

Respiri

Business update

Wheezo commercialisation picking up pace

Healthcare equipment

29 March 2023

Price **A\$0.062**

Market cap **A\$51m**

US\$0.67/A\$

Pro forma gross cash (A\$m) at 28 February 2023 (including gross proceeds of January/February raise) 2.2

Shares in issue (including 38.7m shares issued under January/February SPP) 843.2m

Free float 79.6%

Codes RSF, RSUF

Primary exchange ASX

Secondary exchange OTCQB

In a recent [business update](#), Respiri recapped its commercialisation efforts for the wheezo device and associated remote patient monitoring (RPM) programme. Towards the end of Q323, the company has onboarded roughly 100 patients across eight clients, including two client wins during the quarter. We understand that Respiri is also in advanced RPM discussions with two private health insurers and four clinical services companies. Patient onboarding commenced earlier this month at Arkansas Heart Hospital and at an undisclosed North Carolina-based healthcare organisation, and the onboarding process is underway at Michigan Children's Hospital. Respiri's recent commercialisation strides, along with new client wins, are anticipated to support the company to reach break-even (c 40,000 unit sales), which we estimate by FY25.

Year end	Revenue (A\$m)	EBITDA* (A\$m)	PBT* (A\$m)	EPS* (c)	P/revenue (x)	P/E (x)
06/21	1.4	(8.4)	(8.5)	(1.22)	30.2	N/A
06/22	0.8	(6.2)	(6.3)	(0.87)	58.5	N/A
06/23e	1.7	(4.2)	(4.2)	(0.51)	29.8	N/A
06/24e	5.9	(1.1)	(1.1)	(0.13)	8.9	N/A

Note: *EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. FY23 and FY24 EPS are adjusted for new shares.

Management has communicated that Michigan Children's Hospital has started patient onboarding for the full wheezo RPM programme and plans to initiate the wheezo rollout via hospital clinics and outpatient clinics by April or May this year. We note that Michigan Children's Hospital generates traction of about 8,000 new patient consultations every year, indicating the potential growth opportunity. Additionally, Arkansas Heart Hospital and the undisclosed North Carolina-based healthcare organisation commenced patient onboarding in March 2023. Around 100 patients have been onboarded to the wheezo RPM programme, with management targeting 30–40k patients by 2024. Based on our internal estimates, we expect break-even to be achieved at around 40,000 unit sales, which we project by FY25.

In addition, Respiri has disclosed that it has finalised an additional two client contracts in this quarter (a major home and transition care provider and a respiratory clinical group with over 100 clinics across the US), and discussions are ongoing with several others (120+ sales leads). Also, management indicated that it is in advanced discussions with two private health insurers in the US, including one Nasdaq-listed third-party administrator supporting employer-funded health plans and a major national insurer state office, creating an opportunity for higher volumes of enrolments and cost management through third-party services. Alongside this, Respiri is in talks with four new clinical services companies, which will extend its geographic coverage to an additional 15 US states. We view these as positive developments that should support the company's top-line growth in the near to medium term with continued traction.

Additionally, management expects the appointment of the first head of US operations, to provide support in approaching institutional sales leads and to maintain sales momentum.

Share price performance



Business description

Respiri is an Australia-based medical device and SaaS company focused on respiratory health management through its integrated wheezo platform. The device is a breath sensor that works with the Respiri mobile applications to record data such as wheeze rates, breath recordings and other environmental factors and medication usage, which can be accessed by physicians in real time. wheezo received FDA clearance in March 2021 and was launched in the US in December 2021.

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