

DECEMBER 2022 QUARTERLY ACTIVITIES REPORT & 4C MARKET UPDATE

BirdDog Technology Limited (ASX: BDT) ("**BirdDog**", "**BDT**" or the "**Company**"), the global broadcast-quality video technology company enhancing resolution, speed, and flexibility of live communications through a range of solutions, provides an update on the Company's operations for the second quarter of FY23, ended 31 December 2022 ("**December quarter**" or "**Q2 FY23**").

Q2 FY23 HIGHLIGHTS:

- Unaudited revenue of A\$7.6 million, -24% versus prior corresponding period ("pcp") and -3% quarter-on-quarter
- Performance mixed across key geographies:
 - Europe showing signs of improvement, following declines over previous three quarters
 - the Americas and Asia Pacific markets impacted by softer demand, relating to macro-economic conditions
- Performance across traditional industry verticals also varies:
 - Broadcast impacted by softer demand, relating to economic conditions
 - Education and house of worship growing as BirdDog penetration grows
 - Highly complimentary feedback as MedTech trials commence, with first revenues expected Q1 FY24
 - Tighter Zoom integration and certification programs underway to tap into expanding Unified Communications markets
- Significant one-off cash investments during Q2 led to elevated cost levels
- Cost improvement measures and control plan initiatives underway to manage through current economic environment
- A\$2.0 million on-market share buy-back implemented, commencing mid-December
- Company remains very well-funded with strong cash balance of A\$19.8 million as at 31 December 2022
- A\$20.1 million inventory as at 31 December 2022, including A\$6.8 million of inventory deposits and A\$12.3 million in finished goods, providing future production security
- Investor update to be held 11:00am AEDT today, Tuesday 31 January ([register here](#))

Commenting on the results, BirdDog Co-Founder and CEO Dan Miall said:

"The quarter and the half to 31 December has been disappointing for the business and below management's internal revenue expectations. Our two primary markets (the USA and Europe) have both been experiencing similarly challenging times due to macro-economic factors leading to the deferral of key capital investment decisions."

Factoring in recent revenue trends, we have re-positioned our variable overheads, which will significantly reduce our H2 cash investment initiatives, to less than A\$200,000 per month. Having more than doubled our global team over the last 18 months, we have re-energised the business during January to be laser focussed on product delivery, product innovation (including in our new MedTech solution) and our go-to-market strategies. This underpins our confidence in the future of BirdDog, with revenues anticipated to return to expected levels during the second half of calendar year 2023."

DECEMBER QUARTER FINANCIAL RESULTS

BirdDog's December quarter unaudited revenues were A\$7.6 million, a 24% decline versus pcpc and 3% lower quarter-on-quarter. For the half-year to 31 December 2022 ("H1 FY23"), unaudited revenues were A\$15.4 million, a 36% decline versus pcpc.

December quarter revenues have declined due to a number of factors:

- softer overall demand from our traditional broadcast industry customers
- macro-economic circumstances (rising interest rates and inflation, coupled with the significant ongoing conflict in Europe)
- delayed launch of BirdDog's innovative new suite of products.

Cash used in operating activities during the quarter totalled A\$2.9 million as some significant annual expenses were incurred and paid for, including annual insurance premiums of A\$0.5 million paid during H1 FY23 (including A\$0.4 million paid during the quarter) and corporate taxes of A\$0.3 million paid during H1 FY23, noting the corporate tax is refundable in Q3 FY23.

The Q2 FY23 period also included cash payments for inventory deposits of A\$1.1 million, securing and de-risking our future supply chain.

When combined with increased promotional activities of A\$0.6 million during the quarter (A\$1.1 million for H1 FY23) plus A\$0.4 million in research & development, the result saw a higher-than-average quarterly cash investment.

The Company expects monthly cash investment to return to a level within the Company's target range and consistent with its overall strategy during Q4 FY23.

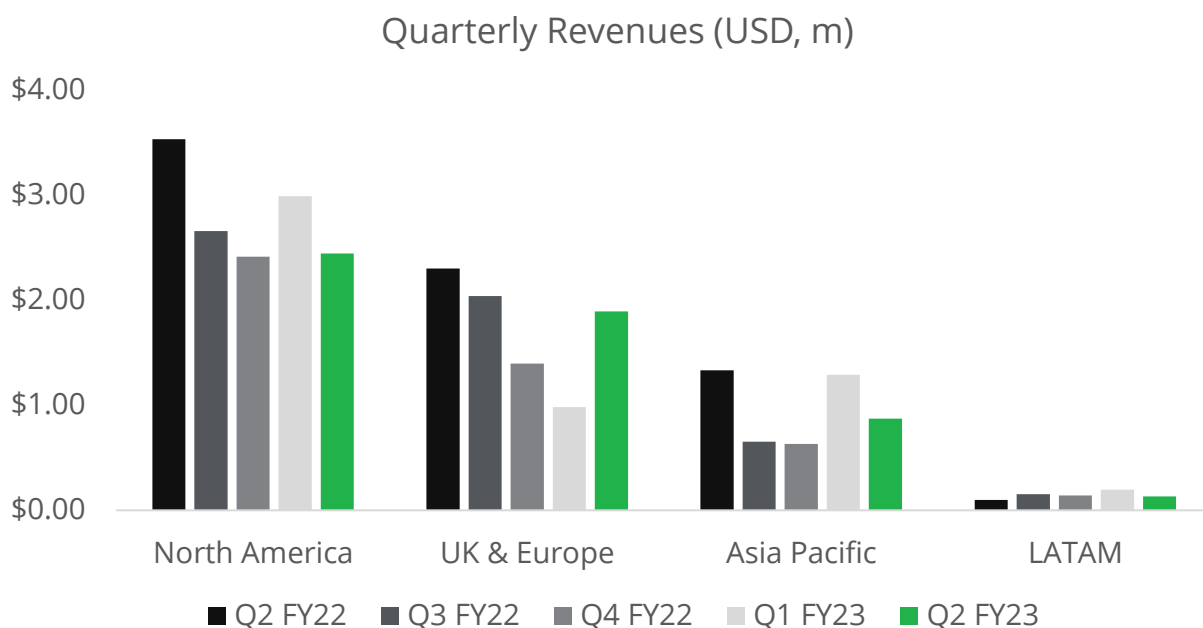
PERFORMANCE MIXED ACROSS KEY GEOGRAPHIES

During the quarter, revenues from BirdDog's largest market – North America – declined 31% versus pcpc. Notwithstanding this, quarterly revenues from North America have remained relatively consistent for the past four consecutive quarters.

Elsewhere, as anticipated during the September quarter, the Company is pleased to have observed a meaningful turnaround in United Kingdom & European revenue (+93% to US\$1.9 million versus pcpc), albeit from a lower base. The Company remains encouraged by this result, largely driven by the European commercial team build-out over the past six months and early signs of improved operating conditions across the region. Rest of the World revenues (Asia Pacific and LATAM) declined 30% versus Q2 FY22.

While falling short of internal Company forecasts, BirdDog remains confident its underlying strategy will see a return to quarterly revenue growth across all regions by December 2023. This confidence is reinforced by direct and ongoing dialogue with the Company's key distributor in the United Kingdom & Europe, indicating buying cycles are set to return in calendar year 2023.

The graph below depicts the revenue break-down by region for the December quarter and the prior four quarters:



HIGHER-THAN-AVERAGE Q2 CASH INVESTMENT

When evaluating the trajectory of the Company's cash investments, a sizeable portion of the elevated December quarterly expenditure is a direct outcome of BirdDog's enhanced scale and targeted strategy of broadening the Company's audience for its products and solutions, including the penetration of new industry verticals.

As highlighted, beyond the investment required to scale, there were also a number of one-off costs incurred during the December quarter, including fully paid annual insurance premiums (A\$0.4 million) as well as elevated promotional and marketing activity in addition to product centric R&D spend.

COST IMPROVEMENT & CONTROL PLAN UNDERWAY

In response to the short to medium term challenging market environments, the Company has implemented a variety of controls and cost-improvement initiatives. These will ensure that monthly cash investments are brought back to a level within the Company's target range and consistent with its overall strategy.

Specifically, the Company will target net cash investments of less than A\$200,000 per month whilst demand challenges remain. In executing on the current plan – designed to optimise cash investments on core operating activities – BirdDog is actioning the first phase of a multi-phase set of initiatives to be implemented through CY23.

MEDTECH

As outlined within the Company's Q1 FY23 update, BirdDog is expanding its focus on the MedTech opportunity in response to customer-led demand. The Company is now seeing tangible output from its increased engineering investment through FY22, and into Q1 and Q2 FY23.

During the quarter, the Company successfully trialled its surgery theatre environment software solution in an Australian hospital. Based on these trials, including numerous ongoing dialogue with key participants, the Company remains confident there exists a significant opportunity for BirdDog products and solutions within this field. BirdDog currently anticipates its first MedTech revenues in Q1 FY24, partnering with some of the world's leading medical device companies and leading regional hospital groups, amongst others.

ON-MARKET SHARE BUY-BACK

As announced on 18 November 2022, BirdDog revealed plans to implement an on-market buy-back of up to \$2,000,000 as part of the Company's capital management strategy ("**Share Buy-Back**"). The decision reflects the continued confidence of the Board and Senior Management in BirdDog's sustainable future growth prospects, particularly given current levels of unrestricted cash and cash assets in the form of inventory deposits. The Board continue to categorically believe the Share Buy-Back is an effective and flexible mechanism to enhance shareholder returns over the long term. The on-market share buyback is currently in a trading black-out period, from 1 January until one week after the Appendix 4D and December 2022 half-year report is released.

INVENTORY & BALANCE SHEET

Cash outflows on inventory deposits during the quarter exceeded \$1.0 million for the third consecutive quarter. Since 30 June 2022, inventory of finished goods has increased \$2.7 million (+28%) largely driven by well-received new products to market, positioning the Company well for future demand, in a supply chain constrained global environment.

As outlined within the Company's Q1 FY23 update, the expectation remains that a gradual unwind of inventory will commence in CY 2023. Over time the Company expects to move from holding ~12 months forward inventory towards 3 to 4 months by the end of CY 2023 as supply chain visibility returns.

The Company remains well-funded as it addresses the revenue growth, anticipated to return by December 2023, with A\$20.1 million in inventory – including A\$12.3 million in finished goods and A\$6.8 million in cash deposits – and A\$19.8 million in cash on balance sheet as at 31 December 2022.

INVESTOR UPDATE

The Company will host a brief investor update with CEO Dan Miall and CFO Barry Calnon, at 11.00am AEDT today – Tuesday, 31 January 2023. Register for the investor update via the link below:

https://us02web.zoom.us/webinar/register/WN_QUtqFkAKTUqiMoC-YgLvRg

ADDITIONAL INFORMATION

The table below illustrates the expenditure comparison against the Company's 'Use of Proceeds' table in the Prospectus dated 18 November 2021:

Use of Proceeds	Year 1 per Prospectus	Actual amount spent to date, since listing
Inventory Build	\$11,150,000	\$11,303,000
IP Management	\$100,000	\$108,000
Research & Development	\$1,750,000	\$1,520,000
Manufacturing Development	\$750,000	\$596,000
Regulatory Management	\$250,000	\$231,000
Marketing Activities	\$750,000	\$1,138,000
Working Capital	\$3,100,000	\$3,179,000
Expenses of the Offer	\$1,920,000	\$1,928,000
Total	\$19,770,000	\$20,003,000

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C was A\$140,000 that comprised Director fees, salary and superannuation for the CEO/Managing Director, Independent Chair and Non-executive directors (**NEDs**).

- Ends -

Authorised for release by the BirdDog Technology Board

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ABOUT BIRDDOG

BirdDog is a global broadcast-quality video technology company that enhances the resolution, speed and flexibility of video through a range of solutions, augmented with NDI® (Network Device Interface).

This enables video-compatible products to communicate, deliver and receive high-definition video over a computer network in a broadcast-quality, low-latency manner, that is frame accurate and suitable for switching in a live production environment.

BirdDog develops and manufactures a range of connected solutions, including:

- Pan-tilt-zoom (PTZ) Cameras
- Box Cameras
- Converters
- AV Products
- Controllers & Accessories
- Monitors
- NDI® Embedded Smart Display Modules
- Cloud Software Platforms

End users of BirdDog's products cover a wide range of market segments, including Professional Video, Broadcast, Audio Visual and large private and public sector organisations.

For more information on BirdDog, please visit www.birddog.tv

**Easy to use Technology to help Broadcast your 'wow'.
Reach more people, with more impact, more often.**

WELCOME TO THE WORLD OF NDI®. WE'VE BEEN EXPECTING YOU.



Appendix 4C

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

Name of entity

BirdDog Technology Limited

ABN

18 653 360 448

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,563	14,864
1.2 Payments for		
(a) research and development	(443)	(731)
(b) product manufacturing and operating costs	(4,983)	(9,275)
(c) advertising and marketing	(624)	(1,147)
(d) leased assets	(85)	(183)
(e) staff costs	(1,821)	(3,328)
(f) administration and corporate costs	(516)	(963)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	132	146
1.5 Interest and other costs of finance paid	-	(8)
1.6 Income taxes paid	-	(268)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material - Inventory Deposits)	(1,086)	(2,974)
1.9 Net cash from / (used in) operating activities	(2,863)	(3,867)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(66)	(348)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(66)	(348)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material – on-market share buy-back)	(22)	(22)
3.10	Net cash from / (used in) financing activities	(22)	(22)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	23,045	23,168
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,863)	(3,867)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(66)	(348)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	(22)
4.5	Effect of movement in exchange rates on cash held	(288)	875
4.6	Cash and cash equivalents at end of period	19,806	19,806

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	19,606	12,079
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) - term deposits	200	10,966
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,806	23,045

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,863)
8.2	Cash and cash equivalents at quarter end (item 4.6)	19,806
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	19,806
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	7
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 January 2023

Date:

The Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.