

SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT & 4C MARKET UPDATE

BirdDog Technology Limited (ASX: BDT) ("**BirdDog**", "**BDT**" or the "**Company**"), the global video technology company enhancing quality, speed, and flexibility of video broadcast and communications through a range of solutions, provides an update on the Company's operations for the first quarter of FY23, ending 30 September 2022 ("**September quarter**" or "**Q1 FY23**").

Q1 FY23 HIGHLIGHTS:

- Unaudited revenue of A\$8.0 million (USD \$5.5 million)
- Strongest revenue quarter for 2022 calendar year, in both AUD and USD (as invoiced)
- Well-funded with strong cash balance of A\$23.0 million as at 30 September 2022
- Elevated comparisons for pcg due to strong pull forward in Q1 FY2022 fuelled by silicon supply chain and worldwide shipping uncertainties
- Positive Q1 operating cash flows generated in excess of A\$1.1 million, after excluding inventory deposits and taxes of A\$2.2 million
- A\$19.1 million inventory, providing future production security as at 30 September 2022
- Growth in software revenue underlines subscription model shift for software portfolio
- Expanding focus on MedTech opportunity in response to customer-led demand, as tangible output from increased engineering investment through FY22
- Ongoing prudent capital management and diligent assessment of alternatives
- Investor webinar to be held at 11.00am AEDT Monday, 31 October 2022 ([Register here](#))

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

"While the Board and Executive team acknowledges the September quarter revenues fell short of internal expectations, in particular European sales, our regional and country-by-country analysis revealed North America – our largest and most important market – recorded a 27.6% uplift (in USD, invoiced currency) and 29.6% in AUD terms.

Despite having somewhat prepared for a challenging macro environment, the extent and acceleration of uncertainty observed across Europe – our 2nd biggest region – is apparent. Events which are out of our control have meaningfully impacted our business during the quarter.

Pleasingly, our software sales have demonstrated an increase in revenue contribution – a meaningful milestone, particularly considering the successful launch of our category defining BirdDog Cloud subscription last week, recording the most impressions ever for a BirdDog software product launch.

Additionally, we are particularly excited about our expansion into the Medical Technologies vertical following the recent addition of a highly experienced and influential Medical Innovations Manager, alongside a more nuanced marketing and messaging strategy around the BirdDog core products.



We remain confident in our ongoing strategy given, our world-leading IP and technology, and feature-rich, innovative product portfolio of hardware and software solutions."

SEPTEMBER QUARTER RESULTS

BirdDog derived September quarter revenue of A\$8.0 million and generated cash receipts of A\$8.3 million. Positive cash flows from operating activities during the quarter were A\$1.1 million (vs. \$0.2 million for Q4 FY22) after excluding inventory deposits of A\$1.9 million and A\$0.3 million in taxes paid. This continues to represent encouraging progress versus prior quarters, noting the expectation remains that a gradual un-wind of inventory will commence in CY 2023. Over time the Company would expect to move from holding 12 months forward inventory to 3 to 4 months hold by the end of CY 2023 as supply chain visibility returns.

Noting the quarter-on-quarter revenue growth and positive operating cash flow, a foreign exchange (FX) gain on translation of BirdDog's USD cash holdings of A\$1.5m was recorded in Q1 FY23, based on the USD-AUD rate delta between 30 June and 30 September. Notably, half of that 'book' FX gain was realised by converting a substantial portion of the USD holdings to AUD in October.

The Company remains well funded to continue to drive revenue and earnings growth, with A\$19.1 million in inventory - including A\$9.6m in finished goods and A\$9.5m in cash deposits - and \$23.0 million in cash on balance sheet at the end of the quarter.

Gross and net operating margins are sustaining, with the fit-out of our Australian headquarters completed in the September quarter.

PERFORMANCE MIXED ACROSS KEY GEOGRAPHIES

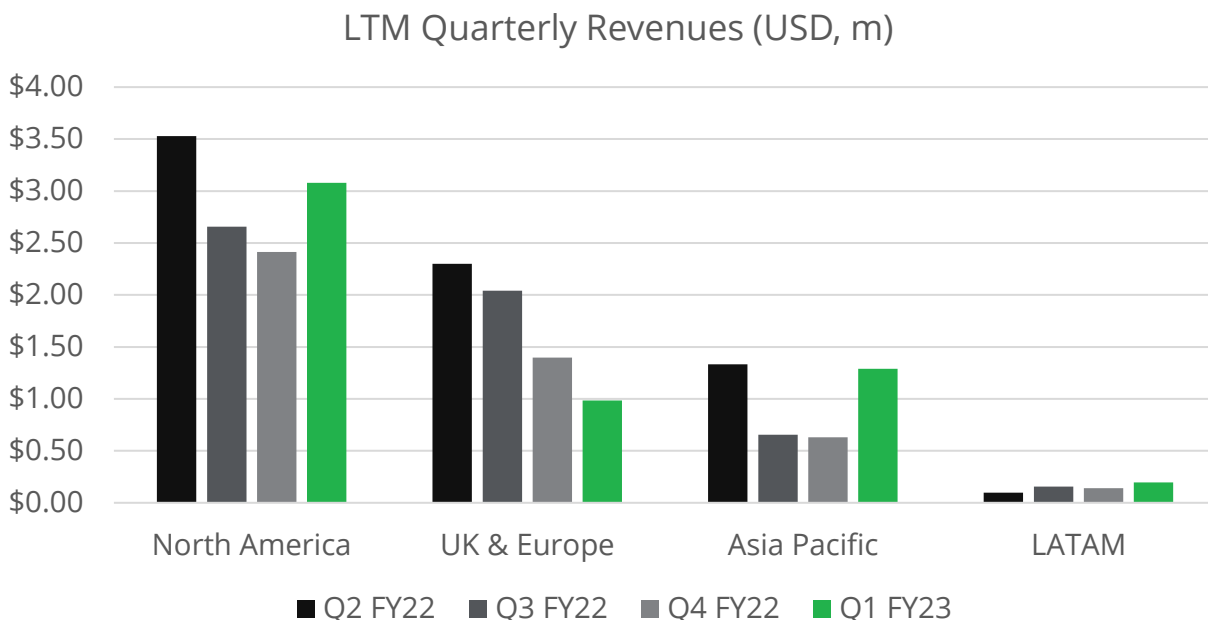
A key observation during the September quarter was the varied performance across geographies. North American revenue grew 27% in USD-terms (vs Q4 FY22) and represented 55% of Group revenue for the September quarter. Notwithstanding this meaningful improvement, an ongoing deterioration in revenue from the United Kingdom & Europe, offset most of the gains, as revenues in this region shrunk 30% in USD-terms (vs Q4 FY22). Elsewhere, both the Asia Pacific and LATAM region's revenues grew.

The primary driver for ongoing European weakness is the macroeconomic conditions as well as geopolitical unrest in the region, notably the ongoing Russia/Ukraine war. Furthermore, BirdDog's efforts to build the team in Europe commenced after the North American push as part of the strategic order of priority. We expect revenue improvement - as experienced in North America driven by the commercial team build-out - to follow in the United Kingdom & Europe region as our team gains skills, product expertise and activates this key market.

The table below denotes hardware units sold and un-audited revenues for the September quarter, in the invoiced currency of USD as well as in AUD, with FY22 as comparison:

	Q1 FY23	FY22
Hardware (units shipped)	4,587	21,309
Hardware revenue (USD, m)	\$5.5	\$27.4
Hardware revenue (AUD, m)	\$7.9	\$37.9

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



PRODUCTS

During the September quarter, the newly shipping P110 immediately became our #1 selling camera. Critically, the fact that a new product such as the P110 can observe rapid sales growth and industry acceptance, provides confidence in the ability of BirdDog's team of engineers to continually innovate, reinforcing the Company's capability in producing high-demand products.

The BirdDog PLAY consumer-focused device that enables an NDI® connection on any TV screen or monitor, commenced shipping in this month of October 2022 with record backorders currently being filled.

EXPANDING FOCUS ON MEDTECH OPPORTUNITY

Another area where BirdDog is particularly excited about is the deliberate decision, customer-led, to expand further into the MedTech environment. In response to both visible demand, as well as ongoing dialogue with new and existing customers, the Company has determined to expand its focus within the MedTech industry covering its hardware and software offerings.

Based on numerous ongoing conversations with key participants, the Company is confident there exists a significant opportunity within this field, specifically for the application of BirdDog products and solutions to address real-world problems, partnering with some of the world's leading medical device companies and leading regional hospital groups, amongst other participants.

LOGISTICS

As referenced within our FY22 Results in August, the Company continues to assess its global logistics footprint and proximity to core markets. BirdDog's CEO will be in North America in November to formally execute the establishment of our corporate presence and select a logistics operator for Phase One of our regional strategic logistics plan.

Phase One will enable lower overall freight costs and environmental impact, faster and more efficient delivery of finished goods to the core market, more direct handling of goods and enhanced supply chain security.

Phase Two comprises the advanced assembly and manufacturing elements, on track for the 1st half of calendar year 2023, providing greater access to North American government contracts and sensitive markets via GSA/TAA certification and further enhancing manufacturing flexibility and supply chain certainty and security.

QUARTERLY WEBINAR

The Company will hold a webinar with CEO Dan Miall and CFO Barry Calnon today, Monday, 31 October 2022 at 11:00 am AEDT, to discuss the September 2022 quarterly results.

Investors can register for the webinar via the following link:

https://us02web.zoom.us/webinar/register/WN_yFzHl8O3Tdy7MME9zsHSg

Investors can submit questions prior to the webinar to sam@nwrcommunications.com.au or do so via the Q&A function on Zoom.

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	\$6,503,000
IP Management	\$100,000	\$88,000
Research & Development	\$1,750,000	\$1,077,000
Manufacturing Development	\$750,000	\$578,000
Regulatory Management	\$250,000	\$207,000
Marketing Activities	\$750,000	\$841,000
Working Capital	\$3,100,000	\$2,884,000
Expenses of the Offer	\$1,920,000	\$1,928,000
Total	\$19,770,000	\$14,106,000

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 video technology company that enhances the quality, 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

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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,301	8,301
1.2 Payments for		
(a) research and development	(288)	(288)
(b) product manufacturing and operating costs	(4,292)	(4,292)
(c) advertising and marketing	(523)	(523)
(d) leased assets	(98)	(98)
(e) staff costs	(1,507)	(1,507)
(f) administration and corporate costs	(447)	(447)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	14
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	(268)	(268)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material - Inventory Deposits)	(1,888)	(1,888)
1.9 Net cash from / (used in) operating activities	(1,004)	(1,004)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(345)	(282)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(345)	(282)

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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	23,168	23,168
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,004)	(1,004)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(282)	(282)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1,163	1,163
4.6	Cash and cash equivalents at end of period	23,045	23,045

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	12,079	12,786
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) - term deposits	10,966	10,382
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,045	23,168

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)	(1,004)
8.2	Cash and cash equivalents at quarter end (item 4.6)	23,045
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	23,045
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>	23
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? <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
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? <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
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? <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
<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 October 2022

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.