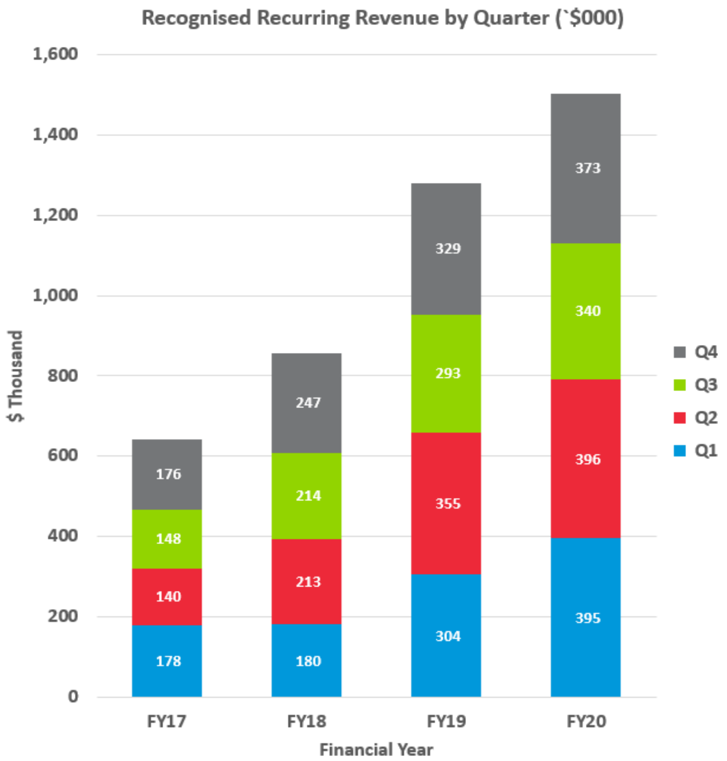
BUSINESS UPDATE AND JUNE 2020 QUARTER CASH FLOW

Melbourne, Australia. 30 July 2020. dorsaVi Limited (ASX: DVL) has today released a business update and 4C cash flow report for the period ended 30 June 2020.

Revenue and Financial Performance

- It was acknowledged in an announcement to the market on 25 March 2020 that the business would be challenged significantly due to the anticipated impact of COVID-19.
- Cash at the end of Q4 FY20 was $1.69m. This compares to cash at the end of Q3 FY20 of $1.92m.
- Net operating cash outflows for Q4 FY20 ($129k) improved $741k on the Q3 FY20 result ($870k).
- The improvement in net operating cash outflows of $741k (or 85%) is a direct result of a strong quarter of collections in the US, reduction in salaries and wages through all staff agreeing to reduce working hours during COVID-19, a reduction in operating expenses, accessing the available government stimulus programmes to offset the COVID-19 impact, and the effect of capitalising staff costs to intangibles of $287k.
- Recognised Recurring Revenue (RRR) for Q4 FY20 was $373k, an increase of 9.7% from Q3 FY20 ($340k), and an increase of 13.4% on PCP ($329k). This is a positive result given the impact of COVID-19. It takes into account an adjustment for foreign exchange, and it reflects the gradual return of new sales, particularly in the clinical market.



- The increase in RRR also relates to a number of current customers re-engaging after suspending their subscriptions during the COVID-19 lockdown. 15% of our US clinical customers requested a suspension or hold on their subscription during the COVID-19 lockdown period. 29% of those customers are now actively utilising our technology and have resumed paying their subscriptions.

Clinical market update:

- The impact from COVID-19 on the Physical Therapy market has been significant, however, there are signs of recovery albeit dependent on state or region. In the US, a recent market update from publicly listed company, U.S. Physical Therapy, Inc (USPH[1] 23 June 2020) indicated that physical therapy patient volumes, which had reduced to 40% of normal patient volumes in March and April 2020, were now operating at a ratio of approximately 70% of normal patient volumes at the company's open clinics.

[1]-www.usph.com/wp-content/uploads/2020/06/Current-Report-Form-8-K-Business-Update-June-23-2020-1.pdf

Workplace market update:

- dorsaVi recently announced a partnership with major workers compensation insurer QBE Insurance (Australia) Ltd (QBE). QBE has pre-allocated $250k over an initial 12-month period to provide their customers access to dorsaVi's ViSafe and myViSafe technology and resulting data insights.

Conference Call

dorsaVi's CEO, Dr Andrew Ronchi and General Manager, Matt May, are hosting an investor call to discuss the business update and 4C cash flow report on Thursday 6 August 2020 at 11am Australian Eastern Standard Time.

Participation details:

Australia	*+61 2 8090 8323 or Toll Free on 1 800 064 762*
Hong Kong	*307 130 74*
Singapore	*800 101 3333*
United States	*+1 (657) 220 3242 or Toll Free 1 888 585 9008*

Conference room access code: *923-148-427*

-ENDS-

For more information about dorsaVi or to arrange an interview, please contact:

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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 Limited (ASX: DVL) is an Australian listed 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 (OH&S):** dorsaVi enables employers to assess risk of injury for employees as well as test the effectiveness of proposed changes to OH&S 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 Telehealth provides a 'virtual clinic' enabling clinicians to do business differently and take their patient consultations on-line.

- **Elite Sports:** dorsaVi's ViPerform technology allows 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 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.

Appendix 4C

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

Name of entity

dorsaVi Ltd

ABN	Quarter ended ("current quarter")
15 129 742 409	**June 2020**

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	548	2,365
1.2	Payments for		
	(a) research and development	(5)	(112)
	(b) product manufacturing and operating costs	-	(441)
	(c) advertising and marketing	(33)	(226)
	(d) leased assets	(18)	(140)
	(e) staff costs	(388)	(2,821)
	(f) administration and corporate costs	(464)	(1,809)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	99
1.5	Interest and other costs of finance paid	(30)	(67)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	250	809
1.8	Other (provide details if material)	9	28
1.9	**Net cash from / (used in) operating activities**	**(129)**	**(2,295)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(3)
	(d) investments	-	-
	(e) intellectual property	(313)	(785)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(313)**	**(788)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	747
3.2	Proceeds from issue of convertible debt securities	-	1,155
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(106)
3.5	Proceeds from borrowings	240	240
3.6	Repayment of borrowings	(35)	(35)
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**	**205**	**2,001**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,922	2,767
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(129)	(2,295)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(313)	(788)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	205	2,001
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,685**	**1,685**

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	1,557	1,793
5.2	Call deposits	128	129
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)**	**1,685**	**1,922**

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	55
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Made up of salary and superannuation to CEO, a director of the entity

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	205	205
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Note	1,155	1,155
7.4	**Total financing facilities**	1,360	1,360

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.

An unsecured $87k insurance premium finance facility repayable over 10 months to 25 December 2020 at an interest rate of 3.9%.

An unsecured US$104k Paycheck Protection Program (PPP) loan with a five-year term commencing 25 June 2020 at an interest rate of 1% per annum. Obtained in the US in relation to COVID19 relief assistance in the USA. Up to 100% of this loan may be forgiven in 2021 by the US Small Business Administration if certain conditions are met.

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.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(129)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,685
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,685
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	13.1

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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: 30 July 2020

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.