



27 April 2021

## Quarterly Activities and Cash Flow Report

### Quarter ended 31 March 2021

#### Key highlights

- Achieved Total Revenue of ~\$450k, up 16% on Q2, despite COVID-19 restrictions remaining globally. This includes consulting revenues of \$93k, up 217% on Q2; and Recognised Recurring Revenue of ~\$356k, up 3% on Q2
- Advanced Medtronic relationship with Stage 2 Master Services Agreement (MSA) signed, with the initial statement of work worth ~US\$330k/A\$430k<sup>1</sup>
- New customers and buying momentum continues, with new deals closed this quarter worth ~\$807k, up 220% from Q2 FY21 and up 304% from Q1 FY21
- Continued lean management of expenses with net operating cash outflows of \$1.6m YTD FY21, representing a 28% reduction compared to pcp
- Cash balance of \$3.8m as at 31 March 2021

**Melbourne, Australia, 27 April 2021:** dorsaVi (ASX: DVL) (**dorsaVi** or the **Company**) today released its Quarterly Activities Report and Quarterly Cashflow Report (Appendix 4c) for the quarter ended 31 March 2021.

#### **Dr Andrew Ronchi, dorsaVi's Chief Executive Officer, commented:**

*"This quarter, it is pleasing to see our continued growth coming out of COVID, with strong demand in our technology highlighted by our growth in total revenue and new deals won. The strong uptick in consulting revenues is largely due to COVID-19 restrictions in Australia easing, and we hope to see a similar rebound in US and Europe in due course. In addition, we are extremely excited about the Medtronic relationship, having entered into a master services agreement following the initial evaluation stage in December 2020. We look forward to this second stage and are excited about the longer term opportunities as we continue showcasing the value of our technology and insights for the US medical market."*

#### **Medtronic relationship advances with second stage signed**

In Q3 FY21, dorsaVi entered into a master services agreement (MSA) with Medtronic, with the initial statement of work worth ~US\$330k/A\$430k<sup>1</sup>. This is off the back of the evaluation agreement announced on 9 December 2020, successfully highlighting the value of dorsaVi's technology to assess patients undergoing surgical evaluation. dorsaVi will work alongside Medtronic staff for the next ~12 months to optimise the technology through further data capture and data analysis.

This deal marks a significant milestone as it further highlights the Company's channel partnership strategy to focus on attractive markets with large upside potential, with Medtronic being a world leader in medical technology, services and solutions. The Company looks forward to strengthening the relationship with Medtronic and will continue to seek further opportunities in line with the Company's channel partnership strategy.

### **Strong momentum continues this quarter with an increase in revenue and new deals won**

In Q3 FY21, dorsaVi achieved total recognised revenue of ~\$450k, up 16% from ~\$389k in Q2 FY21. The increase in total revenue was underpinned by a strong rebound in consulting / once-off revenues, with ~\$93k achieved this quarter, up 217% on Q2. With consulting revenues being largely impacted by COVID-19, it was pleasing to see the rebound this quarter, with the increasing buying activity largely driven by the easing of restrictions in Australia. In terms of recognised recurring revenue (RRR), dorsaVi achieved ~\$356k, up 3% on Q2. dorsaVi has achieved modest quarter-on-quarter growth in RRR since the start of FY21, highlighting its stability over a period which has seen clients suspend and pause subscriptions at different times across US, Australia and Europe.

In terms of new customers, dorsaVi continues to sign new deals with ~\$807k in new deals won this quarter, which includes the milestone Medtronic Stage 2 agreement. Similar to the positive trend in recognised revenues, the value of new deals won has grown each quarter (~\$80k in Q4 FY20, ~\$200k in Q1 FY21, ~\$252k in Q2 FY21, to ~\$807k this quarter). In addition, on a normalised basis (i.e. excluding Medtronic), the quarterly growth still remains. The continued growth seen each quarter, in both revenues and the value of new deals won, highlights the demand for our technology and underline's the Company's growing presence in both the workplace and clinical markets despite the disruptions from COVID-19 globally.

In relation to the QBE partnership, dorsaVi has continued to make strong progress having now worked with multiple QBE customers, including a supermarket chain and an energy supplier. Pleasingly, dorsaVi has been re-engaged on multiple projects with the same customer, providing further validation of our value and insights. More broadly, dorsaVi continues to proactively seek opportunities through its channel partnership strategy, including opportunities to advance the existing relationships with QBE, Stryker and Medtronic.

### **Investing for growth with a lean business model**

On a cash flow basis, the positive sales trends mentioned above translated to an increase in receipts from customers, up 26% from the previous quarter to ~\$406k.

In terms of operating expenditures, dorsaVi continues to actively manage its operating expenditures appropriately. On a YTD comparison to the prior corresponding period (pcp), there was a 28% reduction in cash outflows from operating activities, down from ~\$2.2m in FY20 to ~\$1.6m in FY21. This includes a 26% reduction in staff costs from ~\$2.4m in FY20, down to ~\$1.8m in FY21.

Net cash used in operating activities for the quarter totalled \$884k, an increase of 37% compared to the previous quarter, primarily relating to an increase in product development, manufacturing and administration costs. The increase in outflows is predominantly attributed to the ramp up and upfront investment required to ensure dorsaVi is well positioned for growth, underpinned by opportunities through the Company's channel partnerships and the increased buying activity as mentioned above. For example, dorsaVi has focused on improving data and privacy features which is critical to dorsaVi's competitive advantage and winning new deals. These improvements are scalable and will be valuable additions to our core competencies as the Company grows.

### **Well capitalised to fund growth objectives**

As at 31 March 2021, dorsaVi had a cash balance of \$3.8m, following the capital raising in October 2020 and February 2021. The Company will continue to demonstrate appropriate fiscal restraint such that it can continue its current activities during these uncertain times.

Payments related to Item 6.1 of the Appendix 4C relate to the Chief Executive Officer's salary.

<sup>1</sup>Assumes an A\$:US\$0.77 exchange rate

– ENDS –

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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](http://www.dorsavi.com)

## Appendix 4C

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

#### Name of entity

dorsaVi Ltd

#### ABN

15 129 742 409

#### Quarter ended ("current quarter")

March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		406	1,142
1.2 Payments for			
(a) research and development		(10)	(43)
(b) product manufacturing and operating costs		(40)	(76)
(c) advertising and marketing		(50)	(124)
(d) leased assets		(73)	(131)
(e) staff costs		(524)	(1,812)
(f) administration and corporate costs		(714)	(1,404)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		3	7
1.5 Interest and other costs of finance paid		(30)	(90)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		134	927
1.8 Other (provide details if material)		14	42
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(884)</b>	<b>(1,562)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(4)	(4)
(d) investments		-	-
(e) intellectual property		(4)	(16)
(f) other non-current assets		-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(8)</b>	<b>(20)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,552	3,703
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	(90)	(238)
3.5	Proceeds from borrowings	256	256
3.6	Repayment of borrowings	(10)	(62)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,708</b>	<b>3,659</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,946	1,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(884)	(1,562)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,708	3,659
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,762</b>	<b>3,762</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,642	2,818
5.2	Call deposits	120	128
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,762</b>	<b>2,946</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	35
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Made up of salary and superannuation to CEO (a director of the entity)</p>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	384	384
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	1,155	1,155
7.4	<b>Total financing facilities</b>	1,539	1,539
7.5	<b>Unused financing facilities available at quarter end</b>	-	
7.6	<p>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.</p> <p>An unsecured \$100k insurance premium finance facility repayable over 10 months to 25 December 2021 at an interest rate of 4.1%.</p> <p>An unsecured US\$104k Paycheck Protection Program (PPP) loan (No 1) with a five-year term commencing 25 June 2020 at an interest rate of 1% per annum. Obtained from the US Small Business Administration (SBA) in relation to COVID19 relief assistance in the USA. Up to 100% of this loan may be forgiven by the SBA if certain conditions are met.</p> <p>An unsecured US\$111k Paycheck Protection Program (PPP) loan (No 2) with a five-year term commencing 25 March 2021 at an interest rate of 1% per annum. Obtained from the SBA in relation to COVID19 relief assistance in the USA. Up to 100% of this loan may be forgiven by the SBA if certain conditions are met.</p> <p>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.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(884)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,762
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,762
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.3
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 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?</p> <p>Answer:</p>	

8.6.2 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:

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

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## 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: 27 April 2021

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.