



27 October 2022

Quarterly Activities and Cash Flow Report

Quarter ended 30 September 2022

Key highlights

- dorsaVi achieved sales revenue of ~\$395k in Q1 FY23, with ~\$421k of new deals closed
- Annualised recurring revenue of \$1.2m, providing stable base for future growth
- Receipts from customers of ~\$729k in Q1 FY23, growing ~69% from the previous quarter (~\$431k in Q4 FY22)
- Net operating cash outflow ~\$499k in Q1 FY23 (excluding government grants), down ~51% from the previous quarter (~\$1.0m in Q4 FY22)
- Medtronic strategic agreement renewed, worth an additional ~\$202k¹ and focused on optimising dorsaVi's technology for complex spinal conditions
- Athletic Movement Index product gaining traction in the US clinical market
- Cash balance of \$580k as at 30 September 2022, excluding the R&D rebate of \$562k received subsequent to the quarter

Melbourne, Australia, 27 October 2022: 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 2022.

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

"We have made substantial progress in line with our organisational goals during quarter by continuing to sign new customers, reducing our operating expenses, and capturing additional market share amongst US physical therapists with our new AMI product.

Conversion of our large sales pipeline resulted in multiple new deals signed during the quarter. We are excited to begin these engagements with top tier clients and assist them improving health and safety outcomes in their workplaces.

Subsequent to the quarter, we were delighted to announce the extension of our strategic partnership with Medtronic, with the revenue to be reflected in subsequent periods. The ongoing collaboration is progressing well, with the development of a new product for patients with spinal conditions now in beta testing at clinical sites in the US. We are incredibly excited to continue working with Medtronic as this product progresses towards commercialisation.

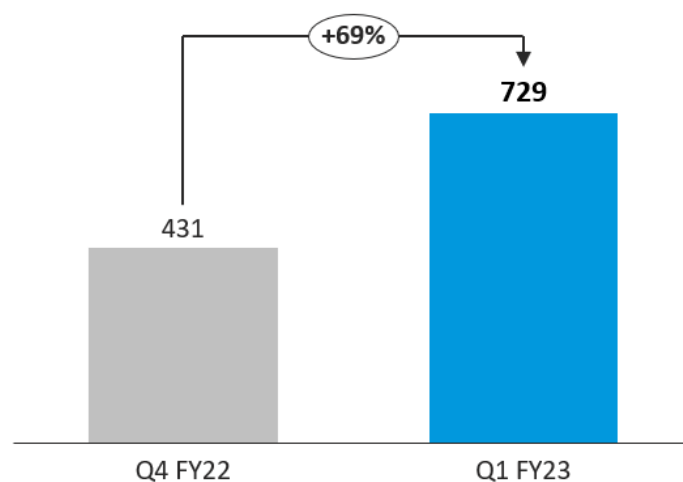
We completed our capital raising during the quarter with the entitlement offer closing heavily oversubscribed due to overwhelming support from our existing shareholders. Combined with the R&D tax rebate received subsequent to the quarter, and expected further reductions to operating expenses, we are well capitalised to pursue our growth objectives into FY23."

Financial update

dorsaVi recognised sales revenues of ~\$395k for Q1 FY23 and signed several new contracts worth ~\$421k. Contracts signed during the quarter highlight the growing demand for dorsaVi's sensor technology; the value of these contracts will be recognised as revenue over the remainder of FY23. dorsaVi's base of recurring revenue remained strong with the Company recording ~\$1.2m of annualised recurring revenue during the period.

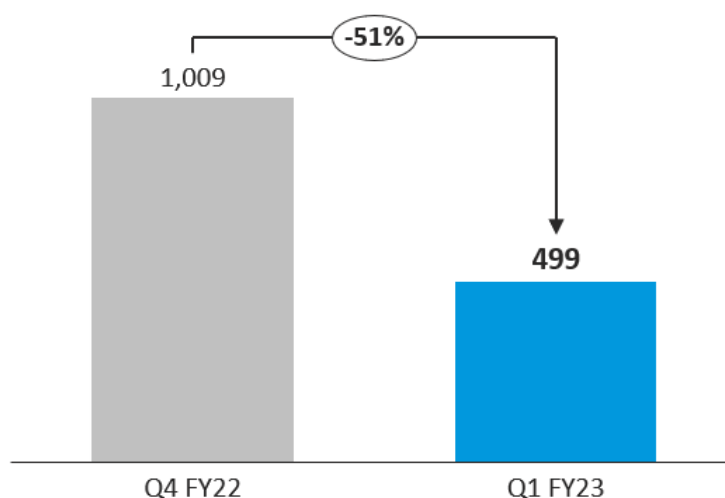
The Company recorded receipts from customers of ~\$729k in Q1 FY23, growing ~69% from the previous quarter (~\$431k in Q4 FY22) as shown in Figure 1. Increased customer receipts highlights dorsaVi's ability to win new customer contracts and convert its substantial sales pipeline.

Figure 1: Receipts from customers (A\$k)



dorsaVi recorded net operating cash outflow of ~\$499k in Q1 FY23, down ~51% compared to the previous quarter as shown in Figure 2. The material decrease in operating cash outflow for the quarter reflects both an increase in customer receipts and the execution of dorsaVi's lean management strategy. The Company has previously outlined a clear path to sustainably lower the cost base and remains on target for further reductions through FY23. The result this quarter includes one-off costs related to staffing and administration which are not expected to continue in following periods.

Figure 2: Net operating cash outflow (excludes government grants) (A\$k)



Strategic partnership with Medtronic leads to development of new product

dorsaVi announced the extension of its ongoing strategic agreement with Medtronic (announced 24 October 2022). The agreement extension is worth ~\$202k¹ to dorsaVi and aims to optimise the Company's technology to create new insights for complex spinal conditions.

As a result of the ongoing project, dorsaVi and Medtronic have collaborated to develop a new sensor application to assess movement quality for patients with spinal conditions. The project is a result of over eighteen months of collaboration between dorsaVi and Medtronic, leveraging dorsaVi's leading sensor technology and custom-built AI algorithms combined with Medtronic's world-class expertise in medical treatment technologies.

Beta testing for the new application in the US is currently underway. dorsaVi is working closely with both Medtronic and partner institutions to monitor progress and will continue to co-develop the product as it heads towards commercialisation.

Athletic Movement Index product gaining traction

dorsaVi's recently released Athletic Movement Index (AMI) product continues to gain traction in the US clinical market. The product benefits from several enhancements over its predecessor and offers a much-improved value proposition to dorsaVi's customer base of physical therapists. Since the product's commercial release on 28 June 2022, dorsaVi has seen promising uptake from new customers and existing AMI customers upgrading to the new version. Early customer feedback has been positive as physical therapists can now treat a wider variety of patients with a simplified user test process to generate real-time solutions.

Cash position

As of 30 September 2022, dorsaVi had a cash balance of \$580k, with \$562k Australian R&D tax rebate received subsequent to the end of the quarter.

The Company completed its capital raising during the quarter, with the entitlement offer closing oversubscribed due to strong support from current shareholders (announced 26 August 2022). Completion of the entitlement offer and institutional placement resulted in gross proceeds of ~\$700k.

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

This release has been authorised for lodgement to the ASX by the Company's Finance Disclosure Committee.

¹ Assumes a A\$:US\$0.64 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 physical therapy (physiotherapists), 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.

Further information is available at 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")

September 2022

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	729	729
1.2 Payments for		
(a) research and development	(7)	(7)
(b) product manufacturing and operating costs	(66)	(66)
(c) advertising and marketing	(54)	(54)
(d) leased assets	(11)	(11)
(e) staff costs	(631)	(631)
(f) administration and corporate costs	(431)	(431)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(29)	(29)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	37	37
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(462)	(462)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(9)	(9)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(f) other non-current assets	-	-
	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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	(9)	(9)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	697	697
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	(55)	(55)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(41)	(41)
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	601	601
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	450	450
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(462)	(462)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	601	601

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	580	580

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	500	370
5.2	Call deposits	80	80
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)	580	450

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	38
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>		

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facility	54	54
7.2	Credit standby arrangements	-	-
7.3	Convertible notes	1,155	1,155
7.4	Total financing facilities	1,209	1,209
7.5	Unused financing facilities available at quarter end		-
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>Loan facility (\$133k) - An unsecured \$133k insurance premium finance facility repayable over 10 months to 22 January 2023 at an interest rate of 7.1%.</p> <p>Unsecured convertible notes with a face value of \$1 each (to the value of \$1.155m), paying interest at a rate of 10% p.a. and maturing on 6 December 2022.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(462)
8.2	Cash and cash equivalents at quarter end (item 4.6)	580
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	580
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.26
	<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: No, net cash outflows are forecast to continue to reduce through cost reductions. Also, funds from R&D grant of \$562k were received on 3rd October 2022.</p> <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?</p> <p>Answer: No</p>	

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

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: Yes, based on net outflows expected to reduce in coming quarters and proceeds from R&D grant of \$562k received on 3rd October 2022.

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 October 2022

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 – e.g., 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.