dorsaVi Ltd and controlled entities

APPENDIX 4E
PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

Provided to the ASX under listing rule 4.3A

ABN: 15 129 742 409

ASX CODE: DVL

CONTENTS

Appendix 4E

Attachment

Details of the reporting period and the previous corresponding period

Reporting period: Year ended 30 June 2020

Previous corresponding period: Year ended 30 June 2019

Results for announcement to the market

	June 2020 ($)	June 2019 ($)	Change ($)	Change (%)
Revenue	**2,397,059**	**3,223,869**	**(826,810)**	**(26%)**
Loss from ordinary activities after tax attributable to members	**(7,593,079)**	**(4,020,751)**	**(3,572,328)**	**89%**
Loss for the period attributable to members	**(7,593,079)**	**(4,020,751)**	**(3,572,328)**	**89%**

	June 2020 (cents)	June 2019 (cents)	Change (cents)
Net Tangible asset per share	**0.20**	**1.43**	**(1.23)**

Explanation of Results

dorsaVi Ltd was impacted in the 6 months to 30 June 2020 by the COVID-19 pandemic and focused on: protecting its people, maintaining recurring revenue and controlling cost.

Total revenue decreased 26% year on year with most of this decline occurring in the six months to 30 June 2020.

The loss from continuing operations after income tax for the 2019 financial year was $7,593,079 (2019: $4,020,751), an increase of 89% on the 2019 financial year.

Total expenditure was $10,447,502 for the 2020 financial year (2019: $7,811,269). The 2020 expenditure includes a provision for impairment of intangible assets of $4,018,354 (2019: $nil).

The Directors have assessed the $4,018,354 carrying value of its Intangible Assets (patents and capitalised development expenditure) for impairment based on value in use calculations. Given the recent change in the Group's business strategy (i.e. transition to a Software as a Service (SaaS) recurring revenue strategy), 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 $4,018,354.

The directors believe that the recurring revenue business strategy will maximise the group's growth and financial performance prospects, and, should future performance exceed the forecasts, the current impairment provision may be reversed in future periods.

Without the provision for impairment total expenditure for 2020 would have been $6,429,148 (2019: $7,811,269). This reduction of $1,382,121 was largely due to cost control measures undertaken by the Group throughout the financial year with employee benefits expense reducing 24% to $3,040,365 (2019: $3,979,898).

During the financial year there were no returns to shareholders in any form.

This report should be read in conjunction with any public announcements made by dorsaVi Ltd in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and *ASX Listing Rules*.

The information provided in this report contains all the information required by *ASX Listing Rule 4.3A*.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Refer to the attached annual report

Consolidated Statement of Financial Position

Refer to the attached annual report

Consolidated Statement of Changes in Equity

Refer to the attached annual report

Consolidated Statement of Cash Flows

Refer to the attached annual report

Dividends

The board has declared no dividend for the years ended 30 June 2020 (2019: $Nil). There are no dividend reinvestment plans in operation.

Statement of Accumulated Losses

	Consolidated Entity	
	2020	2019
	$	$
Balance at the beginning of year	(33,315,228)	(29,769,466)
Net loss attributable to members of the parent entity	(7,593,079)	(4,020,751)
Reversal of share-based payment reserve	53,730	474,989
Total available for appropriation	(40,854,577)	(33,315,228)
Dividends paid	-	-
Balance at end of year	(40,854,577)	(33,315,228)

Details of entities over which control has been gained or lost during the period

There was no gain or loss in control of entities during the year ended 30 June 2020.

Audit of the Financial Report

The financial report has been audited and an unqualified opinion has been issued with an Emphasis of Matter in relation to Going Concern.

Date: 26 August 2020

Finance Disclosure Committee
dorsaVi Ltd

ANNUAL REPORT

2020

dorsaVi Ltd
(ABN: 15 129 742 409)

Annual Report
For the Year Ended 30 June 2020

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CHAIRMAN'S REVIEW

Dear Shareholders

I am pleased to present dorsaVi Ltd's (dorsaVi) 2020 annual report to our shareholders.

With workplace health costs growing at unsustainable rates and injuries in the workplace continuing to be a major issue, efficient, technology-based solutions aiming to reduce health costs and minimise injuries in the workplace are attractive offerings. dorsaVi's data driven solutions have been shown to improve health outcomes in clinical trials and reduce injuries in workplaces. dorsaVi is therefore very well positioned to expand their product uptake through the major markets.

FY20 was a year of adapting to change for dorsaVi considering Coronavirus (COVID-19). The Company continued to focus on building recurring revenue, reducing costs through operational changes and navigating the challenges posed by COVID-19. The Company has been able to show continued growth in challenging circumstances, growing recurring revenue through FY20, with the workplace market showing stronger resilience than the clinical market and noting that there was a reduction in total revenues during FY20 of close to 20%.

The relocation of our CEO, Andrew Ronchi, to the US market, has allowed the Company to gain an in-depth knowledge of the US workplace and clinical markets and to focus on strategic deals with major corporates. The appointment of our General Manager of Operations, Matthew May, has allowed a focus on business operations and cost efficiency. Our Chief Technical Officer, David Erikson, is providing senior product guidance for the architectural design for dorsaVi's current and future products to ensure that the Company's products are in line with global medical device and data security requirements.

The operational changes made in FY19 to reduce costs have been continued into FY20 and have been made even more stringent, especially during COVID-19 times. The Company's non-executive directors received shareholder approval at the 2019 AGM, to accept options in lieu of directors' fees, applicable from 1 March 2019. All staff across the Company have taken a reduction to their usual hours during COVID-19 and the executive team have taken significant salary reductions to assist the Company through this unprecedented time. I would like to thank the Directors, executive team and the dorsaVi staff for accepting these changes during this difficult time and acknowledge the support of both the Australian and the US Governments in supporting businesses with Government stimulus packages during this time.

During FY20, the Company signed important deals in the workplace market including BHP Australia, PERMA (New York insurer), Northwell Health, VISY Board and Sydney Water, some of which are repeat customers. Many of our workplace clients have expanded their myViSafe™ offering across their wider business, providing evidence that the recurring revenue product is well positioned to scale. Workplace recurring revenue has stayed firm during the COVID-19 period with most customers continuing to pay their monthly subscriptions for the use of myViSafe™. In the last quarter of FY20, dorsaVi secured a partnership with major workers compensation insurer, QBE Australia. Insurers continue to be an important channel partner for dorsaVi, introducing our technology and data insights to companies with an appetite to reduce manual handling injuries. This deal assists both the insurer and its clients, as it can lead to fewer claims and lower premiums.

In the clinical market the effect of COVID-19 was more immediate as some of our clinical customers requested their subscriptions be put on hold. We also saw a temporary slowing of new sales, noting that later in Q4 sales activity started to build again. There continues to be demand, especially in the US market, for dorsaVi's data driven clinical solutions, Professional Suite™ and Movement Suite™, with the most popular module being the Athletic Movement Index. The large clinical franchise groups in the US market continue to be a major strategic opportunity for dorsaVi, with some of these groups piloting the dorsaVi products. One group, Select Medical, has dorsaVi products in over 75 of their 2,000 sites. Other strategic deals in the clinical market include a 2nd stage deal with Stryker, and a new pilot project with Medtronic. These synergistic projects with global medical device companies are further evidence that the data insights captured and interpreted by dorsaVi's technology provide valuable and clinically relevant data for clinical practice.

We look forward to the new financial year knowing that sales activity has risen through Q4, hoping to leverage this trend into next year. We have put in place a frugal cost structure to ensure we protect our valuable cash reserves during these uncertain times. We will continue to focus on growing our recurring revenue in both the workplace and the clinical markets. We are optimistic that we will be able to execute on our strategies and will continue to update shareholders on our progress.

On behalf of my fellow Board members, I would like to thank CEO, Andrew Ronchi, and his team for their hard work, their adapting to change and their dedication to dorsaVi. The Company's leading technologies can assist patient's recovery and drive improvement in workplace practices with the goal of reducing injuries in the workplace.

To our shareholders, we are grateful for your continued support.

Greg Tweedly
Chairman

CEO REPORT

Introduction

The FY20 has been a year that has demanded change and the necessity to adapt to a 'new normal' given the economic consequences of a global Coronavirus (COVID-19) pandemic.

COVID-19 has increased the need for the adoption of digital solutions on the health and safety culture of the workplace. This has highlighted the need for companies to adapt to delivering both health and safety services and solutions remotely. dorsaVi has worked diligently over the past 3 years to ensure that our products are deliverable remotely, sold online and that our data is handled in an automated fashion, direct to the user. The dorsaVi business model is demonstrating resilience and leading through this period, evidenced by our recently released Q4 results.

The Company modelled different scenarios of how COVID-19 could impact the business and we have been pleased with the retention of the recurring revenue through this period, with Q4 recurring revenue showing growth on Q3. This helps to validate the sticky nature of our recurring revenue, and the high value placed on our products by our existing customers.

The other factor that allows dorsaVi to look forward with some optimism is that we have a diversified sales strategy across three geographies, the UK, US and Australia. As we have recently experienced in Victoria, the COVID-19 impact is unpredictable with more stringent lockdown measures implemented in Victoria. In the US, each state is determining their own management of COVID-19 and are broadly re-opening. This is important to dorsaVi as a significant portion of its recurring revenue is generated in the US market.

dorsaVi has been focused on four strategic initiatives for FY20: i) growing recognised recurring revenue; ii) reducing cost of goods sold); iii) driving operational efficiencies; and iv) innovating product and systems in-line with market and data privacy requirements. This typically includes:

i) Growth in Recognised Recurring Revenue (RRR)

It is important to acknowledge that while total revenue for FY20 reduced by 19.7% when compared to FY19, recurring revenue grew by 17.4%. The Company's strategy to transition from a heavy historical reliance on consulting revenue to a more sustainable Software-as-a-Service (SaaS) recurring revenue provides some background to this result.

Our RRR for FY20 (unaudited) was $1.5m, an increase of 17.4% to FY19 ($1.28m). From a workplace product perspective, recurring revenue grew 69% on FY19 (increasing from $303k FY19 to $513k FY20). This growth is a direct result of companies engaging in dorsaVi's myViSafe™ product, signing on to utilise the small, wearable sensors and an App-based product that allows safety professionals and corporations to manage injuries in a more efficient and engaging way.

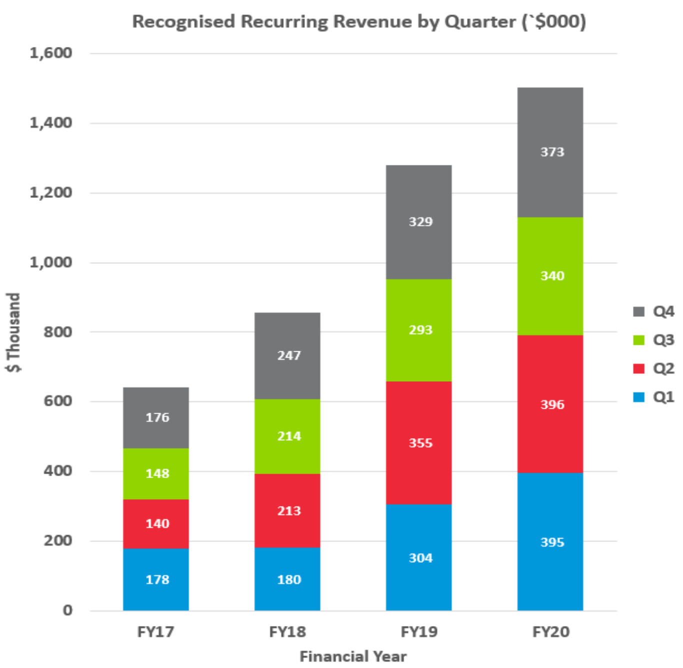

Figure 1: Growth in recurring revenue over the past 4 years

The drivers for continued growth of recurring revenue include: aligning pricing models for core products with a focus on subscription fees and longer term contracts; continued focus on the large US workplace and clinical markets; continued engagement of a US based marketing agency to customise marketing initiatives in this growth market; and the focus on selling Professional Suite™ (clinical) and myViSafe™ (workplace) products (our SaaS style products).

Aligned with the year-on-year growth in recurring revenue, retention of our products in the market is an important factor. Positively, the retention rate for our products has remained strong during the difficult COVID-19 environment. The clinical product has a retention rate of >80%, while the workplace product's retention rate has maintained a strong >90%.

ii) Reducing Cost of Goods Sold (COGS)

As recurring revenue increases and operational efficiencies are improved across the business, we will continue to work hard to drive the reduction in COGS annually. This will ensure that once dorsaVi reaches a cash neutral position there is a healthy margin on our products. Our COGS have reduced from 30.8% in FY17 to 4.8% in FY20, which is an outstanding result, noting the effect of COVID-19 in reducing the consulting revenue faster than anticipated (which has a higher COGS than our subscription revenue products). We anticipate COGS as a percentage of sales would be in the 8-10% range as consulting revenue increases coming out of the COVID-19 period.

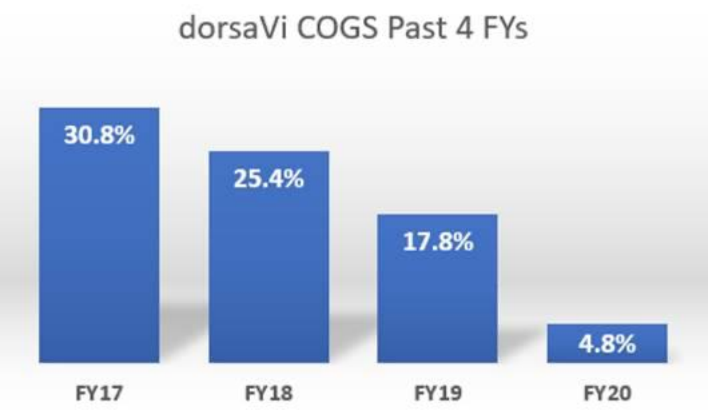

Figure 2: Reduction in COGS over the past 4 years

There are four factors that are driving the reduction in COGS and each of these are sustainable and significantly improve the overall efficiency of dorsaVi's business. The four factors are noted below:

a) Transitioning from consulting to subscription based revenue: Historically, the consulting projects for the workplace market involve additional time on site, scoping of jobs with the customer, data analytics and interpretation, and the delivery of the report/solution in a workshop. These projects usually have a COGS of 35-40% and it's been critical to ensure the value of the data and analytics for our customers. The future for dorsaVi is being able to hand-over the workplace product to the customers, conduct online training with these customers to enable them to use the automated reports.

b) App-based products produced at a lower cost: dorsaVi's newer products (myViSafe™ for the workplace market and Professional Suite™ for the clinical market) are produced at a lower cost than our previous hardware and software.

c) More efficient production process: The technical team have created a more efficient and automated calibration process, reducing COGS and improving product output.

d) Online sales and training of customers: Moving our sales and training away from face-to-face to online for both the workplace and clinical products, has reduced both travel and HR expenses. This enables our sales and account managers to focus on impacting their sales activity. The ability to sell online and to train new customers remotely has significantly improved business efficiency.

iii) **Driving Operational Efficiencies**

The Company continues to improve operational efficiency and its goal for FY21 is to continue to drive down operating costs by a further 20-40%.

As referenced in the Chairman's report, the Company's non-executive directors accepted options in lieu of directors' fees applicable from 1 March 2019.

From my own perspective, as CEO of dorsaVi, I have benefited from living in the US over the past 2.5 years. This experience has provided the opportunity to build important strategic, sales and investor relationships. During the COVID-19 period, our selling moved exclusively to online which will allow me to return to Australia, maintain the critical US relationships and continue to sell online into the US and also creates a significant cost saving for the Company. Our team of US based staff will provide continuity and resume face-to-face contact with customers once conditions around COVID-19 return to more normal practices.

Our General Manager has done an outstanding job in relation to reducing operational expenses across the business over the past two years. As an example, our salespeople work from home in all locations. This remote working environment has eliminated office spend in the UK and US. Matt May has driven positive change in our organisation's business systems, leading to year-on-year improvement.

From a technical perspective, our Chief Technical Officer has been with the business a little over 2 years and has brought in many technical efficiencies that have allowed dorsaVi to reduce the operational costs relating to the technical team and also reductions in the subscription and software related costs involved across our business.

Each of our staff members across the Company have reduced their normal working hours during COVID-19 and the executive team have taken significant salary reductions through this unprecedented time. Other operational initiatives include: a reduction in corporate and marketing overheads and securing the tenure of a US-based marketing agency to provide more customised marketing initiatives to the large US clinical and workplace markets.

iv) Innovate our Products and Systems in-line with Market and Data Privacy Requirements

One of my important roles whilst living in the US has been to understand the customer needs of our workplace and clinical customers. I attended over 10 conferences in the US in the past 2.5 years, was invited to speak at another 4 conferences on wearables in the workplace and held a membership role on an advisory council of the National Safety Council, Work to Zero initiative. Each of these interactions allowed me to validate, test, iterate and understand in depth what our existing and potential customers are looking for in dorsaVi's next generation product. This helped me understand what features they like, those features they did not utilise and, critically, which features they must have going forward. Some of these features were already on our product roadmap and others have been incorporated into our plans to ensure our subsequent products meet the future needs of all our important customers.

Financial Summary

The growth in recurring revenue is significantly longer than the time to secure once-off and consulting revenue. dorsaVi has now built close to a $1m base in recurring revenue from the clinical market and over $500k of recurring revenue in the workplace (a 69% increase from FY19). This $1.5m base of recurring revenue across the clinical and workplace markets has been the Company's focus and this will continue, noting that 74% of the FY20 revenue was from recurring revenue, increasing from 51% in FY19. The focus on recurring revenue has led to a transition away from consulting projects and thus there is a short-term reduction in total sales revenue as the recurring revenue base builds. The sales revenue for FY20 was $2,019,220, a 19.7% reduction on our FY19 revenue of $2,514,992.

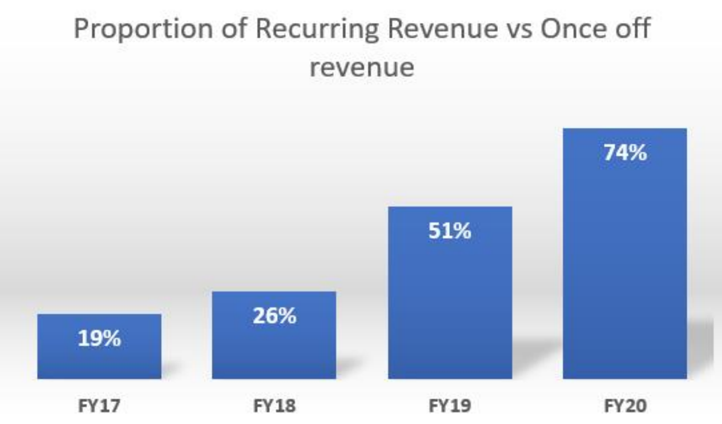

Figure 3: Proportion of recurring revenue versus once-off revenue over the past 4 years

Historically, when dorsaVi secured a workplace services contract valued at, say, $120k, the contract would be recognised across two quarters ($60k each quarter) without any further revenue unless additional work was won from the customer.

With the change to recurring revenue, any contracts won within the same corporate group with our myViSafe™ product, for a 3-year period, in the first two quarters of this contract dorsaVi will recognise $10k each quarter. The benefit is seen in the longer term, being able to recognise revenue for the next 3 years from this one group, therefore providing more stable and predictable revenue growth.

Total cash expenses reduced from $7.7m FY19 to $5.7m FY20, a reduction of $2m (26%) mainly due to cost reductions and operational efficiencies introduced during the year. We believe these reductions in expenses are sustainable and operational efficiency and cost reductions continue to be an ongoing focus for the business.

Our closing cash as at 30 June 2020 was $1.69m, compared to cash at 31 March 2020 of $1.92m.

dorsaVi's Workplace Solutions (OHS)

The growing trend for Workplace conferences to offer entire sessions dedicated to 'Workplace Wearables' means our potential customers now have a greater understanding of the value of movement or wearable sensors. dorsaVi's workplace solutions sit in the category of ergonomic or manual handling wearables, aimed at understanding workplace risk of a task or work environment with the goal of finding a data driven solution.

Insurers and corporate groups are interested in data insights to understand their worker's risk profile and enable them to investigate whether the data driven solutions can solve their company's manual handling injury problems. AIG and more recently QBE in Australia, are examples of insurers utilising dorsaVi's workplace solution products to reduce risk in the workplace and improve productivity. Corporate groups also have a strong interest in scalable wearable solutions that they can distribute through their workforce. This is particularly relevant given the changes brought about by COVID-19, with corporates wanting 'self-managed' solutions rather than onsite consulting projects.

Figure 4: myViSafe™ sensor, app and desktop dashboard

During FY20, the Company signed a number of important deals in the workplace market including a new engagement with BHP Australia looking to understand exact risks on their workers in the mining sector. PERMA, a New York insurer have taken on the myViSafe™ product to enable their team of ergonomists to visit their clients and place sensors on their workers to measure, assess risk and mitigate their manual handling issues. Northwell Health, a large hospital group on the US east coast, have taken on myViSafe™ to mitigate their workplace injuries amongst their healthcare workers. In FY20, VISY Board and Sydney Water in Australia have also signed new workplace deals.

Our workplace recurring revenue has remained solid, with the majority of customers continuing to pay their monthly subscriptions for the use of myViSafe™. This has provided stability in workplace recurring revenue and is part of the reason why the workplace recurring revenue for FY20 has continued to increase, despite the COVID-19 economic impact. The recurring revenue for the workplace market has increased from $303k in FY19 to $513k in FY20, an increase of $210k or 69%.

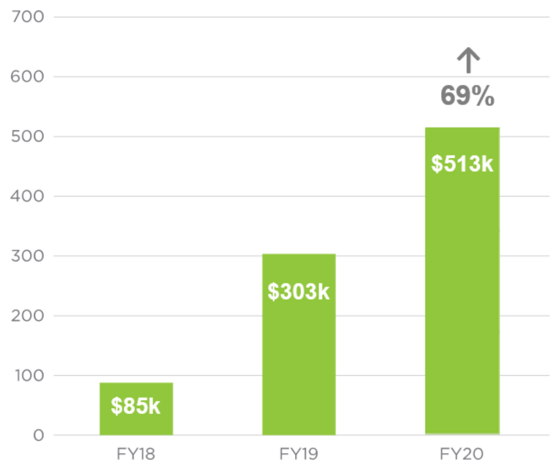

Figure 5: dorsaVi's workplace recurring revenue over the past 3 years

dorsaVi secured a new partnership in Q4 with major workers compensation insurer, QBE Australia, who has pre-allocated $250k in funds over an initial 12-month period to enable their customers access to dorsaVi's workplace products.

Recent market analysis in the US workplace market, suggests there are approximately 230,000 corporates with over 100 workers that could utilise dorsaVi's applications. This equates the total size of the direct addressable market to over $2.5B per annum.

During COVID-19, there has been minimal impact on monthly workplace subscriptions yet there has been a significant reduction in consulting revenue as our staff have not been able to interact with employees directly. Across both the consulting product (ViSafe™) and the recurring revenue product (myViSafe™), new sales reduced significantly in Q3. It has been encouraging to see a return in new sales growth in Q4, albeit below the normal cadence of sales.

dorsaVi Clinical market

Throughout the clinical market the effect of COVID-19 was more immediate with 10-15% of our clinical customers requesting their subscriptions be put on hold. We also saw a reduction in new sales in Q3 and Q4, noting that later in Q4 the clinical sales activity started to build again with the clinical recurring revenue for Q4 being $265k, a $36k increase (or 15.7%) on Q3 FY20 ($229k).

dorsaVi's new clinical product, the App-based Professional Suite™, has been designed as a 'set and go' type of product which has a rapid set up time feature (15 seconds to commence a session with patients) and was designed by Physios for Physios. It can immediately interpret data and includes a patient App whereby the patient is able to access their reports and exercises anywhere. The online sales and training aspect of Professional Suite™ has been critical to its uptick in purchasing by Physios.

The large clinical franchise groups in the US market continue to be a major strategic opportunity for dorsaVi with many of these groups already using dorsaVi's clinical products. The most popular software module is the Athletic Movement Index (AMI), which is a screening and 'return to play' tool that is used to assess and manage sports related injuries. Groups like Select Medical, Team Rehab, HSS and HSHS are examples of large clinical groups in the US market with dorsaVi's clinical products across multiple sites.

In the US Physical Therapy (PT) market, there are approximately 105,000 PT clinics that could utilise dorsaVi's applications. Potential revenue generation from each clinic would be $3k per year per dorsaVi kit, noting that many franchise groups require multiple dorsaVi kits. This makes the total size of the direct addressable market approximately $500m per annum.

The recurring revenue for the clinical market increased from $978k in FY19 to $991k in FY20, an increase of $13k or 1%, noting that Q3 and Q4 were impacted by COVID-19 subscription suspensions and a reduction in new sales.

In the same clinical market, there are strategic deals which include global medical device companies. As examples of these deals, Stryker and Medtronic, are both using dorsaVi's sensors, algorithms and software to gain new data insights for their businesses. The current Stryker project is an extension from the first project which delivered results that were very positive to Stryker. The 2nd stage Stryker project is an evaluation agreement in which Stryker's staff will utilise and evaluate dorsaVi's sensors, algorithms and software to assess patients and share this data with leading clinicians.

A separate strategic deal was signed with Medtronic who are looking to pilot dorsaVi's technology for a specific use case in the orthopaedics area. Medtronic adds to other global medical device companies, like Stryker and Johnson & Johnson, who are choosing dorsaVi's technology above other technology providers to drive innovation in their businesses. This provides an indicative test for dorsaVi, illustrating the technology is market leading.

In relation to the size of the opportunity in the orthopaedic market, there are approximately 1.5 million hip and knee replacements performed each year in the US and if every patient undergoing a hip or knee replacement used a sensor kit, this would be a market size of over $1.2b per annum.

dorsaVi's strength in the clinical market relates to the FDA clearance, clinically validated algorithms, and the traction of current products in the US market that generate recurring revenue. We look forward to reporting further progress in the clinical and the orthopaedic markets.

We are excited by the steadily growing base of recurring revenue that is derived from both the workplace and clinical markets and will strive to make our business as successful as possible by continuing to innovate, optimise and drive efficiencies across our product offerings and business processes to secure new strategic deals in the workplace and the clinical markets.

We recognise that further challenges are likely to arise as the business works its way through COVID-19. We will remain vigilant on managing these changes to our business and will pro-actively deal with these changes as they arise.

Andrew Ronchi
Chief Executive Officer

FINANCIAL REPORT
For the Year Ended 30 June 2020

Financial Report
For the Year Ended 30 June 2020

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Directors' Report

The directors present their report together with the financial report of the Group consisting of dorsaVi and the entities it controlled, for the financial year ended 30 June 2020 and auditor's report thereon.

Directors

The names of directors in office at any time during or since the end of the year are:

Name	Designation	Appointed
Greg Tweedly	Non-Executive Chairman	29 October 2013
Ashraf Attia	Non-Executive Director	14 July 2008
Caroline Elliott	Non-Executive Director	24 November 2017
Michael Panaccio	Non-Executive Director	16 May 2008
Andrew Ronchi	Chief Executive Officer, Executive Director	18 February 2008

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of dorsaVi Ltd and its controlled entities during the financial year was the development and sale of innovative motion analysis technologies. These technologies are commercialised via license, sale or fixed fee consultancy. There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated loss from continuing operations, after income tax, attributable to the members of dorsaVi Ltd was $7,593,079 (2019: $4,020,751).

Review of Operations

The Group consists of four entities:

1. dorsaVi Ltd;
2. dorsaVi Europe Ltd, a wholly owned subsidiary incorporated and domiciled in the UK;
3. dorsaVi USA, Inc., a wholly owned subsidiary incorporated and domiciled in the US; and
4. Australian Workplace Compliance Pty Ltd, a wholly owned subsidiary domiciled in Australia.

As at 30 June 2020, net assets of the Group were $459,029 (2019: $6,989,294).

Total revenue for the 2020 financial year was $2,397,059 (2019: $3,223,869). Sales revenue was $2,019,220 (2019: $2,514,992).

Clinical

Clinical income was $1,125,151 for the 2020 financial year (2019: $1,336,817).

Workplace

Workplace income, utilising ViSafe technology, was $894,069 for the 2020 financial year (2019: $956,624).

The COVID-19 pandemic has significantly impacted total sales revenues in the six months to 30 June 2020. Sales revenues for the six months to 30 June 2020 were $860,011 as compared to $1,226,503 for the six months to 30 June 2019.

Expenditure

Total expenditure was $10,447,502 for the 2020 financial year (2019: $7,811,269). The 2020 expenditure includes a provision for impairment of intangible assets of $4,018,354 (2019: $nil).

The Directors have assessed the $4,018,354 carrying value of its Intangible Assets (patents and capitalised development expenditure) for impairment based on value in use calculations. Given the recent change in the Group's business strategy (i.e. transition to a Software as a Service recurring revenue strategy), 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 $4,018,354.

The directors believe that the recurring revenue business strategy will maximise the Group's growth and financial performance prospects, and, should future performance exceed the forecasts, the current impairment provision may be reversed in future periods.

Without the provision for impairment total expenditure for 2020 would have been $6,429,148 (2019: $7,811,269). This reduction of $1,382,121 was largely due to cost control measures undertaken by the Group throughout the financial year with employee benefits expense reducing by 24% to $3,040,365 (2019: $3,979,898).

The material business risks that are likely to have an effect on the financial prospects of the Group include:

- Over time, dorsaVi may be subjected to increased competition if potential competitors develop new technologies or make scientific or systems advances that compare with or compete with dorsaVi's products.
- In the medical sector (but not the Elite Sports or OHS sectors), sales and adoption rates of dorsaVi's system are, in part, likely to be influenced by the availability and level of reimbursement from government and/or insurance payers. Whilst dorsaVi's products already benefit from reimbursement in some circumstances, there is no guarantee that the use of dorsaVi's products will receive further reimbursement.
- General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on dorsaVi's activities, as well as on its ability to fund those activities. In particular, much of its future income is expected to come from the US and European markets and therefore dorsaVi's activities will be affected by currency exchange fluctuations. The COVID-19 pandemic has significantly impacted economic conditions in the six months to 30 June 2020 and is expected to continue to have an economic impact in the near future.
- dorsaVi is not currently profitable. Proceeds from the initial float and subsequent capital raisings were and are primarily being used to fund, both, the commercial rollout of dorsaVi's products and continued product development. There is no guarantee that the commercial rollout will result in profitability for the Group. If the commercial roll out is slower or less successful than planned, dorsaVi may need to raise additional capital in the future.

Significant Changes in the State of Affairs

The following changes in the state of affairs occurred during the period:

- On 18 November 2019, dorsaVi Ltd announced that it had been granted a "measuring reaction forces" patent in the USA.
- On 28 November 2019, dorsaVi Ltd launched a capital raising comprising:
  - The issue of 1,155,000 convertible notes at an issue price of $1 per convertible note with interest of 10% per annum and a maturity date of 6 December 2022 raising $1,155,000 before costs;
  - The placement of 20,740,741 fully paid ordinary shares at $0.027 per share raising $560,000 before issue costs; and
  - A share purchase plan to be offered to all eligible shareholders at $0.028 per share and closing on 19 December 2019.
- On 5 December 2019, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019):
  - The issue of 1,280,488 options to non-executive directors, in lieu of directors' fees, at an exercise price of $0.086 per share and an expiry date of 4 December 2024; and
  - The issue of 1,116,703 options to non-executive directors, in lieu of directors' fees, at an exercise price of $0.072 per share and an expiry date of 4 December 2024.
- On 6 December 2019, dorsaVi Ltd announced the placement of 3,703,704 fully paid ordinary shares raising $100,000 before costs and the issue of 1,155,000 convertible notes.
- On 9 December 2019, dorsaVi Ltd announced the placement of 3,703,704 fully paid ordinary shares raising $100,000 before costs.
- On 19 December 2019, dorsaVi Ltd completed a share purchase plan to eligible shareholders and issued 6,670,000 fully paid ordinary shares at $0.028 per share raising $186,760 before costs.
- On 7 January 2020, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019) the issue of 1,846,856 options to non-executive directors, in lieu of directors' fees, at an exercise price of $0.036 per share and an expiry date of 7 January 2025.
- On 28 January 2020, a general meeting of shareholders approved the allotment of 13,333,333 fully paid ordinary shares to related parties of dorsaVi Ltd raising $360,000 before costs.
- On 7 April 2020, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019) the issue of 4,801,827 options to non-executive directors, in lieu of directors' fees, at an exercise price of $0.024 per share and an expiry date of 7 April 2025.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years with the exception of the following:

- On 7 July 2020, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019) the issue of 3,693,714 options to non-executive directors, in lieu of directors' fees, at an exercise price of $0.018 per share and an expiry date of 7 July 2025.

Likely Developments

The following likely developments, in the business of the Group, are expected to influence its future financial results:

- The Group expects to increase, year on year, the annuity revenue proportion of total clinical and workplace revenue.
- The Group expects that product, released globally in recent years, will continue to support revenue growth.

Environmental Regulation

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year.

Equity Instruments

There were no options over unissued ordinary shares granted to executives by dorsaVi Ltd during the financial year. During the financial year, 1,871,071 performance rights were granted to executives and, of these, 1,439,321 vested into shares and 1,750 lapsed. Further details regarding performance rights and shares granted as remuneration are provided in the Remuneration Report below.

There were 12,739,588 options over unissued ordinary shares granted to non-executive directors during or since the financial year end in lieu of the payment of directors' fees. Further details regarding options granted as remuneration are provided in the Remuneration Report below.

Shares under Option

Unissued ordinary shares of dorsaVi Ltd under option at the date of this report are as follows:

Date Options Granted	Number of Unissued Ordinary Shares under Option	Exercise Price of Options	Expiry Date of the Options
24 March 2016	200,000	$0.40	24 March 2021
15 May 2017	500,000	$0.33	15 May 2022
15 May 2017	55,000	$0.33	1 October 2022
15 May 2017	24,166	$0.33	1 October 2023
4 December 2019	1,280,488	$0.086	4 December 2024
4 December 2019	1,116,703	$0.072	4 December 2024
7 January 2020	1,846,856	$0.036	7 January 2025
7 April 2020	4,801,827	$0.024	7 April 2025
7 July 2020	3,693,714	$0.018	7 July 2025
	13,518,754		

No option holder has any right under the options to participate in any other share issue of the Group.

Shares Issued on Exercise of Options

To the date of this report, there have been no shares issued during or since the end of the year as a result of the exercise of an option over unissued shares.

Shares Subject to Performance Rights

Unissued ordinary shares of dorsaVi Ltd subject to performance rights at the date of this report are as follows:

Date Performance Rights Granted	Number of Unissued Ordinary Shares subject to Performance Rights	Issue Price of Shares	Vesting Date of Performance Rights
18 September 2019	115,000	-	1 October 2020
18 September 2019	115,000	-	1 October 2021
18 September 2019	200,000	-	1 September 2022
	430,000		

A performance right holder does not have any right to participate in any other share issue of the Group until the performance rights vest and are converted to ordinary shares.

Shares Issued on Vesting of Performance Rights

During the year ended 30 June 2020 and to the date of this report, 2,826,601 shares were allocated on the vesting of 2,826,601 performance rights. These shares were allocated from previously issued shares to employees that had been forfeited. During the year ended 30 June 2020 and to the date of this report, 155,470 performance rights were cancelled. There remain 430,000 performance rights that do not convert to issued shares unless performance conditions are met, and they vest.

Information on Directors and Company Secretary

Greg Tweedly, B. Com, CPA, GAICD – Non-executive Chairman

Greg Tweedly is Chairman of dorsaVi Ltd and serves on the Nomination and Remuneration Committee. He was appointed to the Board on 29 October 2013.

Greg is a Director of Melbourne Health, Deputy Chair of Environment Protection Authority Victoria, Chair of the Personal Injury Education Foundation and was a Director and CEO of the Victorian WorkCover Authority (WorkSafe) from 2003 to 2012. Prior to joining WorkSafe, Greg was an executive with the Transport Accident Commission from 1996 to 2002 in various senior roles including Chief Operating Officer. He was formerly a Director of the Emergency Services and Telecommunications Authority, Director of the Institute of Safety Compensation and Recovery Research, a Director of the Personal Injury Education Foundation, a Director and Chair of the Victorian Trauma Foundation, Chair of the Heads of Workers' Compensation Authorities of Australia and New Zealand and Member of SafeWork Australia and its predecessor organisation.

No other directorships of listed companies were held during the three years to 30 June 2020.

Ashraf Attia, BSc (Eng)(Hons), MSc (Med. Eng), Dip (Mktg), FAICD – Non-executive Director

Ash Attia was appointed as a director of dorsaVi on 14 July 2008 and chairs the Nomination and Remuneration Committee and serves on the Audit and Risk Committee.

Ash has had senior management experience in multinational operations for over 30 years within the medical devices, biotechnology and diagnostics industries. He is currently Chief Executive Officer of Bionic Vision Technologies, a company developing an implantable device to restore sight to the blind. Ash was most recently Vice President of Asia Pacific, Middle East and Israel at TransMedics Inc, a company based in Boston, USA, and is carrying out revolutionary work in the area of heart, lung and Liver organ transplants and preservation. He has held several senior executive roles with global medical devices organizations and has special expertise in the areas of commercialization, business development, clinical, regulatory, R&D, strategic marketing, sales and distribution management.

No other directorships of listed companies were held during the three years to 30 June 2020.

Michael Panaccio, BSc (Hons), MBA, PhD, FAICD – Non-executive Director

Michael Panaccio serves on the Audit and Risk Committee and the Nomination and Remuneration Committee. He was appointed to the Board on 16 May 2008.

Michael is one of the founding directors of Starfish Ventures Pty Ltd, an Australian based venture capital manager. He was formerly an Investment Manager with JAFCO Investment (Asia Pacific). Prior to joining JAFCO, Michael was Head of the

Department of Molecular Biology at the Victorian Institute of Animal Sciences. Michael has previously been a director of numerous technology businesses in Australia and the US including ImpediMed Ltd, SIRTeX Medical Ltd, Protagonist Therapeutic Inc and Energy Response Pty Ltd.

No other Directorships of listed companies were held during the three years to 30 June 2020. Michael is also a director of Starfish Ventures Pty Ltd.

Caroline Elliott, B. Ec, CA, GAICD – Non-executive Director

Caroline Elliott is chair of the Audit and Risk Committee and was appointed to the Board on 24 November 2017.

Caroline is currently a Director of the National Film and Sound Archive of Australia, St John's Ambulance Australia (Vic) and Wiltrust Nominees Pty Ltd. She has previously held non-executive director roles at Cell Therapies Pty Ltd, Peter MacCallum Cancer Centre and the Public Transport Ombudsman Limited. She is currently the Chief Executive Officer at apparel business, The Propel Group Pty Ltd, and was previously the CFO and Company Secretary at Optal Ltd.

No other directorships of listed companies were held during the three years to 30 June 2020.

Andrew Ronchi, B. App. Sci. (Physio), PhD (RMIT Eng), GAICD – Chief Executive Officer, Director

Andrew Ronchi was appointed to the Board on 18 February 2008.

Before co-founding dorsaVi, Andrew was a practising physiotherapist both at an AFL club and in private practice. He has also been founding partner in two physiotherapy centres, the largest of these employing 28 staff (including 13 physiotherapists). Andrew completed a PhD in Computer and Systems Engineering, investigating the reliability and validity of transducers for measuring lumbar spine movement. As CEO of dorsaVi Ltd, Andrew is responsible for all aspects of the Group's operations.

No other directorships of listed companies were held during the three years to 30 June 2020.

Brendan Case, MComLaw (Melb), BEc, CPA, Grad Dip App Fin, Dip FP, FCIS

Brendan Case has served as dorsaVi Ltd's secretary since 29 October 2013 and has more than 20 years of company secretarial, corporate governance and finance experience. He is a former Associate Company Secretary of National Australia Bank Limited (NAB), former secretary of NAB's Audit and Risk Committees and has held senior management roles in risk management and regulatory affairs.

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit and Risk Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
G Tweedly	16	16	-	-
A Attia	16	16	2	2
C Elliott	16	14	2	2
M Panaccio	16	16	2	2
A Ronchi	16	16	-	-

	Nomination and Remuneration Committee	
	Eligible to Attend	Attended
G Tweedly	2	2
A Attia	2	2
M Panaccio	2	2

Directors' Interest in Shares, Performance Rights or Options as at the date of this report.

Names of Holders	Ordinary Shares	Options
M Panaccio	101,819,921	2,918,381
A Ronchi	13,099,827	-
G Tweedly	815,129	3,984,445
A Attia	461,518	2,918,381
C Elliott	370,370	2,918,381

The directors have no interests in performance rights. As approved by shareholders at the 2019 Annual General Meeting (AGM), non-executive directors have been progressively granted 12,739,588 options over ordinary shares in dorsaVi Ltd over the course of the year ended 30 June 2020 and up to the date of this report. The details of each non-executive director's entitlement to options granted and a summary of the related terms is included in Table 5 of this report.

Indemnification and Insurance of Directors and Officers

The Group has insured its Directors, Secretary and executive officers for the financial year ended 30 June 2020. Under the Group's Directors and Officers Liability Insurance Policy, the Group cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium.

The Group also indemnifies every person who is or has been an officer of the Group against any liability (other than for legal costs) incurred by that person as an officer of the Group where the Group requested the officer to accept appointment as Director.

To the extent permitted by law and subject to the restrictions in section 199A and 199B of the *Corporations Act 2001*, the Group indemnifies every person who is or has been an officer of the Group against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Group.

ASIC Instrument on Rounding of Amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

Indemnification and Insurance of Auditors

No indemnities have been given or insurance premiums paid during or since the end of the financial year for any auditors of the Group.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit Services

Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners (Melbourne), network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by dorsaVi Ltd; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for dorsaVi Ltd or any of its related entities, acting as an advocate for dorsaVi Ltd or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of dorsaVi Ltd or any of its related entities.

	2020 $	2019 $
Amounts Paid and Payable to Pitcher Partners Melbourne for Non-audit Services:		
Taxation and Other Compliance Services	14,901	18,727
Total Remuneration for Non-audit Services	14,901	18,727

Remuneration Report (Audited)

The Directors present the Group's 2020 Remuneration Report, which details the remuneration information for dorsaVi Ltd's, Directors and other Key Management Personnel (KMP).

A. Details of the Key Management Personnel

	Period of Responsibility	Position
Non-Executive Directors:		
Greg Tweedly	Full Year	Chairman, Non-Executive Director
Caroline Elliott	Full Year	Independent, Non-Executive Director
Ashraf Attia	Full Year	Independent, Non-Executive Director
Michael Panaccio	Full Year	Non-Executive Director
Executive Director:		
Andrew Ronchi	Full Year	Chief Executive Officer/Director
Executives:		
Matthew May	Full Year	General Manager
Damian Connellan	Full Year	Chief Financial Officer
David Erikson	Full Year	Chief Technology Officer

B. Remuneration Policies

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors is responsible for making recommendations to the Board on the remuneration arrangements for each Non-Executive Director, Executive Director/Chief Executive Officer (CEO) and each Executive reporting to the CEO. The current members of the Nomination and Remuneration Committee are: Ashraf Attia, Michael Panaccio and Greg Tweedly.

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality, high performing directors and executive team. In determining the level and composition of executive remuneration, the Nomination and Remuneration Committee may also engage external consultants to provide independent advice.

The primary responsibility of the Nomination and Remuneration Committee is to review and recommend to the Board:

- Executive remuneration and incentive policies and practices;
- The Executive Director's total remuneration having regard to remuneration and incentive policies;
- The design and total proposed payments from any executive incentive plan and reviewing the performance hurdles for any equity-based plan;
- The remuneration and related policies of Non-Executive Directors for serving on the board and any committee (both individually and in total); and
- Any other responsibilities as determined by the Nomination and Remuneration Committee or the Board from time to time.

Remuneration Strategy

The remuneration strategy of dorsaVi Ltd is designed to attract, motivate and retain Employees, Executives and Non-Executive Directors in Australia, the United States and Europe by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group. To this end, the key objectives of the Group's reward framework are to:

- Align remuneration with the Group's business strategy;
- Offer an attractive mix of remuneration benchmarked against the applicable market's region and country practices;
- Provide strong linkage between individual and Group performance and rewards;
- Offer remuneration based on merit and individual skill matching the role requirements with their experience and responsibilities;
- Align the interests of executives with shareholders and share the success of the Group with the employees; and
- Support the corporate mission statement, values and policies through the approach to recruiting, organizing and managing people.

Remuneration Structure

In accordance with best practice corporate governance, the structure of the Non-Executive Directors and Executive remuneration is separate and distinct.

Non-Executive Director Remuneration Structure

The ASX Listing Rules specify that an entity must not increase the total aggregate amount of remuneration of Non-Executive Directors without the approval of holders of its ordinary securities.

The Board, and since its inception the Nomination and Remuneration Committee, considers the level of remuneration required to attract and retain Non-Executive Directors with the necessary skills and experience for the Group's Board. This remuneration is reviewed with regard to market practice and Non-Executive Directors' duties and accountability.

The constitution provides that the Non-Executive Directors are entitled to remuneration for their services as determined by the Board up to an aggregate limit of $500,000 (which may be increased with Shareholder approval). The Group has previously obtained advice about remuneration levels for Directors of listed companies and, based on that advice, set the following annual Non-Executive Directors' fees:

- Chairman: $75,092 plus superannuation;
- Other Directors: $50,000 plus superannuation; and
- Further fees for acting as chairman of a committee: $5,000 plus superannuation per committee.

The Group determines the maximum amount for remuneration, including thresholds for share-based remuneration for Executives, by resolution. The remuneration received by the Non-Executive Directors for the year ended 30 June 2020 is detailed in Table 1 of this section of the report.

As approved at the 2019 AGM, Non-Executive Directors were, in lieu of the payment of directors' fees, granted 12,739,588 options over ordinary shares. Refer table 5 below for details of the options granted.

Executive Remuneration Structure

The Group provides a remuneration package that incorporates both cash-based remuneration and share-based remuneration. The contracts for service between the Group and Executives are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning Executives with shareholder interests.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation); and
- Variable remuneration – short term incentives (STI) in the form of an annual incentive plan and long-term equity incentive (LTI). STI and LTI are currently only provided to KMP by way of share-based payments and include no cash component.

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Board and Nomination and Remuneration Committee. The process consists of a review of the Group and individual performance, relevant comparative remuneration from external and internal sources and where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and allowances (such as motor vehicle allowance). It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Variable Remuneration – Short-Term Incentive (STI)

Objective

The key objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the Executives charged with meeting those targets.

Structure

Any STI granted depend on the extent to which specific targets set at the beginning of the financial year or on appointment are met. The Key Milestones or Key Performance Indicators (KPI's) cover individual, team and organisational financial measures of performance. Typically included are measures such as: Achieving sales/revenue targets and/or growth, and meeting Group compliance requirements. These measures were chosen as they represent the key drivers for the short-term success of dorsaVi.

The Group has predetermined benchmarks that must be met in order to trigger STI under the STI scheme. Either on an annual or financial year basis, after consideration of performance against the Key Milestones or KPIs, the Nomination and Remuneration Committee, in line with their responsibilities determine the amount, if any, of the STI to be awarded to each Executive. This process usually occurs within one month after the trigger date. Typically, STI awards are made under the Employee Share Ownership Plan (ESOP) and are delivered in the form of share options or performance rights. Each option entitles the holder to one fully paid ordinary share of dorsaVi Ltd at an exercise price to be determined in accordance with the ESOP or by determination by the Nomination and Remuneration Committee. Each performance right vested entitles the holder to one fully paid ordinary share of dorsaVi Ltd at $Nil price.

The annual STI available for executives across the Group are subject to the approval of the Nomination and Remuneration Committee.

Variable Remuneration – Long-Term Incentive (LTI)

Objective

The objectives of providing long term incentives are: To motivate and retain key dorsaVi employees; to attract quality employees; to create commonality of purpose between dorsaVi and its employees; to add wealth for all shareholders of the Group through the motivation of dorsaVi's employees; and by allowing dorsaVi's employees to share in the rewards of the success of dorsaVi through the acquisition of, or entitlements to, shares and options.

Structure

The Board offers LTIs to reward the performance of employees, which is in alignment with shareholders' interests and the long-term benefit of the Group. LTI awards are made under the Employee Share Ownership Plan (ESOP) and are delivered in the form of share options, performance rights or loan for shares. Each option entitles the holder to one fully paid ordinary share of dorsaVi Ltd at an exercise price to be determined in accordance with the ESOP or by determination by the Nomination and Remuneration Committee. Each performance right vested entitles the holder to one fully paid ordinary share of dorsaVi Ltd at $Nil price.

Where an LTI participant ceases employment prior to vesting in their award, the options and unvested performance rights are forfeited unless the Nomination and Remuneration Committee applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

Options and performance rights have been granted, under the ESOP. Refer Table 5 for details of options and performance rights granted to Executives under the ESOP.

Employment Agreements

The Group has entered into employment agreements with all Executives, including the CEO. The Group may terminate an Executive's employment agreement by providing written notice or providing payment in lieu of the notice period (based on the fixed component of the Executive's remuneration). The Group may terminate the contract at any time without notice if serious misconduct has occurred.

The notice periods for key management personnel are as follows:

Name	Notice Period
Andrew Ronchi	6 months
Matthew May	3 months
Damian Connellan	3 months
David Erikson	3 months

CEO Remuneration

At the commencement of the 2020 financial year, Andrew Ronchi's fixed remuneration was US$221,499, including medical benefits insurance, plus director's fees of A$10,000 per annum. Subsequent to the start of the 2020 financial year Andrew Ronchi agreed to reduce his fixed remuneration to US$203,712, including medical benefits insurance, plus director's fees of A$5,000 per annum. In addition, Andrew Ronchi has previously, as approved at a meeting of shareholders, been granted performance rights. During 2020; 513,000 performance rights vested into shares and 87,000 lapsed. As at 30 June 2020; no performance rights remain outstanding. Upon termination of Andrew Ronchi's employment contract, he will be subject to a restraint of trade for a maximum of 12 months.

C. Details of Key Management Personnel Remuneration

(a) Non-Executive Directors' Remuneration: Table 1

	Short-Term	**Post-employment**	**Share-based payments (ii)**	**TOTAL**	**Total performance related**	**Options as % of total**
2020	**Salary fees**	**Pension Plan**	**Options**			
	$	$	$	$	%	%
Non-Executive Directors						
G Tweedly	-	-	80,096	80,096	-	100%
A Attia	-	-	58,667	58,667	-	100%
C Elliott	-	-	58,667	58,667	-	100%
M Panaccio (i)	-	-	58,667	58,667	-	100%
	-	**-**	**256,097**	**256,097**	**-**	

(i) Michael Panaccio provides his services via Starfish Ventures Pty Ltd.
(ii) Includes fees for the period 1 March 2019 through 30 June 2019, subsequently approved by shareholders at the 2019 AGM.

	Short-Term	Post-employment	TOTAL	Total performance related	Share based payments as % of total
2019	Salary fees	Pension Plan			
	$	$	$	%	%
Non-Executive Directors					
C Elliott	34,833	3,309	38,142	-	-
A Attia	34,833	3,309	38,142	-	-
M Panaccio (i)	34,276	-	34,276	-	-
G Tweedly	47,558	4,518	52,076	-	-
	151,500	11,136	162,636	-	-

(i) Michael Panaccio provides his services via Starfish Technology Fund II, LP.

(b) Executives' Remuneration: Table 2

	Short-Term		Post-employment	Share-based payments	Total	Total performance related	Share based payments as % of total
2020	Salary, fees	Other (i)	Pension Plan	Equity (ii)			
	$	$	$	$	$	%	%
Executive Director:							
A Ronchi (iii)	285,473	31,996	5,000	30,356	352,825	8.6	8.6
Executives:							
D Connellan	71,205	-	-	19,091	90,296	21.1	21.1
D Erikson	188,009	-	17,861	14,737	220,607	6.7	6.7
M May	210,128	-	19,962	2,690	232,780	1.2	1.2
	754,815	**31,996**	**42,823**	**66,874**	**896,508**	**7.5**	**7.5**

(i) Other benefits include the payment of certain health insurance premiums in the US.
(ii) Share based payments comprise the grant of performance rights and shares, and, for accounting purposes, are valued the same as options.
(iii) Foreign currency amounts are converted into AUD at the average exchange rates applicable throughout the year.

	Short-Term	Post-employment		Total		

2019	Salary, fees	Other (i)	Pension Plan	Share based payments Equity (ii)		Total performance related	Share based payments as % of total
	$	$	$	$	$	%	%
Executive Director:							
A Ronchi (iii)	389,709	30,445	21,250	91,079	532,483	17.1	17.1
Executives:							
M Blackburn (v)	89,837	-	8,439	1,358	99,634	1.4	1.4
D Connellan	51,527	-	-	-	51,527	-	-
M Connell (iv)	145,091	-	11,935	695	157,721	0.4	0.4
D Erikson	190,000	-	18,050	-	208,050	-	-
M May	240,000	-	20,531	48,544	309,075	15.7	15.7
Z Whyatt (iii), (vi)	16,842	3,183	1,138	891	22,054	4.0	4.0
	1,123,006	33,628	81,343	142,567	1,380,544	10.3	10.3

(i) Other benefits include the payment of certain health and disability related insurance premiums in the US and UK.
(ii) Share based payments comprise mixture of the grant of options, performance rights, and loan shares backed by an interest free, non-recourse loan. For accounting purposes, all these equity instruments are valued the same as options.
(iii) Foreign currency amounts are converted into AUD at the average exchange rates applicable throughout the year.
(iv) Resigned, 22 March 2019.
(v) Resigned, 21 December 2018.
(vi) Resigned, 10 August 2018.

D. Relationship between Remuneration and Group Performance

(a) Remuneration Not Dependent on Satisfaction of Performance Condition

The non-executive remuneration policy is not directly related to Group performance. The Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the Group for shareholders.

(b) Remuneration Dependent on Satisfaction of Performance Condition

A portion of the Executive Remuneration is based on attainment of performance conditions. Performance-based remuneration may include short-term and long-term incentive plans. Performance-based remuneration granted to key management personnel has regard to Group performance over a twelve month to 3-year period.

Summary of the performance conditions for KMP with performance-linked equity instruments: Table 3

KMP	Conditions for vesting of Options and Performance Rights
Andrew Ronchi	Key Milestones as determined by and at the discretion of the Board
Matthew May	Key Milestones as determined by and at the discretion of the Board
Damian Connellan	Key Milestones as determined by and at the discretion of the Board
David Erikson	Key Milestones as determined by and at the discretion of the Board

The conditions were selected to promote the creation of shareholder wealth during the period.

(c) Consequences of Group's Performance on Shareholder Wealth

Summary of Group Performance and Key Performance Indicators: Table 4

Company Performance	2020	2019	2018	2017	2016
Revenue	2,397,059	3,223,869	4,394,271	3,897,882	3,238,138
% increase/(decrease)	(26%)	(27%)	13%	20%	75%
Loss after tax	(7,593,079)	(4,020,751)	(3,727,073)	(3,876,248)	(5,237,102)
% (increase)/decrease	(89%)	(8%)	4%	26%	35%
Change in share price	(68%)	(58%)	(59%)	7%	4%
Dividend paid to shareholders	-	-	-	-	-
Return of capital	-	-	-	-	-
Total remuneration of KMP	1,152,605	1,543,180	2,433,653	2,182,038	2,450,850
Total performance based remuneration	66,874	142,567	369,702	290,885	98,264

E. Key Management Personnel's Share-Based Compensation

(a) Details of Compensation Equity

Table 5

2020							Terms and conditions for each grant			
Grant Date (i), (ii)	Number Granted	Value per unit at grant date	Vested during the year	Year in which equity may vest	Vest	Lapsed/re-moved during the year	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
		$			%		$			
Non-Executive Directors:										
G Tweedly:										
28-Nov-19	400,486	0.026	400,486	2020	100%	-	0.086	4-Dec-24	4-Dec-20	4-Dec-24
28-Nov-19	349,261	0.026	349,261	2020	100%	-	0.072	4-Dec-24	4-Dec-20	4-Dec-24
7-Jan-20	577,625	0.026	577,625	2020	100%	-	0.036	7-Jan-25	7-Jan-20	7-Jan-25
7-Apr-20	1,501,824	0.010	1,501,824	2020	100%	-	0.024	7-Apr-25	7-Apr-20	7-Apr-25
7-Jul-20	1,155,249	0.029	1,155,249	2020	100%	-	0.018	7-Jul-25	7-Jul-20	7-Jul-25
A Attia:										
28-Nov-19	293,334	0.026	293,334	2020	100%	-	0.086	4-Dec-24	4-Dec-20	4-Dec-24
28-Nov-19	255,814	0.026	255,814	2020	100%	-	0.072	4-Dec-24	4-Dec-20	4-Dec-24
7-Jan-20	423,077	0.026	423,077	2020	100%	-	0.036	7-Jan-25	7-Jan-20	7-Jan-25
7-Apr-20	1,100,001	0.010	1,100,001	2020	100%	-	0.024	7-Apr-25	7-Apr-20	7-Apr-25
7-Jul-20	846,155	0.029	846,155	2020	100%	-	0.018	7-Jul-25	7-Jul-20	7-Jul-25
C Elliott:										
28-Nov-19	293,334	0.026	293,334	2020	100%	-	0.086	4-Dec-24	4-Dec-20	4-Dec-24
28-Nov-19	255,814	0.026	255,814	2020	100%	-	0.072	4-Dec-24	4-Dec-20	4-Dec-24
7-Jan-20	423,077	0.026	423,077	2020	100%	-	0.036	7-Jan-25	7-Jan-20	7-Jan-25
7-Apr-20	1,100,001	0.010	1,100,001	2020	100%	-	0.024	7-Apr-25	7-Apr-20	7-Apr-25
7-Jul-20	846,155	0.029	846,155	2020	100%	-	0.018	7-Jul-25	7-Jul-20	7-Jul-25
M Panaccio:										
28-Nov-19	293,334	0.026	293,334	2020	100%	-	0.086	4-Dec-24	4-Dec-20	4-Dec-24
28-Nov-19	255,814	0.026	255,814	2020	100%	-	0.072	4-Dec-24	4-Dec-20	4-Dec-24
7-Jan-20	423,077	0.026	423,077	2020	100%	-	0.036	7-Jan-25	7-Jan-20	7-Jan-25
7-Apr-20	1,100,001	0.010	1,100,001	2020	100%	-	0.024	7-Apr-25	7-Apr-20	7-Apr-25
7-Jul-20	846,155	0.029	846,155	2020	100%	-	0.018	7-Jul-25	7-Jul-20	7-Jul-25
Executives:										
A Ronchi:										
29-Nov-16	150,000	0.45	63,000	2020	42%	87,000	-	N/A	N/A	N/A
29-Nov-16	450,000	0.45	450,000	2020	100%	-	-	N/A	N/A	N/A
M May:										
5-Nov-14	20,000	0.27	-	2025	100%	-	0.40	5-Nov-24	N/A	N/A
5-Jun-17	125,000	0.31	75,750	2020	61%	49,250	-	N/A	N/A	N/A
5-Jun-17	200,000	0.31	200,000	2020	100%	-	-	N/A	N/A	N/A
D Erikson:										
18-Sep-19	100,000	0.04	100,000	2020	100%	-	-	N/A	N/A	N/A
18-Sep-19	70,000	0.04	68,250	2020	98%	1,750		N/A	N/A	N/A
18-Sep-19	115,000	0.04	-	2021	-	-		1-Oct-20	1-Oct-20	1-Oct-20
18-Sep-19	115,000	0.04	-	2022	-	-	-	1-Oct-21	1-Oct-21	1-Oct-21
18-Sep-19	200,000	0.04	-	2023	-	-	-	1-Sep-22	1-Sep-22	1-Sep-22
D Connellan:										
18-Sep-19	200,000	0.04	200,000	2020	100%	-	-	N/A	N/A	N/A
25-Jun-20	1,071,071	0.01	1,071,071	2020	100%	-	-	N/A	N/A	N/A
	15,555,659		**14,967,659**			**138,000**				

(i) The options granted to non-executive directors are in lieu of the payment of directors' fees.
(ii) The performance rights granted to executives are subject to performance and retention conditions.

2019							Terms and conditions for each grant			
Grant Date (i)	Number Granted	Value per unit at grant date	Vested during the year	Year in which equity may vest	Vest	Forfeited during the year	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
		$			%		$			
Executives:										
A Ronchi:										
29-Nov-16	150,000	0.45	11,250	2019	8%	138,750	-	N/A	N/A	N/A
29-Nov-16	150,000	0.45	-	2020	-	-	-	1-Oct-19	1-Oct-19	1-Oct-19
29-Nov-16	450,000	0.45	-	2020	-	-	-	29-Nov-19	29-Nov-19	29-Nov-19
M May:										
5-Nov-14	20,000	0.27	-	2019	100%	-	0.40	5-Nov-19	N/A	N/A
5-Jun-17	125,000	0.31	22,500	2019	18%	102,500	-	N/A	N/A	N/A
5-Jun-17	125,000	0.31	-	2020	-	-	-	1-Oct-19	1-Oct-19	1-Oct-19
5-Jun-17	200,000	0.31	-	2020	-	-	-	1-Jul-19	1-Jul-19	1-Jul-19
M Blackburn: (ii)										
5-Jun-17	100,000	0.31	22,500	2019	23%	77,500	-	N/A	N/A	N/A
5-Jun-17	100,000	0.31	-	2020	-	100,000	-	N/A	N/A	N/A
5-Jun-17	150,000	0.31	-	2020	-	150,000	-	N/A	N/A	N/A
M Connell: (iii)										
5-Jun-17	50,000	0.31	11,500	2019	23%	38,500	-	N/A	N/A	N/A
5-Jun-17	50,000	0.31	-	2020	-	50,000	-	N/A	N/A	N/A
5-Jun-17	150,000	0.31	-	2020	-	150,000	-	N/A	N/A	N/A
Z Whyatt: (iv)										
15-May-17	500,000	0.33	-	2017	100%	-	0.33	15-May-22	15-May-17	15-May-22
15-May-17	78,333	0.33	-	2018	100%	-	0.33	1-Oct-22	1-Oct-17	1-Oct-22
15-May-17	133,333	0.33	24,166	2019	18%	109,167	0.33	1-Oct-23	1-Oct-18	1-Oct-23
15-May-17	133,334	0.33	-	2020	-	133,334	-	N/A	N/A	N/A
15-May-17	350,000	0.33	-	2020	-	350,000	-	N/A	N/A	N/A
	3,015,000		91,916			1,399,751				

(i) The options and performance rights granted are subject to performance and retention conditions.
(ii) M Blackburn resigned, 21 December 2018.
(iii) M Connell resigned, 22 March 2019.
(iv) Z Whyatt resigned, 10 August 2018.

As at 30 June 2020, no options have been exercised and, accordingly, no shares have been issued as a result of options previously vested.

F. Key Management Personnel's Equity Holdings

(a) Number of Equity Holdings held by Key Management Personnel

As at 30 June 2020, no key management personnel held options, under the Group's Employee Share Ownership Plan 2013. The non-executive directors, as approved at the 2019 AGM, were granted 12,739,588 options over ordinary shares in lieu of the payment of directors' fees, refer table 5 above.

As at 30 June 2020, key management personnel held 430,000 performance rights under the Group's Employee Share Ownership Plan 2013, which, on vesting, convert to 430,000 ordinary shares of the Group. As at 30 June 2020, none of these performance rights had vested and converted to shares.

(b) Number of Shares held by Key Management Personnel (Consolidated)

The relevant interest of each key management personnel in the share capital of the Group as notified the ASX as at 30 June 2020 is as follows:

Table 7

2020	Balance 30 June 2019	Vested on Achievement of KPI	Participation in share Issue	Net Change Other	Balance 30 June 2020
Non-Executive Directors					
A Attia	281,518	-	180,000	-	461,518
C Elliott	-	-	370,370	-	370,370
M Panaccio	89,280,662	-	12,469,259	-	101,749,921
M Panaccio (relevant interest)	1,000,000	-	-	(930,000)	70,000
G Tweedly	115,129	-	700,000	-	815,129
Executive Director					
A Ronchi	8,886,323	513,000	3,700,504	-	13,099,827
Executives					
D Connellan	-	1,271,071	700,000	-	1,971,071
D Erikson	-	168,250	-	-	168,250
M May	195,000	275,750	-	-	470,750
	99,758,632	**2,228,071**	**18,120,133**	**(930,000)**	**119,176,836**

G. Loans to Key Management Personnel

(a) Aggregate of Loans Made

There were no loans made to key management personnel during the 2020 financial year (2019: $Nil). There were no outstanding loans to key management personnel as at 30 June 2020 (30 June 2019: $Nil).

H. Other Transactions with Key Management Personnel

(a) Transactions with Key Management Personnel of the Entity or its Parent and their Personally Related Entities

During the year, dorsaVi Ltd did not enter into any transactions with key management personnel or their personally related entities.

(b) Transactions with Other Related Parties

Starfish Ventures Pty Ltd is considered a related party in accordance with the definition under *AASB 124: Related Parties*. During the first five months of the year ended 30 June 2019, Starfish Ventures Pty Ltd leased property and charged rent to dorsaVi Ltd. The Rental arrangement ceased in November 2018. Total value of rental charges during the year ended 30 June 2020 was $Nil (2019: $83,570). The rent was charged to dorsaVi on normal terms and conditions. The balance outstanding at balance date was $Nil (2019: $Nil).

During the year ended 30 June 2020, dorsaVi Ltd paid $Nil (2019: $34,276) to Starfish Technology Fund II, LP on behalf of Michael Panaccio for director's fees. As approved by shareholders at the 2019 AGM, Non-Executive Directors were granted options over ordinary shares in lieu of the payment of directors' fees as from 1 March 2019. During the year ended 30 June 2020, Starfish Ventures Pty Ltd was granted 2,918,381 options (refer table 5) on behalf of Michael Panaccio (2019: Nil).

I. Use of Remuneration Consultants

During the year the Board did not engage remuneration consultants.

J. Voting and Comments made at the Group's 2019 Annual General Meeting (AGM)

At the Group's most recent AGM, resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report that was considered at the AGM.

-----------------------------------End of the Remuneration Report--

Signed in accordance with a resolution of the directors

Greg Tweedly
Chairman

Melbourne
Date: 26 August 2020

Andrew Ronchi
Director and CEO

Melbourne
Date: 26 August 2020

dorsaVi Ltd and controlled entities
ABN 15 129 742 409

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of dorsaVi Ltd

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of dorsaVi Ltd and the entities it controlled during the year.

S SCHONBERG
Partner

26 August 2020

PITCHER PARTNERS
Melbourne

Financial Report for the Year Ended 30 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Revenue and other income:			
Sales revenue	4	2,019,220	2,514,992
Other income	4	377,839	708,877
		2,397,059	3,223,869
Less: Expenses:			
Cost of sales	5	(96,967)	(448,597)
Advertising expenses		(212,323)	(185,009)
Conference expenses		(83,460)	(137,852)
Consultancy expenses		(55,644)	(218,940)
Depreciation and amortisation expenses	5	(1,039,647)	(965,854)
Employee benefits expenses	5	(3,040,365)	(3,979,898)
Provision for impairment of intangibles	5	(4,018,354)	-
Finance costs		(167,451)	(32,136)
Change in fair value of derivative liability		(278,151)	-
Occupancy expenses		(100,084)	(198,495)
Professional fees		(486,184)	(459,934)
Software expenses		(291,562)	(330,821)
Travel expenses		(141,929)	(207,899)
Other expenses		(435,381)	(645,834)
		(10,447,502)	(7,811,269)
Loss before income tax benefit		(8,050,443)	(4,587,400)
Income tax benefit	6	457,364	566,649
Loss from continuing operations		(7,593,079)	(4,020,751)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign subsidiaries net of tax		19,511	(500,365)
Other comprehensive income for the year		19,511	(500,365)
Loss for the year		(7,573,568)	(4,521,116)
Loss per share for loss from continuing operations attributable to equity holders of the parent entity:			
Basic loss per share	22	(3.49 cents)	(2.15 cents)
Diluted loss per share	22	(3.49 cents)	(2.15 cents)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Current assets			
Cash and cash equivalents	8	1,685,288	2,766,419
Receivables	9	931,220	1,363,607
Inventories	10	683,139	308,520
Other assets	11	149,721	142,578
Total current assets		3,449,368	4,581,124
Non-current assets			
Intangible assets	12	-	4,069,915
Plant and equipment	13	378,411	577,695
Total non-current assets		378,411	4,647,610
Total assets		3,827,779	9,228,734
Current liabilities			
Payables	14	1,240,480	1,513,207
Borrowings	15	181,941	-
Lease liability	16	144,269	125,524
Provisions	17	206,911	340,133
Total current liabilities		1,773,601	1,978,864
Non-current liabilities			
Borrowings	15	1,482,993	-
Lease liability	16	102,715	235,470
Provisions	17	9,441	25,106
Total non-current liabilities		1,595,149	260,576
Total liabilities		3,368,750	2,239,440
Net assets		459,029	6,989,294
Equity			
Share capital	18	41,080,353	40,381,715
Reserves	19	233,253	(77,193)
Accumulated losses	19	(40,854,577)	(33,315,228)
Total equity		459,029	6,989,294

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated Entity	Share capital	Reserves	Accumulated losses	Total Equity
	$	$	$	$
Balance as at 1 July 2018	38,455,224	731,407	(29,769,466)	9,417,165
Loss for the year	-	-	(4,020,751)	(4,020,751)
Exchange differences on translation of foreign operations, net of tax	-	(500,365)	-	(500,365)
Total comprehensive income for the year	-	(500,365)	(4,020,751)	(4,521,116)
Transactions with owners in their capacity as owners:				
Issue of shares	2,088,616	-	-	2,088,616
Cost of raising capital	(162,125)	-	-	(162,125)
Employee share ownership plan	-	166,754	-	166,754
Equity instruments lapsed	-	(474,989)	474,989	-
	1,926,491	(308,235)	474,989	2,093,245
Balance as at 30 June 2019	40,381,715	(77,193)	(33,315,228)	6,989,294
Balance as at 1 July 2019	40,381,715	(77,193)	(33,315,228)	6,989,294
Loss for the year	-	-	(7,593,079)	(7,593,079)
Exchange differences on translation of foreign operations, net of tax	-	19,511	-	19,511
Total comprehensive income for the year	-	19,511	(7,593,079)	(7,573,568)
Transactions with owners in their capacity as owners:				
Issue of shares	746,760	-	-	746,760
Cost of raising capital	(48,122)	-	-	(48,122)
Employee share ownership plan	-	344,665	-	344,665
Equity instruments lapsed	-	(53,730)	53,730	-
	698,638	290,935	53,730	1,043,303
Balance as at 30 June 2020	41,080,353	233,253	(40,854,577)	459,029

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Cash flow from operating activities			
Receipts from customers		2,300,250	3,593,957
Payments to suppliers and employees		(5,331,856)	(6,716,175)
Interest paid		(104,844)	(32,136)
Grants and sundry income received		278,252	140,225
Interest received		99,587	46,610
Income tax refunded		579,057	884,476
Net cash used in operating activities	20 (b)	(2,179,554)	(2,083,043)
Cash flow from investing activities			
Payment for plant and equipment		(4,073)	(34,023)
Payment for intangibles		(784,729)	(969,139)
Net cash used in investing activities		(788,802)	(1,003,162)
Cash flow from financing activities			
Proceeds from share issue		746,760	2,088,616
Proceeds from convertible note issue		1,155,000	-
Cost of raising capital and issuing convertible note		(105,872)	(162,125)
Proceeds from borrowings		240,317	-
Repayment of borrowings		(34,970)	-
Payment of principal portion lease liability		(114,010)	(40,724)
Net cash provided by financing activities		1,887,225	1,885,767
Reconciliation of cash			
Cash at beginning of the financial year		2,766,419	3,966,857
Net decrease in cash held		(1,081,131)	(1,200,438)
Cash at end of the year	20 (a)	1,685,288	2,766,419

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation of the Financial Report

This financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report covers dorsaVi Ltd and controlled entities as a Group. dorsaVi Ltd is a company limited by shares, incorporated and domiciled in Australia at: 86 Denmark Street, Kew, Victoria, 3101. dorsaVi Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on the date of the directors' report.

Compliance with International Financial Reporting Standards:

The consolidated financial statements of dorsaVi Ltd also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical Cost Convention:

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant Accounting Estimates and Judgements:

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) New and Revised Accounting Standards Effective at 30 June 2020

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019. AASB 16 *Leases* was adopted during the year ended 30 June 2019.

The group has elected to early adopt AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* in the current reporting period, with effect from 1 July 2019 (the beginning of the current reporting period).

AASB 2020-4 amends AASB 16 *Leases* to provide an optional practical expedient to lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

In accordance with AASB 2020-4, the group has elected to apply the practical expedient not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications, and to account for any changes in lease payments resulting from the rent concessions as if the changes were not lease modifications. Any gains arising from COVID-19 related rent concessions are recognised in profit or loss.

(c) Going Concern

The financial report has been prepared on a going concern basis. The Group incurred a loss from ordinary activities after income tax of $7,593,079 during the year ended 30 June 2020 (2019: $4,020,751) after providing for the impairment of intangible assets of $4,018,354 (2019: $nil). The group had a net decrease in cash of $1,081,131 (2018: decrease $1,200,438) after raising additional share capital of $746,760 and issuing convertible notes totalling $1,155,000 before costs. As at 30 June 2020, the Group's current assets exceed current liabilities by $1,675,767 (2019: $2,602,260).

Throughout the year the Group has continued its strong focus on cost management and creating a sustainable cost base for the business. There remains an emphasis on expansion into the US market and building annuity revenue streams through the launch of Software as a Service (SaaS) platforms. Opportunities for future growth are expected to come from product exposure in the US market and the scalability of annuity products.

COVID-19 had a detrimental effect on the ability to grow revenues in the 2nd half of the year. Whilst the timing of COVID-19's impact remains uncertain, the effect on sales revenue is considered to be temporary. COVID-19 has also caused the company to more aggressively reduce costs than would have otherwise been the case, and the company has also been the recipient of various COVID-19 government assistance packages. The Group is also considering means by which additional equity or debt funding may be obtained. There are inherent uncertainties associated with the forecast assumptions regarding the ability to sustain and grow revenues and contain and reduce costs, and ability to obtain additional debt or equity funding if required.

In determining the basis for preparation of the financial report, the Directors have assessed the financial performance, future operating plans, financial forecasts, existing financial position and additional funding opportunities potentially available to the Group. The Directors believe there are reasonable grounds to expect the Group to be able to continue as a going concern for at least 12 months from the date of issue of the financial report, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As a result of the above, the Directors have concluded that the going concern basis is appropriate.

Given the circumstances detailed above, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

(d) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and all of the entities which the parent controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

(e) Revenue from contracts with customers

The Group derives revenue from the sale of wearable sensors and software. The devices, when used with Group software, allow the accurate measurement of movement at a variety of different places on the human body or the activity of muscles.

Revenue from integrated sales of devices and software:

The Group's contracts with customers are typically integrated and requires the provision of devices and software which is not separately identifiable and so is considered a bundle of goods and services. Revenue from the sale or lease of devices and licencing of software is recognised over the licence term.

Revenue from consulting:

Revenue from consulting contracts is recognised over time, as the services are provided to the customer, based on service hours performed as a percentage of estimated total service hours under the contract. Recognising revenue on the basis of service hours is considered an appropriate method of recognising revenue as it is consistent with the manner in which services are provided to the customer.

Revenue from the sale of consumables:

The Group sells various consumables goods to customers to support their ongoing use of their wearable sensors. Revenue from the consumables is recognised at the point in time when control of the goods is transferred to the customer, which generally occurs at the time of delivery. Customers are, either, required to pay in full for all goods received at the time of purchase, or, are invoiced on a monthly basis depending on the contract. Outstanding invoices are due for payment within 30 days of the invoice date.

Consideration included in the measurement of revenue:

The consideration to be received from customers is generally fixed and based on the customer contract.

Receivables from contracts with customers:

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e. only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Contract assets:

A contract asset represents the Group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the Group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities:

A contract liability represents the Group's obligation to transfer goods or services to the customer for which the company has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers the contracted goods or services to the customer.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing inventories to their present location and condition.

(h) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment loss.

Depreciation:

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of Fixed Asset	Depreciation Rates	Depreciation Basis
Testing equipment	10-50%	Diminishing value
Leased devices	20%	Straight line
Office equipment	10-67%	Diminishing value
Furniture, fixtures and fittings	10-20%	Diminishing value
Right to use asset	31%	Straight line
Tooling	10%	Straight line

(i) Leases

Lease assets:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the company, and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease liabilities are initially recognised at the present value of the future lease payments (i.e. the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

The group has elected to early adopt AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* in the current reporting period, with effect from 1 July 2019 (the beginning of the current reporting period). Refer Note 1(b) for more detail.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets:

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(j) Intangibles

Patents:

Patents, trademarks and licenses are recognised at cost and depreciated on a straight-line basis over their effective lives, which is estimated to be 10 and 20 years.

Research:

Expenditure on research activities is recognised as an expense when incurred.

Development Expenditure:

Development expenditure encompasses the cost of developing new products including mobile applications, algorithms, sensors, hardware and firmware. Development expenditure is capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using a straight-line method to allocate the cost of the intangible asset over its estimated useful life, which range from 5 to 10 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(k) Impairment of Non-Financial Assets

Intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows - Cash Generating Units (CGU). Accordingly, most assets are tested for impairment at the cash-generating unit level.

Intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or CGU exceeds the asset's or CGU's recoverable amount. The recoverable amount of an asset or CGU is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of CGU's are allocated first against the carrying amount of any goodwill attributed to the CGU with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant CGU.

(l) Income Tax

Current income tax benefit is the tax receivable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities. Current income tax benefit incudes refundable research and development tax offsets.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation:

dorsaVi Ltd (parent entity) and its wholly owned subsidiary, Australian Workplace Compliance Pty Ltd, have applied tax consolidation legislation and formed a tax-consolidated group from 1 July 2014. The parent entity and subsidiary in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- The parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- The subsidiary recognises current or deferred tax amounts arising in respect of their own transactions, events and balances;
- Current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of the subsidiary in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(m) Employee Benefits

(i) Short-Term Employee Benefit Obligations:

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-Term Employee Benefit Obligations:

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement Benefit Obligations:

The Group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Share-Based Payments:

The Group operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

(v) Bonus Plan:

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment and the amount can be reliably measured.

(n) Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs are expensed as incurred.

(o) Financial Instruments

Initial recognition and measurement:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets:

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:
(a) the Group's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities:

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Trade and other receivables:

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days. Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets:

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;
(b) debt instruments classified at fair value through other comprehensive income; and
(c) receivables from contracts with customers and contract assets.

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the Group to have a strong financial position and no history of past due amounts from previous transactions with the Group.

The Group determines expected credit losses using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The Group has identified expected credit loss rates for the purpose of measuring expected credit losses. These credit loss rates have been selected based on the Group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the Group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:
(a) significant financial difficulty of the issuer or the borrower;
(b) breach of contract;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e. reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

(p) Foreign Currency Translations and Balances

Functional and Presentation Currency:

The financial statements of each entity within the Group are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transactions and Balances:

Transactions undertaken in foreign currencies are recognised in the Group's functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses in the financial year in which they arose.

Foreign Subsidiaries:

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency.

(s) Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of Non-Financial Assets other than Goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group. Impairment triggers include declining product performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined.

The recoverable amount of a CGU is based on value in use calculations. The Directors have determined that there is one CGU applicable to the cash flows generated. Value in use calculations are based on projected cash flows approved by management covering a maximum five-year period. Management's determination of cash flow projections are based on past performance and its expectations of the future.

(b) Income Tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Employee Benefits

The calculation of long-term employment benefits requires estimation of the retention of staff, future wage levels and timing of the settlement of employee entitlements. The estimates are based on historical trends.

(d) Share Based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments on the date at which they are granted. The value of equity instruments granted is determined according to the fair value of goods or services received unless that fair value cannot be estimated reliably, in which case the fair value is determined by reference to the underlying value of equity instruments granted.

NOTE 3: FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks comprising:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The Board of directors has overall responsibility for identifying and managing operational and financial risks.
The Group holds the following financial instruments:

	2020 $	2019 $
Financial assets:		
Cash and cash equivalents	1,685,288	2,766,419
Trade receivables	284,886	617,700
Other receivables	646,334	745,907
	2,616,508	4,130,026
Finance liabilities:		
Trade payables	79,656	228,668
Borrowings	1,664,934	-
Lease liability	246,984	360,994
Other payables	1,160,824	1,284,539
	3,152,398	1,874,201

(a) Currency Risk

The Group undertakes transactions denominated in foreign currencies. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk through the operation of wholly owned subsidiaries in the United Kingdom and the United States of America and transactions occurring with countries in currencies that differ to the presentation currency of the Group.

Whilst operations in these geographical regions are in their infancy, the Group has not established a hedging policy to mitigate adverse currency risk.

The carrying amount of foreign currency denominated monetary assets and monetary liabilities at reporting date are:

	2020 $		2019 $	
	USD	GBP	USD	GBP
Current assets	366,204	202,301	450,706	483,970
Current liabilities	224,352	244,044	251,895	352,753
	141,853	(41,743)	198,811	131,217

Sensitivity:

If foreign exchange rates were to increase/decrease by 10% from rates used in the profit or loss during the financial year, assuming all other variables that might impact on fair value remain constant, then the impact on loss for the year and equity is as follows:

	2020 $	2019 $
+/- 10%		
Impact on loss after tax	96,780	131,019
Impact on equity	96,780	131,019

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group’s exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2020
Financial Instruments

	Interest Bearing $	Non-interest bearing $	Total carrying amount $	Weighted average effective interest rate
Financial assets				
Cash	1,556,908	-	1,556,908	0.70% Floating
Term Deposit	51,381	-	51,381	2.65% Fixed
Term Deposit	27,932	-	27,932	2.20% Fixed
Term Deposit	49,067	-	49,067	1.92% Fixed
Trade receivables	-	284,886	284,886	0.00%
Other receivables	-	646,334	646,334	0.00%
	1,685,288	931,220	2,616,508	
Financial liabilities				
Trade payables	-	79,656	79,656	0.00%
Insurance finance facility	52,455	-	52,455	3.9% Fixed
Paycheck Protection Program loan	152,892	-	152,892	1% Fixed
Convertible note	1,459,587	-	1,459,587	10% Fixed
Lease liability	246,984	-	246,984	12% Fixed
Other payables	-	1,160,824	1,160,824	0.00%
	1,911,918	1,240,480	3,152,398	

2019
Financial Instruments

	Interest Bearing $	Non-interest bearing $	Total carrying amount $	Weighted average effective interest rate
Financial assets				
Cash	1,638,124	-	1,638,124	0.70% Floating
Flexi Deposit	999,856	-	999,856	1.80% Fixed
Term Deposit	51,381	-	51,381	2.66% Fixed
Term Deposit	27,932	-	27,932	2.20% Fixed
Term Deposit	49,126	-	49,126	2.61% Fixed
Trade receivables	-	617,700	617,700	0.00%
Other receivables	-	745,907	745,907	0.00%
	2,766,419	1,363,607	4,130,026	
Financial liabilities				
Trade payables	-	228,668	228,668	0.00%
Lease liability	360,994	-	360,994	12.00% Fixed
Other payables	-	1,284,539	1,284,539	0.00%
	360,994	1,513,207	1,874,201	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk. There are no variable interest borrowings in the Group. The Group is exposed to variable interest cash and cash deposits held; however, fluctuations due to interest rates are considered immaterial.

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of known and existing customers and reputable organisations.

(i) Cash Deposits:

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade Receivables:

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The ageing analysis of trade and other receivables is provided in Note 9.

As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms.

(iii) Other Receivables:

Other receivables relate to research and development tax concessions receivable from the Australian Taxation Office and do not pose a material credit risk and unbilled debtors in relation to accrued income.

(d) Liquidity Risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that, at all times, it has sufficient liquidity to meet its liabilities. The Group has cash reserves and expects to settle all financial liabilities when they fall due.

(e) Fair Value

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	2020 $	2019 $
Revenue recognised at a point in time:		
Clinical income	134,482	359,020
Workplace income	381,529	653,576
Project income	-	221,551
	516,011	1,234,147
Revenue recognised over time:		
Clinical income	990,669	977,797
Workplace income	512,540	303,048
	1,503,209	1,280,845
	2,019,220	2,514,992
Revenue from contracts with customers is disclosed in the segment note as follows:		
Clinical income	1,125,151	1,336,817
Workplace income	894,069	956,624
Project income	-	221,551
	2,019,220	2,514,992
Other income:		
Grant and other income	278,252	140,225
Interest income	99,587	46,610
Foreign exchange gain	-	522,042
	377,839	708,877
	2,397,059	3,223,869

Revenue from device sales is recognised over time and not at a point in time in accordance with AASB 15. Foreign exchange gains or losses on the translation of foreign operations, previously recorded through the statement of comprehensive profit or loss are now accounted for through a reserve, refer Note 19.

NOTE 5: LOSS FROM CONTINUING OPERATIONS

Loss before income tax has been determined after:

	2020 $	2019 $
Depreciation	203,357	182,377
Amortisation of patents and intangibles	836,290	783,477
Provision for impairment of patents and intangibles	4,018,354	-
	5,058,001	965,854
Employee benefits expense:		
- Share based payments	344,665	166,754
- Other employee benefits	3,353,872	4,514,547
	3,698,537	4,681,301
Less employee benefits capitalised	658,172	701,403
Employee benefits expense	3,040,365	3,979,898
Operating lease rental	-	198,495
Research and development expense	1,051,411	1,302,641
Cost of sales	96,967	448,597
Bad debts	27,375	171,092

NOTE 6: INCOME TAX

	2020 $	2019 $
(a) Components of tax benefit		
Current tax	(457,364)	(566,649)
(b) Prima facie tax payable		
The prima facie tax refundable on loss before income tax is reconciled to the income tax benefit as follows:		
Prima facie income tax refundable on loss before income tax at 27.5% (2019: 27.5%)	(2,213,872)	(1,261,535)
Add tax effect of:		
- Accounting R&D expenditure	281,293	371,997
- Other non-allowable items	-	172
- Impairment of intangibles	1,105,047	-
- Deferred tax assets/liabilities not recognised	27,255	-
- Share based payments expense	94,783	45,857
- Tax losses not recognised	786,660	1,059,944
	2,295,038	1,477,970
Less tax effect of:		
- R&D tax offset	444,955	566,649
- Deduction under s40-880	49,566	-
- Under provision for tax in the prior year	12,409	-
- Effect of foreign tax rates	31,601	12,529
- Deferred tax assets not recognised	-	203,906
	538,531	783,084
Income tax benefit attributable to loss	(457,365)	(566,649)
(c) Deferred tax assets not brought to account		
Temporary differences	229,734	202,563
Operating tax losses	7,832,197	6,846,669
	8,061,931	7,049,232

NOTE 7: DIVIDENDS

There were no dividends paid during the period.

NOTE 8: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and on hand	1,556,908	1,638,124
Deposits at call	128,380	1,128,295
	1,685,288	2,766,419

NOTE 9: RECEIVABLES

CURRENT		
Receivables from contracts with customers	374,727	744,311
Allowance for credit losses	(89,841)	(126,611)
	284,886	617,700
Contract assets	201,379	179,259
R&D tax offset refundable	444,955	566,648
	931,220	1,363,607

Credit losses:

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

	2020 $	2019 $
Life-time expected credit losses - receivables from contracts with customers:		
Loss allowance at 1 July	(126,611)	(80,978)
Net remeasurement of loss allowance	(27,375)	(171,092)
Amounts written off	64,145	125,459
Loss allowance at 30 June	(89,841)	(126,611)

	Not past due	Past due 0-30 days	Past due 30-90 days	Past due 90+ days	Total
30 June 2020:					
Estimated total gross carrying amount at default	69,457	107,223	37,928	160,119	374,727
Expected credit loss rate	-%	-%	1%	56%	24%
Expected credit loss	-	31	475	89,335	89,841
30 June 2019:					
Estimated total gross carrying amount at default	178,090	268,932	82,061	215,228	744,311
Expected credit loss rate	1%	3%	10%	50%	17%
Expected credit loss	1,781	8,068	8,206	108,5566	126,611

	2020 $	2019 $
NOTE 10: INVENTORIES		
CURRENT		
Finished goods, at cost	661,342	265,751
Work in progress, at cost	21,797	42,769
	683,139	308,520
NOTE 11: OTHER ASSETS		
Prepayments	149,721	142,578
NOTE 12: INTANGIBLE ASSETS		
Patents, at cost	1,158,274	1,045,537
Less accumulated amortisation	(255,624)	(197,440)
Less provision for impairment	(902,650)	-
	-	848,097
Development expenditure, at cost	5,261,956	4,589,964
Less accumulated amortisation	(2,146,252)	(1,368,146)
Less provision for impairment	(3,115,704)	-
	-	3,221,818
	-	4,069,915

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year:

	Patents		Development Expenditure		Total	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Opening carrying amount	848,097	786,575	3,221,818	3,097,678	4,069,915	3,884,253
Additions	112,737	111,381	671,992	857,758	784,729	969,139
Amortisation expense	(58,184)	(49,859)	(778,106)	(733,618)	(836,290)	(783,477)
Provision for impairment	(902,650)	-	(3,115,704)	-	(4,018,354)	-
Closing carrying amount	-	848,097	-	3,221,818	-	4,069,915

Additions to intangibles during the year related to product that had progressed from the research phase to where it has been determined that the product will be developed for progressive release to the market (refer Note 1 (j)). During the year the Group have assessed carrying value of its intangible assets for impairment based on value in use calculations. Given the recent change in the Group's business strategy (i.e. transition to a SaaS recurring revenue strategy), the Group's forecasts have been updated based upon reasonable and prudent assumptions including growth rates (2.5%), discount rates (16%) and terminal values. This has resulted in a provision for impairment of $4,018,354 in this financial year. Should future performance exceed Group forecasts, the current impairment provision may be reversed in future periods.

NOTE 13: PLANT AND EQUIPMENT

	2020	2019
	$	$
Testing equipment, at cost	128,760	128,635
Accumulated depreciation	(120,764)	(116,160)
	7,996	12,475
Leased devices, at cost	267,743	267,743
Accumulated depreciation	(244,265)	(208,185)
	23,478	59,558
Office equipment, at cost	290,239	286,291
Accumulated depreciation	(228,823)	(203,929)
	61,416	82,362
Furniture, fixtures and fittings, at cost	63,691	63,691
Accumulated depreciation	(21,137)	(16,384)
	42,554	47,307
Right to use asset, at cost [(i)]	401,718	401,718
Accumulated depreciation	(206,004)	(82,404)
	195,714	319,314
Tooling, at cost	94,258	94,258
Accumulated depreciation	(47,005)	(37,579)
	47,253	56,679
Total	378,411	577,695

[(i)] On 15 November 2018, the Group entered into a 39-month property lease. The agreement does not include variable lease payments or residual guarantees. Standard extension options are not expected to be exercised.

(a) Reconciliations

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year:

	2020	2019
	$	$
Testing equipment:		
Opening carrying amount	12,475	20,321
Additions	125	-
Depreciation expense	(4,604)	(7,846)
Closing carrying amount	7,996	12,475
Leased devices:		
Opening carrying amount	59,558	109,086
Depreciation expense	(36,080)	(49,528)
Closing carrying amount	23,478	59,558
Office equipment:		
Opening carrying amount	82,362	76,225
Additions	3,948	34,023
Depreciation expense	(24,894)	(27,886)
Closing carrying amount	61,416	82,362
Furniture, fixtures and fittings:		
Opening carrying amount	47,307	52,594
Depreciation expense	(4,753)	(5,287)
Closing carrying amount	42,554	47,307
Right to use asset:		
Opening carrying amount	319,314	-
Additions	-	401,718
Depreciation expense	(123,600)	(82,404)
Closing carrying amount	195,714	319,314
Tooling:		
Opening carrying amount	56,679	66,105
Depreciation expense	(9,426)	(9,426)
Closing carrying amount	47,253	56,679
Total:		
Opening carrying amount	577,695	324,331
Additions	4,073	435,741
Depreciation expense	(203,357)	(182,377)
Closing carrying amount	378,411	577,695

	2020 $	2019 $
NOTE 14: PAYABLES		
CURRENT		
Unsecured liabilities		
Trade payables	79,656	228,668
Contract liabilities	866,136	1,070,347
Sundry creditors and accruals	294,688	214,192
	1,240,480	1,513,207

NOTE 15: BORROWINGS

	2020 $	2019 $
CURRENT		
Unsecured liabilities		
Premium finance facility (i)	52,455	-
Convertible note host debt (iii)	129,486	-
	181,941	-
NON-CURRENT		
Unsecured liabilities		
Paycheck Protection Program loan (ii)	152,892	-
Convertible note host debt (iii)	620,376	-
Derivative liability (iii)	709,725	-
	1,482,993	-
	1,664,934	-

(i) In March 2020, the Group entered into a finance facility for the annual insurance liability of dorsaVi Ltd. The facility is repayable monthly over a 10 month period ending in December 2020 at an interest rate of 3.9%.

(ii) Under USA federal government Covid19 relief measures, dorsaVi's US subsidiary was, on 23 June 2020, provided a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan of US$104,930. The facility is 60 month facility bearing fixed interest at the rate of 1% p.a. If certain conditions are met, within a covered 24 week period commencing 25 June 2020, the SBA may forgive up to 100% of the PPP loan balance and associated accrued interest. Systematic principal and interest payments, on any unforgiven loan balance, commence after the amount of loan forgiveness is determined or 9 October 2021 whichever occurs first.

(iii) In December 2019 1,155,000 convertible notes were issued with a face value of $1 each. The notes will mature in December 2022. Interest is payable at a rate of 10% p.a., monthly in arrears. As reflected in the above table, and, in accordance with Accounting Standards, the convertible notes are considered a financial liability with a host debt contract, held at amortised cost, and an embedded derivative liability, held at fair value through the profit and loss. Accordingly, the derivative liability will be revalued at each reporting date.

Upon maturity the notes will convert into fully paid ordinary shares according to a 40 day VWAP calculation. In accordance with the terms of the note agreement the maximum number of fully paid ordinary shares that can be issued will be 38,500,000 and the minimum number will be 16,500,000.

NOTE 16: LEASE LIABILITY

On 15 November 2018, the Group entered into a 39-month property lease and, in accordance with AASB 16: Leases, a lease liability and a corresponding non-current asset, Right of Use Asset, refer Note 13, have been recognised.

Future minimum lease payments and the present value of the net minimum lease payments:

	2020	2019
	$	$
- Not later than one year	163,500	160,000
- Later than one year and not later than 5 years	104,949	268,449
Total minimum lease payments	268,449	428,449
- Future finance charges	(21,465)	(67,455)
Present value of minimum lease payment	246,984	360,994
Current lease liability	144,269	125,524
Non-current lease liability	102,715	235,470
	246,984	360,994

NOTE 17: PROVISIONS

	2020	2019
CURRENT		
Employee benefits	206,911	340,133
NON-CURRENT		
Employee benefits	9,441	25,106
(a) Aggregate employee benefits liability	216,352	365,239

NOTE 18: SHARE CAPITAL

The Group's share capital is as follows:

Ordinary Shares	Parent Equity 2020		Parent Equity 2019	
	No of Shares	$	No of Shares	$
Beginning of the financial year	204,016,783	40,381,715	167,918,222	38,455,224
Issued during the financial year:				
- Employee share scheme (i)	-	-	87,941	-
- Shares issued in capital raising (ii)	27,410,741	746,760	36,010,620	2,088,616
- Cost of raising capital	-	(48,122)	-	(162,125)
End of the financial year	231,427,524	41,080,353	204,016,783	40,381,715

(i) Shares Issued under the Employee Share Ownership Plan:

During the prior year performance rights previously granted to employees under the Employee Share Ownership Plan (ESOP) vested into shares. The shares were issued for $Nil consideration.

(ii) Shares Issued in a Capital Raising:

During the year ended 30 June 2020, the Group issued:

- 20,740,741 fully paid ordinary shares, at $0.027 per share, to sophisticated and institutional investors raising $560,000 before costs; and
- 6,670,000 fully paid ordinary shares, at $0.028 per share, under a share purchase plan to eligible shareholders, raising $186,760 before costs.

During the year ended 30 June 2019, the Group issued 36,010,620 fully paid ordinary shares at $0.058 per share, under a 1 for 3 non-renounceable pro-rata rights offer to eligible shareholders, raising $2,088,616 before costs.

Rights of each Type of Share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

When managing capital, management's objective is to ensure the Group continues as a going-concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

Employee Share Ownership Plan (ESOP)

The Group continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the Group. Refer to Note 23, Share Based Payments, for detailed disclosures.

NOTE 19: RESERVES AND ACCUMULATED LOSSES

	Notes	2020 $	2019 $
Share-based payment reserve	19(a)	983,554	692,619
Foreign currency translation reserve	19(b)	(750,301)	(769,812)
		233,253	(77,193)
Accumulated losses	19(c)	(40,854,577)	(33,315,228)

(i) Nature and Purpose of Reserves

The share based payment reserve is used to record the fair value of options and shares issued to employees as part of their remuneration. The balance is transferred to share capital when options are granted, and the balance is transferred to retained earnings when options lapse.

dorsaVi Ltd has monetary items receivable and payable to and from its subsidiaries. Under AASB 121: *The Effects of Changes in Foreign Exchange Rates*, these items are reviewed annually. During the financial year ending 30 June 2020 it was determined that these items would be treated as an investment in those foreign operation. As a result, exchange differences on these items are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

	2020 $	2019 $
(ii) Movements in reserve		
(a) Share-based payment reserve		
Balance at beginning of year	692,619	1,000,854
Employee share ownership plan	344,665	166,754
Transfers to retained earnings	(53,730)	(474,989)
Balance at end of year	983,554	692,619
(b) Foreign currency translation reserve		
Balance at beginning of year	(769,812)	(269,447)
Exchange differences on translation of foreign operations	19,511	(500,365)
Balance at end of year	(750,301)	(769,812)
(c) Accumulated losses		
Balance at beginning of year	(33,315,228)	(29,769,466)
Net loss attributable to members of dorsaVi Ltd	(7,593,079)	(4,020,751)
Transfers from share based payment reserve	53,730	474,989
Balance at end of year	(40,854,577)	(33,315,228)

NOTE 20: CASH FLOW INFORMATION

(a) Reconciliation of Cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2020	2019
Cash at bank and on hand	1,556,908	1,638,124
Cash on deposit	128,380	1,128,295
	1,685,288	2,766,419

	2020 $	2019 $
(b) Reconciliation of cash flow used in operations with loss after income tax:		
Loss from ordinary activities after income tax	(7,593,079)	(4,020,751)
Adjustments and non-cash items:		
Amortisation	836,290	783,477
Depreciation	203,357	182,377
Provision for impairment of intangibles	4,018,354	-
Share Based Payments	344,665	166,754
Movement in debtor provision	(36,770)	45,633
Foreign exchange differences on operating assets	19,511	38,455
Unrealised foreign exchange differences through profit and loss	-	(538,820)
Change in fair value of derivative liability	278,151	-
Interest adjustment on convertible note host debt	62,607	-
Adjustment to carrying value of convertible note through the profit and loss	21,579	-
Changes in assets and liabilities:		
Decrease in receivables	347,464	462,012
(Increase) / decrease in other assets	(7,143)	93,417
(Increase) / decrease in inventories	(374,619)	16,414
Increase in payables	(272,727)	428,563
(Increase) / decrease in R&D tax offset receivable	121,693	317,827
Increase / (decrease) in provisions	(148,887)	(58,401)
	5,413,525	1,937,708
Cash flows used in operating activities	(2,179,554)	(2,083,043)

(c) Reconciliation of liabilities arising from financing activities:		
Balance at the beginning of the year	360,994	-
New leases acquired	-	401,718
Interest accrued	37,836	32,136
Payments made	(151,846)	(72,860)
Balance at the end of the year	246,984	360,994

NOTE 21: COMMITMENTS AND CONTINGENCIES

(a) Expenditure commitments

Acquisition of inventories, less than one year	-	291,102
Total expenditure commitments	-	291,102

(b) Contingent asset and liabilities

There are no contingent assets or contingent liabilities at balance date.

NOTE 22: LOSS PER SHARE

	2020 $	2019 $
Reconciliation of loss used in calculating loss per share:		
Loss from continuing operations	(7,593,079)	(4,020,751)
Loss used in calculating basic loss per share	(7,593,079)	(4,020,751)
Loss used in calculating diluted loss per share	(7,593,079)	(4,020,751)

	2020 No of Shares	2019 No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	217,396,418	186,924,883
Effect of dilutive securities:		
Equity instruments	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	217,396,418	186,924,883

NOTE 23: SHARE BASED PAYMENTS

(a) Employee Shares

In 2013 the Board established an ESOP to facilitate the acquisition of Shares, Options and Performance Rights by those employed, or otherwise engaged by, or holding a position of office in, dorsaVi Ltd.

They key objective of the plan is to provide an incentive for employees to align their interests with those of the shareholders. Other objectives of the ESOP include:

- To attract, motivate and retain quality employees and Directors of dorsaVi Ltd;
- To create a committed and united purpose between the employees and Directors and dorsaVi Ltd; and
- To add wealth for all shareholders of dorsaVi through the motivation of dorsaVi's employees and Directors.

Only a person who is an Eligible Person may be invited and authorised by the Board to participate in this plan. An Eligible person means:

- An employee of dorsaVi Ltd or a subsidiary of dorsaVi Ltd; or
- A Director of dorsaVi Ltd or a subsidiary of dorsaVi Ltd who holds a salaried employment or office in dorsaVi Ltd or a subsidiary of dorsaVi Ltd; or
- A contractor engaged by dorsaVi Ltd or a subsidiary of dorsaVi and whom the Group has determined is an Eligible Person to participate in this plan.

There is no maximum limit on the number of Securities that may be acquired by Eligible Persons under the ESOP. However, the Board intends to restrict further issues of Securities to no more than 5% of the Group's issued share capital. This limit will be maintained unless shareholder approval is subsequently sought to increase this level.

(b) Loan Shares and Options

The plan allows for dorsaVi to offer employees non-recourse and interest-free loans to acquire fully paid shares. On 20 September 2013, the Group's shareholders approved the giving of such financial assistance. Loan shares are treated as options in accordance with accounting standards.

Loan Shares are subject to restriction agreements imposing loan repayment obligations, and, that the holders of Shares are not able to trade them within 12 months of issuance. After 12 months, 1/3rd of the issued shares can be traded. Contingent upon continued employment with the Group and meeting loan repayment obligations, the remaining shares become available for trading at a monthly rate of 1/36th of the shares issued over the subsequent 24 months.

During the year ended 30 June 2020 and to the date of this report no options over ordinary shares or loan shares were granted to employees (2019: Nil) and 12,739,588 options over ordinary shares were granted to non-executive directors in lieu of the payment of directors' fees (2019: Nil). During the year a total of 50,000 options were cancelled (2019: 592,501 options cancelled). At 30 June 2020, 13,518,754 had been granted but not converted into ordinary shares (2019: 829,166).

(c) Employee Performance Rights

Performance rights are subject to performance vesting conditions in accordance with each agreement. The performance rights do not vest into shares unless the performance conditions are met. During the year ended 30 June 2020, 2,331,071 performance rights were granted (2019: Nil). During the year ended 30 June 2020, 2,826,601 (2019: 87,941) performance rights vested into shares. During the year ended 30 June 2020, 155,470 performance rights lapsed (2019: 1,242,725). At 30 June 2020, 430,000 performance rights remain outstanding (2019: 1,081,000).

Details of shares, options and performance rights granted are as follows:

2020								
Grant date	Expiry date	Exercise price	Balance at 1/7/2019	Granted during the year	Vested during the year	Expired during the year	Balance at 30/6/2020	Exercisable at year end
5-Nov-14	5-Nov-24	$0.40	20,000	-	-	-	20,000	20,000
25-Feb-15	25-Feb-25	$0.36	50,000	-	-		50,000	50,000
24-Mar-16	24-Mar-21	$0.40	200,000	-	-	-	200,000	100,000
29-Nov-16	1-Oct-19	-	150,000	-	63,000	87,000	-	-
29-Nov-16	29-Nov-19	-	450,000	-	450,000	-	-	-
15-May-17	15-May-22	$0.33	550,000	-	-	50,000	500,000	500,000
15-May-17	1-Oct-22	$0.33	55,000	-	-	-	55,000	55,000
15-May-17	1-Oct-23	$0.33	24,166	-	-	-	24,166	24,166
15-May-17	1-Oct-19	-	39,000	-	21,530	17,470	-	-
15-May-17	1-Jul-19	-	117,000	-	117,000	-	-	-
5-Jun-17	1-Oct-19	-	125,000	-	75,750	49,250	-	-
5-Jun-17	1-Jul-19	-	200,000	-	200,000	-	-	-
18-Sep-19	18-Sep-19	-	-	760,000	760,000	-	-	-
18-Sep-19	1-Oct-19	-	-	70,000	68,250	1,750	-	-
18-Sep-19	1-Oct-20	-	-	115,000	-	-	115,000	-
18-Sep-19	1-Oct-21	-	-	115,000	-	-	115,000	-
18-Sep-19	18-Sep-22	-	-	200,000	-	-	200,000	-
4-Dec-19	4-Dec-24	$0.086	-	1,280,488	1,280,488	-	1,280,488	1,280,488
4-Dec-19	4-Dec-24	$0.072	-	1,116,703	1,116,703	-	1,116,703	1,116,703
7-Jan-20	7-Jan-25	$0.036	-	1,846,856	1,846,856	-	1,846,856	1,846,856
7-Apr-20	7-Apr-25	$0.024	-	4,801,827	4,801,827	-	4,801,827	4,801,827
25-Jun-20	25-Jun-20	-	-	1,071,071	1,071,071	-	-	-
7-Jul-20	7-Jul-25	$0.018	-	3,693,714	3,693,714	-	3,693,714	3,693,714
TOTAL			1,980,166	15,070,659	15,566,189	205,470	14,018,754	13,488,754

Other additional information associated with these share performance rights and option grants include:

- The weighted average remaining contractual life for equity entitlements outstanding at the end of the period was 3.2 years.
- The weighted average share price for performance rights vesting into shares during the year was $Nil (2019: $Nil).
- There were no options exercised during the year (2019: none exercised).
- The fair value was determined using the binomial tree method or the Black-Scholes option-pricing models:
  - a. The share price at grant date ranged from: $0.01 to $0.40
  - b. Expected price volatility of the Group's shares: 80%
  - c. Dividends: $Nil
  - d. Risk free interest rate: 1.51% to 2.50%

2019								
Grant date	Expiry date	Exercise price	Balance at 1/7/2018	Granted during the year	Vested during the year	Expired during the year	Balance at 30/6/2019	Exercisable at year end
3-Jul-14	-	$0.46	250,000	-	-	250,000	-	-
2-Sep-14	-	$0.40	100,000	-	-	100,000	-	-
5-Nov-14	5-Nov-19	$0.40	20,000	-	-	-	20,000	20,000
25-Feb-15	25-Feb-20	$0.36	80,000	-	-	30,000	50,000	50,000
17-Aug-15	-	$0.26	500,000	-	-	500,000	-	-
24-Mar-16	24-Mar-21	$0.40	200,000	-	-	-	200,000	100,000
29-Nov-16	-	-	150,000	-	11,250	138,750	-	-
29-Nov-16	1-Oct-19	-	150,000	-	-	-	150,000	-
29-Nov-16	29-Nov-19	-	450,000	-	-	-	450,000	-
15-May-17	15-May-22	$0.33	550,000	-	-	-	550,000	550,000
15-May-17	1-Oct-22	$0.33	55,000	-	-	-	55,000	55,000
15-May-17	1-Oct-23	$0.33	133,333	-	-	109,167	24,166	24,166
15-May-17	-	$0.33	133,334	-	-	133,334	-	-
15-May-17	-	$0.33	350,000	-	-	350,000	-	-
15-May-17	-	-	39,000	-	9,775	29,225	-	-
15-May-17	1-Oct-19	-	39,000	-	-	-	39,000	-
15-May-17	1-Jul-19	-	117,000	-	-	-	117,000	-
5-Jun-17	-	-	275,000	-	56,500	218,500	-	-
5-Jun-17	1-Oct-19	-	275,000	-	-	150,000	125,000	-
5-Jun-17	1-Jul-19	-	500,000	-	-	300,000	200,000	-
5-Jun-17	-	-	83,334	-	10,416	72,918	-	-
5-Jun-17	-	-	333,332	-	-	333,332	-	-
TOTAL			4,783,333	-	87,941	2,715,226	1,980,166	799,166

(d) Expenses Recognised from Share-Based Payment Transactions

The expense recognised in relation to the share-based payment transactions was recorded within employee benefits expense in the statement of comprehensive income were as follows:

	2020 $	2019 $
Share options	256,097	891
Performance rights	88,568	165,863
Total expenses recognised from share-based payment transactions	344,665	166,754

NOTE 24: SUBSIDIARIES AND RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of dorsaVi Ltd and its controlled entities listed below:

	Country of incorporation	Ownership interest held by DVL	
		2020 %	2019 %
dorsaVi Europe Ltd	UK	100	100
dorsaVi USA, Inc.	USA	100	100
Australian Workplace Compliance Pty Ltd	AUS	100	100

- dorsaVi Europe Ltd was incorporated on 3 February 2014.
- dorsaVi USA, Inc. was incorporated on 19 May 2014.
- Australian Workplace Compliance Pty Ltd was purchased on 3 July 2014.

(a) Transactions with Entities with Associates:

There were no transactions with associates or their entities during the year ended 30 June 2020 (2019: $nil).

(b) Transactions with Directors, Key Management Personnel and Other Related Parties:

Starfish Ventures Pty Ltd is considered a related party in accordance with the definition under *AASB 124: Related Parties*. During the first five months of the year ended 30 June 2019, Starfish Ventures Pty Ltd leased property and charged rent to dorsaVi Ltd. The Rental arrangement ceased in November 2018. Total value of rental charges during the year ended 30 June 2020 was $Nil (2019: $83,570). The rent was charged to dorsaVi on normal terms and conditions. The balance outstanding at balance date was $Nil (2019: $Nil).

During the year ended 30 June 2020, dorsaVi Ltd paid $Nil (2019: $34,276) to Starfish Technology Fund II, LP on behalf of Michael Panaccio for director's fees. As approved by shareholders at the 2019 AGM, non-executive directors were granted options over ordinary shares in lieu of the payment of directors' fees as from 1 March 2019. During the year ended 30 June 2020, Starfish Ventures Pty Ltd was granted 2,918,381 options on behalf of Michael Panaccio (2019: nil).

NOTE 25: AUDITOR'S REMUNERATION

	2020 $	2019 $
Amounts paid and payable to Pitcher Partners (Melbourne) for:		
(i) Audit and Other Assurance Services		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	109,900	116,236
Total remuneration for audit and other assurance services	109,900	116,236
(ii) Other Non-audit Services		
Taxation and other compliance services	14,901	18,727
Total remuneration for non-audit services	14,901	18,727
Total remuneration of Pitcher Partners (Melbourne)	124,801	134,693

NOTE 26: PARENT ENTITY INFORMATION

	2020 $	2019 $
(a) Summarised statement of financial position		
Assets:		
Current assets	4,135,287	17,818,775
Non-current assets	378,411	4,647,610
Total assets	4,513,698	22,466,385
Liabilities:		
Current liabilities	2,095,663	2,146,073
Non-current liabilities	1,339,542	25,106
Total liabilities	3,435,205	2,171,179
Net assets	1,078,493	20,295,206
Equity:		
Share capital	41,080,353	40,381,715
Share-based payment reserve	983,554	692,619
Accumulates losses	(40,985,414)	(20,779,128)
Total equity	1,078,493	20,295,206
(b) Summarised statement of comprehensive income		
Loss for the year	(20,260,016)	(1,961,876)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(20,260,016)	(1,961,876)

NOTE 27: SEGMENT INFORMATION

(a) Description of Segments

For the years ended 30 June 2019 and 2020, management has differentiated operating segments based on product.

The Group's chief operating decision maker has identified the following reportable segments:

- Segment 1: Clinical;
- Segment 2: Workplace; and
- Segment 3: Projects.

The operating segments have been identified based on internal reports reviewed by the Group's chief operating decision makers in order to allocate resources to the segment and assess its performance. Assets and liabilities are reported to management on a consolidated basis.

(b) Segment Information

The Group's chief operating decision maker's use segment revenue and segment result to assess the financial performance of each operating segment.

Amounts for segment information are measured in the same way in the financial statements. They include items directly attributable to the segment and those that can reasonably be allocated to the segment based on the operations of the segment. There has been no inter-segment revenue during the year.

Segment information is reconciled to financial statements and underlying profit disclosure notes as follows:

2020	Clinical $	Workplace $	Projects $	Total $
Segment revenue:				
Segment revenue from external source	1,125,151	894,069	-	2,019,220
Non-segment revenue	-	-	-	377,839
Total revenue				2,397,059
Segment result:				
Segment result from external source	1,054,240	868,013	-	1,922,253
Non-segment revenue	-	-	-	377,839
Non-segment expenses	-	-	-	(10,350,535)
Income tax benefit	-	-	-	457,364
Loss from continuing operations				(7,593,079)

2019	Clinical $	Workplace $	Projects $	Total $
Segment revenue:				
Segment revenue from external source	1,336,817	956,624	221,551	2,514,992
Non-segment revenue	-	-	-	708,877
Total revenue				3,223,869
Segment result:				
Segment result from external source	1,086,076	816,371	163,948	2,066,395
Non-segment revenue	-	-	-	708,877
Non-segment expenses	-	-	-	(7,362,672)
Income tax benefit	-	-	-	566,649
Loss from continuing operations				(4,020,751)

Revenue by geographic location:

	Australia $	Europe $	USA $	Total $
2020				
Revenue by geographic location	902,619	436,250	1,058,190	2,397,059
Total revenue from external source	902,619	436,250	1,058,190	2,397,059
2019				
Revenue by geographic location	1,608,442	290,607	1,324,820	3,223,869
Total revenue from external source	1,608,442	290,607	1,324,820	3,223,869

(c) Major Customers

In 2020 and 2019 no customer contributed greater than 10% of the Group's total revenue.

NOTE 28: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years with the exception of the following:

- On 7 July 2020, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019) the issue of 3,693,714 options to non-executive directors, in lieu of directors' fees, at an exercise price of $0.018 per share and an expiry date of 7 July 2025.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 28 to 60 in accordance with the Corporations Act 2001:

a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
c) Give a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance for the year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that dorsaVi Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2020.

This declaration is made in accordance with a resolution of the directors.

Greg Tweedly
Chairman

Melbourne
Date: 26 August 2020

Andrew Ronchi
Director and CEO

Melbourne
Date: 26 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF dorsaVi Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of dorsaVi Ltd "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of dorsaVi Ltd, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of a Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report that conditions exist that indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF dorsaVi Ltd

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Capitalisation of development expenditure within intangible assets
Refer to Note 12 - Intangible Assets - $NIL</td></tr>
<tr><td>The research and development of new and existing technology is part of the Group's operations. Each project undertaken represents an investment made by the business for which future economic benefits are expected to be derived.

The capitalisation of any development costs is highly subjective and based on management judgement and is also subject to various recognition criteria as detailed in AASB 138 Intangible assets.

Key management judgements to be made include the following:
• Stage of the development cycle - research vs development;
• Ability to accurately record and allocate costs incurred for individual projects, including employee costs; and
• Technical and commercial viability of individual projects undertaken.

We focused on capitalised development costs as a key audit matter due to the number and type of judgement and estimation events required.</td><td>Our procedures included amongst others:
• Obtaining an understanding of and evaluating the accounting processes and internal controls relating to the capitalisation of development costs;
• Reviewing management reconciliations for the amounts capitalised, including:
    • Testing the mathematical accuracy of reconciliations prepared for costs that had been capitalised;
• Selecting a sample of transactions from the capitalised development costs and performing the following:
    • Reviewing employee costs allocated to different development projects, and testing a sample of employee rates and captured hours for the amounts capitalised and tracing to employee timesheets;
    • Reviewing external contractor costs allocated to the different development projects, and sampling and testing contractor costs to supporting information to substantiate the expenditure;
• Evaluating management's process regarding capitalisation of development costs, and reviewing development projects against the recognition criteria as detailed in AASB 138 Intangible assets; and
• Assessing the adequacy of the disclosures in the financial statements.</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF dorsaVi Ltd

Key Audit Matter	How our audit addressed the key audit matter
Provision for Impairment on Intangible assets Refer to Note 12 - Intangible Assets - $NIL	
The impairment of Intangibles assets is considered a key audit matter due to the following: • There is significant management judgement required in assessing these balances for impairment and in particular, selecting appropriate assumptions within the Discounted Cash Flow (DCF) impairment assessment model, including identification of the appropriate Cash Generating Unit (CGU), revenue growth assumptions, and discount rate. During the year the Group has undertaken an impairment assessment of the carrying value of its intangible assets based on value in use (DCF) calculations. The outcome has resulted in a provision for impairment of $4,018,354. We focused on impairment assessment of intangible assets as a key audit matter due to the quantum of this assets carrying value and the number and type of judgement and estimation events required.	Our procedures included amongst others: • Obtaining an understanding of and evaluating the accounting processes and internal controls relating to impairment assessments; • Assessment of management's determination of the Group's CGU based on our understanding of the nature of the Group's business; • Comparing the DCF forecasts to Board approved forecasts, and analysis of assumptions within those forecasts; • Assessing the reliability of the Group's DCF forecasts and business plans, including detailed analysis of key inputs and drivers including revenue growth, contract attrition rates and expenditure; • Comparing DCF forecasts to recent financial performance; • Assessing the discount rate used in the Group's DCF; • Performing sensitivity analysis on the DCF model; • Assessing the value of the Group's intangible value utilising other valuation methodologies; • Assessing the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF dorsaVi Ltd

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Convertible Note Liability
Refer to Note 15 – Convertible note host debt - $749,862
Refer to Note 15 – Derivative liability- $709,725</td></tr>
<tr><td>The measurement of the Convertible notes issued during the year is considered a key audit matter due to the following:
• The terms of the Convertible notes were assessed as being a financial liability with a host debt contract held at amortised cost, and an embedded derivative liability, held at fair value through the profit and loss. Accordingly, the host debt and derivative liability components of the Convertible notes require valuation upon initial recognition, and the derivative liability is required to be revalued at each reporting date. The initial valuation of the respective components, and the subsequent valuation of the derivative liability contains complexity.

The initial recognition of the host debt was $687,255 and the initial fair value of the derivative liability was $431,574. The fair value adjustment of the derivative liability at balance date was an increase to $709,725, with the $278,151 change of fair value being recognised as an expense in the profit and loss.

We focused on the initial recognition of the host debt and derivative liability, and subsequent fair value adjustment of the derivative liability at balance date as a key audit matter due to the complexity of the valuations required.</td><td>Our procedures included amongst others:
• Obtaining an understanding of and evaluating the accounting processes and internal controls relating to convertible notes;
• Reviewing the terms of the Convertible notes;
• Assessing the appropriate treatment of the Convertible notes in accordance with AASB 9: Financial Instruments;
• Reviewing the external valuation obtained by the Group;
• Evaluating the credentials of the external valuer;
• Assessing the appropriateness of the valuation methodology and inputs utilised by the external valuer;
• Assessing the adequacy of the disclosures in the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF dorsaVi Ltd

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF dorsaVi Ltd

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions to eliminated threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 26 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of dorsaVi Ltd, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

S SCHONBERG
Partner

PITCHER PARTNERS
Melbourne

26 August 2020

Shareholder Information

Corporate Governance:

The Group's Corporate Governance Statement can be obtained at https://www.dorsavi.com/au/en/investor-relations/

Overview:

The Group's securities are listed for quotation in the form of Ordinary Shares on the Australian Securities Exchange (ASX) and trade under the symbol "DVL". The shareholder information below was applicable as at 13 August 2020.

The Group's share capital was as follows:

Type of Security:	Number of Securities	Number of Holders
Ordinary Shares	231,427,524	1,273
Options	13,518,754	7
Performance Rights	430,000	1

Substantial Holders:

Names of Holders	Number of Shares Held	% of Total Shares
Starfish Technology Fund II, LP, Starfish Ventures, Michael Panaccio and Cristiana Panaccio and Micana Family Trust	101,819,921	44%

Unmarketable Parcels:

Based on the closing market price on 13 August 2020, there were 663 shareholders holding less than a marketable parcel (i.e. a parcel of securities of less than $500).

Options and Performance Rights (not listed on ASX):

There were 13,518,754 unquoted options on issue to purchase ordinary shares under the Group's Incentive Stock Option Agreement. The Options have been issued in accordance with the terms and conditions of the dorsaVi Ltd 2013 Share Ownership Plan.

There were 430,000 unquoted Performance Rights granted, but not vested into ordinary shares, under the Group's Incentive Agreements. The Performance Rights have been granted in accordance with the terms and conditions of the dorsaVi Ltd 2013 Share Ownership Plan.

Restricted Securities and Escrow Agreements:

There are no securities which are restricted or subject to escrow agreements.

Voting Rights:

At a general meeting, each Shareholder present (in person or by proxy, attorney or representative) has one vote on a show of hands and one vote for each share held when voting is done via a poll.

Proxy forms will be included in each notice of meeting sent to Shareholders. Holders of issued but unexercised options are not entitled to vote.

Required Statements:

a) There is no current on-market buy-back of the Group's securities.
b) The Group's securities are not quoted on any exchange other than the ASX.

Distribution Schedule:

Number of Shares	Number of Holders
1 – 1,000	41
1,001 - 5,000	187
5,001 - 10,000	196
10,001 – 100,000	627
100,001 and above	222
Total	1,273

dorsaVi Ltd's Top 20 Shareholders:

Set out below is a schedule of the 20 largest holders of each class of securities quoted.

Rank	Name	No of Shares Held	% of Total Shares
1	STARFISH TECHNOLOGY FUND II LP	60,597,345	26.18
2	STARFISH TECHNOLOGY FUND II NOMINEES A PTY LTD	18,464,557	7.98
2	STARFISH TECHNOLOGY FUND II NOMINEES B PTY LTD	18,464,557	7.98
4	AR BSM PTY LTD <AR BSM A/C>	7,021,814	3.03
5	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	4,428,497	1.91
6	DRNEWNHAM SUPER PTY LTD <DRN SUPERANNUATION FUND A/C>	4,231,516	1.83
7	TANARNY SUPER FUND PTY LTD <TANARNY SUPER FUND A/C>	3,703,704	1.60
8	MS GABRIELLE BANAY	3,233,482	1.40
9	ANDREW RONCHI	2,374,309	1.03
10	MRS AMITY BROOKE JOHNSON	2,000,000	0.86
11	DAMIAN CONNELLAN	1,971,071	0.85
12	MR SHANE TIMOTHY BALL <THE BALL A/C>	1,850,000	0.80
13	MR SHENG SUN	1,730,000	0.75
14	MR BRIAN TULLY + MRS MARGARET TULLY <SUPERANNUATION FUND A/C>	1,656,125	0.72
15	MASTO PTY LTD <MICANA SUPER FUND A/C>	1,625,129	0.70
16	MR STUART ANDREW LEWIN	1,579,000	0.68
17	TRUJON INVESTMENT HOLDINGS PTY LTD <TRUJON SUPER FUND A/C>	1,517,333	0.66
18	VALENCE HOLDINGS PTY LTD THE PW & CM STINTON <SUPERANNUATION FUND A/C>	1,486,991	0.64
19	MR WAI KIT LEE	1,278,920	0.55
20	DANIEL RONCHI	1,244,668	0.54
Total shares held by top 20 shareholders		**140,459,018**	**60.69**
Total shares held by all other shareholders		**90,968,506**	**39.31**

Corporate Directory:

Board of Directors and Company Secretary:

Mr Gregory Tweedly	Chairman
Mr Ashraf Attia	Non-Executive Director
Ms Caroline Elliott	Non-Executive Director
Dr Michael Panaccio	Non-Executive Director
Dr Andrew Ronchi	Chief Executive Officer and Executive Director
Mr Brendan Case	Company Secretary

Executive Team:

Dr Andrew Ronchi	Chief Executive Officer
Mr Damian Connellan	Chief Financial Officer
Mr David Erikson	Chief Technical Officer
Mr Matthew May	General Manager

Registered Office in Australia:
C/- Pitcher Partners, Level 13,
664 Collins Street, Docklands, VIC 3008
Tel: +61 3 8610 5000

Principal Administrative Office:
85 Denmark Street,
Kew, VIC 3101
Tel: 1800 367 728

Auditor:
Pitcher Partners
Level 13, 664 Collins Street,
Docklands, VIC 3008
Tel: +61 3 8610 5000

Share Registry:
Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne, VIC 3001
Tel: + 61 3 9415 4062

Annual General Meeting Date and Venue:
The Annual General Meeting will be held Friday, 27 November 2020 at 9:00 am. Due to the COVID 19 pandemic the venue, and, or, means by which the meeting will be conducted has yet to be determined. This will be advised to shareholders and the ASX at a later date but not later than 27 October 2020.

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