

DECEMBER 2023 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C MARKET UPDATE

BirdDog Technology Limited (ASX: BDT) ("**BirdDog**", "**BDT**" or the "**Company**"), the global leader in broadcast quality, software-enabled video solutions, provides an update on the Company's operations for the second quarter of FY2024 ("**December quarter**" or "**Q2 FY24**") and for the relevant prior corresponding periods ("**pcp**"), noting all results reported herein are unaudited.

Q2 FY24 FEATURES:

- **Significant reduction in annualised overhead costs in excess of A\$2.0 million**
- **Diversification of contract manufacturing, stabilising supply chain and improving margins**
- **Strategic partnership established with Avid Technology Inc, enhancing BirdDog's go-to-market strategy, connecting BirdDog with Avid's growing subscription base**
- **Well-funded with A\$20.6 million cash balance**
- **Normalised positive operating cash flow of A\$0.1 million**
- **Customer cash receipts of A\$5.2 million, -13.8% quarter-on-quarter**
- **Quarterly revenue of A\$4.9 million (unaudited), -14.9% quarter-on-quarter, as Inventory is run-down with the portfolio of next generation products imminent**

Commenting on the update, BirdDog CEO and Managing Director Dan Miall said:

"It's been a significant quarter for the business whilst we cycle through the macro-economic headwinds that the world and our core industry have recently faced. As a Company, we have successfully weathered much adversity in the December quarter and throughout much of calendar 2023 with market challenges, geopolitical instability, writers' and actors' strikes, supply chain challenges and product release delays.

We challenged ourselves as a business and a leadership team to leverage the calendar 2023 year to make several difficult decisions enacting positive, impactful change. Some of those outcomes included re-basing our engineering output, product management integration with next-generation intelligence, marketing and go-to-market overhaul with defined key deliverables, regenerating our product release strategy, re-focusing the channel in the UK and Europe and implementing positive steps to diversify our global supply chain including gross margin enhancement.

The business, led by the renewed Board and the leadership team, is highly energised and driven to succeed like never before, as we enter 2024."

FINANCIAL RESULTS

BirdDog derived December quarter revenue of A\$4.9 million (-36.1% versus pcp) and generated cash receipts of A\$5.2 million (-20.1% versus pcp).



Following a period of three consecutive quarters of positive cashflow generation from operating activities, totalling A\$3.6 million, the Company recorded Q2 FY24 cashflows used in operating activities of A\$1.4 million. Pleasingly, this compared favourably to the pcp (Q2 FY23 of A\$2.9 million cashflow used), in addition to the fact Q2 FY24 also contained A\$1.6 million in non-recurring items. Tabulated below is a normalisation of one-off outflows, translating to a small positive normalised operating cashflow of A\$0.1 million:

Normalised operating cashflows	Q2 FY24
	A\$ million
Operating activities cashflow per Appendix 4C	(\$1.35)
<u>Q2 FY24 Normalisations for non-recurring items</u>	
Annual insurance premiums (¾)	\$0.34
Customs code reclassification (April - October 2023)	\$0.34
Redundancies (21 December 2023 announcement)	\$0.30
Legal and advisor-related fees	<u>\$0.47</u>
Aggregate	\$1.45
Normalised operating activities cashflow	\$0.10

Beyond the A\$1.5 million in non-recurring items above, the Company invested A\$0.5 million in its on-market share buy-back alongside an unfavourable foreign exchange balance sheet translation of A\$0.5 million as disclosed in the 4C. In aggregate, these items sum to A\$2.5 million, exceeding the A\$2.4 million net cash reduction during the quarter.

The Company remains well funded, with A\$11.8 million in inventory (including A\$5.8 million in inventory deposits) and A\$20.6 million in cash on balance sheet at the end of the quarter. Gross and net operating margins stabilised in the quarter, after partnering with new suppliers to successfully navigate the supply chain challenges.

COST REDUCTION UPDATE

During the December quarter, restructuring was undertaken to accelerate BirdDog's path to EBITDA profitability, including a reduction in full-time employees of 20% and a decrease in other operational expenditure, generating an annual overhead saving of more than A\$2.0 million. Notwithstanding these changes, management has confidence in maintaining the capacity to meet planned product and innovation milestones with its next generation products.

SUPPLY CHAIN OPTIMISED

BirdDog has successfully implemented strategic measures to enhance its supply chain, logistics, and market access, particularly through the diversification of its camera contract manufacturing. The execution of this diversification strategy has yielded positive outcomes in three key areas: (1) establishing partnerships with three suitable contract manufacturers; (2) realising value through immediate gross margin improvement; and (3) achieving geographical diversification, including leveraging GSA benefits.

These pro-active measures have already demonstrated positive effects throughout the Company, leading to reduced engineering costs for baseline work and embedding improved margins over time. BirdDog anticipates enhanced product margins as early as Q3 FY24, as the delivery and shipment of next generation products have commenced.

AVID PARTNERSHIP

During the quarter, BirdDog also announced a strategic technology partnership with Avid Technology, Inc whereby BirdDog will integrate its Cloud Panel into Avid's Media Composer platform, enabling global collaboration and remote review and approval capabilities for any Avid video editing suite.

This innovative solution facilitates the editing of TV and film projects of any scale from anywhere globally, eliminating the need for physical attendance at editing sessions. Producers can now collaborate in real-time with editors through devices like iPads or Smart TVs, leading to faster delivery of high-quality shows. The partnership enhances BirdDog's market strategy by connecting with Avid's expanding Media Composer subscription base.

This collaboration with Avid reaffirms BirdDog's strategic software-led approach of partnering with industry leaders across core and emerging market segments, leveraging its IP to expedite entry into such markets and accelerating the worldwide deployment of its software-driven connected workflow solutions.

PRODUCTS UPDATE

BirdDog shipped to customers the first of its next generation products during the month of December 2023, with subsequent next generation product tranches being delivered in Q3 and Q4 of FY24 to complete the transformation of its camera product line-up.

The Company continued to run down its existing inventory portfolio during the December quarter, which whilst it impacted revenues in the December quarter is in line with its camera product strategy, whereby the next generation portfolio of cameras will transform the market with product market fit at the core of the transformation alongside elevated gross margins.

The company's strategic software-led approach drives further uptake of BirdDog technology in neighbouring markets including post-production, AV and Medical - building resilience to any future industry-specific slow-down events.

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	Years 1 & 2, per the Prospectus	Actual amount spent to date, since listing
Inventory Build	\$17,400,000	\$16,108,000
IP Management	\$200,000	\$201,000
Research & Development	\$3,000,000	\$3,591,000
Manufacturing Development	\$2,000,000	\$2,005,000
Regulatory Management	\$500,000	\$486,000
Marketing Activities	\$1,500,000	\$1,629,000
Working Capital	\$6,480,000	\$6,208,000
Expenses of the Offer	\$1,920,000	\$1,928,000
Total	\$33,000,000	\$32,156,000

The 'Inventory Build' element from the above table was disrupted, as disclosed to the market with the 8 November 2023 announcement titled "BirdDog initiates legal proceedings". 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\$158,000 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 software-led 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 workflows and software 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")

31 December 2023

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	5,243	11,323
1.2 Payments for		
(a) research and development	(659)	(1,488)
(b) product manufacturing and operating costs	(1,828)	(4,214)
(c) advertising and marketing	(502)	(941)
(d) leased assets	(104)	(179)
(e) staff costs	(2,188)	(3,868)
(f) administration and corporate costs	(1,087)	(1,327)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	263	340
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund/(paid)	(43)	(43)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material - Inventory Deposits)	(449)	(677)
1.9 Net cash from / (used in) operating activities	(1,354)	(1,074)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(16)	(37)
(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	(16)	(37)

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)	(522)	(694)
3.10 Net cash from / (used in) financing activities	(522)	(694)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	22,950	22,585
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,354)	(1,074)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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)	(16)	(37)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(522)	(694)
4.5	Effect of movement in exchange rates on cash held	(494)	(216)
4.6	Cash and cash equivalents at end of period	20,564	20,564

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	3,054	5,008
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) - term deposits	17,510	17,942
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,564	22,950

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	158
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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(1,354)
8.2 Cash and cash equivalents at quarter end (item 4.6)	20,564
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	20,564
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	15
<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>	
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 2024

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.