



25<sup>th</sup> February 2020

## dorsaVi Half Year Financial Results

### SUMMARY OF H1 RESULTS FOR FY20

- Growth in Recognised Recurring Revenue (RRR) of 20% from \$659k Prior Corresponding Period (PCP) to \$791k H1FY20.
- Operating revenue of \$1.37m compared to \$1.83m PCP reflecting a continued focus on securing recurring revenue and a reduction in foreign exchange gains of \$342k.
- A provision for the impairment of intangible assets of \$4.07m (\$nil PCP) was raised during H1FY20 resulting in an after-tax loss of \$5.86m.
- The pre-impairment H1FY20 loss was \$1.79m (\$1.91m PCP).
- Continued product development investment of \$449k (\$618k PCP).
- The Company raised additional working capital through the issue of convertible notes for \$1.16m and additional share capital of \$387k, before costs, through a share placement and shareholder participation plan.
- Cash balance of \$2.56m as at 31 December 2019 (30 June 2019: \$2.77m).

**Melbourne, Australia:** dorsaVi Ltd (ASX: DVL) has today released its Appendix 4D Financial Report and financial results for the half year ended 31 December 2019.

### OPERATIONAL HIGHLIGHTS FOR THE PERIOD

- **Focus on the SaaS model led to a 20% growth in RRR:** 20% growth in RRR to \$791k compared to \$659k PCP. This growth is in line with the Group's strategic shift towards a more consistent and sustainable recurring revenue model and focus on its SaaS model for the workplace market (myViSafe) and its clinical market products.
- **Provision for impairment of intangible assets:** The Group have assessed carrying value of its Intangible Assets for impairment based on value in use calculations. Given the change to focus on SaaS, the Group's forecasts have been updated based upon reasonable and prudent assumptions including growth rates, discount rates and terminal values. This has resulted in a provision for impairment of \$4.07m. Should future performance exceed Group forecasts, the current impairment provision may be reversed.

**Streamlined operations continues to reduce costs:** dorsaVi continues to introduce operational efficiencies, with a \$597k reduction in operating costs (before impairment provision) compared to PCP.

- **Convertible note and capital raising:** In December the Group raised additional working capital of \$1.54m through the issue of convertible notes of \$1.16m and, in addition, a share placement and shareholder participation plan raised \$387k, before costs. dorsaVi reported a cash balance of \$2.56m at end of December 2019. It is noted that, in January 2020, the Group completed the working capital injection by raising additional share capital of \$360k, before cost, after obtaining shareholder approval for parties related to dorsaVi to participate.
- **Historical operating performance:** The Group has incurred operating losses and generated negative cash flows from operations since inception. Short term financial

forecasts indicate this is expected to continue and accordingly, the Group will be required to obtain additional working capital through capital raises, alternative means of financial support including merger and acquisition opportunities, or, both.

- **Other operational highlights:**

**Workplace market:**

- In relation to device numbers in the market, the Group continues to show steady growth in workplace market where the SaaS style myViSafe product, introduced 2 years ago into the US, is starting to gain traction. For myViSafe, the Group has an installed base of 248 devices, and a retention rate of > 90%.
- As previously disclosed:
  - Northwell Health, a major hospital group on the east coast of the US with over 68,000 employees, committed to 4 myViSafe systems over 3 years and will use the myViSafe systems to understand manual handling risk and educate their staff on safe work practices.
  - Visy Board (AU) conducted a successful pilot program in 2018 and post pilot, introduced the myViSafe technology to 12 sites across Australia. Visy Board have recently extended their contract for the 12 myViSafe systems across multiple locations for a further 12-month period.
  - Sydney Water (AU) committed to a 12-month myViSafe pilot program, following a 10-day ViSafe assessment project, that will be delivered by their onsite Physiotherapy provider commencing in January 2020.
  - In addition to the three examples which provide recurring revenue, consistent with the company strategy to maintain a level of consulting revenue, Heathrow Airport recently committed to a new ViSafe contract which was announced to the market in January.

**Clinical market:**

- In the clinical market the Group has an installed base of 680 devices, with a retention rate in the US, based on a 12 – month rolling period, of 88%.
- As previously disclosed:
  - dorsaVi's clinical product is utilised by the physical therapy market (physiotherapy) and academic institutions.
  - Leading innovators in the US physical therapy (PT) market presented at the largest US PT conference in Denver, Colorado, mid-February referencing the use of dorsaVi technology in their clinical work as part of their presentation.
  - This is significant given that this conference is the largest PT conference in the US, with more than 18,000 attendees, with a significant number of these attendees being dorsaVi's target buyer.
- Following the close of the H1FY20 period, dorsaVi announced the second stage of evaluation agreement with Stryker, a Fortune 500 company operating in the global orthopaedic market. During this second agreement, Stryker will use the algorithms evaluated in the initial project over a minimum of 6 months, gaining access to dorsaVi's proprietary software, sensors and algorithms. The global orthopaedic market is estimated to be worth more than US\$66 billion by 2023 and is an exciting strategic market opportunity for dorsaVi.

Commenting on the results, dorsaVi Chief Executive Officer Dr Andrew Ronchi noted; “We thank investors for their support for our recent capital raise and are pleased to report on the continued growth in recurring revenue in the first half of FY20. As we continue to grow our recurring revenue in both the clinical and workplace markets, we also remain committed to delivering operational improvements and efficiencies. dorsaVi thanks shareholders for their continued support.”

– ENDS –

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**Disclosure**

This ASX Announcement was authorised for release by the Finance Disclosure Committee of the Board of dorsaVi.

**About dorsaVi**

dorsaVi (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.

Our technology has applications across three sectors:

- **Occupational Health and Safety (OHS):** 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 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. dorsaVi is currently used by medical and physiotherapy practices globally.
- **Elite Sports:** ViPerform is allowing coaches and medical teams managing elite athletes and teams to screen athletes and provide objective evidence for decisions on return to play, measure biomechanics and provide immediate biofeedback out on the field, tailor and track training programs and optimise technique and peak performance. ViPerform is being used in the US by the National Basketball Association (NBA), the Major Soccer League (MLS) and the National Football League (NFL), by the AFL and NRL clubs and by Barclays 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.

Further information is available at [www.dorsavi.com](http://www.dorsavi.com).