



31 January 2023

Quarterly Activities and Cash Flow Report

Quarter ended 31 December 2022

Key highlights

- dorsaVi achieved sales revenue of ~\$496k in Q2 FY23, growing ~25% from the previous quarter (~\$395k in Q1 FY23)
- New deals won for H1 FY23 were \$626k, growing 13% on pcp (~\$555k in H1 FY22)
- Cash expenses decreased 19% from the previous quarter (~\$990k in Q2 FY23 vs ~\$1.229m in Q1 FY23)
- Annualised recurring revenue of ~\$1.2m, providing stable base for future growth
- Medtronic agreement renewed for ~\$202k, highlighting strength of partnership and validating dorsaVi's technology with a market leader
- Cash balance of \$412k as at 31 December 2022

Melbourne, Australia, 31 January 2023: dorsaVi (ASX: DVL) (dorsaVi or the Company) today released its Quarterly Activities Report and Quarterly Cashflow Report (Appendix 4C) for the quarter ended 31 December 2022.

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

"We have been continuing to generate operating leverage as we grow our revenues on a more sustainable cost base. This is a testament to the market demand for our services, and the increased uptake of our new AMI product, coupled with the hard work of our sales team. We continue to grow our new contract wins, which has seen consistent growth over the last 2 years. We will continue to manage expenses prudently."

Financial update

dorsaVi recognised sales revenues of ~\$496k for Q2 FY23, growing ~25% from the previous quarter (~\$395k in Q1 FY23) as shown in Figure 1. The increase in revenue is largely attributed to ~\$55k of revenue recognised from the renewed Medtronic agreement, ~35% growth in Workplace project related revenue and ~7% growth in recurring revenue, which we will continue to leverage to drive further growth.

The Company has closed ~\$626k in new deals for the first half of the financial year, demonstrating the increased demand for its services and products. The strong first half results represent three consecutive half year periods of new contract growth on a pcp basis with a ~16% compound annual growth rate as shown in Figure 2. The 1H FY23 result underpins dorsaVi's increasing operating leverage, as the Company is winning more business on a materially lower cost base. dorsaVi anticipates the value of these new contracts will be recognised as revenue over the remainder of FY23 and aims to capitalise on the growing pipeline of opportunity due to the strong sales momentum.

dorsaVi's base of recurring revenue remained strong with the Company recording ~\$1.2m of annualised recurring revenue during the period. This stable revenue base provides a strong platform for the Company to continue growing, which is in part due to the strong performance of the new AMI product.

Figure 1: Total sales (\$k)

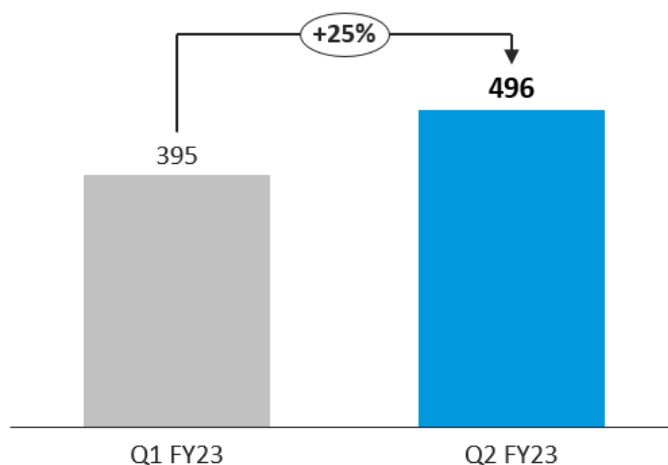
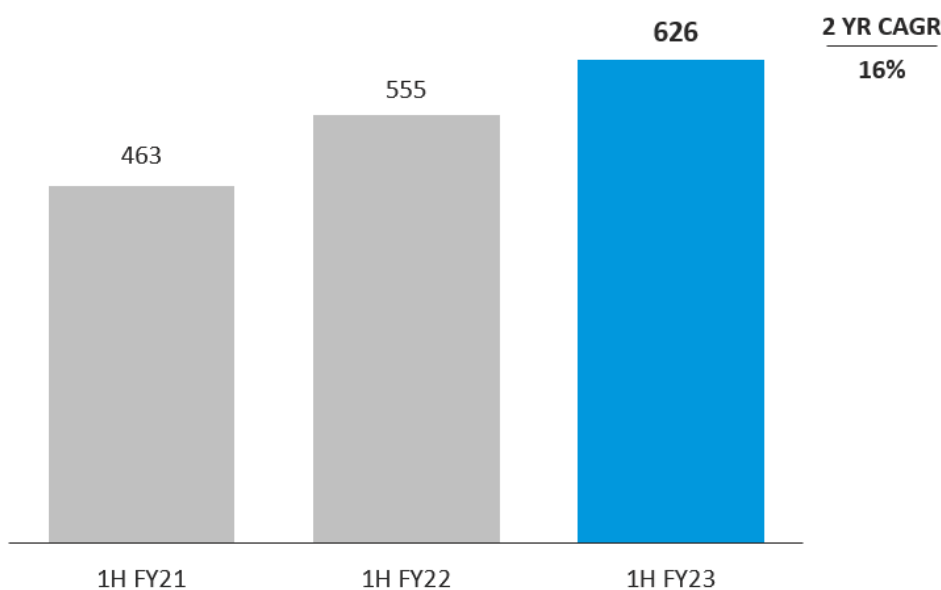
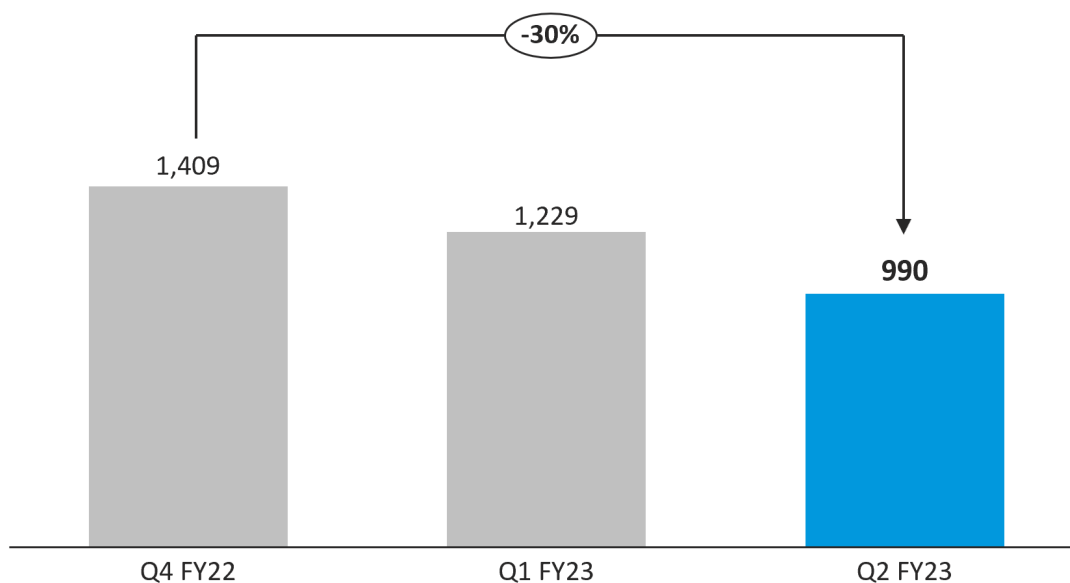


Figure 2: New deals won (\$k)



dorsaVi continues to reduce its cash expenses which are down ~19% compared to the previous quarter, and down ~30% in total across the two previous quarters, as shown in Figure 3. The continued decline in cash expenses comes as a result of dorsaVi executing its cost reduction strategy as previously outlined. Costs are expected to reduce further in future periods as changes made during the first two quarters are reflected in the future.

Figure 3: Cash expenses (\$k)



Medtronic update

During the quarter dorsaVi announced a renewed strategic agreement with Medtronic for ~\$202k, focused on optimising dorsaVi’s technology for complex spinal conditions. As a result of the longstanding partnership, dorsaVi and Medtronic have developed a new sensor application that assess movement quality for patients who have a spinal condition. This is the 4th agreement with Medtronic, which solidifies the strong working relationship between the two companies.

dorsaVi will continue to provide its leading sensor technology and custom-built AI algorithms to the project, complementing Medtronic’s world-class expertise in medical treatment technologies. The Company is working closely with partner institutions as well as Medtronic to monitor patient progress and will continue to co-develop and optimise the product as it heads toward commercialisation. Working with a market leading institution such as Medtronic validates dorsaVi’s technology within the industry, as a trusted partner to large-multinational entities.

Cash position

As of 31 December 2022, dorsaVi had a cash balance of \$412k.

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.

– 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")

December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	338	1,067
1.2 Payments for		
(a) research and development	(2)	(9)
(b) product manufacturing and operating costs	(37)	(103)
(c) advertising and marketing	(55)	(109)
(d) leased assets	(11)	(22)
(e) staff costs	(528)	(1,159)
(f) administration and corporate costs	(336)	(767)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(21)	(50)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	562	599
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(89)	(551)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(15)	(15)
(d) investments	-	-
(e) intellectual property	(12)	(21)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	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	(27)	(36)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(11)	(66)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(41)	(82)
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	(52)	549
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	580	450
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(89)	(551)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(27)	(36)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(52)	549

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	412	412

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	332	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)	412	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	37
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facility	14	14
7.2 Credit standby arrangements	-	-
7.3 Convertible notes	-	-
7.4 Total financing facilities	14	14
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.		
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%.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(89)
8.2 Cash and cash equivalents at quarter end (item 4.6)	412
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	412
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.63
<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>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
Answer:	
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:	
<i>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.</i>	

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: 31 January 2023

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.