



BirdDog Australia Pty Ltd and controlled entity

ABN: 45 612 531 245

Consolidated Financial report

For the year ended 30 June 2020

Pitcher Partners

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BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY

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DIRECTORS' REPORT

The Directors present their report together with the financial report of BirdDog Australia Pty Ltd, the "Company" and its controlled entity, the "Group", for the year ended 30 June 2020 and restated independent auditor's report thereon.

Directors names

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

Daniel Miall

Eamon Drew

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

Results

The profit of the Group for the year after providing for income tax amounted to \$668,350 (2019: loss \$630,676).

Review of operations

On 11 March 2020, the World Health Organisation declared an ongoing global outbreak of a novel coronavirus, known as "coronavirus disease 2019" ('COVID-19') as a pandemic. While the broader economy has been impacted significantly, the Group has been able to successfully manage the various market and operational impacts of the COVID-19 pandemic.

The Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the Group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the Group during the year was the sale of cameras and converter products & software for the broadcast and audiovisual (AV) markets globally.

No significant change in the nature of these activities occurred during the year.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY

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DIRECTORS' REPORT

After balance date events

On 14 March 2021, BirdDog Australia Pty Ltd engaged PAC Partners as lead manager to provide capital raising services. In lieu of a retainer, BirdDog Australia Pty Ltd issued options equivalent to 2.5% of the post-money fully diluted capital structure of the Company at the date of the anticipated Initial Public Offering.

On 15 June 2021, the Company issued convertible notes with a face value of \$13,750,000 to wholesale investors. The convertible note has a maturity date of 12 months from issue, with coupon interest payable every 6 months in arrears at a rate of 8.0% per annum. The convertible notes automatically convert to ordinary shares on completion of an Initial Public Offering at a variable conversion price determined by the IPO price. If the Initial Public Offering does not go ahead, the convertible notes are repayable on maturity.

On 31 July 2021, BirdDog Australia Pty Ltd entered into a share based payment transaction to acquire the remaining 50% interest in IP rights the Group co-developed. The IP rights acquired will be recorded as an intangible asset at their fair value which equates to approximately \$400,000. As a result of the shareholders of BirdDog Australia Pty Ltd entering into an equity settled share based payment with the counterparty, this will be recorded through a share based payments reserve.

Aside from the above, no other matters or circumstances have arisen since the end of the financial year which 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.

Likely developments

The Group expects to continue to execute its growth plans and plan for an Initial Public Offering during the second half of 2021.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options and share rights

Effective 1 April 2019, BirdDog Australia Pty Ltd entered into a remuneration contract with the Group's first employee. The employee will receive a 2.5% interest in ordinary shares of BirdDog Australia Pty Ltd should a sale event or Initial Public Offering occur.

On 14 March 2021, BirdDog Australia Pty Ltd engaged PAC Partners as lead manager to provide capital raising services. In lieu of a retainer, BirdDog Australia Pty Ltd issued options equivalent to 2.5% of the post-money fully diluted capital structure of the Company at the date of the anticipated Initial Public Offering.

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DIRECTORS' REPORT

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the Group.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

Auditor's independence declaration

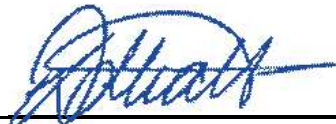
A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Signed on behalf of the Board of Directors.

Director: _____



Daniel Miall

Director: _____



Eamon Drew

Dated this 22nd day of September 2021

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BIRDDOG AUSTRALIA PTY 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 (including Independence Standards)*.

This declaration is in respect of BirdDog Australia Pty Ltd and the entity it controlled during the year.



F V RUSSO

Partner



Melbourne

Date: 22 September 2021

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (RESTATED)
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 (Restated) \$	2019 \$
Revenue and other income			
Revenue from contracts with customers	3	9,485,007	2,030,485
Other revenue and other income	4	<u>525,200</u>	<u>284,053</u>
		<u>10,010,207</u>	<u>2,314,538</u>
Less: expenses			
Cost of sales	5	(6,989,912)	(1,520,828)
Sales and marketing expense		(139,415)	(170,759)
Depreciation and amortisation expense	5	(55,103)	(4,822)
Employee benefits expense (restated)	5	(828,441)	(491,501)
Occupancy expense		-	(34,808)
Finance costs	5	(237,247)	(87,526)
Research and development costs	5	(317,785)	(300,205)
Professional fees		(145,079)	(43,073)
Software licensing fees		(483,816)	(50,854)
Other expenses		<u>(276,806)</u>	<u>(240,838)</u>
		<u>(9,473,604)</u>	<u>(2,945,214)</u>
Profit / (loss) before income tax expense		536,603	(630,676)
Income tax benefit / (expense)	6	<u>131,747</u>	-
Net profit / (loss) from continuing operations		<u>668,350</u>	<u>(630,676)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		<u>(3,241)</u>	<u>(8,481)</u>
Other comprehensive income for the year		<u>(3,241)</u>	<u>(8,481)</u>
Total comprehensive income / (loss)		<u>665,109</u>	<u>(639,157)</u>

The accompanying notes form part of these financial statements.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY

ABN: 45 612 531 245

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (RESTATED)

AS AT 30 JUNE 2020

	Note	2020 (Restated) \$	2019 \$
Current assets			
Cash and cash equivalents	7	789,120	50,019
Receivables	8	1,430,787	602,305
Inventories	9	851,150	452,033
Other assets	10	<u>256,550</u>	<u>244,164</u>
Total current assets		<u>3,327,607</u>	<u>1,348,521</u>
Non-current assets			
Lease assets	11	73,904	-
Deferred tax assets	6	131,747	-
Plant and equipment	12	<u>7,813</u>	<u>9,405</u>
Total non-current assets		<u>213,464</u>	<u>9,405</u>
Total assets		<u>3,541,071</u>	<u>1,357,926</u>
Current liabilities			
Payables	13	2,604,444	2,673,618
Lease liabilities	11	50,400	-
Borrowings	14	1,089,334	212,825
Provisions	15	136,045	85,609
Contract liabilities	16	<u>789,902</u>	<u>240,101</u>
Total current liabilities		<u>4,670,125</u>	<u>3,212,153</u>
Non-current liabilities			
Lease liabilities	11	27,198	-
Provisions	15	<u>14,352</u>	<u>4,970</u>
Total non-current liabilities		<u>41,550</u>	<u>4,970</u>
Total liabilities		<u>4,711,675</u>	<u>3,217,123</u>
Net asset deficiency		<u>(1,170,604)</u>	<u>(1,859,197)</u>
Equity			
Share capital	17	250,010	250,010
Reserves (restated)	18	17,537	(2,706)
Retained losses (restated)	19	<u>(1,438,151)</u>	<u>(2,106,501)</u>
Total equity		<u>(1,170,604)</u>	<u>(1,859,197)</u>

The accompanying notes form part of these financial statements.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (RESTATED)
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity \$	Reserves \$	Retained losses \$	Total equity \$
Balance as at 1 July 2018	10	-	(1,475,825)	(1,475,815)
Loss for the year	-	-	(630,676)	(630,676)
Other comprehensive income for the year	-	(8,481)	-	(8,481)
Total comprehensive income for the year	-	(8,481)	(630,676)	(639,157)
Transactions with owners:				
Shares issued	250,010	-	-	250,010
Shares subdivided	(10)	-	-	(10)
Share based payments expense	-	5,775	-	5,775
Total transactions with owners	250,000	5,775	-	255,775
Balance as at 30 June 2019	<u>250,010</u>	<u>(2,706)</u>	<u>(2,106,501)</u>	<u>(1,859,197)</u>
Balance as at 1 July 2019	250,010	(2,706)	(2,106,501)	(1,859,197)
Profit for the year	-	-	668,350	668,350
Other comprehensive income for the year	-	(3,241)	-	(3,241)
Total comprehensive income for the year	-	(3,241)	668,350	665,109
Transactions with owners:				
Share based payments expense	-	23,484	-	23,484
Total transactions with owners	-	23,484	-	23,484
Balance as at 30 June 2020	<u>250,010</u>	<u>17,537</u>	<u>(1,438,151)</u>	<u>(1,170,604)</u>

The accompanying notes form part of these financial statements.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from customers		9,223,602	1,801,425
Government grants received		408,804	40,208
Payments to suppliers and employees		(9,338,463)	(1,944,799)
Interest received		162	195
Finance costs		<u>(167,558)</u>	<u>(116,416)</u>
Net cash provided by / (used in) operating activities	20(b)	<u>126,547</u>	<u>(219,387)</u>
Cash flow from investing activities			
Payment for property, plant and equipment		<u>(4,241)</u>	<u>(9,868)</u>
Net cash used in investing activities		<u>(4,241)</u>	<u>(9,868)</u>
Cash flow from financing activities			
Proceeds from share issue		-	250,000
(Payment of)/proceeds from related parties	20(c)	(4,682)	23,306
Net proceeds from / (repayment of) short-term borrowings	20(c)	667,053	(12,250)
Principal portion of lease payments	20(c)	<u>(45,576)</u>	<u>-</u>
Net cash provided by financing activities		<u>616,795</u>	<u>261,056</u>
Reconciliation of cash			
Cash at beginning of the financial year		50,019	18,218
Net increase in cash held		<u>739,101</u>	<u>31,801</u>
Cash at end of financial year	20(a)	<u><u>789,120</u></u>	<u><u>50,019</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Directors have determined that the Group is not a reporting entity on the basis that, in the opinion of the Directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared for use by the directors and members of the Group. This report has been prepared to satisfy the Group's reporting requirements as part of the Group's intended Initial Public Offering on the Australian Stock Exchange.

The financial report covers BirdDog Australia Pty Ltd and its consolidated entity. BirdDog Australia Pty Ltd is a Group limited by shares, incorporated and domiciled in Australia. BirdDog Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

- AASB 101: Presentation of Financial Statements
- AASB 107: Statement of Cash Flows
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

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.

COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Significant accounting estimates and judgements

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, including AASB 16 Leases (AASB 16).

AASB 16: Leases

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - i. investment property, the lessee applies the fair value model in AASB 140 Investment Property to the right-of-use asset; or
 - ii. property, plant or equipment, the applies the revaluation model in AASB 116 Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The Group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New and revised accounting standards effective at 30 June 2020 (Continued)

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of \$123,174 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of \$123,174. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 6.80%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

	\$
Aggregate non-cancellable operating lease commitments at 30 June 2019	133,671
Less: impact of discounting lease payments to their present value at 1 July 2019	<u>(10,497)</u>
Carrying amount of lease liabilities recognised at 1 July 2019	<u><u>123,174</u></u>

Further details of the Group's accounting policy in relation to accounting for leases under AASB 16 are contained in Note 1(o) .

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group earned a profit from ordinary activities of \$668,350 during the year ended 30 June 2020, and as at that date the Group's total liabilities exceeded total assets by \$1,170,604 and current liabilities exceeded current assets by \$1,342,518.

The Directors have assessed that the Group will continue as a going concern based on the following:

- The Group issued convertible notes on 15 June 2021 with a face value of \$13,750,000 to wholesale investors. The convertible notes have a maturity date of 9 June 2022, with coupon interest payable every 6 months in arrears at a rate of 8.0% per annum. The convertible notes automatically convert to ordinary shares on completion of an Initial Public Offering at a variable conversion price determined by the IPO price. If the Group is unsuccessful in raising capital through an Initial Public Offering, noteholders have discretion to either convert their notes ordinary shares or request repayment of the principle multiplied by a factor of 1.2 plus accrued interest.
- The Group's finance facilities are due for review on 30 September 2021. As at the date of the financial report, the Group's financiers are currently finalising their review of the facility which is expected to be renewed by the end of September 2021.

Although the outcome of both the anticipated Initial Public Offering and renewal of the trade loan facility cannot be predicted with certainty, the Directors are confident that the Group is a going concern due to the following circumstances:

- During the year ended 30 June 2021, the Group reported an operating profit after tax from continuing operations of \$1,354,034. As at 30 June 2021, total assets exceeded total liabilities by \$414,924 and current assets exceeded current liabilities by \$231,577.
- During the year ended 30 June 2021, the Group maintained compliance with its terms and conditions of its finance facilities. Based on the Group's forecast and budgets for the next 12 months the Directors are confident that the Group's existing financier will continue to provide support. In the unlikely event this does not occur the Directors believe they will be able to obtain finance from an alternative financier.
- The Group will apply for in-principle advice on the suitability of the Group for listing on the ASX on signing of the 2021 financial report. The Group is currently in the process of preparing its prospectus for lodgement with the ASX, with the intention of completing an Initial Public Offering on or before 8 December 2021. As such, the convertible notes are anticipated to mandatorily convert to ordinary shares on this date.
- In the unlikely event that an Initial Public Offering does not occur on or before maturity of the convertible notes, the Group's budgets and forecasts anticipate that the Group will be able to generate sufficient funds to repay the convertible note holders on maturity.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Going concern (Continued)

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. The Group has experienced trading profits for both the 2020 and 2021 financial years, with profit from the 2021 financial year moving the Group into a positive net asset position;

(d) Revenue from contracts with customers

The Group derives revenue predominantly from the sale of cameras and converter products & software for the broadcast and audiovisual (AV) markets globally. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

(e) Other revenue and other income

Research and Development Tax Incentives

The Group qualifies for the Research and Development Tax Incentive, which results in the Group obtaining a tax offset for eligible research and development activities. The Research and Development Tax Incentive is presented as government grant income in the statement of profit and loss and other comprehensive income. Where the Group expects to receive the tax offset in the form of a refund, the amount is accrued in the statement of financial position at fair value of the tax offset receivable. Where the Group will receive the tax offset in the form of a reduction in tax payable, the amount is recognised in the statement of financial position as a reduction in the current tax liability. Where the Group will receive the tax offset in the form of a conversion to carried forward tax losses, the amount is recognised in the statement of financial position as deferred tax asset, to the extent that deferred tax assets have been recognised.

Interest

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency transactions and balances

Functional and presentation currency

The financial statements of each entity within the Group is 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 consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated Group are translated into 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 restated to the spot rate at the reporting date.

All exchange gains or losses are recognised in profit or loss for the period in which they arise.

Subsidiaries that have a functional currency different from the presentation currency of the Group 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.

(g) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

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 are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the 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.

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ABN: 45 612 531 245

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 in the consolidated statement of financial position.

(i) Financial instruments

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.

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.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from related parties.

Financial liabilities are classified as current liabilities unless the trust has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(j) Inventories

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

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Computer equipment at cost	33.33%	Straight line

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) 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 in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (Continued)

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the Group 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. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The Group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

(m) Share based payments

The Group has various arrangements in place with employees and professional advisors in respect of share based payments. The fair value of the equity to which employees or professional advisors become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(n) Research and development expenditure

Expenditure on research and development activities is recognised as an expense when incurred. The Group has determined expenditure incurred does not meet the recognition criteria under AASB 138 Intangible Assets and has therefore been recognised as an expense in the statement of profit and loss and other comprehensive income.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group 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

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 Group, and an estimate of costs to be incurred by the Group 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 associated lease liability), less accumulated amortisation and any accumulated impairment loss.

Lease assets are amortised 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

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 Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the 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.

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.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

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 obtained by the Group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

(q) Goods and services tax (GST)

Revenues, expenses and purchased 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 consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated 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 with current year disclosures.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) 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.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. These temporary differences were brought to account during the financial year as the Group made a taxable profit.

(b) Functional currency

The functional currency for BirdDog Australia Pty Ltd has been assessed by management as Australian Dollars. Management has exercised judgement to determine the functional currency that most accurately represents the economic effects of the underlying transactions, events and conditions, which includes:

- The directors and central management of BirdDog Australian Pty Ltd is in Australia;
- Subsequent to financial year-end, the Group has raised convertible notes from wholesale investors in Australian Dollars;
- The Group also intends to undertake an Initial Public Offering on the Australian Stock Exchange, where capital will be raised in Australian Dollars;

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers		
Sale of goods	9,458,893	2,030,485
Software licensing fees	<u>26,114</u>	<u>-</u>
	<u><u>9,485,007</u></u>	<u><u>2,030,485</u></u>
NOTE 4: OTHER REVENUE AND OTHER INCOME		
Other revenue		
Interest income	162	195
Other revenue	<u>666</u>	<u>3,553</u>
	<u><u>828</u></u>	<u><u>3,748</u></u>
Other income		
Foreign currency translation gains	100,324	13,093
Government grant income	<u>424,048</u>	<u>267,212</u>
	<u><u>524,372</u></u>	<u><u>280,305</u></u>
	<u><u>525,200</u></u>	<u><u>284,053</u></u>
NOTE 5: OPERATING PROFIT (RESTATED)		
Profit / (losses) before income tax has been determined after:		
Cost of sales	6,989,912	1,520,828
Finance costs	237,247	87,526
Depreciation	5,833	4,822
Amortisation	49,270	-
Foreign currency translation (gains) / losses	(38,352)	25,051
Research and development costs	317,785	300,205
Employee benefits expense (restated)	828,441	491,501
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit or review of the financial report	29,000	28,000

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 6: INCOME TAX (RESTATED)		
(a) Components of income tax (benefit) / expense		
Current tax	-	-
Deferred tax	<u>(131,747)</u>	<u>-</u>
	<u>(131,747)</u>	<u>-</u>
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 27.5% (2019: 27.5%)	147,566	(173,436)
Add tax effect of:		
- R&D expenditure claimed as tax offset	78,847	49,636
- Other non-allowable items	60,009	16,377
- Deferred tax assets not brought to account	<u>-</u>	<u>107,423</u>
	138,856	173,436
Less tax effect of:		
- Deferred tax assets brought to account	<u>418,169</u>	<u>-</u>
	<u>418,169</u>	<u>-</u>
Income tax (benefit) / expense attributable to profit	<u>(131,747)</u>	<u>-</u>
(c) Deferred tax		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	28,920	-
Non-refundable carried forward R&D tax offset	56,261	-
Employee benefits	41,359	-
Leases	1,016	-
Accruals	<u>22,419</u>	<u>-</u>
	<u>149,975</u>	<u>-</u>
<i>Deferred tax liabilities</i>		
The balance comprises:		
Unrealised FX gains	<u>18,228</u>	<u>-</u>
	<u>18,228</u>	<u>-</u>
Net deferred tax assets / (liabilities)	<u>131,747</u>	<u>-</u>

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 6: INCOME TAX (RESTATED) (CONTINUED)		
(d) Deferred income tax (revenue)/expense included in income tax expense comprises		
Increase in deferred tax assets	(149,975)	-
Increase in deferred tax liabilities	<u>18,228</u>	<u>-</u>
	<u>(131,747)</u>	<u>-</u>
(e) Deferred tax assets not brought to account		
Temporary differences	-	51,814
Operating tax losses	<u>-</u>	<u>366,355</u>
	<u>-</u>	<u>418,169</u>
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	1	1
Cash at bank	<u>789,119</u>	<u>50,018</u>
	<u>789,120</u>	<u>50,019</u>
NOTE 8: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	1,384,647	573,441
Other receivables	<u>46,140</u>	<u>28,864</u>
	<u>1,430,787</u>	<u>602,305</u>
NOTE 9: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	<u>851,150</u>	<u>452,033</u>
NOTE 10: OTHER ASSETS		
CURRENT		
Government grants receivable	242,248	227,004
Deposits	<u>14,302</u>	<u>17,160</u>
	<u>256,550</u>	<u>244,164</u>

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: LEASE ASSETS AND LEASE LIABILITIES

Lease arrangements (30 June 2020)

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 *Leases* (which was applied by the Group for the first time in the current reporting period).

	2020
	\$
(a) Lease assets	
Buildings	
Under lease	123,174
Accumulated amortisation	<u>(49,270)</u>
Total carrying amount of lease assets	<u><u>73,904</u></u>

	2020
	\$

Reconciliations

Buildings

Opening carrying amount	-
Recognition of AASB 16 Leases standard	123,174
Amortisation	<u>(49,270)</u>
Closing carrying amount	<u><u>73,904</u></u>

(b) Lease liabilities

CURRENT	
Lease liability	<u>50,400</u>
NON CURRENT	
Lease liability	<u>27,198</u>
Total carrying amount of lease liabilities	<u><u>77,598</u></u>

(c) Lease expenses and cashflows

Interest expense on lease liabilities	6,684
Depreciation expense on lease assets	49,270
Cash outflow in relation to leases	52,260

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

(d) Non-cancellable operating lease arrangements (30 June 2019)

The following information relates to non-cancellable operating lease arrangements of the prior reporting period only, and is presented in accordance with the predecessor accounting standard AASB 117 Leases.

	2019
	\$
- Not later than 1 year	52,260
- Later than 1 year and not later than 5 years	<u>81,411</u>
Aggregate lease payments contracted for at reporting date	<u><u>133,671</u></u>

	2020	2019
	\$	\$

NOTE 12: PLANT AND EQUIPMENT

Plant and equipment

Computer equipment at cost	18,708	14,467
Accumulated depreciation	<u>(10,895)</u>	<u>(5,062)</u>
	<u><u>7,813</u></u>	<u><u>9,405</u></u>

(a) Reconciliations

<i>Computer equipment</i>		
Opening carrying amount	9,405	4,359
Additions	4,241	9,868
Depreciation expense	<u>(5,833)</u>	<u>(4,822)</u>
Closing carrying amount	<u><u>7,813</u></u>	<u><u>9,405</u></u>

NOTE 13: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	1,314,273	1,301,601
Amounts payable to:		
- Ultimate parent entity	555,923	555,923
- Director related parties	417,349	408,781
- Shareholder related parties	95,241	317,947
Sundry creditors and accruals	<u>221,658</u>	<u>89,366</u>
	<u><u>2,604,444</u></u>	<u><u>2,673,618</u></u>

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 14: BORROWINGS		
CURRENT		
<i>Unsecured liabilities</i>		
Amounts payable to:		
- Shareholder related parties	<u>209,456</u>	<u>-</u>
<i>Secured liabilities</i>		
Trade loans	<u>879,878</u>	<u>212,825</u>
	<u><u>1,089,334</u></u>	<u><u>212,825</u></u>

NOTE 15: PROVISIONS

CURRENT		
Employee benefits	(a) <u>136,045</u>	<u>85,609</u>
NON-CURRENT		
Employee benefits	(a) <u>14,352</u>	<u>4,970</u>
(a) Aggregate employee benefits liability	150,397	90,579

NOTE 16: CONTRACT LIABILITIES

CURRENT		
Unearned income	<u>789,902</u>	<u>240,101</u>

A contract liability represents the Group's obligation to transfer goods or services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities arise in relation to sale of goods when consideration is received from the customer in advance of control over the product being passed to the customer. Contract liabilities arise in relation to software product services when consideration is received from the customer in advance of the service being provided to the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers control over the goods or services to the customer. Services are generally provided by the Group within 12 months of the receipt of an advance payment from a customer.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 18: RESERVES (RESTATED)		
Foreign currency translation reserve	(11,722)	(8,481)
Share based payments reserve	<u>29,259</u>	<u>5,775</u>
	<u><u>17,537</u></u>	<u><u>(2,706)</u></u>

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

The share based payments reserve is used to record the fair value of share rights issued to employees.

NOTE 19: RETAINED LOSSES (RESTATED)		
Retained losses at beginning of year	(2,106,501)	(1,475,825)
Net profit / (loss)	<u>668,350</u>	<u>(630,676)</u>
	<u><u>(1,438,151)</u></u>	<u><u>(2,106,501)</u></u>

NOTE 20: CASH FLOW INFORMATION (RESTATED)

(a) Reconciliation of cash

Cash at the end of the financial year is reconciled between the consolidated statement of cash flows and the consolidated statement of financial position is as follows:

Cash on hand	1	1
Cash at bank	<u>789,119</u>	<u>50,018</u>
	<u><u>789,120</u></u>	<u><u>50,019</u></u>

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 20: CASH FLOW INFORMATION (RESTATED) (CONTINUED)		
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) from ordinary activities after income tax	668,350	(630,676)
Adjustments and non-cash items		
Amortisation of leased assets	49,270	-
Depreciation	5,833	4,822
Interest expense accrued on director related party loans	42,306	-
Net foreign exchange differences	(3,241)	(8,481)
Share based payments expense	23,484	5,775
Changes in operating assets and liabilities		
Increase in receivables	(828,482)	(482,048)
Increase in other assets	(12,386)	(223,306)
Increase in inventories	(399,117)	(404,812)
Increase in payables	102,658	1,246,641
Increase in other liabilities	549,801	240,101
Increase in deferred tax assets	(131,747)	-
Increase in provisions	<u>59,818</u>	<u>32,597</u>
Cash flows from operating activities	<u><u>126,547</u></u>	<u><u>(219,387)</u></u>
(c) Reconciliation of liabilities arising from financing activities		
Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amount of such liabilities, which comprise short-term bank borrowings, director related party loans and lease liabilities, are summarised below.		
Balance at the beginning of the year	1,495,476	1,484,420
Adoption of AASB 16	123,174	-
Net proceeds from / (repayment of) short-term borrowings	667,053	(12,250)
Principal portion of lease payments	(45,576)	-
Advances from related parties	-	23,306
Repayment of related parties	<u>(4,682)</u>	<u>-</u>
Balance at the end of the year	<u><u>2,235,445</u></u>	<u><u>1,495,476</u></u>

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 21: PARENT ENTITY DETAILS (RESTATED)		
Summarised presentation of the parent entity, BirdDog Australia Pty Ltd, financial statements:		
(a) Summarised statement of financial position		
Assets		
Current assets	3,279,436	1,342,763
Non-current assets	<u>536,178</u>	<u>140,141</u>
Total assets	<u>3,815,614</u>	<u>1,482,904</u>
Liabilities		
Current liabilities	4,615,971	3,208,500
Non-current liabilities	<u>41,550</u>	<u>4,970</u>
Total liabilities	<u>4,657,521</u>	<u>3,213,470</u>
Net asset deficiency	<u>(841,907)</u>	<u>(1,730,566)</u>
Equity		
Share capital	250,010	250,010
Retained losses (restated)	(1,121,176)	(1,986,351)
Reserves (restated)	<u>29,259</u>	<u>5,775</u>
Total equity	<u>(841,907)</u>	<u>(1,730,566)</u>
(b) Summarised statement of comprehensive income		
Profit / (loss) for the year (restated)	865,175	(504,751)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year	<u>865,175</u>	<u>(504,751)</u>

NOTE 22: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the Group's significant subsidiaries:

Subsidiaries of BirdDog Australia Pty Ltd:	Country of incorporation	Ownership interest held by the group	
		2020	2019
		%	%
BirdDog Australia (USA) Inc	USA	100	100

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

On 14 March 2021, BirdDog Australia Pty Ltd engaged PAC Partners as lead manager to provide capital raising services. In lieu of a retainer, BirdDog Australia Pty Ltd issued options equivalent to 2.5% of the post-money fully diluted capital structure of the Company at the date of the anticipated Initial Public Offering.

On 15 June 2021, the Group issued convertible notes with a face value of \$13,750,000 to wholesale investors. The convertible note has a maturity date of 12 months from issue, with coupon interest payable every 6 months in arrears at a rate of 8.0% per annum. The convertible notes automatically convert to ordinary shares on completion of an Initial Public Offering at a variable conversion price determined by the IPO price. If the Initial Public Offering does not go ahead, the convertible notes are repayable on maturity.

On 31 July 2021, BirdDog Australia Pty Ltd entered into a share based payment transaction to acquire the remaining 50% interest in IP rights the Group co-developed. The IP rights acquired will be recorded as an intangible asset at their fair value which equates to approximately \$400,000. As a result of the shareholders of BirdDog Australia Pty Ltd entering into an equity settled share based payment with the counterparty, this will be recorded through a share based payments reserve.

Aside from the above and except for COVID-19 and subsequent government actions, the impact of which on the Group cannot reasonably be determined with certainty at this time, there has been no other matters or circumstances, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Group.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24: RESTATEMENTS

Effective 1 April 2019, BirdDog Australia Pty Ltd entered into a remuneration contract with the Group's first employee. The employee will receive a 2.5% interest in ordinary shares of BirdDog Australia Pty Ltd should a sale event or Initial Public Offering occur. As a result, amendments were required to record the share based payment for the financial year to be allocated over the service period. The amendments listed above have been corrected by restating each of the affected financial statement line items for the prior period as follows:

Restatement of financial position

	2020 Previously reported \$	Restatement \$	2020 Restated \$
Equity			
Share capital	250,010	-	250,010
Reserves	(11,722)	29,259	17,537
Retained losses	<u>(1,408,892)</u>	<u>(29,259)</u>	<u>(1,438,151)</u>
Total equity	<u>(1,170,604)</u>	<u>-</u>	<u>(1,170,604)</u>

Restatement of comprehensive income

	2020 Previously reported \$	Restatement \$	2020 Restated \$
Revenue			
Total revenue	<u>10,010,207</u>	<u>-</u>	<u>10,010,207</u>
Expenses			
Cost of sales	6,989,912	-	6,989,912
Sales and marketing expense	139,415	-	139,415
Depreciation expense	55,103	-	55,103
Employee benefits expense	804,957	23,484	828,441
Finance costs	237,247	-	237,247
Research and development costs	317,785	-	317,785
Professional fees	145,079	-	145,079
Software licensing fees	483,816	-	483,816
Other expenses	<u>276,806</u>	<u>-</u>	<u>276,806</u>
Total expenses	<u>9,450,120</u>	<u>23,484</u>	<u>9,473,604</u>
Profit before income tax	<u>560,087</u>	<u>(23,484)</u>	<u>536,603</u>

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25: ENTITY DETAILS

The registered office of the Group is:

BirdDog Australia Pty Ltd
Level 13
664 Collins Street
DOCKLANDS VIC 3004

The principal place of business is:

Unit 5
38 Down Street
COLLINGWOOD VIC 3066

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

DIRECTORS' DECLARATION

The directors have determined that the Group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 5 - 33 presents fairly the Group's financial position as at 30 June 2020 and performance for the year ended on that date of the Group in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Group 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 Board of Directors.



Director: _____

Daniel Miall



Director: _____

Eamon Drew

Dated this 22nd day of September 2021

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

RESTATED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BIRDDOG AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of BirdDog Australia Pty Ltd "the company" and its controlled entity, "the Group", which comprises the restated consolidated statement of financial position as at 30 June 2020, the restated consolidated statement of profit or loss and other comprehensive income, restated 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 presents fairly, in all material respects, the financial position of the Group as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Australian Accounting Standards.

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 the Financial Report* section of our report. We are independent of the Group in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist BirdDog Australia Pty Ltd to satisfy the Group's reporting requirements as part of the Group's intended Initial Public Offering on the Australian Stock Exchange. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter - Restatements of financial report

We draw attention to Note 24 of the restated financial report of BirdDog Australia Pty Ltd and its controlled entity, which describes the restatements and amendments that have been made in respect to the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and related notes for the years ended 30 June 2020. The financial report of BirdDog Pty Ltd and its controlled entity for the year ended 30 June 2020 was previously authorised for issue on 29 June 2021. As a result of the matters identified and described in Note 24, the accompanying restated consolidated financial report has been issued by the Directors.

Our opinion is not modified in respect of this matter.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

RESTATED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BIRDDOG AUSTRALIA PTY LTD

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's directors' 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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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.

BIRDDOG AUSTRALIA PTY LTD AND CONTROLLED ENTITY
ABN: 45 612 531 245

RESTATED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BIRDDOG AUSTRALIA PTY LTD

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

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.



F V RUSSO

Partner



PITCHER PARTNERS

Melbourne

Date: 22 September 2021