

Respiri

Fund raise

Raise anticipated to fund the Access acquisition

Healthcare equipment

14 August 2023

Price **A\$0.04**

Market cap **A\$35m**

US\$0.65/A\$

Cash balance (A\$m) at end-June 2023 (excluding SPP fund raise in August 2023) 0.15

Shares in issue (excluding shares issued as part of Q3 CY23 SPP) 860.7m

Free float 79.6%

Codes RSF, RSUF

Primary exchange ASX

Secondary exchange OTCQB

Following the proposed acquisition of Access Managed Services in May 2023, Respiri announced that it has raised the A\$3m as planned as part of the share purchase plan (SPP), which we believe are the funds needed to close the acquisition (10 August scheduled closing date). The company has raised a total of A\$4.35m (including a convertible note with Obsidian Global) to cover the upfront payment (US\$1.25m) for the acquisition, working capital to accelerate US commercialisation and the US\$0.25m acquisition purchase consideration due three months post-close. Also, in Q423 (ending June 2023), Respiri signed three new remote patient monitoring (RPM) agreements, increasing the total contracted healthcare customers to 13 (across eight US states), while also bolstering its sales pipeline. The acquisition of the Access platform is a key component of management's commercialization strategy and we anticipate Respiri to be on track to reach break-even in mid-CY24.

| Year end | Revenue (A\$m) | EBITDA* (A\$m) | PBT* (A\$m) | EPS* (p) | P/revenue (x) | P/E (%) |
|----------|----------------|----------------|-------------|----------|---------------|---------|
| 06/21 | 1.4 | (8.4) | (8.5) | (1.22) | 25.2 | N/A |
| 06/22 | 0.8 | (6.2) | (6.3) | (0.87) | 46.8 | N/A |
| 06/23e | 1.7 | (4.2) | (4.2) | (0.51) | 21.1 | N/A |
| 06/24e | 5.9 | (1.1) | (1.1) | (0.13) | 6.2 | N/A |

Note: *EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. FY24e EPS figures do not reflect shares to be issued as part of the Q3 CY23 SPP.

With the successful SPP fund raise of A\$3m, Respiri has met one of the primary conditions for the Access acquisition (ie raising US\$2.5m in funding). Respiri raised A\$2.4m via the SPP offer and A\$0.6m in a shortfall placement. As per the initial SPP, eligible shareholders could subscribe up to 88.2m shares at the offer price of A\$0.034 per share, along with one free attached option for every two shares subscribed, to raise maximum A\$3m in gross proceeds. The share option is exercisable at A\$0.065/share until 30 June 2025. Additionally, the company issued an SPP shortfall offer for non-shareholders (at the board's discretion) to cover for shortfall securities on similar terms to the SPP. We estimate c 80% of eligible shareholders took part in the initial SPP. Respiri also entered into convertible note agreement with Obsidian Global to raise another A\$1.35m, where notes are fully convertible into shares with one free option for four shares issued on conversion. More details on the Access deal and potential benefits are covered in our [prior note](#).

In its recently released [Q423 cash flow report](#), Respiri reported operational highlights during the quarter, including ongoing progress in wheezo commercialization, with the signing of three additional RPM agreements (US), the appointment of a chief commercial officer in the US and the implementation of AI capabilities in its operations. Additionally, in July the company entered into a three-year distribution and marketing agreement (non-exclusive) with [Fi-Med Management](#), to expand its distribution network across large healthcare organisations. Some of the important business leads during the quarter included two large US-based insurers (which may be finalised in Q124), a healthcare provider with a national presence (about 0.5m patient pa) and a California-based accountable care organization. The company closed Q423 with a cash balance of A\$0.146m excluding the A\$4.34m fund raise. We will present our revised estimates and valuation following the deal closure.

Share price performance



Business description

Respiri is an Australian-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 launched in the US in December 2021. In May 2023, Respiri announced the acquisition of US RPM partner Access, which, after deal closure, will make it one of the few RPM companies with its own IP (wheezo).

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