million** in annualised savings. A next major contribution is expected by mid-year when deliberations and evaluations around the care delivery platform and corresponding IT solutions are to be concluded. The acquisition has also seen executive leadership rationalisation with almost all key staff now located in the USA and most Australian positions being made redundant.

Whilst headcount rationalisation has occurred and will continue to be undertaken, hiring qualified nurses will continue to support the increasing clinical services required to meet growing patient volumes from existing clients and the anticipated volumes of patients from the major new client FFS and risk-share contracts the Company expects to close in the coming months.

Wearable clinical study update

The clinical study for Respiri's new wearable device, led by Dr. Scott Parrish of Fox Valley Pulmonary Medicine Clinic, in Wisconsin, began in October 2024 after a group of 30 COPD patients was recruited. The study is conducted in two cohorts of 15 patients each. The first ran in October and November 2024 while the second cohort commenced in January 2025 and concludes in February.

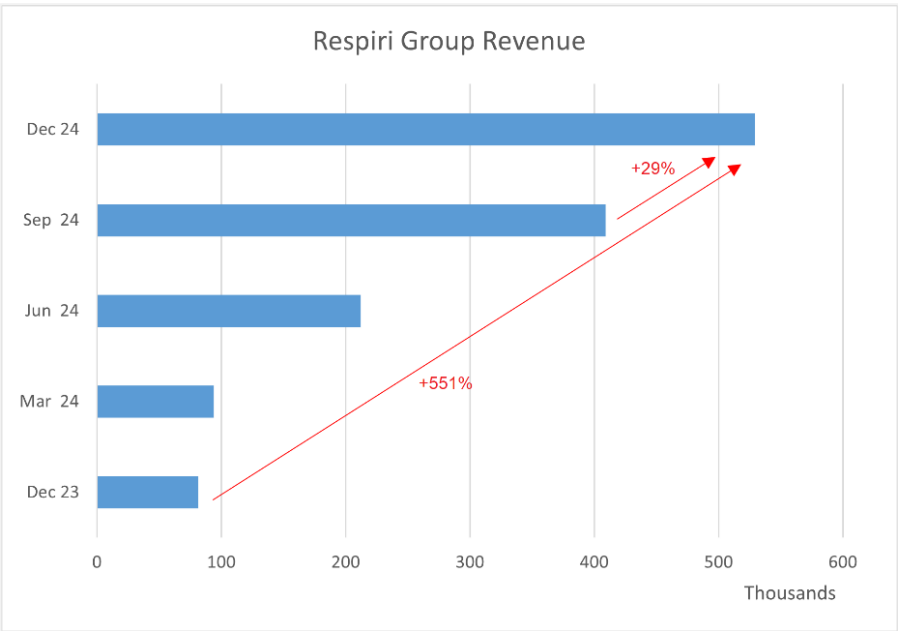
Over the study period patients wear the device using a specially designed sleeve. The device continuously transmits data both to the Respi app and to a central server, thus enabling display of the data in real time on a web portal. The latter allows Respi’s nursing team to monitor patients continuously and to inquire about any symptoms or their overall well-being, if and when required as per the study protocol.

Data obtained from the first cohort was imperative for developing a dedicated set of visual analyses tools. Those include a 24-hour window to view trends in patient activity and respiration, historical inhaler usage, and observation of breathing patterns during inhaler use. Further, the visual analyses tools and competencies developed so far will guide the development of additional and more advanced future data analysis techniques. This process will continue throughout 2025 with the aim to validating the usability and effectiveness of the wearable device and supporting system.

These data will be used in the FDA regulatory submission which is anticipated to be submitted by mid-2025 with approval anticipated in Q1 2026. The wearable device will provide significant utility in monitoring respiratory patients during the transitions of care from hospitals and SNFs to the home. The wearable will not replace wheezo® but add to the unique proprietary medical device portfolio that will continue to differentiate Respi’s value proposition and broader Connected Care Management Program offering.

Corporate & Financial Highlights

Receipts from customers were **A\$282K** and revenues for the quarter of **A\$529K**, a **29%** increase over the previous quarter and **551%** Year-on-Year quarterly growth. The newly enhanced patient recruitment and onboarding procedures and the increased healthcare organisation client portfolio have driven revenue increases for the quarter and this quarter-on-quarter growth is expected to continue and accelerate with the major ACO/IPA/HCO risk-share/value-based and FFS contracts anticipated to be finalised in the March quarter. The group has debtors owing of A\$0.4 million at quarter end expected to be collected post quarter end.



Operating cash outflows of **A\$1.75 million** for the quarter have decreased by **A\$0.67 million** compared to the previous quarter, a **reduction of 28%**. Research and development expenditures of A\$0.19 million have decreased by A\$0.04 million compared to the previous quarter. Product and manufacturing costs of A\$0.24 million are up by A\$0.09 million from September 2024 quarter.

Staff costs of \$1.31 million increased by \$0.17 million compared to the prior quarter, which included \$0.19 million in staff redundancy and leave payments. Administration and corporate costs of \$0.83 million represent a decrease compared to the prior quarter.

During the quarter the group commenced executing its planned Orb acquisition cost restructuring plan expected to yield \$3.5m in annual cost savings. Normalised group monthly expenditure, after allowing for one off restructure monthly costs in December was **\$0.605 million down 19% from \$0.743 million** in July 2024. In this quarter the company has realised **\$1.67 million of annualised cost savings**, including the rationalisation of the Australian-based executive team and senior management who are now all replaced by Orb Health staff located in the USA; and the shutdown of the Respiro contracted IT team in the Philippines which is now also located in the USA. The balance of the expected \$3.5 million in cost savings will be realised in the 3 to 6 months post completion of the Orb acquisition.

During the quarter, the Company received \$1.6m capital raised from a strategic placement from leading Australian biotech fund, **Merchant Biotech** and other strategic investors.

In addition, the Company received \$0.61m in research and development incentive from prior financial year.

Additionally, a total of \$198k was received and is intended for option exercise, as announced on 8th January 2025.

The Company closed the quarter with cash and cash equivalents of \$1.25 million and \$2.7m of finished goods inventory and prepaid materials.

Payments included at Section 6.1 of the accompanying Appendix 4C to related parties of \$0.14 million, consisting of fees payable to the Executive and Non-Executive Directors of the Company.

The Appendix 4C cash flow report is attached below.

- ENDS -

For further information, investors and media please contact:

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

About Respi Limited

Respi 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. Respi 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 respi™ 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.

Respi'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. Respi Limited's operations are based in Melbourne, Australia with offices in New York City, USA.

For additional information about Respi Limited please visit our corporate website www.respi.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.respi.co/us

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

Appendix 4C

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

Name of entity

Respiri Limited (ASX: RSH)

ABN

98 009 234 173

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	282	524
1.2 Payments for		
(a) research and development	(192)	(421)
(b) product manufacturing and operating costs	(236)	(381)
(c) advertising and marketing	(73)	(122)
(d) leased assets	-	-
(e) staff costs	(1,312)	(2,449)
(f) administration and corporate costs	(834)	(1,935)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	611	611
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,751)	(4,167)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,600	4,597
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	198	198
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(35)	(149)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings		
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	1,763	4,646

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,224	767
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,751)	(4,167)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,763	4,646
4.5	Effect of movement in exchange rates on cash held	14	4
4.6	Cash and cash equivalents at end of period	1,250	1,250

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	1,250	1,224
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)	1,250	1,224

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	138
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Fees of Executive Director and Non-Executive Directors (excluding GST)		

7.	Financing facilities <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>	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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,751)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,250
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,250
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1
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. Respi continues to collaborate with US medical institutions on advancing business and future revenue opportunities via its 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 the acquisition of Orb Health which will enable the company to generate additional cash flow from revenues and realise cost savings for the group. As part of the transaction \$1.12 million (US\$0.7m) has been raised post year end.	
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 and an increase in revenues following the acquisition of Orb Health.	
	<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.

24 January 2025

Date:

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.