



31 October 2023

Quarterly Activities and Cash Flow Report

Quarter ended 30 September 2023

Key highlights

- dorsaVi achieved sales revenue of ~\$293k in Q1 FY24, with ~\$506k of cash receipts received during the quarter growing ~46% from the previous quarter (~\$347k in Q4 FY23)
- Retained strong base of ~\$1.1m annualised recurring revenue, underpinning future growth
- Released Beta version of AI-based video tracking functionality enhancements to the ViMove+ “Run Module”
- Strengthened leadership team with the appointment of Dr Michael Winlo to the Board of Directors subsequent to the quarter
- Successfully completed \$500k Placement subsequent to the quarter, with strong support from new and existing sophisticated investors
- Cash balance of \$538k at 30 September 2023, with \$500k Placement funds¹, \$278k R&D tax rebate (net of repayment) and \$98k tax refund expected to be received subsequent to the quarter

Melbourne, Australia, 31 October 2023: 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 2023.

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

“We continued to make impressive operational progress during the first quarter of FY24, positioning our company for future success. Our decision to focus on product improvement has resulted in the development of a new suite of AI-powered modules. We were happy to release the Beta version of the ViMove+ Run Module enhancements during the quarter, that will offer an improved value proposition to our customers as well as aiming to drive sales and generate recurring revenues.

Subsequent to the quarter, we were delighted to welcome Dr Michael Winlo to the Board of Directors. Michael brings a wealth of industry knowledge and leadership experience, and we are very excited to work with him to improve our products and explore new avenues for growth.

In October, we completed a capital raising and were pleased with the strong support from new and existing investors, highlighting the confidence in our technology and growth prospects. Funds received from the capital raising together with the R&D tax rebate ensure we are well capitalised to execute on our growth strategy into FY24.”

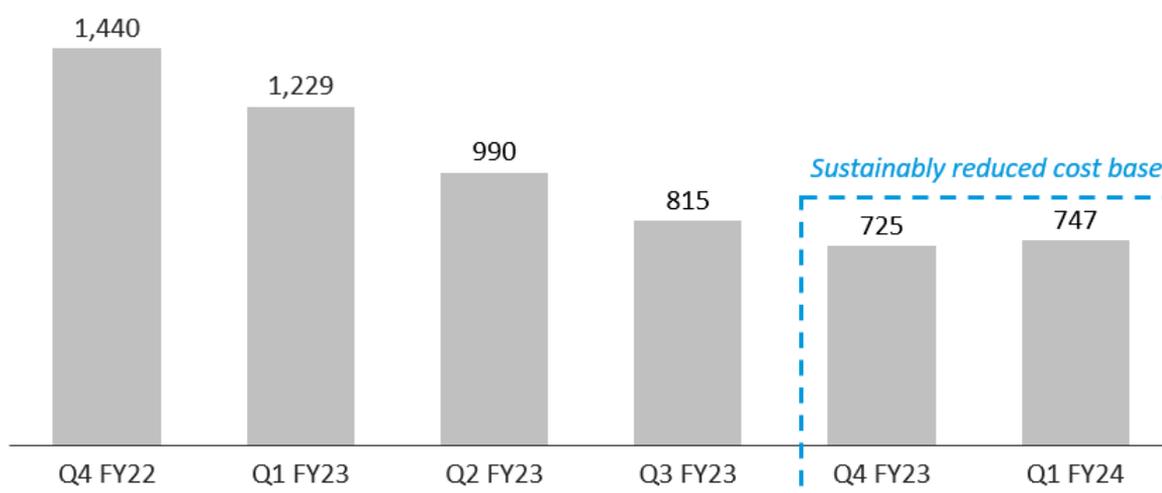
1. Excludes capital raising fees

Financial update

dorsaVi recorded sales revenue of ~\$293k in Q1 FY24 and recorded ~\$506k of cash receipts during the quarter, growing ~46% from the previous quarter (~\$347k in Q4 FY23). Longer than expected sales cycles for several key contracts resulted in a lower quantum of contracts signed compared to the previous quarter. However, the Company materially progressed contract negotiations with new and repeat customers during the quarter and is well placed to execute on a large sales pipeline that has been bolstered by increased demand in the workplace market, customer introductions through dorsaVi's strategic partnership with QBE, and the successful launch of new AI-enabled products and features. The Company's resilient revenue profile was underpinned by its robust recurring revenue base of ~\$1.1m annualised, speaking to the stickiness of dorsaVi's customer base.

The Company recorded cash expenses of ~\$747k during the quarter, closely aligned with the previous quarter (~\$725k in Q4 FY23) and down ~48% since Q4 FY22 as shown in Figure 1. The ongoing reduction of expenditure comes as a direct result of dorsaVi's lean management strategy, aiming to sustainably minimise the Company's cost base. dorsaVi has lowered its cost base by reducing overheads and optimising the workforce to enhance operational efficiencies. dorsaVi believes there is sufficient capacity to generate operating leverage as demand grows.

Figure 1: Cash expenses (A\$k)



AI-based enhancements to the ViMove+ Run Module

During the quarter, dorsaVi announced that it was developing enhancements for the recently released ViMove+ Run Module to include AI-based video tracking functionality. The product enhancements leverage proprietary AI algorithms developed by dorsaVi to automatically track the angular mechanics of runners and provide real time data to physicians.

Clinicians have traditionally used video tracking and sensor technology separately as there are limited current solutions in the market. By integrating these two key data sources into a single platform, dorsaVi is now one of the first companies to offer a comprehensive running analysis solution and is addressing a significant unmet need. The enhanced Run Module was made available to specific US customers in September and dorsaVi expects that the updates will start contributing to sales growth and recurring revenues in the near term.

Strengthened leadership team

Subsequent to the quarter, dorsaVi appointed Dr Michael Winlo to the Board of Directors as a Non-Executive Director, bringing a highly credentialed and proven healthcare leader onboard. Dr Winlo has extensive leadership experience spanning the biotechnology, pharmaceutical and technology sectors and holds current positions as Chief Executive Officer and Managing Director of Emyria Limited

(ASX:EMD), Non-Executive Director of Nanoveu Limited (ASX:NVU) and Director of Linear Clinical Research.

Dr Winlo's extensive managerial experience, expert knowledge of the global healthcare landscape and proven commercial success will be instrumental to dorsaVi as it prepares for its next phase of growth.

Well capitalised to fund growth objectives

As at 30 September 2023, dorsaVi has a cash balance of \$538k, with \$278k Australian R&D tax rebate (net of loan repayment) received subsequent to the end of the quarter.

Additionally, the Tennessee Department of Revenue incorrectly deducted ~\$98k from the Company's US bank account. This error has been rectified and a refund has been received subsequent to the end of the quarter.

As announced today, dorsaVi has received commitments of \$500k via a strongly supported placement to new and existing investors. The placement will be completed in two tranches, the first tranche is for the issue of 40m shares to raise \$400k under DVL's existing LR7.1 and LR7.1A capacity and a second tranche of 10m shares to raise a further \$100k subject to shareholder approval at a General Meeting (GM) to be held over the coming months. The offer price for the Placement is \$0.01 per share, representing a discount of approximately 10.1% to the 15-day VWAP of \$0.01112 per share as at 26 October 2023².

Placement investors will receive 1 free attaching unlisted option for every 2 fully paid ordinary shares issued under the Placement. The options have an exercise price of \$0.02 and expire 24 months from the date of issue. Options will be issued subject to shareholder approval at the GM.

dorsaVi intends to use the processed raised to accelerate growth, including sales and marketing initiatives to expedite the conversion of the customer pipeline, ongoing product development and for general working capital.

Payments related to Item 6.1 of 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.

2. VWAP during the period of 15 trading days during which trading of DVL shares took place

- 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 2023

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	506	506
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(35)	(35)
(c) advertising and marketing	(17)	(17)
(d) leased assets	(10)	(10)
(e) staff costs	(385)	(385)
(f) administration and corporate costs	(297)	(297)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(98)	(98)
1.9 Net cash from / (used in) operating activities	(337)	(337)
Refer item 1.8: On the 9th of August 2023, the Tennessee Department of Revenue incorrectly deducted USD \$64,805 (AUD \$98k) from the US bank account. This has subsequently been rectified - a refund has been issued via cheque to be banked in October 2023.		
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

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
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(8)	(8)
	(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	(8)	(8)

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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	879	879
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(337)	(337)

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
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	Cash and cash equivalents at end of period	538	538

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	457	798
5.2	Call deposits	81	81
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)	538	879

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>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 Unsecured loan facility	-	-
7.2 Credit standby arrangements	-	-
7.3 Secured loan facility	200	200
7.4 Total financing facilities	200	200
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 (\$200k) – A \$200k loan facility secured against the Company's 2023 R&D tax rebate at an annualised interest rate of 16% and repayable on the earlier of the receipt of the R&D tax rebate or 30 November 2023.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(337)
8.2 Cash and cash equivalents at quarter end (item 4.6)	538
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	538
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.60
<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: No, net cash outflows are forecast to continue to reduce through cost reductions. Also, proceeds from R&D rebate (net of loan facility repayment) of \$278k were received on 6 th October 2023. Furthermore, an additional \$98k (USD \$64,805) of incorrectly deducted funds have been refunded by the Tennessee Department of Revenue - the cheque is to be banked in October 2023.	
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: Yes, subsequent to the end of the quarter, the Company has announced a capital raising of \$500k.	

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 rebate (net of loan facility repayment) of \$278k received on 6th October 2023. Furthermore, an additional \$98k (USD \$64,805) of incorrectly deducted funds have been refunded by the Tennessee Department of Revenue - the cheque is to be banked in October 2023.

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: 31 October 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.