



23 May 2023

RESPIRI TO ACQUIRE US-BASED REMOTE PATIENT MONITORING (RPM) COMPANY ACCESS MANAGED SERVICES LLC (ACCESS), RAISE A\$6.5 MILLION AND APPOINT NEW DIRECTOR.

Respiri Limited (ASX:RSH; OTCQB:RSHUF) ("Respiri" or the "Company"), an eHealth SaaS Company supporting respiratory health management is pleased to announce it has entered into a binding purchase agreement to acquire Access Managed Services LLC (ACCESS) for up to USD \$3.0 Million (A\$4.5 Million) (**Acquisition**). The Acquisition will be funded by a A\$4.5 Million convertible note (**Convertible Note**) issue (**C-Note Issue**) in conjunction with a A\$2 Million share purchase plan offer (**SPP Offer**).

The Acquisition marks a significant step for Respiri as it accelerates its market access and business development into the broader Remote Patient Monitoring (RPM) respiratory health market in the United States.

Highlights

- Respiri US subsidiary, Respiri USA Inc., to acquire ACCESS, a US-based Remote Patient Monitoring (RPM) and Chronic Care Management (CCM) services provider and existing sales/marketing partner for wheezo® for up to USD\$3 Million.
- Respiri is now the first Australian RPM Company in delivering complete, end-to-end turnkey RPM services to US Healthcare Organization (HCO) customers with differentiating medical device intellectual property (IP).
- The Acquisition increases Respiri RPM per patient monthly recurring revenues from USD\$10-20 to USD\$70-\$100, highlighting significant revenue upside that will reduce projected monthly break-even patient volume from approximately 30K to 9K patients for the total merged entity.
- Recent appointed Head of US operations, Will Sigsbee, will lead ACCESS with their key personnel committing to remain.
- The Acquisition will be funded via a A\$4.5 Million convertible note (**Convertible Note**) issue (**C-Note Issue**) in conjunction with a A\$2 Million share purchase plan offer (**SPP Offer**).
- Appointment of Brian Leedman, a prominent Australian healthcare entrepreneur as a non-executive director of the Company.

Acquisition of ACCESS

Respiri has entered into a binding purchase agreement to acquire ACCESS for up to USD \$3.0 Million (~A\$4.5 Million). The purchase agreement provides for:

- Upfront payment (first tranche) of US\$1.25 Million to be paid by Respiri at completion of the proposed transaction.
- A second tranche of US\$0.25 Million is payable in three months post-close and once handover is completed.

- A third tranche payable twelve months post close of up to US\$1.5 Million should RPM patient enrolment exceed 6,000 per month.

The purchase agreement is subject to a number of conditions including that there is no material adverse change in the financial condition, results of operations, business, assets, liabilities or future prospects of ACCESS and that Respire completes a capital raise of not less than Two Million Five Hundred Thousand Dollars (US\$2,500,000).

Access adds scale and broadens immediate growth opportunities

Respire has worked closely with the ACCESS team since Respire announced its partnership on the 7th February, 2022, securing numerous RPM clients. ACCESS typically uses wheezo® as a differentiated RPM device to engage with clients and once secured, is contracted to deliver all RPM services for all eligible patients across all major disease states including respiratory, with wheezo®, cardiovascular, diabetes and obesity using other freely available medical devices. This increases the total addressable US market for Respire from 50 Million respiratory patients to approximately 150 Million patients and introduces significant customer synergies and increased customer revenue opportunities. Further, the acquisition will significantly increase the monthly recurring patient revenues for Respire from US\$10-\$20 to US\$70-\$100, reducing the number of patients required for the merged company monthly cash breakeven to 9,000 which the company forecasts to achieve in late CY2024.

These increased per patient revenues are generated through the existing ACCESS clinical staff infrastructure delivering RPM patient support services, which have been shown to deliver best practice patient RPM program compliance resulting in significantly better reimbursement claims for ACCESS customers. Furthermore, as previously announced, Respire has already completed vital integration works with Access' existing telehealth RPM platform, Remotli, allowing for a more streamlined integration into new client systems and significantly reducing time to patient on-boarding moving forward. Additionally, the ACCESS team are well versed in Respire's suite of products with strong existing relationships.

ACCESS HCOs customers typically contract ACCESS to provide all their RPM requirement and not just wheezo®, making each potential client revenue opportunity much larger. wheezo® is used as company differentiation to help secure the contract and Respire intends to continue to foster this strategy with ACCESS. Announced on the 28th November, 2022, Arkansas Heart Hospital (AHH) is an example of this opportunity. AHH is one of the largest private cardiovascular healthcare organisations in the USA and was secured as an ACCESS customer on the back of the unique clinical features of wheezo® RPM for cardiovascular patients Chronic Obstructive Pulmonary Disease (COPD). This accounts for 39% of patients whilst offering cardiovascular, diabetes and obesity RPM solutions broadens this opportunity to almost all AHH patients. This is the typical business case for clients secured by ACCESS.

Approximately 80% of Americans ≥ 55 years of age are living with one chronic condition with almost 60% of those living with at least two chronic conditions¹. 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. Being able to leverage this differentiation to continue to secure the much larger RPM patient opportunity with clients is a key driver that will accelerate Respire's revenue generation.

ACCESS currently has ten HCO customers, ranging from large health providers to smaller Primary Care Physician clinics. Currently, in addition to existing patients, there are approximately 3,500 contracted patients that are to be onboarded in the immediate term, with several larger contracted opportunities beyond these. Further, the capture of more patient outcomes data from a broader number of disease states will provide Respire with data to accelerate Artificial Intelligence (AI) driven algorithms, beyond those currently used with wheezo®, that could predict and pre-empt possible patient complications, thus improving health outcomes and reducing medical costs.

Significant Growth in Recurring Revenue

In 2019, the Centres of Medicare and Medicaid Services (CMS) created the Current Procedural Terminology (CPT) codes allowing the reimbursement for RPM services. These CPT codes are designed to support the monitoring of patient vitals through the use of FDA-cleared Medical Devices. The use of digital technologies, such as wheezo®, to collect health data from patients in one location and electronically transmit that information securely to providers elsewhere, are gaining traction and have been shown to reduce re-admissions by allowing doctors to support their patients remotely. A successful RPM program is always multifaceted and built on an easy-to-use device, technical platform and with dedicated clinical support staff that come together to create an easy solution for providers to outsource and execute. The impact of an RPM solution that incorporates all these elements has been seen with the ACCESS RPM programs ability to keep patients engaged and persistent on RPM programs for more than double the length when compared to the CMS Medicare average (9.6months vs 4.3months).^{2,3}

Respiri's revenue model is centred on wheezo® medical device sales of USD\$10-20 in monthly recurring revenue per patient. The CPT code Respiri focussed primarily on was 99454; the CPT code covers the automated data transmission from the medical device to the providers RPM platform. The CPT code requires that patients take a minimum number of readings per month to be eligible for reimbursement. The proposed acquisition of ACCESS will allow Respiri to recognise the multitude of other CPT codes available as part of RPM CMS reimbursement. Further, patients who are on RPM programs, can also be managed by clinical staff as part of a Chronic Care Management (CCM) program. With over 80% of patients with COPD estimated to have at least one comorbid chronic condition⁴, there is significant opportunity to provide both services to patients on behalf of their provider. Below is a table outlining the current average 2023 CMS Medicare reimbursement for RPM and CCM CPT codes.

Remote Patient Monitoring (RPM)		
Code	Descriptor	2023 Payment
99453	Service initiation	\$19.00
99454	Monthly data transmission	\$49.00
99091	Interpretation and analysis, 30 min.	\$53.00
99457	Treatment management services, clinical staff, 20 min.	\$48.00
99458	Treatment management services, clinical staff, +20 min.	\$39.00
Chronic Care Management (CCM)		
Code	Descriptor	2023 Payment
99490	CCM, clinical staff, initial 20 min.	\$62.00
99439	CCM, clinical staff, +20 min.	\$47.00

The above CPT codes are available to Respiri customers to support claiming and reimbursement. Respiri clinical staff capability, realised through the proposed ACCESS acquisition, allows Respiri to realise significantly higher per patient month revenues across a much larger number of patients. Respiri believes a price target of US\$70-100 is achievable considering the breadth and scope of both CMS services.

US Operations

The proposed acquisition will be headed by Respiro's newly appointed Head of US Operations and Chief Commercial Officer for the US market, Mr William Sigsbee. ACCESS will continue to operate under its brand, with existing ACCESS staff including 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 Telehealth will continue to support the business in a strategic advisory capacity and help manage significant key clients currently contracted with ACCESS who are currently engaged with private payer organisations' in advanced RPM contract negotiations.

This acquisition provides Respiro with a direct line of sight to the end user of RPM services that should provide a more streamlined and efficient business model that should reduce sales cycle times and the time to on-boarding patients once contracted. Respiro CEO, Marjan Mikel, a proven healthcare industry executive has built a market leading and highly successful remote patient sleep apnea business in Australia, Healthy Sleep Solutions and sold this business to a public multinational Company Air Liquide. His extensive track record in developing and delivering remote healthcare business will be a key asset in delivering the US business solution that this acquisition provides.

Respiro CEO, Marjan Mikel said *"The Access acquisition is a pivotal company defining moment for Respiro that opens up a much larger addressable market for us and provides immediate scale in the US with a world class team delivering world class RPM solutions. I was lucky to enjoy success in building Healthy Sleep Solutions, a highly successful remote patient healthcare company, and look forward to using this experience in helping to drive our US RPM ambitions with ACCESS and our unique technology, wheezo®. Exciting times lie ahead for our organisation."*

1. https://www.cdc.gov/nchs/health_policy/adult_chronic_conditions.htm
2. <https://data.cms.gov/provider-summary-by-type-of-service/medicare-physician-other-practitioners/medicare-physician-other-practitioners-by-geography-and-service>
3. [Respiro Data File](#)
4. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5004772/#:~:text=Comorbidities%20impact%20a%20large%20proportion,least%20one%20comorbid%20chronic%20condition.>

Overview of Capital Raise

Respiro is pleased to advise that it has received a funding proposal, comprising up to A\$4.5 Million in Convertible Notes from a US-based institutional investor, alongside the initiation of a A\$2 Million SPP Offer.

Convertible Note Issue

Respiro has signed a non-binding term sheet with Obsidian Global Partners, LLC (**Obsidian**) for the issue of up to A\$4.5 Million of Convertible Notes, where A\$2.5 Million (**Tranche 1**) will be provided upfront, utilising Respiro's existing ASX Listing Rule 7.1 placement capacity, and a subsequent A\$2 Million (**Tranche 2**) is to be provided subject to mutual agreement and shareholder approval.

Tranche 1 Convertible Notes will be issued shortly after execution of a definitive document, which is expected to be executed within 10 business days. A summary of the terms of the Convertible Notes are set out in **Annexure 1**. Pursuant to such terms, Obsidian is entitled to convert the Convertible Notes into shares based on the Conversion Price and is also entitled to 25% option coverage $[(\$ \text{Investment Amount} / \text{Fixed Conversion Price}) * 25\%]$.

The maximum number of shares to be issued on conversion of the Tranche 1 Convertible Notes, without shareholder approval, is 117,760,452 shares. To issue more shares than this in respect of the Tranche 1 Convertible Notes, Respiro will need to obtain shareholder approval to the issue or shareholder ratification of a past issue of shares under the agreement.

Share Purchase Plan Offer

In conjunction with the C-Note Issue, Respiro is pleased to advise that it proposes conducting a non-underwritten SPP Offer to raise up to approximately A\$2 Million (before costs).

Under the SPP Offer, eligible shareholders (being those shareholders with a registered address in Australia and New Zealand as at 19 May 2023 (**Record Date**)) (**Eligible Shareholders**) will be entitled to subscribe for up to A\$30,000 in shares (**SPP Shares**) with 1 free-attaching Option for every 2 SPP Shares subscribed for under the SPP Offer. Eligible Shareholders may also be allowed to participate in a shortfall offer for any SPP Shares not subscribed for (**Shortfall Shares**) under the SPP Offer, at the Company's discretion (**Shortfall Offer**).

Further details about the SPP Offer will be set out in a prospectus (**Prospectus**), which Respiro expect to lodge on Tuesday, 30 May 2023. Eligible Shareholders will receive a copy of the Prospectus including a personalised offer letter and acceptance form which will provide further details of how to participate in the SPP Offer.

Given that the SPP Offer will include the offer of options, the SPP will be undertaken by way of prospectus and will not rely on relief granted under *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* nor ASX Listing Rule 7.2 (Exception 5). As such, the SPP Offer will be conditional on shareholder approval being obtained.

An indicative table in connection with the SPP Offer is set out below:

Event	Date
Record Date	Friday, 19 May 2023
Announcement (Acquisition, Convertible Notes and SPP Offer)	Monday, 22 May 2023
Despatch of extraordinary general meeting notice of meeting	Monday, 29 May 2023
ASIC and ASX Lodgement and despatch of Prospectus. Open of SPP Offer	Tuesday, 30 May 2023
Close of SPP Offer	Tuesday, 20 June 2023
Extraordinary general meeting Issue of Shares and Options after approval	Tuesday, 27 June 2023

Evolution Capital Pty Ltd (**Evolution Capital**) has been appointed as lead manager to place the Convertible Notes and any shortfall under the Shortfall Offer for up to A\$1.5 Million on a best endeavours basis. As consideration for services provided, Evolution Capital will be paid a cash fee of 5.0% on the Convertible Notes placed, a cash fee of 6.0% of the Shortfall Shares placed to investors introduced by Evolution Capital and receive 3 Million Options (subject to raising at least A\$1.5 Million from investors in connection with the Shortfall Offer).

Respiro intends that funding from the combined capital raise will be prioritised for:

- The Acquisition of ACCESS;
- US commercialisation progression; and
- Working capital.

In line with the cost rationalisations made in the March 2023 quarter across research and development, product and manufacturing and staff costs, the funding and synergies from the acquisition will support an accelerated timeline to operational breakeven. Respiro continues to aggressively pursue several initiatives to increase revenue whilst focusing

on winning RPM healthcare organisation agreements and efficient patient onboarding.

Nicholas Smedley, Executive Chair of Respiro, said *"The Company's US commercialisation strategy is further validated by the strong US-institutional investor interest in Respiro. We received numerous investment offers from US investors, choosing Obsidian. We also are pleased to offer our loyal shareholders these investment benefits through the SPP. This funding will see the Company transform into a US-RPM force through the acquisition of Access and provide us with a significant runway to achieving a cash positive healthcare business."*

New Director

The Respiro Board is pleased to announce the appointment of Brian Leedman as 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.

On agreeing to join the Respiro Board, Brian said *"Respiro is a company that I have followed closely during my time at ResApp Health being a digital healthcare company with disruptive technology for the remote treatment of respiratory healthcare disorders with global market reach. Respiro achieved FDA approval, something that was beyond the reach of ResApp and is poised to significantly grow its remote monitoring of wheeze through wheezo® and the Respiro app to help different health organisations and providers connect with patients to improve collaboration across the care setting. The acquisition of RPM presents a unique opportunity for Respiro to capture a greater share of the derived revenue and own lucrative data from the RPM market"*.

Strategic exit from Australian market

In light of Respiro's continued push into the US market, the Board has determined to voluntarily recall its wheezo® device from the Australian market and simultaneously cancel its registration on the Therapeutic Goods Administration (TGA).

The Company believes that it is in the best interests of the Company to remove any remaining overheads and resources related to the Australia market and continue its focus on scaling US operations. Respiro is taking steps to quarantine the wheezo® device in the Australian market and is working with its Australian distributors and resellers to cease the distribution and sale of the wheezo® to customers. To this end, the Company has agreed to an in-principle plan with its Australian distribution partner, Cipla Australia Pty Limited (**Cipla**), to cease distribution in Australia and recall remaining product. This withdrawal is not expected to materially impact Company's expenses and the returned wheezo® stock will be re-packaged for sale in the USA.

CEO and Managing Director of Respiro, Mr Marjan Mikel said *"The decision to exit the non-reimbursed Australian market and redeploy these resources is obvious for Respiro as we continue to accelerate the scaling of our newly acquired Access RPM business in the US. Further, this will not incur any significant costs and the repurposing of returned wheezo® devices is opportune as it helps meet the projected US demand. I would like to thank Cipla Australia leadership for their support during what was a very difficult Covid-affected period."*

The Company is otherwise working with the TGA to coordinate the recall and the deregistration of the wheezo® medical device on the TGA in accordance with the TGA's procedures.

Annexure 1:

Company	Respiri Limited
Investor	Obsidian Global Partners LLC
Investment - Tranche 1	\$2.5 million via convertible notes upon execution of definitive documents (Formal Documentation).
Investment - Tranche 2	Subject to mutual agreement an additional \$2 million will be provided at the same terms. Issue of the Tranche 2 Convertible Notes will be subject to shareholder approval
Security Shares	Respiri shall send the Investor 28 million shares of Respiri. These shares may be used to offset any future share issuance to the Investor at the Investors discretion. If there are any shares remaining at end of the Maturity Date, the Investor shall return them to Respiri or the Investor will buy them at a price to be agreed by the parties.
Face Value	USD\$1.15 per Convertible Note. After 12 months the Face Value on the remaining balance shall increase by an additional 10%.
Maturity Date	36 months from date of issue
Conversion Price	Either: i) A fixed price equal to a 30% premium to the VWAP in the 5 days prior to execution of Formal Documentation (Fixed Conversion Price). ii) If after 90 days, any month's volume-weighted average price (VWAP) is below the Fixed Conversion Price, the Investor may require Respiri to redeem a number of Convertible Notes specified in the Investor's redemption notice. If the Investor does so, Respiri may at its option redeem the relevant number of Convertible Notes by: 1) issuing shares to the Investor at a 10% discount to the average of the lowest 5 daily VWAPs in the 15 days prior to the notice date; or 2) paying cash to the Investor. iii) Automatic conversion - The Investor must convert 50% of the remaining Convertible Notes if any month's VWAP is a 75% premium to the Fixed Conversion Price as long as the average value of trading volume over this period is at least \$50,000 per day.
Maximum number of shares to be issued	The maximum number of shares to be issued on conversion of the Tranche 1 Convertible Notes, without shareholder approval, is 117,760,452 shares. Issue of the Tranche 2 Convertible Notes will be subject to shareholder approval.
Repayment	At any time, Respiri may at its discretion prepay the Convertible Note's outstanding balance in cash. If within 90 days it shall be done at Face Value, and time after it shall be done at a 10% premium.
Exchange Rate	The Convertible Notes shall be held in USD.
Options	The Investor shall receive 25% Option coverage at a strike price and term equal to the attaching Options in the SPP Offer. The issue of the Options will be subject to shareholder approval, and in the absence of obtaining shareholder approval, Respiri shall be liable to compensate the Investor.
Trading Restrictions	The Investor, in any given day, may not sell more than the greater of 20% of the day's trading volume, or \$25,000.
Origination Fee	5% fee on funds raised and \$15,000 in upfront legal costs

- ENDS -

For further information, investors and media please contact:

Mr Marjan Mikel
CEO & Managing Director
Respiri Limited
P: +61 408 462 873
E: marjan@respiri.co

Mr Nicholas Smedley
Executive Chairman
Respiri Limited
P: +61 447 074 160
E: nicholas@respiri.co

This ASX announcement 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. wheezo®, Respiri's innovative technology, comprises an eHealth app combined with a simple, easy to use, handheld device. wheezo® is the first smart device to help improve asthma management by monitoring wheeze and documenting symptoms, signs, triggers, weather conditions and medication use. The asthma management platform also facilitates the sharing of data 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 analyses breath sounds for 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.

For further information about wheezo®, follow the online link <https://wheezo.com>

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.