

dorsaVi Ltd and controlled entities
ABN 15 129 742 409

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

**This half-year financial report is to be read in conjunction with the financial
report for the year ended 30 June 2020.**

Appendix 4D

Half-Year Report for the six months ended 31 December 2020

Name of entity: **dorsaVi Ltd and controlled entities**

ABN: 15 129 742 409

1. Reporting period

Report for the half-year ended: **31 December 2020**

Previous corresponding periods: Financial year ended 30 June 2020
Half-year ended 31 December 2019

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up	35%	to	1,842,681
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	down	94%	to	326,913
Loss for the period attributable to members (<i>item 2.3</i>)	down	94%	to	326,913
Dividends (<i>item 2.4</i>)		Amount per security		Franked amount per security
Interim dividend		0¢		0¢
Final dividend		0¢		0¢
Previous corresponding period		0¢		0¢
Record date for determining entitlements to the dividend (<i>item 2.5</i>)		N/A		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):		N/A		

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.01	\$0.01

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	N/A

Loss of control of entities

Name of entities (item 4.1)	N/A
Date(s) of loss of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	N/A

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2020	N/A	\$0
Final dividend year ended 30 June 2019	N/A	\$0

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	0¢	0¢	0¢
Previous year	0¢	0¢	0¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	N/A	N/A
Preference securities <i>(each class separately)</i>		
Other equity instruments <i>(each class separately)</i>		
Total	N/A	N/A

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6):*

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A
--	-----

7. Details of associates and joint venture entities (item 7)

Name of associate or joint venture entity	%Securities held
N/A	N/A

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2020 \$	2019 \$
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments		
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

8. The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached).

9. Independent review of the financial report (item 9)

The financial report has been independently reviewed and an unqualified opinion has been issued.

**dorsaVi Ltd
and controlled entities
ABN: 15 129 742 409**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2020**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2020

dorsaVi Ltd and controlled entities
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2020

TABLE OF CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Financial Report for the half-year ended 31 December 2020:	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Directors' Declaration	16
Independent Auditor's Review Report	17

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The directors present their report together with the condensed financial report of the consolidated entity consisting of dorsaVi Ltd (the Company) and the entities it controlled (the Group) for the half-year ended 31 December 2020 and independent review report thereon.

Directors' names

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

<u>Name</u>	<u>Period of directorship</u>
Greg Tweedly (Chairman)	Director since 29 October 2013
Ashraf Attia	Director since 14 July 2008
Michael Panaccio	Director since 16 May 2008
Caroline Elliott	Director since 24 November 2017
Andrew Ronchi	Director since 18 February 2008

The directors have been in office since the start of the financial period to the date of this report.

Review of operations

Total revenue for the six months to 31 December 2020 was \$1,842,681 (2019: \$1,365,364) driven by: an increase in grant income of \$397,728 being mostly Australian governments COVID 19 relief measures; a \$597,163 favourable change in the fair value of the derivative liability embedded within the Group's convertible note facility, and, partially offset by a decline in sales revenue to \$787,860 (2019: \$1,159,209) as the business continues to be impacted by the COVID 19 pandemic.

Operating Expenditure for the six months to 31 December 2020 was \$2,305,347 (2019: \$7,503,109). After excluding expenditure related to the provision for the impairment of intangible assets and depreciation and amortisation expense, operating costs, when compared to the prior corresponding period, were reduced by \$676,984 to \$2,205,963 as the Group continued its focus on controlling and reducing cost.

The loss from continuing operations after income tax for the six months to 31 December 2020 was \$326,913 (2019: \$5,855,929).

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

- dorsaVi Ltd relies on its ability to enhance its movement monitoring intellectual property. A failure to meet future customer requirements would lead to a loss of opportunities and adversely impact operating results and the financial position of dorsaVi Ltd.
- Over time, dorsaVi Ltd 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 Ltd's products.
- In the medical sector (but not the Elite Sports or OHS sectors), sales and adoption rates of dorsaVi Ltd's system are, in part, likely to be influenced by the availability and level of reimbursement from government and/or insurers. Whilst dorsaVi Ltd's products already benefit from reimbursement in some circumstances, there is no guarantee that the use of dorsaVi Ltd'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 Ltd'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 Ltd's activities will be affected by currency exchange fluctuations.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

- dorsaVi Ltd is not currently profitable. Proceeds from capital raisings were and are primarily being used to fund: continued investment in product development; selling activities in particular in the US; and, general working capital. There is no guarantee that the sales activities and the continued rollout of product will result in profitability for the Company. If either the sales or rollout are lower or less successful than planned, dorsaVi may need to, in the future, obtain additional working capital through further capital raises, alternative means of financial support including merger and acquisition opportunities, or, both.

Cash and cash equivalents, as at 31 December 2020, were \$2,946,289 (30 June 2020: \$1,685,288).

Significant changes in the state of affairs

The following changes in the state of affairs occurred during the period and to the date of this report:

- On 9 July 2020, dorsaVi Ltd announced the grant 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. The impact of the grant of these options was recognised in share based payments as at 30 June 2020.
- On 13 October 2020, dorsaVi Ltd announced the grant of 1,412,303 options to non-executive directors, in lieu of directors' fees, at an exercise price of \$0.051 per share and an expiry date of 7 October 2025.
- On 30 October 2020, dorsaVi Ltd announced the placement, to institutional and sophisticated investors, of 57,856,881 fully paid ordinary shares at \$0.032 per share raising \$1,851,420 before issue costs.
- On 20 November 2020, dorsaVi Ltd, pursuant to a 1 for 4 non-renounceable share purchase plan to eligible shareholders (announced 22 October 2020), issued 9,353,245 fully paid ordinary shares at \$0.032 per share raising \$299,304 before costs.
- On 23 December 2020, dorsaVi Ltd issued 2,707,286 fully paid ordinary shares, at \$nil per share, to the Managing Director in lieu of a reduction in cash wages and other entitlements of \$75,804. This share issue was approved by shareholders at the Annual General Meeting held on 27 November 2020.
- On 13 January 2021, dorsaVi Ltd announced the grant of 1,171,178 options to non-executive directors, in lieu of directors' fees, at an exercise price of \$0.061 per share and an expiry date of 8 January 2026. The impact of the grant of these options was recognised in share based payments as at 31 December 2020.
- On 2 February 2021, dorsaVi Ltd announced the completion of a shortfall placement, to professional and sophisticated investors, and issued 48,503,636 fully paid ordinary shares at \$0.032 per share raising \$1,552,116 before costs. The terms and issue price of the shortfall placement were in accordance with the entitlement offer that closed on 13 November 2020.

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 review for the half-year is provided with this report.

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 report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors:



Greg Tweedly
Chairman
Melbourne

Date; 23 February 2021

dorsaVi Ltd and controlled entities
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DORSAVI LTD**

In relation to the independent auditor's review for the half-year ended 31 December 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 (including Independence Standards)*.

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



S SCHONBERG
Partner

23 February 2021



PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
Revenue and other income		
Sales revenue	787,860	1,159,209
Interest Income	3,804	94,259
Exchange gain	27,803	103,796
Change in fair value of derivative liability	597,163	-
Grant income	397,728	-
Other income	28,323	8,100
	<u>1,842,681</u>	<u>1,365,364</u>
Less: Expenses		
Cost of sales	(59,431)	(91,163)
Advertising expenses	(63,662)	(111,066)
Conference expenses	-	(80,784)
Consultancy expenses	(119,953)	(22,805)
Depreciation and amortisation expenses	(99,384)	(551,200)
Provision for impairment of intangible assets	-	(4,068,962)
Employee benefits expenses	(1,357,497)	(1,723,680)
Finance costs	(140,070)	(26,829)
Professional fees	(143,144)	(214,118)
Software expenses	(162,102)	(143,053)
Travel expenses	(4,354)	(111,783)
Other expenses	(155,750)	(357,666)
	<u>(2,305,347)</u>	<u>(7,503,109)</u>
Loss before income tax benefit	(462,666)	(6,137,745)
Income tax benefit	135,753	281,816
Loss from continuing operations	<u>(326,913)</u>	<u>(5,855,929)</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign subsidiaries net of tax	682	(126,521)
Other comprehensive income for the half-year	682	(126,521)
Loss for the half-year	<u>(326,231)</u>	<u>(5,982,450)</u>
Loss per share from continuing operations attributable to equity holders of the parent entity:		
Basic loss per share	(0.13 cents)	(2.86 cents)
Diluted loss per share	(0.13 cents)	(2.86 cents)

The accompanying notes form part of these condensed consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 Dec 2020 \$	30 June 2020 \$
Current assets		
Cash and cash equivalents	2,946,289	1,685,288
Receivables	639,652	931,220
Inventories	665,511	683,139
Other assets	92,899	149,721
Total current assets	4,344,351	3,449,368
Non-current assets		
Property, plant and equipment	291,511	378,411
Total non-current assets	291,511	378,411
Total assets	4,635,862	3,827,779
Current liabilities		
Payables	980,779	1,240,480
Borrowings	154,588	181,941
Lease liability	169,956	144,269
Provisions	100,757	206,911
Total current liabilities	1,406,080	1,773,601
Non-current liabilities		
Borrowings	904,965	1,482,993
Lease liability	7,142	102,715
Provisions	10,170	9,441
Total non-current liabilities	922,277	1,595,149
Total liabilities	2,328,357	3,368,750
Net assets	2,307,505	459,029
Equity		
Share capital	43,083,220	41,080,353
Reserves	347,697	233,253
Accumulated losses	(41,123,412)	(40,854,577)
Total equity	2,307,505	459,029

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Consolidated Entity	Share capital \$	Reserves \$	Accumulated losses \$	Total Equity \$
Balance as at 1 July 2019	40,381,715	(77,193)	(33,315,228)	6,989,294
Loss for the half-year	-	-	(5,855,929)	(5,855,929)
Exchange differences on translation of foreign operations, net of tax	-	(126,521)	-	(126,521)
Total comprehensive income for the half-year	-	(126,521)	(5,855,929)	(5,982,450)
Transactions with owners in their capacity as owners:				
Issue of shares	386,760	-	-	386,760
Share issue expenses	(16,775)	-	-	(16,775)
Employee share ownership plan	-	127,884	-	127,884
Options lapsed	-	(53,730)	53,730	-
	369,985	74,154	53,730	497,869
Balance as at 31 December 2019	40,751,700	(129,560)	(39,117,427)	1,504,713
Balance as at 1 July 2020	41,080,353	233,253	(40,854,577)	459,029
Loss for the half-year	-	-	(326,913)	(326,913)
Exchange differences on translation of foreign operations, net of tax	-	682	-	682
Total comprehensive income for the half-year	-	682	(326,913)	(326,231)
Transactions with owners in their capacity as owners:				
Issue of shares	2,150,724	-	-	2,150,724
Share issue expenses	(147,857)	-	-	(147,857)
Employee share ownership plan	-	171,840	-	171,840
Options lapsed	-	(58,078)	58,078	-
	2,002,867	113,762	58,078	2,174,707
Balance as at 31 December 2020	43,083,220	347,697	(41,123,412)	2,307,505

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flow from operating activities		
Receipts from customers	723,626	1,224,485
Payments to suppliers and employees	(2,113,741)	(3,037,208)
Grant and other income received	426,051	8,100
Interest received	3,804	94,259
Finance costs	(79,178)	(26,829)
Income tax refunded	432,397	579,057
Net cash used in operating activities	<u>(607,041)</u>	<u>(1,158,136)</u>
Cash flow from investing activities		
Payment for plant and equipment	-	(2,443)
Payment for intangibles	(12,484)	(449,047)
Net cash used in investing activities	<u>(12,484)</u>	<u>(451,490)</u>
Cash flow from financing activities		
Proceeds from share issue	2,150,724	386,760
Proceeds from convertible note issue	-	1,155,000
Cost of raising capital and issuing convertible note	(147,857)	(74,525)
Repayment of borrowings	(52,455)	-
Payment of lease liability	(69,886)	(61,548)
Net cash provided by financing activities	<u>1,880,526</u>	<u>1,405,687</u>
Net increase/(decrease) in cash and cash equivalents	1,261,001	(203,939)
Cash and cash equivalents at beginning of the half-year	1,685,288	2,766,419
Cash and cash equivalents at end of the half-year	<u>2,946,289</u>	<u>2,562,480</u>

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by dorsaVi Ltd during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*. This condensed half-year financial report covers dorsaVi Ltd and controlled entities as a consolidated entity. dorsaVi Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of dorsaVi Ltd's principal place of business is 86 Denmark Street, Kew, Victoria. dorsaVi Ltd is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* as appropriate for for-profit entities and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2020 and the corresponding half-year.

(b) Going Concern

During the half year ended 31 December 2020, the Group incurred a loss from ordinary activities after income tax of \$326,913 (2019: \$5,855,929). The Group had a net increase in cash held over the six months to 31 December 2020 of \$1,261,001 after raising additional share capital of \$2,150,727 before costs. As at 31 December 2020, the Group's current assets exceed current liabilities by \$2,938,271 (30 June 2020: \$1,675,767). Subsequent to year end the Group completed a shortfall placement to sophisticated investors raising \$1,552,116 before costs.

The Group has continued its strategic focus on: increasing penetration into the US market and building annuity revenue streams. This focus is having, and is expected to continue to have, a short-term financial impact on the Group through cash burn and lower growth in revenue. In the longer term, and, after the impact of COVID 19 has receded, however, the size of the US market and the scalability of annuity products, is expected to continue to provide the greatest opportunity for the Group and its shareholders.

The Group has incurred operating losses and generated negative cash flows from operations since inception. Short term financial forecasts indicate this is expected to continue and accordingly, the Group will continue to be required to obtain additional working capital through further capital raises, alternative means of financial support including merger and acquisition opportunities, or, both as well as contingency plans in place to further reduce expenses if required.

In determining the basis for preparation of the interim financial report, the Directors have reviewed: the financial performance; future operating plans (including cashflow forecasts); financial position; and existing cash resources available to the Group.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

(c) Rounding amounts

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

NOTE 2: SEGMENT INFORMATION

(a) Description of segments

Management differentiates operating segments based on product categories. 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.

dorsaVi Ltd and controlled entities are comprised of the following reportable segments:

Segment 1	Segment 2	Segment 3
Clinical	Workplace	Projects

(b) Segment information

The Group's chief operating decision maker's use segment revenue and segment results 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 have been no inter-segment revenue or expenses during the period.

Segment information is reconciled to financial statements and underlying profit disclosures notes as following:

Half-year - 31 Dec 2020	Clinical	Workplace	Projects	Total
	\$	\$	\$	\$
Segment revenue				
Segment revenue from external source	503,155	284,705	-	787,860
Non-segment revenue	-	-	-	1,054,821
Total revenue				<u>1,842,681</u>
Segment result				
Segment result from external source	455,488	272,941	-	728,429
Non-segment revenue	-	-	-	1,054,821
Non-segment expenses	-	-	-	(2,245,916)
Income tax benefit	-	-	-	135,753
Loss from continuing operations				<u>(326,913)</u>

Included in the clinical and workplace segment revenue above is \$678,677 of recurring revenue (2019: \$790,510).

Half-year - 31 Dec 2019	Clinical	Workplace	Projects	Total
	\$	\$	\$	\$
Segment revenue				
Segment revenue from external source	576,824	582,385	-	1,159,209
Non-segment revenue	-	-	-	206,155
Total revenue				<u>1,365,364</u>
Segment result				
Segment result from external source	517,906	550,140	-	1,068,046
Non-segment revenue	-	-	-	206,155
Non-segment expenses	-	-	-	(7,411,946)
Income tax benefit	-	-	-	281,816
Loss from continuing operations				<u>(5,855,929)</u>

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION (cont.)

(c) Major customers

No external revenue was derived from one major customer where the revenue was greater than 10% of the Group's revenue (2019: \$nil). Where such revenue arises, this revenue is included in clinical and workplace segments.

NOTE 3: LEASE LIABILITY

	31 Dec 2020	30 June 2020
	\$	\$
CURRENT		
Lease liability	169,956	144,269
NON-CURRENT		
Lease liability	7,142	102,715

NOTE 4: BORROWINGS

CURRENT		
<i>Unsecured liabilities</i>		
Premium finance liability ⁽ⁱ⁾	-	52,455
Convertible note host debt ⁽ⁱⁱⁱ⁾	154,588	129,486
	154,588	181,941
NON-CURRENT		
<i>Unsecured liabilities</i>		
Paycheck Protection Program Loan ⁽ⁱⁱ⁾	136,237	152,892
Convertible note host debt ⁽ⁱⁱⁱ⁾	656,166	620,376
Derivative liability ⁽ⁱⁱⁱ⁾	112,562	709,725
	904,965	1,482,993
	1,059,553	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 Covid-19 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.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 5: CONTRIBUTED CAPITAL

(a) Movements in shares on issue of the Parent Entity

	Half-year 31 Dec 2020		Year 30 June 2020	
	No of Shares	\$	No of Shares	\$
Beginning of the period	231,427,524	41,080,353	204,016,783	40,381,715
Movement during the period:				
- Employee share scheme	2,707,286	-	-	-
- Shares issued in capital raising	67,210,126	2,150,724	27,410,741	746,760
- Cost of raising capital	-	(147,857)	-	(48,122)
End of the period	301,344,936	43,083,220	231,427,524	41,080,353

During the half-year ended 31 December 2020, the Company:

- issued 57,856,881 shares, at \$0.032 each, through a private placement and issued 9,353,245 shares, at \$0.032 each, under a share purchase plan.
- Issued 2,707,286 shares, at \$nil each to the CEO in lieu of a reduction in employment entitlements. This issue had previously been approved by shareholders at the AGM in November 2020.

(b) Employee Share Ownership Plan (ESOP)

As previously disclosed, the Board has established an ESOP. This plan was established by the Company 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.

(i) Loan Shares

Between 30 June 2020 and 31 December 2020, no loan shares were issued.

(ii) Options over shares

Options to purchase 2,583,481 ordinary shares in the Company were granted in the six months ended 31 December 2020 (December 2019: 2,371,191).

(iii) Performance rights

No performance rights were granted during the six months to 31 December 2020 (December 2019: nil). During the six months, no ordinary shares were issued on the vesting of performance rights previously granted (December 2019: nil).

At 31 December 2020, 430,000 performance rights had yet to vest or expire.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 5: CONTRIBUTED CAPITAL (cont.)

Details of employee loan shares, options and performance rights granted are provided below:

Grant date	Expiry date	Exercise price	Balance at 1/07/2020	Granted during period	Exercised during period	Cancelled/expired during period	Balance at half year-end	Exercisable at half year-end
5/11/2014	5/11/2024	\$0.400	20,000	-	-	-	20,000	20,000
25/02/2015	25/02/2025	\$0.360	50,000	-	-	-	50,000	50,000
24/03/2016	24/03/2021	\$0.396	200,000	-	-	-	200,000	100,000
15/05/2017	15/05/2022	\$0.326	500,000	-	-	-	500,000	500,000
15/05/2017	1/10/2022	\$0.326	55,000	-	-	-	55,000	55,000
15/05/2017	1/10/2023	\$0.326	24,166	-	-	-	24,166	24,166
18/09/2019	1/06/2021	-	115,000	-	-	-	115,000	-
18/09/2019	1/10/2021	-	115,000	-	-	-	115,000	-
18/09/2019	18/09/2022	-	200,000	-	-	-	200,000	-
4/12/2019	4/12/2024	\$0.084	1,280,488	-	-	-	1,280,488	1,280,488
4/12/2019	4/12/2024	\$0.070	1,116,703	-	-	-	1,116,703	1,116,703
7/01/2020	7/01/2025	\$0.034	1,846,856	-	-	-	1,846,856	1,846,856
7/04/2020	7/04/2025	\$0.022	4,801,827	-	-	-	4,801,827	4,801,827
7/07/2020	7/07/2025	\$0.016	3,693,714	-	-	-	3,693,714	3,693,714
7/10/2020	7/10/2025	\$0.049	-	1,412,303	-	-	1,412,303	1,412,303
23/12/2020	23/12/2020	-	-	2,707,286	(2,707,286)	-	-	-
8/01/2021	8/01/2026	\$0.061	-	1,171,178	-	-	1,171,178	1,171,178
Total			14,018,754	5,290,767	(2,707,286)	-	16,602,235	16,072,235

Half-year ended 31 December 2019

Grant date	Expiry date	Exercise price	Balance at 1/07/2019	Granted during period	Exercised during period	Cancelled/expired during period	Balance at half year-end	Exercisable at half year-end
5/11/2014	5/11/2019	\$0.40	20,000	-	-	-	20,000	20,000
25/02/2015	25/02/2020	\$0.36	50,000	-	-	-	50,000	50,000
24/03/2016	24/03/2021	\$0.40	200,000	-	-	-	200,000	100,000
29/11/2016	1/10/2019	-	150,000	-	(63,000)	(87,000)	-	-
29/11/2016	29/11/2019	-	450,000	-	(450,000)	-	-	-
15/05/2017	15/05/2022	\$0.33	550,000	-	-	-	550,000	550,000
15/05/2017	1/10/2022	\$0.33	55,000	-	-	-	55,000	55,000
15/05/2017	1/10/2023	\$0.33	24,166	-	-	-	24,166	24,166
15/05/2017	1/10/2019	-	39,000	-	(21,530)	(17,470)	-	-
15/05/2017	1/07/2019	-	117,000	-	(117,000)	-	-	-
5/06/2017	1/10/2019	-	125,000	-	(75,750)	(49,250)	-	-
5/06/2017	1/07/2019	-	200,000	-	(200,000)	-	-	-
18/09/2019	18/09/2019	-	-	760,000	(760,000)	-	-	-
18/09/2019	1/10/2019	-	-	70,000	(68,250)	(1,750)	-	-
18/09/2019	1/10/2020	-	-	115,000	-	-	115,000	-
18/09/2019	1/10/2021	-	-	115,000	-	-	115,000	-
18/09/2019	18/09/2022	-	-	200,000	-	-	200,000	-
4/12/2019	4/12/2024	\$0.086	-	1,280,488	-	-	1,280,488	1,280,488
4/12/2019	4/12/2024	\$0.072	-	1,116,703	-	-	1,116,703	1,116,703
Total			1,980,166	3,657,191	(1,755,530)	(155,470)	3,726,357	3,196,357

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 6: SUBSEQUENT EVENTS

Material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements:

- On 2 February 2021, dorsaVi Ltd announced the completion of a shortfall placement, to professional and sophisticated investors, and issued 48,503,636 fully paid ordinary shares at \$0.032 per share raising \$1,552,116 before costs. The terms and issue price of the shortfall placement were in accordance with the entitlement offer that closed on 13 November 2020.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 6 to 15, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that dorsaVi Ltd will be able to pay its debts as and when they become due and payable.

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



Greg Tweedly
Chairman
Melbourne
Date: 23 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of dorsaVi Ltd and controlled entities

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of dorsaVi Ltd "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of dorsaVi Ltd and controlled entities does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the 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 annual 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 review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


Auditor's Responsibility for the Review of the Financial Report (continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



S SCHONBERG

Partner



PITCHER PARTNERS

Melbourne

23 February 2021