

APPENDIX 4D

For the Half Year Ended 31 December 2020

Results for Announcement to the Market

Current Reporting Period - Half year ended 31 December 2020

Previous Reporting Period - Half year ended 31 December 2019

				31 Dec 2020		31 Dec 2019
Revenue	Down	44%	to	\$1,212,624	from	\$2,156,423
Loss after tax attributable to members	Up	349%	to	(\$6,388,764)	from	(\$1,421,896)
Net loss for the period attributable to members	Up	349%	to	(\$6,388,764)	from	(\$1,421,896)

Net Tangible Asset per Security (cents per security)

As at 31 December 2020	(1.60)
As at 30 June 2020	(0.38)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	N/A	N/A
Previous corresponding period	N/A	N/A

Record date for determining entitlements to dividend

N/A

Details of dividend reinvestment plans in operation

None

Details of entities over which control has been gained or lost during the period

None

Details of Associates and Joint Ventures

None

These accounts have been subject to review and there has been no qualification or dispute.

Explanation of the above information:

Refer to the Directors' Report - Review of Operations.

Approved Date:

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Respiri Limited

ABN 98 009 234 173

Interim Financial Report

For the Half Year Ended 31 December 2020

Respiri Limited

ABN 98 009 234 173

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For the Half Year Ended 31 December 2020

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Respiri Limited

ABN 98 009 234 173

Directors' Report

31 December 2020

The Directors' of Respiri Limited ("RSH", "Respiri", "The Company" or "the Group") provide the following Report on the consolidated entity consisting of Respiri Limited and the entities it controlled for the half year ended 31 December 2020.

Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Mr Marjan Mikel	CEO (Appointed on 2nd December 2019) Executive Director (Appointed on 25th November 2019)
Mr Nicholas Smedley	Non-Executive Director (Appointed on 30th October 2019) Executive Chairman (Appointed on 15th November 2019)
Dr Thomas Duthy	Non-Executive Director (Appointed on 11th February 2020)

Principal activities

The Company's principal activities in the course of the financial year have been the research, development and commercialisation of medical devices, and the development of mobile health applications.

There were no significant changes in the nature of the Company's principal activities during the half year.

Review of operations

The six months to December 2020 was an exceptionally productive and busy period for Respiri, with a resolute focus on the Australian launch of wheezo, in partnership with Cipla which was achieved on time and on budget, despite significant COVID-19 headwinds including a complete lockdown in the State of Victoria. In addition, the Company successfully completed a major manufacturing cost-out initiative with its manufacturing partner Entech Electronics, resulting in a reduction in the costs of goods sold by up to 85% on prior levels.

Based on pharmacy-level feedback and in consultation with Respiri's Australian exclusive sales and marketing partner Cipla, the Company revised down the wheezo unit pricing and increased the monthly subscription fee to drive demand for patients more sensitive to upfront device costs. As a result, Cipla committed to increase the initial minimum order quantity by 250% to 7,000 units.

The Company continues to develop and improve upon the wheezo technology platform by way of investment into Research and Development. In October, the Company filed an additional patent application based on improvements made to the wheezo™ algorithm over the last 6 months by the Company's development team. The additional Intellectual Property (IP) relates principally to a method of processing recordings of a subject's breathing, whereby an analysis algorithm processes the sound signal and marks periods containing pitch that is characteristic of wheeze via the trachea while concurrently eliminating background noise. The result is an improved level of detection and a standardised and reproducible measure of wheeze. The Company continues to progress its clinical development plans, which aims to standardise wheeze definition through objective measures and not subjective assessments.

In December, the Company announced a sales and marketing partnership with the Pharmacy 4 Less group of pharmacies for the sale of wheezo devices commencing in early 2021 across their pharmacy network. With a network of over 100 stores across Australia, the Pharmacy 4 Less group is built on a foundation of professional expertise and personal service. Respiri will support the group with a commitment to build a relevant training program focused on asthma management using wheezo.

Respiri also successfully onboarded the Pharmacy Platform Group during the quarter and is the leading independently owned pharmacy services business in Australia, operating across all sectors of the pharmacy industry.

The total number of pharmacies onboarded with wheezo is now to approximately 500.

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Directors' Report

31 December 2020

Review of operations (continued)

The Company has continued its regulatory dialogue with the United States Food and Drug Administration (US FDA) relating to the filing for regulatory clearance of wheezo in the US via the 510(k) process for wheezo™ and the associated software system.

The clearance, if granted, will allow Respiri to market and sell wheezo in the US for the detection and monitoring of respiratory wheeze, reported as the wheeze rate. The Company anticipates receiving regulatory clearance before the end of March 2021. This would represent a major milestone for the Company.

In October, Respiri completed an oversubscribed \$12.5m share placement to institutional, professional and sophisticated Australian investors and included a number of new institutional investors onto the share register with strong support from our existing investors. The additional funding provides Respiri with the financial flexibility to meet stated corporate objectives, which included the commercial launch of wheezo™ in Australia, which occurred during the quarter and in the longer term progressive commercial launches in key offshore markets including the US and Europe/UK. The capital raised is expected to fully fund the Company to a sustainable cash flow breakeven position, which is forecast to occur in the second half of FY22.

The Company recorded revenue from sales of wheezo devices of \$124,896, representing initial sales to Cipla under the Exclusive Sales/Marketing, Distribution & Logistics Agreement signed in July 2020 and additional online wheezo orders.

Product manufacturing and operating costs of \$765,191 reflect the costs associated with initial scale up manufacturing and inventory build including long lead time componentry for 25,000 devices to support expected future demand. Global supply issues as a result of the COVID pandemic have resulted in unavoidable delays in sourcing manufacturing materials and componentry which will have a short-term delay on the next manufacturing batch of wheezo planned for the March 2021 quarter now scheduled for delivery in April 2021.

Advertising and marketing costs for the half year of \$1,197,070 include costs associated with the launch of wheezo in Australia during the quarter, promotional activities and costs associated with the patient experiential program. Administration and corporate costs of \$866,424 reflect the additional headcount required to support Respiri's corporate objectives, including manufacturing, quality, regulatory and commercial personnel.

\$856,524 in inventories and \$11,446,722 in cash were on hand at the end of the half year period.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2020 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*



.....
On behalf of the Directors
Mr Nicholas Smedley
Chairman

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Dated this 19th day of February 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Respi Limited and controlled entities for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 19 February 2021
Melbourne, Victoria

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Respiri Limited

ABN 98 009 234 173

Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the Half Year Ended 31 December 2020**

		31 December 2020	31 December 2019
	Note	\$	\$
Operating revenue	2	124,896	-
Other income	2	1,086,710	2,155,307
Non-operating revenue		1,018	1,116
		<u>1,212,624</u>	2,156,423
Cost of goods sold		(765,191)	-
Consulting, employee and director expenses	3	(1,869,752)	(861,155)
Share-based payment expense	4	(1,964,835)	198,393
Corporate administration expenses		(866,424)	(695,318)
Depreciation expenses		(39,316)	(2,412)
Marketing and promotion expenses	5	(1,197,070)	(344,150)
Research and development expenses		(890,646)	(1,800,594)
Travel expenses		(8,154)	(73,083)
Loss before income tax expense from continuing operations		(6,388,764)	(1,421,896)
Income tax expense		-	-
Loss after income tax for the period		(6,388,764)	(1,421,896)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		16,019	(7,582)
Total comprehensive loss for the year		(6,372,745)	(1,429,478)
Loss attributable to:			
Members of the parent entity		(6,388,764)	(1,421,896)
Total comprehensive loss attributable to:			
Members of the parent entity		(6,372,745)	(1,429,478)
Loss per share			
Loss per share for the period attributable to the members of the parent entity			
Basic loss per share (cents)	14	(0.94)	(0.26)
Diluted loss per share (cents)	14	(0.94)	(0.26)

The accompanying notes form part of these financial statements.

Respiri Limited

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**Consolidated Statement of Financial Position
As At 31 December 2020**

		31 December 2020	30 June 2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	11,446,722	3,552,334
Trade and other receivables		130,204	8,199
Inventories	7	856,524	309,219
Other assets		258,660	561,363
TOTAL CURRENT ASSETS		12,692,110	4,431,115
NON-CURRENT ASSETS			
Property, plant and equipment		187,270	187,725
Other assets		-	64
TOTAL NON-CURRENT ASSETS		187,270	187,789
TOTAL ASSETS		12,879,380	4,618,904
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,008,629	1,131,283
Borrowings		-	717,144
Deferred revenue		48,732	-
Other financial liabilities		103,191	147,655
TOTAL CURRENT LIABILITIES		1,160,552	1,996,082
NON-CURRENT LIABILITIES			
Other financial liabilities		144,115	128,046
TOTAL NON-CURRENT LIABILITIES		144,115	128,046
TOTAL LIABILITIES		1,304,667	2,124,128
NET ASSETS		11,574,713	2,494,776
EQUITY			
Issued capital	12	127,018,351	113,694,614
Reserves	13	6,251,061	4,106,097
Accumulated losses		(121,694,699)	(115,305,935)
TOTAL EQUITY		11,574,713	2,494,776

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2020

	Issued Capital	Option Reserve	Foreign Translation Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	106,043,361	1,906,000	(315,524)	(109,196,541)	(1,562,704)
Loss after income tax expense for the period	-	-	-	(1,421,896)	(1,421,896)
Other comprehensive income for the period, net of tax	-	-	(7,582)	-	(7,582)
Total comprehensive loss for the half-year	-	-	(7,582)	(1,421,896)	(1,429,478)
Transactions with owners in their capacity as owners					
Expired options	-	(217,103)	-	217,103	-
Share-based payment expense	-	(198,393)	-	-	(198,393)
Shares issued	3,100,000	-	-	-	3,100,000
Capital raising cost	(324,071)	-	-	-	(324,071)
Options exercised	-	-	-	-	-
Balance at 31 December 2019	108,819,290	1,490,504	(323,106)	(110,401,334)	(414,646)
Balance at 1 July 2020	113,694,614	4,429,194	(323,097)	(115,305,935)	2,494,776
Loss after income tax expense for the period	-	-	-	(6,388,764)	(6,388,764)
Other comprehensive income for the period, net of tax	-	-	16,019	-	16,019
Total comprehensive loss for the half-year	-	-	16,019	(6,388,764)	(6,372,745)
Transactions with Equity holders in their capacity as equity holders					
Share-based payment expense	-	936,807	-	-	936,807
Shares issued	13,000,200	-	-	-	13,000,200
Capital raising cost	(547,350)	-	-	-	(547,350)
Options exercised	870,887	(270,887)	-	-	600,000
Options issued	-	1,463,025	-	-	1,463,025
Balance at 31 December 2020	127,018,351	6,558,139	(307,078)	(121,694,699)	11,574,713

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows For the Half Year Ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	173,628	-
R&D tax incentive refund	986,710	2,155,307
Payments to suppliers and employees (inclusive of GST)	(5,051,935)	(4,061,500)
Interest received	1,018	1,116
Receipt from grants	50,000	-
ATO Cashflow Boost	50,000	-
Net cash used in operating activities	<u>(3,790,579)</u>	<u>(1,905,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of plant and equipment	<u>(38,862)</u>	<u>(2,468)</u>
Net cash used in investing activities	<u>(38,862)</u>	<u>(2,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	12,430,200	3,350,000
Capital raising costs	(547,350)	(324,071)
Proceeds from exercise of options	600,000	-
Proceeds from borrowings	-	1,080,146
Repayment of borrowings	(744,514)	(1,400,000)
Net cash provided by financing activities	<u>11,738,336</u>	<u>2,706,075</u>
Net increase in cash and cash equivalents held	7,908,895	798,530
Cash and cash equivalents at beginning of year	3,552,334	306,655
Effects of exchange rate changes on cash and cash equivalents	(14,507)	(13,804)
Cash and cash equivalents at end of the half year	<u>6 11,446,722</u>	<u>1,091,381</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2020 annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$6,388,764 (HY2019: \$1,421,896) and had net cash outflows from operating activities of \$3,790,579 (HY2019: \$1,905,077) for the half-year ended 31 December 2020. As at that date the consolidated entity had net current assets of \$11,531,558 (June 2020: \$2,435,033) and net assets of \$11,574,713 (June 2020: \$2,494,776).

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

The consolidated entity has prepared budgets and cash flow forecasts for the next 12 months from the date of this report which indicate the consolidated entity will have a positive cash balance during this period. The Group has generated revenue in the half year ended 31 December 2020 of \$124,896 and is expecting to continue to increase revenue over the next 12 months.

The group completed an oversubscribed \$12.5m share placement in October 2020 resulting in cash and cash equivalents of \$11,446,722 on hand at 31 December 2020 and has no borrowings, resulting in a strong balance sheet to support its activities.

The Group has continued to receive Research and Development (R&D) Tax Incentive income in relation to these activities, including \$986,710 cash received in the half year for the R&D activities conducted in the 2020 financial year. The Group expects to receive further R&D Tax Incentive income in relation to its 2021 financial year R&D activities.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Should the Group be unable to achieve the matters set out above, a material uncertainty would exist as to whether the Group would be able to continue as a going concern and therefore whether it would realise its assets and discharge its liabilities in the normal course of business.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

2 Revenue and other income

(a) Operating Revenue

	31 December 2020	31 December 2019
	\$	\$
Wheezo Device Sales	124,790	-
Subscriptions Sales	106	-
Total operating revenue	124,896	-

The group derives its sales revenue from the sale of Wheezo devices and from the sale of subscriptions for its Wheezo app.

Revenue from the sale of Wheezo devices is based on the contracted sales price. Revenue is recognised at the point in time when control passes to the customer with the exact timing dependent on the agreed sales terms for each contract.

(b) Other Income

	31 December 2020	31 December 2019
	\$	\$
ATO cashflow boost	50,000	-
Innovations connections grant	50,000	-
R&D tax concession received (a)	986,710	2,155,307
	1,086,710	2,155,307

a) The value of an allocable R&D tax concession refund with respect to eligible R&D expenditures incurred during the financial year 2021 has not yet been determined and have therefore not been included within the financial statements for the half year ended 31 December 2020.

3 Consulting, employee and director expenses

	31 December 2020	31 December 2019
	\$	\$
Consulting expenses	1,077,459	193,581
Employee expenses	456,384	288,350
Director expenses	335,909	379,224
	1,869,752	861,155

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Notes to the Financial Statements For the Half Year Ended 31 December 2020

4 Share-based payments expense

	31 December 2020	31 December 2019
	\$	\$
Options issued to directors	1,828,589	-
Options issued to key management personnel	136,246	-
Options issued to former key management personnel cancelled	-	(198,393)
	<u>1,964,835</u>	<u>(198,393)</u>

5 Marketing and promotion expenses

	31 December 2020	31 December 2019
	\$	\$
Consultants	146,517	97,946
Marketing campaigns	41,923	175,182
Promotional expenditure	367,187	71,022
Other	641,443	-
	<u>1,197,070</u>	<u>344,150</u>

6 Cash and Cash Equivalents

	31 December 2020	30 June 2020
	\$	\$
Cash at bank	8,252,361	3,552,334
Restricted cash (a)	3,194,361	-
	<u>11,446,722</u>	<u>3,552,334</u>

- a) Restricted cash is subject to the terms of an Escrow Agreement entered into between the company and a supplier for the purposes of providing security in relation to the company's payment obligations to its supplier. The cash is held in a 24 hour at call interest bearing controlled money account with the bank in the name of the Escrow Agent for the purpose of holding the Escrow Amount in accordance with this deed. Amounts are drawn down and paid to the supplier on the provision of inventory.

7 Inventories

	31 December 2020	30 June 2020
	\$	\$
At cost: Inventories	<u>856,524</u>	<u>309,219</u>

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

8 Dividends

No dividends have been declared for the period ended 31 December 2020.

9 Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Operating Decision Makers for the purposes of resource allocation and assessment of performance is more specifically focused on the geographical locations of the Group's operations.

The Group's reportable segments under AASB 8 are therefore as follows:

- Australia
- Israel

The Australia reportable segment activities include research, development and commercialisation of medical devices, and the production of Mobile Health applications in Australia.

The Israel reportable segment activities include research, development and commercialisation of medical devices.

In prior years, the Group has had operations in United States; however these operations have ceased and therefore are no longer reported as a reportable segment.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

	Medical Devices Australia \$	Medical Devices Israel \$	Segment Total \$	Corporate \$	Total \$
31 December 2020					
Segment Revenue					
External sales	124,896	-	124,896	-	124,896
Interest revenue	-	-	-	1,018	1,018
Other income	1,086,710	-	1,086,710	-	1,086,710
Total segment revenue	1,211,606	-	1,211,606	1,018	1,212,624
Segment Expenses					
Segment depreciation expenses	-	-	-	(39,316)	(39,316)
Segment expenses	(765,588)	(63,943)	(829,531)	(6,732,541)	(7,562,072)
Total segment expenses	(765,588)	(63,943)	(829,531)	(6,771,857)	(7,601,388)
Income tax expense	-	-	-	-	-
Net Result	446,018	(63,943)	382,075	(6,770,839)	(6,388,764)

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Notes to the Financial Statements For the Half Year Ended 31 December 2020

9 Segment Information (continued)

	Medical Devices Australia \$	Medical Devices Israel \$	Segment Total \$	Corporate \$	Total \$
31 December 2020					
Assets					
Segment assets	3,977	36,219	40,196	12,839,184	12,879,380
Total assets	3,977	36,219	40,196	12,839,184	12,879,380
Liabilities					
Segment liabilities	-	22,064	22,064	1,282,603	1,304,667
Total liabilities	-	22,064	22,064	1,282,603	1,304,667
31 December 2019					
Segment Revenue					
Interest revenue	-	-	-	1,116	1,116
Other income	2,155,307	-	2,155,307	-	2,155,307
Total segment revenue	2,155,307	-	2,155,307	1,116	2,156,423
Segment Expenses					
Segment depreciation expenses	-	-	-	(2,412)	(2,412)
Segment expenses	(1,341,840)	(58,302)	(1,400,142)	(2,175,765)	(3,575,907)
Total segment expenses	(1,341,840)	(58,302)	(1,400,142)	(2,178,177)	(3,578,319)
Income tax expense	-	-	-	-	-
Net Result	813,467	(58,302)	755,165	(2,177,061)	(1,421,896)
Assets					
Segment assets	12,089	12,097	24,186	1,281,631	1,305,817
Total assets	12,089	12,097	24,186	1,281,631	1,305,817
Liabilities					
Segment liabilities	7	33,720	33,727	1,686,736	1,720,463
Total liabilities	7	33,720	33,727	1,686,736	1,720,463

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

10 Contingencies

Office of the Chief Scientist- Israel

Following approval from the Office of the Chief Scientist in Israel (OCS), four OCS grants totalling USD\$541,470 were received by Karmel Medical Acoustic Technologies Ltd (KMAT) prior to 2006 to assist with the R&D of technologies. The R&D associated with these OCS grants was acquired by Respiri from KMAT in 2006, together with the associated OCS grant obligations. In 2008, Respiri subsequently received two further grants from the OCS totalling USD\$307,047 to assist in the funding of ongoing R&D work.

The terms of the OCS grant scheme specify that should technologies be developed with the direct assistance of a grant, and be commercialised, and generate sale revenue for the company, a royalty of between 3% - 3.5% of the associated sales revenue will be paid to the OCS until that OCS grant amount, plus applicable interest applied to that grant amount (based on LIBOR) has been repaid.

11 Borrowings

	31 December 2020	30 June 2020
	\$	\$
Opening balance	717,144	806,442
Add: Loan drawdown	-	1,265,864
Add: Capitalised interest	27,370	121,922
Less: Repayments	(744,514)	(1,477,084)
	<u>-</u>	<u>717,144</u>

12 Issued Capital

	31 December 2020 No.	31 December 2020 \$	30 June 2020 No.	30 June 2020 \$
Fully paid ordinary shares				
Balance at beginning of the year	651,714,790	113,694,614	525,883,098	106,043,361
Shares issued during the year	70,626,000	13,600,200	128,956,692	8,616,165
Conversion of options	-	270,887	-	-
Transaction costs relating to share issues	-	(547,350)	-	(714,912)
Shares cancelled during the year	-	-	(3,125,000)	(250,000)
Total issued capital	<u>722,340,790</u>	<u>127,018,351</u>	<u>651,714,790</u>	<u>113,694,614</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

12 Issued Capital (continued)

During the half year ended 31 December 2020, the Company issued the following securities:

Date	Details	No. of Shares	Issue Price \$	Total Value \$
21 Jul 2020	Issue of shares to former director as announced to the market on 16 July 2020.	625,000	0.0800	50,000
21 Jul 2020	Issue of shares to former director as announced to the market on 16 July 2020.	500,000	0.1000	50,000
28 Oct 2020	Issue of shares to certain professional and sophisticated investors as announced to the market on 20 October 2020.	62,501,000	0.2000	12,500,200
28 Oct 2020	Issue of shares in lieu of cash payment for services rendered as announced to the market on 20 October 2020.	2,000,000	0.2000	400,000
28 Oct 2020	Conversion of options to shares as announced to the market on 28 October 2020.	2,000,000	0.1200	240,000
18 Dec 2020	Conversion of options to shares as announced to the market on 18 January 2021.	3,000,000	0.1200	360,000
		<u>70,626,000</u>		<u>13,600,200</u>

13 Reserves

	31 December 2020 No.	31 December 2020 \$	30 June 2020 No.	30 June 2020 \$
Options				
Balance at beginning of the year	191,500,000	4,429,194	59,000,000	1,906,000
Unlisted options issued during the year	75,000,000	1,427,192	174,500,000	3,319,526
Adjustment for options issued in prior year	-	71,565	-	413,433
Options exercised during the period (a)	(5,000,000)	(270,887)	-	-
Expense recorded over vesting period	-	901,075	-	-
Options expired/forfeited	-	-	(18,000,000)	(58,225)
Cancellation of options	-	-	(24,000,000)	(1,151,540)
Balance at end of the year	<u>261,500,000</u>	<u>6,558,139</u>	<u>191,500,000</u>	<u>4,429,194</u>
FX Reserve				
Balance at beginning of the year	-	(323,097)	-	(315,524)
Other comprehensive income for the year, net of tax	-	16,019	-	(7,573)
Balance at end of the year	<u>-</u>	<u>(307,078)</u>	<u>-</u>	<u>(323,097)</u>
Total Reserves	<u>261,500,000</u>	<u>6,251,061</u>	<u>191,500,000</u>	<u>4,106,097</u>

- a) 5,000,000 Unlisted Options issued to Fawkner Capital on 21 December 2018 were exercised for 5,000,000 ordinary shares at 0.12 per share.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

13 Reserves (continued)

During the half year ended 31 December 2020 the Company issued the following options:

Date	Details	No. of Options	Option fair value \$	Total Value \$
24 Dec 2020	Issue to directors	65,000,000	0.0220	1,427,192
24 Dec 2020	Issue to key management personnel	10,000,000	0.0220	- (a)
		75,000,000		1,427,192

a) 10,000,000 unlisted options were granted for issue to key management personnel and consultants of the company at the December 2020 EGM. As at 31 December 2020, these options are yet to be allotted to individual members.

14 Loss per Share

	31 December 2020	31 December 2019
	\$	\$
Basic loss per share (cents)	(0.94)	(0.26)
Diluted loss per share (cents)	(0.94)	(0.26)
(a) Net loss used in the calculation of basic and diluted loss per share	(6,388,764)	(1,421,896)
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	676,437,812	551,923,859

(c) Potential ordinary shares, including options, are excluded from the weighted average number of shares used in the calculations of basic loss per share. Potential ordinary shares are not considered to be dilutive because the conversion of potential ordinary shares into ordinary shares would decrease the basic loss per share.

15 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Respiri Limited

ABN 98 009 234 173

Directors' Declaration

The directors of the Group declare that:

- a. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- b. In the director's opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Nicholas Smedley
Executive Chairman

Dated this 19th day of February
2021 Melbourne, Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Respiri Limited

We have reviewed the accompanying half-year financial report of Respiri Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Respiri Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Respiri Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

THE POWER OF BEING UNDERSTOOD
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RSM Australia Partners ABN 36 965 185 036

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates the consolidated entity incurred a net loss of \$6,316,255 and had net cash outflows from operating activities of \$3,790,579 for the half-year ended 31 December 2020. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Respi Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to be 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be 'BY'.

B Y CHAN
Partner

Dated: 19 February 2021
Melbourne, Victoria

Respiri Limited

ABN 98 009 234 173

Corporate Directory

AUSTRALIAN COMPANY NUMBER (ACN)
009 234 173

Respiri Limited is a Public Company Limited by shares and is domiciled in Australia.

DIRECTORS

Mr Marjan Mikel
Mr Nicholas Smedley
Dr Thomas Duthy

Appointed on 25th November 2019
Appointed on 30th October 2019
Appointed on 11th February 2020

COMPANY SECRETARY

Mr Alastair Beard

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SECURITIES QUOTED

[Australian Securities Exchange](#)
- Ordinary Fully Paid Shares (Code: RSH)