

Respiri

Early onset of synergies from Access acquisition

Leveraging the expanded scope of operations from its recent acquisition of Access Managed Services (AMS), Respiri has announced the signing of new remote patient monitoring (RPM) contracts with VDO Cardiology and Angelic Health Partners, along with an extended contract with Minnesota Lung Center (existing client) for a sponsored remote therapeutic monitoring (RTM) pilot study in patients with obstructive sleep apnea (OSA). These contracts will add a total of 600 patients to Respiri's customer base, with a potential A\$900k in annual revenues. The new contracts bode well for the company's break even target of 9,000 patients by H2 CY24 and re-emphasise the contribution of the AMS deal in achieving this. They also broaden Respiri's addressable RPM market beyond respiratory to cardiovascular, diabetes, asthma, obesity and sleep apnea-related treatments. As advanced discussions are underway with other healthcare organisations and payors according to management, we see incremental revenue expansion opportunities in the near term. We plan to revisit our assumptions post the AMS acquisition; therefore, we have placed our estimates and valuation under review.

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

Note: *EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

The new agreement with VDO Cardiology (a New York-based company providing cardiovascular and electrophysiology care) is related to providing RPM services to electrophysiology patients before and after cardiac procedures. Initially contracted for 300 patients, patient onboarding has already started under the agreement.

Another RPM contract with Angelic Health Partners is for palliative and transitional care in complex and severe chronic conditions. Patient onboarding of an initial 150 patients is likely to commence on 5 September. Collectively, both agreements are expected to generate recurring annual revenue of A\$675k (or US\$85 per patient per month), which has further upside potential with more patient enrolment.

In addition, Respiri was able to extend its [existing](#) RPM agreement through AMS with Minnesota Lung Center for an RTM pilot study, which is being conducted on 150 patients with OSA and treated with a medical device. The study will generate annual revenue of A\$225k (or US\$150k) for the company. In terms of market opportunity, we note that over [30 million](#) Americans have OSA and only six million are officially diagnosed, leaving 80% of patients undiagnosed. With RTM reimbursed like RPM by the Centers for Medicare and Medicaid Services, it presents a significant opportunity for Respiri to expand its addressable market. Extending the agreement scope of services further, AMS will also provide revenue cycle management services to Minnesota Lung Center.

As a reminder, Respiri [recently closed](#) the acquisition of AMS, which not only expands the company's scale of operations, but also materially enhances its RPM margins from US\$10–20/month to US\$70–100/month and presents an opportunity to tap into a larger market including respiratory, cardiovascular, diabetes and obesity-related diseases.

Commercialisation update

Healthcare equipment

30 August 2023

Price **A\$0.03**

Market cap **A\$32m**

US\$0.65/A\$

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

Shares in issue 973.7m

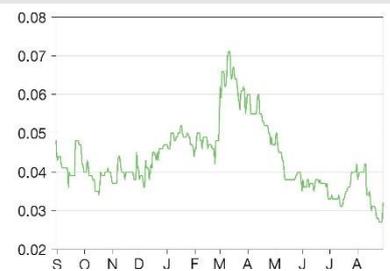
Free float 79.6%

Codes RSF, RSUF

Primary exchange ASX

Secondary exchange OTCQB

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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