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30 October 2020

Quarterly Activities and Cash Flow Report

Quarter ended 30 September 2020

Key highlights

- **Achieved Recognised Recurring Revenue of ~$333k in Q1 FY21 and won 2.5x new deals (worth ~$200k) compared to the previous quarter, amidst a challenging trading environment**
- **Net operating cash outflows of $33k in Q1 FY21, underpinned by active management of operating expenses and receipt of the R&D tax refund**
- **Well capitalised to execute growth initiatives, recently completing a placement and an entitlement offer currently open to eligible, existing shareholders to raise up to A$1.85m**

Melbourne, Australia, 30 October 2020: dorsaVi (ASX: DVL) (**dorsaVi** or the **Company**) today released its Quarterly Activities Report and Quarterly Cashflow Report (Appendix 4c) for the quarter ended 30 September 2020.

Dr Andrew Ronchi, dorsaVi's Chief Executive Officer, commented:
"It is pleasing to see our business' resilient performance despite the challenging COVID-19 trading environment. We have also actively managed our cost-base and are on track to achieve our objective. We anticipate a normalisation in future periods as business conditions stabilise, underpinned by increasing new deals won last quarter and growing inbound interest in our solution. We will continue to leverage our channel partnerships to build our pipeline and are excited for the future."

Resilient lean business with positive signs emerging

Despite the trading challenges from COVID-19 still present across key markets, the Company achieved Recognised Recurring Revenue (RRR) of approximately $333k. The decrease from the previous quarter was largely due to the Company working collaboratively with customers to navigate the uncertainty of the COVID-19 period. This has enabled dorsaVi to maintain its customer base and the Company is actively working closely with affected clients and anticipates this to normalise in future periods.

During the quarter, dorsaVi won approximately $200k in new deals, which compares to $80k of new deals won in Q4 FY20. More importantly, approximately $180k in new deals won is recurring revenue which should flow into subsequent quarters. The Company is confident in building on this positive momentum and has already seen improved sales in the US in October, especially in the clinical space. In addition, dorsaVi is in active discussions with potential customers as a result of the QBE alliance signed early in the quarter.

During the quarter, dorsaVi continued to actively manage its operating expenditures, reflected in administration and corporate expenses decreasing ~32% compared to the previous quarter.

Well capitalised to fund growth objectives

As at 30 September 2020, dorsaVi had a cash balance of $1.62m, which excludes funds raised as part of the capital raising announced on 22 October 2020. During the quarter, the Company achieved net operating cash outflows of $33k, including receipts from customers of $414k and supplemented by

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receipt of government grants and R&D tax rebate of $687k. The is a significant improvement and represents a 93% reduction on the prior corresponding period, with net operating cash outflows of $485k in Q1 FY20. Payments reported in Item 6.1 of the Appendix 4C relate to the Chief Executive Officer's salary and his relocation costs from the US.

The Company continues to remain well capitalised, with a capital raising announced in October 2020. To support continued commercial growth, dorsaVi has raised $1.85m via an oversubscribed placement. In addition, the Company is undertaking an Entitlement Offer which is currently open to existing, eligible shareholders, seeking to raise an additional $1.85m. The non-underwritten 1 for 4 non-renounceable Entitlement Offer includes a shortfall facility where eligible shareholders can apply to take up new shares in excess of their pro-rata entitlement.

– ENDS –

For further information about dorsaVi, please contact:

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About dorsaVi

dorsaVi Ltd (ASX: DVL) is an ASX company focused on developing innovative motion analysis device technologies for use in clinical applications, elite sports, and occupational health and safety. dorsaVi believes its wearable sensor technology enables, for the first time, many aspects of detailed human movement and position to be accurately captured, quantified and assessed outside a biomechanics lab, in both real-time and real situations for up to 24 hours. dorsaVi's focus is on two major markets:

- **Workplace:** dorsaVi enables employers to assess risk of injury for employees as well as test the effectiveness of proposed changes to OHS workplace design, equipment or methods based on objective evidence. dorsaVi works either directly with major corporations, or through an insurance company's customer base with the aim of reducing workplace compensation and claims. dorsaVi has been used by major corporations including Sodexo, London Underground, Vinci Construction, Crown Resorts, Caterpillar (US), Monash Health, Coles, Woolworths, Toll, Toyota, Orora (formerly Amcor) and BHP Billiton.

- **Clinical**: dorsaVi is transforming the management of patients with its clinical solutions (ViMove, ViMove2 and Professional Suite) which provide objective assessment, monitoring outside the clinic and immediate biofeedback. The clinical market is broken down into the physical therapy (physiotherapists) market, hospital in the home and elite sports. Hospital in the home refers to the remote management of patients by clinicians outside of physical therapy (i.e. for orthopaedic conditions). Elite sports refers to the management and optimisation of athletes through objective evidence for decisions on return to play, measurement of biomechanics and immediate biofeedback to enable peak performance. dorsaVi's ViPerform is being used in the U.S. by the National Basketball Association (NBA), the Major League Soccer (MLS) and the National Football League (NFL). It is also used by the AFL and NRL clubs in Australia, by the English Premier League (EPL) clubs, England and Wales Cricket Board and the Board of Control for Cricket in India as well as various Olympic teams and athletes internationally. dorsaVi's Telehealth provides a virtual clinic, enabling clinicians to do business differently and take their patient consultations online.

Further information is available at www.dorsavi.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
dorsaVi Ltd	
ABN	**Quarter ended ("current quarter")**
15 129 742 409	**September 2020**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	414	414
1.2	Payments for		
	(a) research and development	(25)	(25)
	(b) product manufacturing and operating costs	(25)	(25)
	(c) advertising and marketing	(42)	(42)
	(d) leased assets	(23)	(23)
	(e) staff costs	(690)	(690)
	(f) administration and corporate costs	(315)	(315)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(30)	(30)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	687	687
1.8	Other (provide details if material)	15	15
1.9	**Net cash from / (used in) operating activities**	**(33)**	**(33)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(3)	(3)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(3)**	**(3)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(26)	(26)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(26)**	**(26)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,685	1,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(33)	(33)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(26)	(26)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,623**	**1,623**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,495	1,577
5.2	Call deposits	128	128
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,623**	**1,685**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	69
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Made up of CEO salary and payment of CEO relocation expenses. The CEO is a director of the entity.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	173	173
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Note	1,155	1,155
7.4	**Total financing facilities**	1,328	1,328

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

An unsecured $87k insurance premium finance facility repayable over 10 months to 25 December 2020 at an interest rate of 3.9%.

An unsecured US$104k Paycheck Protection Program (PPP) loan with a five-year term commencing 25 June 2020 at an interest rate of 1% per annum. Obtained in the US in relation to COVID19 relief assistance in the USA. Up to 100% of this loan may be forgiven in 2021 by the US Small Business Administration if certain conditions are met.

Unsecured convertible notes with a face value of $1 each, paying interest at a rate of 10% p.a. and maturing on 6 December 2022.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(33)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,623
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,623
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	49.2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: Finance Disclosure Committee

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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